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Selective Openness and Regulatory Delegation in China's Cross-Border Data Administration

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Abstract: China's 2024 cross-border data reforms relieved selected transfers from prior review procedures while preserving state oversight. This article asks how the reforms reallocated regulatory authority among national regulators, municipal governments, and regulated firms. It uses document-based process tracing and a structured comparison of Beijing and Shanghai, supplemented by evidence from Tianjin, Hainan, and Zhejiang. The analysis identifies two pathways. National exemptions rely on reviewable self-assessment: firms make the initial transaction-level classification, retain evidence, and remain subject to later inspection. Municipal negative-list systems rely on administratively verified relief: firms request a determination that a sectoral list applies and that particular data fall outside its restricted items, while local authorities verify that claim before the exempt route may be used. The municipal lists differ in sectoral content but remain nested within a common national legal and filing architecture. The findings show that procedural liberalization can shift the location and timing of regulatory control without relinquishing hierarchical control.

Keywords: China; Cross-border data regulation; Regulatory delegation; Policy experimentation; International regulatory governance

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1. Introduction

Cross-border data regulation is a problem of institutional design. Policymakers face choices about which transfers require prior review, which judgments may be assigned to regulated organizations, what information those organizations must produce, and how review mechanisms can address error or evasion. Cross-border flows make these choices unusually consequential because the same data support supply chains, cloud services, personnel management, and research while also exposing personal information, critical systems, and strategically sensitive activity. The central question for international regulatory governance is therefore how classification, verification, and oversight are allocated across agencies, levels of government, and firms while the capacity to intervene is retained.

China provides a particularly revealing case. The Cybersecurity Law, Data Security Law, and Personal Information Protection Law established a security-centered framework. The Personal Information Protection

Law established three principal routes for regulated outbound transfers: a state security assessment, a standard contract, and personal information protection certification. The 2022 security-assessment measures and 2023 standard-contract measures operationalized two of those routes, while certification was developed through a separate announcement and implementing rules [1–6]. In March 2024, the Cyberspace Administration of China relieved defined transfers from those procedures, adjusted thresholds, and authorized free trade zones to formulate negative lists [7]. These measures are procedural exemptions: they remove one of the three named routes for qualifying transfers but do not displace applicable data-protection, impact-assessment, recordkeeping, or security duties. Later audit, certification, and network-data instruments preserved inspection, record, and enforcement powers [7–9].

This article asks how China reduced ex ante controls over selected cross-border data transfers while preserving supervisory capacity. It argues that the reform created selective openness through two linked forms of regulatory delegation. Under national exemptions, the processor makes the initial transaction-level classification without routine case-by-case approval, connects that decision to retained evidence, and reassesses it when material facts change. Public authorities may reconstruct and challenge the decision later. Under municipal negative-list systems, a firm seeks confirmation that the local regime applies to its sector and transfer. Local authorities determine whether the relevant data fall within restricted list items or qualify for relief outside them before the firm may rely on the local arrangement. The first pathway is reviewable self-assessment. The second is administratively verified relief. Together they create a tiered regulatory system rather than unrestricted circulation or comprehensive closure.

The argument is evaluated through a structured comparison of Beijing and Shanghai. Both are high-capacity commercial centers with strong demand for cross-border data, operate under the same national authorization framework, and expanded geographically limited pilots during 2026. Their different industrial profiles allow the analysis to hold the national framework broadly constant while examining variation in sectoral specification. The comparison is not designed to estimate a causal effect of the lists. It tests whether a common regulatory sequence appears in both cities and whether local economic priorities shape the content placed within that sequence. Beijing emphasizes sectors including artificial intelligence, health, pharmaceuticals, and banking. Shanghai centers on reinsurance, international shipping, commerce and trade, and meteorology [11,12].

The article makes three contributions to international regulatory governance and comparative political economy. First, it distinguishes two forms of delegation by the timing of authoritative review. Reviewable self-assessment moves the initial route decision to firms and relies on later reconstruction, whereas administratively verified relief retains a public checkpoint before an exemption can be used. Second, the Beijing-Shanghai comparison identifies a common central-local architecture within which municipal governments adapt sectoral content to local economic priorities. Evidence from Tianjin, Hainan, and Zhejiang assesses whether that pattern extends beyond the two primary cases. Third, the article treats selective openness as an allocation of authority over classification, information production, and intervention. The dependent variable is this regulatory allocation. Effects on firm costs, investment, and market structure remain hypotheses requiring separate evidence.

