



ANDAMAN  
PARTNERS

# China Navigator

## China's Economy in Transition

Q3 2025



## About ANDAMAN PARTNERS

**ANDAMAN PARTNERS** supports international business ventures and growth. We help launch global initiatives and accelerate successful expansion across borders. We work across selected industries in our chosen markets — and we get involved in three ways:

### We Invest



#### ANDAMAN Investment

Providing seed and growth capital  
to early-stage companies.

### We Advise



#### ANDAMAN Advisory

Transaction origination & execution support.  
Strategy formulation & implementation support.

### We Trade



#### ANDAMAN Trade

We make complex international  
value chains work.



# Agenda

## 1. Prelude

2. China in Brief

3. China in Depth

4. China in the World

5. Conclusions, Implications and Recommendations





*China Navigator* is a knowledge tool by ANDAMAN PARTNERS for triangulating China's position and trajectory in the global economic and trade landscape. We include a brief introductory orientation, followed by a deeper examination of key issues and trends and finally an overview of China's role in the international context.

China's economy grew at 5.2% in 2023 and 5% in 2024, lower than the 6-10% recorded in the 2010s but broadly in line with government targets. China's GDP growth is gradually moderating, but it is still formidable and substantially higher than the global average of 3.2%. For the rest of the 2020s, China's annual growth is forecast to hover around 4-5%.

With growth slowing to more manageable levels, an emphasis on quality growth over rapid growth is evident. The economy is in the midst of a transitional phase, during which domestic consumption and services will increasingly drive growth, rather than capital formation, heavy industry and exports. This transition, however, is ongoing and far from complete. Household consumption still accounts for only 40% of Final Consumption Expenditure, partly due to a legacy of export- and investment-led growth policy and significant government spending in key sectors of the economy, and partly due to structural issues and weak consumer confidence.

Consumer confidence indeed remains fragile, with China experiencing episodes of deflation in 2023-2024. Nevertheless, China remains a massive and rapidly growing retail and industrial market, boasting the world's largest e-commerce sales and the second-largest total retail sales (behind the U.S.), at USD 6.7 trillion in 2024. Trade has remained relatively robust in recent years, with China's exports surging in 2021 to a historic high and reaching USD 3.6 trillion in 2024, with imports at USD 2.6 trillion.

Amid ongoing structural adjustments, the economy faces the risks of a prolonged and debilitating slowdown in the real estate sector, high debt levels (especially among SOEs and local governments), over-capacity in many industries, high youth unemployment and far-reaching demographic shifts. Successfully managing these risks over the next two to three years will be key to China's long-term outlook.

The global geopolitical environment is fraught with volatility in 2025, ranging from trade wars to actual conflicts. China faces an increasingly adversarial landscape amid the geopolitical tussle over trade, critical resources and political influence. But China's role and importance in the world that is unfolding are undisputed. Getting China right is now more relevant than ever for businesses from around the globe and across industries. China must be understood, and businesses must be clear-eyed and strategic about whether to integrate China into their inbound or outbound supply chains, sell to Chinese consumers, draw technology from its value-added industries, raise capital or attract investment.

In *China Navigator*, ANDAMAN PARTNERS outlines, unpacks and unravels some of the broad shifts and finer intricacies of China's economic development and transition, as well as the challenges its economy faces in 2025. We hope this overview provides navigation support and valuable insights towards new understandings of the most consequential economy for global business in the 21st century.

**Kobus van der Wath & Rachel Wu**  
**Co-Founders, ANDAMAN PARTNERS**

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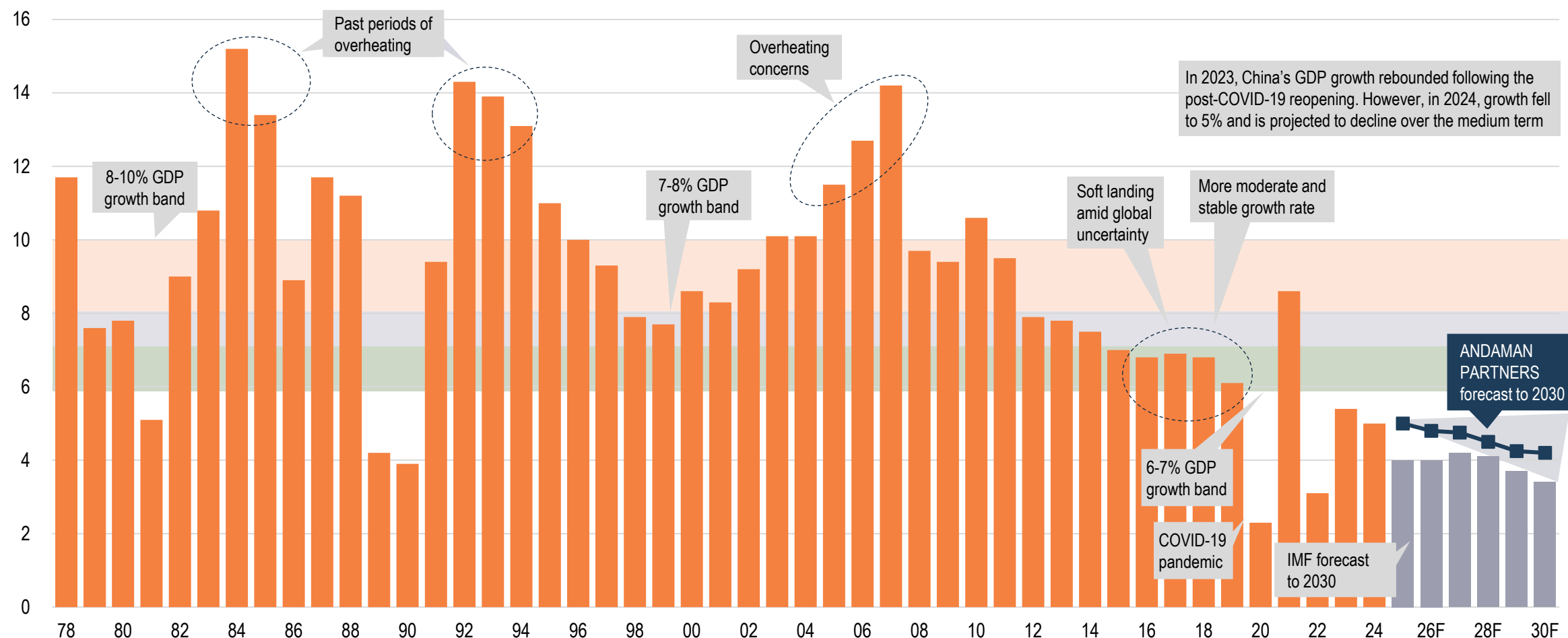
5. Conclusions, Implications and Recommendations





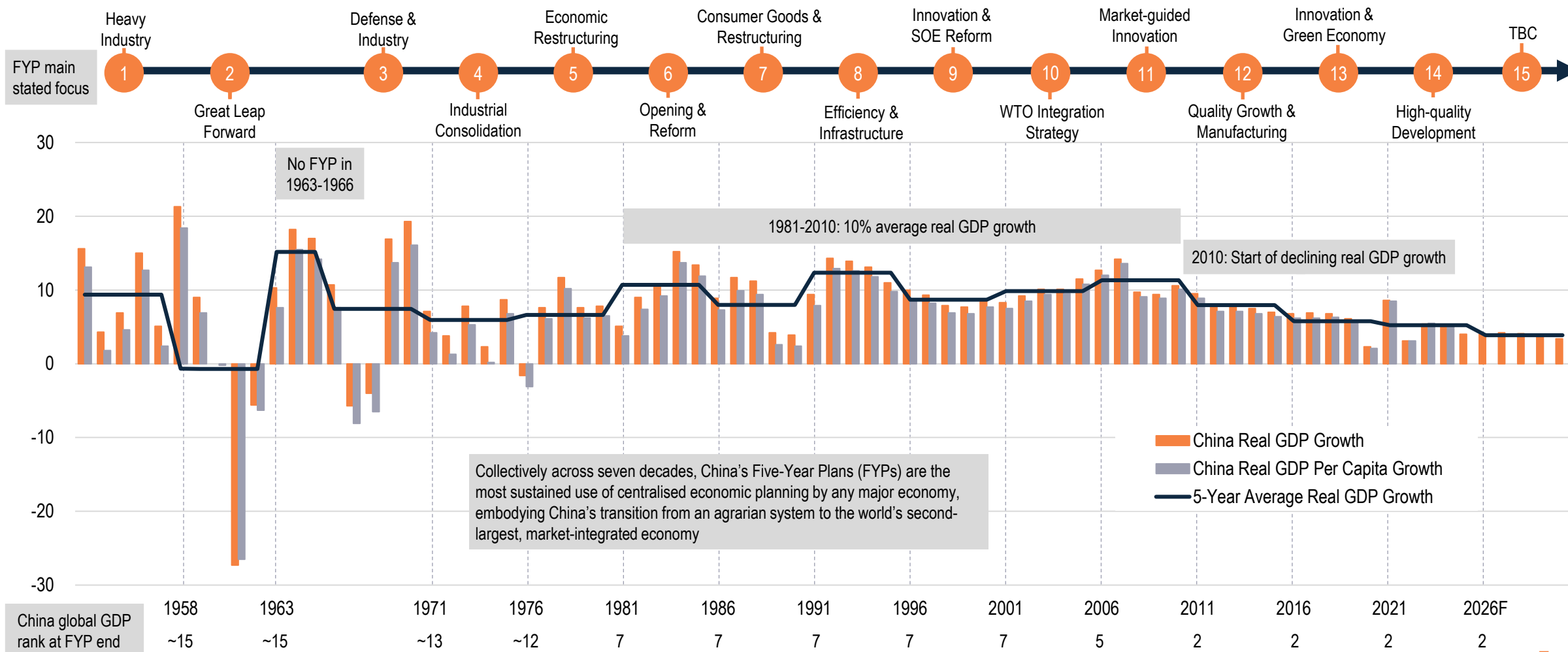
China's GDP grew by 5% in 2024, hitting the government target. Up to 2030, growth should be in the range of 4-5% — higher growth would imply unsustainable stimulus and is not a government target; instead, the focus is on quality, sustainability and resilience in the domestic economy

China Real GDP Growth Rate, Y-o-Y % (1978-2030F)



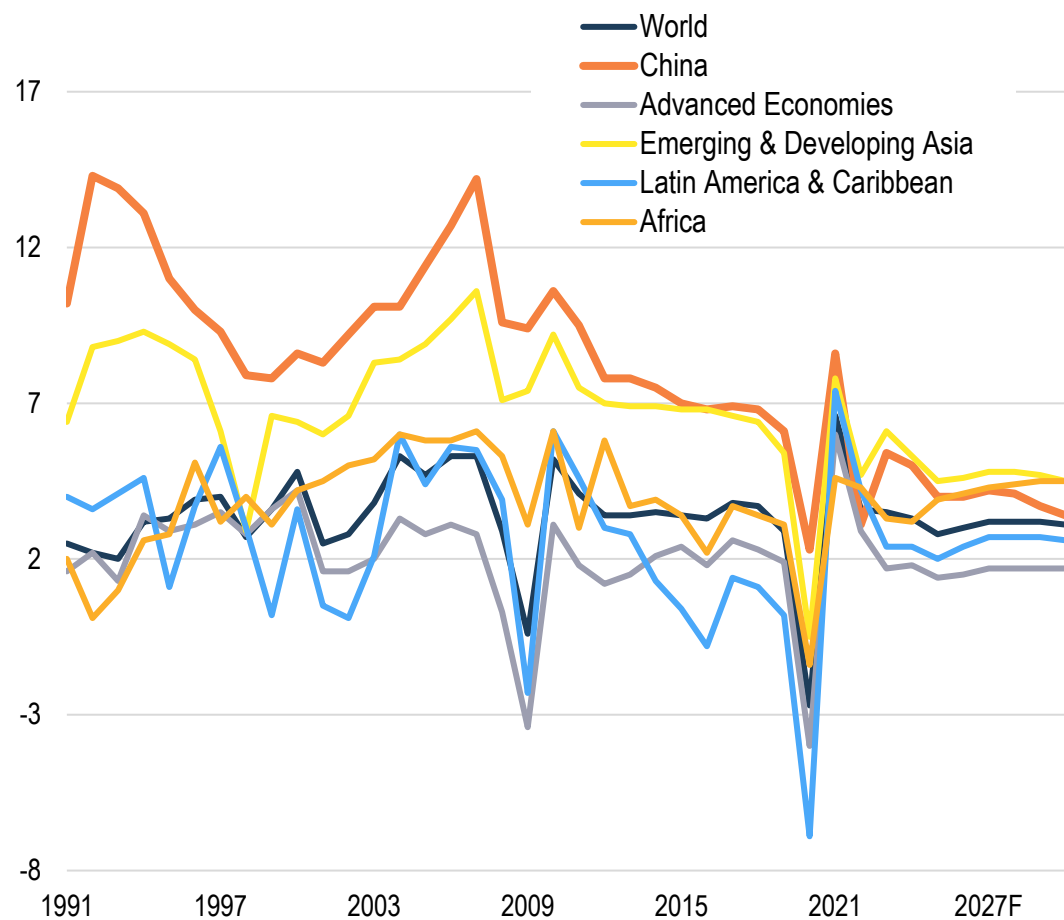
# China's Five-Year Plans (1953–2026): Strategic evolution from industrial foundations to high-quality growth and the world's second-largest economy

China Real GDP and GDP Per Capita, Y-o-Y % Growth, and Five-Year Plans (1953-2030F)



China's economic growth has slowed but is still formidable. From leading global growth up to the 2010s, China's growth in the 2020s trails that of Developing Asia and will soon trail that of Africa. But growth remains solid for the size of its GDP, and quality growth matters more than rapid growth

Real GDP Growth, % (1991-2030F)



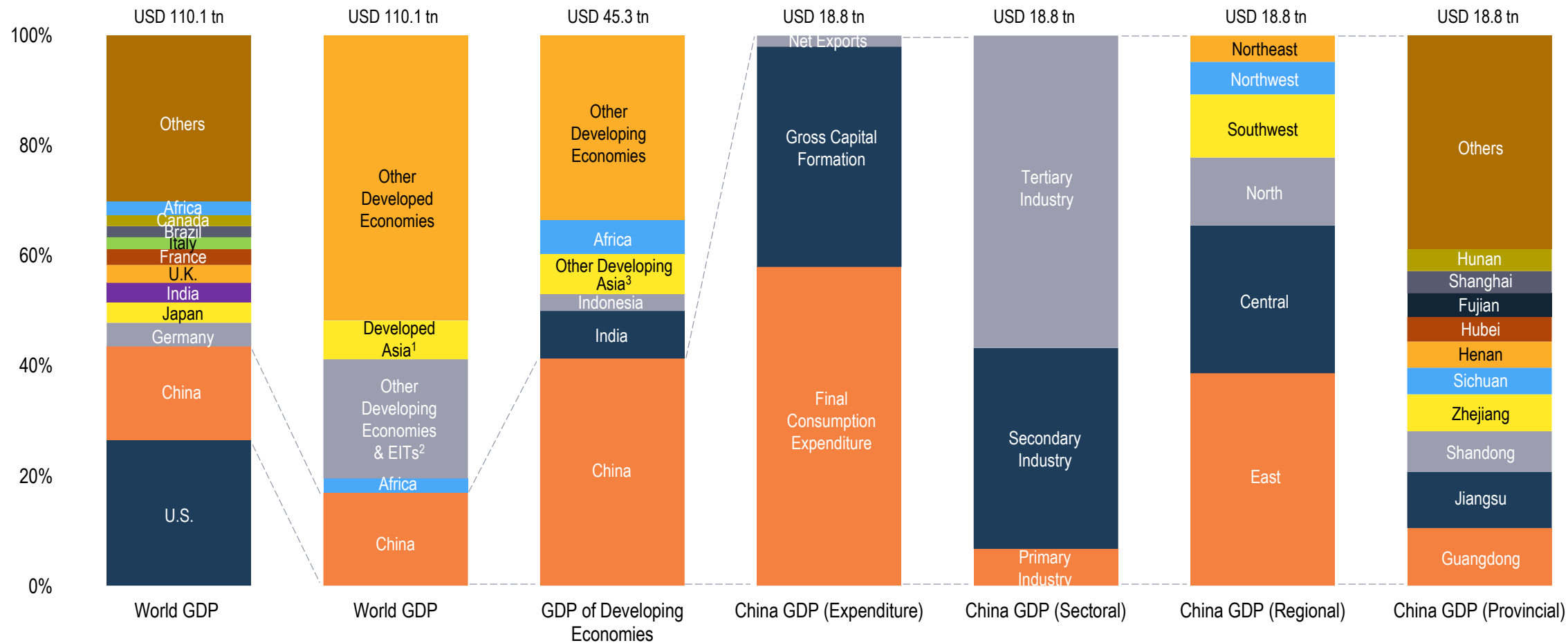
Global GDP Breakdown, % Share (1995-2024)

	1995	2000	2005	2010	2015	2020	2021	2022	2023	2024
World GDP, USD tn	31.27	34.14	47.95	66.68	75.33	85.52	97.40	101.41	105.69	110.06
World GDP, %	100	100	100	100	100	100	100	100	100	100
Advanced Economies, %	81	79	76	65	61	60	59	58	59	59
U.S., %	24	30	27	23	24	25	24	26	26	27
Euro Area, %	24	19	22	19	16	15	15	14	15	15
Japan, %	18	15	10	9	6	6	5	4	4	4
Other Advanced Economies, %	15	15	17	14	15	14	15	14	14	13
Emerging Market & Developing Economies, %	19	21	24	35	39	40	41	42	41	41
China, %	2	4	5	9	15	18	19	18	17	17
Latin America & the Caribbean, %	6	7	6	8	7	5	5	6	6	6
Africa, %	2	2	2	3	3	3	3	3	3	3
Other EM&D, %	8	9	11	15	14	14	15	16	15	16



In 2024, Emerging Markets & Developing Economies accounted for USD 45.3 trillion or 30% of global GDP, led by China with a GDP of USD 18.8 trillion, followed by India (USD 3.9 trillion) and Indonesia (USD 1.4 trillion)

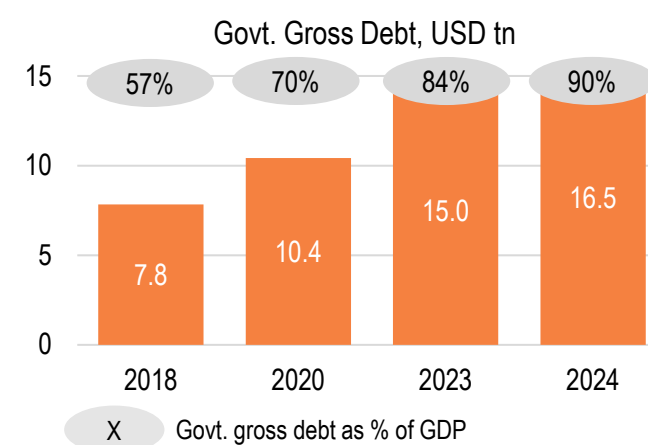
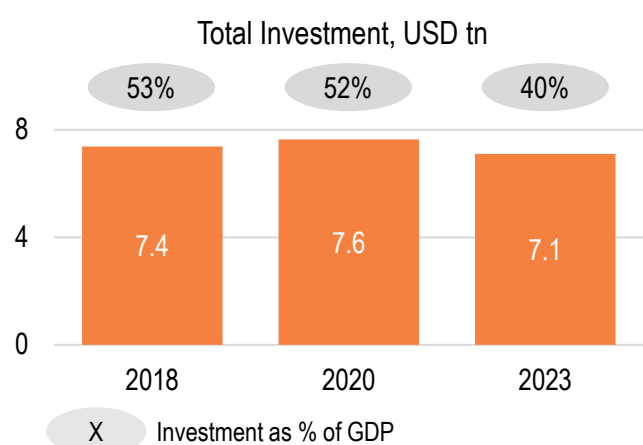
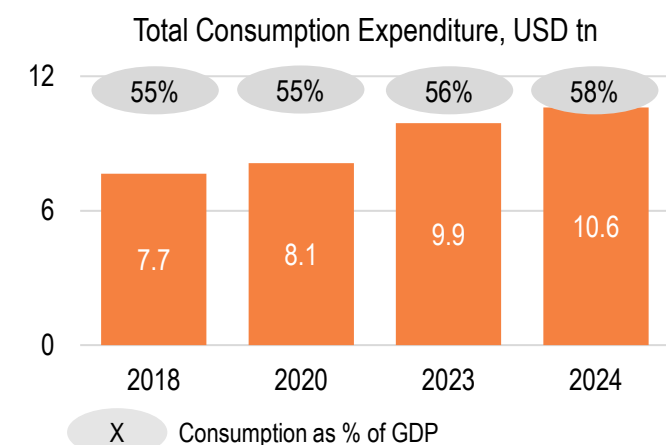
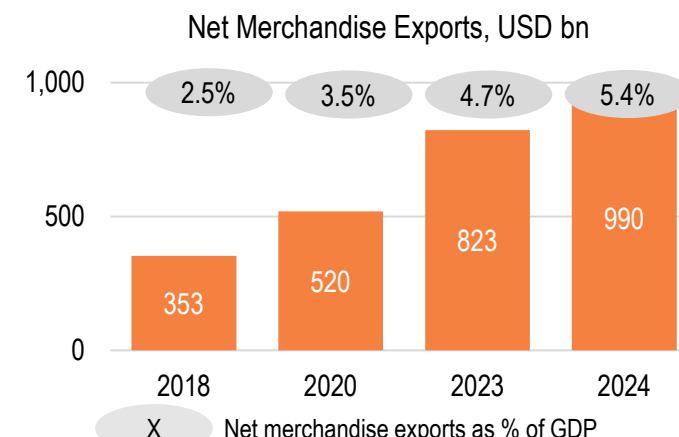
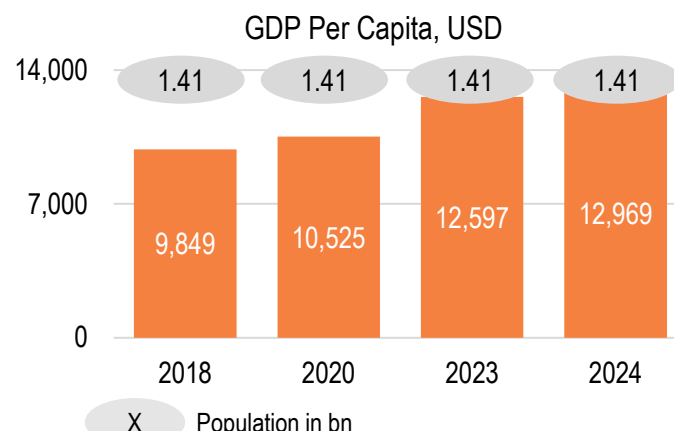
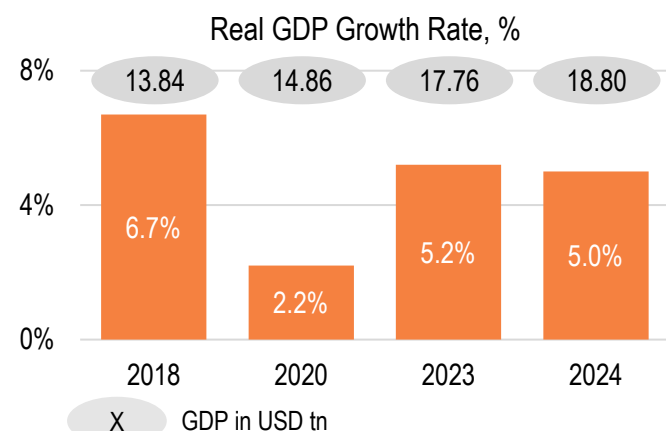
China and the Composition of Global GDP (2024)



Source: IMF, National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis. Notes: 1. Developed Asia includes Japan, South Korea, Singapore, Taiwan (China), Macao SAR (China) and Hong Kong SAR (China). 2. EITs are economies referred to by the UN as "Economies in Transition" and include Russia, among other former Soviet states. 3. Other Developing Asia includes Türkiye, Saudi Arabia, Thailand, Iran, UAE, Israel, Malaysia, Philippines, Pakistan, Bangladesh, Vietnam, Iraq, Qatar, Kuwait, Sri Lanka, Oman, Myanmar, Lebanon, Bahrain, Nepal, Cambodia, Afghanistan, Lao PDR, Yemen, Brunei, Mongolia, Fiji, Maldives and Bhutan.

China has maintained steady economic growth in recent years, leveraging policy support and industrial resilience to sustain economic momentum amid ongoing challenges such as demographic shifts and structural reform

### China Major Economic Indicators (2018, 2020, 2023, 2024)





In 2025, China is facing significant challenges in implementing reforms, but the country remains a pivotal global player. In a world facing increasing geopolitical volatility, China is a complex, evolving and increasingly prominent economy that still holds many opportunities for global businesses

### China Now: How Should Global Businesses Approach China in 2025?

- China's growth is slowing, but China is changing and evolving; it is not shrinking or retreating from the world economy — and neither should global businesses retreat from China. Instead, they should adjust and expand their engagement.
- China's economy is facing several structural and cyclical pressures. The world is watching, and the country is undertaking several reforms to address these challenges, while also implementing policy measures to strengthen the real estate sector, domestic manufacturing and consumption. These measures will take time, but China's economy has proven itself to be highly resilient over several decades, and the same resilience is expected to continue in the coming years and decades.
- Far from jettisoning China as a business prospect, businesses need to reassess the various opportunities with and within China, and this is true for inbound as well as outbound supply chains and capital choices.
- As the world's largest exporter, accounting for 15% of all global exports, China's position as a trade leader and its favourable trade surplus provide it with the necessary economic clout to make valuable overseas investments. This remains as relevant today as it did in previous years and decades. Even as China's domestic growth slows, its role as the world's trade anchor and source of capital remains intact.
- The COVID-19 pandemic and ongoing geopolitical conflicts in Europe and the Middle East have had global implications, affecting supply chains and highlighting the vulnerabilities inherent in the interconnected world in which we live today. China remains as relevant to global supply chains in 2025 as it was in previous years, but its role is shifting and expanding to become part of a broader supply ecosystem. This presents new and promising opportunities for astute trade managers who can effectively integrate Chinese supply chains with those in other countries and regions.
- The world faces several geopolitical challenges in 2025, and China is at or near the centre of all these geopolitical tussles. These challenges need to be acknowledged and understood, but although global businesses must reassess their engagement, they cannot avoid China altogether.
- China is evolving, but not retreating or going away. Now is the time for global businesses to engage more strategically. Exporters can still sell to China, buyers can still purchase from China, those seeking investment can still raise capital in China and supply chain managers can still look to China for opportunities.
- **Global businesses MUST still view China in the appropriate context. China's economy is that of a maturing superpower; slowing growth is not a sign of weakness or decay; restructuring is not an uncomfortable byproduct but a necessary and precipitous step to a new stage of economic development. Now is not the time to be intimidated by China's slowing growth or economic challenges; instead, it is the time to seize the opportunity to engage with the right strategy and with the right teams in place to win in China.**



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2. China in Brief

## 3. China in Depth

- **Growth Indicators**
- Consumption
- Investment
- Government Expenditure
- Trade
- Financial Indicators
- Social Indicators

4. China in the World

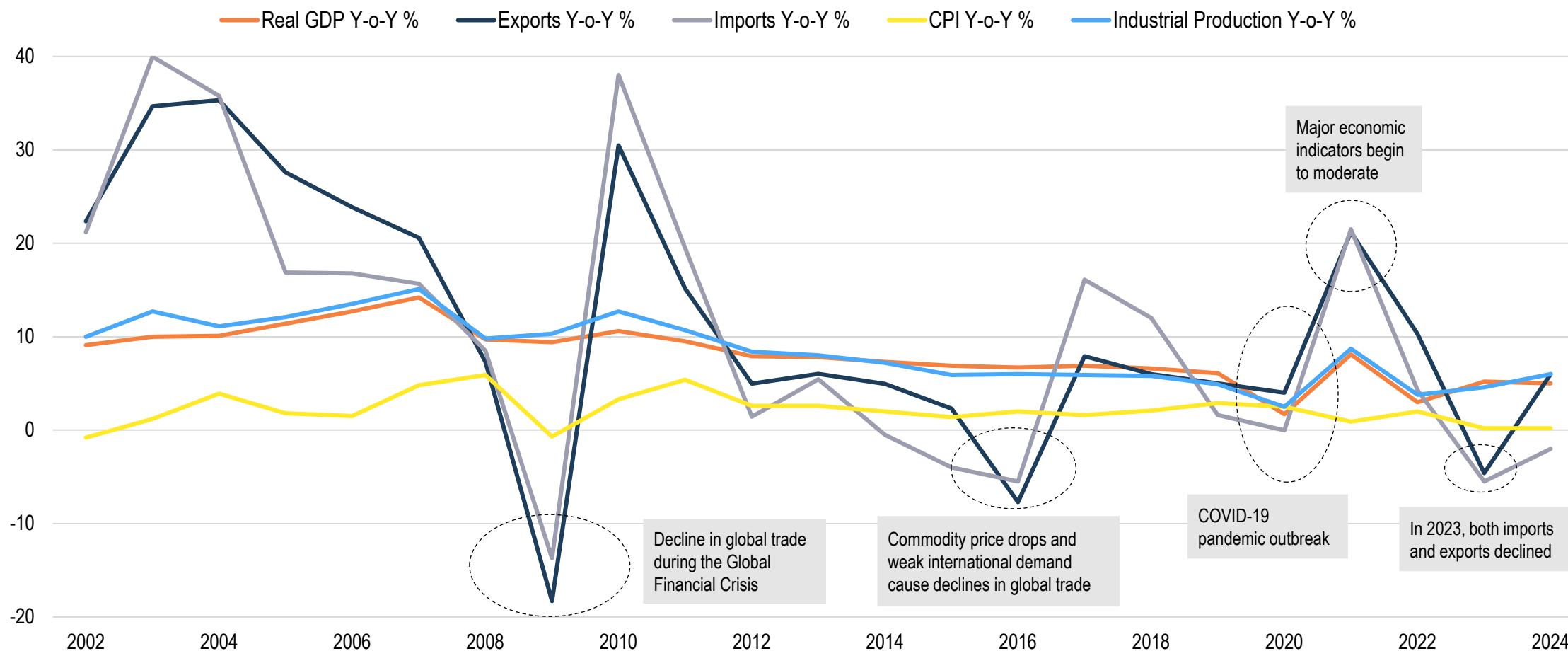
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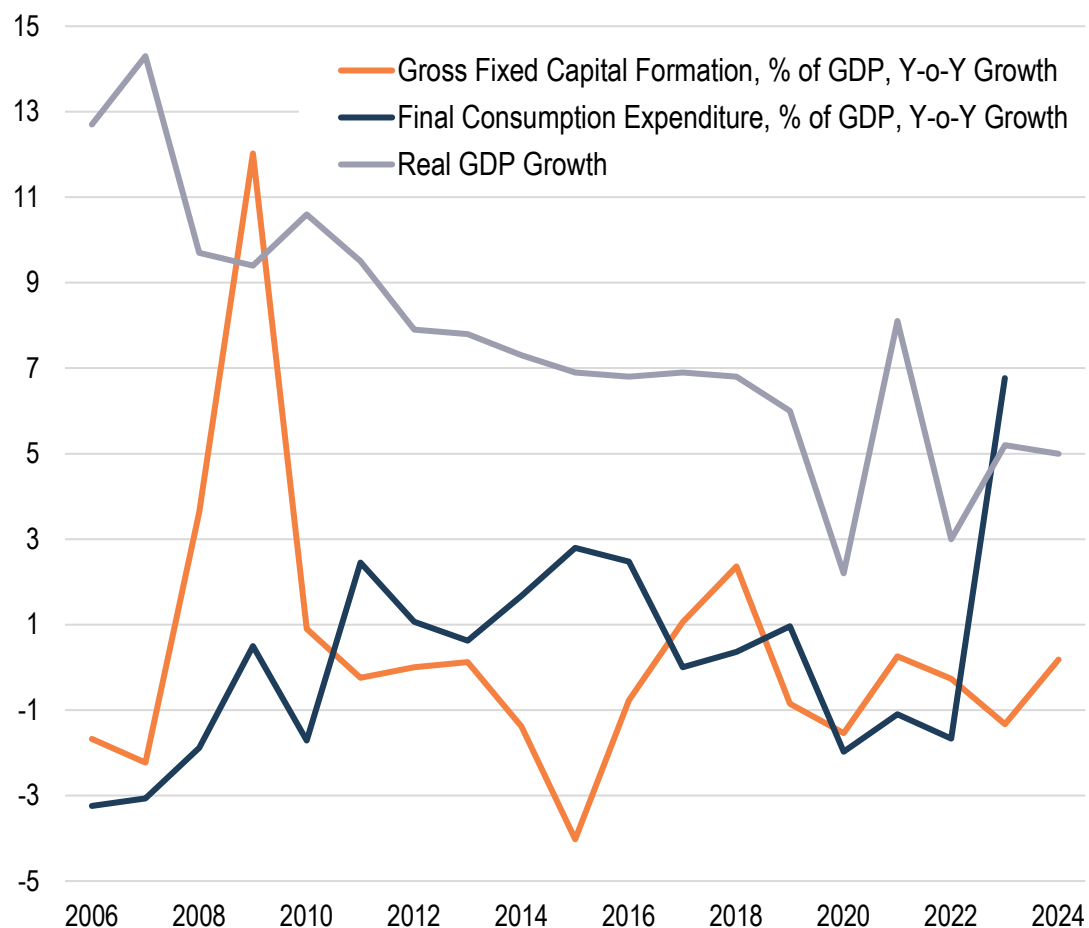
In contrast to China's rapid recovery after the Global Financial Crisis in 2008-2009, China's post-COVID-19 economic recovery from 2020 has been sluggish. International trade has not picked up as much as expected, while domestic demand remains relatively weak

China Major Economic Indicators, Y-o-Y Change, % (2002-2024)



China's growth engine is shifting from an investment-heavy to a consumption-led approach. Final Consumption Expenditure grew by 6.8% in 2023 — the largest increase in 18 years, surpassing the 2015 peak of 2.8%

China GFCF vs FCE vs Real GDP Growth, Y-o-Y Change, % (2006-2024)



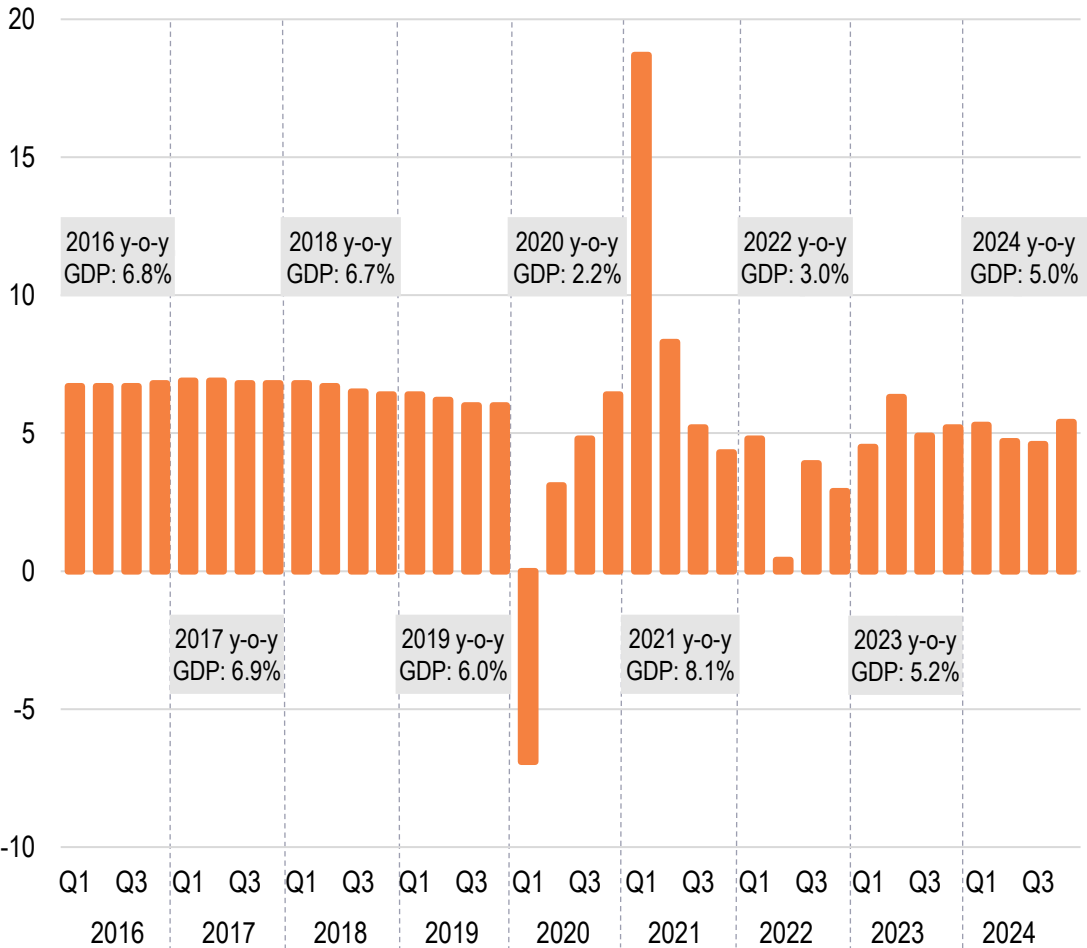
Timeline of Key Developments in China's Economic Growth (2006-2023)

- 2006-2010: Investment-dominated growth, peaking post-Global Financial Crisis with a 12% surge in GFCF as a share of GDP in 2009.
- 2011-2014: Consumption share began a slow, steady climb, while investment plateaued at historically high levels.
- 2015: An inflexion point, with the GFCF share contracting 4%, reflecting early structural shifts away from heavy industry.
- 2016-2019: Final Consumption consistently gained share, while GFCF momentum faded, mirroring rebalancing efforts.
- 2020: COVID-19 disrupted both consumption and investment, but the initial recovery leaned back on infrastructure-led stimulus.
- 2021-2022: Recovery was uneven; investment stabilised, but consumption remained constrained by mobility restrictions and uncertainty.
- 2023: A pivotal year, with Final Consumption Expenditure jumping 6.8%, driving the bulk of GDP growth for the first time in two decades.

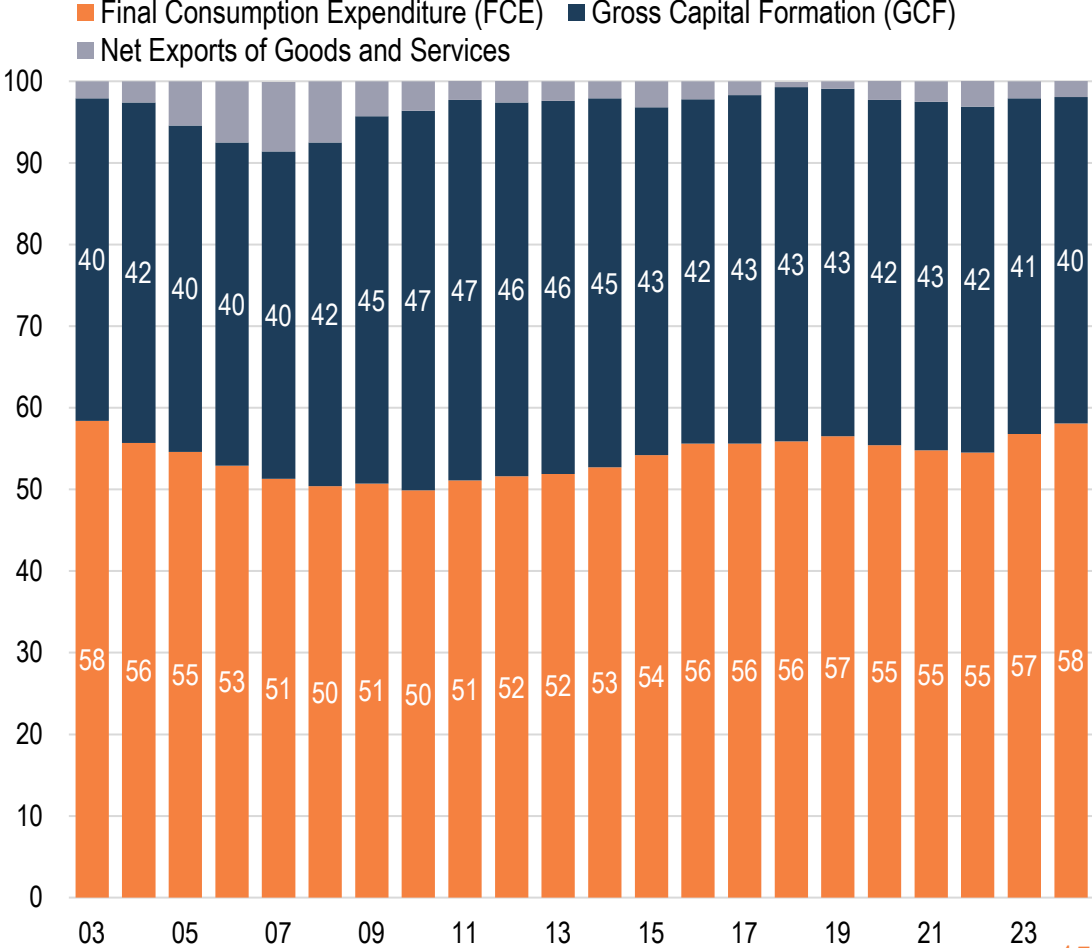


China's economic transition will lead to continued moderate growth. Capital formation will remain a key contributor, but consumption will play an increasingly important role. The contribution of Final Consumption Expenditure (FCE) post-2021 has increased, reaching 58% in 2024

China Quarterly Y-o-Y GDP Growth Rate, % (Q1 2016-Q4 2024)

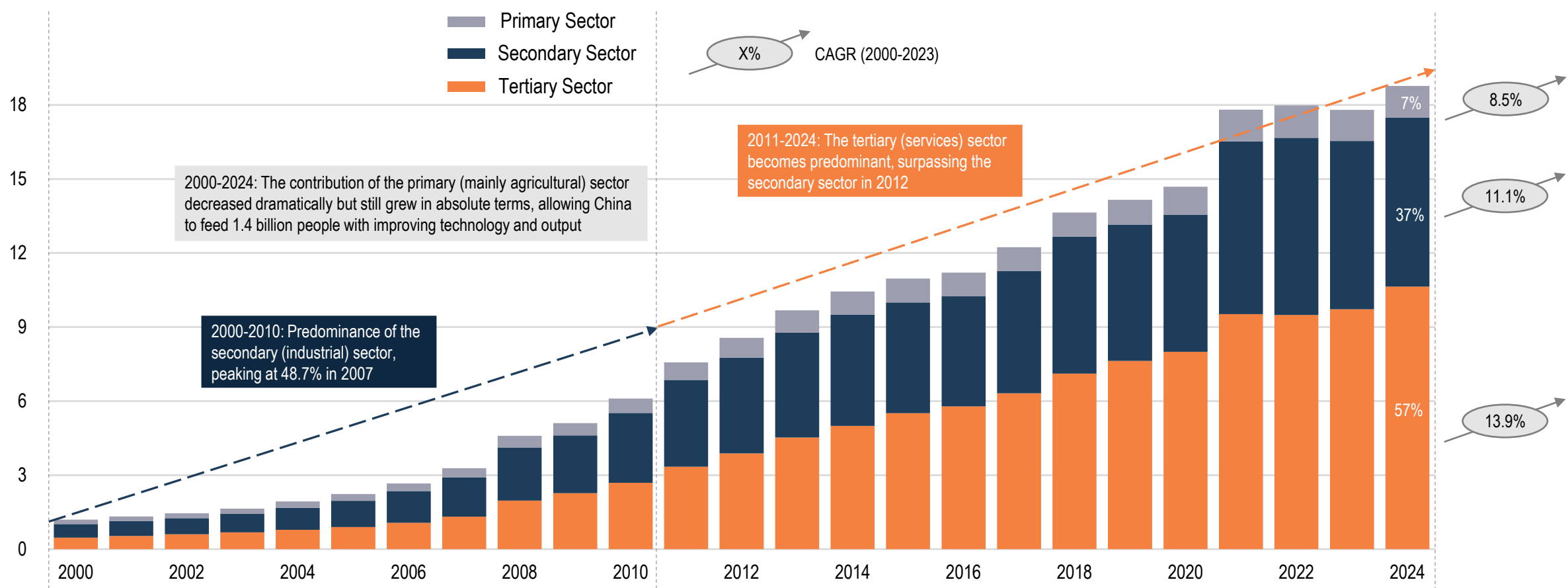


China GDP by Component, % of GDP (2003-2024)



The shift of China's economy from the secondary to the tertiary sectors indicates a decreasing reliance on exports and heavy industry and the rise of a services-dominated economy increasingly based on domestic consumption, although this shift is still ongoing and far from complete

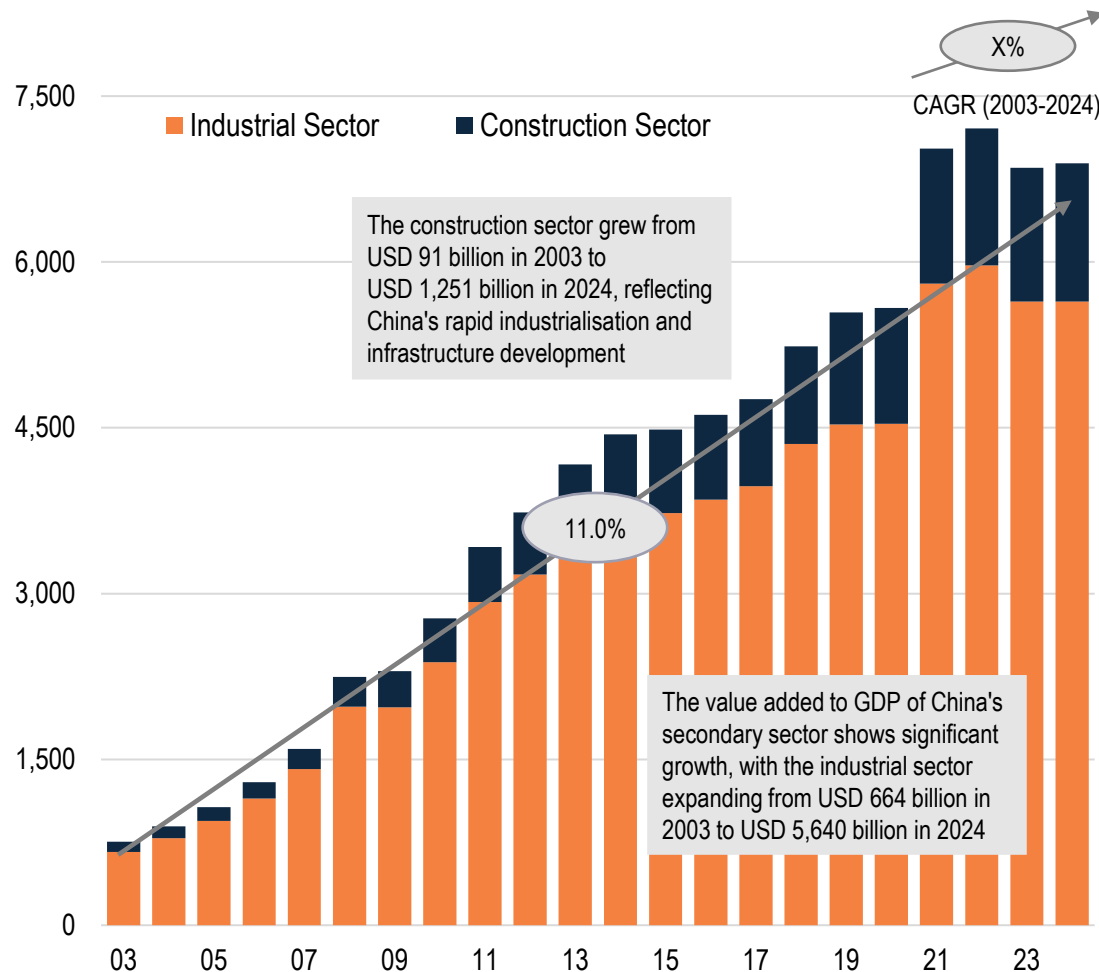
China GDP Composition by Sector, USD tn (2000-2024)



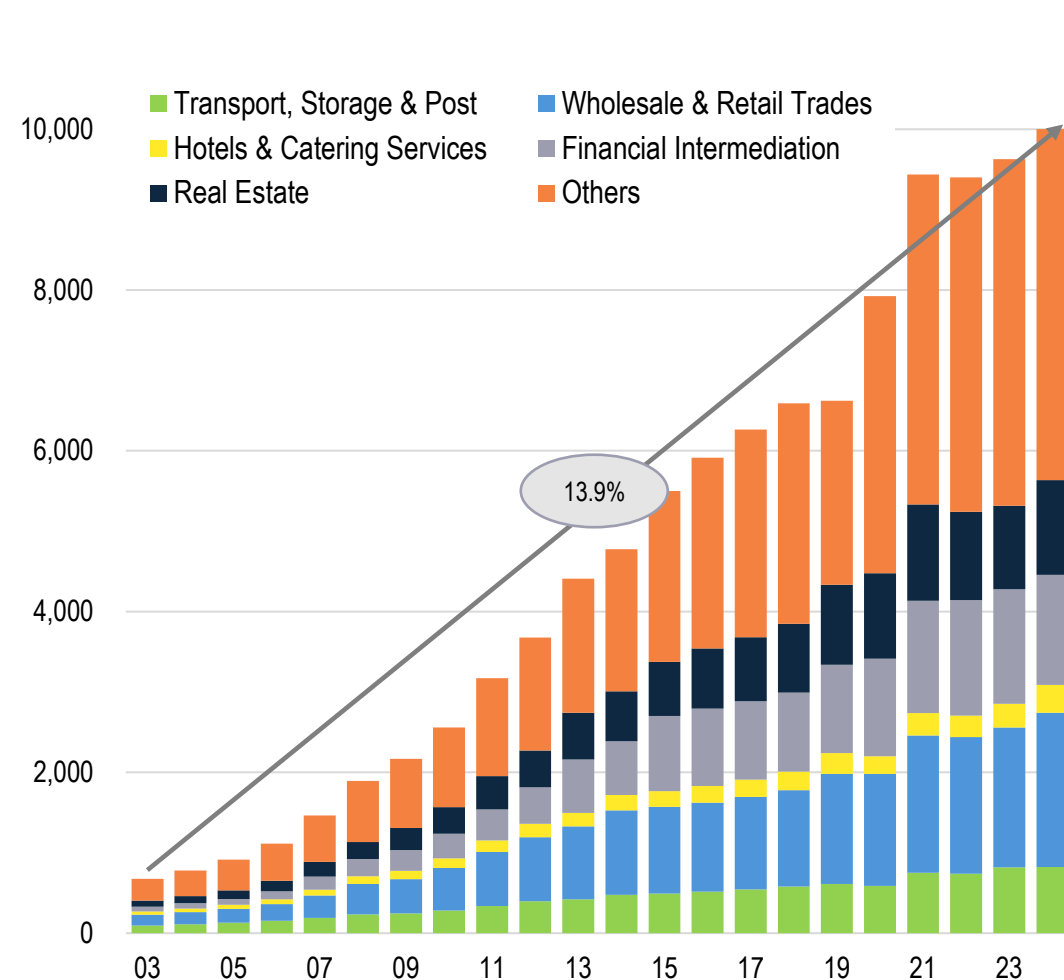


With the significant growth of the secondary sector (construction and industry) in China over the last two decades, the contribution of the tertiary sector (services) to the economy remains below 60% of GDP, compared to around 80% in developed economies

