

Original Paper

Under the EU-US Economic and Trade Agreement: Risk Impacts and Response Strategies for Chongqing-EU Economic and Trade Cooperation

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Abstract

In August 2025, the European Union and the United States announced the conclusion of the Reciprocal, Fair and Balanced Trade Agreement, further accelerating the restructuring of transatlantic economic and trade rules and generating significant spillover effects on external economies. As an important manufacturing base in western China, Chongqing maintains close ties with the European market in high value added industries such as electronic information, automobiles, and high end equipment. Based on trade structure and industrial dependence, this paper examines the potential risks posed by the coordination of economic and trade rules between the European Union and the United States to Chongqing, including tighter market access, restricted technology supply, higher standards thresholds, and supply chain reconfiguration. The study finds that although Chongqing has made some progress in diversifying its foreign trade, its key industries still remain strongly connected to the European market, technology sources, and regulatory systems. In response, Chongqing should accelerate the expansion of diversified markets, promote domestic substitution in key segments and supply chain localization, optimize the layout of international logistics corridors, enhance standards alignment and regulatory compliance capacity, and improve risk early warning and legal protection mechanisms, so as to strengthen the resilience and international competitiveness of its manufacturing sector.

Keywords

Reciprocal, Fair and Balanced Trade Agreement, Industrial Chain Spillover Effects, Chongqing Manufacturing, China-Europe Railway Express, New Energy Vehicle Industry

1. Research Background and Problem Statement

In August 2025, the European Union and the United States officially announced the conclusion of the Reciprocal, Fair and Balanced Trade Agreement. The agreement covers a number of key sectors, including automobiles, semiconductors, energy, steel and aluminum, pharmaceuticals, and digital trade. Through measures such as tariff reductions, mutual recognition of standards, procurement commitments, and regulatory coordination, the agreement has accelerated the formation of a transatlantic economic and trade community, strengthened the EU and the United States' influence in global trade governance, and established new institutional barriers for external economies.

Against this backdrop, adjustments in transatlantic economic and trade rules will not only influence the global trading system but may also generate significant spillover effects on the development of local industries in China. As an important manufacturing hub in western China, Chongqing has in recent years developed an industrial system centered on electronic information, the automotive industry, and high-end equipment manufacturing (Sun et al., 2022). Through international logistics corridors such as the China-Europe Railway Express, Chongqing has become deeply integrated into the global division of labor within industrial value chains (Chen et al., 2025; Xiao & Zhou, 2025).

However, Chongqing’s manufacturing sector shows a certain degree of dependence on the European market in several high value-added industries (Zhang, 2019). If the EU and the United States further strengthen cooperation in areas such as industrial subsidy regulation, technical standards, and green trade rules, the resulting institutional barriers may affect Chongqing’s manufacturing sector through trade, technological, and supply chain channels. Therefore, systematically analyzing Chongqing’s industrial structure and its dependence on the European market, as well as exploring policy approaches to address the spillover effects of EU-US economic and trade rules, is of significant importance for enhancing the security of Chongqing’s industrial chains and its international competitiveness.

2. Structural Characteristics of Chongqing’s Manufacturing Trade with Europe

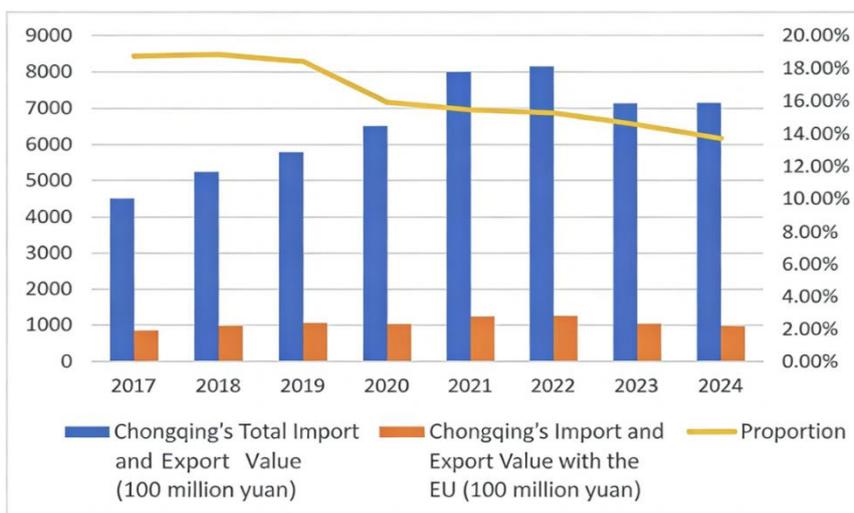


Figure 1. Total Import and Export Volume of Chongqing and Import and Export Volume between Chongqing and the EU

Data Source: Chongqing Statistical Yearbook.