2. Tiered regulatory delegation

Regulatory capitalism directs attention to the distribution of regulatory work rather than the simple quantity of rules. Market opening can coexist with delegation, formal procedure, private compliance systems, and

intensified monitoring [13]. A fall in prior applications may therefore relocate judgment instead of eliminating it. Regulatory delegation is used here as the umbrella concept for such reallocations. The relevant questions are who classifies a transaction, whether public review occurs before or after access, who produces the supporting information, and who can contest the decision.

This allocation is also an implementation problem familiar to regulatory governance and international political economy. Formal relief does not remove regulatory work. It changes who interprets the rule, assembles evidence, and bears the risk of an incorrect classification. Research on regulatory implementation shows that regulators and regulates translate formal requirements through organizational routines, while studies of firm compliance connect uncertainty, regulator contact, and external advice to the cost and scope of compliance [14,15]. The relevant regulatory outcome is therefore not simply the number of applications removed. It is the distribution of judgment, documentation, and review across the regulatory system.

The first pathway, reviewable self-assessment, is related to but distinct from two established approaches. In enforced self-regulation, firms formulate and operate internal rules subject to public enforcement [16]. Management-based regulation requires organizations to plan and manage internal processes where regulators cannot readily prescribe or observe outcomes [17]. Under China's national exemptions, by contrast, the state specifies the legal routes and conditions, while the firm applies those public rules to a particular transfer without routine prior approval. The firm does not author the governing rule, and the mechanism need not prescribe a comprehensive management system.

A self-assessment is reviewable when four elements are present: a stated legal ground, evidence connecting the transfer to that ground, a trigger for reassessment, and a legally authorized review channel. Predefined categories structure the firm's judgment; retained evidence makes the judgment reconstructable; reassessment duties keep it current; and inspection or audit powers make later challenge credible. The absence of routine prior approval is analytically essential. If an authority must verify eligibility before relief becomes available, the arrangement is not self-assessment in the strict sense used here.

The second pathway is administratively verified relief. A firm initiates the process by claiming that a municipal negative-list regime applies to its sector and proposed transfer. The authority then verifies the claim and determines the consequence of the list. Data within restricted items remain directed to national security assessment, standard contract, or certification procedures, while qualifying data outside those items may use the locally administered exemption. The verification therefore does not approve all listed data for transfer. It authorizes reliance on the local classification and identifies the applicable national route. This mechanism delegates information production and application to the firm and sectoral specification to local government while retaining an ex ante public checkpoint.

Chinese policy experimentation supplies the second theoretical component. Heilmann described centrally directed experimentation in which local units test differentiated instruments under hierarchical priorities [18,19]. Mertha cautioned against treating the state as institutionally uniform, although bargaining and local discretion vary across sectors [20]. Negative lists fit controlled experimentation only if local differentiation is real but bounded. Municipal authorities should tailor sectoral content, while central law should continue to determine the available routes and the conditions for authorizing local lists.

Digital order is used here in a deliberately institutional and bounded sense. It refers to the rules that allocate authority over connectivity, classification, information, and intervention across public and private actors and across levels of government. A layered digital order exists when national institutions define the outer

legal boundaries, local instruments differentiate access within those boundaries, firms make initial transaction decisions, and public authorities retain review and sanction powers. This formulation connects domestic regulatory design to international political economy without assuming that the arrangement constitutes a complete global order or will diffuse beyond China.

The argument yields distinct observable implications. Under national exemptions, the sequence should run from firm classification to transfer and possible later public review. The four reviewability elements should preserve a reconstructable evidentiary chain. Under municipal negative-list systems, the sequence should run from firm application to prior local verification, a determination of whether the data are inside or outside restricted items, use of the resulting route, and continuing oversight. Local experimentation should produce substantively different sectoral lists within a common approval and filing architecture. A pure deregulation account predicts erosion of supervisory capacity. Regulatory simplification predicts fewer or faster steps, but does not by itself explain the coexistence of review sequences that place authoritative scrutiny at different points.

