

2026 — The Year Of The Fire Horse

At the onset of the Lunar New Year of the Fire Horse, symbolizing visibility, breakthroughs and creativity, I posed this question to two Chatbots: “What is a significant prediction for 2026?”

U.S.-based ChatGPT forecasts that Artificial Intelligence (AI) Regulation will take center stage in 2026, while China-based Dola anticipates that the AI boom will continue to thrive. The dominance of AI is evident.

China aims to shift AI from a landscape of global competition to collaboration. It also utilizes diverse strategies to manage its international relations.

Climate change remains a critical global concern. It also requires nations worldwide to collaborate to mitigate warming.

We need warm global connections in a cool world.

Anita Tang, Managing Director

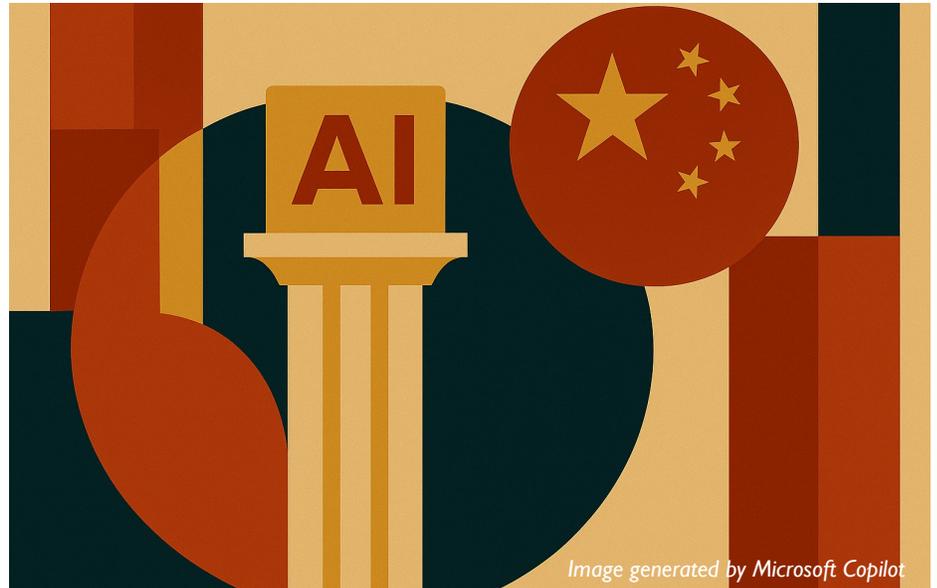


Image generated by Microsoft Copilot

Artificial Intelligence, A Pillar Of China's Foreign Policy Strategy

China's outlook on AI is increasingly intertwined with its external strategy, reinforcing multifaceted approaches to international relationships — economic leverage, strategic competition and collaboration, and diplomatic balancing. For China, AI is not just a technology sector but a pillar for shaping the future of the Chinese and global economies.

Economically, the Belt and Road Initiative anchors China's outreach, linking Asia, Europe, and Africa through infrastructure investment and trade partnerships. These projects strengthen economic ties. Furthermore, technological cooperation in fields such as telecommunications, green energy, and AI bolsters China's position as a global innovation hub and fosters mutual economic interests with participating nations.

Strategically, China-U.S. rela-

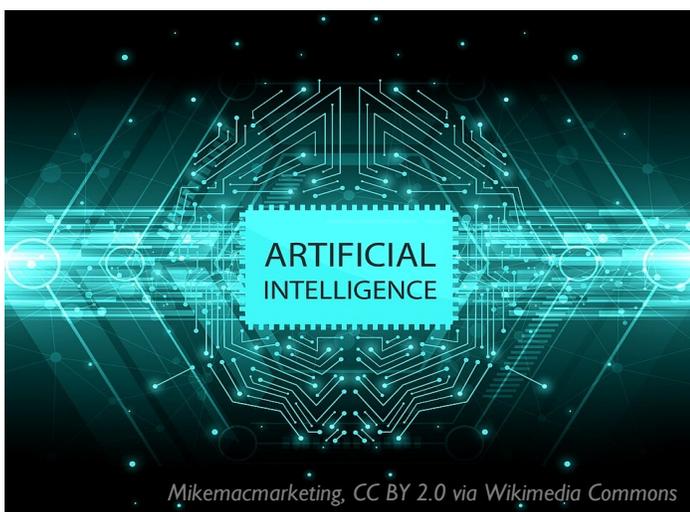
tions are paramount. Beijing faces an intensifying rivalry with Washington in areas including trade, advanced technologies, and security. Both countries seek to shape international rules. Despite ongoing trade tensions, export controls, and competing narratives, meaningful collaboration opportunities remain in areas such as climate resilience, economic stability, and emerging technology governance.

