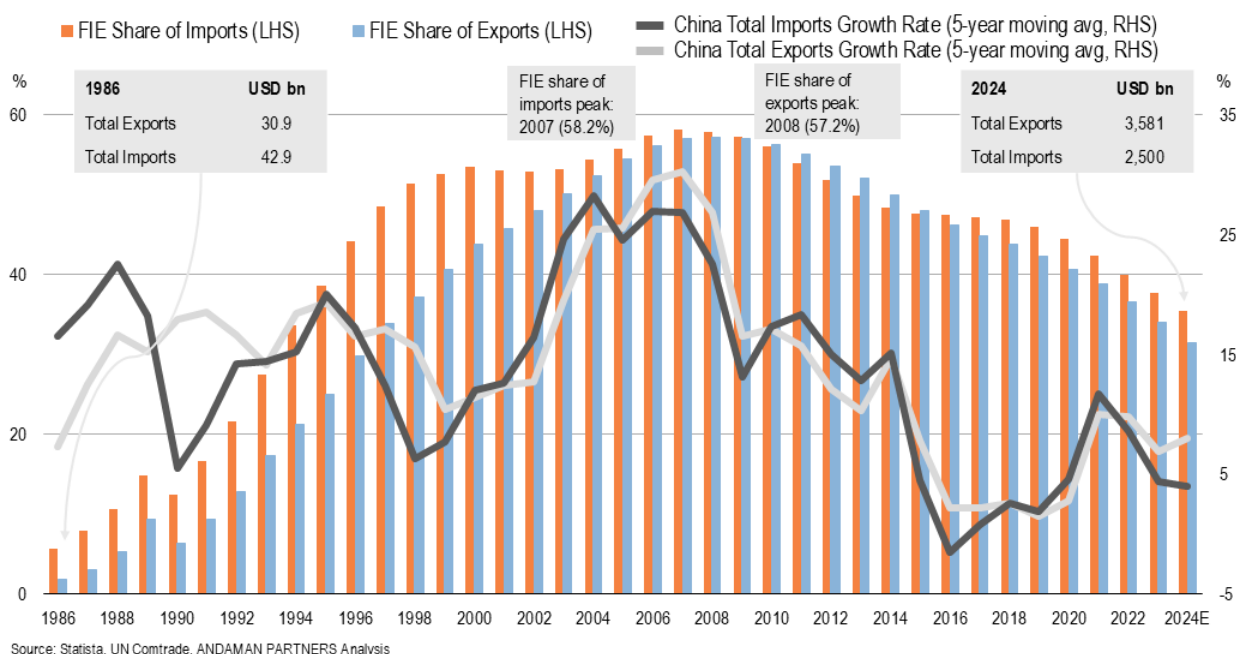


The Evolution of China's Trade from Foreign Dependence to Self-reliance

As China steadily rose in the rankings of global trade up to the 2010s, the share of foreign-invested enterprises in the country's trade likewise increased, reaching a peak in 2007-2008. From that point onwards, as fully Chinese-owned enterprises progressively became global players, the contribution of foreign-invested enterprises steadily decreased, reflecting the increasing self-reliance of China's trade.

Share of Foreign-Invested Enterprises (FIE) in China's Goods Trade in USD (1986-2024E)



In 1990, China's exports amounted to around USD 30 billion, placing it outside the world's top ten exporting countries in 11th place. By 2010, China had become the world's leading exporter and second-largest importer behind the U.S. Over this period, the share of foreign-invested enterprises in China's trade rose steadily, peaking in 2007 at 58.2% for imports and in 2008 at 57.2% for exports.

By 2010, however, with China now a dominant player in global trade, a significant change had occurred. As fully Chinese-owned enterprises progressively became global players, the share of foreign-invested enterprises started to decline precipitously:

- In 1990, the percentage share of foreign-invested enterprises in imports was 12.4% and 6.4% for exports.
- In the succeeding decades, this share increased year-by-year, surpassing 50% for imports in 1998 and the same level for exports in 2003.
- The peak for imports occurred in 2007 at 58.2% and for exports in 2008 at 57.2%.

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- Since then, the role played by foreign-invested enterprises has decreased substantially to (in 2023) 37.8% for imports and 34.0% for exports, levels last seen in 1995 and 1997, respectively.
- In 2024, we estimate that the share for imports declined to 35.5% and that for exports to 31.5%.

Foreign-invested enterprises played a key role in making China the world's largest exporter and second-largest importer, but since 2007, China's trade has shifted precipitously to self-reliance.

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