Scope Conditions and Generalizability

The two pathways are distinguished by the timing and institutional location of authoritative review, not by a simple public-private divide. Both require firms to produce information, and both preserve state enforcement. They differ because a national exemption permits a qualifying transfer before routine case-specific verification, whereas a municipal list requires an administrative determination before the firm may rely on the locally defined relief. This distinction should travel to other regulatory domains in which governments replace universal prior approval with documented self-classification while retaining verified exceptions for higher-risk sectors or places.

The framework has three scope conditions. The regulator must define reviewable categories rather than grant open-ended discretion. The regulated organization must retain information that permits reconstruction of its decision. A public body must possess credible authority to inspect, reverse, or sanction. Where these conditions are absent, the arrangement is better described as deregulation or informal discretion. Where every transaction still requires approval, the arrangement is licensing rather than reviewable self-assessment. These boundaries make the typology falsifiable and clarify its contribution to comparative regulatory governance. Applied comparatively, the typology directs attention to whether governments change the amount of regulation or instead redistribute classification, documentation, and review. It also permits researchers to compare formal procedural relief with the regulatory work that remains inside firms and public agencies.

3. Research design and evidence

The study combines a structured comparison with document-based process tracing. The evidentiary corpus contains 24 national and subnational statutes, measures, official guidance documents, negative lists, and implementation reports issued between 2016 and 20 September 2026. A document was included when it changed a decision trigger, assigned responsibility to an actor, required supporting information, created a review power, or altered the relationship between national and local rules. General official commentary was used only when it supplied a stated policy objective, an implementation indicator, or a documented instance of use. Secondary scholarship provides theory and competing interpretations but does not substitute for evidence of the formal regulatory sequence.

Six qualitative questions guide the reading of every instrument and case. What transaction is regulated? Who makes the first route decision? Does authoritative review occur before or after transfer? What evidence must the processor create or retain? For a municipal list, how does the authority distinguish data inside restricted items from data eligible for relief outside them? Which authority may approve, inspect, or challenge the decision? These questions provide the common dimensions used in Sections 4 to 6. They do not convert unlike legal categories into numerical variables.

Process tracing reconstructs the sequence from the 2016 and 2021 statutory foundations, through the operational routes adopted in 2022 and 2023, to the 2024 procedural relief and subsequent audit, certification, and local-list instruments. The inquiry asks whether later measures removed state capacity or changed the timing and location of regulatory judgment while retaining review. Evidence is strongest when a later instrument changes an earlier route and simultaneously identifies the responsible actor, required record, or reviewer. Temporal order alone is treated as suggestive rather than proof of motivation. The analysis therefore traces institutional design more confidently than the political bargaining that produced it.

Beijing and Shanghai form the primary theory-guided comparison. Both are national-level commercial centers, host free trade zones and multinational firms, operate under the same national law, and moved from geographically limited pilots toward wider municipal coverage. They differ in industrial structure and in the sectors selected for local treatment. Because both cases display the same broad regulatory outcome, the comparison does not estimate why one city adopted verification, and another did not. It tests the replication of a proposed mechanism under similar national conditions and explains variation in the mechanism's sectoral content. The analysis asks who defines list content, who claims applicability, who verifies the claim, what must be updated, and which level retains ultimate authority.

A supplementary structured comparison covers the other three localities whose lists had completed national filing by March 2025: Tianjin, Hainan, and Zhejiang [21]. The analysis examines their published sectoral focus, local regulatory basis, and relationship to national routes. This transferability check cannot replace close process evidence, but it shows whether the Beijing-Shanghai interpretation depends on two unusually wealthy municipalities. The comparison preserves each locality's own categories rather than treating fields, scenarios, and data items as a common numerical scale.