Diplomatically, China balances engagement with European economies such as France and Germany. China emphasizes pragmatic cooperation on climate action and renewable energy while navigating market access concerns. This balancing act enables China to maintain economic ties amid political differences. China is advancing its foreign policy in an assertive yet adaptive manner. 2026 could be a pivotal year.

China Aims To Transform Artificial Intelligence From Global Rivalry To Collaboration

The initial groundwork for AI was established during the 1950s and 1960s. Nevertheless, it was the advent of the 2012 "AlexNet" and the subsequent deep learning breakthrough that signified the onset of modern AI.

The swift advancement of commercial development commenced promptly but transformed into a geopolitical competition in 2017 when China introduced its "Next Generation AI Plan," aiming to position itself as the worldwide leader in AI by 2030. Simultaneously, officials in the U.S. government emphasized the significance of AI for national security and maintaining a competitive edge.



In the context of increasing technological rivalry between China and the U.S. in the realm of AI, Chinese Vice Premier Zhang Guoqing stated at the February 2025 AI Action Summit in Paris that China is open to collaborating with other nations to foster development, ensure security, and share accomplishments in the AI sector, as reported by *Xinhua*.

On July 26, 2025, *Reuters* reported that Chinese Premier Li Qiang declared that "China wants AI to be openly shared and for all countries and companies to have equal rights to use it."

A United Nations Development Program (UNDP) report, titled "The Next Great Divergence: Why AI May Widen Inequality Between Countries," was published on December 2, 2025. The Report highlighted that if AI is not properly managed, it could exacerbate inequality among nations by deepening disparities in economic performance, individual capabilities, and governance structures.

"AI is racing ahead, and many countries are still at the starting line," said Kanni Wignaraja, UN Assistant Secretary-General and UNDP Regional Director for Asia Pacific. "The Asia and Pacific experience

highlights how quickly gaps can emerge between those shaping AI and those being shaped by it."

"As a leader in AI, China, in cooperation with other countries, can help to inform discussions on the establishment of global governance mechanisms to ensure that AI is leveraged for good and helps to advance sustainable development," said Beate Trankmann, UNDP Resident Representative in China.

Indeed, China is proactively advocating for and engaging in international AI collaboration across various domains, including:

- Global AI Governance Dialogues
- Scientific Research Partnerships
- Health and Medical AI Cooperation
- Climate and Environmental AI
- Digital Infrastructure and Smart-City Projects
- AI Education and Talent Exchanges
- Industrial AI and Robotics Cooperation
- International Standards and Benchmarking

In short, enhancing AI inclusivity can improve people's quality of life while offering businesses growth opportunities, greater efficiency, and access to global markets.

Desalination Plant That Cuts Freshwater Cost

A facility located in Rizhao City, Shandong province, China, generates freshwater from seawater at a cost of merely two yuan (US\$0.28) per cubic meter, as reported by the *South China Morning Post*.

Such costs typically range between US\$0.50 and US\$3.00 per cubic meter.

The Shandong operation commenced in mid-November 2025. This compact installation operates entirely on seawater and low-grade waste heat sourced from nearby steel and petrochemical facilities. For every 800 tons of seawater processed each year, the system produces 450 cubic meters of ultra-pure freshwater, which is suitable for both industrial cooling and residential applications. Additionally, it yields 192,000 standard cubic meters of green hydrogen and 350 tons of mineral-rich brine intended for marine chemical production.

The system removes the need for conventional cooling units by redirecting industrial waste heat into fresh-water production. It reduces both energy use and capital requirements. The power-utilization rate of this facility exceeds that of conventional freshwater-electrolysis systems by over 20 percent.

China's Strategic Trade Stabilization Amid AI And Climate Challenges

As part of its efforts to promote sustainable trade, China, the world's second-largest economy aims to expand exports and imports. The country's approaches in managing international relationships will play a key role in achieving this goal. China's trade relationships will likely to be defined by efforts to stabilize key partnerships and manage rising protectionism and technological rivalry while promote global collaboration, especially in AI and green industries. With major partners including the United States, Japan, Germany, and France, China is anticipated to promote stable market access and cross-border investment, fostering collaboration in supply chain resilience, digital trade, and climate-related initiatives.

"We must adhere to opening up, promote win-win cooperation across multiple sectors, expand exports while also increasing imports to drive sustainable development of foreign trade," Han Wenxiu, deputy director of the Central Financial and Economic Affairs Commission, stated at an economic conference in December 2025. He added "China will encourage service exports in 2026."