China Secondary Sector Value-Added Breakdown, USD bn (2003-2024)

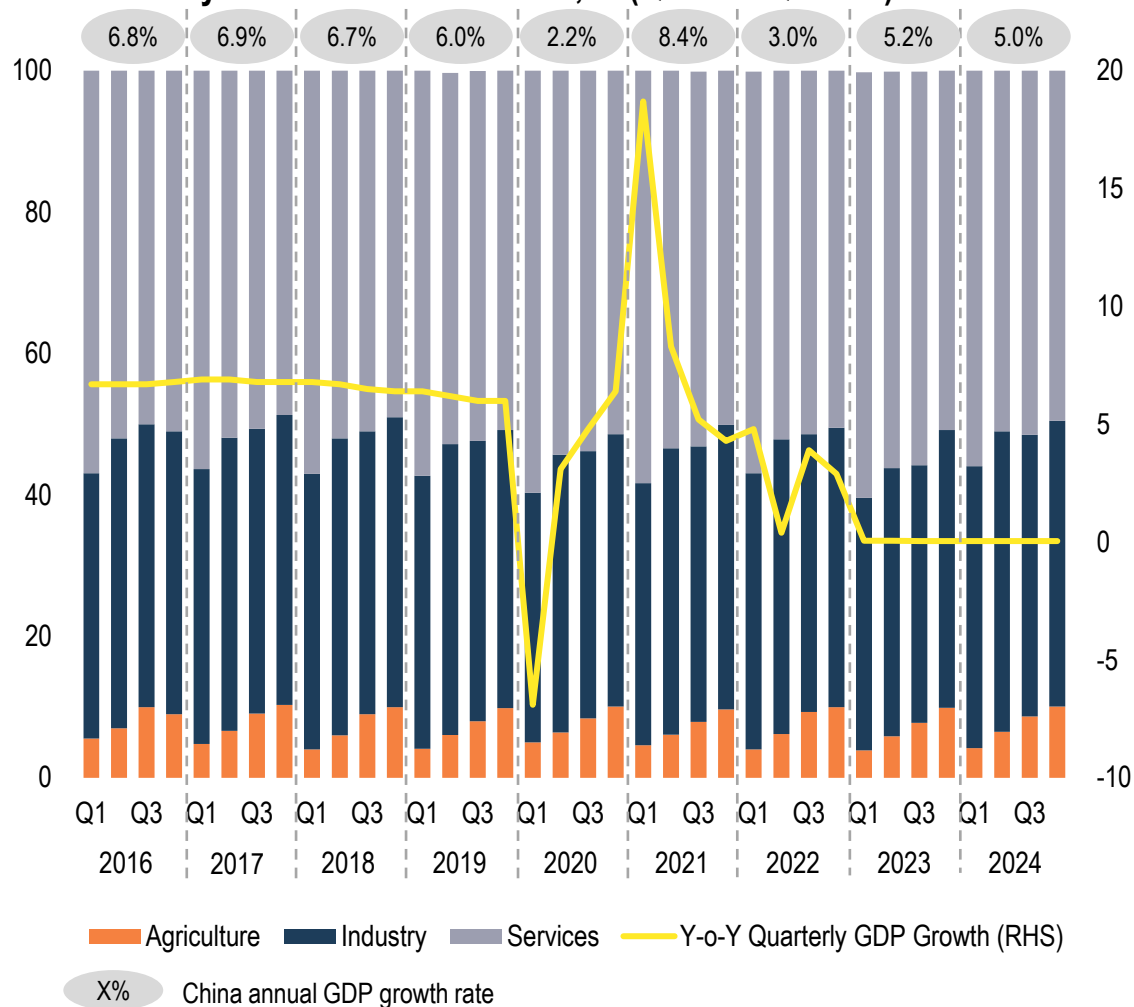


China Tertiary Sector Value-Added Breakdown, USD bn (2003-2024)

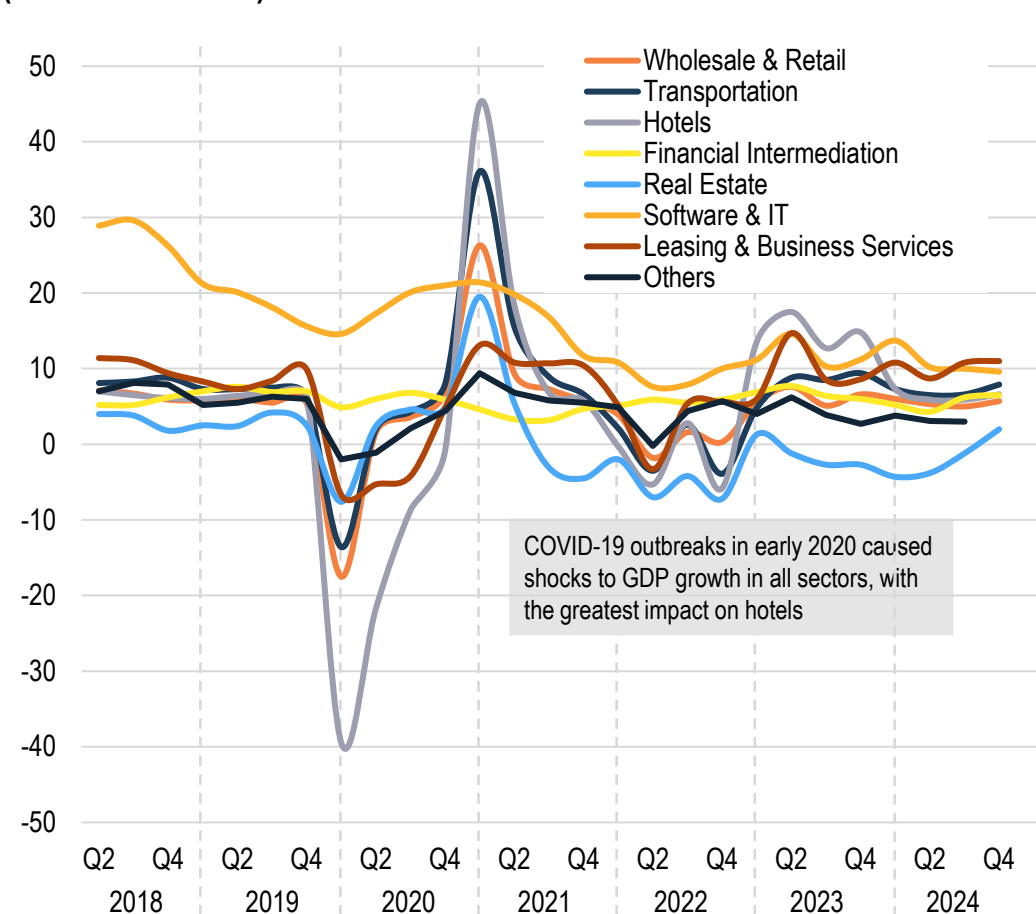


Services now contribute over half (57%) of China's GDP, led by high-value segments such as Software & IT, Leasing & Business, Transportation and Financial services. Growth in the services sector fluctuated extensively in 2020 and 2021 and has been relatively muted since then

China GDP by Sector and Growth Rate, % (Q1 2016-Q4 2024)



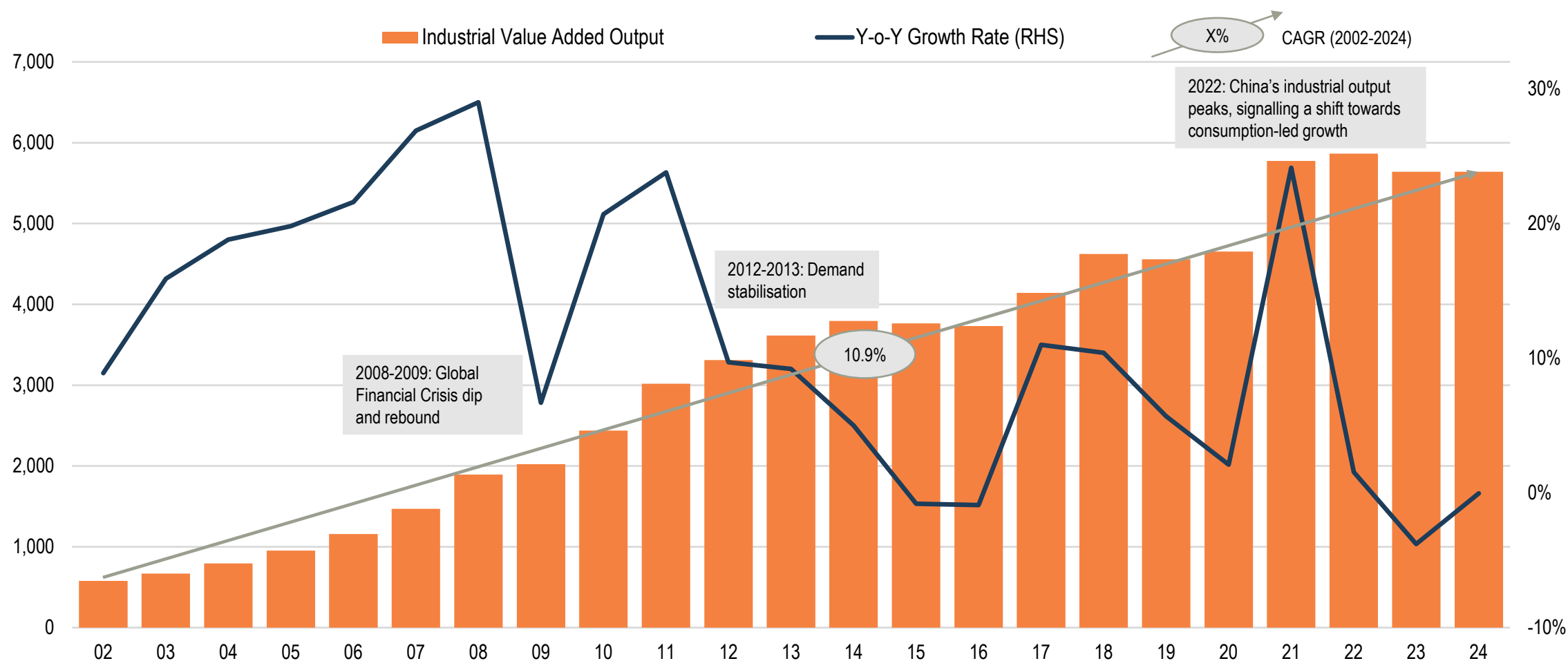
China Service Sector Segments GDP Growth Rates, Y-o-Y % (Q1 2018-Q4 2024)





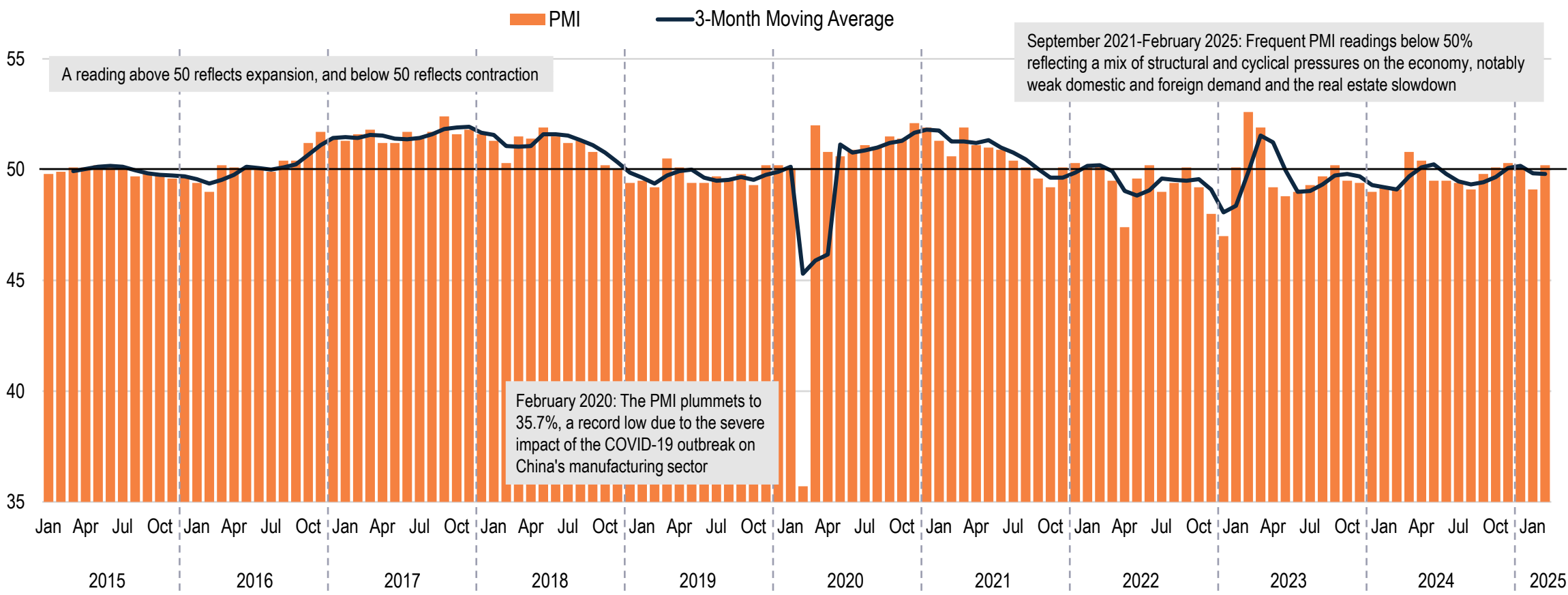
China's industrial value-added output growth during the last two decades averaged nearly 10% annually. This growth rate was impacted dramatically by COVID-19 disruptions in production, and a decline after a 2022 peak indicates a shift towards consumption-led growth

China Industrial Value-Added Output, USD bn (2002-2024)



The manufacturing sector grappled with transformation from 2015, including COVID-19-induced volatility, and fluctuated around the 50% mark post-2020, reflecting the complexities of transitioning from an export-driven model to domestic consumption and high-tech industries

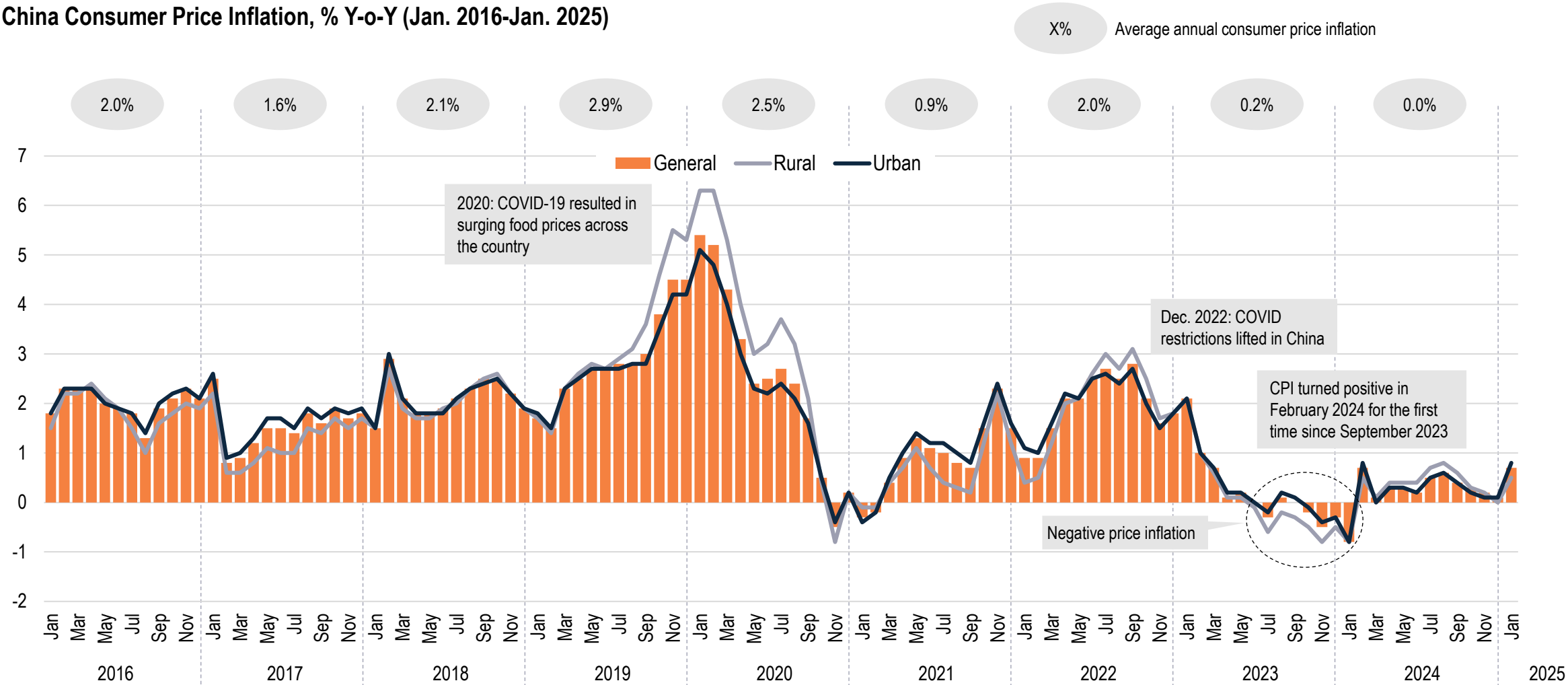
China Purchasing Managers Index of the Manufacturing Industry, % (Jan. 2015-Mar. 2025)





In 2023 and 2024, China experienced episodes of deflation, raising serious concerns for both domestic demand and the growth and vitality of the economy. Even after the lifting of COVID-19 restrictions, China's consumer recovery remained weak

China Consumer Price Inflation, % Y-o-Y (Jan. 2016-Jan. 2025)



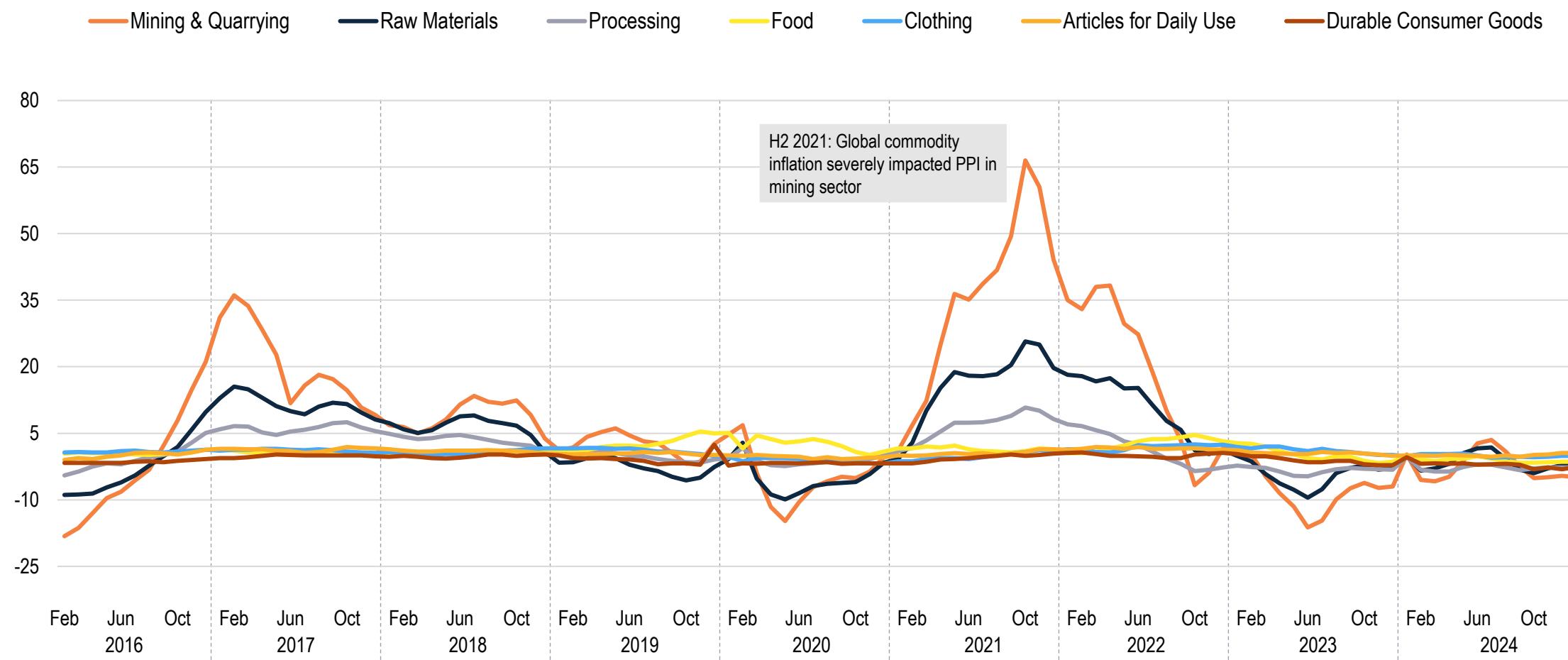
The Producer Price Index (PPI) in China dropped for 18 consecutive months from October 2022 to March 2024, marking a sustained deflationary trend in the country's industrial sector characterised by weak demand and overcapacity

China Producer Price Index, % Y-o-Y (Jan. 2013-Jan. 2025)



The most volatile industries affecting PPI post-COVID-19 were Mining & Quarrying, Raw Materials (especially construction) and Processing, due to fluctuations in global commodity prices and China's slowing real estate sector. The prices of livelihood products remained relatively stable

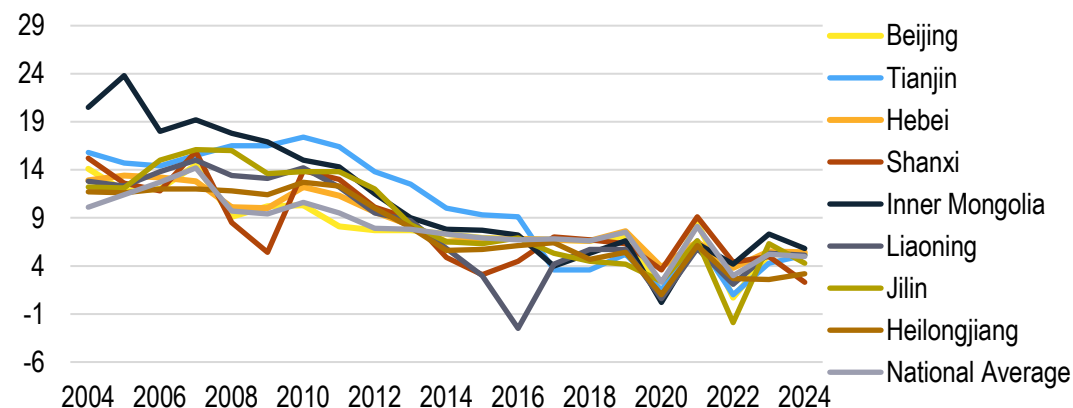
China Producer Price Index Breakdown by Industry, % Y-o-Y (Jan. 2016-Jan. 2025)



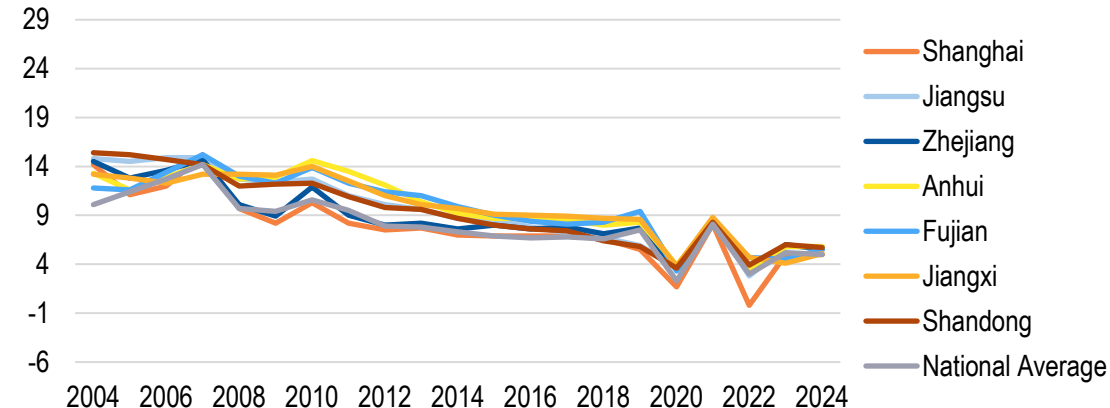


In line with national GDP growth, growth rates in China's provinces, autonomous regions and municipalities have trended lower in recent years, from the breakneck range of 9% and up in 2004 to around 5% in 2024. Lower growth has become a new normal for China's economy

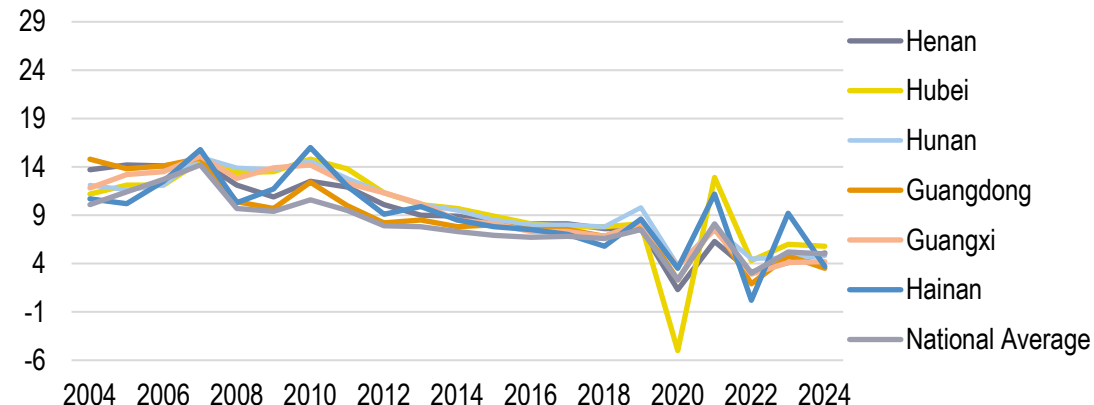
**GDP of China Northern/Northeastern Admin. Units Y-o-Y % Change (2004-2024)**



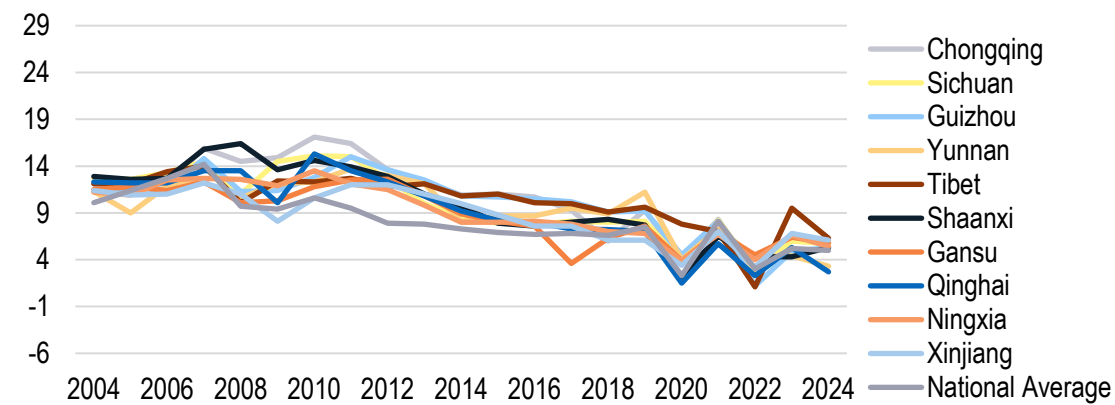
**GDP of China Eastern Admin. Units, Y-o-Y % Change (2004-2024)**



**GDP of China Central/Southern Admin. Units, Y-o-Y % Change (2004-2024)**



**GDP of China Western Admin. Units, Y-o-Y % Change (2004-2024)**



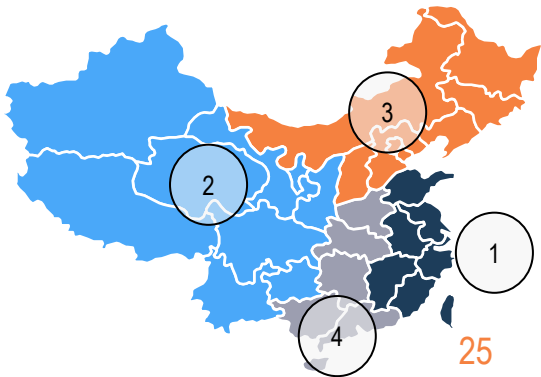
Most of China’s regions are still growing faster than the national average. In the last quarter of 2024, 22 out of 32 provinces, autonomous regions and municipalities reported higher GDP growth rates than the national average (5%), led by Tibet (6.3%) and Xinjiang (6.1%)

China GDP by Region and Administrative Unit, Y-o-Y % Change (Q4 2024)

1. East		2. West		3. North & Northeast		4. Central/South	
Admin. Unit	GDP %	Admin. Unit	GDP %	Admin. Unit	GDP %	Admin. Unit	GDP %
Shanghai	5.0	Chongqing	5.7	Beijing	5.2	Henan	5.1
Jiangsu	5.8	Sichuan	5.7	Tianjin	5.1	Hubei	5.8
Zhejiang	5.5	Guizhou	5.3	Hebei	5.4	Hunan	4.8
Anhui	5.8	Yunnan	3.3	Shanxi	2.3	Guangdong	3.5
Fujian	5.5	Tibet	6.3	Inner Mongolia	5.8	Guangxi	4.2
Jiangxi	5.1	Shaanxi	5.3	Liaoning	5.1	Hainan	3.7
Shandong	5.7	Gansu	5.8	Jilin	4.3		
		Qinghai	2.7	Heilongjiang	3.2		
		Ningxia	5.4				
		Xinjiang	6.1				

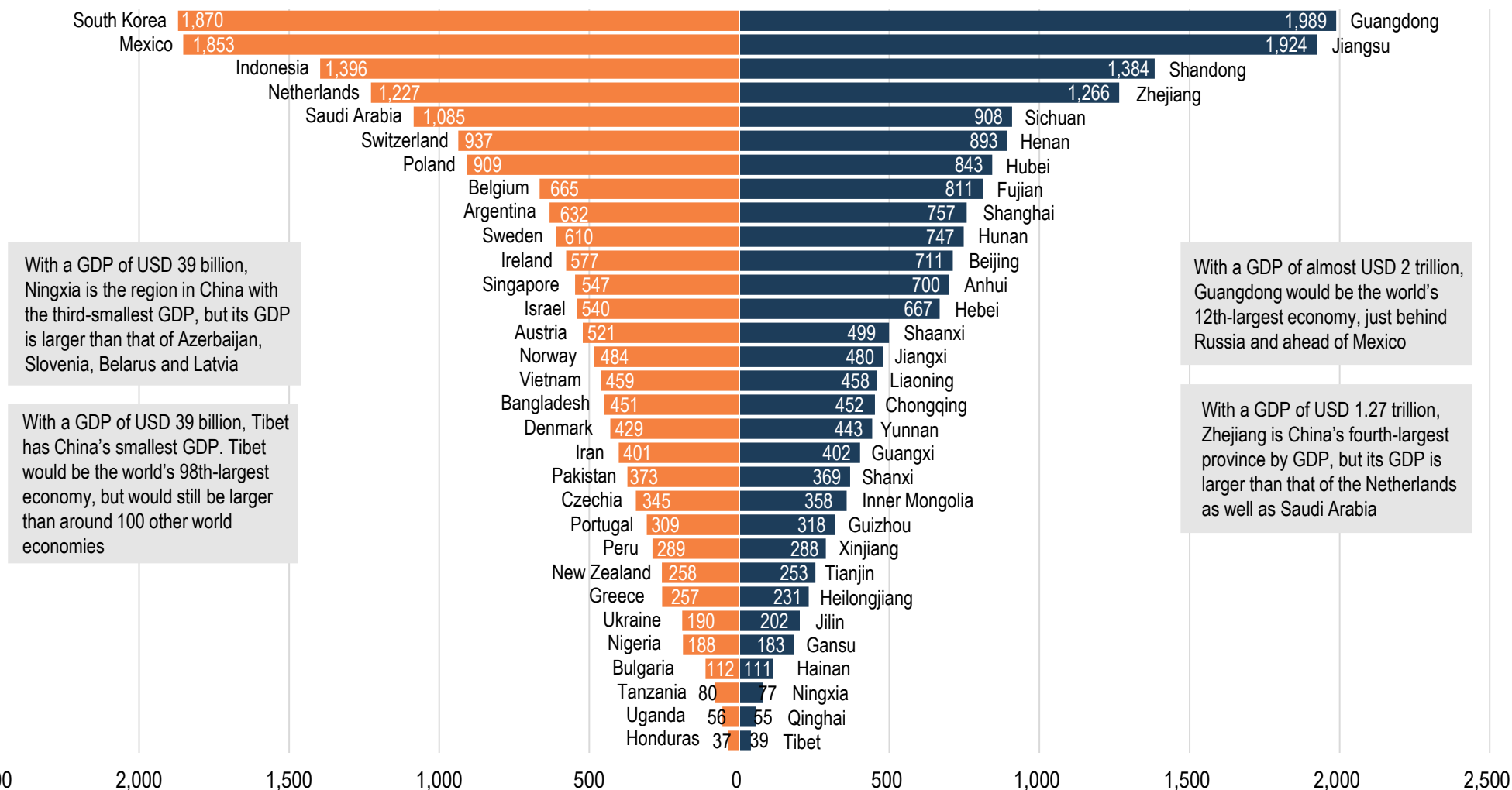
Fastest-Growing Regions by GDP, Y-o-Y % Growth (Q4 2024):

- 1. East: 5.5%
- 2. West: 5.2%
- 3. North & Northeast: 4.6%
- 4. Central/South: 4.5%



China's provinces have become economic titans in their own right, with economic outputs comparable to those of entire countries. Guangdong's GDP is comparable to South Korea, for example, Jiangsu's to Mexico and Shandong's to Indonesia

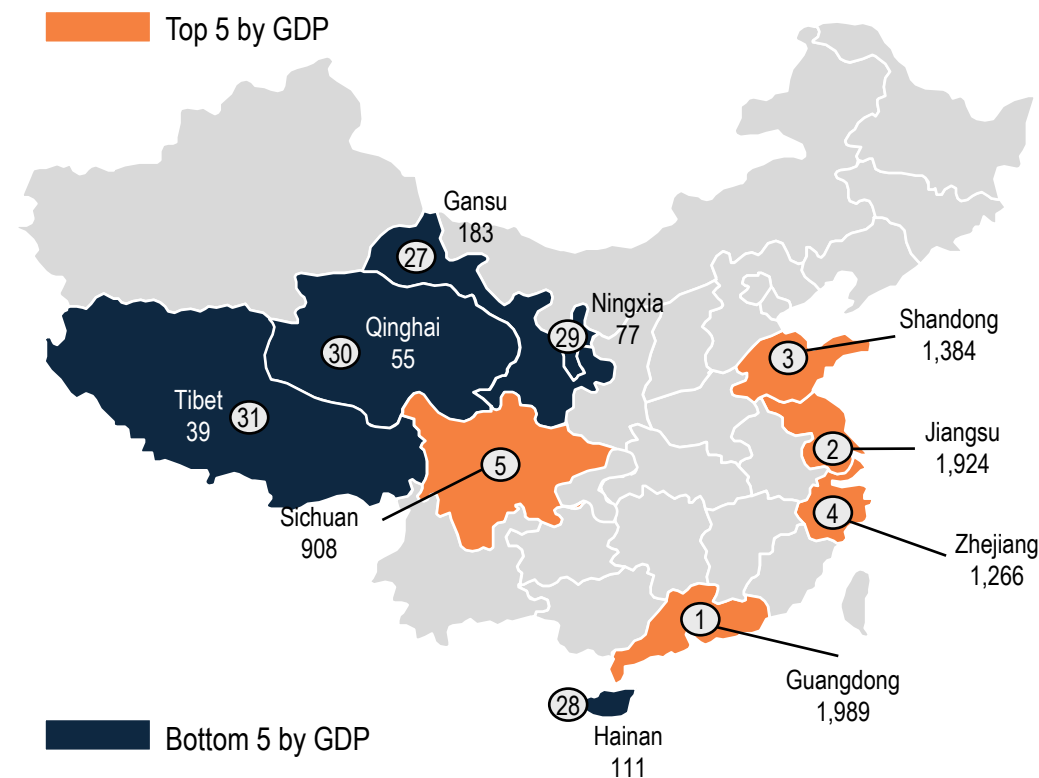
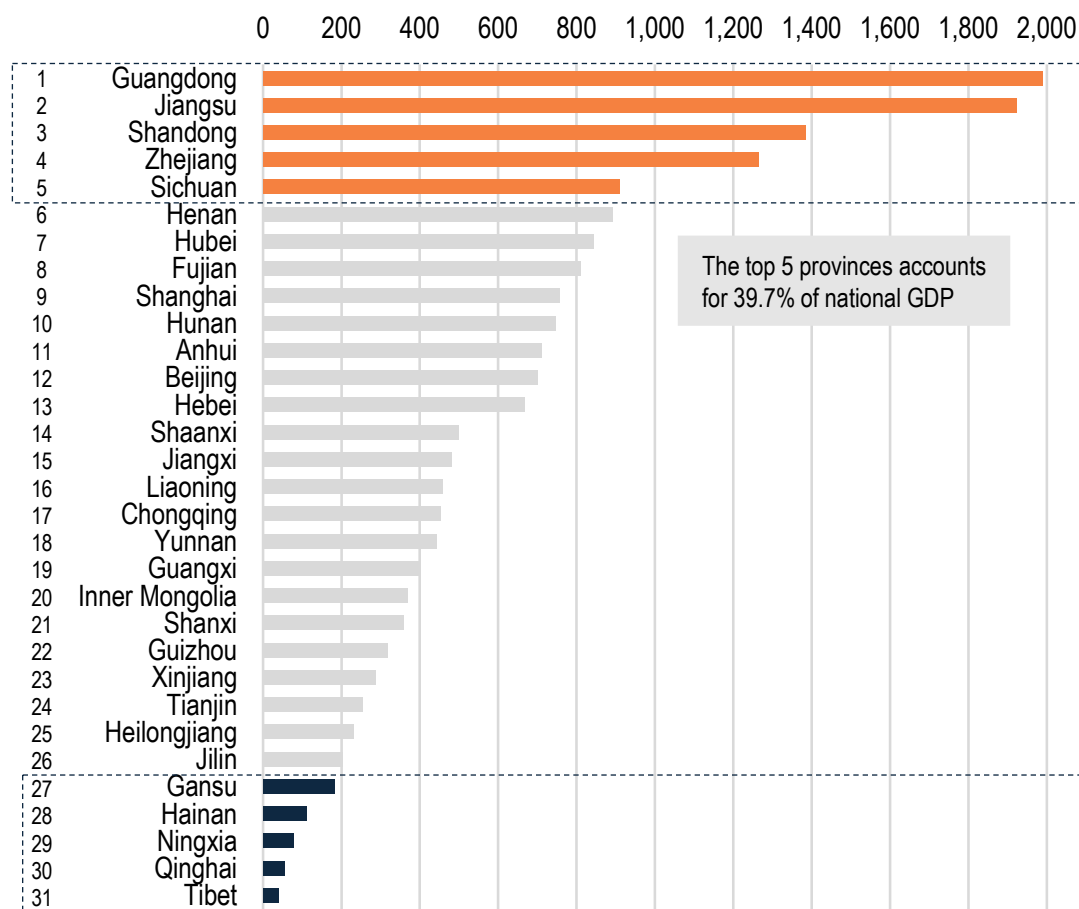
### GDP Comparison of China's Provinces, Autonomous Regions and Municipalities vs Global Economies, USD bn (2024)





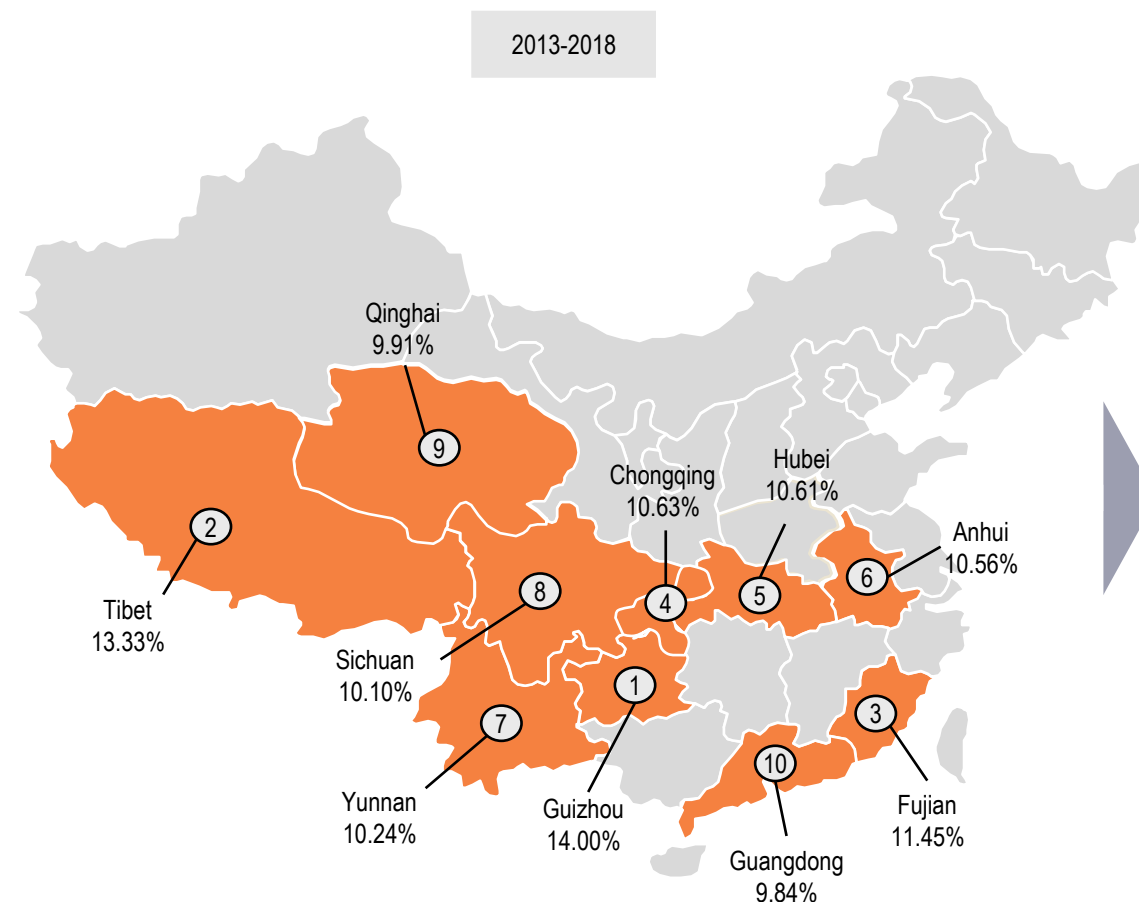
China's top five provinces, all in the eastern coastal regions except Sichuan, account for about 40% of the country's total GDP, while the bottom five provinces, all in the western regions, only contribute 2%, starkly illustrating unequal stages of development, investment and infrastructure

China GDP by Province, Autonomous Region and Municipality, USD bn (2024)

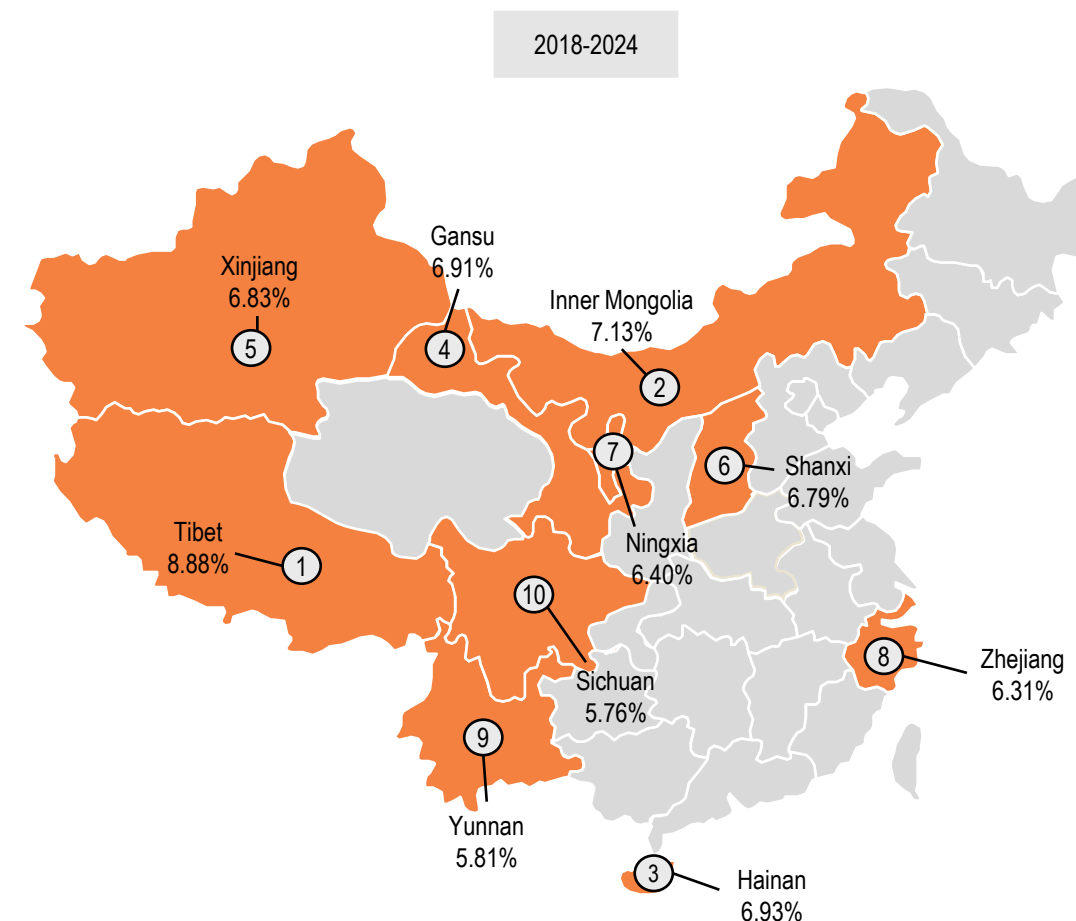


Between 2018 and 2024, regional growth in China was more diversified compared to the preceding five years. Influenced by COVID-19, supply chain realignments and a focus on high-quality development, growth shifted outwards to Tibet, Hainan and Inner Mongolia

China Fastest-Growing Provinces, Autonomous Regions and Municipalities, GDP CAGR (2013-2018)

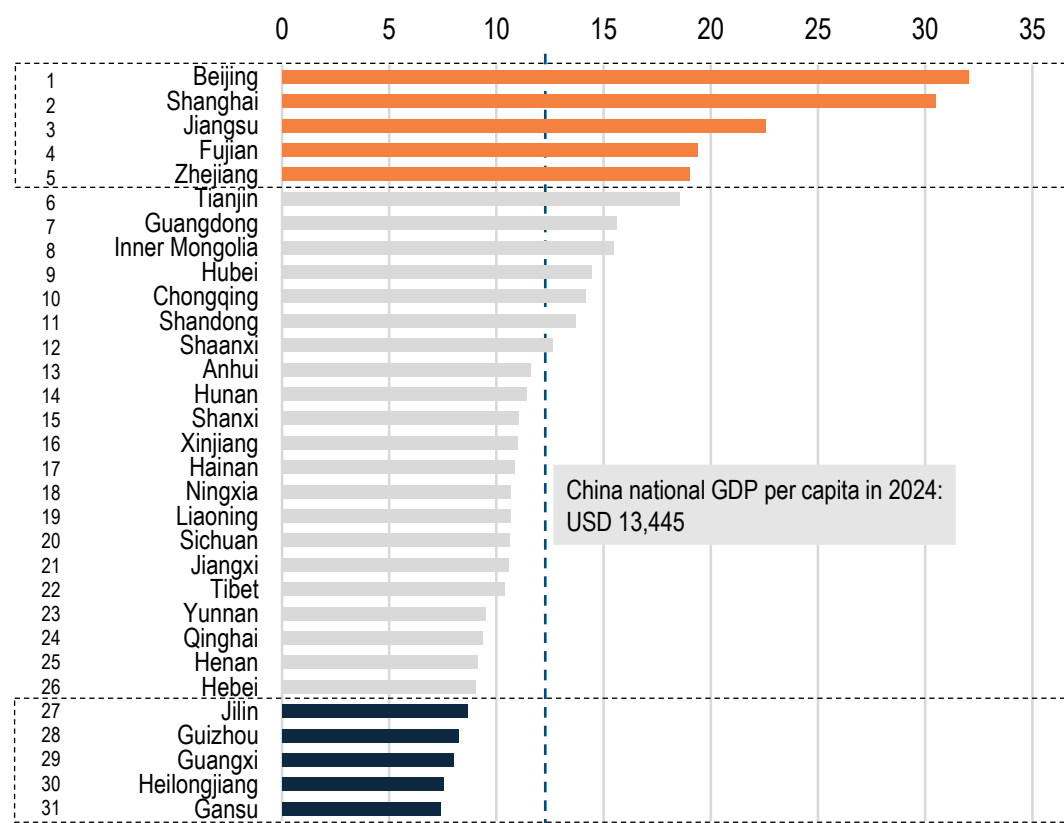


China Fastest-Growing Provinces, Autonomous Regions and Municipalities, GDP CAGR (2018-2024)