The analysis triangulates three source types and assigns each a limited evidentiary role. Binding rules establish formal authority and obligation. Official explanations and questions and answers identify stated purposes and authoritative interpretations, but cannot by themselves prove the political pressure that produced a rule. Official statistics and named filing cases show reported uptake, not representative economic effects. Secondary scholarship supplies theoretical alternatives and contextual interpretation. For every official document, the analysis records the regulated transaction, first decision-maker, timing of public review, required evidence, reassessment trigger, and reviewing authority. This common document matrix supports comparison across legal forms. Where no official English version was available, Chinese-language documents were translated using a third-party translation service and checked by the author against the original Chinese texts. The original Chinese documents are the official versions

Each document was reviewed in two passes. The first pass recorded jurisdiction, legal status, regulated transaction, responsible actor, and the formal consequence attached to the provision. The second mapped those observations onto a common sequence: initial classification, evidence production, public verification or later review, reassessment, and enforcement. A proposition was treated as evidence of formal design only

when an operative provision or authoritative interpretation assigned a responsibility, condition, or review power. Promotional implementation reports were coded separately and used only for reported uptake, stated objectives, or named cases. Legal findings were anchored to article numbers, named institutions, and explicit procedural requirements in the original texts. This procedure reduces the risk that differences in document type or translation are mistaken for differences in regulatory authority.

This design identifies changes in formal authority, the sequence of institutional adjustment, and documented instances of use. It can test whether procedural relief displaced, delayed, or preserved public review. It cannot estimate average firm savings, investment effects, unsuccessful applications, informal enforcement, or the consistency of implementation across local offices because the public record does not observe internal firm costs or unpublished regulatory decisions. Those claims require interviews, enforcement files, or firm records. The analysis therefore distinguishes policy intention, formal design, reported uptake, and economic outcome at every stage.

4. National reform and regulatory delegation

4.1. National recalibration

China's framework developed through institutional layering. The Cybersecurity Law created an early basis for localization and assessment involving critical information infrastructure. The Data Security Law added a national framework for important data, and the Personal Information Protection Law established conditions for providing personal information abroad and required impact assessments for specified processing [1–5].

The 2024 Provisions reduced the reach of those routes. Articles 3 through 6 create relief based on data type and origin, specified forms of necessity, transfer volume, and approved free trade zone lists. Articles 7 and 8 define thresholds for security assessment and for standard contracts or certification. Article 13 gives the new provisions priority over inconsistent parts of earlier CAC measures [7]. Relief remains selective. Important data, critical infrastructure, and transfers above the national thresholds continue to attract formal procedures.

Official texts reveal the policy objectives attached to this recalibration without proving which pressure caused it. The provisions and subsequent guidance emphasize orderly and secure flows, reduced procedural friction, and more predictable support for trade, investment, and multinational operations. Municipal materials additionally stress sector specificity and the needs of foreign-invested firms and international service hubs. The authorization of local lists makes learning from bounded variation another plausible objective. These stated goals are consistent with accounts linking reform to digital trade and technological competition [22,23].

The sequence narrows, but does not settle, the causal account. Binding routes were built in 2022 and 2023. The 2024 provisions then reduced their reach after regulators had accumulated applications and firms had encountered the new procedures. Official reports repeatedly connect the adjustment to enterprise demand and trade and investment facilitation, while the continued treatment of important data and critical infrastructure shows that security remained a binding constraint. This evidence is consistent with bureaucratic learning under economic pressure. It does not reveal the relative influence of business lobbying, foreign-investment concerns, economic slowdown, or geopolitical competition. The article therefore explains the institutional response rather than claiming a single origin for reform.

Later instruments reinforce this interpretation. Network-data regulations preserve requirements for important and personal data. Compliance-audit measures ask whether a processor used the required outbound route or qualified under another prescribed condition. Certification rules formalize an additional route, while

guidance confirms that crossing the security-assessment threshold still requires assessment [8–10,24]. The sequence is inconsistent with a general withdrawal of the state.

4.2. National exemptions and delegation to firms

National procedural exemptions reallocate the first route decision. A processor invoking an exemption must determine the fields transferred, their origin and classification, the recipient and purpose, whether necessity conditions are met, cumulative volumes, and its own institutional status. These are mixed legal and factual judgments. No routine case-specific approval precedes use of the exemption, although a material change can alter the applicable route.