Figure 1 illustrates that, from 2017 to 2022, as trade cooperation between Chongqing and the European Union continued to deepen, the total value of Chongqing’s imports and exports with the EU increased steadily, rising from RMB 84.414 billion to RMB 124.758 billion, representing an increase of approximately 47.8%. However, the figure declined consecutively in 2023 and 2024, suggesting that Chongqing’s trade with the EU experienced a cyclical contraction under the influence of factors such as the global economic environment and shifts in international trade patterns.

Between 2017 and 2024, the proportion of Chongqing’s imports and exports with the European Union relative to its total foreign trade decreased from 18.72% to 13.72%. This trend indicates that although the absolute volume of Chongqing-EU trade expanded during part of the period, Chongqing’s trade with other regions, particularly economies along the Belt and Road Initiative and the Association of Southeast Asian Nations, grew at an even faster pace (Wu, 2023). As a result, the strategy of foreign trade market diversification has achieved notable progress, gradually reducing the EU’s relative weight in Chongqing’s overall trade structure and enhancing the city’s resilience to external economic shocks (Fang et al., 2025).

2.1 Electronic Information Industry: Deep Integration into Global Value Chains

The electronic information industry represents both the earliest and the most deeply integrated sector in the economic and trade cooperation between Chongqing and the European Union. In 2008, Chongqing successfully attracted the global computer manufacturing base of HP Inc., which subsequently stimulated the agglomeration of major original equipment manufacturers such as Foxconn, Quanta Computer, and Compal Electronics, along with hundreds of component suppliers. This development fostered the formation of a comprehensive laptop computer industrial chain within the municipality. Following the rapid establishment of this industrial cluster between 2008 and 2010, Chongqing’s mechanical and electrical products had, by around 2015, become the dominant driver of its export sector and the global notebook computer manufacturing center (Peng, 2025). At its peak, one out of every three laptop computers produced worldwide originated from Chongqing, with the city’s export value ranking first nationwide. The European market constituted one of the principal export destinations for these products, underscoring the strong market linkage between Chongqing’s electronic information industry and Europe.

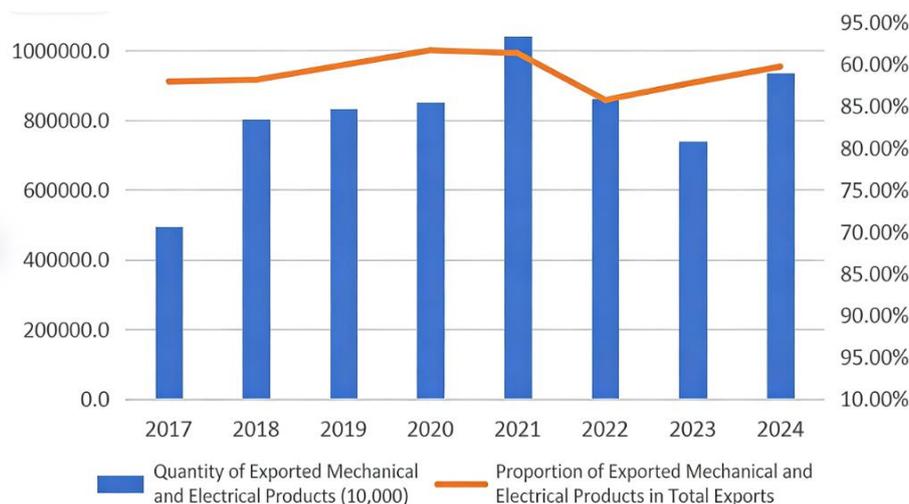


Figure 2. Quantity and Proportion of Mechanical and Electrical Products Exported from Chongqing

Data Source: Chongqing Statistical Yearbook.

In 2024, the total export value of mechanical and electrical products from Chongqing reached RMB 454.97 billion. Among these, laptop computers continued to maintain the largest export scale nationwide, with the European market accounting for a significant share of total exports. As the European Union remains Chongqing's second-largest trading partner, the city's laptop computer industry exhibits a pronounced degree of market dependence on the EU. Consequently, any fluctuation in European demand is likely to be transmitted directly to Chongqing's manufacturing sector and foreign trade, exerting a substantial impact on the city's industrial performance and export dynamics.