In the China-U.S. relationship, tariffs and export controls on advanced chips and clean technology products are poised to continue constraining trade. Both countries recognize that AI and climate technologies are central to long-term competitiveness, which may necessitate carefully managed areas of cooperation. Washington's curbs on semiconductors and AI-related hardware are likely to prompt Beijing to prioritize indigenous innovation and to redirect some exports to emerging markets. Meanwhile, the U.S. tariffs could modestly hinder China's growth, but are unlikely to lead to full decoupling. Businesses in both countries are incentivized to maintain trade in less sensitive sectors, such as solar components, electric vehicles and climate-related services. These sectors are crucial for achieving global decarbonization goals.

In Asia, China's trade with Japan is set to remain structurally significant, though political tensions and overlapping industrial strengths in areas such as batteries, electric vehicles and AI-enabled manufacturing could accentuate a competitive tone. Both economies share strategic interests in stable energy, access to critical minerals, and resilient regional supply chains. These alignments presents scope for pragmatic cooperation on climate-related infrastructure and standards, even as security sensitivities continue to limit technology exchange in advanced sectors such as AI and semiconductors.

Germany and China continue to maintain strong trade links across automobiles, machinery and high-end manufacturing, while navigating European concerns about industrial overcapacity and strategic dependence. The German industries' need for the Chinese market and China's demand for German industrial know-how and low-carbon technologies suggest a shift towards substantial, albeit more regulated, trade focused on smart factories, AI-driven industrial systems, and green transition projects.

France's relationship with China will likely be defined more explicitly by climate diplomacy, building on joint statements that identify climate, biodiversity, and land degradation as shared priorities. These priorities are increasingly shaping investment decisions in energy, infrastructure and finance. In this context, trade in renewable energy, climate finance instruments and AI-enabled environmental services is poised to grow, even as Paris aligns with broader EU measures, such as a carbon border adjustment tax and screening of sensitive technologies.



Looking ahead, China's trade outlook points to a more contested environment in which AI and climate policy are not peripheral issues. Rather, these issues are core domains through which Beijing and its partners redefine interdependence, manage risk, and strive for technological and green innovation.

Over A Million Plant And Animal Species Will Face Extinction?

The UN Environment Assembly report released in December 2025 cautioned that “the most comprehensive global environment assessment ever undertaken calls for a new approach to jointly tackle the most pressing environmental issues, including climate change and biodiversity loss that threaten over 1 million plant and animal species with extinction.”

This report was compiled by nearly 300 scientists from 83 different countries.

“Experts have warned that the world is nearing a tipping point on climate change, species and land loss and other harms. But efforts to address those problems largely have been pursued through individual agreements that haven't made nearly enough progress,” reported *The Associated Press*.

“You can't think of climate change without thinking of biodiversity, land degradation and pollution,” said Bob Watson, one of the report's lead authors and a former top NASA and British climate scientist. Watson further asserted that all these elements undermine global economy, worsening health and poverty, and threatening food and water security, and even national security.

A decade ago, the Paris Agreement was established. The signatories of the Agreement committed to working towards capping the global average temperature rise at 1.5°C by the century's conclusion. “Scientists say the long-term 1.5°C limit will be breached in a matter of years. The world experienced its first year above 1.5°C in 2024, and witnessed monster fires, floods and heatwaves,” reported *AFP*.

A decade ago, the world was on track for a temperature rise of around 4°C by 2100. Despite not slowing the temperature rise to the intended target, Energy Network Media Group indicated that current

projections for global warming stand at between 2.3°C and 2.8°C, demonstrating that global efforts to decarbonize and to shift to renewable energy have had a significant impact.

COP 30, held November 2025 in Brazil, delivered important steps: agreement to triple adaptation finance (by 2035), launch of new mechanisms like the Global Implementation Accelerator (GIA) and Belém Mission to 1.5°C aimed at helping countries implement climate commitments faster.

Despite the U.S. decision to leave the Paris Agreement, other nations should keep the momentum going to prevent a reversal of global progress toward limiting warming.

Climate Change Performance Index (CCPI 2025)

- The aggregated CCPI score combines four categories: GHG Emissions (40%), Renewable Energy (20%), Energy Use (20%), and Climate Policy (20%).
- Denmark takes the lead with a high score (~78.4). Cited as its strengths include a strong use of renewables, good greenhouse-gas emissions control, and solid climate policies. Following Denmark are the Netherlands (~69.6), the U.K. (~69.29), the Philippines (~68.41), and Morocco (~68.32).
- “The CCPI 2025 does not rank in the top three places because no country is currently on track to meet the 1.5°C limit set by the Paris Agreement. This is a deliberate choice to highlight the urgent need for countries to accelerate their climate action efforts,” stated on the CCPI website.
- The world's two biggest emissions contributors – the U.S. and China – ranked 57th and 55th, respectively, in CCPI 2025. Both are among the very low-performing countries.
- The “very low” label does not just reflect one weak area — it indicates the country scores poorly across critical dimensions among the four categories.



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