The Personal Information Protection Law preserves an evidentiary infrastructure around that judgment. Articles 55 and 56 require a prior impact assessment and retained record when personal information is provided abroad. Article 54 requires periodic compliance audits. Article 63 authorizes inspection and copying of processing-related material. The 2025 audit measures expressly test use of the proper outbound route or satisfaction of another prescribed condition [3,9]. Relief from one filing therefore does not eliminate the need for a defensible classification.

This pattern fits reviewable self-assessment. For relieved transactions, the state no longer determines every case in advance, but it continues to define the categories and can later demand information, inspect records, and sanction error or evasion. Regulatory labor moves in time and location. Firms perform more of the initial sorting, while authorities reserve review for selected, reported, or inspected cases. That allocation can reduce regulatory congestion while preserving intervention capacity.

The cost implications are theoretically important but not directly observed here. Large firms may spread classification, counting, and record systems across many transactions. Smaller organizations may need external advice or may avoid uncertain transfers. The resulting expectation is that the value of procedural flexibility varies with organizational capacity. Establishing that distribution requires firm-level evidence rather than inference from formal obligations.

The regulatory difference can be illustrated by following the same sequence of tasks. A firm relying on a national exemption identifies the data and recipient, determines that an exemption applies, completes any required impact assessment, retains supporting records, and transfers without routine case-specific approval. An inspector may later reconstruct and challenge that classification. A firm seeking municipal negative-list relief must identify an applicable sector and scenario, submit the prescribed materials, and wait for the authority to determine whether the data remain restricted or qualify for relief outside the listed items. The firm then follows the resulting national or exempt route and remains subject to updating and oversight duties. The distinction concerns the timing and institutional location of authoritative review, not the absence or presence of regulation.

5. Local experimentation and administratively verified relief

5.1. Beijing

Beijing operationalizes national authorization through a sectoral list and local procedure. Its 2026 system builds on the 2024 free trade zone list and extends beyond the zone to the municipality-wide national services-opening demonstration zone. Official materials report nine sectors, 67 business scenarios, and 612 data fields, including artificial intelligence, health, pharmaceuticals, banking, and advanced services [25,26].

The list does not operate as unconditional permission or approval-free self-assessment. A processor

identifies an applicable sector and business scenario, submits an application and undertaking, and receives a filing-result notice only after local verification. The regulatory consequence depends on the classification. Restricted data remain subject to the appropriate national procedure, whereas qualifying data outside the restricted items may rely on the local exemption. Material changes can require an update, and national law continues to govern important data, critical infrastructure, and transfers outside the local conditions [27]. Beijing therefore exemplifies administratively verified relief. The firm supplies the initial classification and evidence, but public verification remains ex ante.

Beijing's sector choices align local opening with its development profile. Artificial intelligence, medical technology, pharmaceuticals, and financial services generate recurring transfers that are economically valuable but difficult to describe through undifferentiated national thresholds alone. Named filings by a medical-device company and a banking institution show that firms used the route, although promotional reports cannot establish average cost or investment effects [28,29].

5.2. Shanghai

Shanghai followed a parallel institutional path with different substantive priorities. Its 2026 measures apply to processors registered and operating in Shanghai and expand a system first associated with the free trade zone and Lin-gang Special Area. The published negative list covers reinsurance, international shipping, commerce and trade, and meteorology through nine scenarios, 29 data subcategories, and 109 data items [12,30].

Shanghai likewise combines locally differentiated relief with prior and continuing public review. A processor applies through its district. The district conducts an initial review, and municipal cyberspace and data authorities conduct a further review. The resulting determination identifies whether the data fall within restricted list items, qualify for relief outside them, or remain governed by the ordinary national rules. Processors must then keep transfer logs, report incidents, and update filings when transfers change. District and municipal authorities may conduct regular inspections and random checks, and districts report annually. Shanghai therefore delegates the initial applicability claim to firms without replacing ex ante public verification.

Shanghai's content reflects its role as a shipping, trade, financial, and international-headquarters center. Reinsurance and shipping generate specialized information flows that differ from Beijing's emphasis on AI and medical technology. The city reported that the earlier system covered three sectors and 84 items before the 2026 expansion. It also reported a large share of national assessment and contract filings. These official indicators explain why regulatory relief was salient locally, but they do not independently demonstrate causal effects on investment or competitiveness.