2.2 Automotive Industry: Emerging Growth Accompanied by Regulatory Dependence

The automobile manufacturing industry constitutes one of the pillar industrial clusters of Chongqing and represents a core trillion yuan cluster, specifically intelligent connected new energy vehicles, within the "33618" modern manufacturing system (Gao et al., 2023; Li et al., 2023). In recent years, Chongqing's automotive sector has actively expanded into overseas markets, with the European Union emerging as a particularly important destination. In 2024, Chongqing exported 477,000 complete vehicles with a total export value of RMB 43.13 billion, representing year-on-year increases of 29.6% and 30%, respectively. Among these, exports of new energy vehicles recorded especially rapid growth: approximately 60,000 NEV passenger vehicles were exported in 2024, marking a year-on-year increase of 96.5%. As the European market for new energy vehicles continues to expand rapidly, Chongqing's NEV industry has become increasingly integrated into the European market. In October 2023, a China-Europe Railway Express train carrying Chongqing-produced new energy vehicles was dispatched to Europe, and in 2024 additional trains fully loaded with Chongqing NEVs reached Duisburg in Germany, significantly improving the efficiency of NEV exports from Chongqing to Europe.

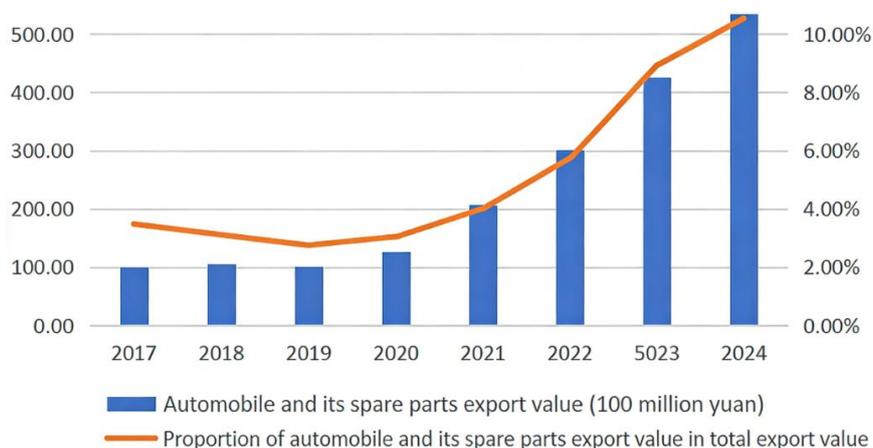


Figure 3. Export Value and Proportion of Chongqing's Automobiles and Auto Parts

Data Source: Chongqing Statistical Yearbook.

Europe has already become one of the largest overseas markets for China's new energy vehicle exports. In 2023, China exported 1.203 million new energy vehicles, of which the European market accounted for as much as 38%. As one of the major NEV manufacturing hubs in China, Chongqing has benefited considerably from this expansion. Statistics indicate that in 2022 China exported nearly 94,000 electric vehicles, with 34.7% destined for the EU market. In the first half of 2025, Chongqing's total automobile exports reached 172,000 units, among which 38,000 vehicles were transported via the

Chongqing route of the China-Europe Railway Express, accounting for more than 22% of the total. Nationally, Chongqing ranked fifth among Chinese provinces and municipalities in terms of automobile export volume. Moreover, cooperation between Chongqing’s automotive industry and the European Union extends well beyond market linkages and is deeply embedded in technological collaboration and regulatory standards. As early as the 2000s, Chongqing began aligning with European automotive technologies through joint ventures and cooperative projects. Notable examples include vehicle manufacturing partnerships such as Changan Ford and Changan PSA, as well as the collaboration between Loncin Motor Co., Ltd. and BMW on the development of large-displacement motorcycle engines. These initiatives enabled Chongqing-based enterprises to progressively align their capabilities in core systems, such as engines and transmissions, as well as vehicle safety specifications with European technical standards.

In recent years, Chongqing’s new energy vehicles have been exported to Europe on an increasing scale; however, entry into the European market requires compliance with a comprehensive set of stringent regulatory frameworks concerning battery safety, carbon emissions, and cybersecurity. From production technologies to product standards, European regulatory norms have thus become deeply embedded within Chongqing’s automotive industrial chain. Consequently, any tightening of regulatory standards or adjustments in market policies within the EU is likely to exert a direct and immediate impact on Chongqing’s vehicle manufacturers and component suppliers.

2.3 High-End Equipment Manufacturing: Significant Technological Dependence

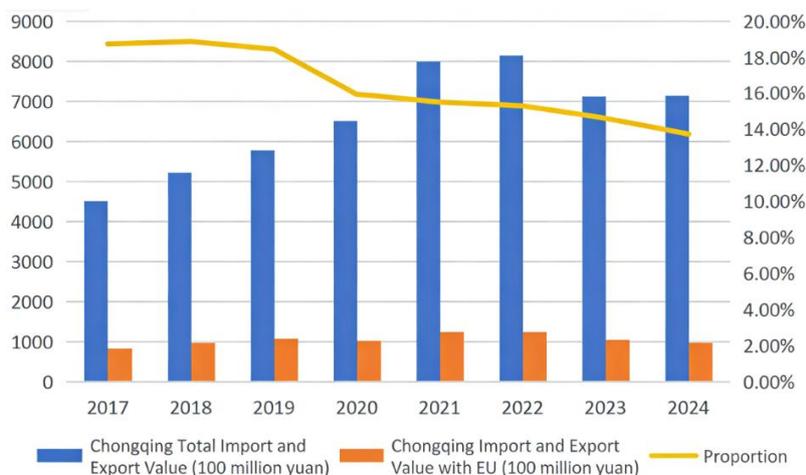


Figure 4. Quantity and Proportion of High-tech Products Exported from Chongqing

Data Source: Chongqing Statistical Yearbook.