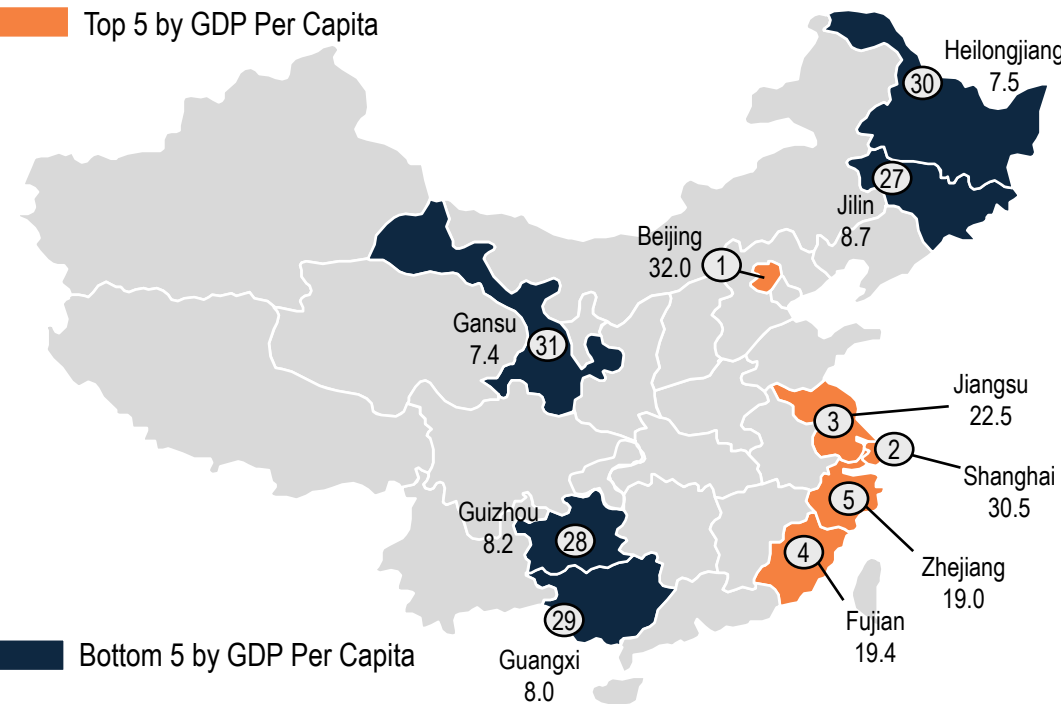
The highest GDP per capita in China remains overwhelmingly concentrated in Beijing and Shanghai (exceeding USD 25,000), followed by the eastern coastal provinces. Western, southwestern and northern regions are still far in arrears (sub-USD 10,000)

China GDP Per Capita by Province, Autonomous Region and Municipality, USD '000 (2024)



Top 5 by GDP Per Capita

Bottom 5 by GDP Per Capita





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- Social Indicators

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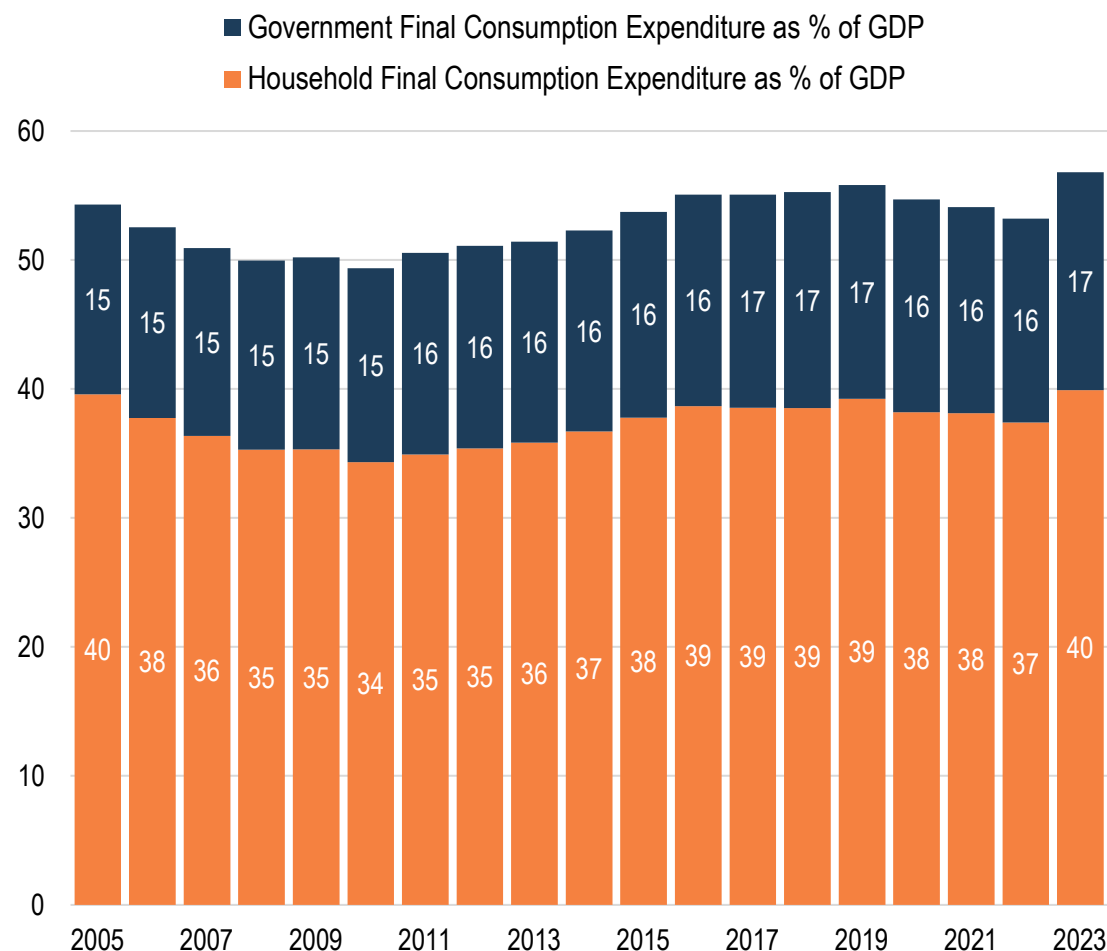
## 5. Conclusions, Implications and Recommendations





Since 2005, the ratio of household and government consumption in FCE has remained largely unchanged, with government consumption relatively high and household consumption low by global standards, making total Final Consumption significantly lower than in developed economies

### China Final Consumption Expenditure as % of GDP (2005-2023)

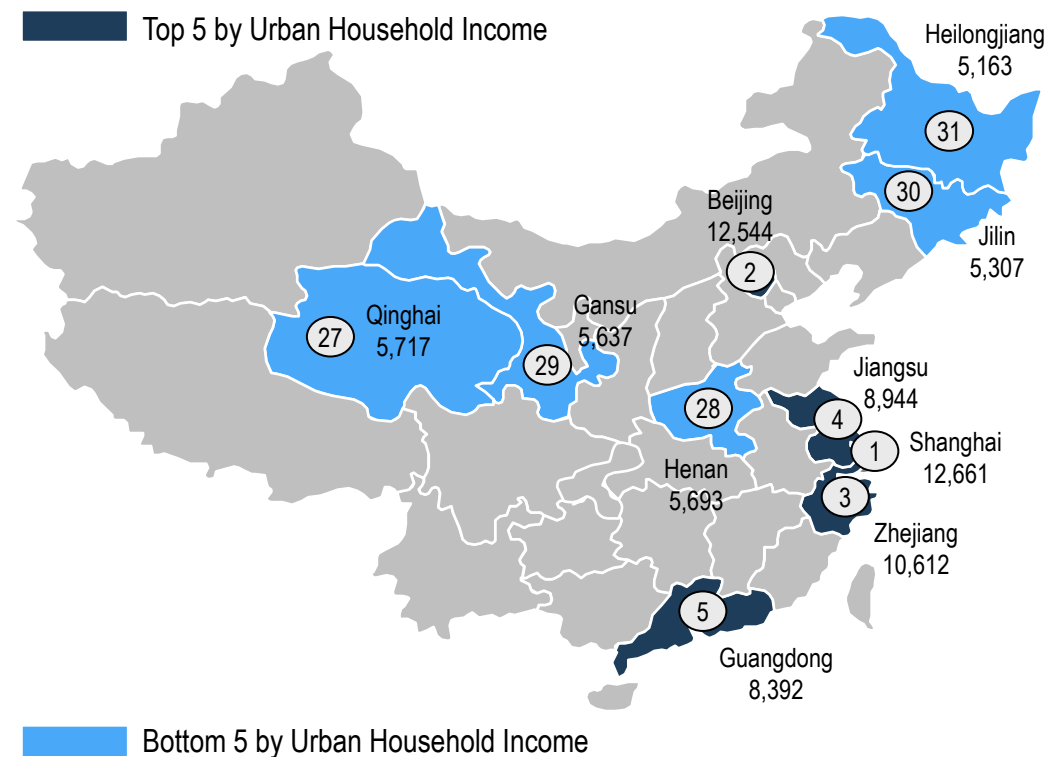
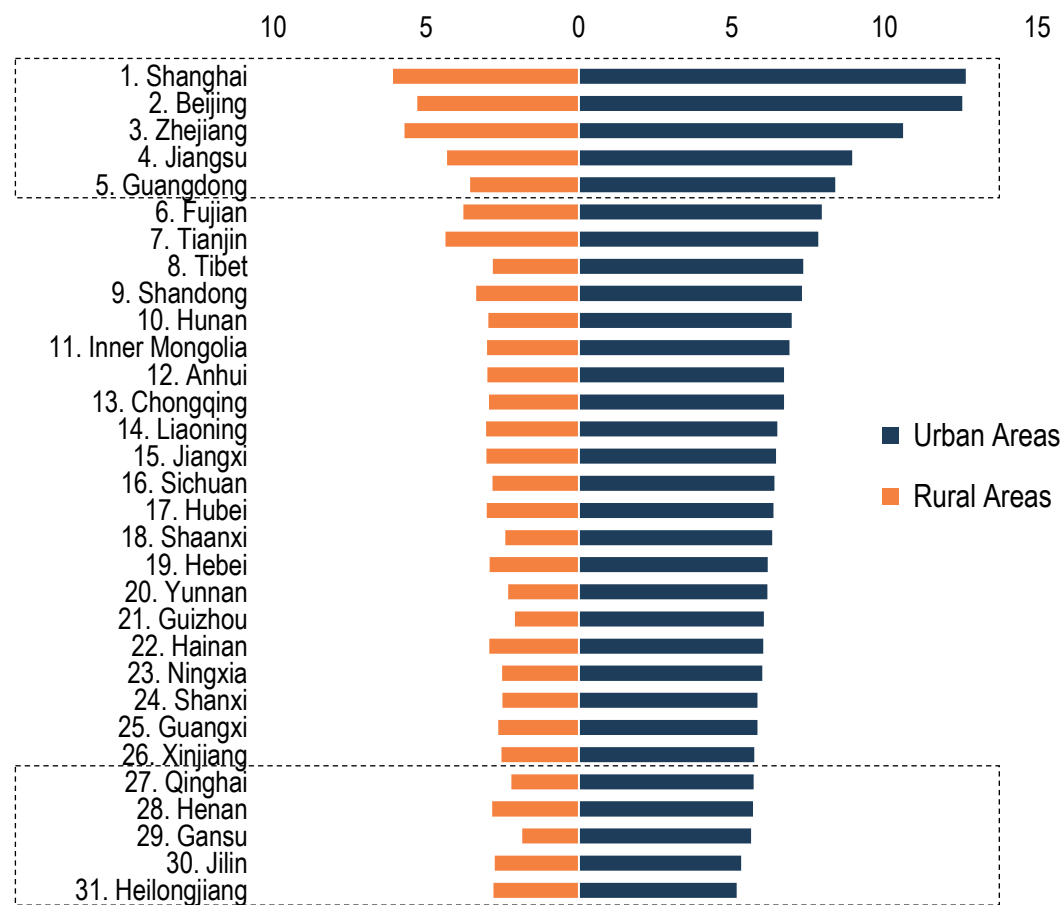


### China's Consumption Imbalance

- One of the characteristics of China's economy is the underdeveloped contribution of household consumption to GDP growth compared to government consumption.
- In 2023, household consumption accounted for ~40% of FCE and government consumption, 17%, a ratio of about 2.3:1. In the U.S., by contrast, the ratio is around 4:1.
- The deficient role of household expenditure in China's economy is partly due to a legacy of export- and investment-led growth policy and significant government spending in key sectors of the economy, and partly a reflection of structural issues (such as a high precautionary saving) and weak consumer confidence.
- China's government considers low household consumption a structural weakness and is pursuing a policy of rebalancing the economy to shift the focus towards domestic demand.
- In recent years, progress with rebalancing the economy has not been ideal. At the current trajectory, household consumption may only reach 50% of FCE (making China a truly consumption-led economy) by the mid-2030s.
- China doubled the subsidies on the consumer trade-in programme to RMB 300 billion (USD 41.45 billion) in 2025 to boost domestic consumption.
- Some of China's Asian neighbours have developed economies built on domestic consumption. In the Philippines, for example, which has a relatively large and growing population, household consumption accounts for more than 70% of the country's GDP. In Indonesia, household consumption accounts for approximately 56% of GDP, which is still considerably higher than in China.

Beijing and Shanghai, China's political and financial capitals, lead the country in wealth accumulation. Overall, income levels remain substantially skewed toward the more developed, eastern coastal provinces, with central, western and northern regions at the other end

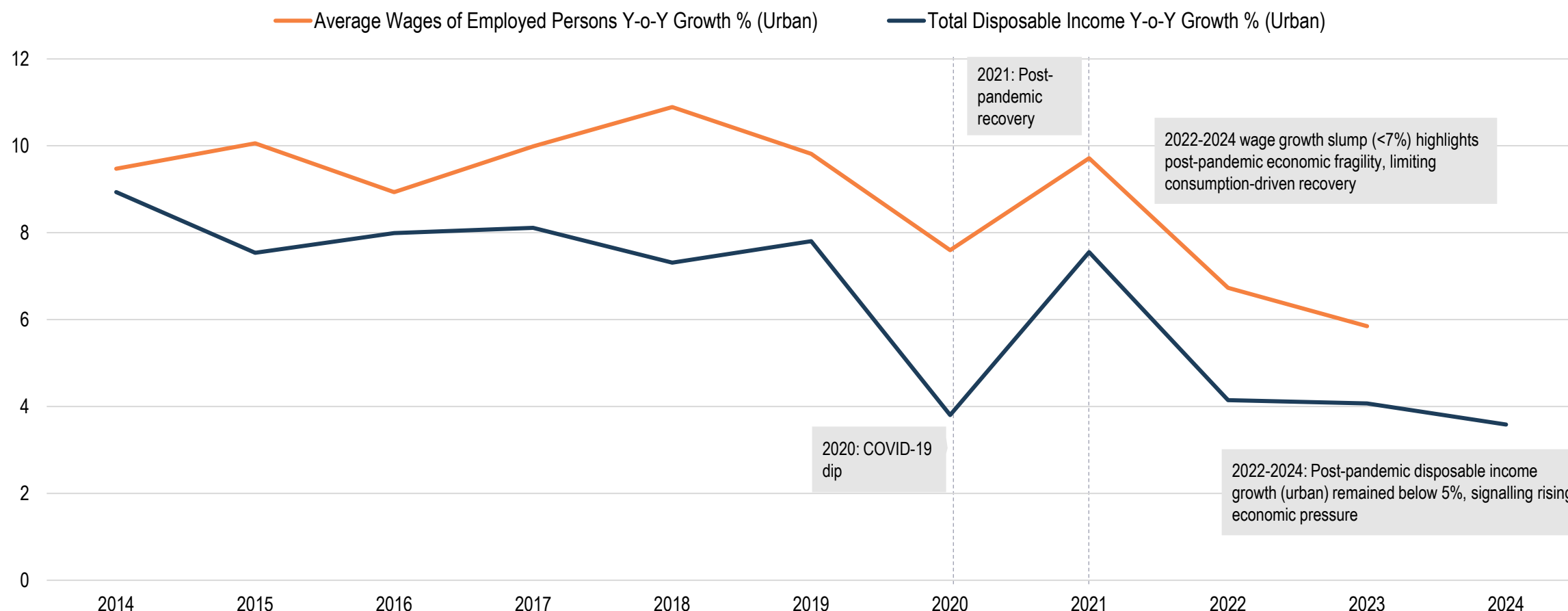
China Urban and Rural Disposable Income per Capita by Province, Autonomous Region and Municipality, USD '000 (2023)





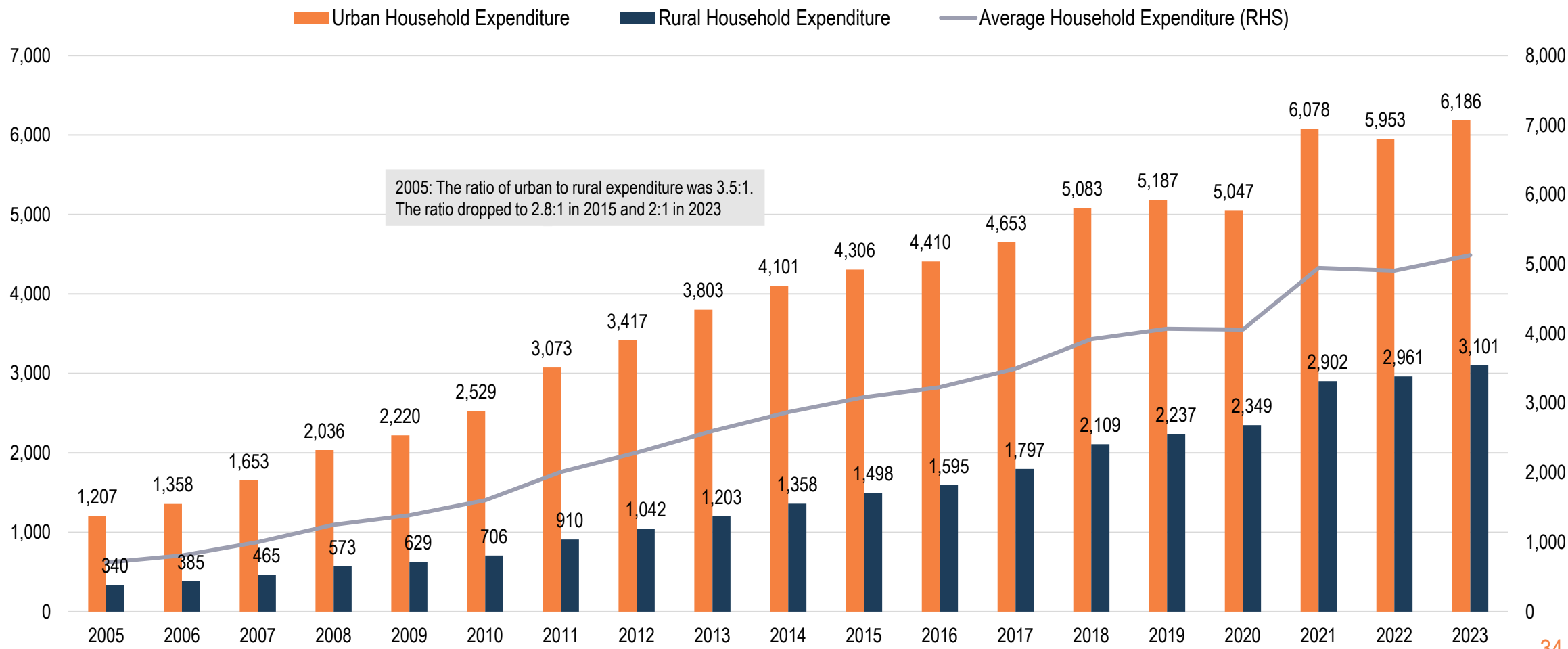
Slower wage growth in urban China, especially post-COVID-19, is emerging as a significant constraint on household disposable income, potentially dampening consumer spending and overall economic momentum, and illustrating the fragility of China's post-COVID-19 recovery

China Average Wage Growth of Employed Persons and Total Disposable Income Growth, Y-o-Y, % (2014-2024)



Urban household expenditure is still twice the value of rural household expenditure. The gap has narrowed since 2005, but reflects the persistent urban-rural divide, with better services and opportunities available in the cities and lower prices prevailing in the countryside

China Household Consumption Expenditure Per Capita, USD (2005-2023)



Food, Tobacco & Liquor is the largest category of household consumption in China (USD 1,171 per capita), followed by residential expenditures (USD 872 per capita), although Transportation & Telecommunication and Education, Culture & Recreation are increasing the fastest

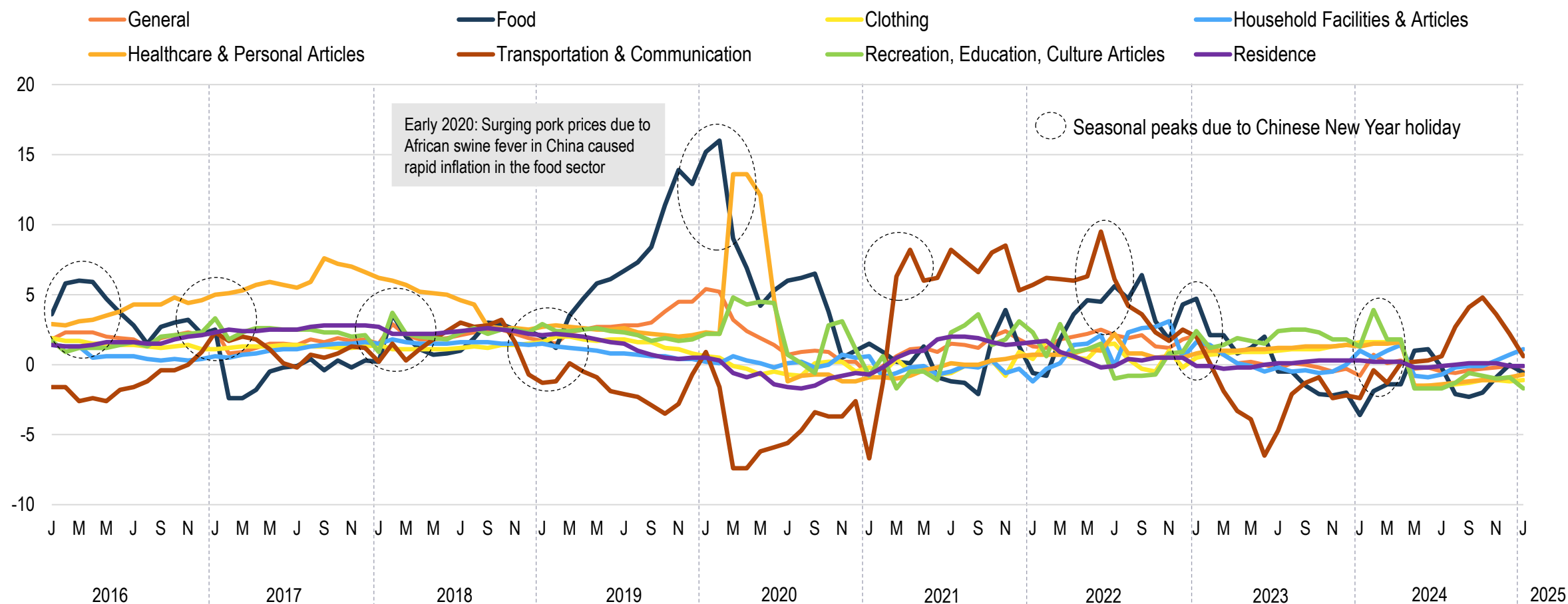
### China Household Consumption Expenditure Per Capita by Category, USD (2023)

	Urban		Rural		National Average	
Category	USD Per Capita	Y-o-Y Growth, %	USD Per Capita	Y-o-Y Growth, %	USD Per Capita	Y-o-Y Growth, %
Food, Tobacco & Liquor	1,387	4.9	867	5.9	1,171	5.4
Clothing	266	1.8	135	5	212	2.8
Residence	1,115	2.4	529	2.9	872	2.8
Household Facilities, Articles & Services	265	-0.4	145	5.2	215	1.4
Transportation & Telecommunication	679	8.5	376	9	554	8.9
Education, Culture & Recreation	547	9.4	299	9.9	444	9.8
Health Care & Medical Services	407	2.6	280	5	355	3.6
Miscellaneous Goods & Services	146	9.9	54	12.8	108	10.8



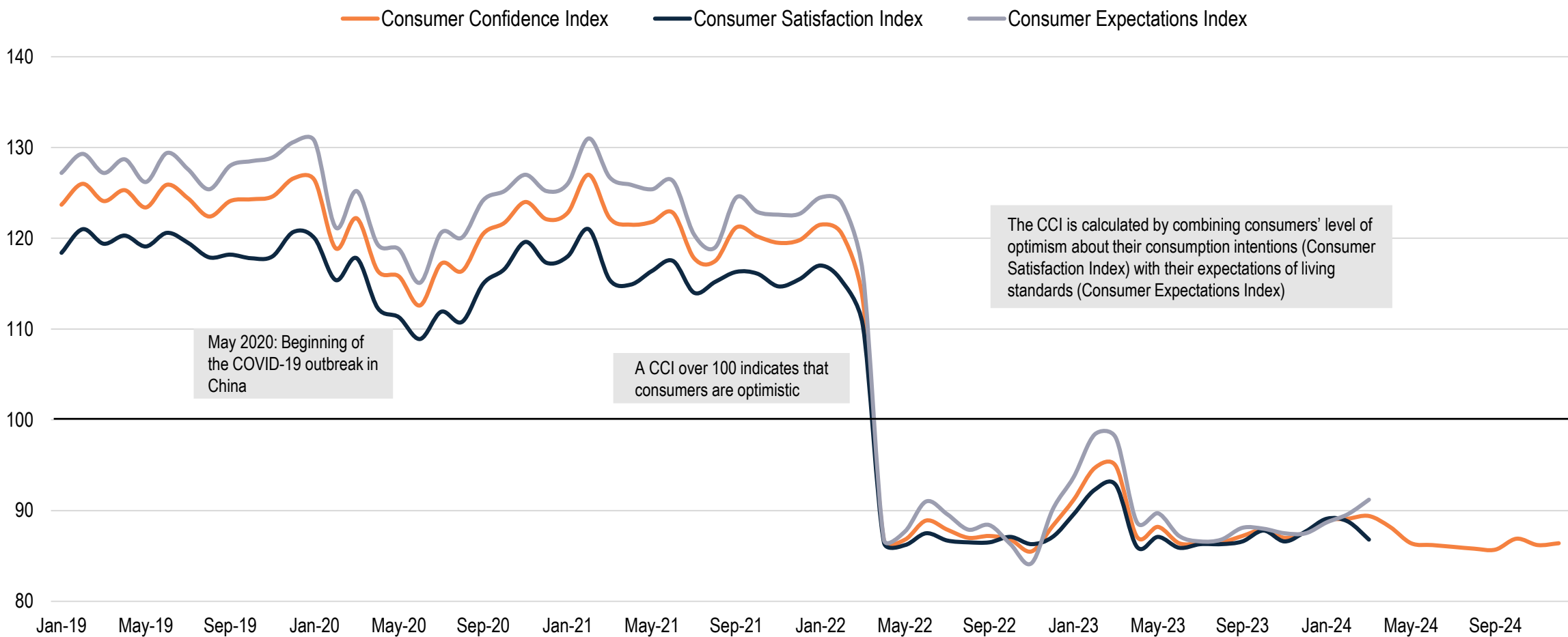
The Consumer Price Index (CPI) hit a 7-year high in January 2020, but food prices have dropped since H2 2023, primarily because of falling pork prices, although Transportation & Communication prices remained relatively high in 2021 and H1 2022

China Consumer Price Inflation by Category, % Y-o-Y (Jan. 2016-Jan. 2025)



China's Consumer Confidence Index (CCI) dropped to a record low of 86.7 in April 2022, a major shift in consumer sentiment due to COVID-19 lockdowns, the real estate slowdown and concerns about the general economy. Market confidence is yet to recover to pre-COVID levels

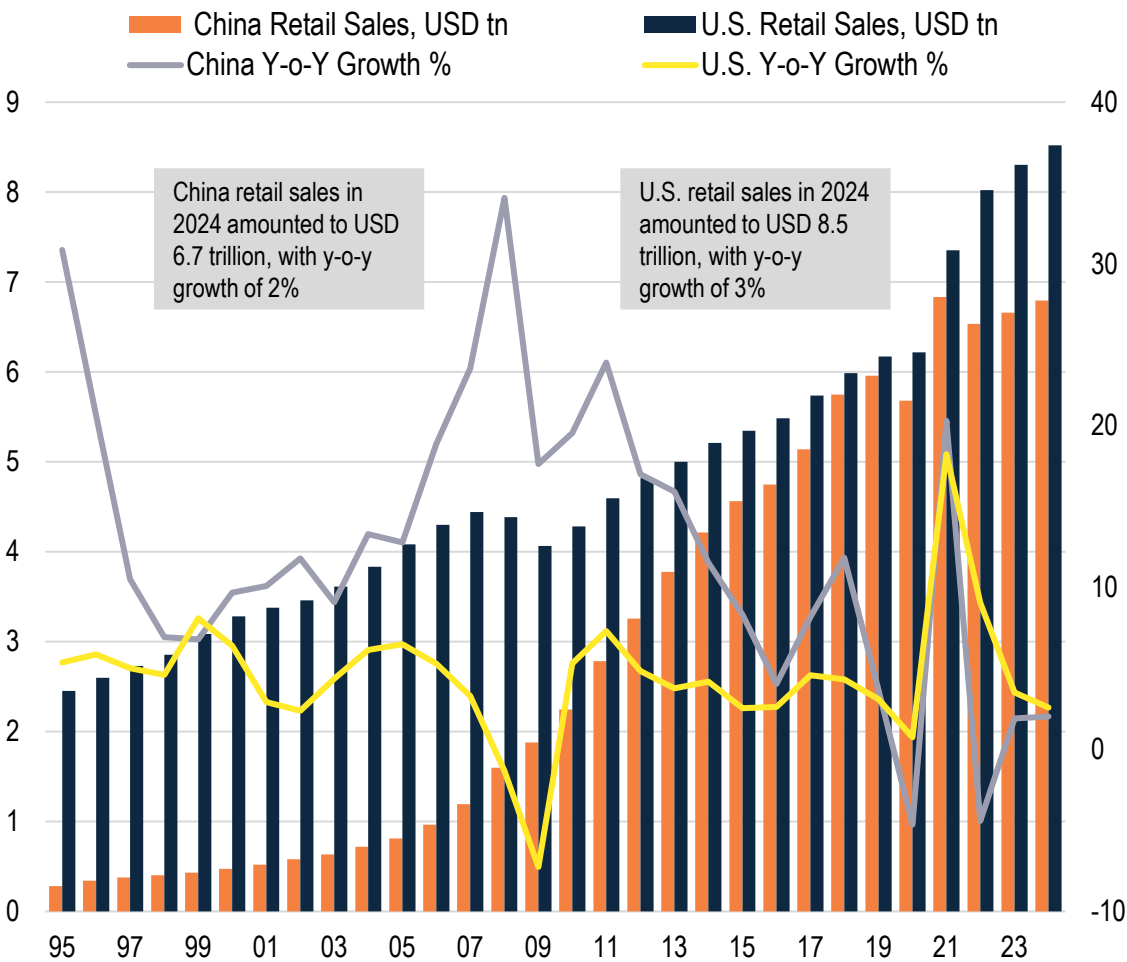
China Consumer Confidence Index (Jan. 2019-Dec. 2024)



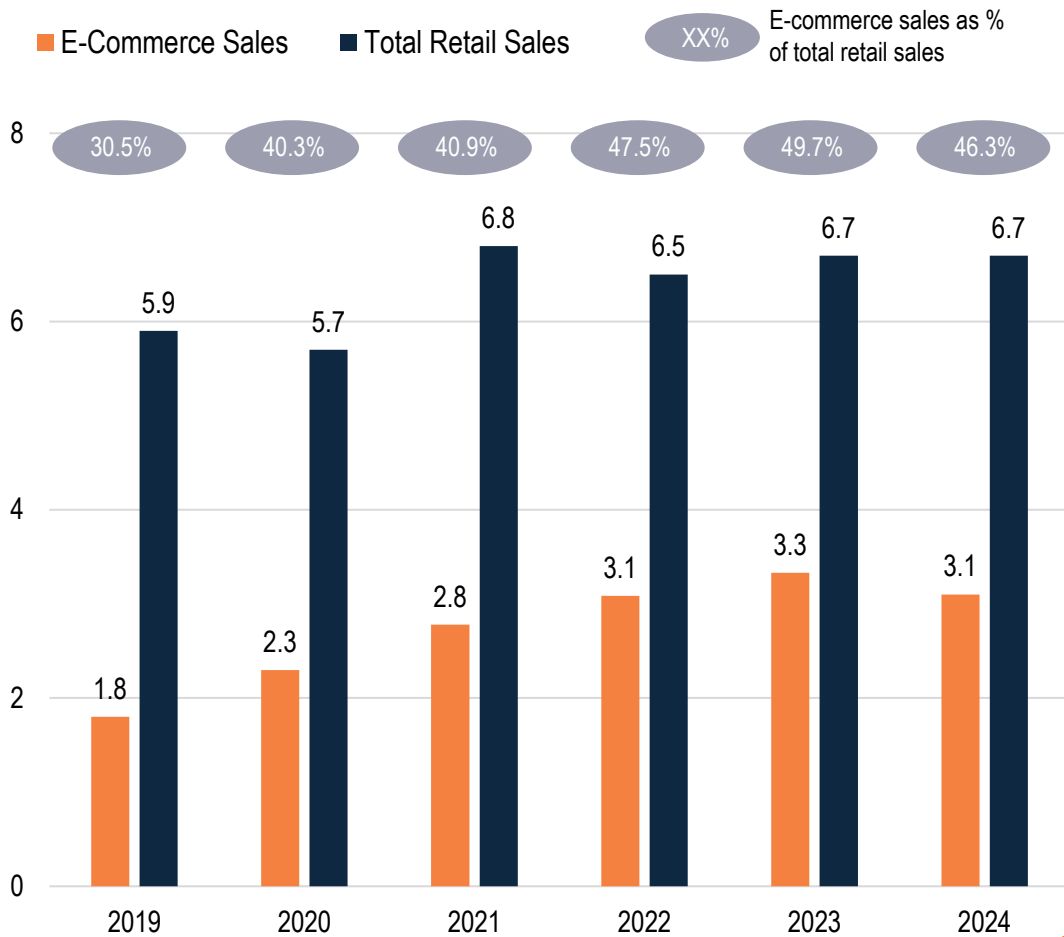
Source: National Bureau of Statistics of China, Eastmoney, ANDAMAN PARTNERS Analysis. Note: The Consumer Confidence Index measures consumers' optimism about the economy's performance. Separate data for CSI and CEI only available until March 2024.

China and Asia’s large populations account for the world’s largest markets by number of consumers. By value, China’s annual retail sales, a major indicator of consumption capacity, have expanded prodigiously but still trailed that of the U.S. market by USD 1.7 trillion in 2024

China vs U.S. Total Retail Sales, USD tn (1995-2024)

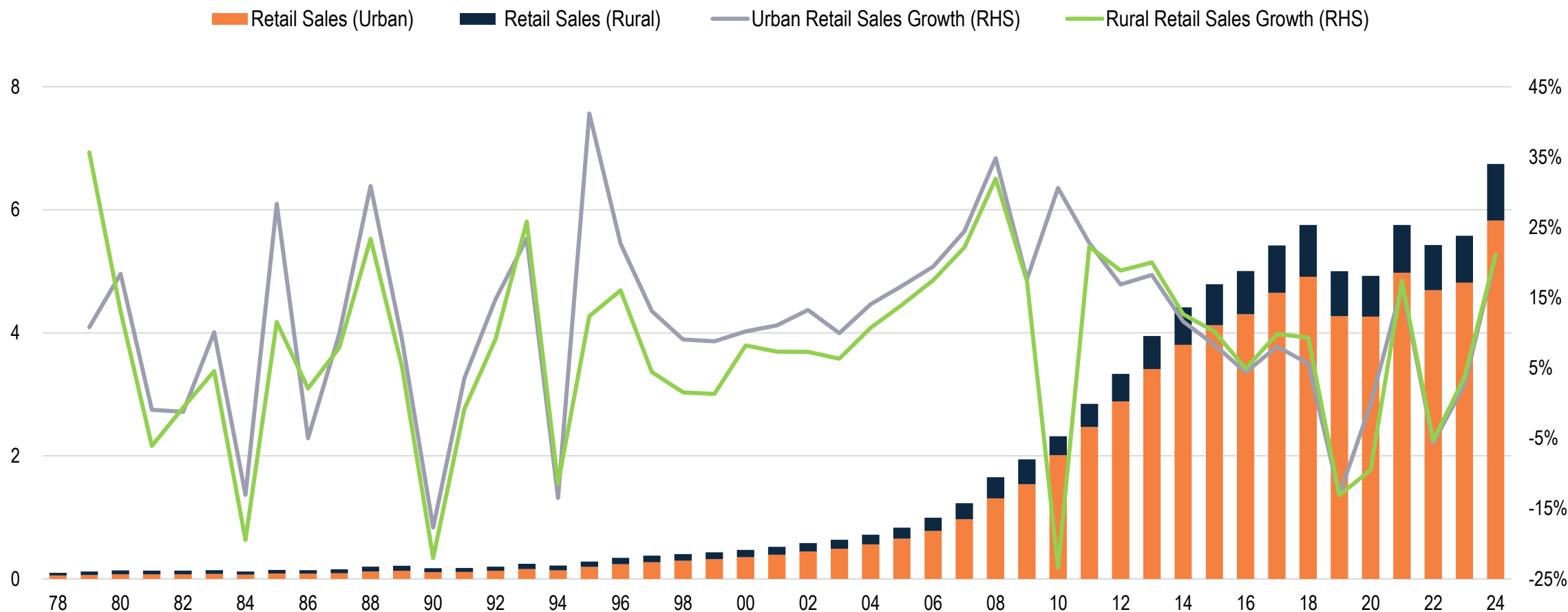


China E-commerce Sales and Total Retail Sales, USD tn (2019-2024)



While urban areas (USD 5.8 trillion) still account for a large majority of China's retail sales compared to rural areas (USD 1 trillion), rural retail sales growth has regularly outperformed urban sales since 2012, suggesting significant potential consumer vibrancy in rural areas

China Annual Retail Sales and Growth Rate by Administrative Level, USD tn (1978-2024)

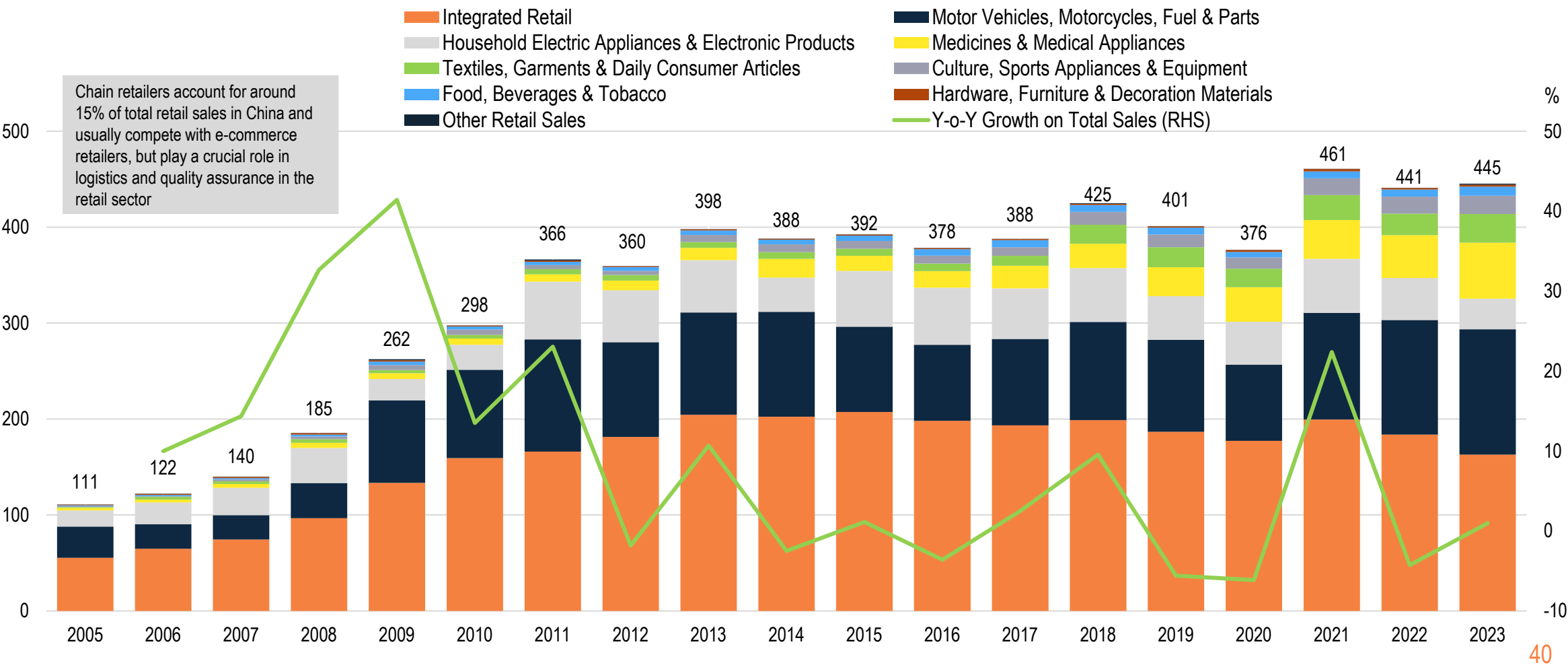


Source: China Ministry of Commerce, ANDAMAN PARTNERS Analysis. Note: 1. The Ministry of Commerce compiles and releases annual retail sales at the administrative level. The data differs from the total annual retail sales figure published by the National Bureau of Statistics of China. 2. Figures converted from RMB to USD using the average exchange rate for the respective years. The growth rate does not factor in exchange rate fluctuations.



At China’s brick-and-mortar chain retail stores, Motor Vehicles has been the largest single retail category by value since 2009, with the rapid expansion of the country’s electric vehicle market, followed by household appliances and medicines

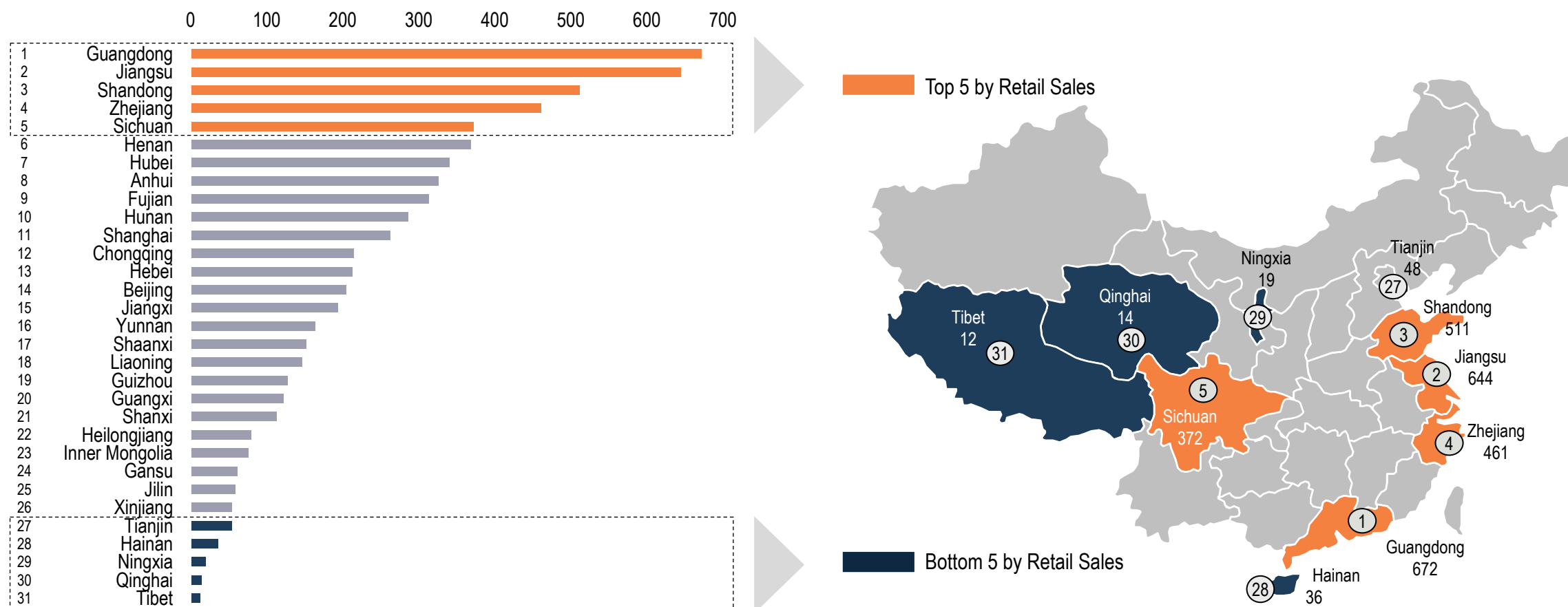
China Retail Sales at Chain Retail Enterprises by Sector, USD bn (2005-2023)



Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis. Note: Integrated Retail Sales refer to sales made through integrated retail businesses.