6. Comparative findings and rival explanations

6.1. Comparison of the primary cases

Table 1 compares the two municipalities as instances of administratively verified relief. The strongest commonality is architectural. National rules authorize local negative lists; municipal authorities translate that authority into sectoral scenarios and restricted data items; firms claim that the regime applies to a proposed transfer; and local authorities verify the claim before the resulting route may be used. Data inside restricted items remain linked to national procedures, while qualifying data outside them may receive relief. Continuing oversight applies after the determination. The comparison therefore demonstrates bounded local delegation rather than approval-free self-assessment or autonomous local deregulation.

The principal variation lies in substantive content. Beijing and Shanghai select sectors associated with their different development strategies and business demand. The published counts should not be ranked mechanically. Beijing reports data fields, while Shanghai reports subcategories and items. Their units and drafting methods differ. What can be compared is the political allocation of discretion. Local authorities possess meaningful choice over sectoral specification, but not over the existence of national security categories or the requirement of central filing.

The comparison refines the experimentation argument. Central authorization produces a common governance architecture, while local industrial priorities shape the content of experimentation. Citywide expansion in both cases scales locally administered systems without converting them into universal national exemptions. The cases therefore provide replication evidence for a common mechanism and evidence of local variation in sectoral specification. They do not establish that municipal experimentation caused later national policy change. Demonstrating policy learning in that stronger sense would require records showing how central authorities evaluated and incorporated local experience.

Table 1. Beijing and Shanghai administratively verified negative-list systems

Dimension	Beijing	Shanghai	Comparative inference
Territorial path	FTZ pilot expanded to the citywide services-opening demonstration zone	FTZ and Lin-gang pilot expanded citywide	Scaling enlarges an authorized local regime rather than creating a national exemption
Sectoral content	Nine sectors, including AI, health, pharmaceuticals, banking and advanced services	Reinsurance, international shipping, commerce and trade, and meteorology	Local industrial priorities shape substantive coverage
Published granularity	67 business scenarios and 612 data fields	9 scenarios, 29 data subcategories and 109 data items	Both translate national categories into operational detail; units are not directly comparable
Prior review sequence	Local application and verification; filing-result notice normally valid for three years	District initial review followed by municipal review	Firms initiate applicability claims, but public authorities verify the resulting route before use
Continuing oversight	Update duties and continuing application of national law	Transfer logs, change reporting, inspections, random checks and annual district reports	Prior verification is supplemented by continuing oversight after entry

Sources: Beijing and Shanghai municipal measures and reports cited in Sections 5 and 6. Published numerical units differ and should not be treated as directly comparable measures of breadth.

6.2. Transferability across other localities

The supplementary cases test the reach of this finding (**Table 2**). Tianjin linked its negative list, which contains 13 categories and 46 subcategories, to a pre-existing enterprise classification standard covering 13 categories and 40 subcategories. Hainan organized 14 scenarios around five strategic fields: deep sea, aerospace, seed industry, tourism, and duty-free retail. Zhejiang concentrated on business-to-business e-commerce and clearing and settlement. The sectoral choices differ sharply, yet each list remains nested in the national routes and filing system [31–33].

This broader pattern reduces the risk that the primary comparison captures only the preferences of Beijing and Shanghai. It also clarifies the limit of generalization. The evidence supports a common allocation of authority and locally differentiated coverage across the first five filed lists. It does not show that every later list operates identically or that lower-capacity localities implement review with the same consistency.

Table 2. Supplementary localities' negative lists

Locality	Sectoral focus	Published structure	Relationship to national framework
Tianjin	Linked to pre-existing enterprise classification standard	13 categories, 46 subcategories; linked standard 13 categories, 40 subcategories	Nested in national assessment, contract, and certification routes
Hainan	Deep sea, aerospace, seed industry, tourism, duty-free retail	5 strategic fields, 14 scenarios	Operates inside national filing framework
Zhejiang	Business-to-business e-commerce; clearing and settlement	Provincial negative list, 2024 edition	Local classification remains nested in national routes and filing

Sources: Tianjin, Hainan, and Zhejiang documents cited in this section.