High-end equipment manufacturing and intelligent manufacturing constitute a RMB 500-billion-level pillar industrial cluster within the “33618” system of Chongqing. This sector encompasses general and specialized equipment, intelligent manufacturing equipment, automotive components, as well as machine tools and molds. In this field, Chongqing maintains both trade exchanges and technological cooperation with the European Union.

From the export perspective, Chongqing ships a substantial volume of machinery and equipment components to the EU through the China-Europe Railway Express. Among the goods transported via trains directly connecting Chongqing with the EU during the first four months of this year,

electromechanical products, particularly mechanical parts and automotive components, constituted the dominant categories. During the first seven months of 2025, Chongqing's total imports and exports with the EU reached RMB 69.81 billion, representing a year-on-year increase of 26%, making the EU Chongqing's second-largest trading partner after the Association of Southeast Asian Nations.

From the import perspective, the EU functions as a critical technology supply hub for Chongqing's high-end equipment industry. In 2024, Chongqing imported integrated circuits worth RMB 98.39 billion, accounting for 47.3% of its total imports. Among these were automotive-grade chips, high-end sensors, and other core components originating from the EU, which directly supply enterprises such as Liebherr and SW Machine Tools located in the Sino-German (Chongqing) Intelligent Industry Park, thereby supporting the full industrial chain production of advanced CNC machine tools.

From the standpoint of technological supply, the EU's role has become increasingly significant amid the intensifying technological competition between China and the United States (Zhang & Chen, 2026). In 2025, the United States introduced the Artificial Intelligence Diffusion Export Control Framework, which placed China in the third-tier technology embargo category, imposing comprehensive restrictions on the export of high-end AI chips and semiconductor manufacturing equipment. In contrast, European enterprises have continued to provide technological support through industrial park collaborations. For example, the precision machining technologies of SW Machine Tools and the intelligent control solutions of Liebherr have helped compensate for key technological gaps in Chongqing's high-end equipment sector.

The Sino-German (Chongqing) Intelligent Industry Park aims to become a flagship platform for Chongqing-EU cooperation in advanced manufacturing. By 2025, it seeks to attract a greater number of German high-end equipment manufacturers and establish a leading intelligent equipment industrial hub in western China. Overall, Chongqing's high-end equipment industry simultaneously relies on the EU market to absorb its products while leveraging European technologies to enhance production capacity and technological sophistication. Under the combined support of cooperative frameworks and logistics corridor advantages, the EU has become a critical pillar for stabilizing capacity and upgrading the industrial capabilities of Chongqing's equipment manufacturing sector.

Overall, Chongqing's dependence on the European Union is primarily concentrated in high value-added industries. This structural characteristic implies that, in responding to the spillover effects of the Reciprocal, Fair, and Balanced Trade Agreement, Chongqing must place particular emphasis on identifying and addressing the vulnerable links within its high-end manufacturing and emerging industrial sectors.

3. Potential Spillover Effects of the EU-US Trade Agreement

Although the "33618" modern manufacturing cluster system has charted a pathway toward industrial upgrading and greater openness for Chongqing, the uncertainties arising from evolving economic and trade agreements and policy adjustments between the United States and the European Union may generate multiple risk shocks for Chongqing's industrial cooperation with Europe. As the two largest economies in the global system, the United States and the European Union have, in recent years, intensified their coordination and interaction across domains such as trade governance, industrial policy, and technological regulation. The increasing convergence of their economic and trade policies, coupled with deeper strategic alignment, has imposed growing external pressure on Chongqing's key industries, many of which are characterized by an export-oriented development model. These pressures arise not

only from the emergence of new barriers created by closer transatlantic coordination but also from the amplification of pre-existing risks that have long characterized economic and trade relations between China and the European Union.

3.1 Market Access-Related Shocks

For a prolonged period, Chongqing has relied on the Yuxinou (Chongqing-Xinjiang-Europe) Railway to establish a complementary pattern with the European Union characterized by domestic production and overseas markets. Products such as laptops, automobiles and motorcycles, and electromechanical components have entered the European market with relative ease, benefiting from comparatively low tariff barriers and stable customs clearance arrangements. Electromechanical products have long accounted for more than 85% of Chongqing's total exports, reaching 89.67% in 2024. Meanwhile, exports of automobiles and related components increased from RMB 10.023 billion in 2017 to RMB 53.460 billion in 2024, with their share of total exports rising from 3.48% to 10.54%. Among these, exports of new energy vehicles expanded particularly rapidly during the current window of market openness.