The more developed and higher populated eastern and coastal provinces account for most of China's retail sales. With much smaller populations, the western regions have the lowest retail sales

China Retail Sales by Province, Autonomous Region and Municipality, USD bn (2023)





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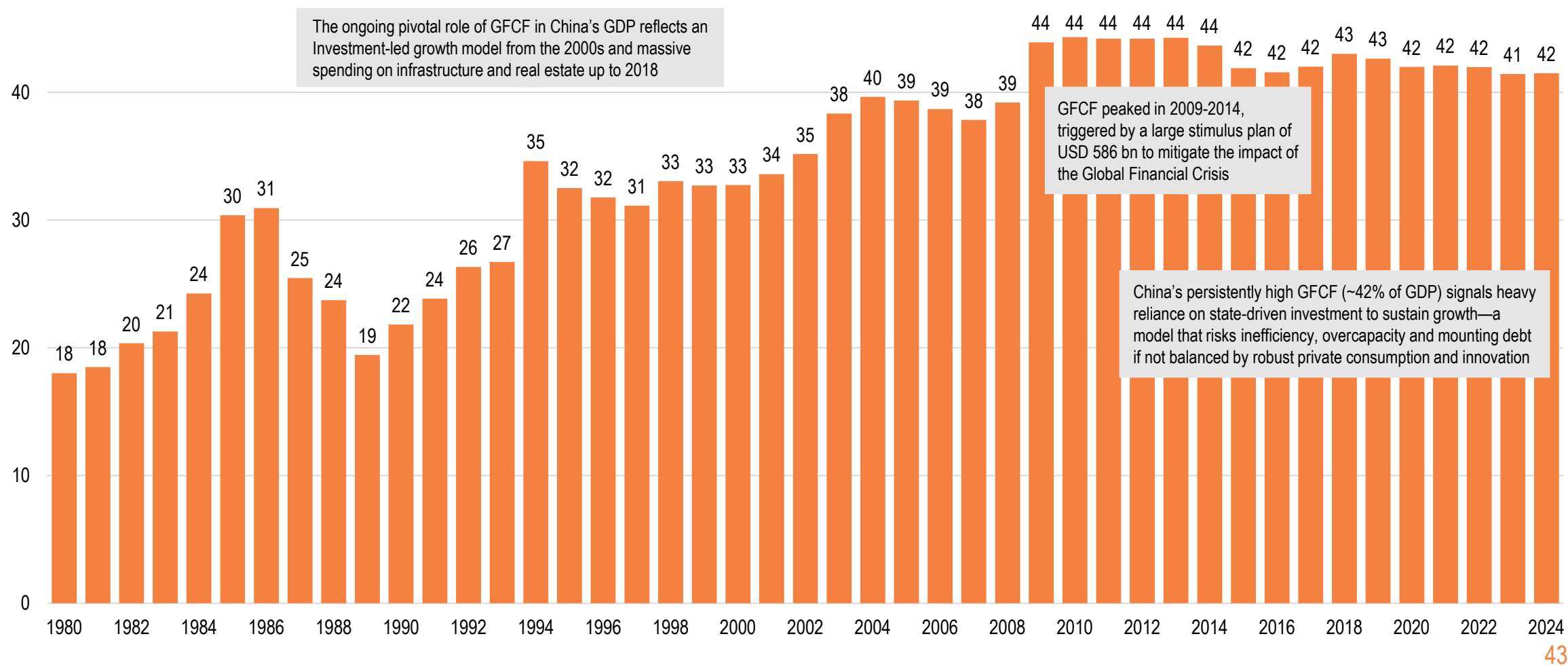
## 5. Conclusions, Implications and Recommendations





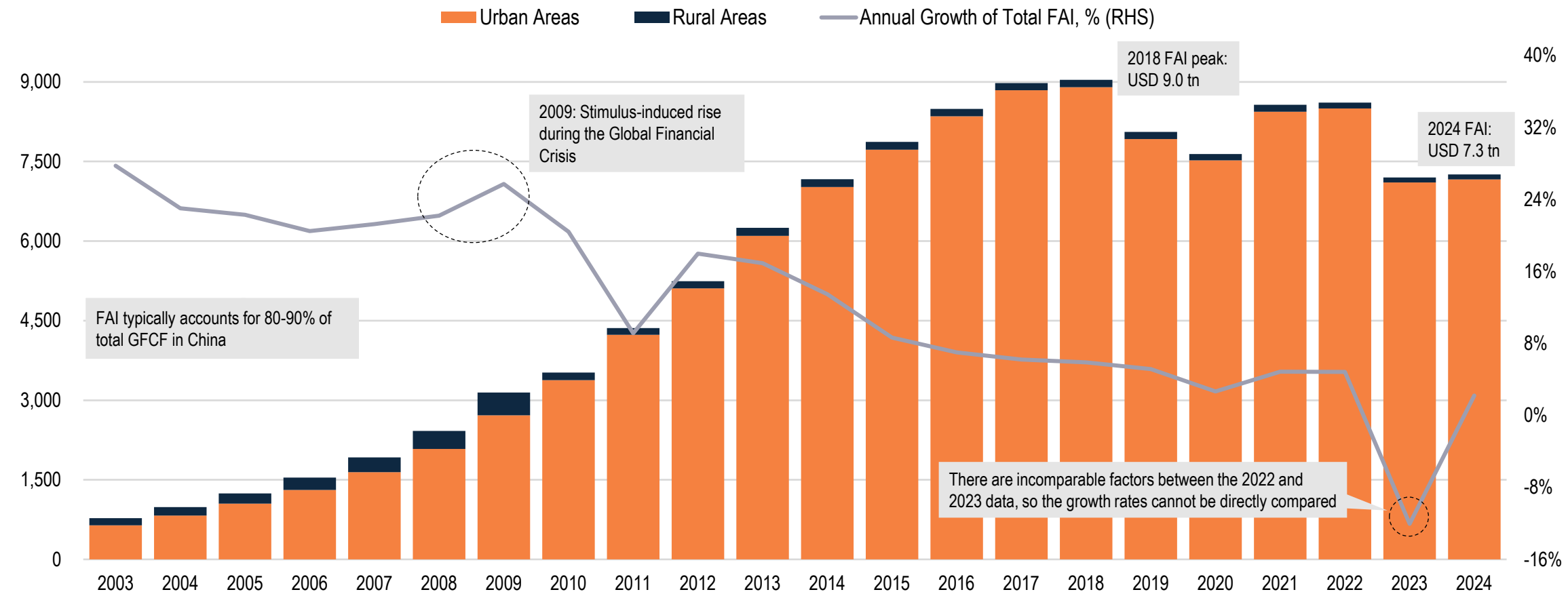
Investment (Gross Fixed Capital Formation, GFCF) as a component of China's GDP has remained above 40% from 2009, a level much higher than in advanced economies, only decreasing slightly up to 2024 amid ongoing investment in technology, green energy and infrastructure

China Gross Fixed Capital Formation, % Share of GDP (1980-2024)



The period 2000-2018 was an era of Fixed Asset Investment (FAI)-led GDP growth in China, focused on transport, industry and real estate. Peaking in 2018 amid concerns over over-capacity and debt, slower annual FAI growth since then has been a key factor in slowing GDP growth

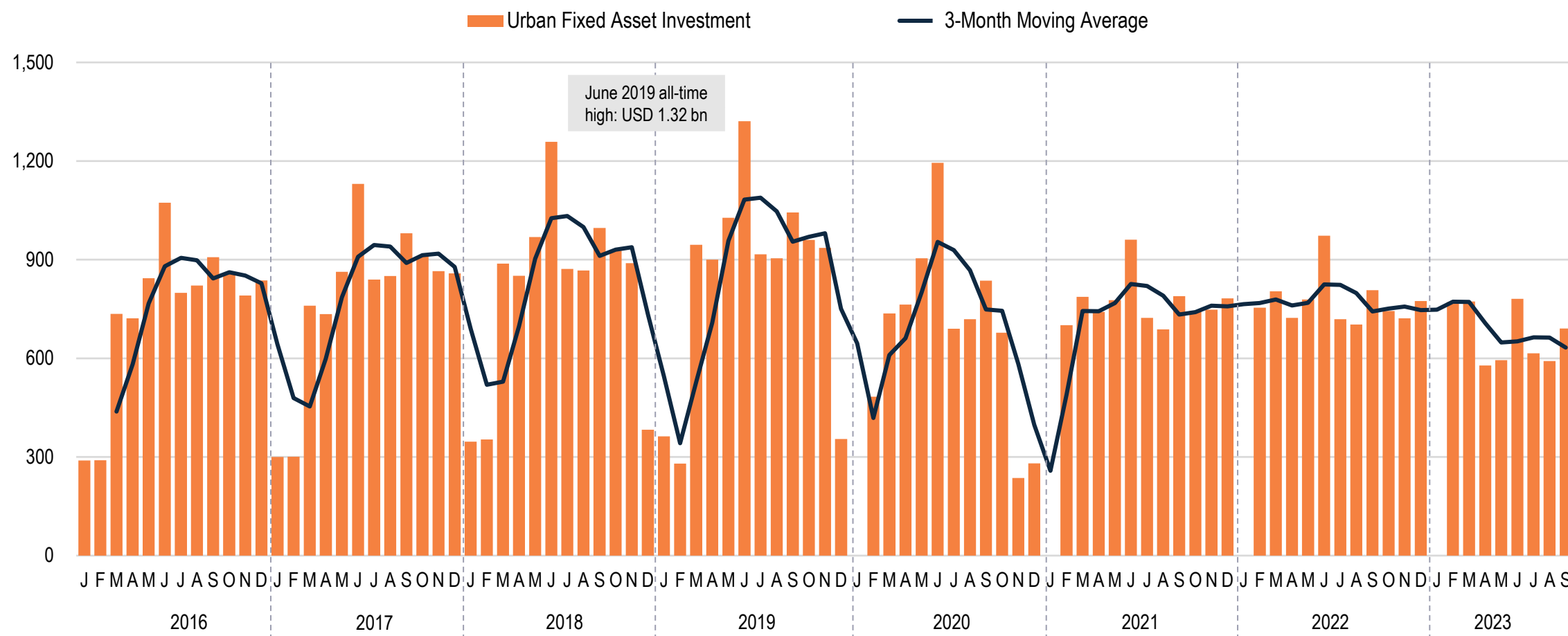
China Annual Fixed Asset Investment in Urban and Rural Areas, USD bn (2003-2024)



Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis. Note: Local governments often overstate their Fixed Asset Investment figures, with some reported FAI figures even exceeding GDP in certain provinces. In June 2013, the National Bureau of Statistics of China announced a pilot reform of data collection related to Fixed Asset Investment to enhance the reliability of local economic statistics.

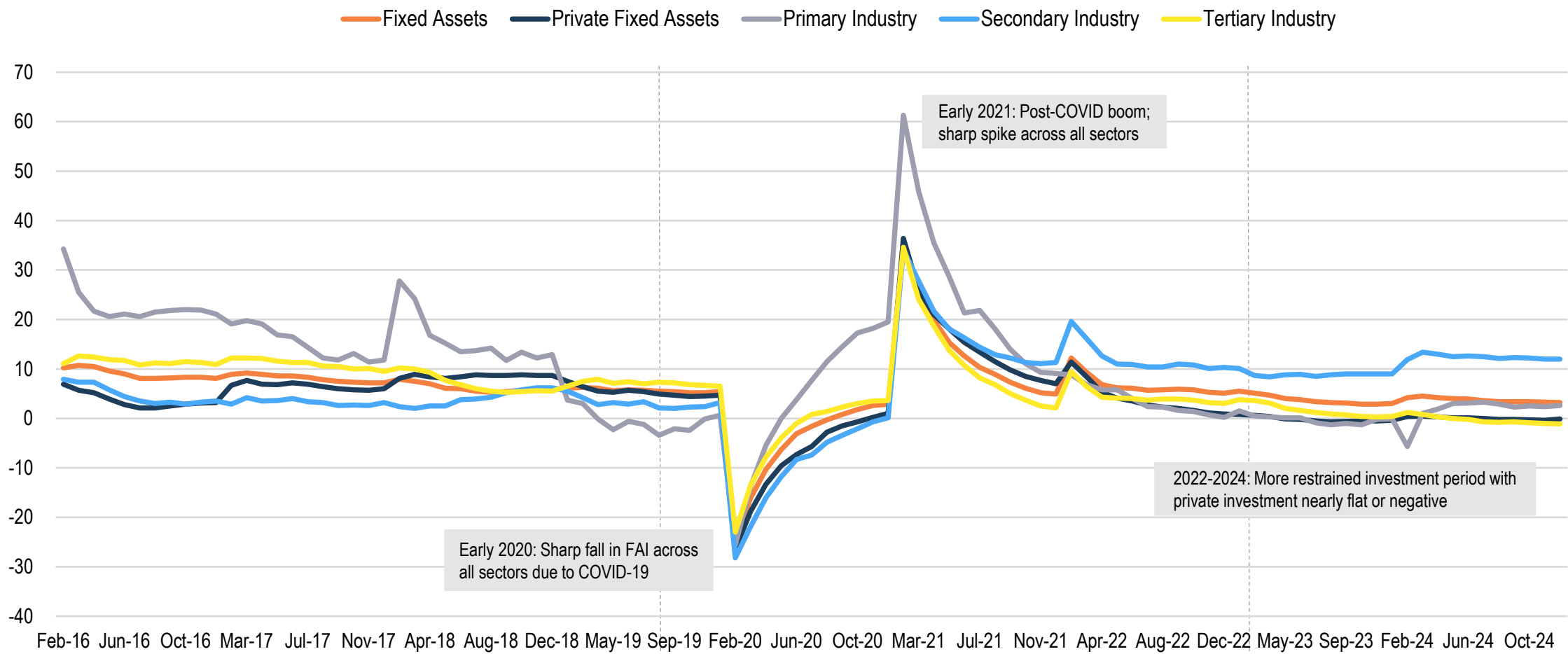
Reaching a monthly peak in June 2019, FAI has slowed in real estate and heavy industries in recent years but has grown in tech, high-end manufacturing and environmental infrastructure, hence FAI still contributes a substantial portion of China's total GCFC

China Monthly Urban Fixed Asset Investment, USD bn (Jan. 2016-Sep. 2023)



From mid-2019 to 2022, FAI in China experienced a period of volatility amid domestic and global disruptions, with a trough in 2020 and a spike in 2021. The period 2022-2024 was a time of more restrained investment when private investment mostly dried up

China Monthly Actual Completed Fixed Asset Investment, Accumulated Growth Rate, % (Feb. 2016-Dec. 2024)

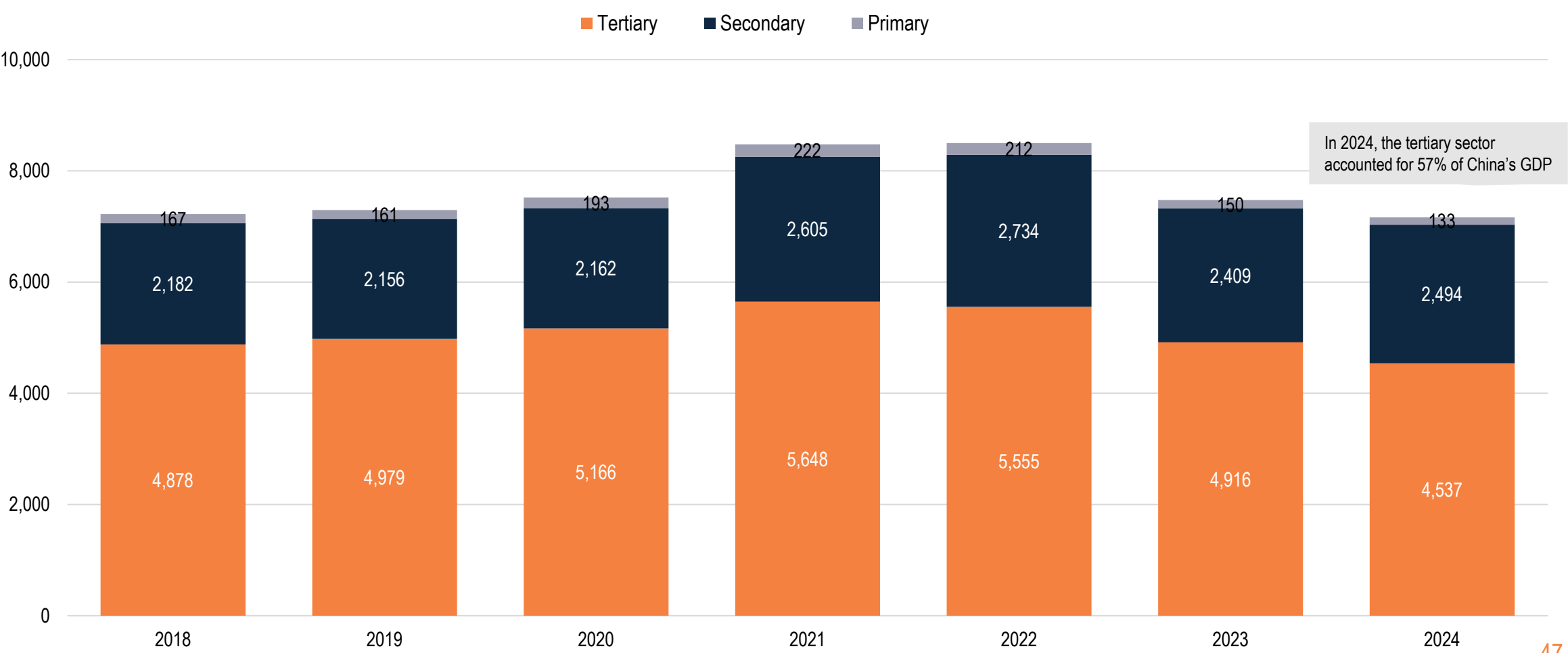


Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis. Note: In 2011, the National Bureau of Statistics of China expanded the statistical scope of monthly Fixed Asset Investment to encompass both urban areas and rural enterprises, defining it as investment in fixed assets (excluding investments by rural households).



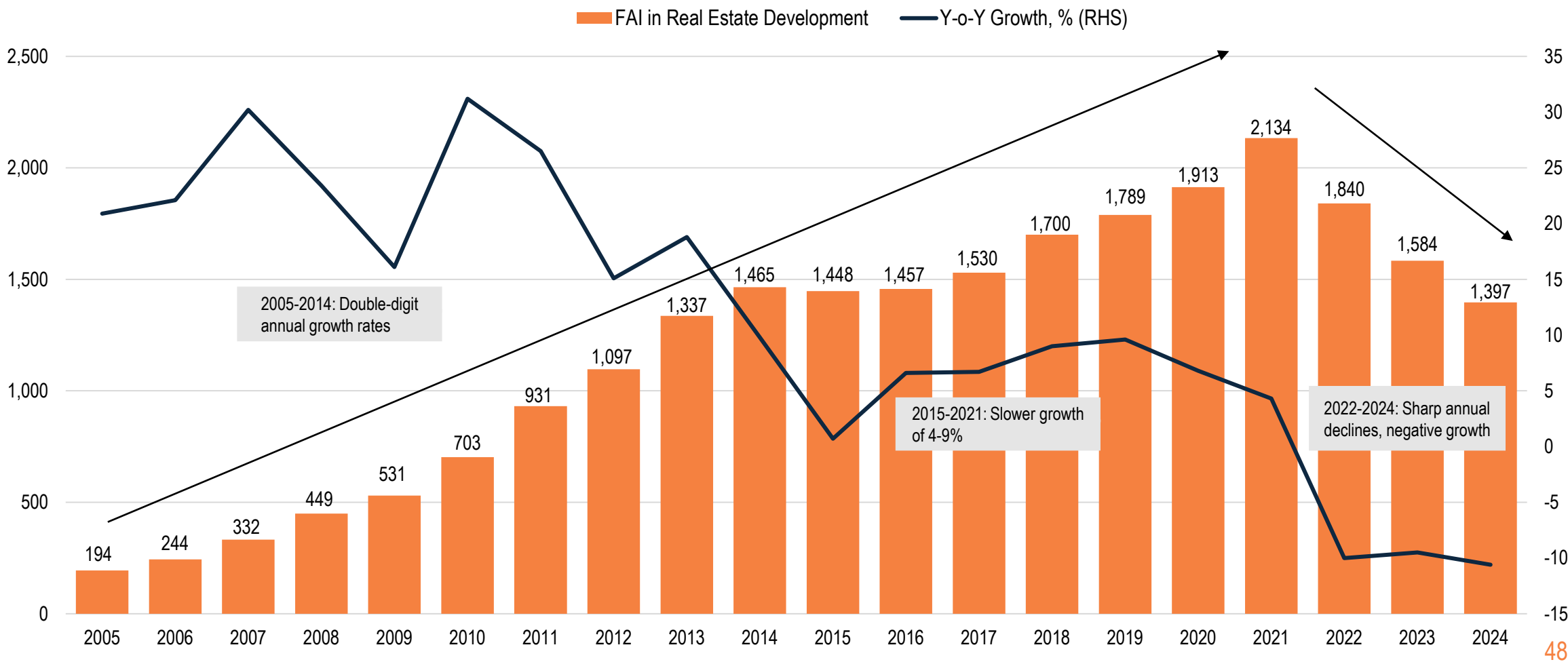
China's National Bureau of Statistics (NBS) has published sectoral FAI data since 2018, indicating that the majority of FAI was expended in the tertiary sector, focused on growing sectors like services, technology and the rapidly expanding digital economy

China Fixed Asset Investment by Sector, USD bn (2018-2024)



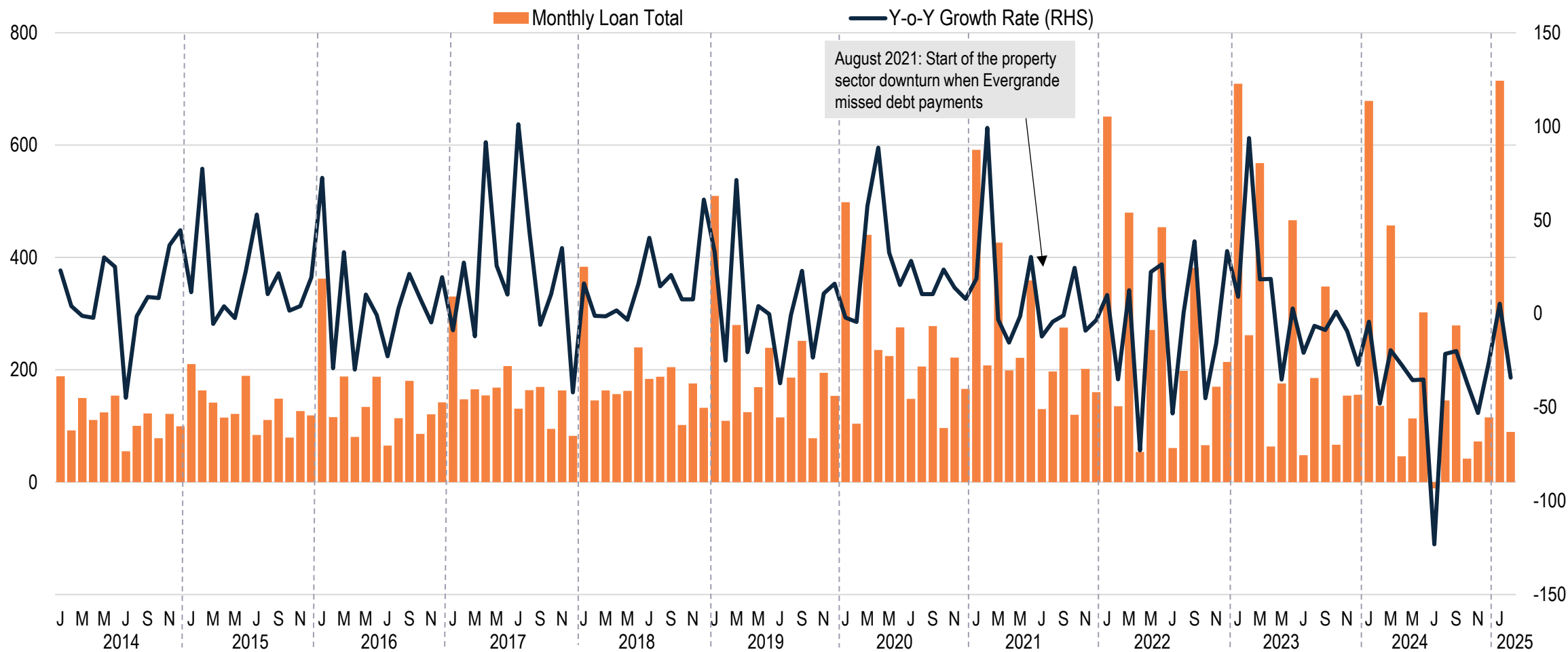
FAI in real estate development expanded rapidly from 2005, with double-digit annual growth up to 2014. Growth then started to slow. FAI in real estate peaked in 2021 and then trended precipitously downward amid the slowdown in the real estate sector and shifting policy priorities

China Fixed Asset Investment in Real Estate Development, USD bn (2005-2024)



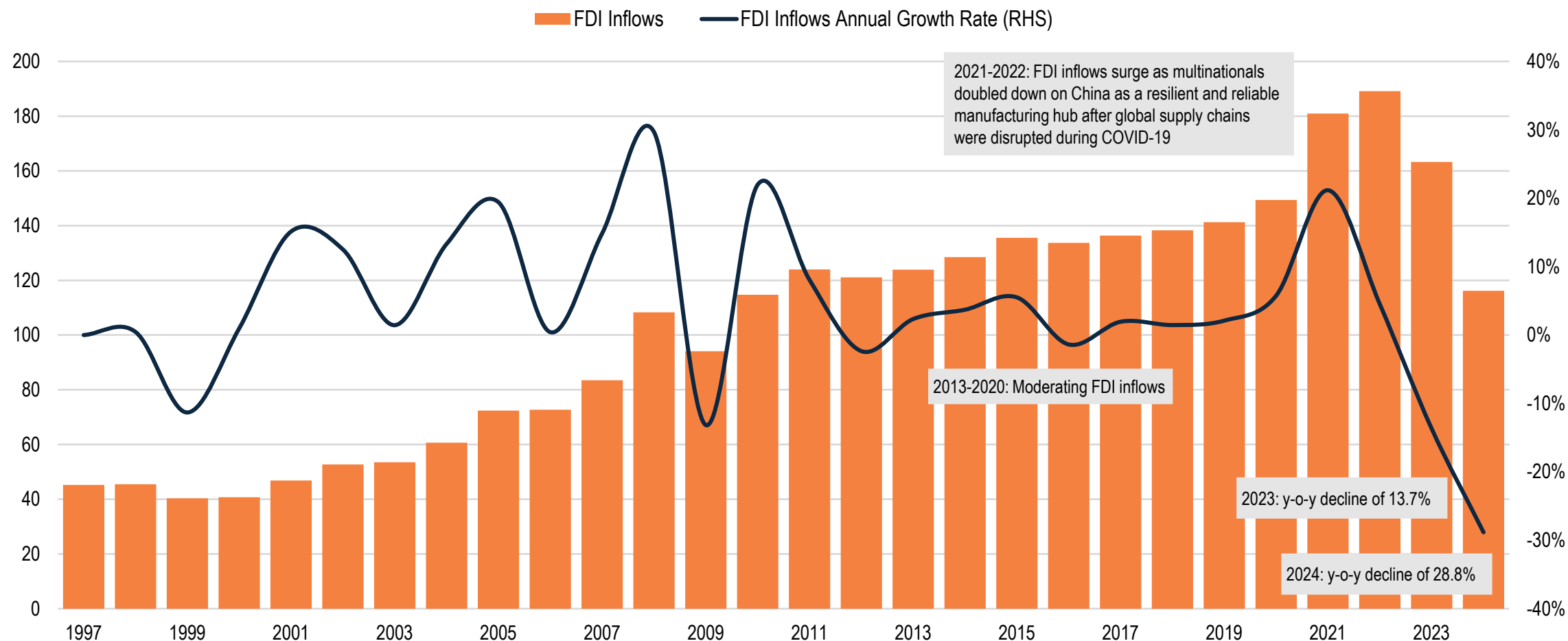
The period 2014-2022 had relatively stable lending patterns, but 2023-2024 had significant volatility and structural shifts with record high and low monthly lending, and (in 2023) the first annual lending decline in 13 years due to weak demand and the property market downturn

### China Monthly New Loans Issued to the Real Economy, USD bn (Jan. 2014-Feb. 2025)



China's low-cost production base was a driver of past FDI inflows. The inflows growth rate moderated from 2011 to 2020 and surged again in 2021-2022 amid post-COVID-19 recovery. Inflows decreased substantially in 2023-2024 due to geopolitical risks and domestic uncertainty

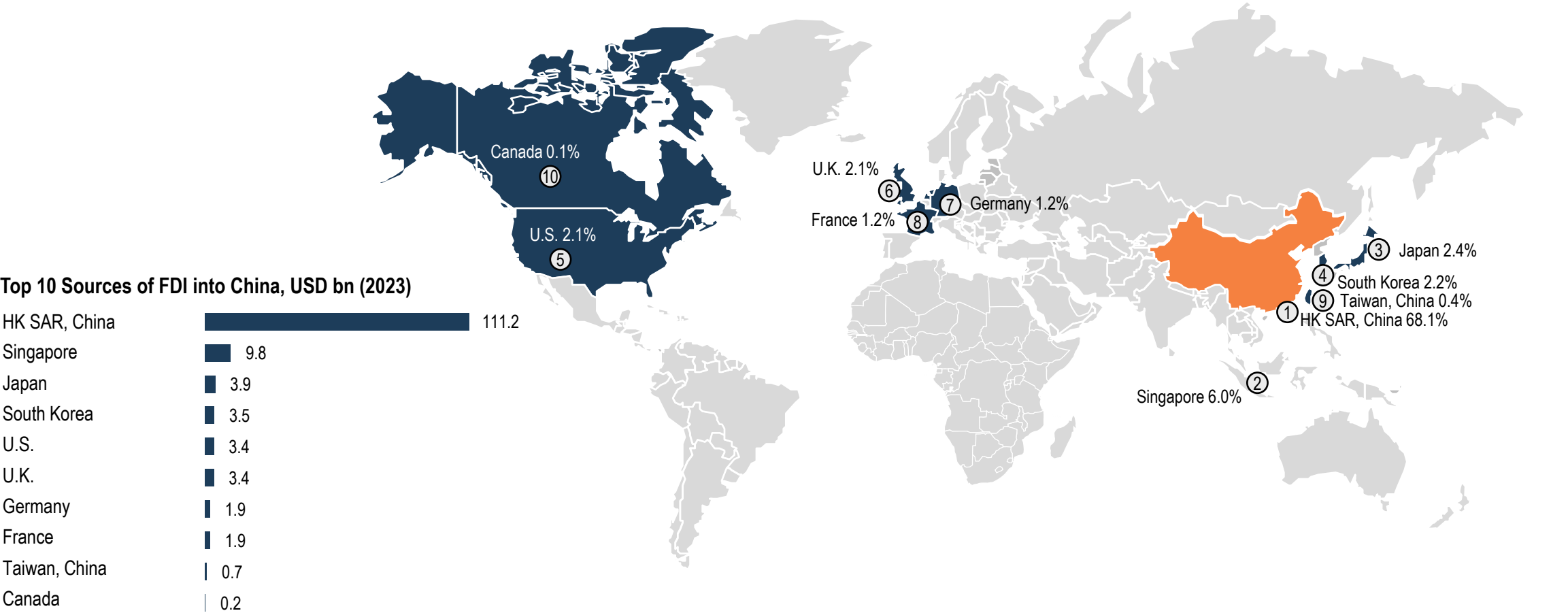
China FDI Inflows, USD bn (1997-2024)





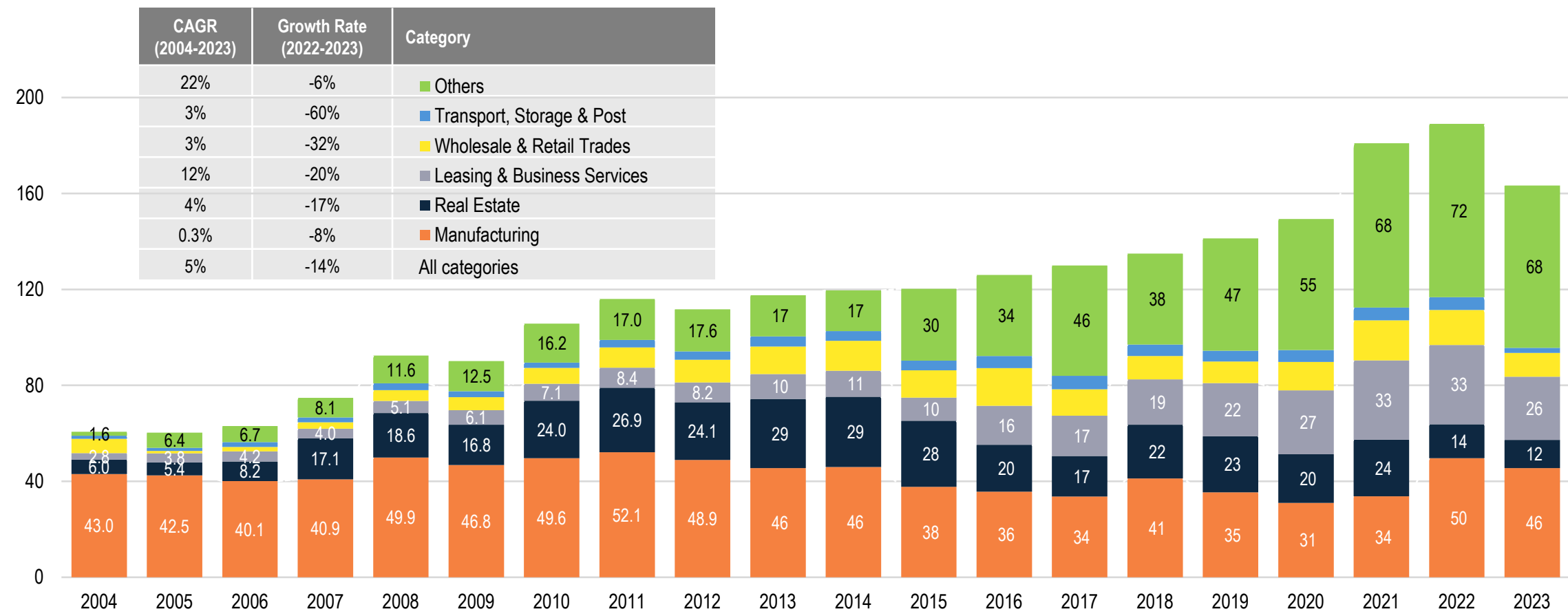
In 2023, over 97% of China’s FDI came from just ten regions, but overwhelmingly from Hong Kong SAR, which acts as a gateway for FDI from Chinese firms headquartered in the city as well as from countries abroad

China FDI Inflows by Source Country, % (2023)



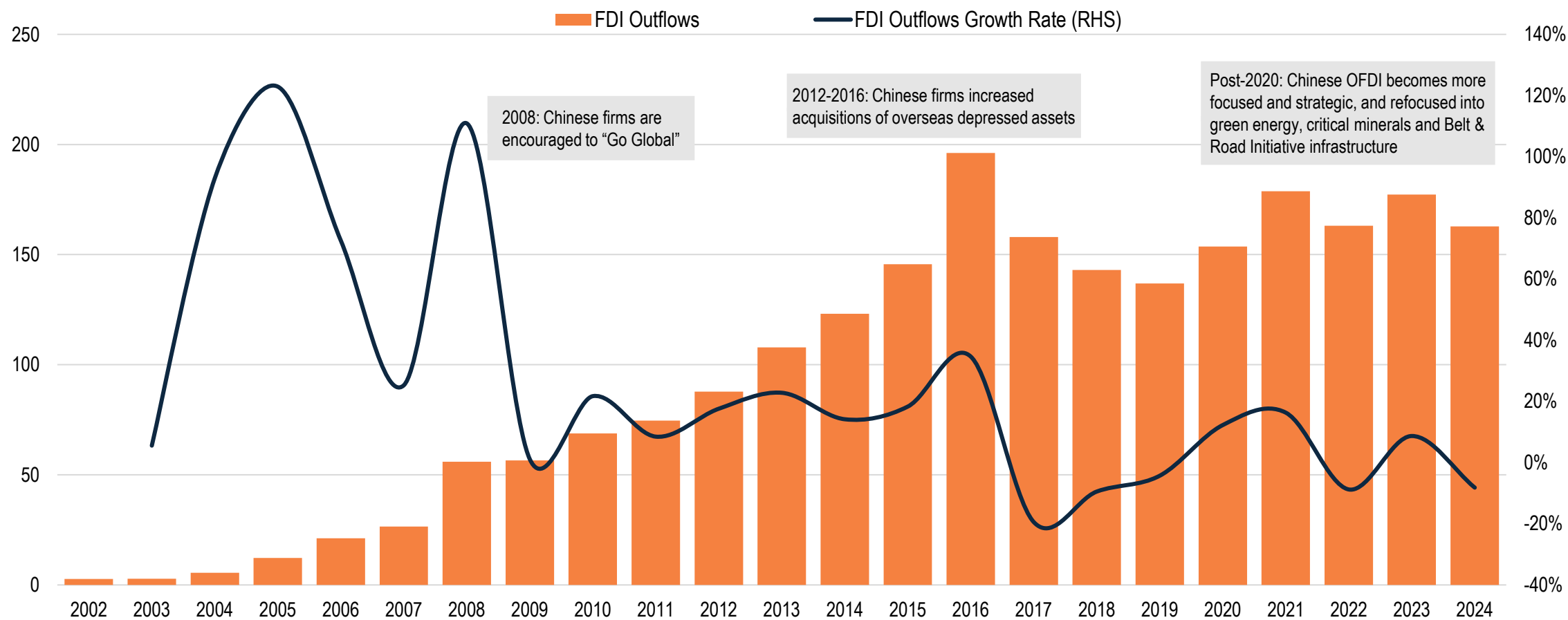
China’s manufacturing sector receives the bulk of FDI inflows. Current FDI guidelines in China include incentives for foreign companies to invest in high-end manufacturing, technology and service sectors

China FDI Inflows by Sector, USD bn (2004-2023)



China's FDI outflows expanded rapidly from 2008, peaked in 2016 and mostly trended downward in subsequent years, falling by 8% y-o-y in 2024 due to capital controls and policy tightening imposed by government regulators to refocus outward investment

China FDI Outflows, USD bn (2002-2024)

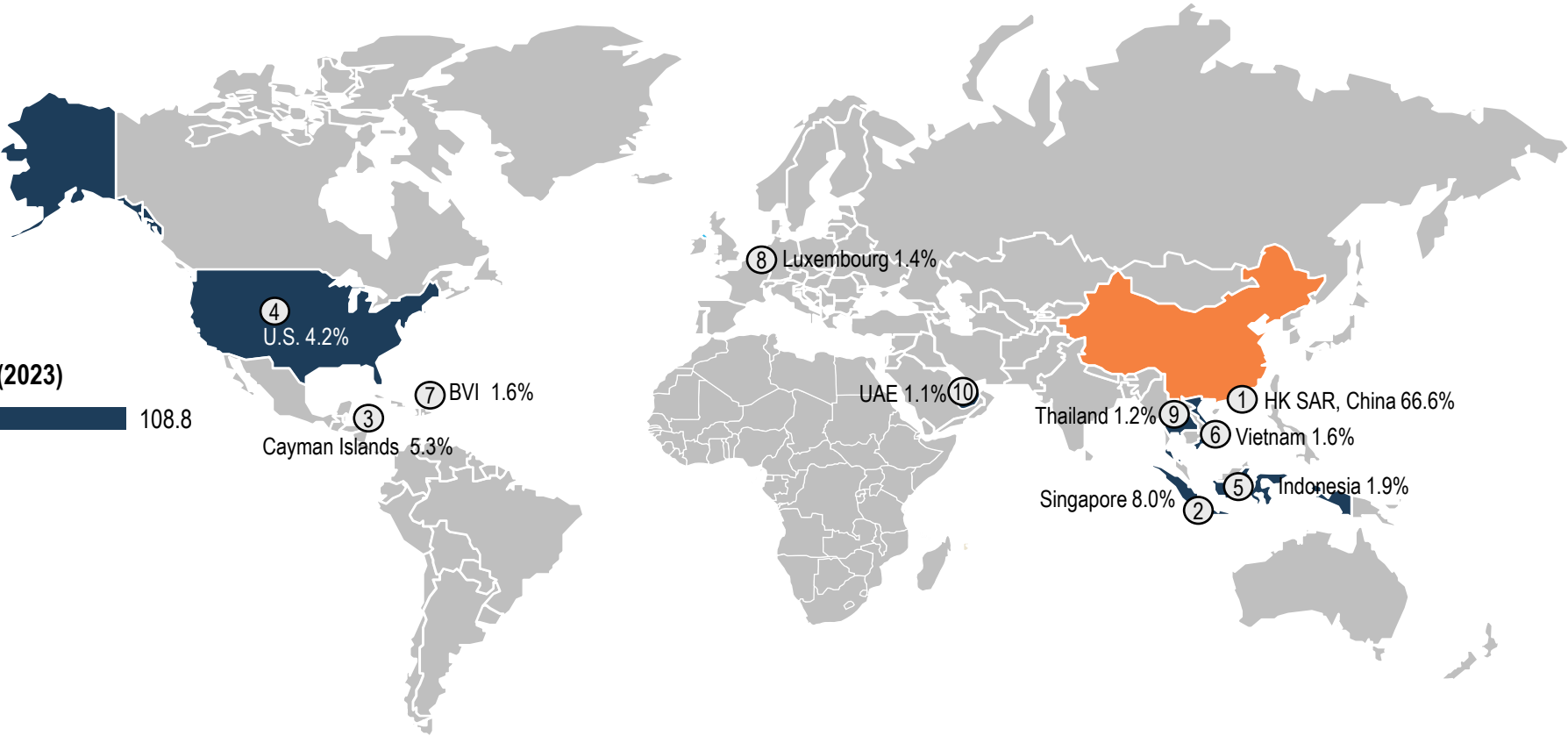


China's FDI outflows extend to all continents, but international financial centres received the bulk of outflows in 2023, mostly Hong Kong SAR, followed to a lesser extent by Singapore and the Cayman Islands

China FDI Outflows by Destination Country, % (2023)

Top 10 Recipients of Chinese FDI, USD bn (2023)

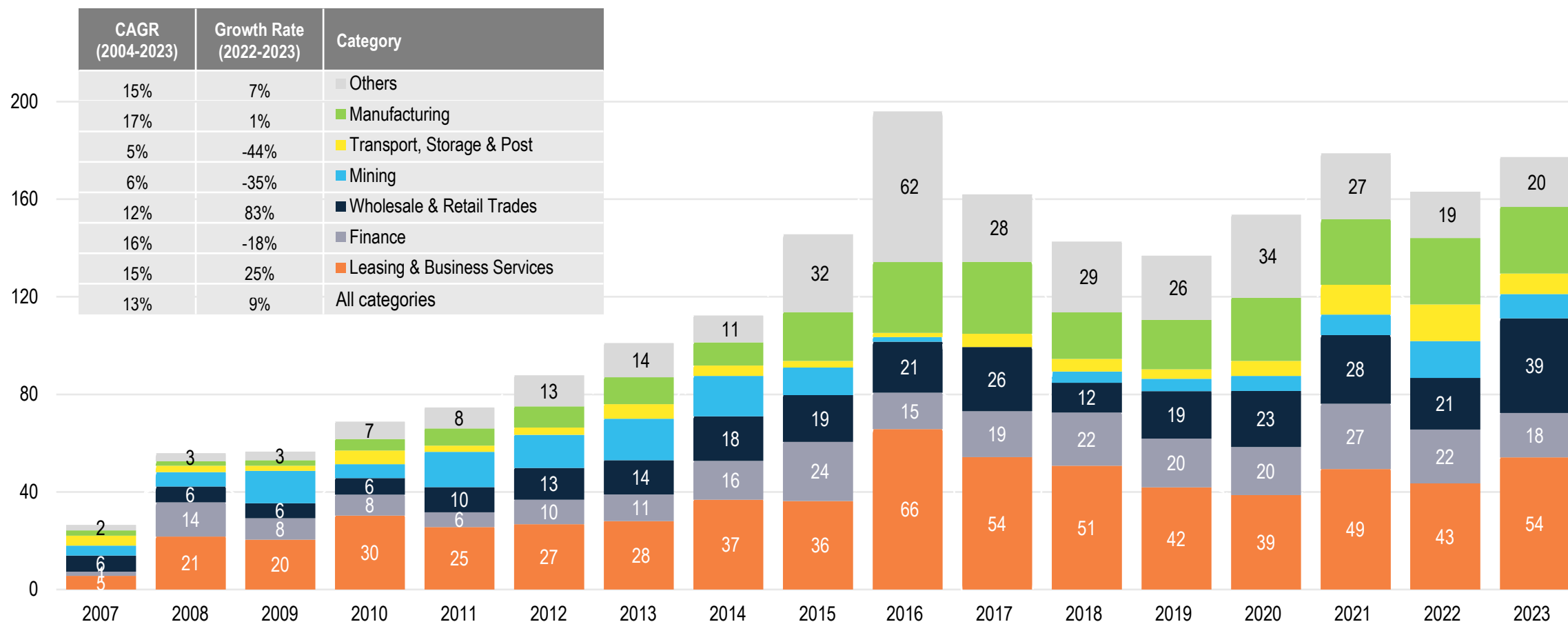
HK SAR, China	108.8
Singapore	13.1
Cayman Islands	8.7
U.S.	6.9
Indonesia	3.1
Vietnam	2.6
British Virgin Islands (BVI)	2.6
Luxembourg	2.3
Thailand	2.0
UAE	1.8





Leasing & Business Services has been the top sector for Chinese OFDI, driven by investment platforms and holding companies in Hong Kong and offshore financial centres. Wholesale & Retail Trades is the main focus in Africa and ASEAN, and Manufacturing in ASEAN and South Asia

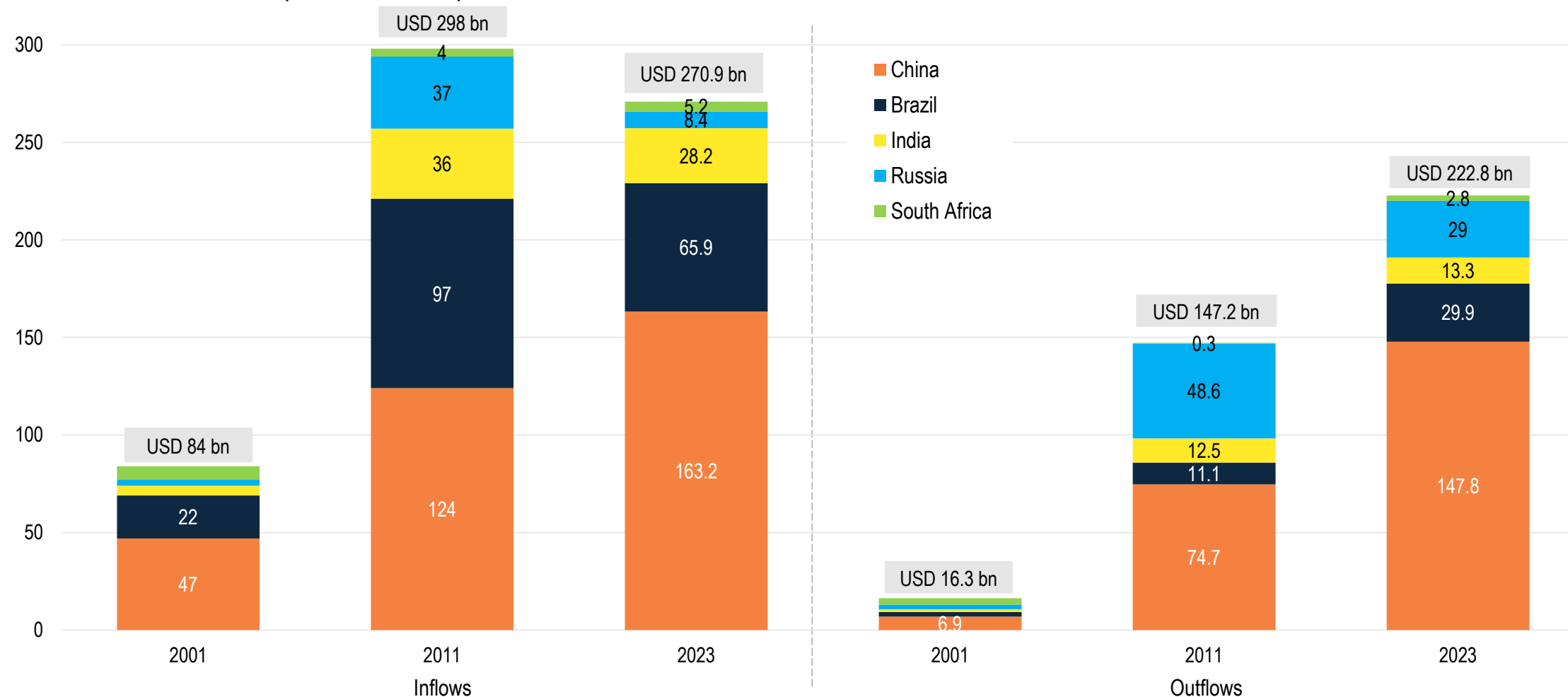
China FDI Outflows by Sector, USD bn (2007-2023)



Source: MOFCOM, National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis. Note: 1. In 2017, the outward investment flow in mining decreased to -USD 3.7 billion and is therefore not included in the CAGR calculation. 2. Business services include investment in holding companies, regional headquarters and Special Purpose Vehicles (SPVs), often established in offshore financial centres from where investments are made in other countries and sectors. Finance encompasses investments in the banking industry, including bank branch offices, bank-affiliated institutions, bank representative offices and insurance institutions. Wholesale and retailing, transportation, warehousing and postal services are closely linked with China's export and import activities.