6.3. Process evidence and alternative explanations

The process evidence consists of a sequence of linked institutional changes. The 2016 and 2021 statutes established security, important-data, and personal-information obligations. The 2022 and 2023 measures made prior assessment and standard contracts operational. The 2024 Provisions narrowed the circumstances in which those routes apply, creating national exemptions without routine case-by-case approval and authorizing locally specified negative lists subject to prior verification. Later network-data, audit, and certification instruments preserved review and enforcement powers. This sequence demonstrates institutional adaptation after implementation began. It is consistent with bureaucratic learning, but the public record does not establish learning as the sole or dominant cause.

The available implementation indicators corroborate a change in regulatory practice. For the first year after the 2024 Provisions, the CAC reported that average monthly accepted security-assessment projects fell by about 60 percent and standard-contract filings by about 50 percent. It also reported average assessment time below 30 working days and filed local lists covering 17 sectors [21]. Beijing's named medical-device and banking filings and Shanghai's expansion provide concrete instances of local use. These sources show reduced traffic through earlier routes and uptake of new ones. Because these are aggregate official indicators, they may not capture the experience of rejected, abandoned, or uncertain applicants.

Source triangulation supports the institutional mechanism more strongly than it supports a claim about economic outcomes. Binding measures identify the change in legal route and the powers that remain. Official explanations connect the reform to orderly flows, enterprise demand, trade, and investment. Municipal lists and filing notices show how general authority became sector-specific practice. Secondary political-economy scholarship explains why openness and control may coexist. No source in the present corpus independently observes total preparation time, legal expenditure, or investment decisions inside firms.

The rival explanations are assessed through congruence and discriminating observations rather than statistical tests. Deregulation predicts diminished supervisory capacity, which is difficult to reconcile with retained audit, municipal verification, inspection, and sanction powers. Regulatory simplification anticipates fewer procedures, but not why national exemptions rely mainly on later review while municipal systems retain a public determination before relief. Central direction explains the shared legal architecture, whereas subnational economic priorities help explain sector selection. Security preservation explains the boundaries of relief. Bureaucratic learning under economic pressure is consistent with the sequence, but the public record cannot rank it against lobbying, foreign-investment concerns, macroeconomic pressure, or geopolitical competition.

The resulting inference is deliberately bounded. Prior control contracted most clearly under national exemptions, where transaction-level judgment moved toward firms, and later review capacity persisted.

Municipal negative-list systems redistributed sectoral specification and the initiation of applicability claims, but retained public verification before relief. The evidence does not show that officials designed every element as one coherent model or that firms experienced lower total costs. Tiered regulatory delegation describes the observed allocation and timing of authority. It is not a claim about unobserved official intent or the economic effect of the reforms.

6.4. Regulatory and international implications

Selective opening changes regulatory governance as well as international production. National exemptions shift transaction-level classification and evidence production toward firms, while municipal routes allocate rule specification to local governments but preserve prior public verification. This arrangement can reduce traffic through national procedures without removing the regulatory tasks of interpretation, documentation, and review. It therefore illustrates how governments can reorganize regulatory capacity rather than simply expand or contract it.

The retained capacity to classify, inspect, and interrupt flows also matters for international political economy. Global networks create both efficiency and vulnerability, and states with access to central nodes or information can exercise asymmetric power [34]. Large markets can also shape international business practices because firms adapt to the conditions of market access [35]. China's regime combines these logics. It permits commercially valuable connectivity while preserving public information and intervention rights over categories treated as security-sensitive.

The local lists complicate a simple account of one national regulatory standard being projected outward. Multinational firms encounter nested access conditions. National thresholds establish the outer boundary, while municipal lists alter the route for selected sectors and locations. Local experimentation can therefore compete for investment and reduce friction without allowing cities to waive national security categories. The political economy of market access operates through controlled internal differentiation rather than unrestricted regulatory competition.