Following the conclusion of the Reciprocal, Fair, and Balanced Trade Agreement between the United States and the European Union, a new trade configuration characterized by alliance-based reciprocity and tighter external access has begun to take shape. Under this arrangement, the EU applies zero tariffs to industrial products from the United States, while the United States imposes a uniform 15% tariff on most EU goods. Such measures accelerate transatlantic economic integration and may simultaneously raise market access scrutiny and compliance thresholds for third countries. In this context, Chinese products are likely to experience a dual erosion of both price competitiveness and institutional competitiveness within the EU market. On the one hand, tariff-free access for U.S. products may compress the price margins available to Chinese exports; on the other hand, the EU may impose stricter regulatory requirements, such as enhanced standards on safety, environmental protection, and supply chain traceability, thereby increasing certification and compliance costs for non-allied suppliers.

For Chongqing, the risks are particularly pronounced. The city's laptop and electronic equipment exports exhibit a high degree of dependence on the European market; thus, any contraction in EU demand or tightening of market access conditions could lead to declining orders, reduced utilization of domestic production capacity, and rising inventory pressures. In the case of new energy vehicles, the combined pressures of deteriorating price competitiveness and prolonged certification procedures may weaken the comparative advantages that Chongqing previously enjoyed in terms of cost-performance and supply efficiency. Furthermore, if the EU significantly expands procurement from the United States in the coming years, the structure of European market demand may increasingly tilt toward American suppliers, further squeezing the market share of Chongqing products and undermining the long-standing complementarity that has characterized China-EU trade relations.

In addition, existing institutional dividends, such as the customs facilitation associated with mutual recognition under the Authorized Economic Operator (AEO) Mutual Recognition Arrangement, may be diluted within the evolving U.S.-EU regulatory framework. As a consequence, the scope for Chongqing enterprises to expand within the European market may become increasingly constrained, while the level of external uncertainty facing export-oriented industries is likely to rise significantly.

3.2 Technology Restriction-Related Shocks

In recent years, the United States has actively encouraged the European Union to adopt more stringent export controls and technological restrictions toward China. Under U.S. lobbying efforts, several EU member states have begun to coordinate policies aimed at tightening high-technology exports to China. For instance, in 2024 the Netherlands expanded export licensing controls on semiconductor manufacturing equipment such as lithography machines, while Germany has also considered measures to restrict the export of key chip-related chemicals to China.

Against this backdrop, the signing of the Reciprocal, Fair, and Balanced Trade Agreement further signals a deepening alignment in transatlantic technological governance. According to the agreement, the EU plans to procure at least USD 40 billion worth of artificial intelligence chips from the United States and to maintain technological security requirements consistent with those of the U.S., while emphasizing joint efforts to prevent technology leakage. These developments indicate the emergence of a coordinated transatlantic framework in high-technology sectors that may effectively impose collective restrictions on China.

Such dynamics pose significant challenges for Chongqing, whose key pillar industries continue to rely on the EU and its supply chains for critical equipment and high-end components, including high-precision machine tools, aerospace engine parts, and advanced medical devices. If regulatory alignment between the United States and the European Union intensifies, the supply of these essential inputs could be disrupted or persistently constrained, thereby threatening the continuity of industrial supply chains and slowing the pace of technological upgrading.

The risks are particularly evident in the electronic information sector. Although Chongqing has developed into one of the world's major production bases for laptop computers, core chips and critical electronic components are still largely sourced from external suppliers. Should the EU adopt stricter export controls in coordination with the United States, Chongqing's electronics industry could face substantial supply chain disruption risks. More fundamentally, Chongqing's industrial upgrading has been strongly supported by technological cooperation and knowledge spillovers from Europe. If collaborative research initiatives involving industrial parks, key laboratories, European universities, and enterprises were to face new restrictions, both indigenous innovation and applied technological development within the region could experience a significant slowdown.

3.3 Standards and Regulatory Framework-Related Shocks

In the realm of international economic and trade rules and standards, China and the European Union have historically maintained a certain degree of coordination and cooperation. In order to integrate more effectively into global markets, Chongqing has proactively aligned itself with the EU's high-standard regulatory system. By benchmarking against European standards, Chongqing has been able to enhance product quality and managerial practices, which has long constituted an implicit advantage of China-EU cooperation.