China has been the largest recipient and source of FDI among the BRICS countries, with significant increases in inflows and outflows from 2001 to 2023. Investment inflows in other BRICS countries mostly declined over this period, and outflows rose marginally (except Russia)

BRICS FDI Flows, USD bn (2001, 2011, 2023)





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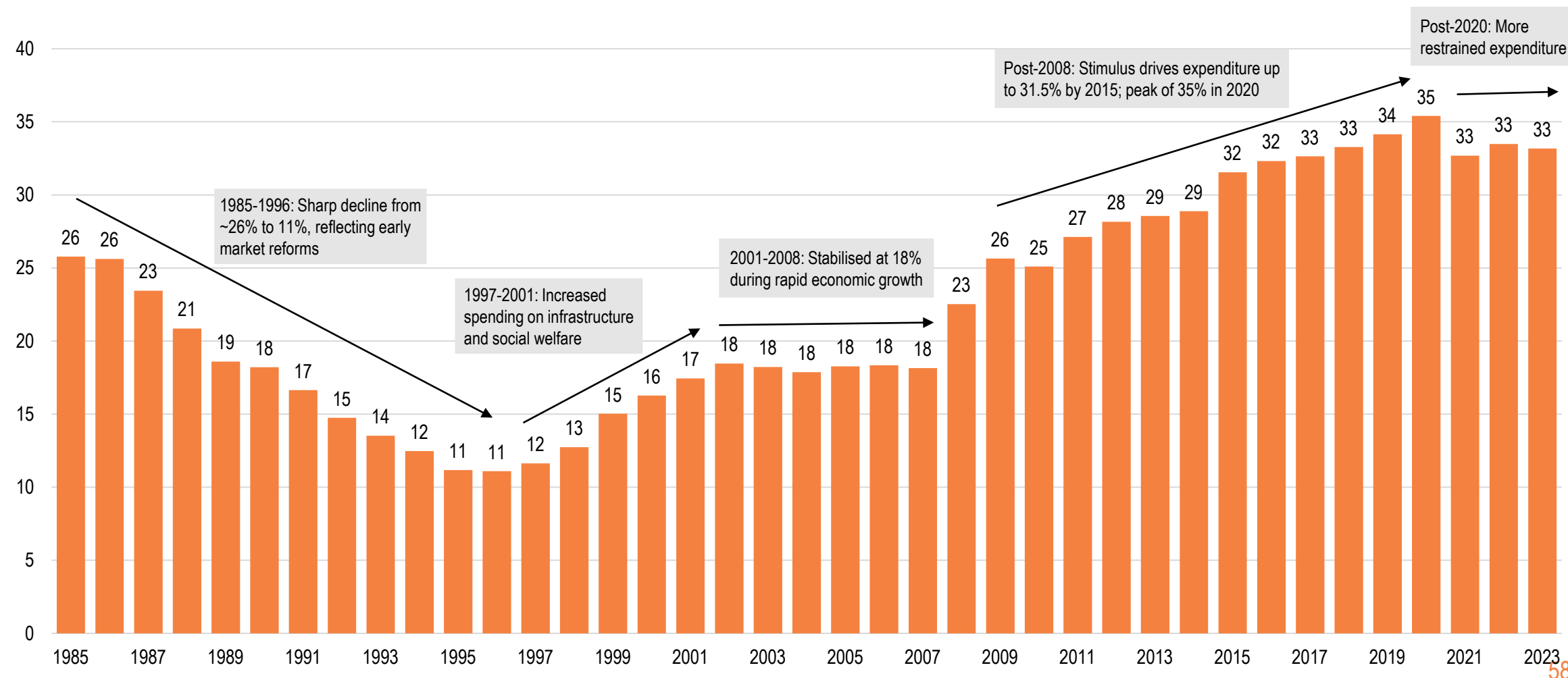
## 5. Conclusions, Implications and Recommendations





China's government expenditure increased from the mid-1990s, especially from the Global Financial Crisis of 2008-2009, in line with rapid economic growth and the government's active role in steering development, and peaked in 2020 with COVID-19-related fiscal responses

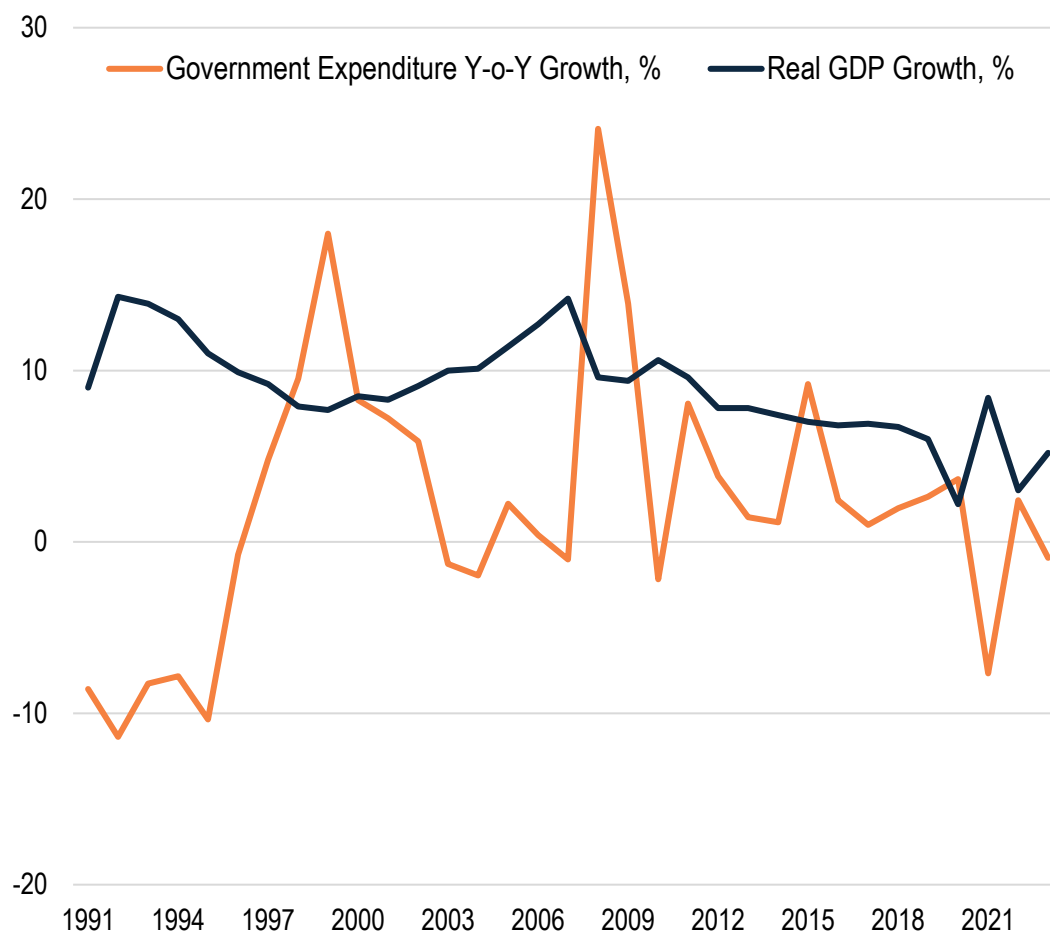
China Government Expenditure, % of GDP (1985-2023)





Government spending growth has been highly volatile, with sharp increases (+18% in 1999 and +24.1% in 2008) and austerity-driven declines (-7.7% in 2021). China avoided aggressive stimulus post-COVID-19 and expenditure became more restrained post-2020

China Government Expenditure Y-o-Y Growth and Real GDP Growth, % (1991-2023)

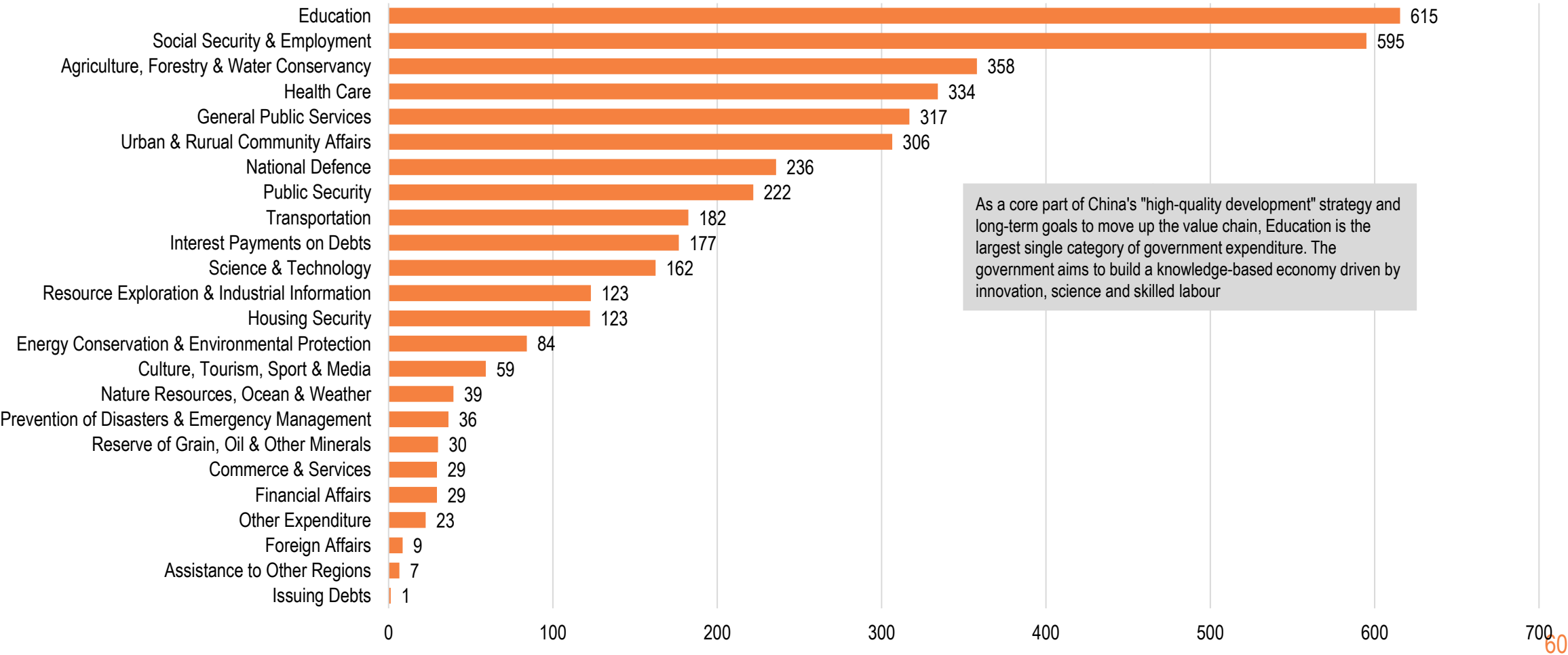


### Key Highlights of China Government Expenditure

- China's GDP growth structurally slowed from 14.3% (1992) to 5.2% (2023), reflecting a shift from investment-led to consumption-driven growth.
- Government spending played a crucial role in maintaining economic stability, especially during crises (e.g., the 2008-2009 Global Financial Crisis and the 2020 COVID-19 pandemic), but it has become more restrained post-2021 due to rising debt concerns.
- Unlike previous crises, China avoided aggressive stimulus post-COVID-19, signalling a policy shift toward fiscal discipline and debt control, despite slowing GDP growth.
- The correlation between government spending and GDP growth has increased since 2008, but recent fiscal caution raises questions about China's ability to use spending as a growth driver.
- Future growth will likely depend on structural reforms, such as boosting consumption, managing local government debt and adopting tech-driven industrial policies, rather than pure fiscal expansion.
- China's fiscal strategy remains uncertain. In the coming years, targeted stimulus, local government debt restructuring and shifts in industrial policy could signal the direction of government spending.

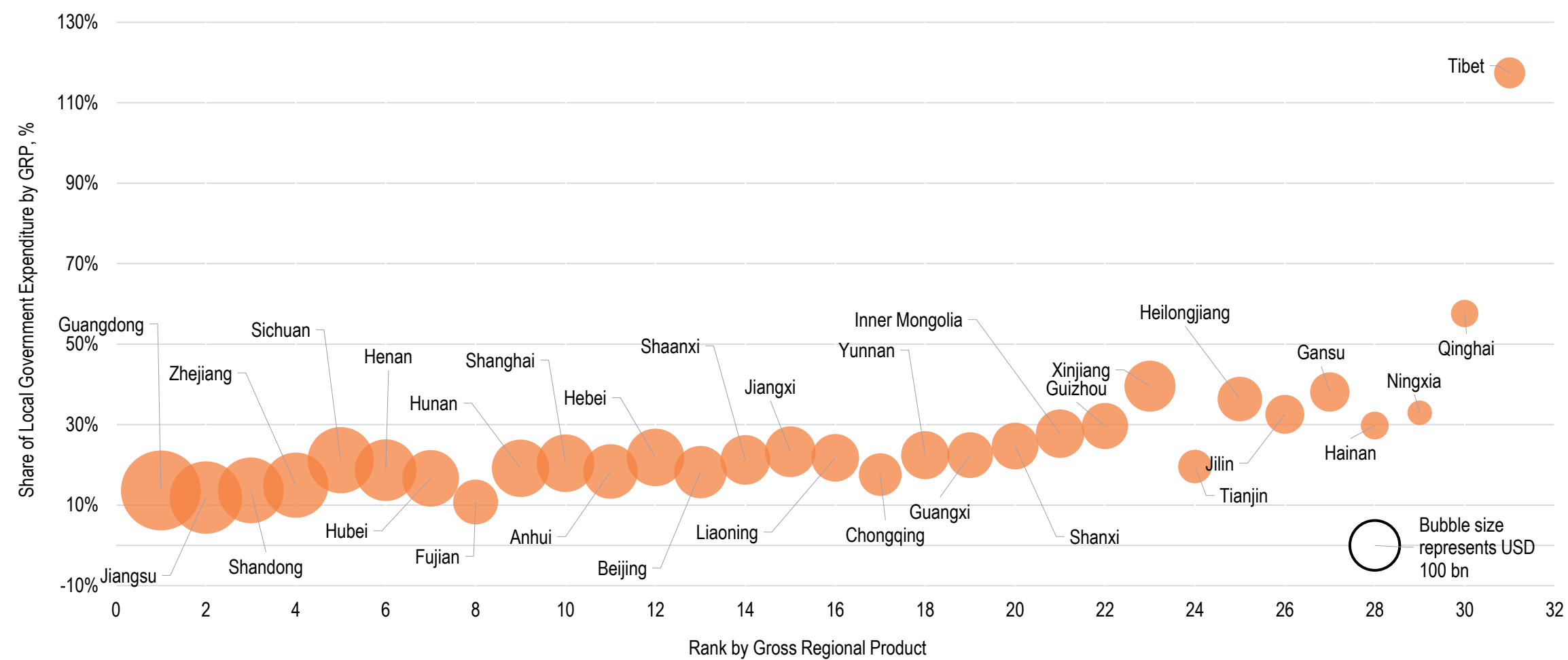
China's public expenditure prioritises welfare and development, with USD 615.4 billion spent on Education in 2023 and USD 595 billion on Social Security & Employment. The government spends more on healthcare and public services than on National Defence and Public Security

China Public Expenditure by Sector, USD bn (2023)



Local government expenditure focuses more on infrastructure development, social services and economic stimulus measures. Guangdong's local government expenditure, for example, is mainly aimed at high-quality development, public services and urban-rural integration

China Local Government Expenditure by Province, Autonomous Region and Municipality, USD bn (2023)



Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis. Note: GRP: Gross Regional Product.



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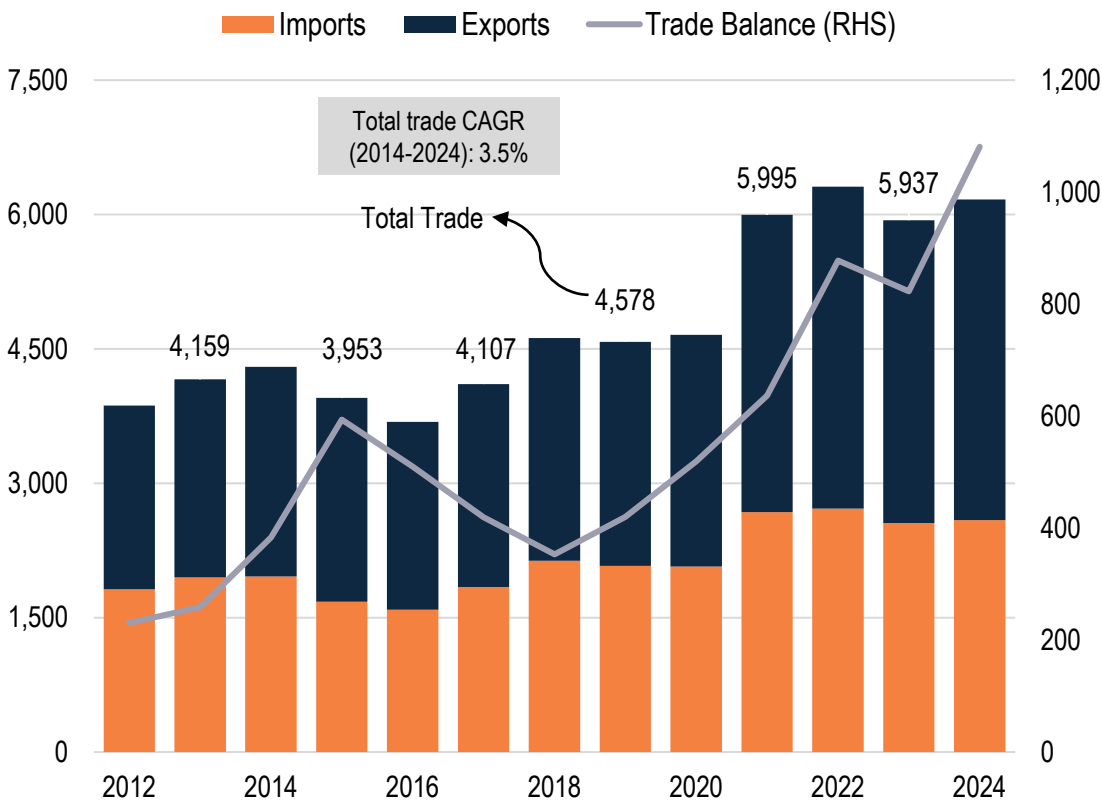
## 5. Conclusions, Implications and Recommendations





China is the world’s largest exporter and second-largest importer (after the U.S.). China’s total trade in 2024 exceeded USD 6 trillion—accounting for 13.5% of global trade—focused mostly on Metals, Electronics & Machinery

China Trade with the World, USD bn (2012-2024)



China Trade by Sector, % Share (2024)

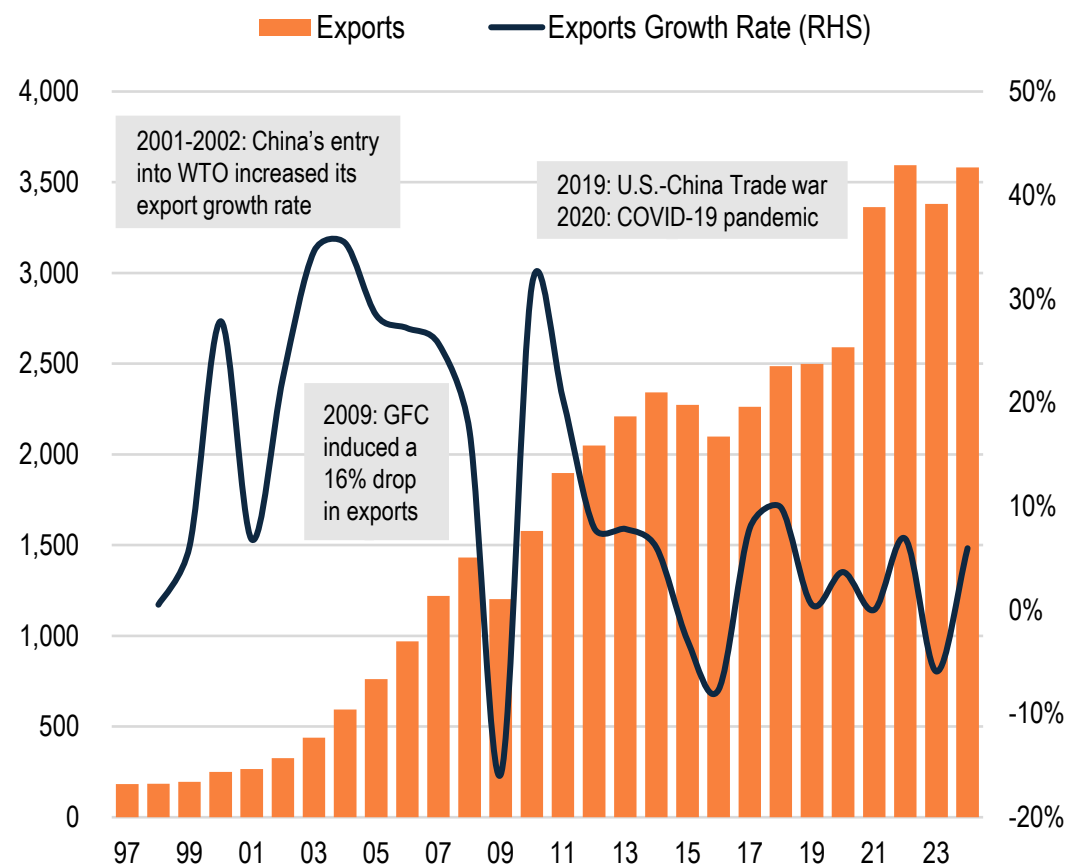
Sr. No.	Category	Imports % Share	Exports % Share
1	Agricultural & Plant-based Goods	4.2	1.3
2	Animal Products & By-products	2.4	0.5
3	Food, Beverages & Tobacco	1.3	1.0
4	Industrial & Specialty Chemicals	2.3	1.8
5	Metals, Electronics & Machinery	42.3	52.5
6	Minerals, Fuels & Chemicals	34.1	5.3
7	Miscellaneous Goods & Articles	6.0	14.0
8	Plastics, Rubber & Related Goods	3.0	5.0
9	Textiles, Apparel & Accessories	1.5	10.3
10	Transport Vehicles & Equipment	2.9	8.2
Total	Exports (USD bn)	3,581	
	Imports (USD bn)	2,588	

Global Imports % Share	10.1	10.5	10.6	10.3	10.0	10.5	11.1	11.1	11.9	12.2	11.1	11.6	11.5
Global Exports % Share	11.5	11.9	12.7	14.1	13.4	13.1	13.1	13.6	15.1	15.3	15.6	15.7	15.9
Global Trade % Share	10.8	11.2	11.6	12.2	11.7	11.8	12.1	12.3	13.5	13.7	13.3	13.7	13.5

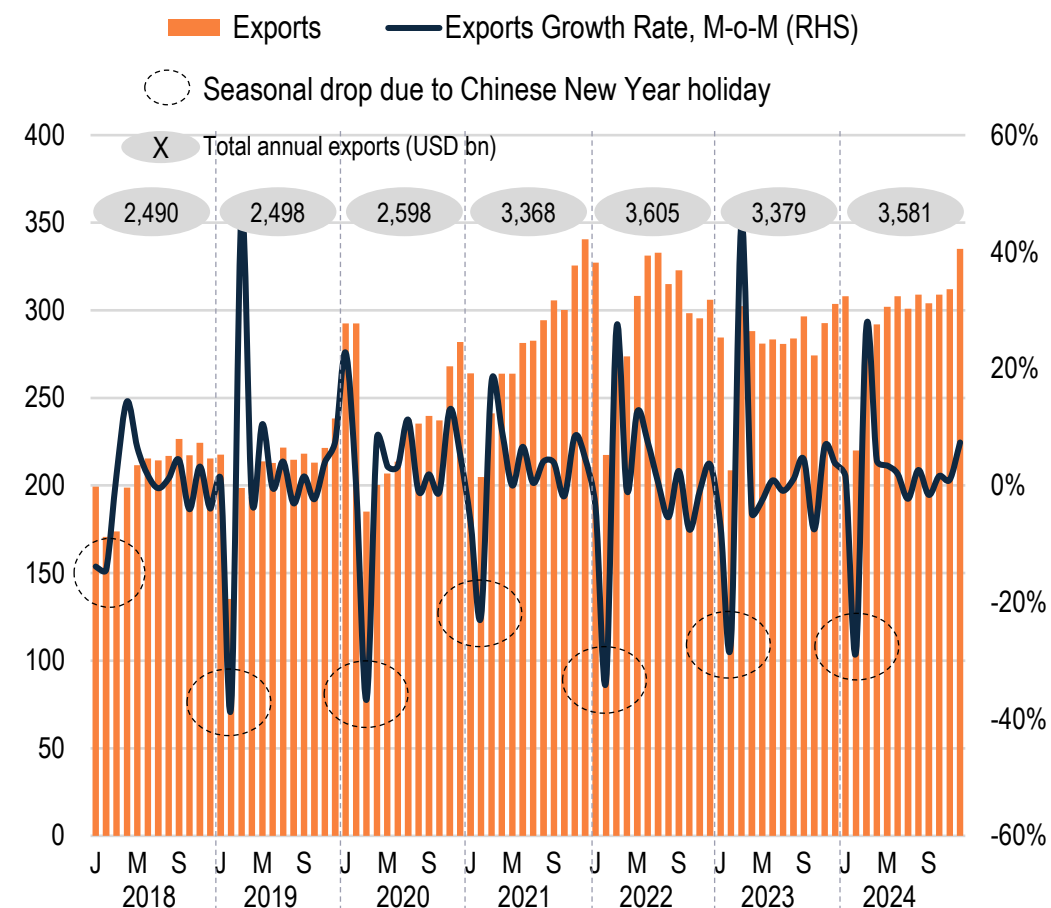
Source: UN Comtrade, ANDAMAN PARTNERS Analysis

China's exports grew gradually from a 2009 low, and picked up strongly in 2021 in a post-pandemic surge, reaching a historic high of USD 3.60 trillion in 2022. In 2024, exports reached nearly the same level again at USD 3.58 trillion

China Annual Exports, USD bn (1997-2024)

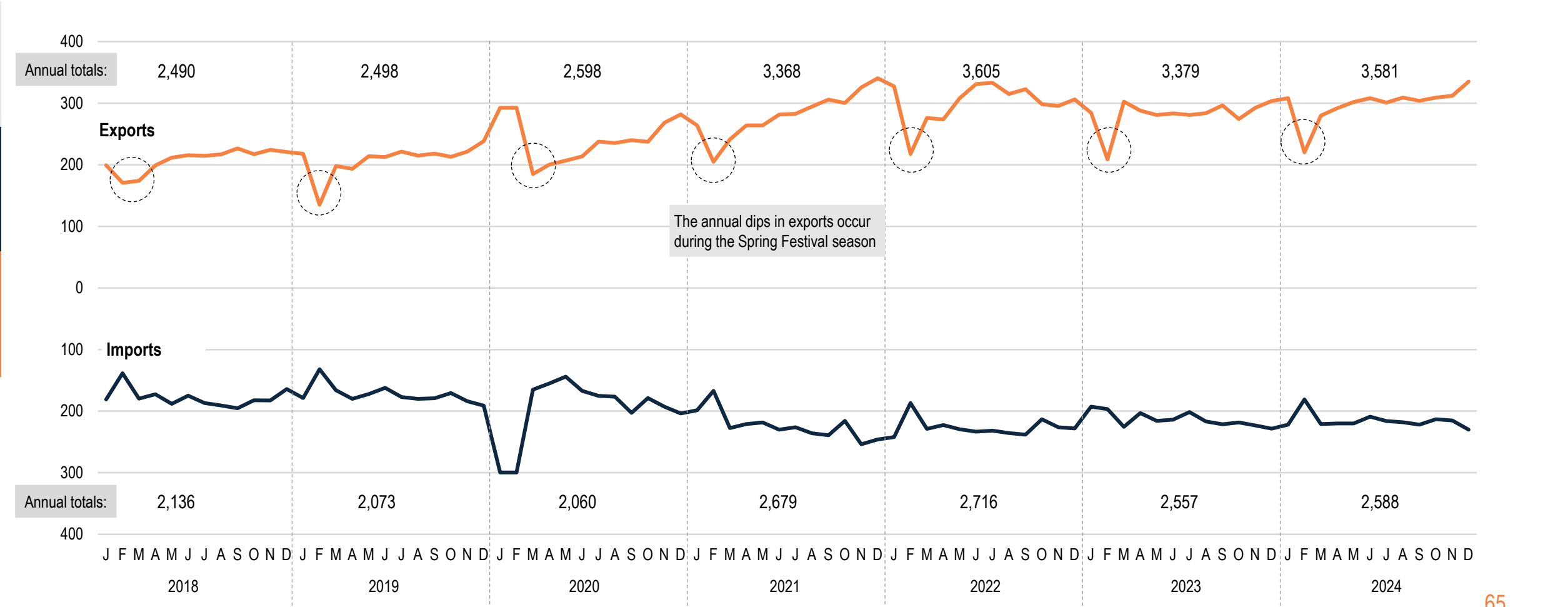


China Monthly Exports, USD bn (2018-2024)



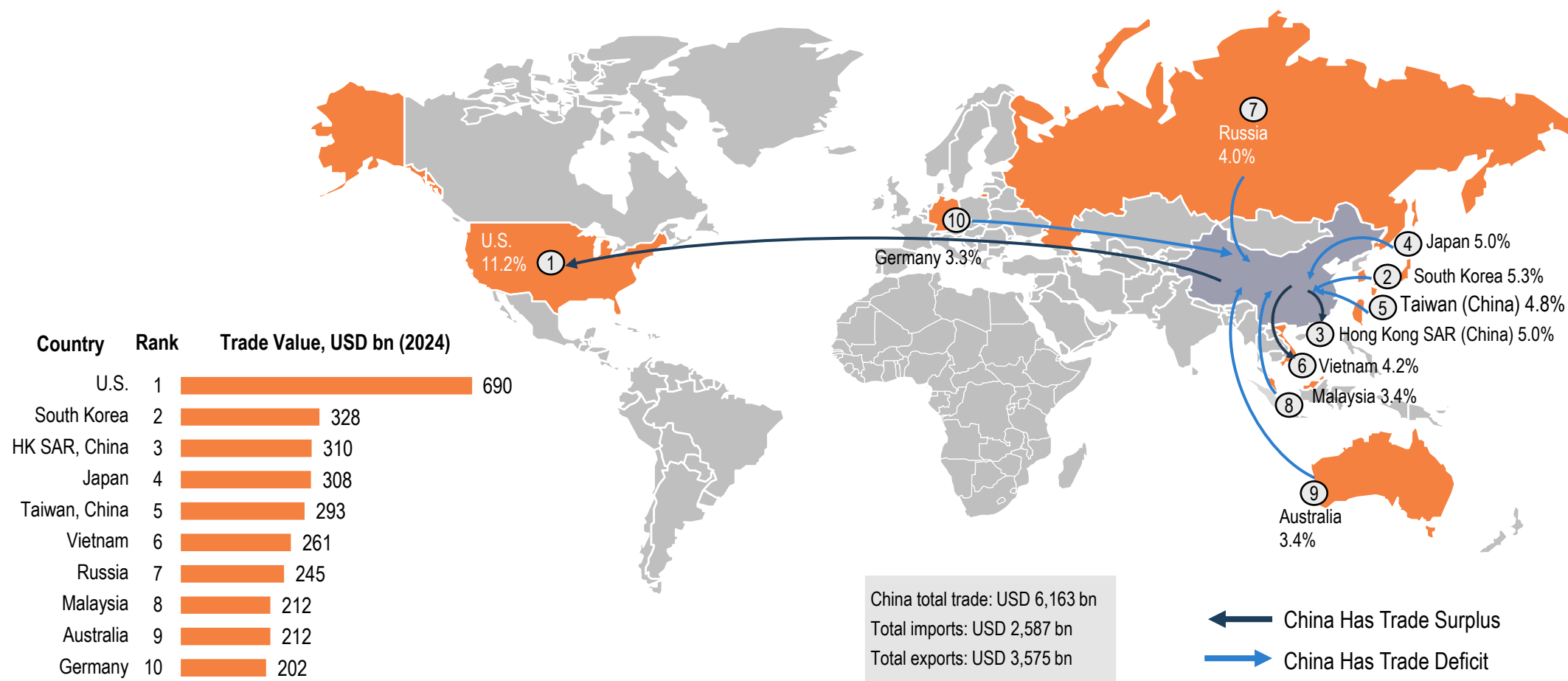
China's monthly exports accelerated from around USD 200 billion in 2018 to well over USD 300 billion in 2024, but imports have remained roughly at the USD 200 billion level over this period, dropping from above USD 200 billion to below this level in 2021

China Monthly Exports and Imports, USD bn (2018-2024)



In 2024, China's total trade amounted to USD 6.1 trillion, 31.3% of which was with the U.S., South Korea, Hong Kong SAR, Japan and Taiwan (China). The U.S., China's largest trading partner, accounted for USD 690 billion, or 11.2% of China's total trade in 2024

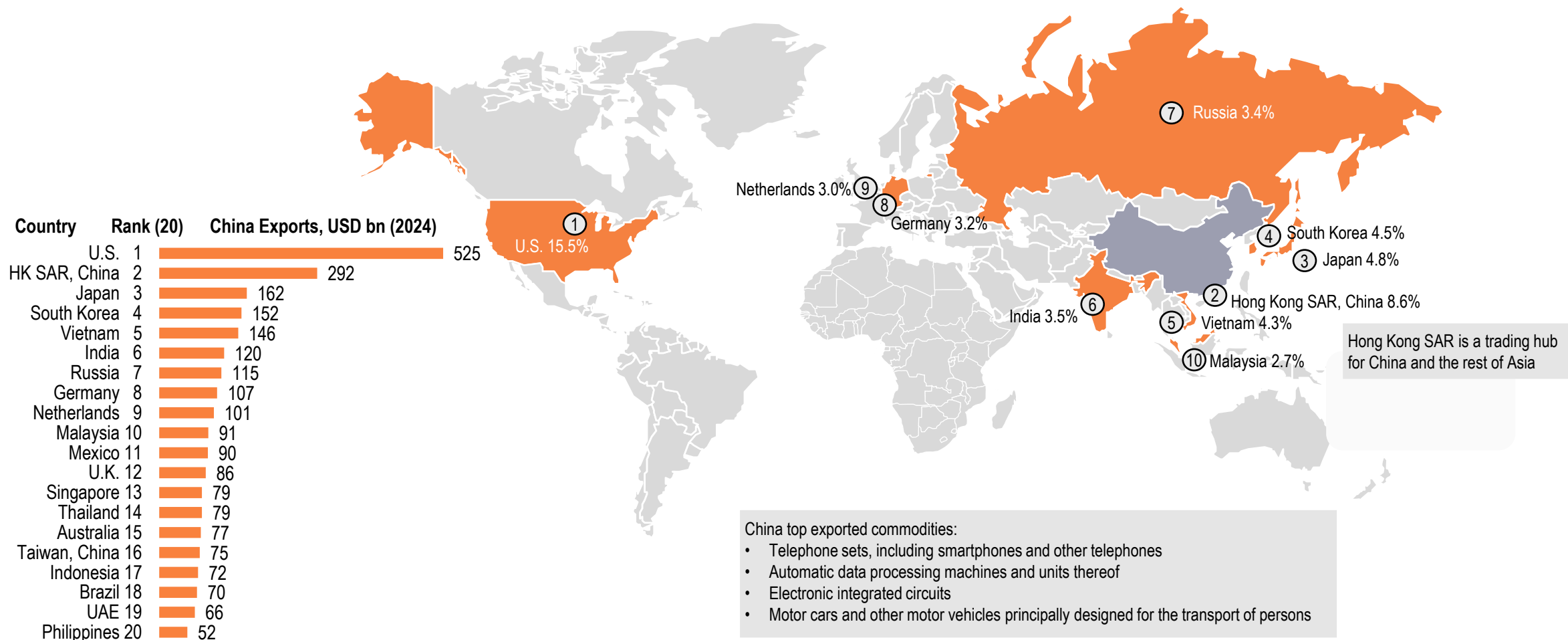
### China Largest Trading Partners, % Share (2024)





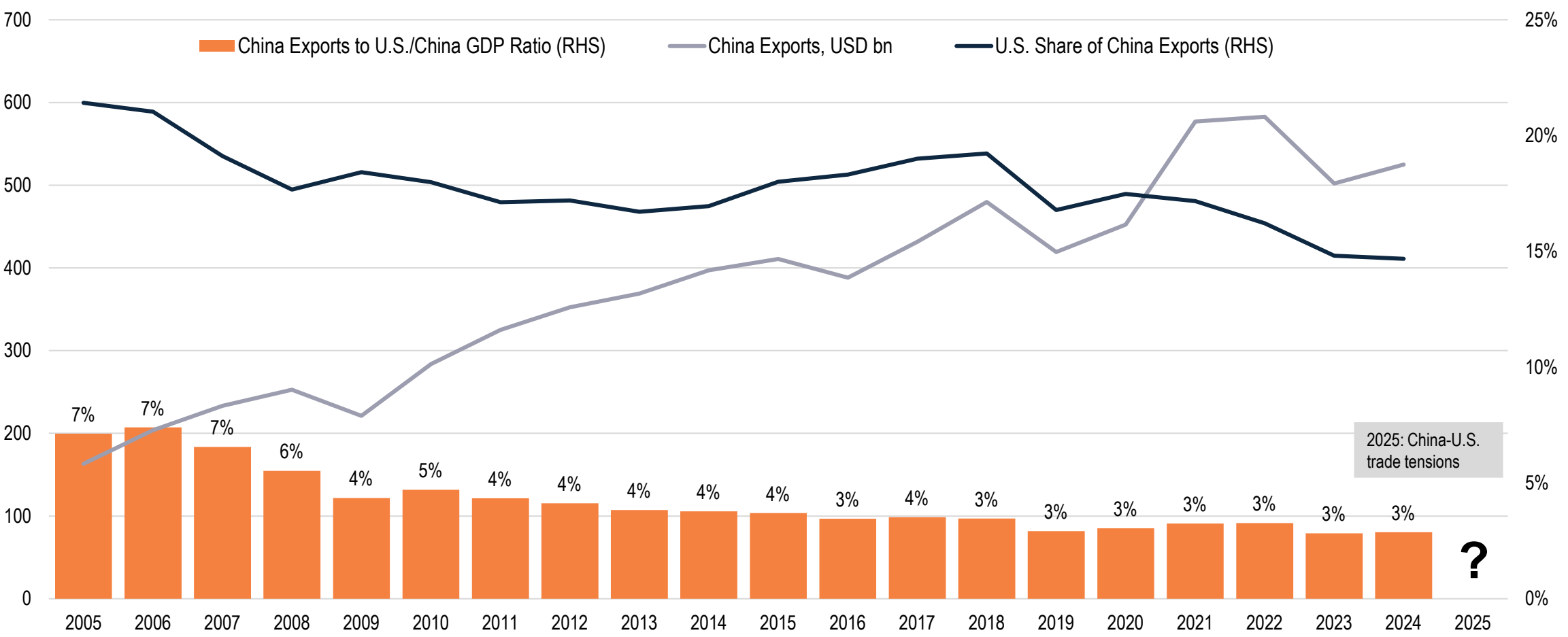
In 2024, China's total exports amounted to USD 3.6 trillion, 38% of which went to its top 5 export partners: the U.S., Hong Kong SAR, Japan, South Korea and Vietnam; 76% of China's exports went to the top 20 partners

### China Top Ten Export Destinations and Export Share by Country, USD bn (2024)



Exports to the U.S. accounted for 3% of China's GDP in 2024, down from 7% in 2007 but still significant. The tariffs imposed by the U.S. on China under the second administration of Donald Trump may significantly impact China's GDP growth if China's exports are not diversified

China Exports to the U.S., USD bn and Ratio of China GDP, %, U.S. Share of China Exports, % (2005-2024)



2025: China-U.S. trade tensions

?

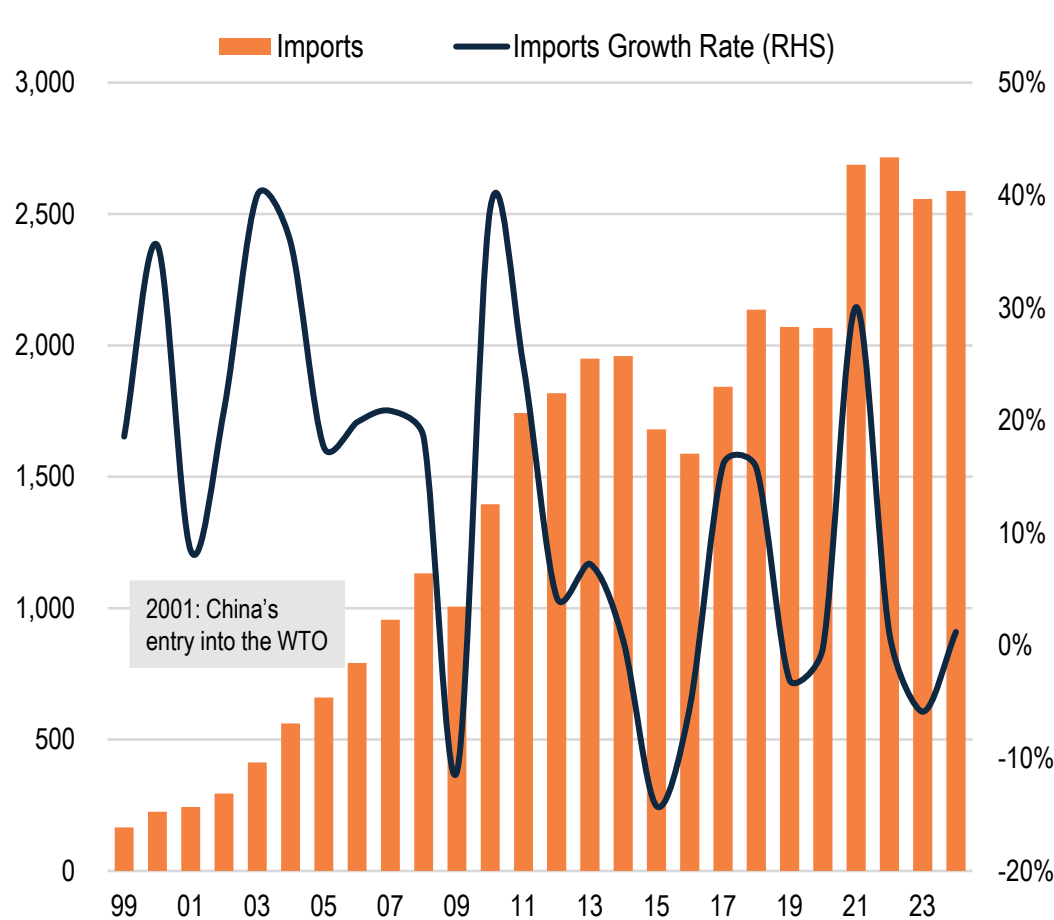
On a regional basis, China's trade with all regions increased from 2005 to 2024; however, South America experienced the largest growth as China's import partner, with Chinese exports expanding 13 times between 2005 and 2024. Exports to the Middle East also grew rapidly

#### China Exports by Region, USD bn (2005 & 2024)

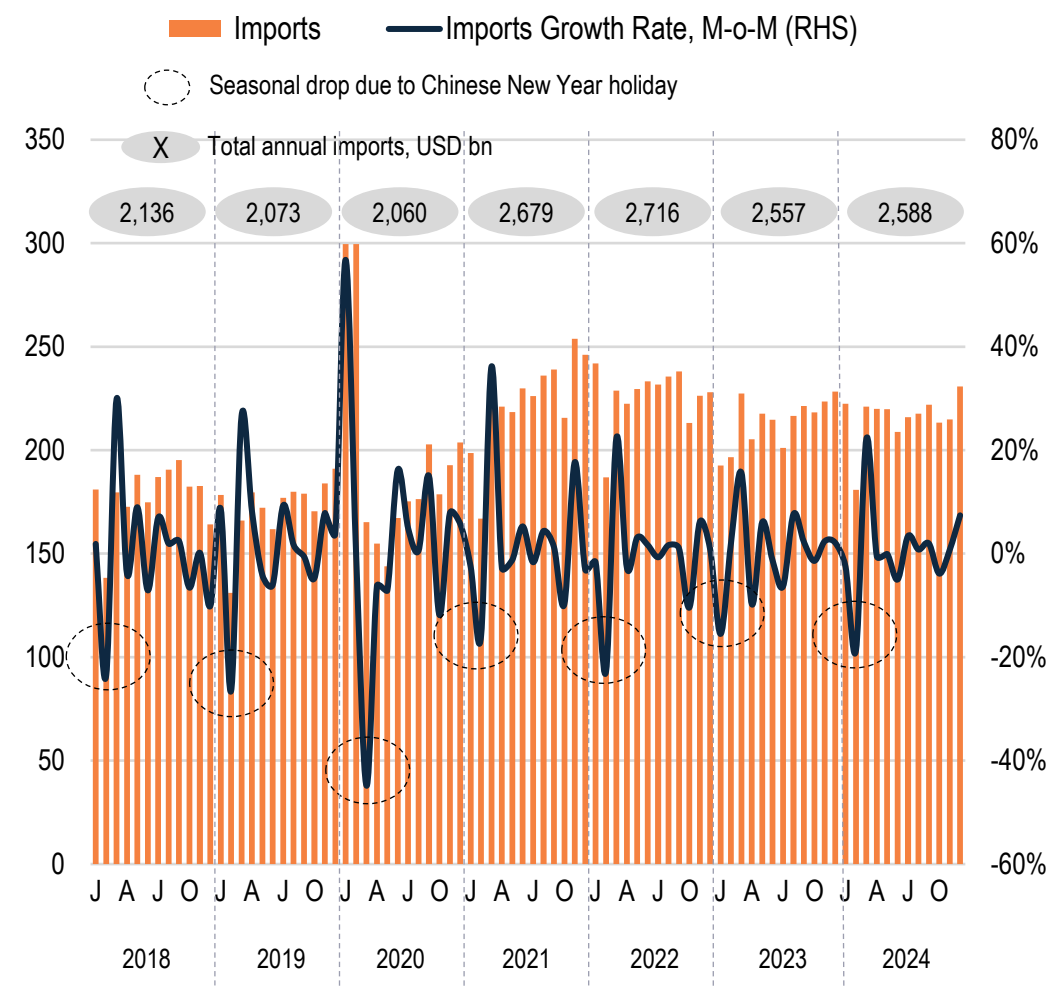
Importing Region	China Exports, USD bn (2005)	China Exports, USD bn (2024)	Growth Factor (2005 vs 2024)
Asia	271.13	1,121.18	4.14×
North America	180.37	661.40	3.67×
Europe	100.76	368.00	3.65×
Middle East	12.55	115.46	9.20×
South America	6.15	81.34	13.23×
Oceania	12.41	78.44	6.32×
Africa	6.13	40.72	6.64×

China's WTO accession in 2001 marked a turning point, leading to exponential growth in imports, which reached a record high of over USD 2.7 trillion in 2022, although the import growth rate has fluctuated over the years

China Annual Imports, USD bn (1999-2024)



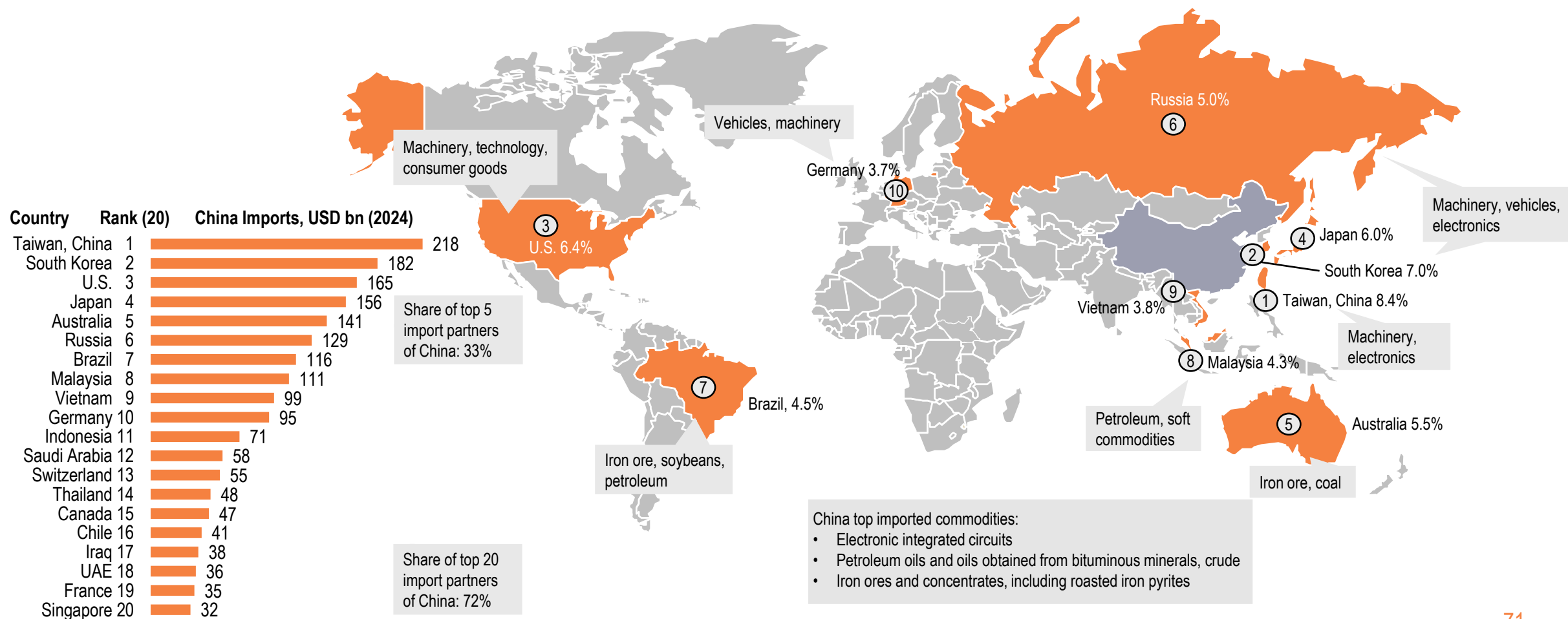
China Monthly Imports, USD bn (2018-2024)





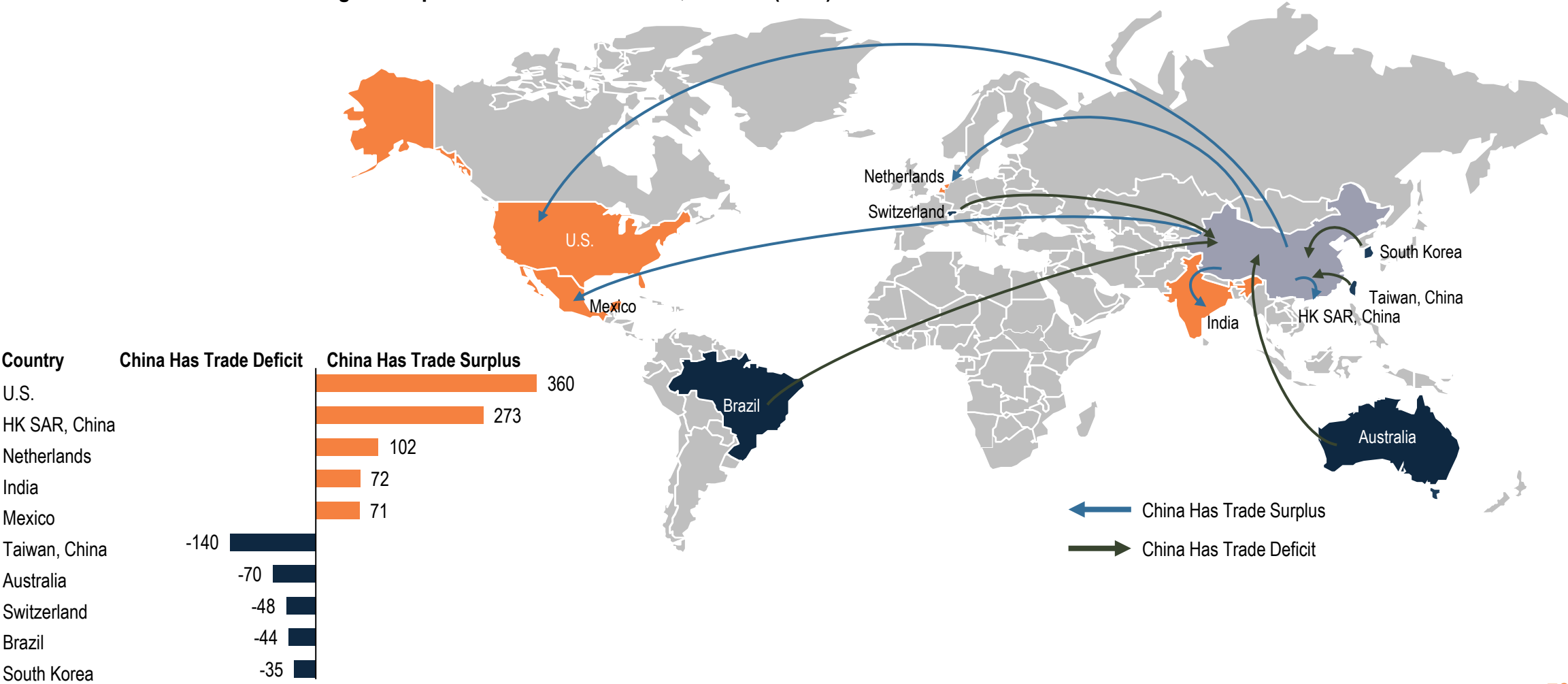
In 2024, China's total imports amounted to USD 2.6 trillion. As of 2023, Taiwan (China), the U.S., South Korea, Japan and Australia are China's top sources of imports, accounting for over 33% of total imports. 20 countries accounted for 72% of China's total imports

Top Ten Countries of Origin for China's Imports, Country Import Share and China Major Imported Commodities, % (2024)