These arrangements constitute a layered digital order at the domestic-institutional level. National authorities define the outer categories and authorize experimentation. Municipal governments specify sectoral access conditions. Firms classify individual transfers. Regulators preserve inspection and sanction powers. Order therefore rests neither on uniform permission nor on general prohibition, but on a hierarchy of conditional connectivity. This does not demonstrate that China's model is being exported or that it will organize the global digital economy. It shows how a major market constructs cross-border connectivity through an allocation of authority that domestic and foreign firms must navigate.

The two pathways generate related but distinct distributional hypotheses. Under national exemptions, firms with mature governance systems can document necessity, monitor cumulative counts, and defend classifications more readily than organizations with weaker capacity. Under municipal routes, firms must additionally identify a listed scenario and navigate prior local verification. Smaller organizations may purchase expertise, narrow transfers, or locate activity where rules are clearer. Comparative firm research should test whether either pathway lowers total burden, relocates it, or changes market access.

The regulatory viability of selective openness depends on reviewability. Guidance should identify the facts that change the applicable route, including important-data status, contractual necessity, counting rules, and the interaction between national thresholds and local lists. Clear reassessment triggers and compatible records can

make decisions reconstructable without recreating a universal filing obligation. Official questions and answers show that this guidance channel is already in use [24,36].

Local variation also creates coordination and learning costs for both administrators and regulated organizations. Comparable terminology, public version histories, and clear territorial rules would help firms and reviewers identify which list governed a transaction at a particular time. Regular publication of application volumes, processing times, reasons for rejection, and subsequent inspection outcomes would allow central and local authorities to compare implementation without eliminating sectoral adaptation.

These recommendations do not assume that the reform lowers total compliance costs. Documentation systems may favor organizations with specialized legal and technical staff, while smaller firms may purchase expertise, narrow transfers, or avoid uncertain routes. Evaluation should measure processing time, documentation expenditure, error, rejection, enforcement, and use by firm size. Those indicators would show whether regulatory work has been reduced, redistributed, or merely made less visible in national filing statistics.

6.5. Limitations

The findings are limited by the public and documentary character of the evidence. Published rules reveal formal assignments of authority, and official implementation reports identify selected instances of use, but neither source type shows how firms interpret ambiguous categories internally or how officials handle unsuccessful and borderline applications. The study also observes early implementation in high-capacity jurisdictions. It cannot assume that lower-capacity localities will verify claims with the same consistency or that written procedures fully describe regulatory practice.

These limits affect the strength of the causal claims. The evidence supports the existence of two differently timed review sequences and the persistence of hierarchical oversight. It supports bureaucratic learning and economic pressure only as plausible explanations consistent with the institutional sequence. Interviews with regulators and regulated firms, access to rejected or withdrawn applications, and longitudinal enforcement records would be required to distinguish those explanations and to measure whether regulatory work has been reduced or transferred to less visible organizational settings.

7. Conclusion

China's cross-border data reforms relax selected ex ante controls without abandoning state supervision, but they do so through two regulatory pathways. National exemptions permit firms to classify qualifying transfers without routine prior approval while retaining evidence for possible later inspection. Municipal negative-list systems require firms to initiate an applicability claim and local authorities to verify whether the proposed data remain restricted or qualify for relief. National law preserves sensitive categories and enforcement powers across both pathways.

For international regulatory governance, the central finding is that procedural liberalization can reorganize rather than remove regulatory work. Reviewable self-assessment delegates initial classification and evidence production to firms and relies on later review. Administratively verified relief delegates sectoral specification to local government and the initial applicability claim to firms while retaining prior public verification. The two forms differ in when public authority enters the decision sequence and in which organization bears the first-line cost and risk of classification.

The Beijing-Shanghai comparison reveals a common architecture of national authorization, local specification, firm application, and public verification, combined with different industrial priorities. Tianjin, Hainan, and Zhejiang show that differentiated sectoral content extends beyond the two principal cases. The evidence supports an account of bounded regulatory delegation under hierarchy more strongly than deregulation alone, although the political causes and economic consequences of the reform remain unresolved. Selective openness therefore describes a tiered regulatory settlement in which the state changes the location and timing of regulatory judgment while preserving differentiated forms of control. The framework should next be tested against firm-level cost data, rejected applications, enforcement records, and comparable regulatory systems outside China.

Disclosure statement

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