However, the Reciprocal, Fair, and Balanced Trade Agreement promotes deeper standard mutual recognition and regulatory coordination between the United States and the European Union, potentially giving rise to what may be described as an alliance-based standards barrier. Under this evolving framework, new EU regulations increasingly reflect U.S.-influenced strategic considerations toward China. For instance, the framework of the Transatlantic Green Tariff Agreement concluded in July establishes a U.S.-EU carbon footprint certification system, mandating that the carbon emissions of electric vehicle batteries not exceed 50 kg CO₂/kWh, significantly lower than the current Chinese

industry average of approximately 80 kg. In addition, photovoltaic modules are required to source at least 20% of their silicon materials from the United States, the EU, or allied economies, indirectly restricting market access for silicon materials originating from regions such as Xinjiang in China.

The supplementary trade framework agreed in August further reinforces these dynamics. It introduces a uniform 15% tariff on a range of products, including automobiles and semiconductors, that constitute key export sectors for Chongqing, while also requiring EU enterprises to procure at least USD 40 billion worth of artificial intelligence chips from the United States and to maintain technological security standards consistent with those of the U.S. The framework explicitly emphasizes preventing technology transfers to certain destinations, thereby signaling a tightening of technological governance. At the same time, the United States has expanded the Verified End User (VEU) Program, placing high-end chips and intelligent equipment, such as those required for data centers, under stricter scrutiny. Enterprises outside the circle of U.S.-EU allied economies must now undergo multiple layers of approval before obtaining access to these technologies, effectively creating a whitelist barrier that functions as a form of technological containment.

These developments generate several potential consequences. First, external standards are likely to rise continuously and undergo dynamic adjustment; should Chongqing-based enterprises fail to upgrade their production processes and compliance systems in tandem, they may face regulatory gaps and lose access to both market entry and public procurement opportunities. Second, the influence over rule-making remains highly asymmetric: Chongqing lacks direct channels to participate in international regulatory negotiations and can only safeguard its interests indirectly through national-level diplomacy. Third, the EU's strategic posture toward China appears to be hardening, thereby weakening the institutional dividends that previously underpinned bilateral cooperation. The stagnation of the EU-China Comprehensive Agreement on Investment has prevented the consolidation of a potentially stabilizing institutional framework. Meanwhile, the United States and the European Union may reconstruct a set of club-based rules in areas such as investment screening, subsidy discipline, data governance, and green standards that disproportionately favor transatlantic partners. Such arrangements could impose institutional discrimination against Chinese firms, diluting earlier benefits derived from customs facilitation and standards cooperation, while simultaneously increasing the institutional transaction costs and uncertainty faced by Chongqing enterprises in international markets.

3.4 Supply Chain Coordination-Related Shocks

Within the global division of labor in supply chains, Chongqing and the European Union have developed a deeply embedded and complementary relationship. The regular operation of the China-Europe Railway Express has further strengthened the bidirectional flow of goods and intermediate inputs. Prior to the signing of the Reciprocal, Fair, and Balanced Trade Agreement, the Chongqing-EU supply chain had already evolved into a highly integrated structure characterized by mutual interdependence, with Chongqing functioning as a reliable component within Europe's broader production network.

However, the conclusion of the agreement may trigger a new phase of global supply chain restructuring centered on friend-shoring. On the one hand, the United States and the EU may establish joint early-warning mechanisms to identify and reduce reliance on critical supply chain segments associated with China. On the other hand, they may coordinate industrial policies and subsidy frameworks to attract key sectors, such as semiconductors, batteries, and strategic materials, back to their domestic economies or to allied countries.

For Chongqing, the most immediate consequences may be declining supply chain stickiness and the potential diversion of orders. Under the combined influence of security considerations, geopolitical calculations, and economic incentives, European firms may gradually reduce procurement from Chongqing and shift sourcing toward allied production locations. At the same time, if the United States and the EU introduce stricter rules regarding origin certification and supply chain traceability within allied networks, Chongqing's products, even if they retain advantages in cost and quality, may still be excluded from key segments of industrial supply chains due to their lack of alliance affiliation.

At the upstream level, particularly in strategic resources and energy, coordinated procurement and reserve mechanisms between the United States and the EU may reshape supply structures and reduce reliance on China. At the downstream level, increased risk assessments and substitution initiatives targeting Chinese mature-process chips and mid-to-low-end electronic components may further weaken the demand for Chongqing's related exports to Europe. Should the United States and the EU ultimately consolidate a relatively closed supply chain club, the original cooperative paradigm of complementarity and shared integration that characterized China-EU industrial collaboration could be significantly eroded. Under such circumstances, Chongqing may face growing pressure of marginalization within the evolving global value chain.

4. Policy Recommendations

4.1 Expanding Diversified Markets to Reduce Single-Market Dependence

Chongqing should accelerate the implementation of a market diversification strategy by further cultivating emerging markets such as the Association of Southeast Asian Nations, as well as regions in Latin America and Africa, thereby reducing its reliance on the European Union.