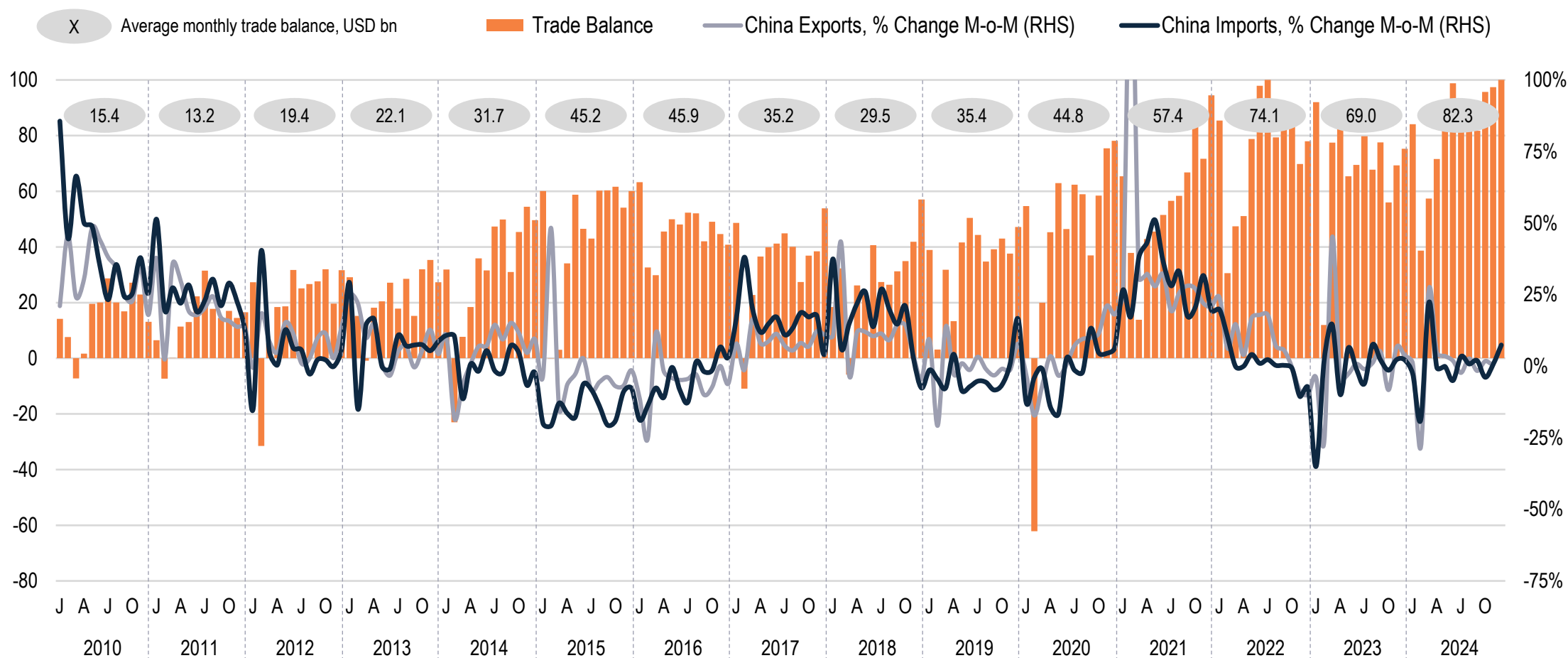
In 2024, China had a trade surplus of USD 988 billion. China had a large trade surplus with both Hong Kong SAR and the U.S., but large trade deficits with Taiwan (China), Australia, Switzerland and Brazil, from which it imports high-value goods such as semiconductors and luxury products

China Trade Balance with Five Largest Surplus and Deficit Countries, USD bn (2024)



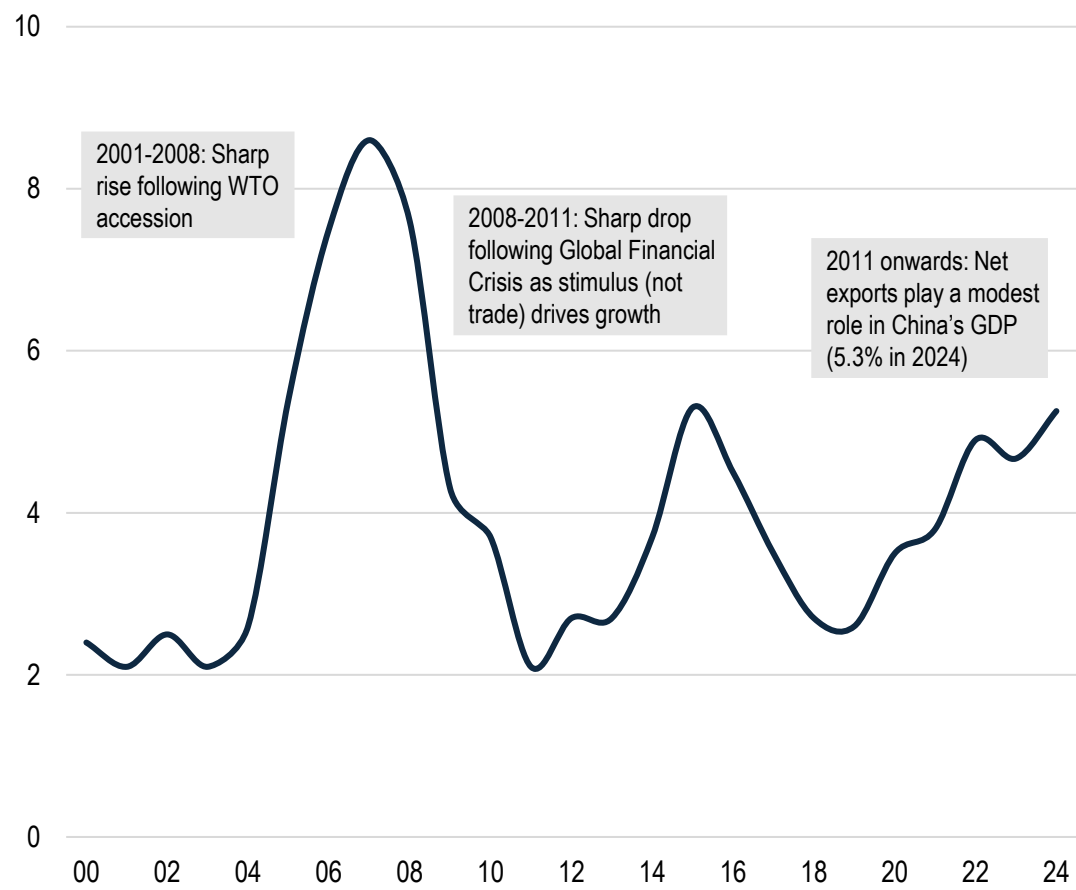
China usually maintains a positive monthly trade balance, except during the annual Spring Festival holidays. Otherwise, China only experienced occasional trade deficits, the largest of which occurred at the onset of COVID-19 at the beginning of 2020

China Monthly Trade Balance, USD bn (2010-2024)

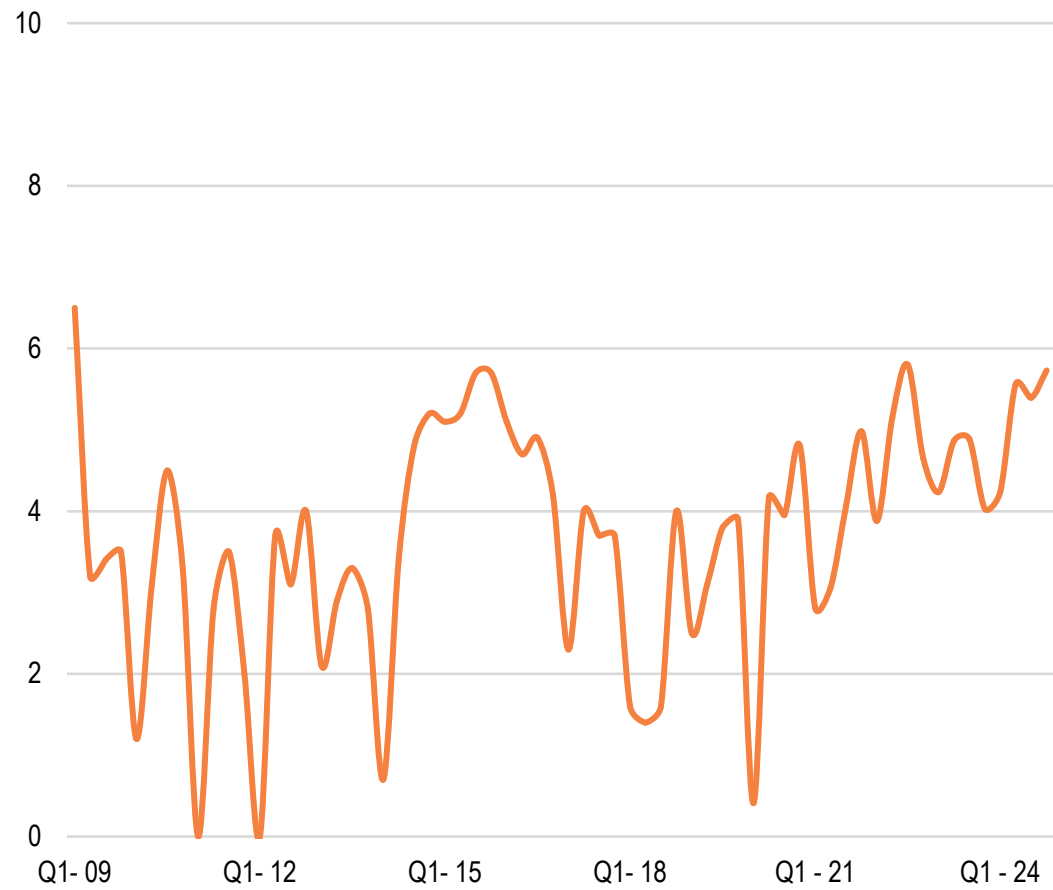


Throughout the 2010s and 2020s, net exports remained a modest contributor to China’s GDP, reflecting efforts to rebalance the economy toward consumption and due in the 2020s to evolving trade tensions with the U.S., China’s largest trade partner until 2018

Share of Net Exports in China’s Annual GDP, % (2000-2024)



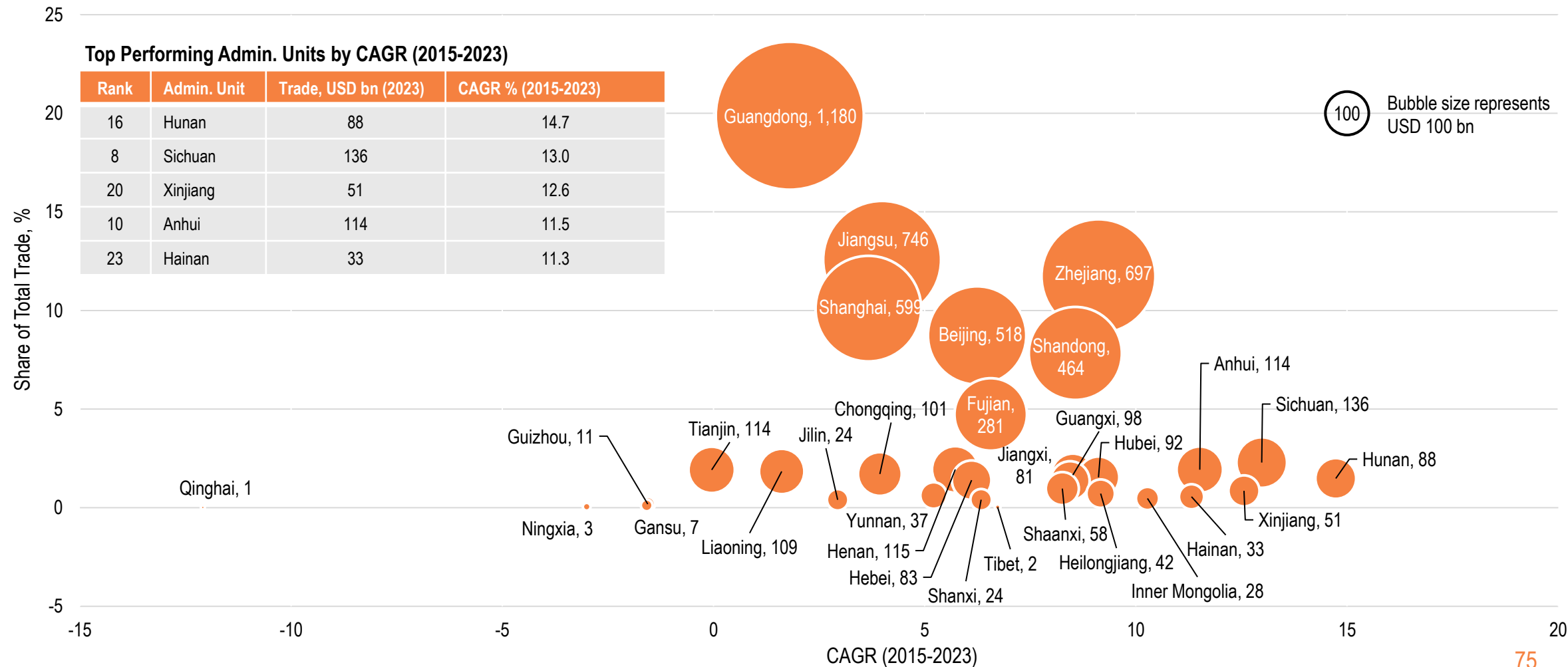
Share of Net Exports in China’s Quarterly GDP, % (Q1 2009-Q4 2024)





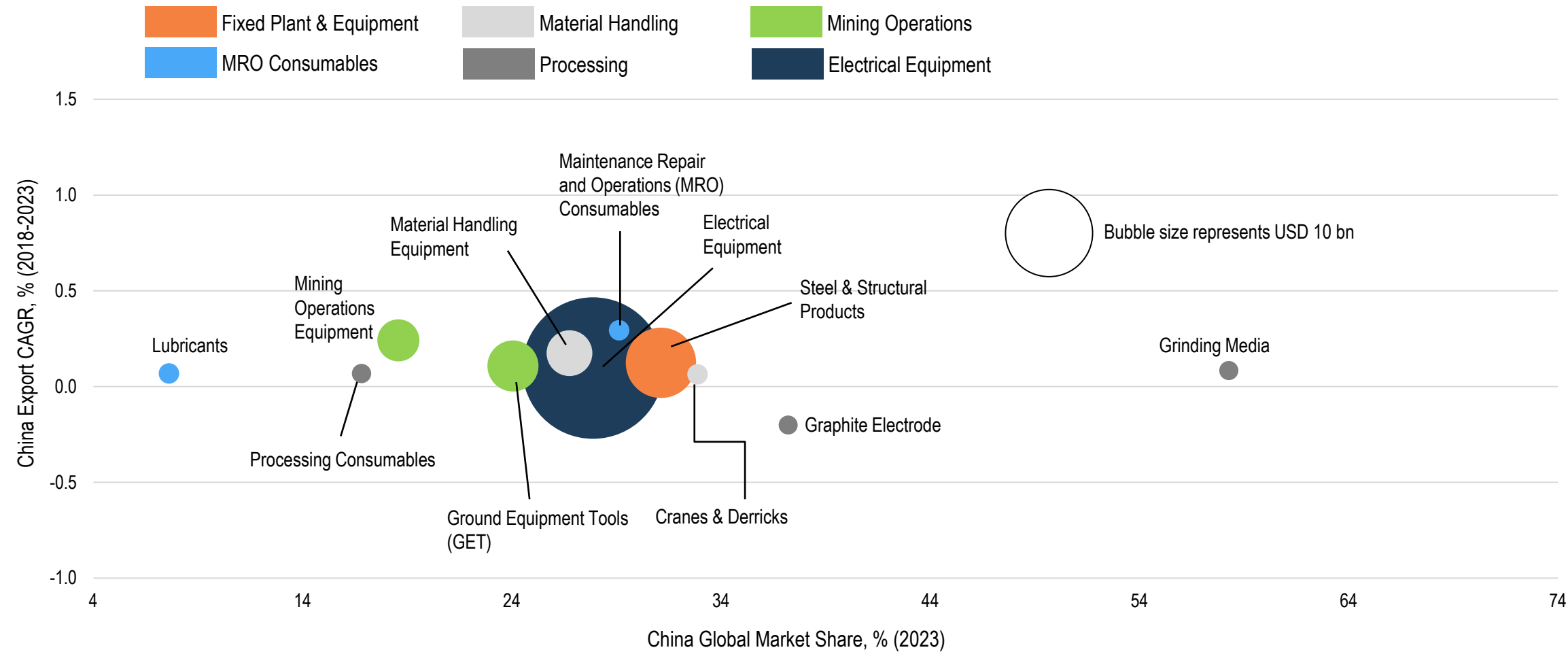
The richer and more populated coastal provinces dominate China's trade, led by Guangdong, followed by Jiangsu, Zhejiang, Shanghai and Beijing. The top 5 provinces accounted for 63% of China's total trade in 2023

Trade by China Province, Autonomous Region and Municipality, USD bn, Share of Total Trade, % (2023), and CAGR (2015-2023)



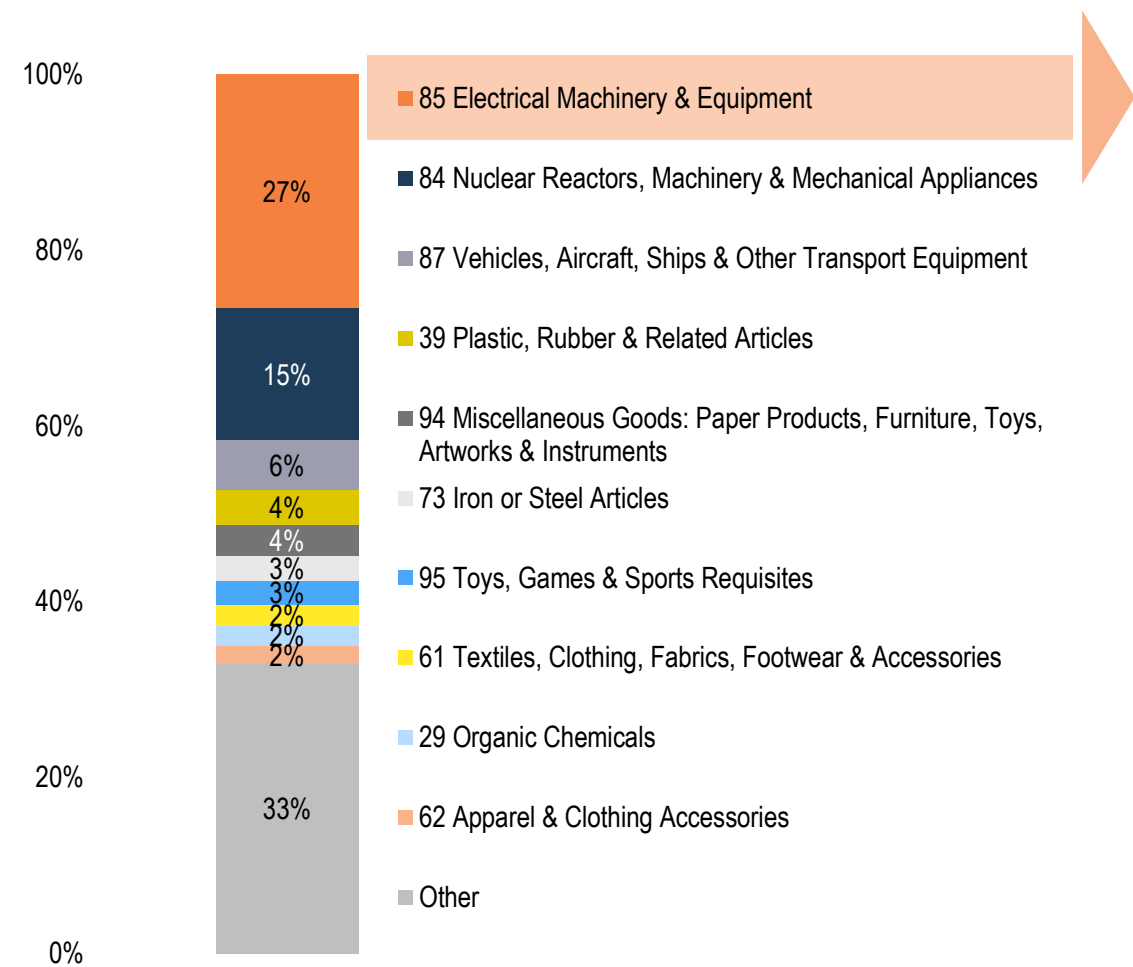
China now controls close to 30% of the global market for electrical mining equipment, reinforcing its dominance in industrial machinery and critical supply chains. In 2023, China exported electrical mining equipment worth USD 14.7 billion, accounting for 28% market share

China Exports of Selected Mining Products and Equipment, USD bn (2023), Market Share, % (2023) and Export CAGR, % (2018-2023)

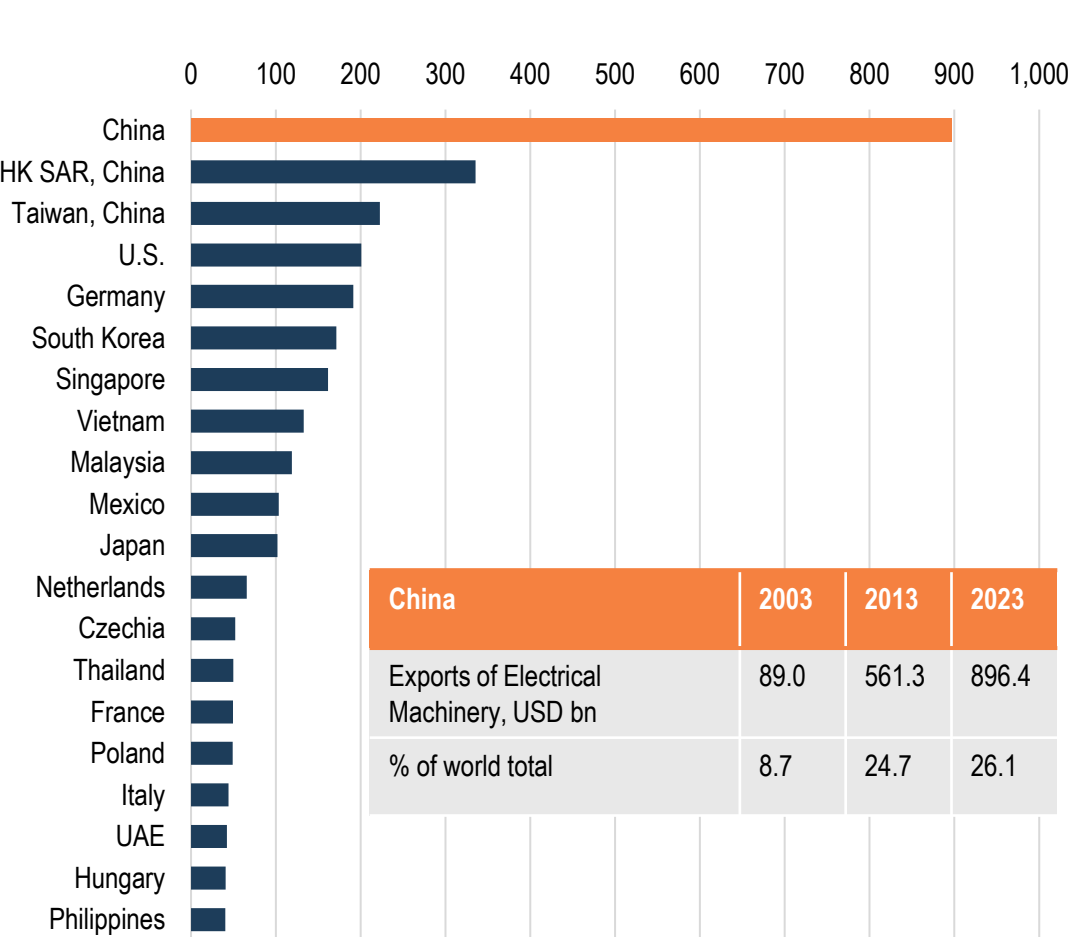


China is the world's largest Electrical Machinery & Equipment exporter. In 2023, China exported a total of USD 896.4 billion, accounting for a market share of 26%, up from 8.7% in 2003

China Top 10 Export Commodities (2023)



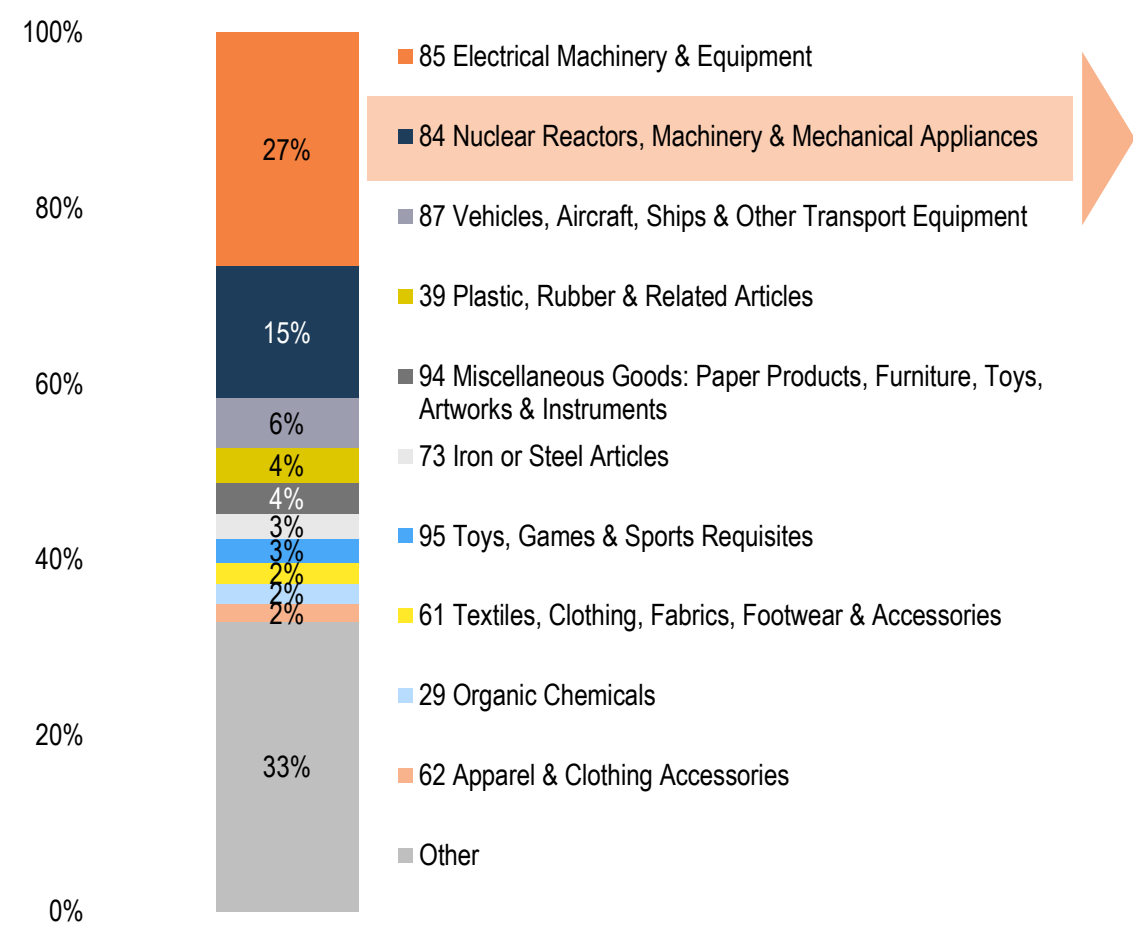
Top 20 Exporters of Electrical Machinery, USD bn (2023)



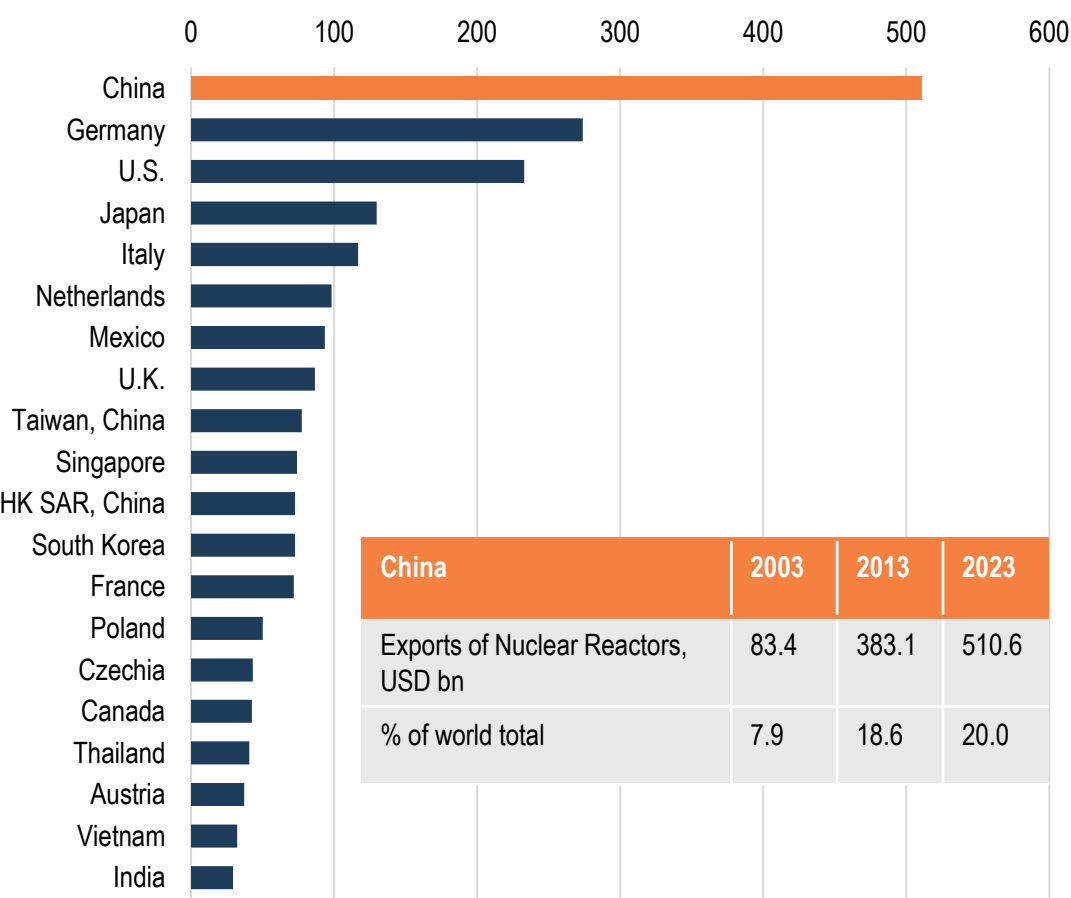
China	2003	2013	2023
Exports of Electrical Machinery, USD bn	89.0	561.3	896.4
% of world total	8.7	24.7	26.1

China is the world's largest exporter of Nuclear Reactors, Machinery & Mechanical Appliances, exporting USD 511 billion in 2023, accounting for a market share of 20%, up from 8% in 2003

China Top 10 Export Commodities (2023)



Top 20 Exporters of Nuclear Reactors, USD bn (2023)

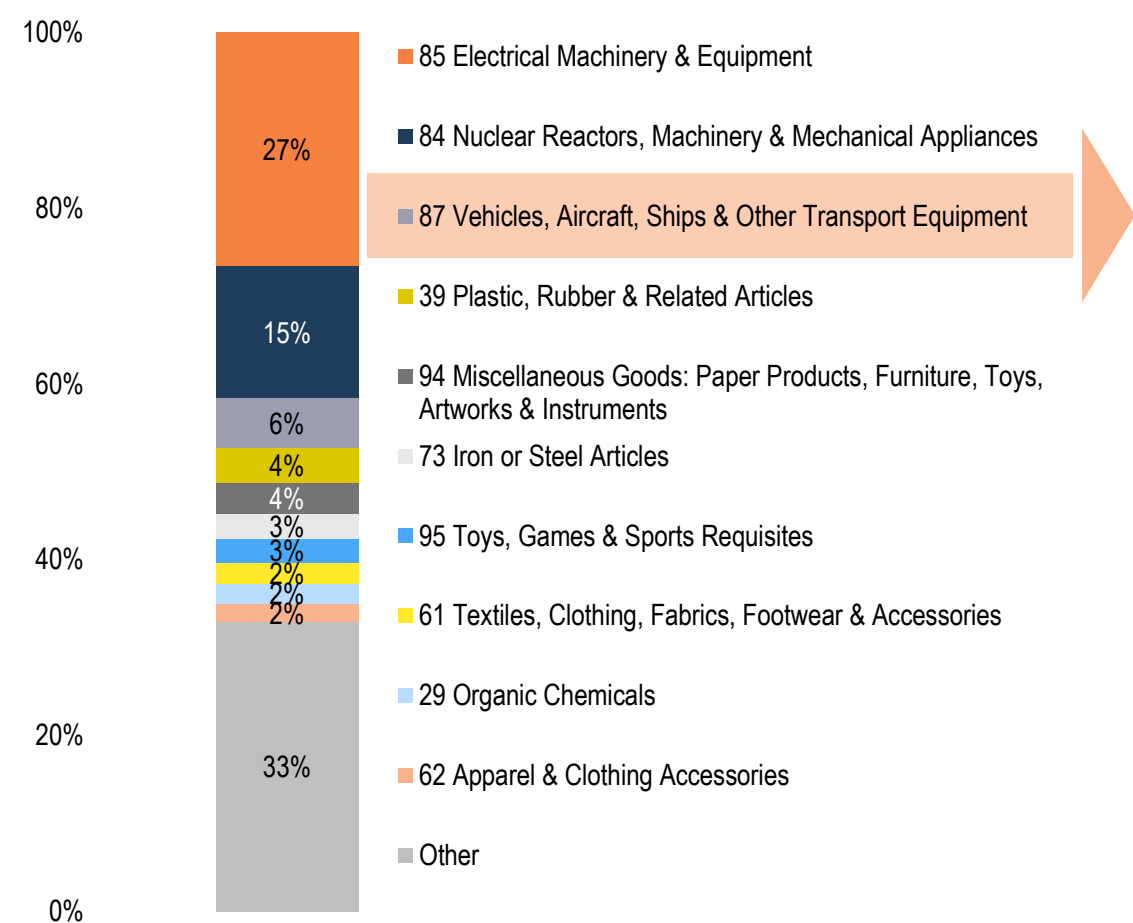


China	2003	2013	2023
Exports of Nuclear Reactors, USD bn	83.4	383.1	510.6
% of world total	7.9	18.6	20.0

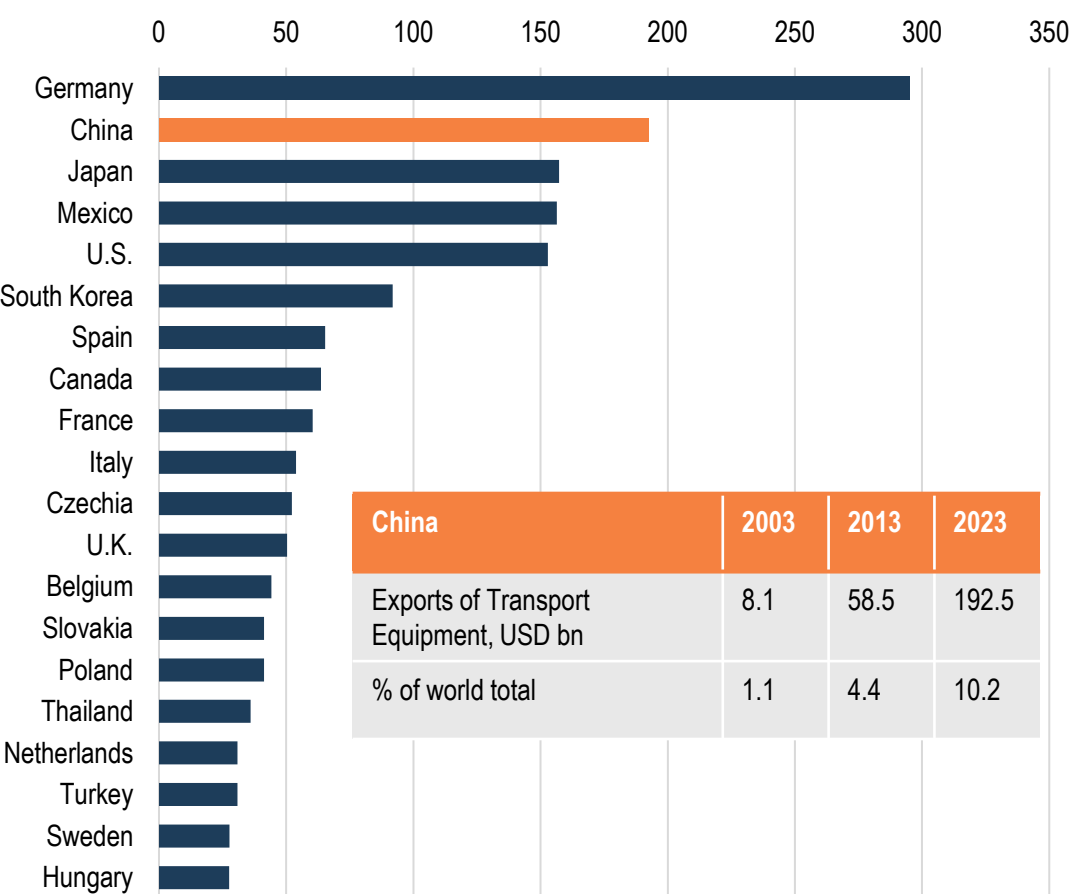


Germany is the world's largest exporter of vehicles and other transport equipment, with exports totalling USD 295 billion in 2023, followed by China (USD 192 billion) and Japan (USD 157 billion). China accounts for 10% of the global total, up from 1% in 2003

China Top 10 Export Commodities (2023)



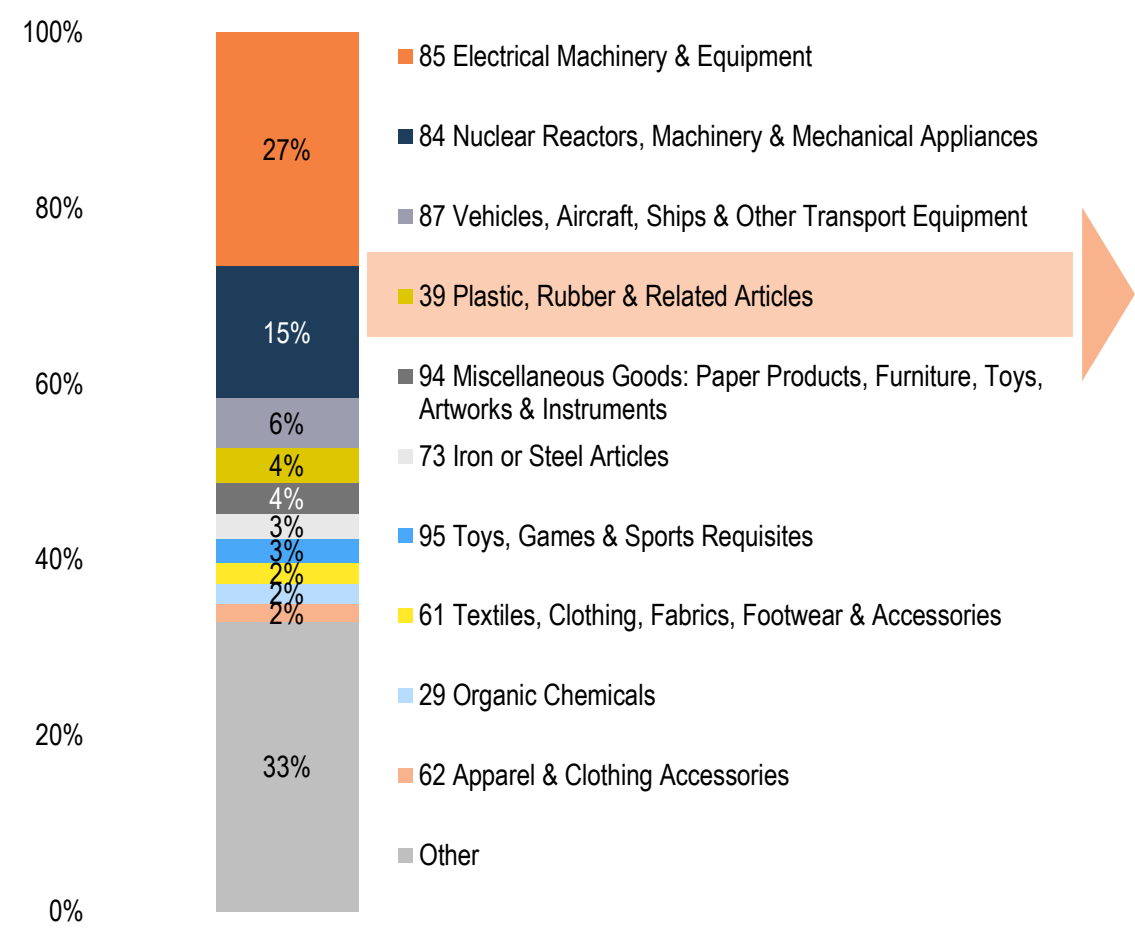
Top 20 Exporters of Transport Equipment, USD bn (2023)



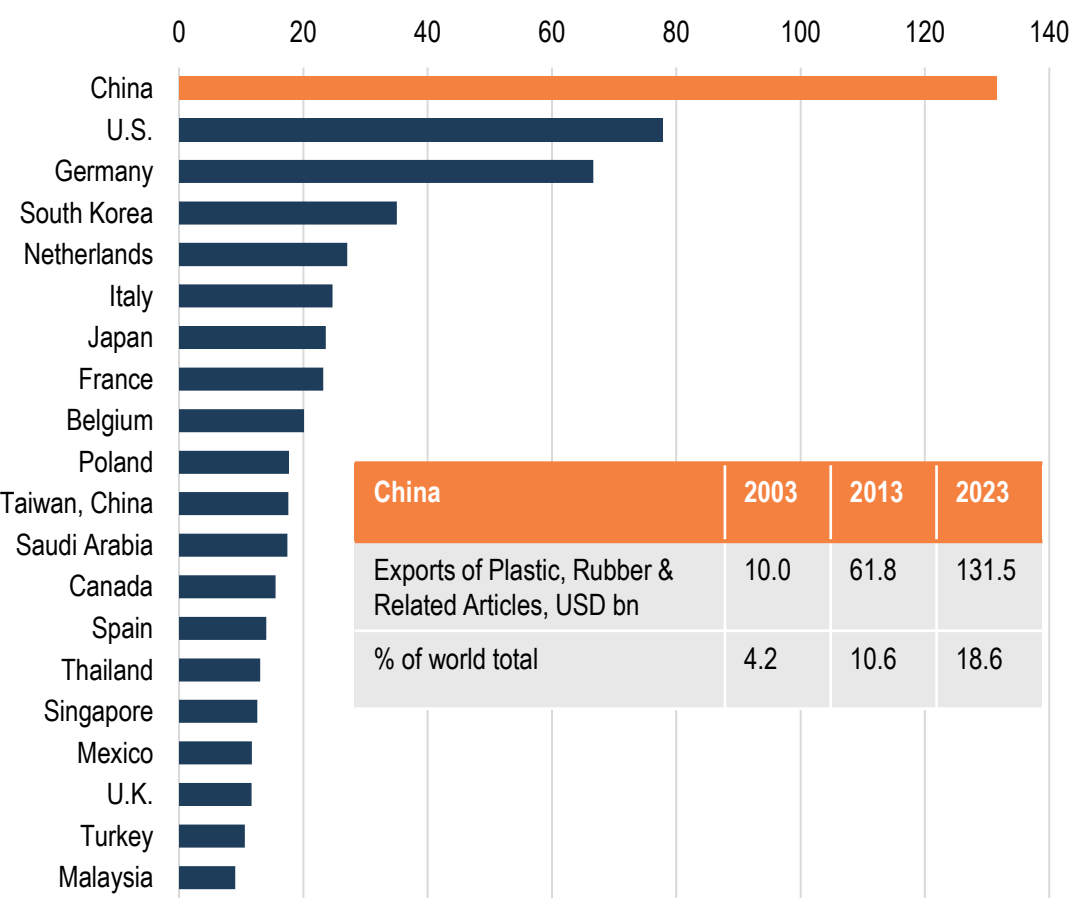
China	2003	2013	2023
Exports of Transport Equipment, USD bn	8.1	58.5	192.5
% of world total	1.1	4.4	10.2

China is the world's largest exporter of Plastics, Rubber & Related Articles, exporting USD 131 billion in 2023, accounting for a market share of 19%, up from 4.2% in 2003

China Top 10 Export Commodities (2023)



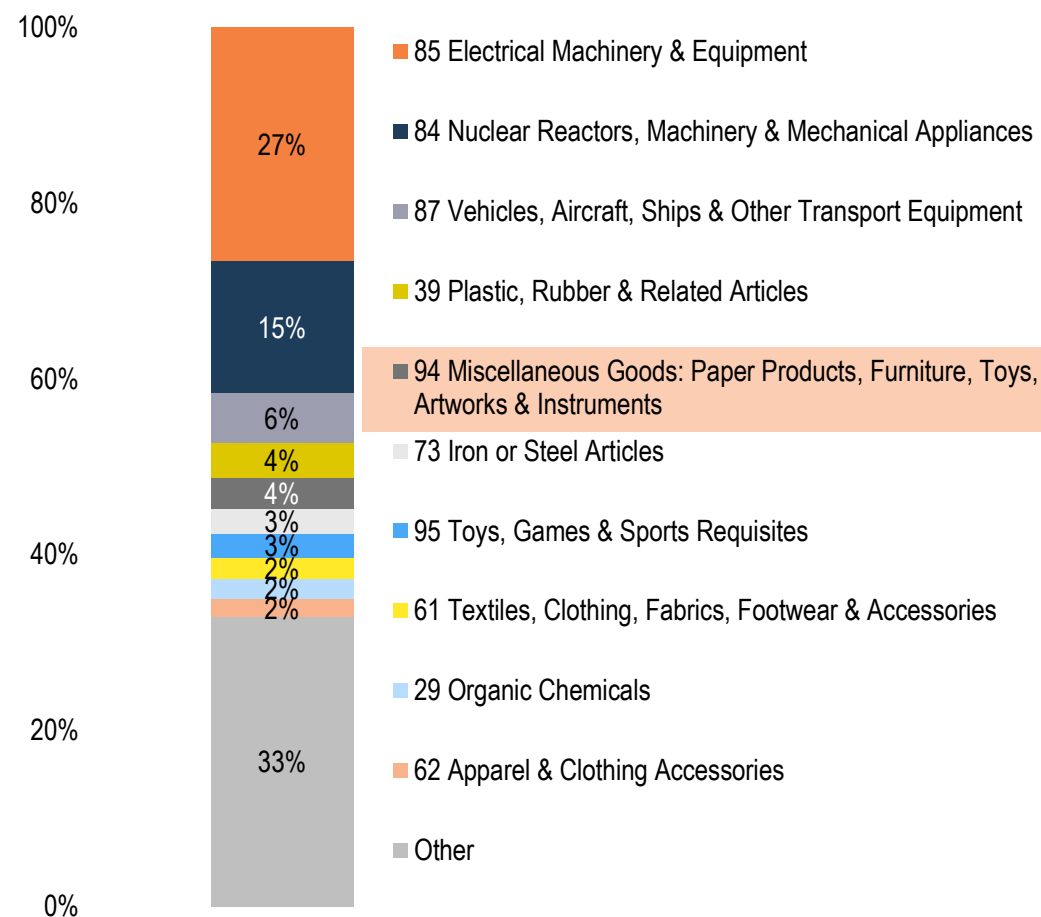
Top 20 Exporters of Plastic, Rubber & Related Articles, USD bn (2023)



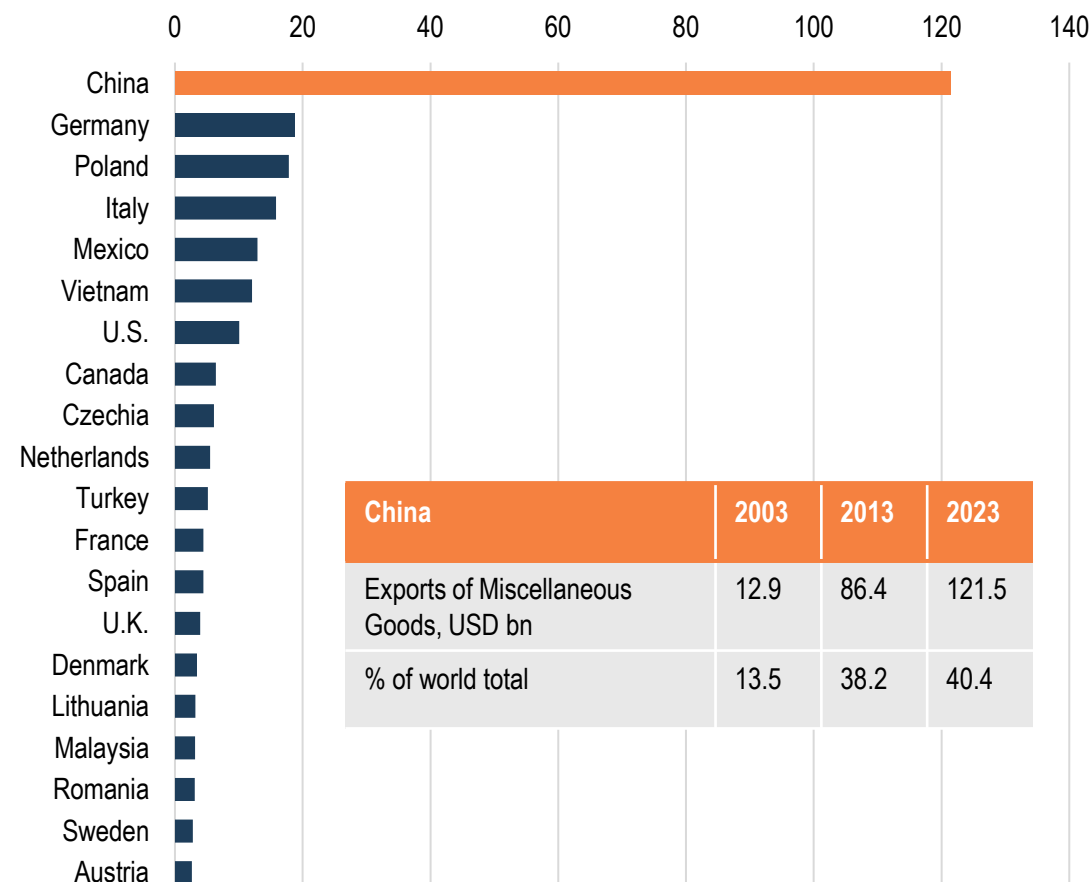
China	2003	2013	2023
Exports of Plastic, Rubber & Related Articles, USD bn	10.0	61.8	131.5
% of world total	4.2	10.6	18.6

China is the world's largest exporter of Miscellaneous Goods, such as paper, furniture and instruments, exporting USD 121 billion in 2023, accounting for a market share of 40%, up from 14.5% in 2003

China Top 10 Export Commodities (2023)