First, with respect to ASEAN markets, relevant municipal authorities, such as the local commerce commission and customs administration, should jointly examine the tariff provisions under the Regional Comprehensive Economic Partnership (RCEP) and compile a detailed tariff-reduction catalogue for Chongqing's competitive export products. Such measures would facilitate the alignment of key industries within the "33618" system, including next-generation electronic information manufacturing, intelligent connected new energy vehicles, and high-end motorcycles, with preferential tariff arrangements while simultaneously streamlining export procedures. In addition, Chongqing should seek not only to expand the market recognition of its new energy vehicles within ASEAN but also to export its technological capabilities in research and development. By promoting localized production and technological collaboration, Chongqing's enterprises can better adapt to the consumption patterns, regulatory requirements, and policy frameworks of ASEAN markets.

Second, with regard to emerging markets in Latin America and Africa, Chongqing should prioritize improving overseas distribution channels by addressing the last mile of international market entry through the establishment of overseas warehouses and targeted participation in international exhibitions. Initiatives such as the Yu Trade Global exhibition series can serve as platforms for promoting Chongqing's products abroad, while the development of overseas warehousing facilities and marketing networks can enhance supply chain responsiveness. By selecting key trade fairs tailored to the characteristics of specific markets, Chongqing enterprises can provide potential customers with direct exposure to their products while simultaneously expanding alternative export markets for industries such as automobiles, electronics, and motorcycles.

4.2 Promoting Supply Chain Localization and Secure Substitution

First, with regard to highly dependent segments such as semiconductor equipment and critical components, Chongqing should progressively establish a more autonomous and resilient supply chain system. Dedicated funding programs may be created to provide targeted support for industries within the “33618” framework. On the one hand, these funds could support collaborative research initiatives between enterprises, universities, and research institutes aimed at breakthroughs in core technologies. For example, in response to the dominance of control systems produced by Siemens in high-end numerical control equipment, Chongqing could increase investment in equipment procurement, talent recruitment, and indigenous technological development. On the other hand, financial support should be directed toward fostering the large-scale production capabilities of domestic substitute suppliers, thereby helping local firms reduce costs and enhance market competitiveness.

Second, a dynamic evaluation mechanism for the use of such funds should be established to regularly monitor project progress and ensure that financial resources are effectively allocated toward key technological breakthroughs and capacity-building initiatives. In this process, Chongqing may draw upon the successful experience of supply chain localization achieved in the laptop manufacturing sector. By gradually reducing reliance on European suppliers in critical segments, Chongqing can strengthen its industrial autonomy. Leading automotive manufacturers such as Changan Automobile and Seres Group could serve as anchor firms to guide local component producers in upgrading their technological capabilities. At the same time, the introduction of high-quality domestic alternative suppliers would facilitate the establishment of a localized components supply network, progressively reducing the proportion of components procured from the European Union and ultimately fostering a more secure and self-reliant supply chain ecosystem.

4.3 Optimizing Logistics Corridors and International Industrial Layout

First, it is essential to stabilize the transport capacity of the China-Europe Railway Express and the New International Land-Sea Trade Corridor, with a focus on improving efficiency and upgrading services. For the China-Europe Railway Express, cooperation with the Chongqing hub of China Railway Intermodal could be strengthened to optimize route planning and launch customized freight trains dedicated to products such as laptop computers and automotive components. In addition, value-added services such as bonded warehousing could be introduced to enhance logistics flexibility. Regarding the New International Land-Sea Trade Corridor, priority should be given to strengthening multimodal transport, particularly the integration of rail and maritime shipping, in order to reduce transshipment costs.

Second, Chongqing should explore transshipment through third countries. For the European market, Central and Eastern European economies such as Hungary and Serbia could serve as transshipment hubs. By leveraging tariff arrangements, a production chain of component manufacturing in Chongqing plus assembly in Central and Eastern Europe plus sales in the European Union market could be established, thereby mitigating the impact of countervailing duties on automobile exports. For emerging markets in Latin America and Africa, intermediary hubs such as Singapore and Dubai could facilitate a Chongqing-Singapore-third country re-export trade model, helping to reduce logistics costs and lower the risks associated with trade barriers.

Third, Chongqing should develop localized overseas production models by focusing on core industries and key regions, thereby forming complementary links with domestic production capacity. Automobile assembly bases and supporting component warehousing centers could be established in Eastern Europe,

while a regional production network for automotive parts could be developed in the Association of Southeast Asian Nations. Such arrangements would improve supply chain efficiency, reduce domestic production costs, and gradually foster localized industrial clusters abroad, ultimately enhancing overall supply chain stability.

4.4 Strengthening Standards Alignment and Regulatory Compliance

First, it is recommended that the market supervision authority of Chongqing take the lead in establishing a China-EU Standards and Compliance Service Center in the Liangjiang New Area. On the one hand, internationally recognized certification bodies, such as TÜV Rheinland and Bureau Veritas, could be invited to establish on-site offices to provide integrated compliance services for enterprises within the “33618” industrial system. For instance, the center could assist Chongqing-based biopharmaceutical firms in obtaining the European Active Pharmaceutical Ingredient Certification (CEP), while providing safety testing for new energy vehicle batteries under the UN 38.3 Lithium Battery Safety Standard, thereby enabling enterprises to obtain export qualifications more efficiently. On the other hand, local institutions, such as Chongqing Vehicle Test and Research Institute, should be encouraged to pursue EU-recognized accreditation and jointly establish a China-EU Joint Testing Laboratory with international partners. This would facilitate a single test, certification issued in Chongqing, and recognition within the EU model.

Second, leading enterprises such as Changan Automobile and Seres Group should be supported in collaborating with European firms and standardization organizations, including DIN (German Institute for Standardization) and AFNOR (French Association for Standardization), in areas such as high-voltage fast charging for new energy vehicles and data security in intelligent connected vehicles. Each year, three to five international standard development projects could be jointly initiated to promote the incorporation of Chongqing's technological specifications into European and global standards. Enterprises that lead the formulation of international standards could be provided with fiscal subsidies, thereby enhancing both their institutional voice and industrial competitiveness.

4.5 Promoting Enterprise Transformation, Upgrading, and Green Development

First, Chongqing should accelerate the internationalization of the Chongqing enterprise brand, while increasing research and development investment in key sectors of the “33618” system, including automobiles and motorcycles, electronic information, and high-end equipment manufacturing. In particular, laptop manufacturers in Chongqing should be encouraged to transition from an original equipment manufacturing (OEM) model toward independent research and development. Collaborative innovation platforms, such as the R&D center of HP Inc. in Chongqing and joint research initiatives with Chongqing University, could focus on developing products such as ultra-thin laptops and AI-enabled intelligent terminals aimed at the mid-to-high-end European market. Meanwhile, enterprises such as Changan Automobile should be encouraged to develop pure electric vehicles characterized by long driving ranges and advanced intelligent systems, equipped with domestically developed autonomous driving technologies, thereby fostering differentiated competitiveness against established Western automotive manufacturers.

Second, Chongqing should accelerate the establishment of a product carbon footprint labeling and certification system. By introducing internationally recognized carbon accounting standards, the municipality could formulate a local regulatory framework, such as the Guidelines for Product Carbon Footprint Assessment in Chongqing. A localized carbon labeling scheme should also be introduced, accompanied by the implementation of a carbon efficiency code system led by the municipal

environmental authority. Under this mechanism, enterprises in major emission-intensive industries, including steel, chemicals, and automotive manufacturing, would be required to connect to a municipal digital platform that enables real-time monitoring and optimization of product life-cycle carbon footprints. The system would automatically generate a carbon profile for each product, providing data-driven support for process improvement and supply chain adjustments, while strengthening the capacity of Chongqing enterprises to respond effectively to carbon-related trade measures such as the EU Carbon Border Adjustment Mechanism.

4.6 Establishing Risk Early-Warning and Legal Protection Mechanisms

First, it is recommended that the commerce authority of Chongqing cooperate with research institutions such as the Chongqing Academy of Social Sciences to jointly establish a U.S.-EU Policy and Industrial Risk Early-Warning Platform. By leveraging big data analytics and artificial intelligence technologies, the platform could track legislative developments, regulatory reviews, and compliance trends in key Western industries, regularly generating analytical outputs such as a U.S.-EU Market Risk Heatmap and sectoral assessment reports, which would be disseminated to major export-oriented enterprises in Chongqing.

Second, China Export & Credit Insurance Corporation's Chongqing branch should expand the coverage of export credit insurance for the U.S. and EU markets while reducing premium rates. In coordination with the foreign exchange administration and commercial banks, financial institutions could also introduce a foreign exchange risk management toolkit, offering services such as forward exchange settlement and currency options to help enterprises hedge exchange rate risks. In addition, overseas investment enterprises could be provided with political risk insurance to safeguard the security of their international assets.

Third, the existing public legal service center for the New International Land-Sea Trade Corridor should be upgraded into a comprehensive one-stop platform for international legal services. By integrating judicial resources and inviting international arbitrators and specialized foreign-related legal teams, the platform could establish a rapid response mechanism for disputes involving European markets. Services could include cross-border contract review, legal advisory assistance, and trade remedy support. In particular, enterprises facing anti-dumping or countervailing investigations could receive integrated legal support combining professional consultation with representation in litigation or administrative proceedings.

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