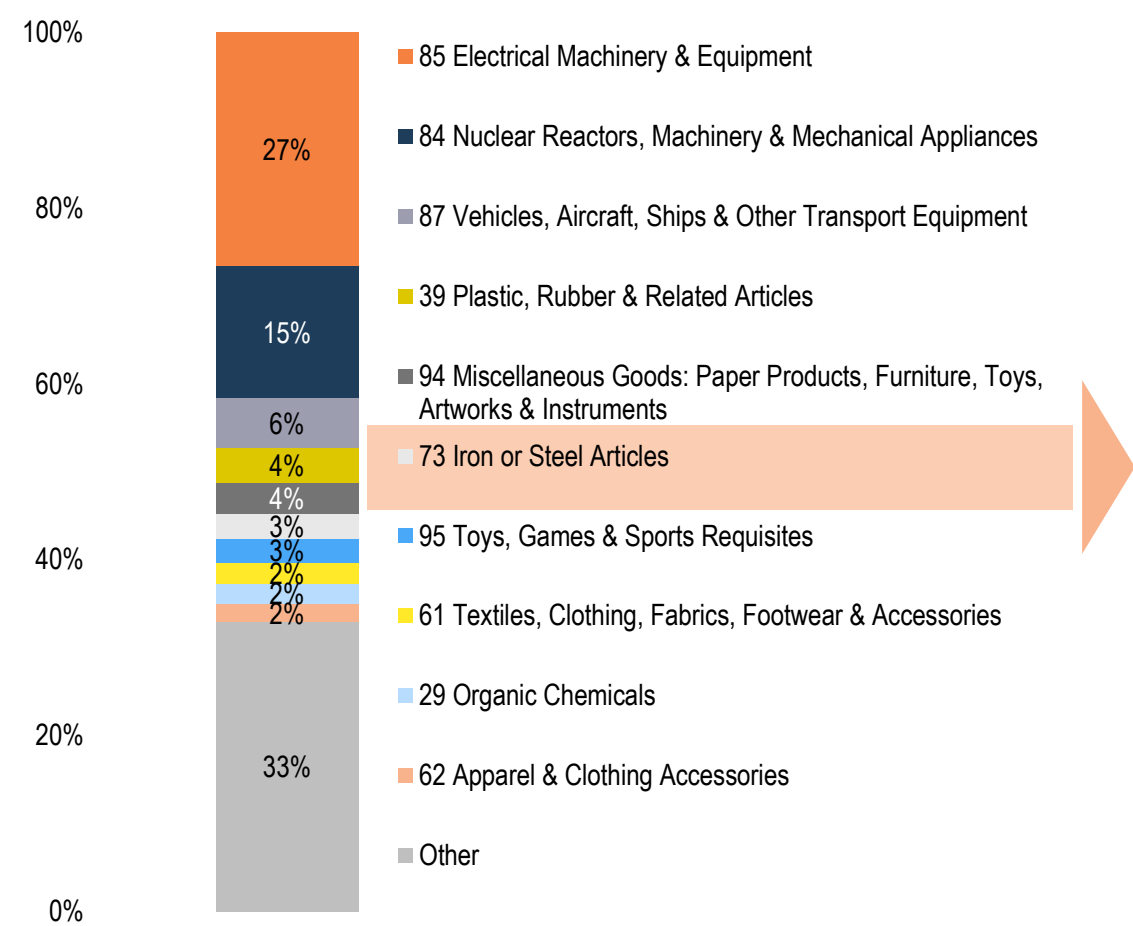
Top 20 Exporters of Miscellaneous Goods, USD bn (2023)



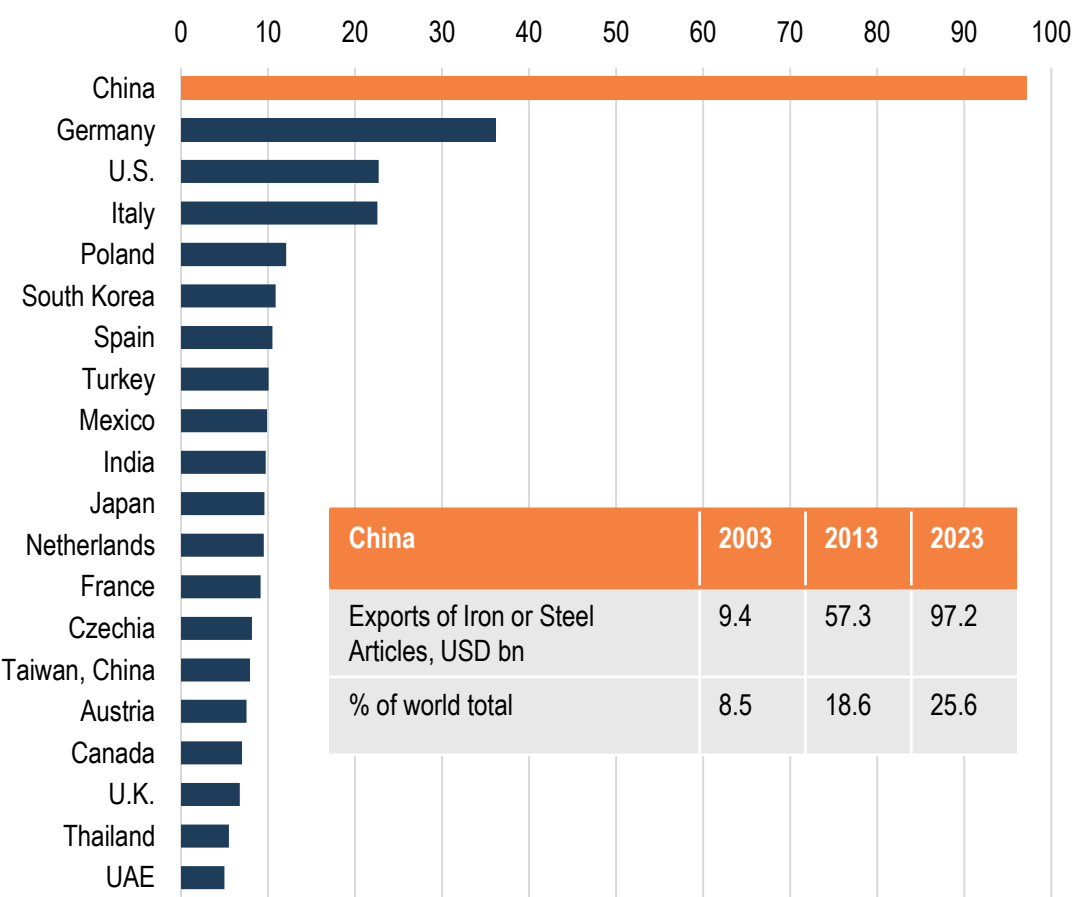
China	2003	2013	2023
Exports of Miscellaneous Goods, USD bn	12.9	86.4	121.5
% of world total	13.5	38.2	40.4

China is the world's largest exporter of Iron or Steel Articles, exporting USD 97 billion in 2023, accounting for a market share of 26%, up from 8.5% in 2003

China Top 10 Export Commodities (2023)



Top 20 Exporters of Iron or Steel Articles, USD bn (2023)

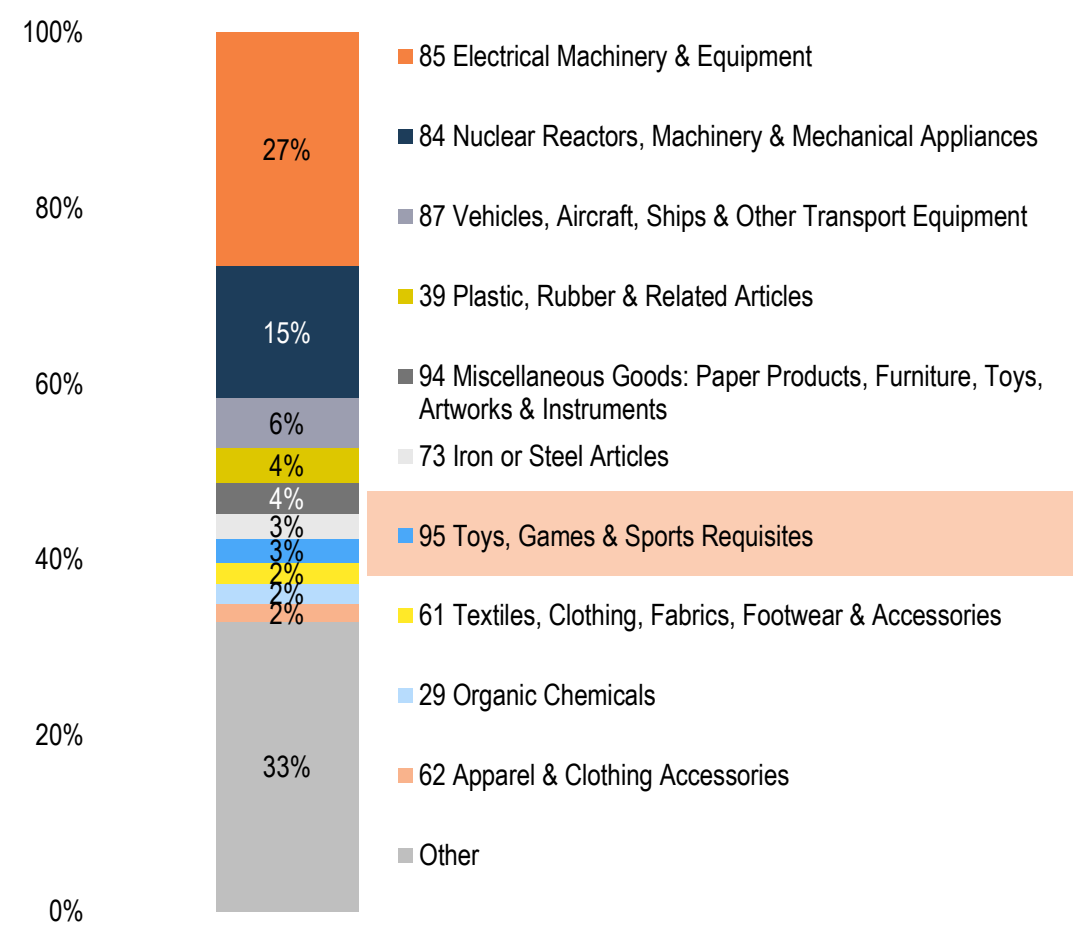


China	2003	2013	2023
Exports of Iron or Steel Articles, USD bn	9.4	57.3	97.2
% of world total	8.5	18.6	25.6

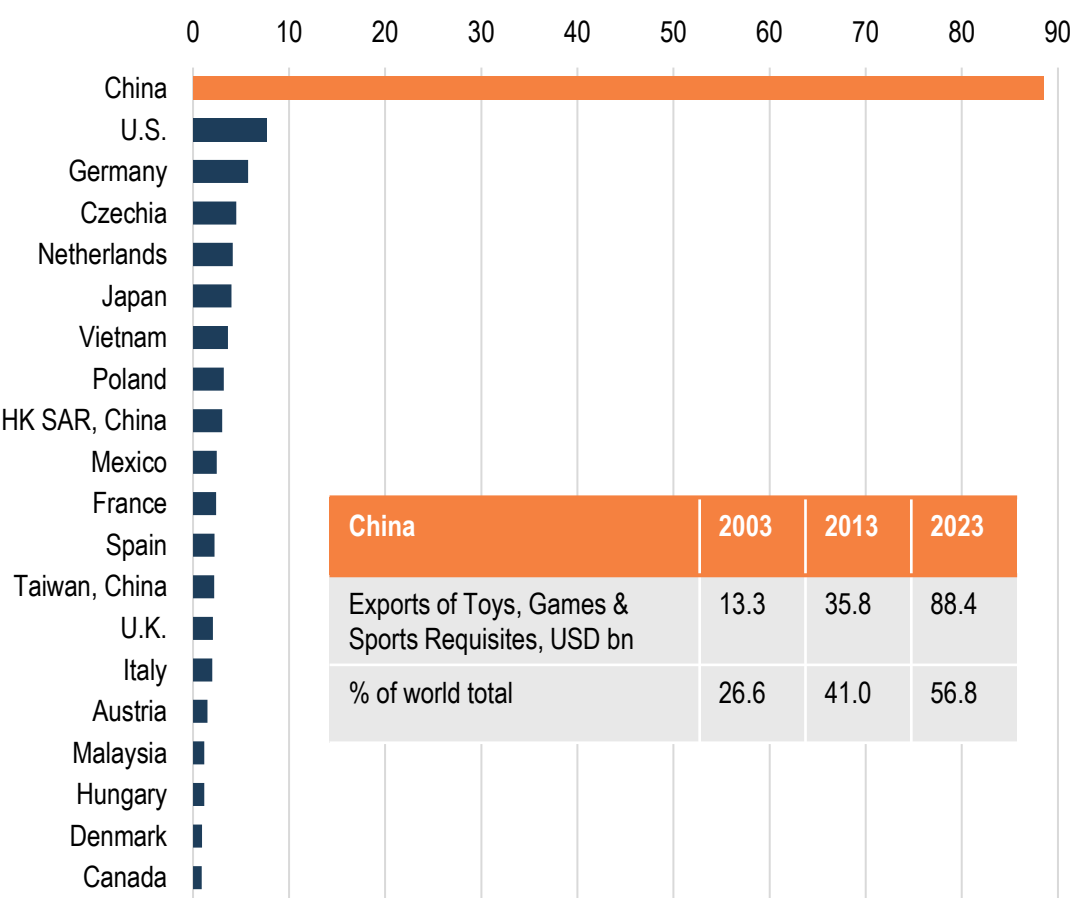


China is the world's largest exporter of Toys, Games & Sports Requisites, exporting USD 89 billion in 2023, accounting for a market share of 56%, up from 26.6% in 2003

China Top 10 Export Commodities (2023)

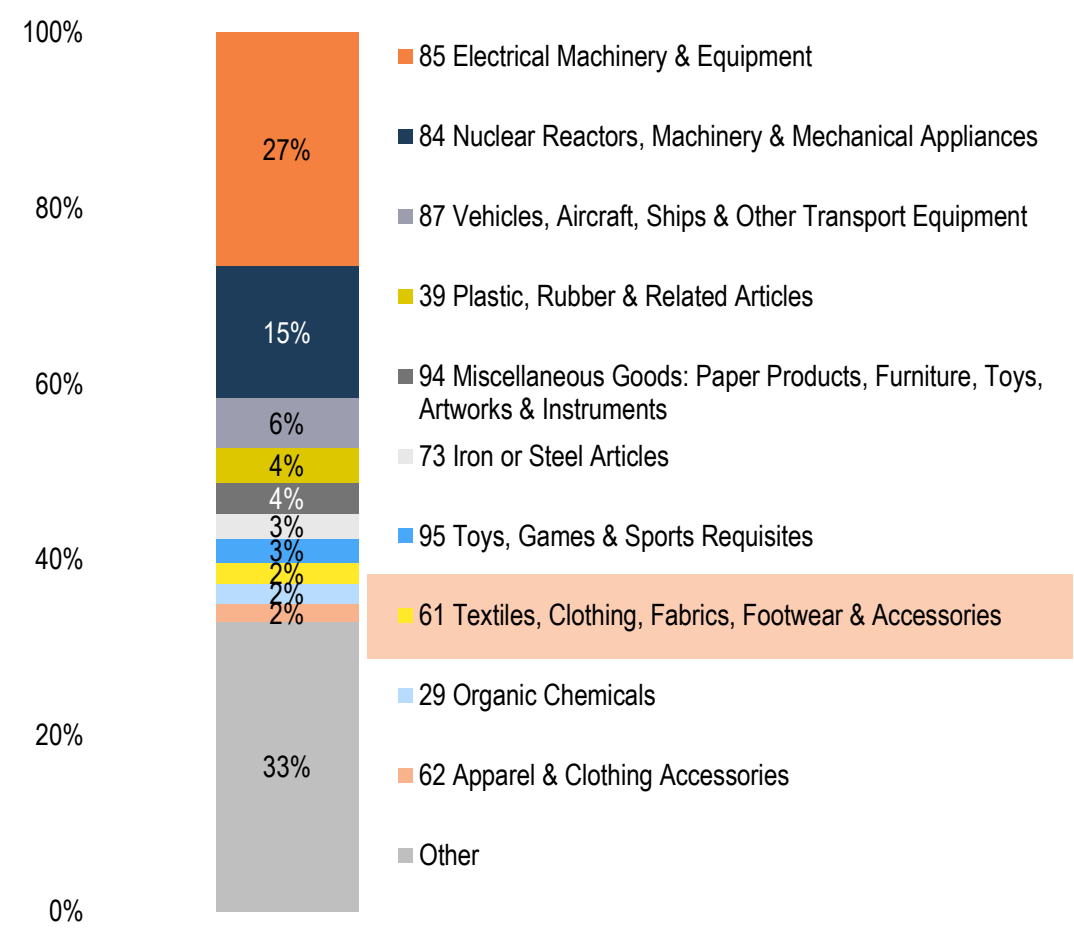


Top 20 Exporters of Toys, Games & Sports Requisites, USD bn (2023)

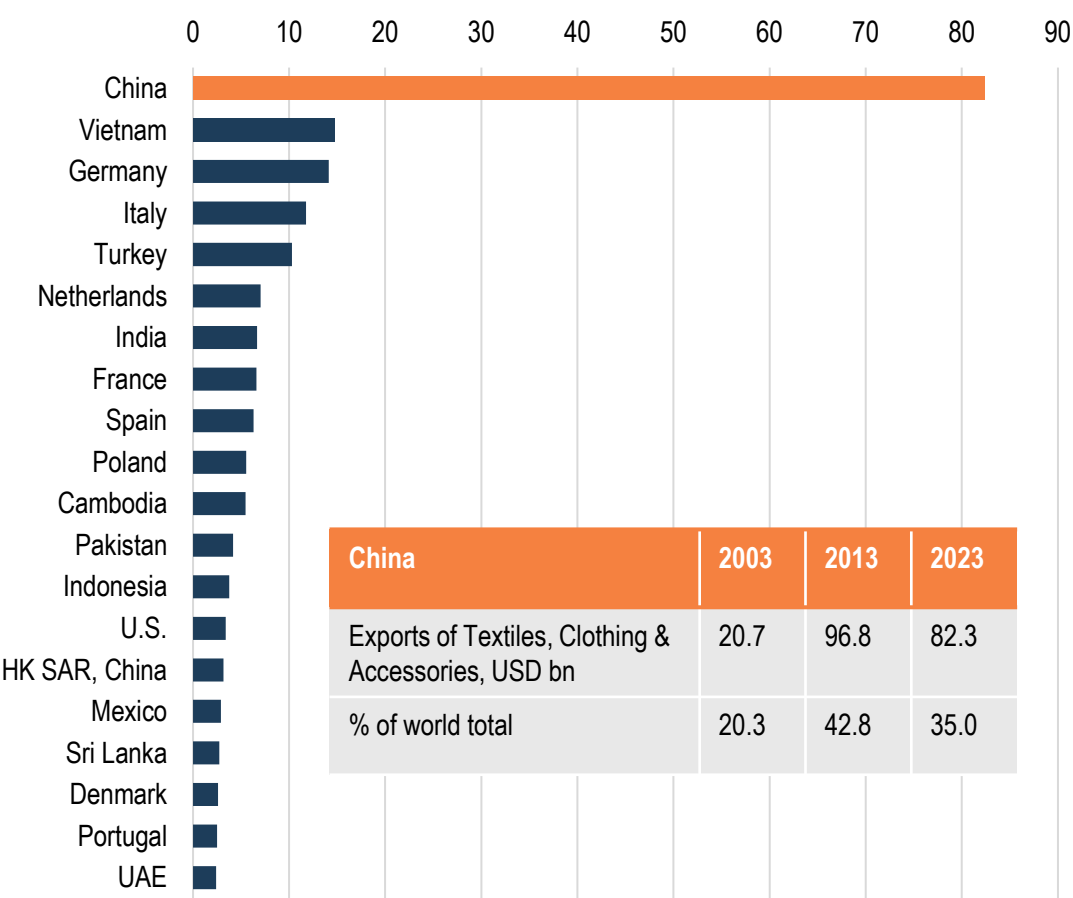


China is the world's largest exporter of Textiles, Clothing & Accessories, exporting USD 82 billion in 2023, accounting for a market share of 35%, up from 20.3% in 2003

China Top 10 Export Commodities (2023)



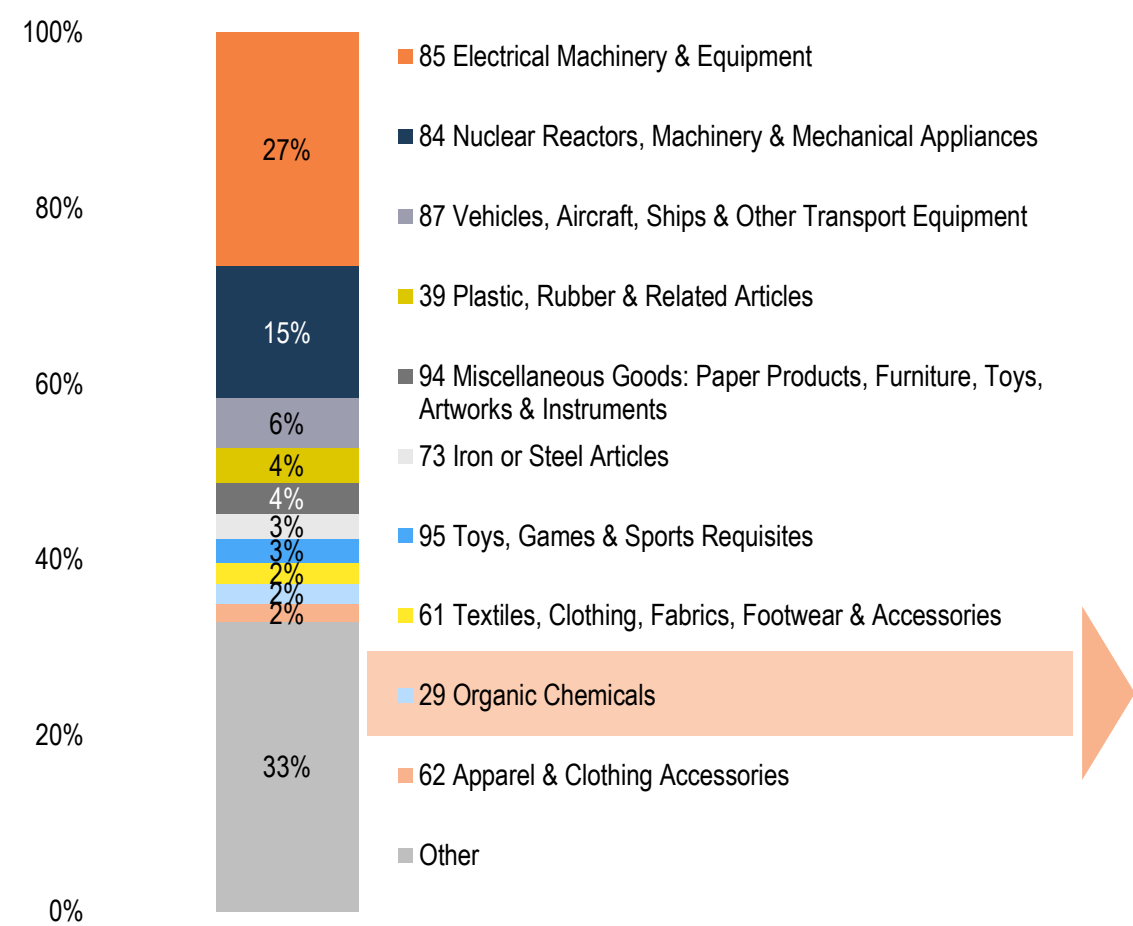
Top 20 Exporters of Textiles, Clothing & Accessories, USD bn (2023)



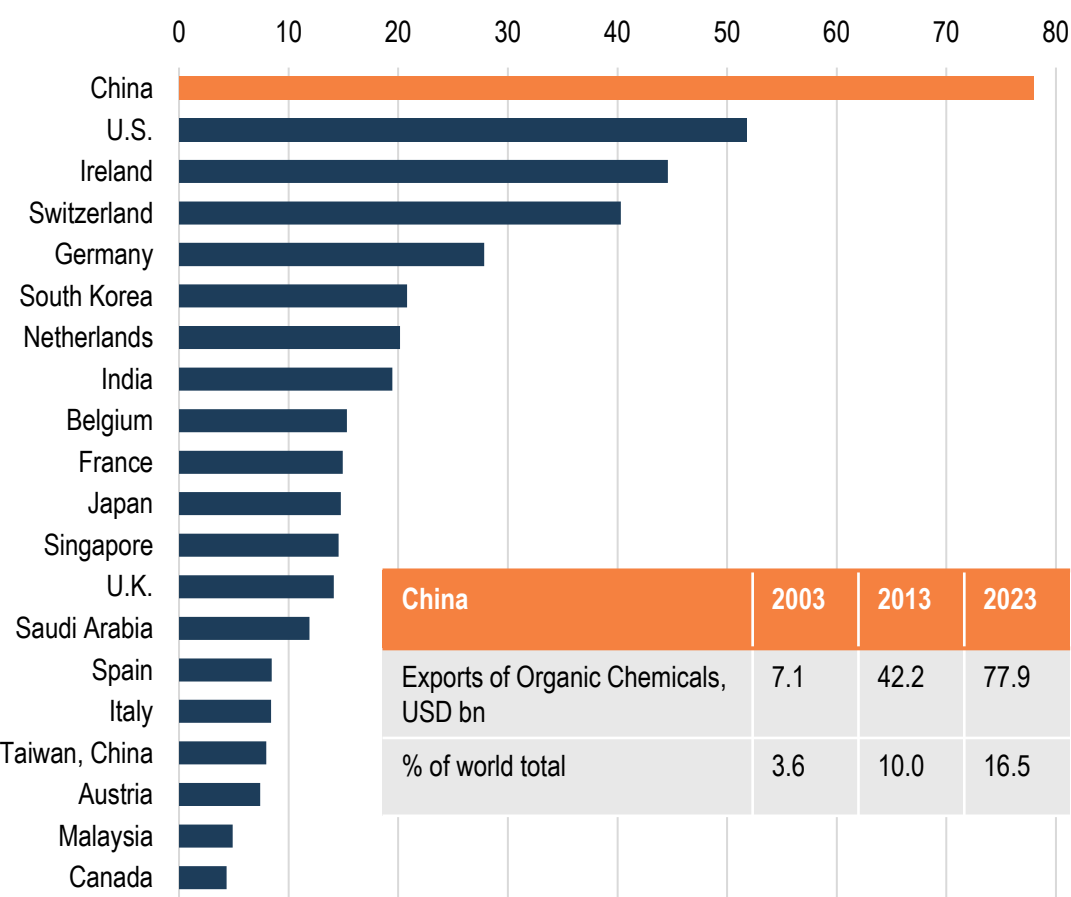
China	2003	2013	2023
Exports of Textiles, Clothing & Accessories, USD bn	20.7	96.8	82.3
% of world total	20.3	42.8	35.0

China is the world's largest exporter of Organic Chemicals, exporting USD 78 billion in 2023, accounting for a market share of 16.5%, up from 3.6% in 2003

China Top 10 Export Commodities (2023)



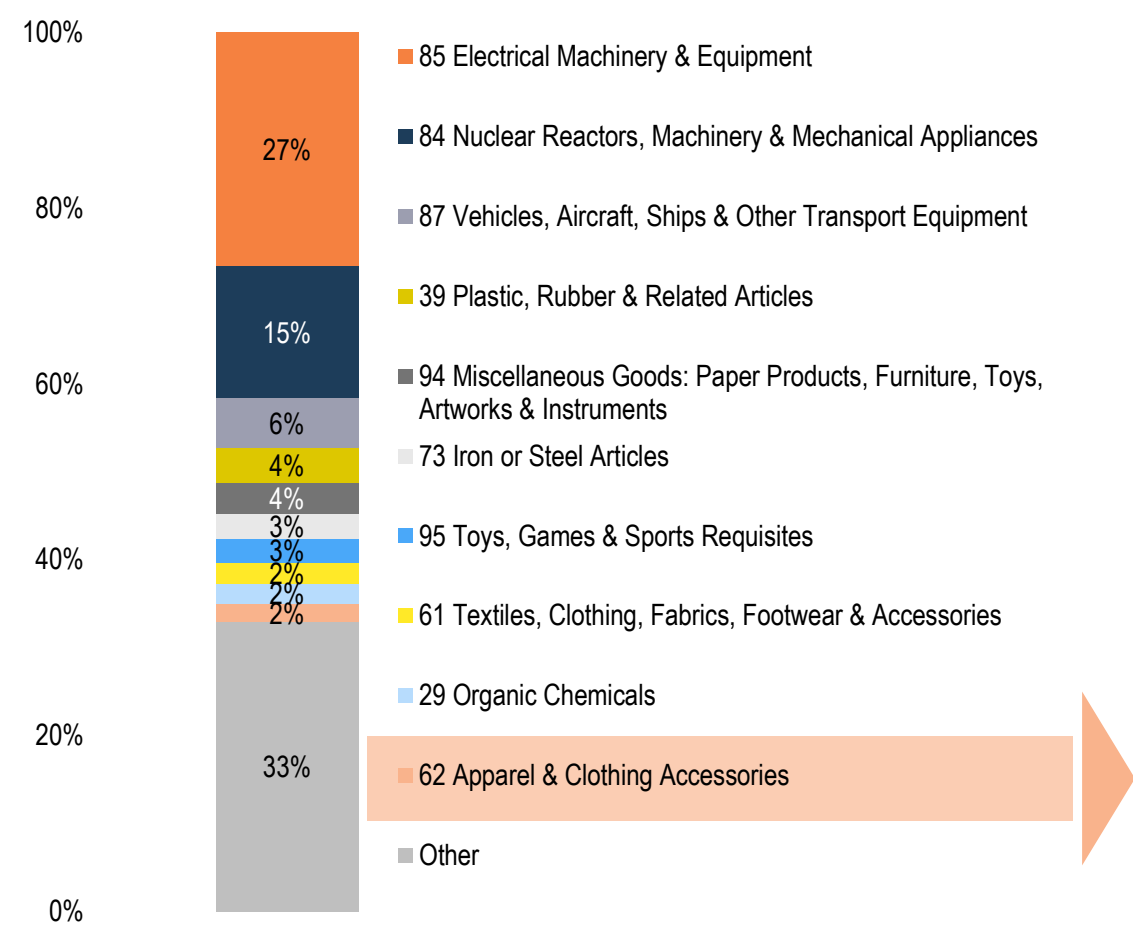
Top 20 Exporters of Organic Chemicals, USD bn (2023)



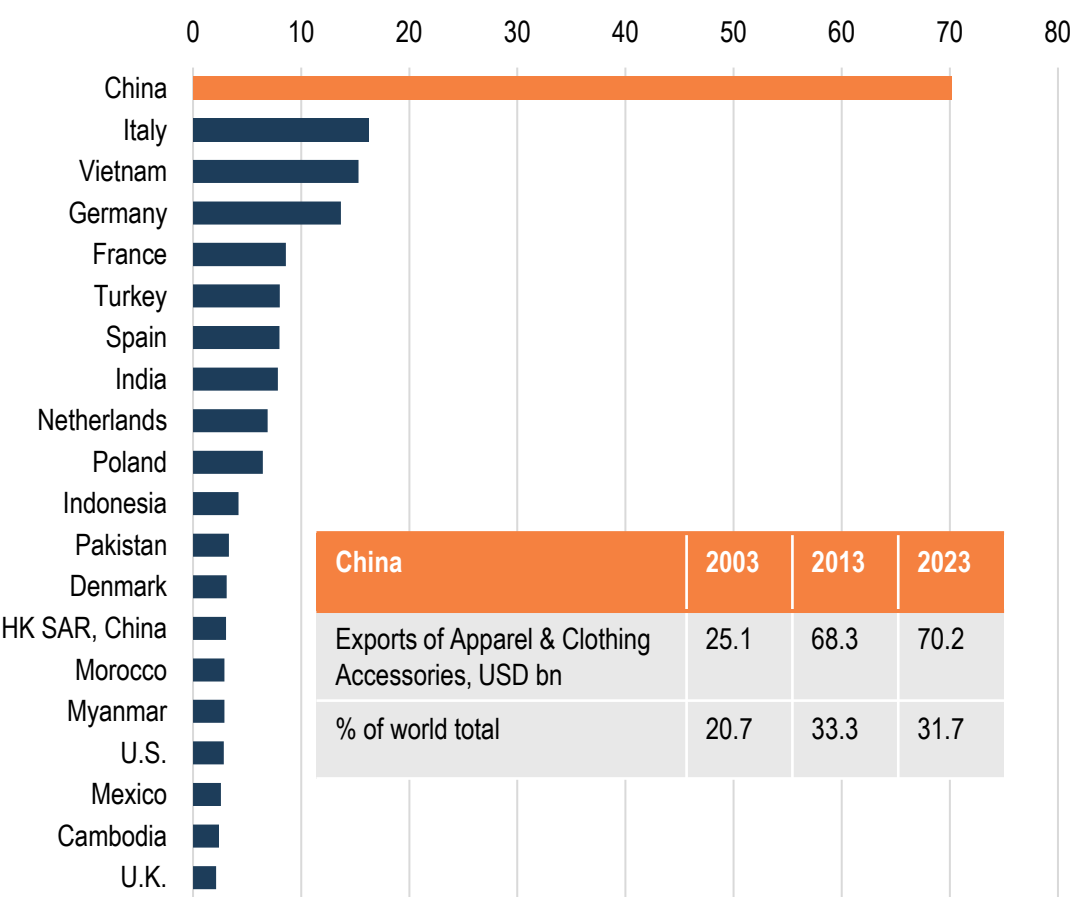
China	2003	2013	2023
Exports of Organic Chemicals, USD bn	7.1	42.2	77.9
% of world total	3.6	10.0	16.5

China is the world's largest exporter of Apparel & Clothing Accessories, exporting USD 70 billion in 2023, accounting for a market share of 31.7%, up from 20.7% in 2003

China Top 10 Export Commodities (2023)



Top 20 Exporters of Apparel & Clothing Accessories, USD bn (2023)

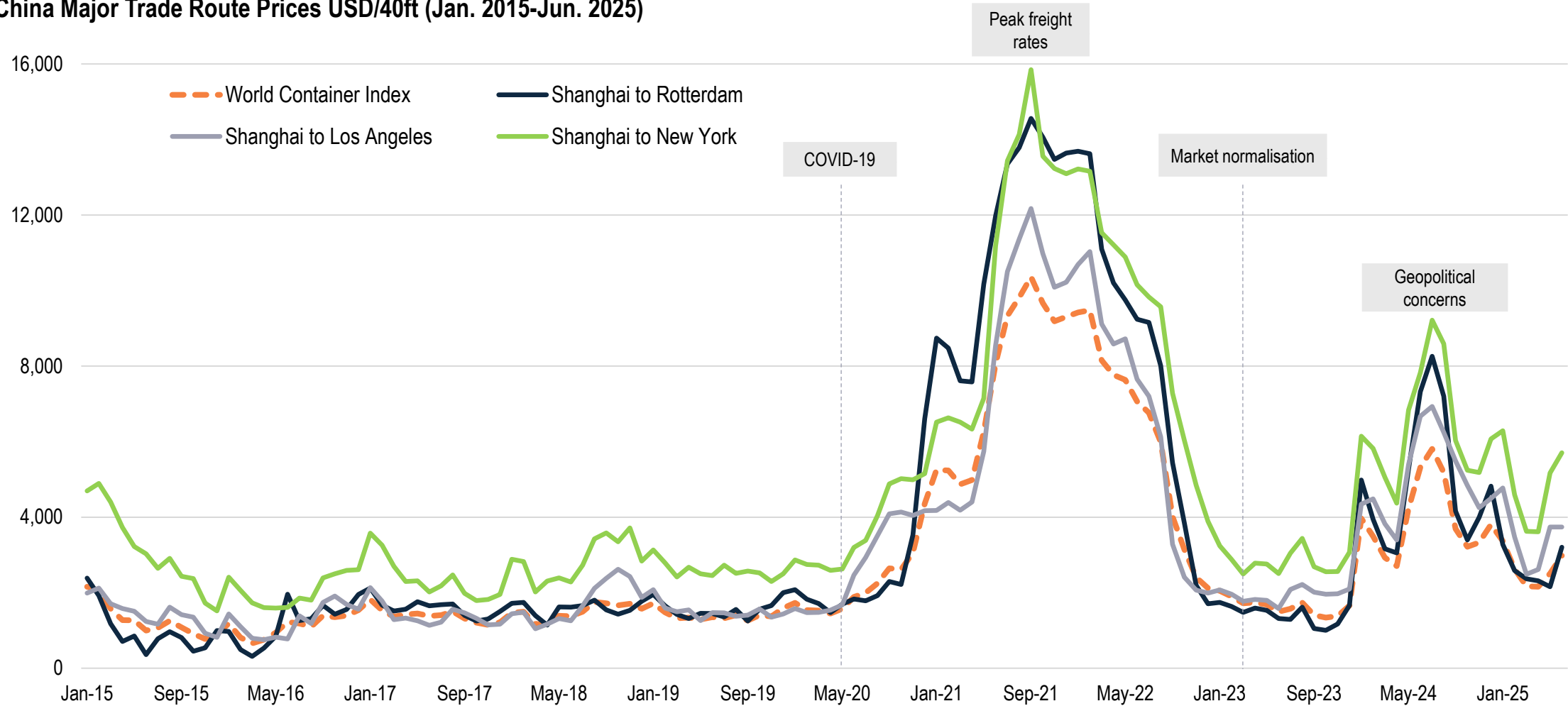


China	2003	2013	2023
Exports of Apparel & Clothing Accessories, USD bn	25.1	68.3	70.2
% of world total	20.7	33.3	31.7



Shipping rates surged amid global disruptions from 2020 to 2021, declined sharply until early 2023, and remain volatile in 2025, subject to short-term shocks. With increasing tariffs and threats of trade wars, price volatility is becoming structurally embedded in shipping rates

China Major Trade Route Prices USD/40ft (Jan. 2015-Jun. 2025)





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- Growth Indicators
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- Investment
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- Trade
- **Financial Indicators**
- Social Indicators

## 4. China in the World

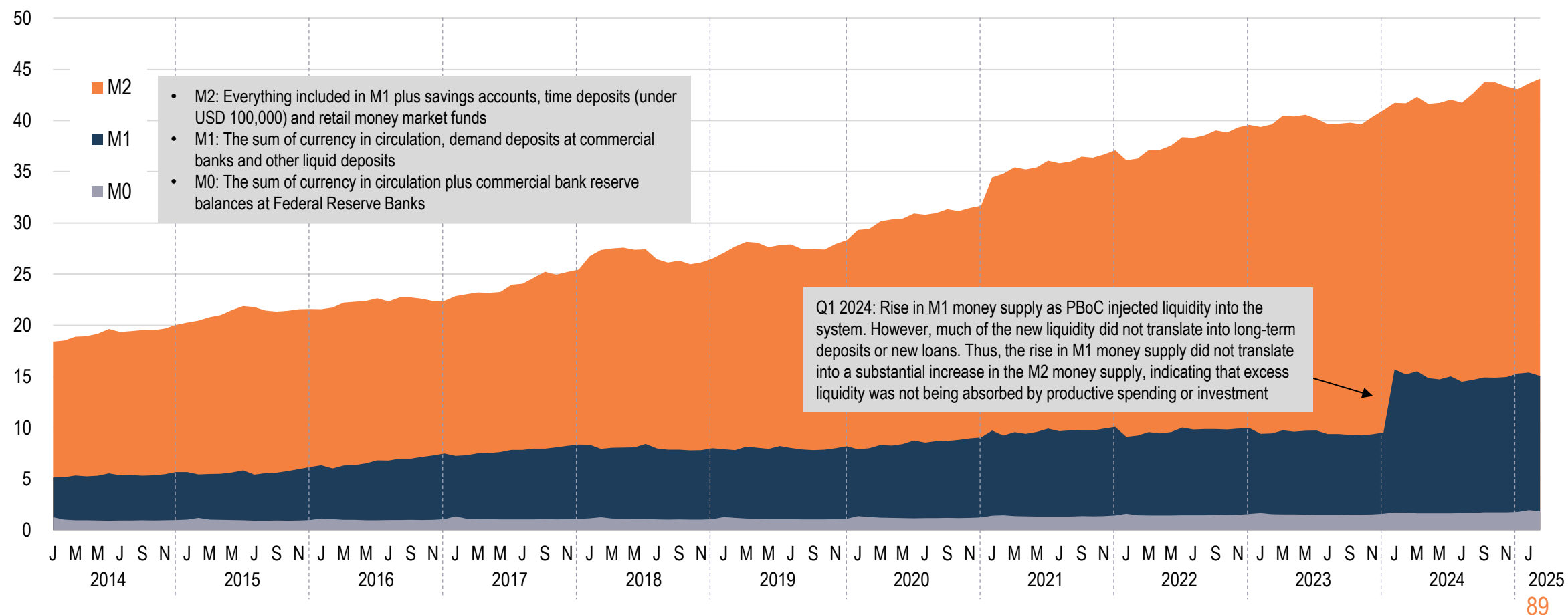
## 5. Conclusions, Implications and Recommendations





China's broad money supply (M2) increased from USD 17 trillion in 2014 to over USD 30 trillion by 2024. In 2025, China's money supply remains high, but its stimulative power is relatively weak amid low business sentiment, despite the People's Bank of China (PBoC) injecting liquidity

China Money Supply, USD tn (Jan. 2014-Feb. 2025)

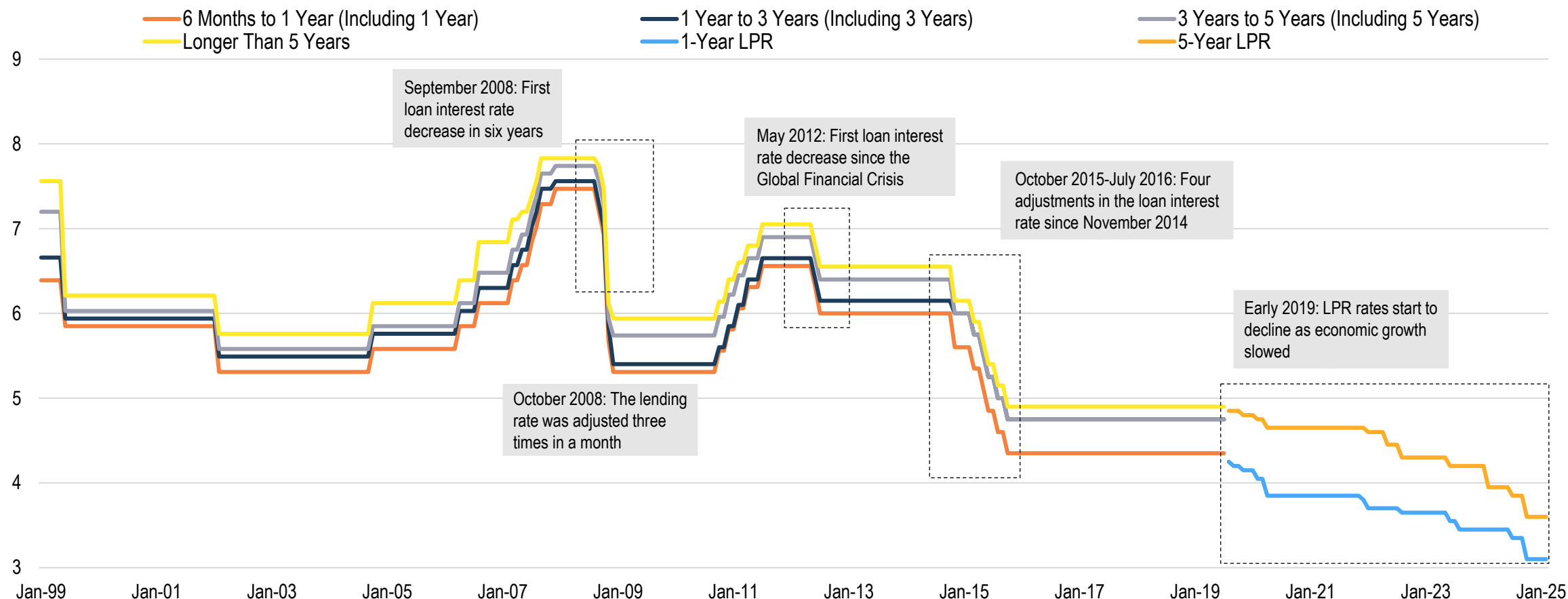


### China Monthly New Loans Issued to the Real Economy, USD bn (Jan. 2014-Feb. 2025)



From November 2014 to October 2015, the PBoC cut interest rates six times to spur economic growth. From early 2019, Loan Prime Rates (LPRs) — the major pricing reference for banks' new loans to make lending more market-driven — started to decline as economic growth slowed

China Benchmark Lending Rates, % (1999-Feb. 2025)

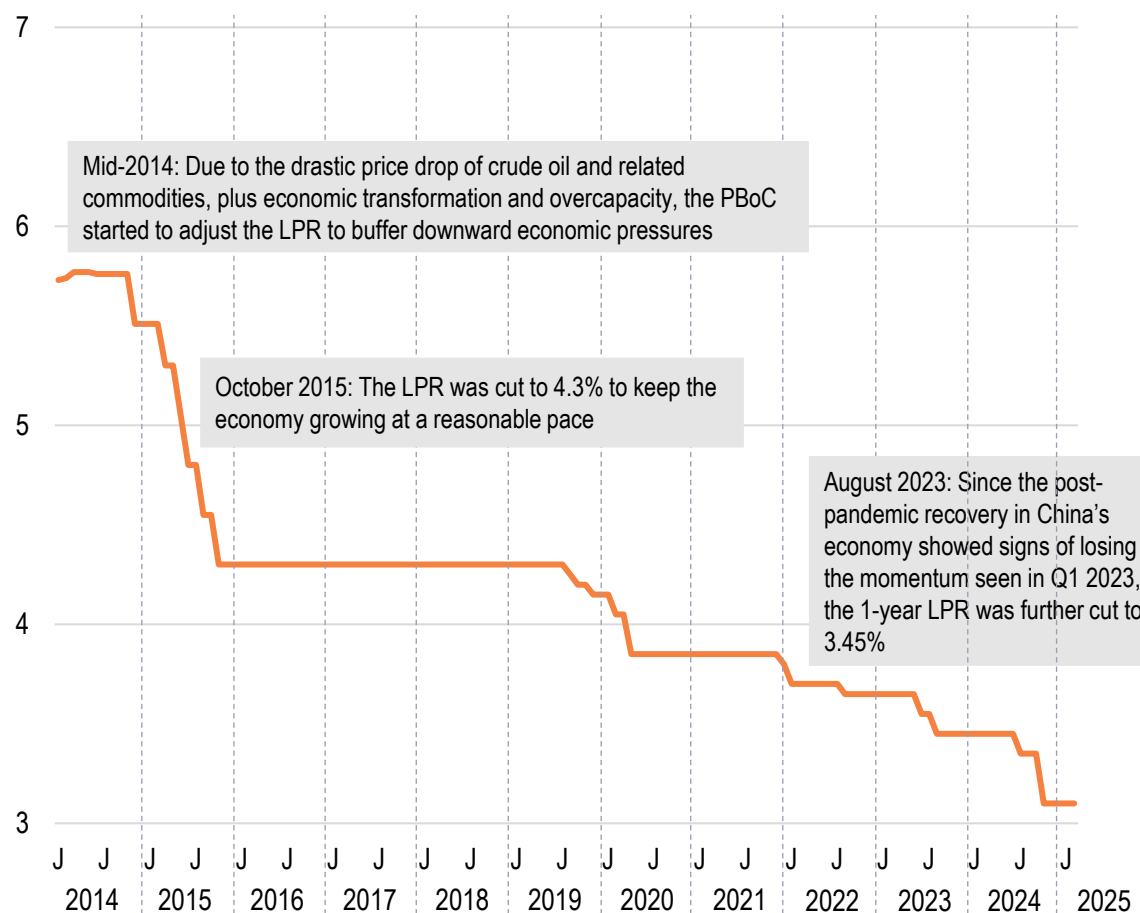


Source: The People's Bank of China, Foreign Exchange Trade System, Hexun, ANDAMAN PARTNERS Analysis. Note: The LPR is calculated by the National Interbank Funding Center (NIFC) and serves as the pricing reference for bank lending. The LPR consists of rates with two maturities: one year and five years. There are 18 LPR-quoting banks; they submit their quotes on the 20th day of every month. Most new and outstanding loans in China are based on the one-year LPR, while the five-year rate influences the pricing of mortgages.



China cut the LPR several times since 2019 to support the economy through COVID-19 and post-pandemic recovery. But the stimulative effects have been weaker than expected, because even with lower interest rates, businesses and households are not borrowing

### China 1-Year LPR, % (Jan. 2014-Feb. 2025)

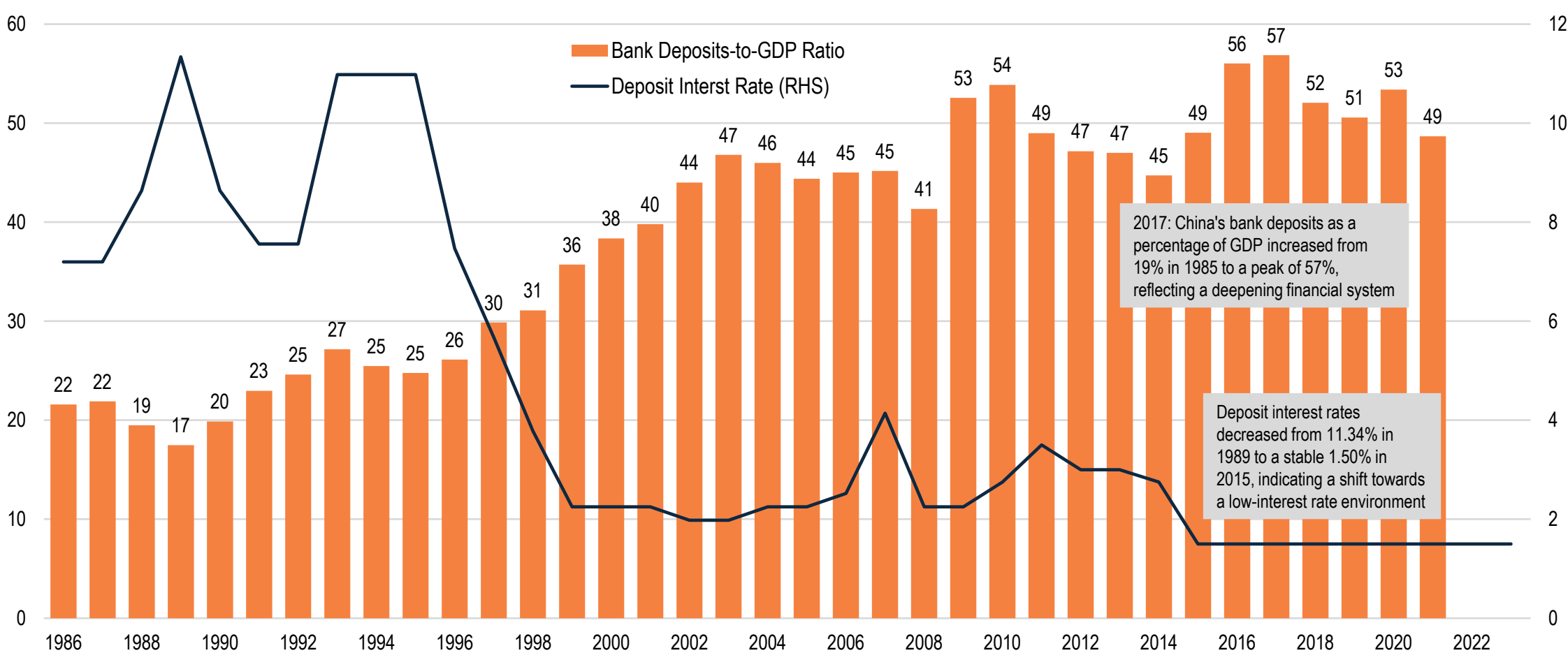


### Implications of China's Interest Rate Liberalisation

- In August 2019, the PBoC announced a reform programme to improve the LPR formation mechanism.
- Bank lending rates would henceforth be linked to the LPR, which in turn would be related to the PBoC's medium-term lending facility (MLF) 1-year interest rate.
- Market-oriented interest rate reforms are part of broader economic reforms to expand the sector's opening and to relax market access requirements for banks, securities and insurance companies.
- Because the economy failed to gain momentum after reopening from COVID-19 lockdowns, China's central bank cut the 1-year LPR twice in 2023.
- The 1-year LPR was kept at 4.30% for over three years until August 2019. To reduce financing costs and stimulate the economy, China has further cut the 1-year LPR several times, keeping it at 3.10% as of February 2025.

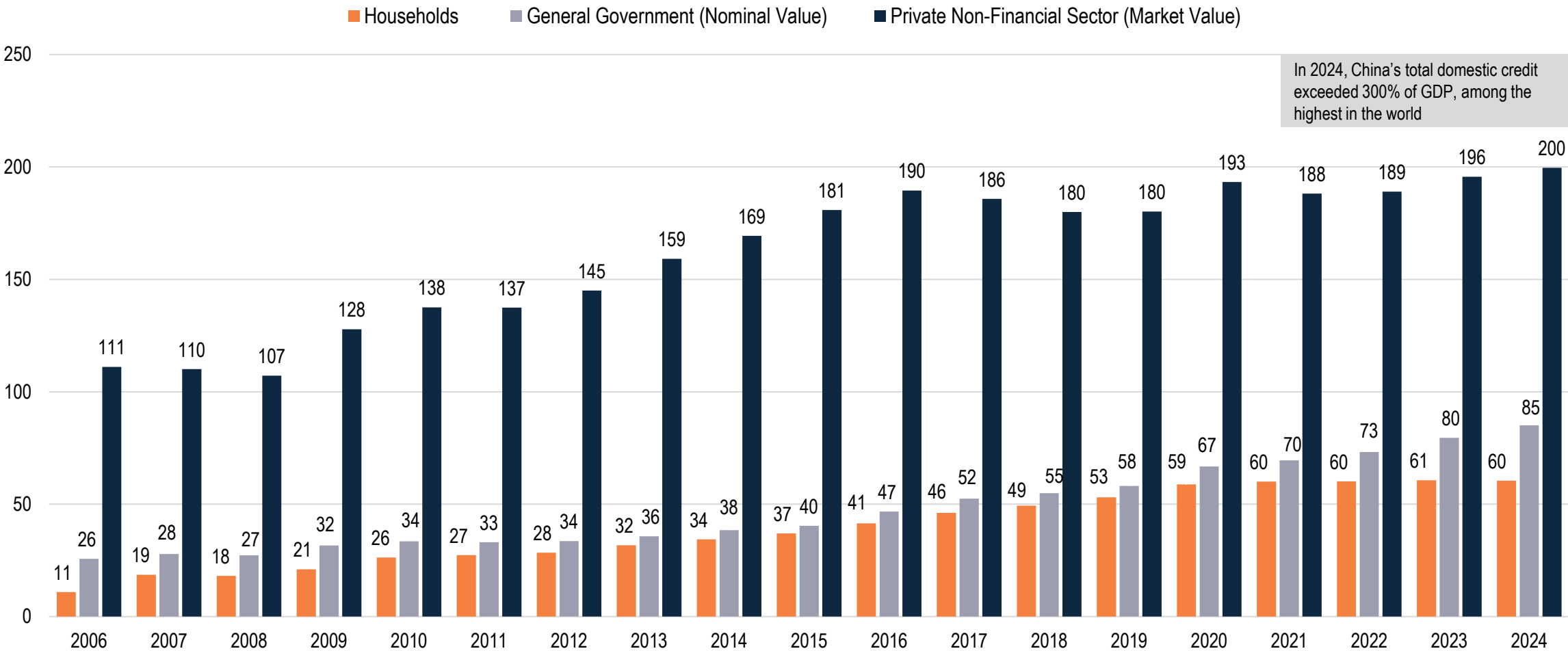
China's bank deposits-to-GDP ratio increased steadily from 19% in 1985 to a peak of 57% in 2017 and 49% in 2021, indicating that households and businesses were saving more (relative to GDP) and that spending/investment had weakened

China Bank Deposits-to-GDP-Ratio and Deposit Interest Rate, % (1986-2023)



Corporate debt is a major vulnerability in China. Non-financial corporate debt, held mainly by state-owned enterprises (SOEs), rose sharply after the 2008 stimulus and accounts for the most significant portion of total debt, although household and government debt have also increased

Credit to All Sectors in China by Borrower, Annual Average, % of GDP (2006-2024)

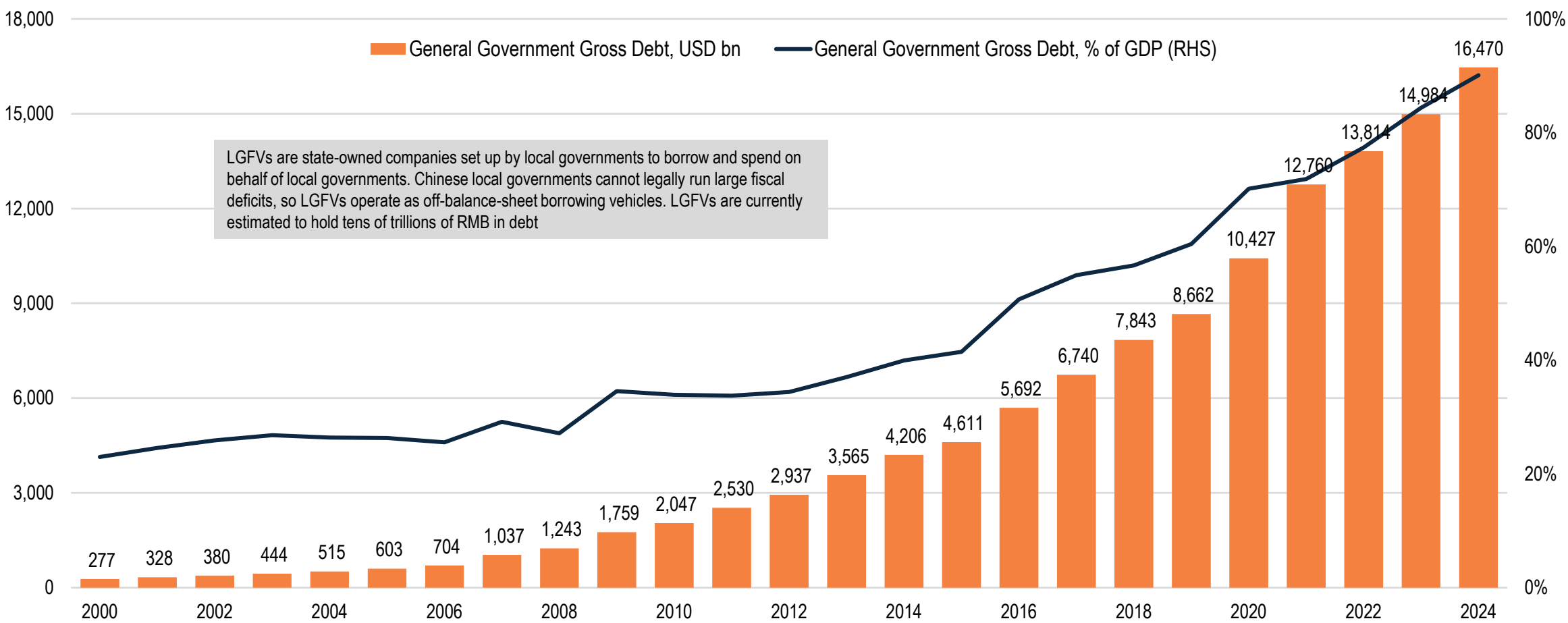


In 2024, China's total domestic credit exceeded 300% of GDP, among the highest in the world

Source: BIS, ANDAMAN PARTNERS Analysis. Note: Households include Non-Profit Institutions Serving Households (NPISHs). Non-financial debt refers to debt owed by companies outside the financial sector, i.e., firms that produce goods and services rather than engage in financial activities like banking or insurance.

China's general government gross debt rose from 23% of GDP in 2000 to 90.1% in 2024, reflecting higher public spending. Central government debt is still modest, but local government debt, especially via local government financing vehicles (LGFVs), has increased sharply

China General Government Gross Debt, USD bn, and % of GDP (2000-2024)

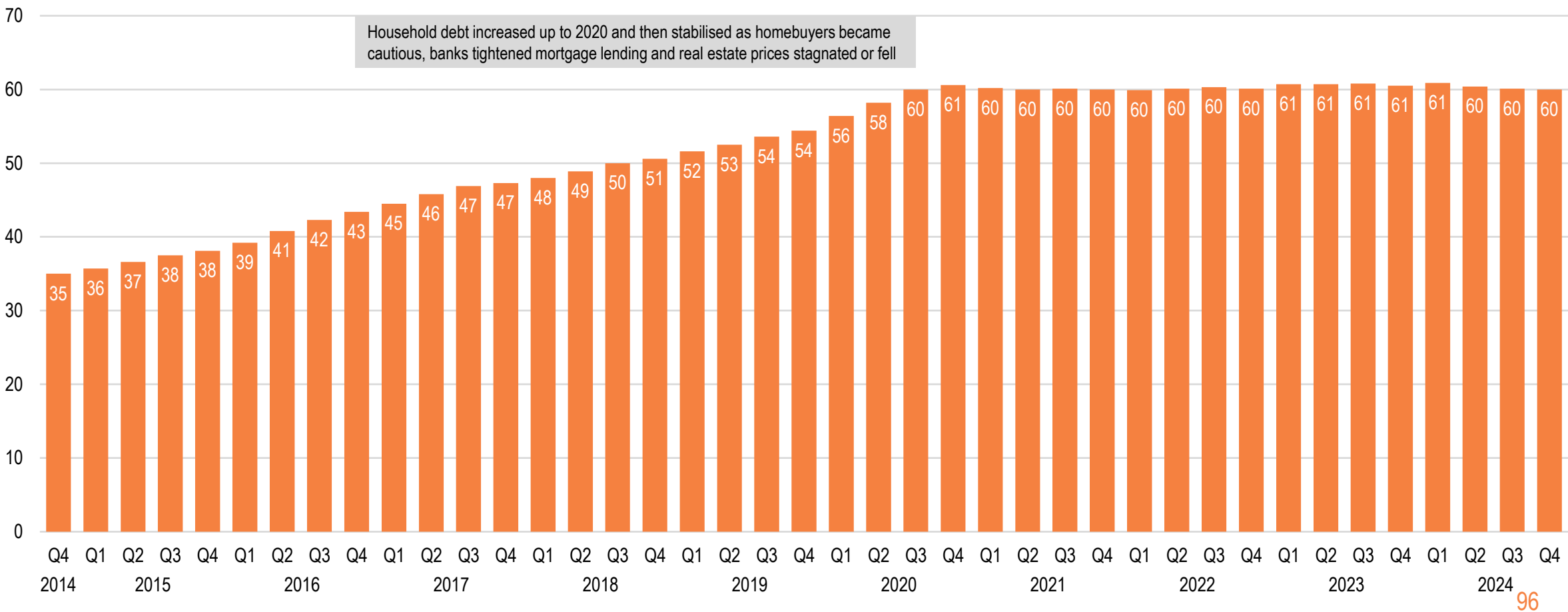


Source: IMF, ANDAMAN PARTNERS Analysis. Note: General government gross debt encompasses total liabilities at all levels of government, including central governments, state or provincial governments, local governments and social security funds within the government sector.



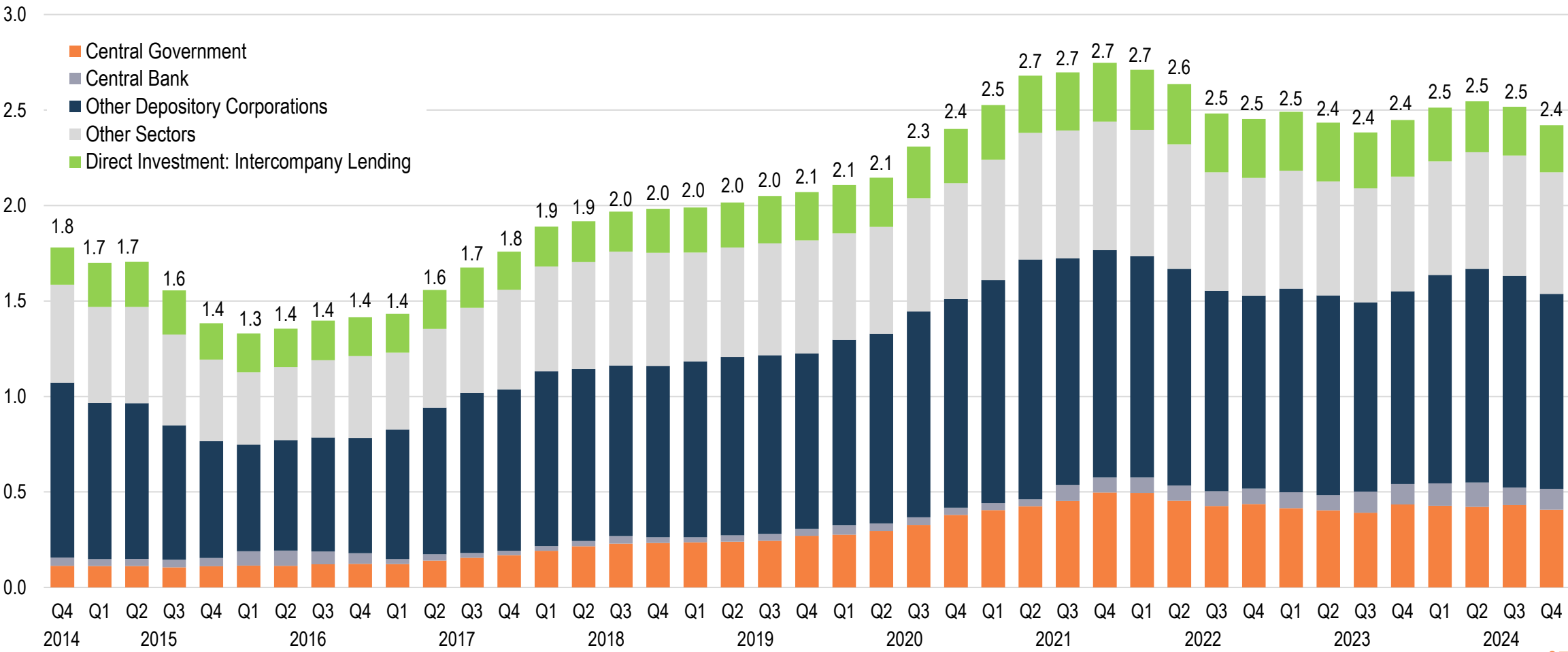
Household credit (mainly mortgages) grew rapidly in the 2010s, peaking just before the start of the real estate crisis in 2021. Household debt-to-GDP in China averaged 52.1% from 2014 to 2024, but reached 61% in Q3 2020 and has remained at the same level up to Q4 2024

China Household Debt-to-GDP, % (Q4 2014-Q4 2024)



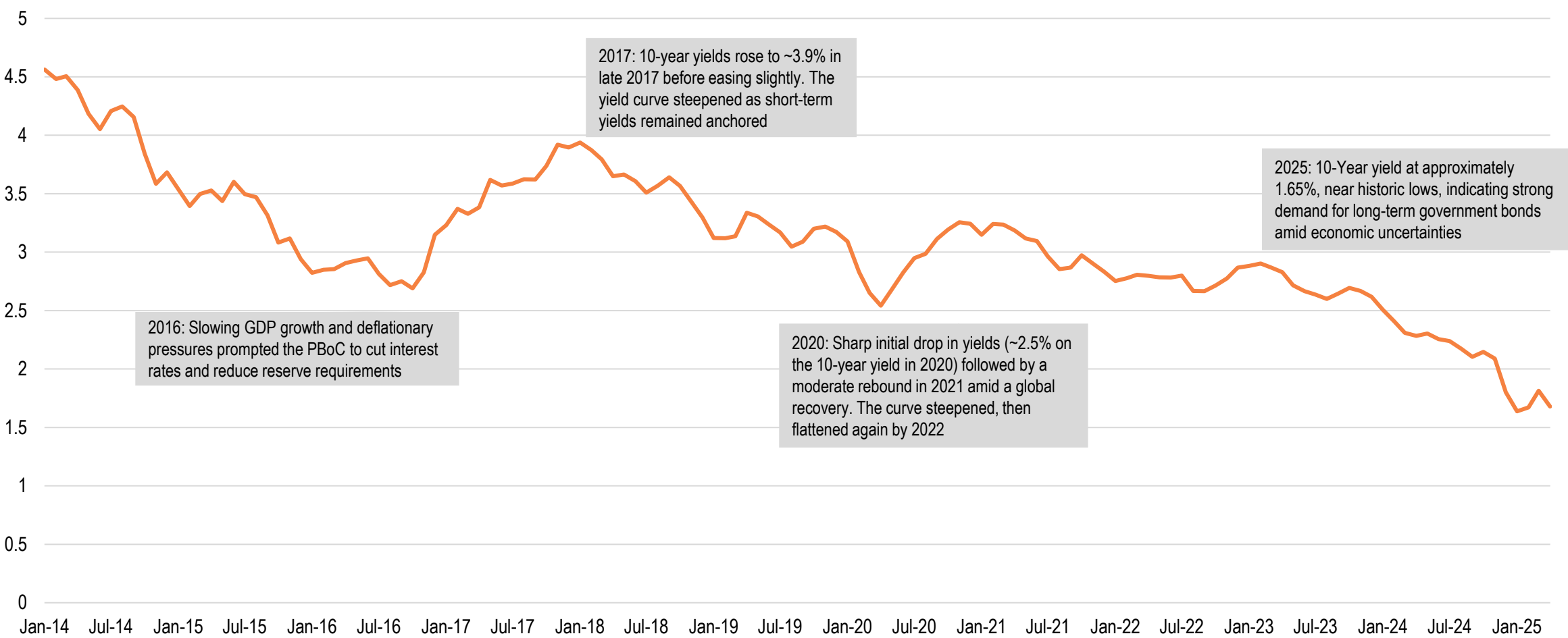
China's external debt has trended upwards from USD 1.8 trillion in 2014 to USD 2.4 trillion in 2024, but is still modest relative to GDP (about 20%). China’s external borrowing is often denominated in U.S. dollars; hence, it is vulnerable to USD appreciation and U.S. interest rates

China External Debt by Holder, USD tn (Q4 2014-Q4 2024)



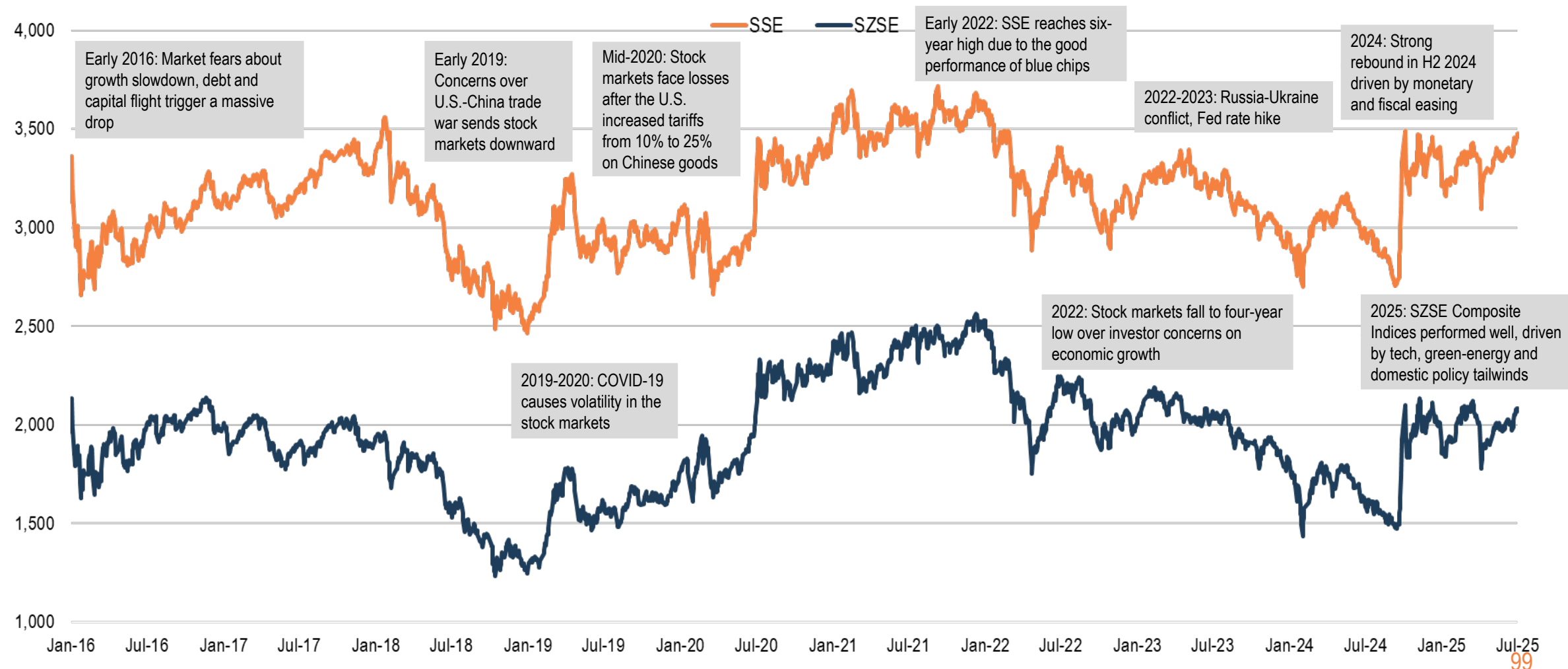
China's government bond yields have declined significantly since Q1 2018 across all maturities due to a slowing economy, looser monetary policy, weak inflation and an appetite for safe assets amid uncertainty

China 10-Year Government Bond Yield Curve, % (Jan. 2014-Apr. 2025)



Since 2016, China's economic growth has not been reflected in strong stock performance. U.S.-China tensions, COVID-19 and the property sector slowdown brought uncertainty to Mainland China's stock markets

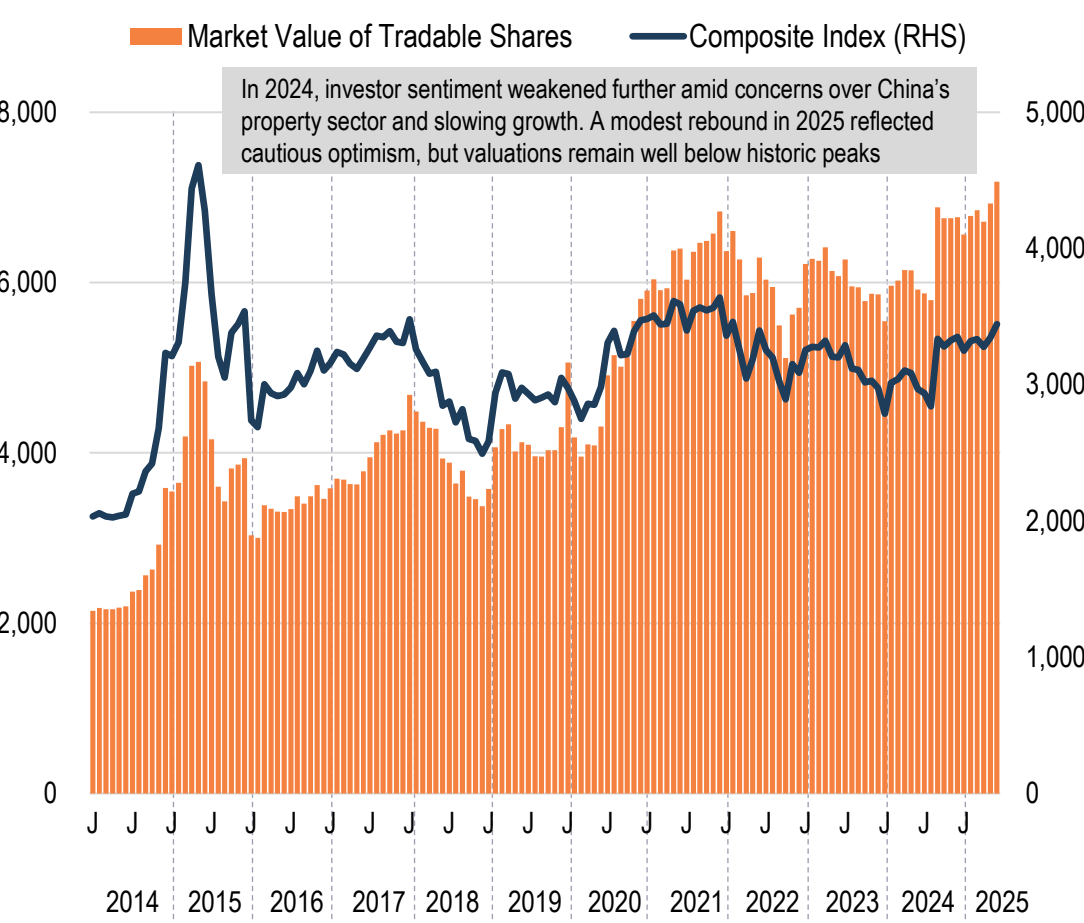
China Stock Market Indices, Index Value (2016-Jul. 2025)



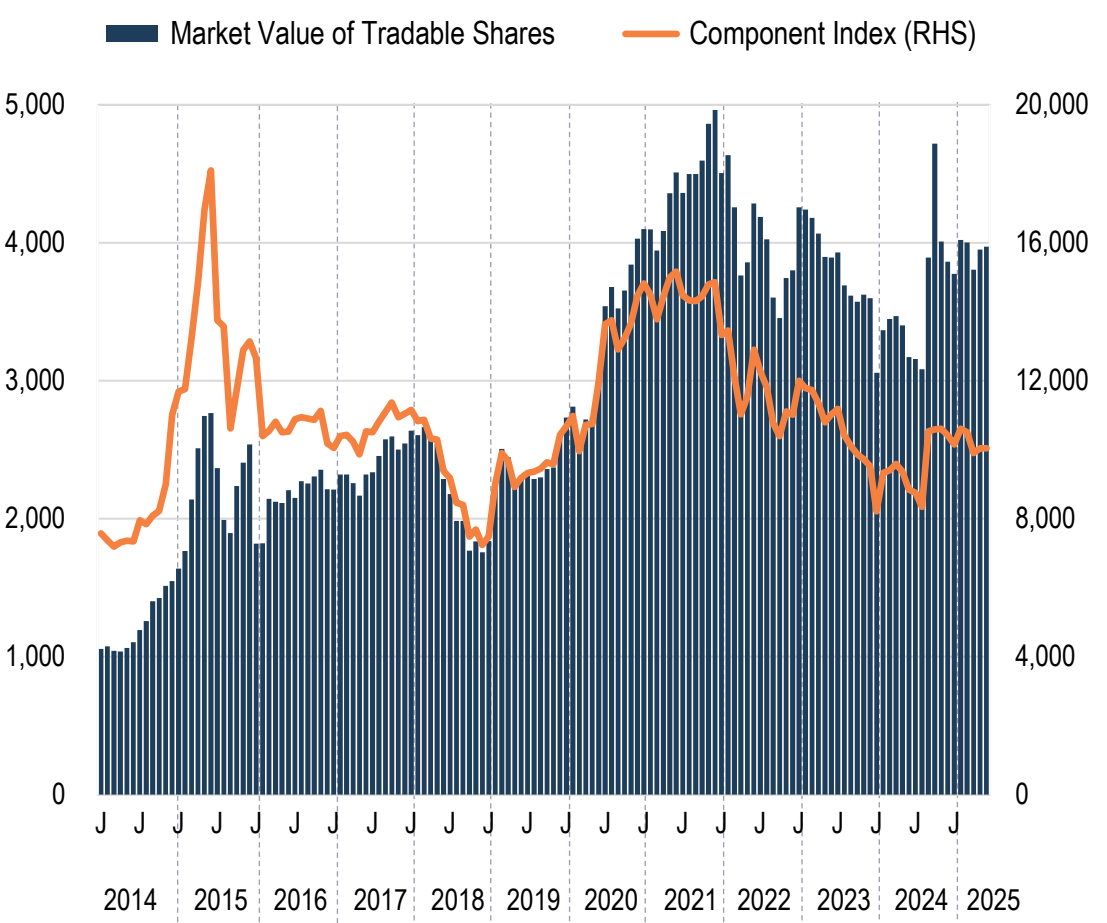


After a sharp rise in 2015, the Shanghai and Shenzhen stock markets entered a prolonged period of volatility and underperformance, constrained by structural economic headwinds and regulatory tightening. While intermittent rallies occurred, neither market regained the highs of mid-2015

Shanghai Stock Exchange Composite Index, USD bn (Jan. 2014-Jun. 2025)

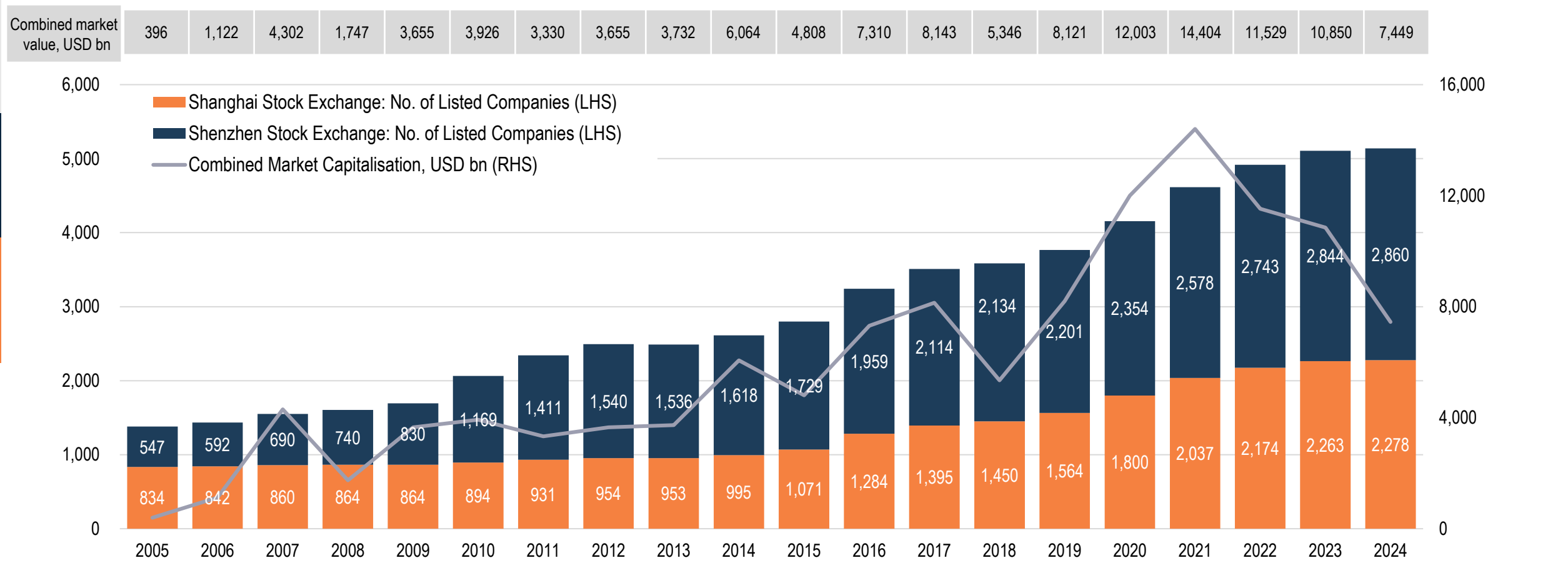


Shenzhen Stock Exchange Component Index, USD bn (Jan. 2014-Jun. 2025)



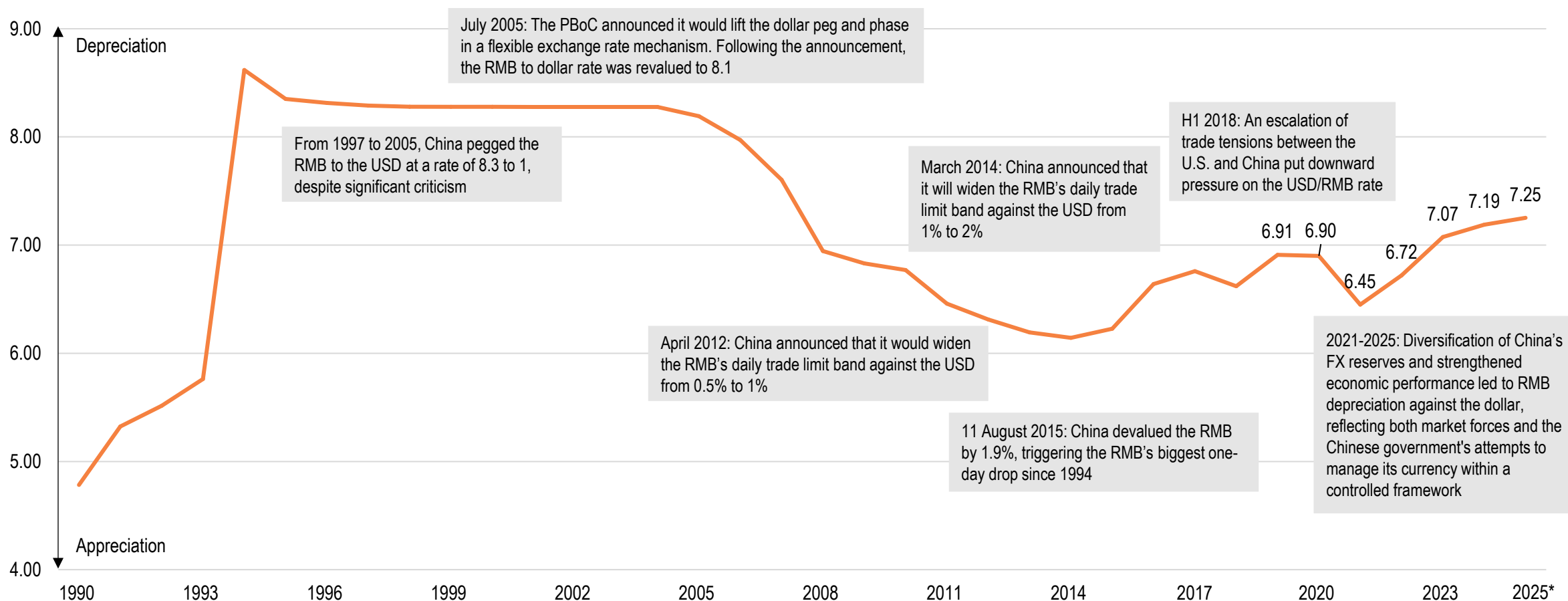
The sharp decline in the market capitalisation of the two Mainland China exchanges from 2021 reflects a loss of investor confidence, with the combined market capitalisation declining from USD 14.4 billion in 2021 to USD 7.5 billion in 2024

Mainland China Stock Exchanges: Number of Listed Companies and Total Market Value (2005-2024)



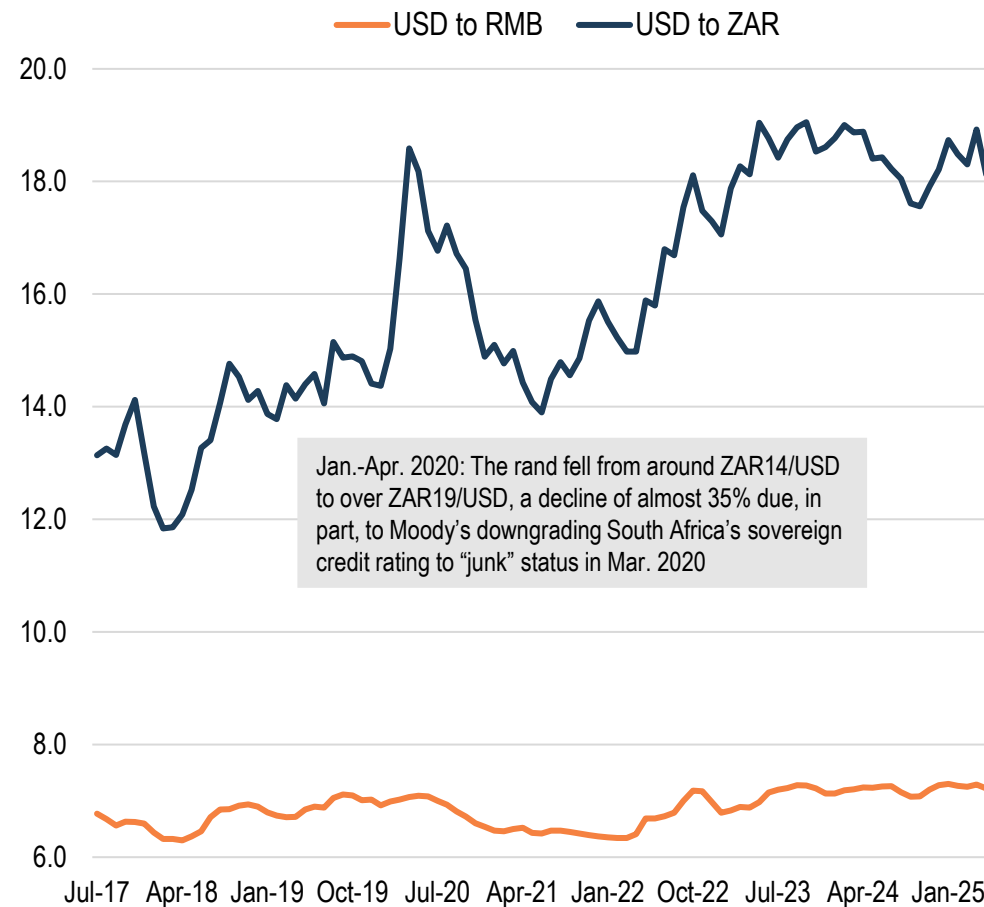
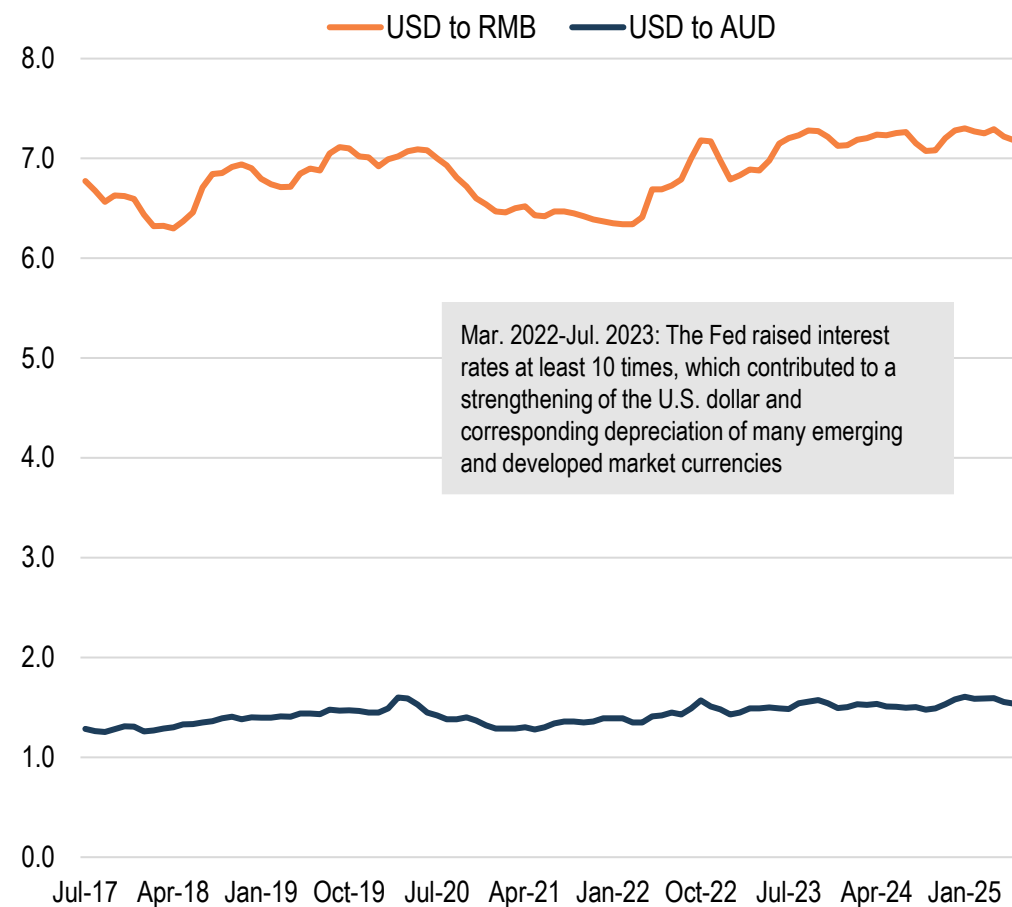
China resumed a semi-floating (controlled) exchange rate mechanism in 2010. The RMB has depreciated against the dollar since 2021, from 6.4 to over 7.2 per dollar in 2025, due to a combination of factors, including slowing economic growth, trade tensions and U.S. tariffs

### USD to RMB Nominal Exchange Rate (1990-2025)



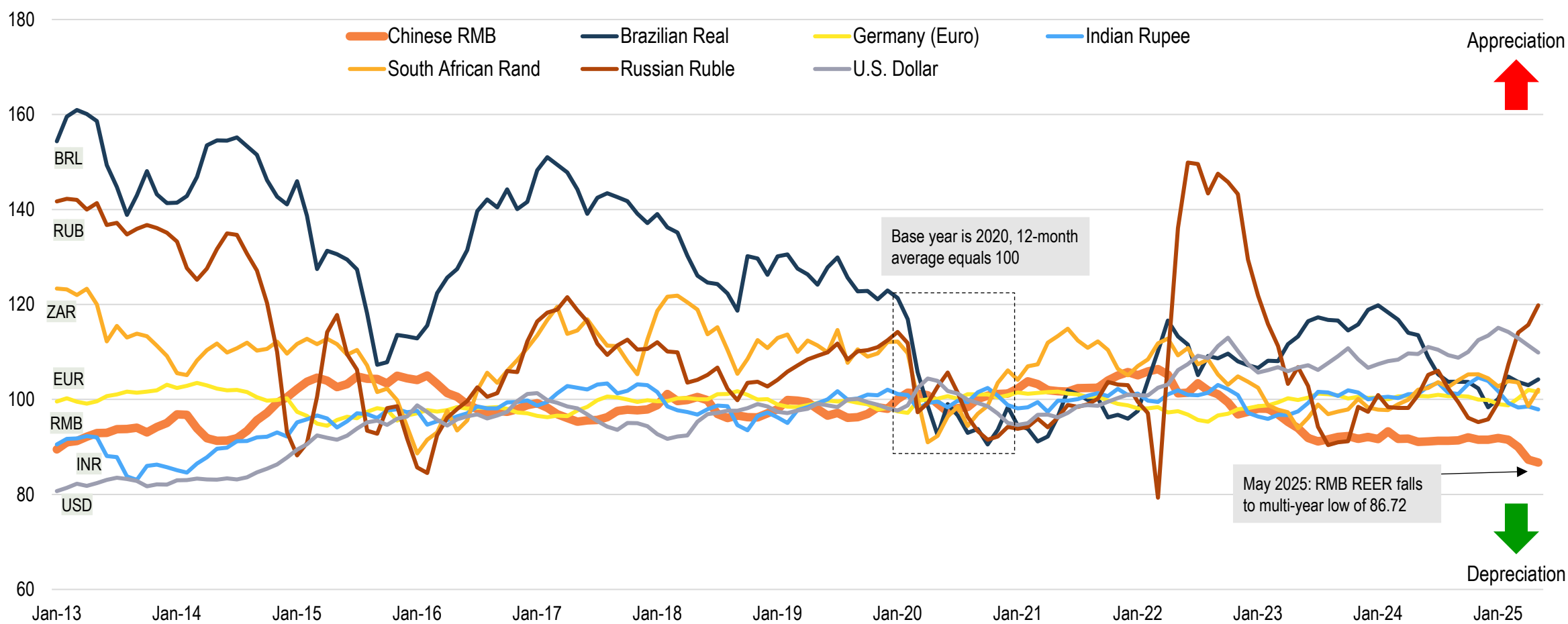
In Q3 2023, the RMB fell to its weakest level in a decade (around 7.30 per dollar), due to China's deteriorating economic outlook. U.S. Fed. Reserve interest rate hikes since 2022 strengthened the dollar, contributing to the depreciation of other currencies like the Australian dollar and S.A. rand

#### Nominal Exchange Rate Comparison: USD, RMB, AUD, ZAR (Jul. 2017-Jun. 2025)



Since 2015, the RMB's REER has remained relatively stable compared to other emerging markets. In 2023, however, it fell to a 9-year low, boosting export competitiveness but weighing on imports and consumption. In May 2025, it fell further to a new multi-year low of 86.72

Real Effective Exchange Rates, CPI-based, Monthly Averages (2013-May 2025)

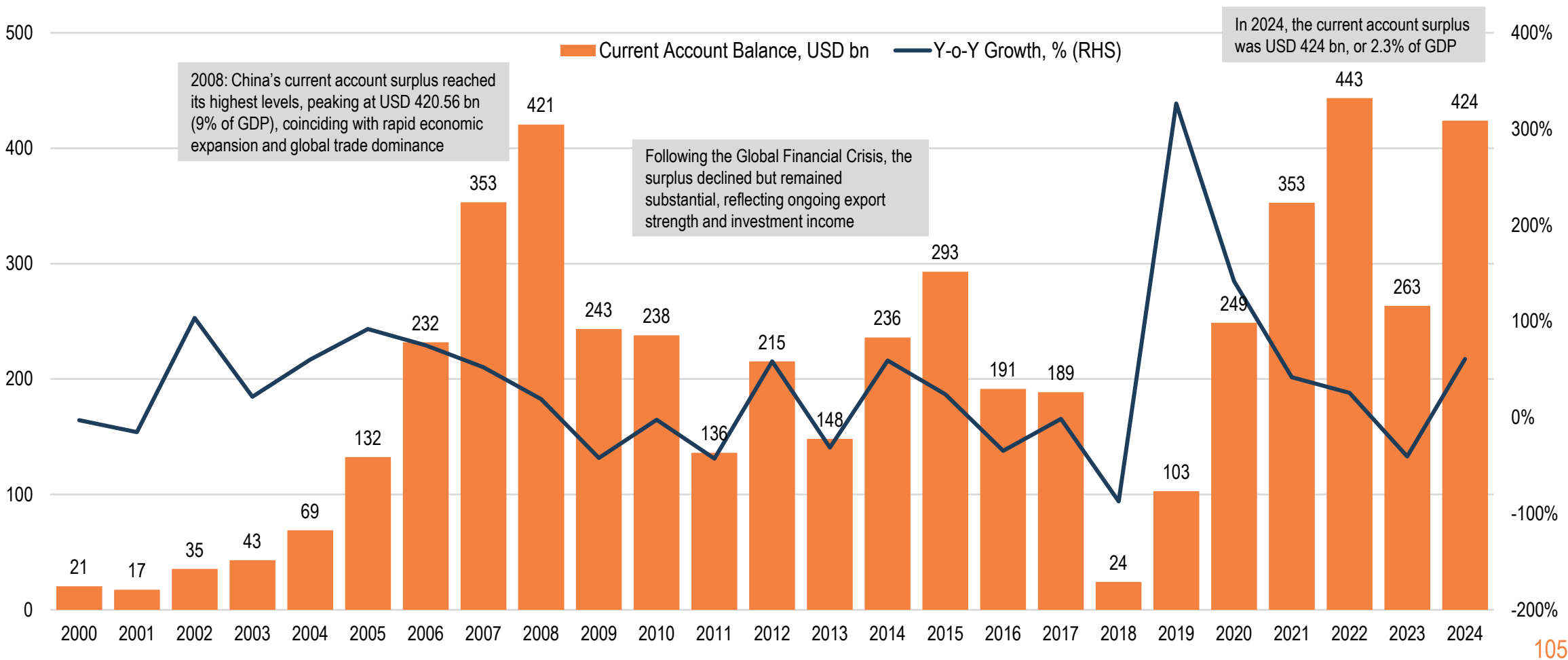


Source: Bank for International Settlements (BIS), Yahoo Finance, ANDAMAN PARTNERS Analysis. Note: Real effective exchange rates (REER) are the geometric weighted averages of bilateral exchange rates, adjusted by relative consumer prices. The BIS EER indices cover 64 economies, including the U.S., Australia, China, individual euro area countries, and, separately, the euro area as an entity. The indices' base year is updated to 2020, i.e., 2020=100. An increase indicates an appreciation of the economy's currency against a broad basket of currencies.



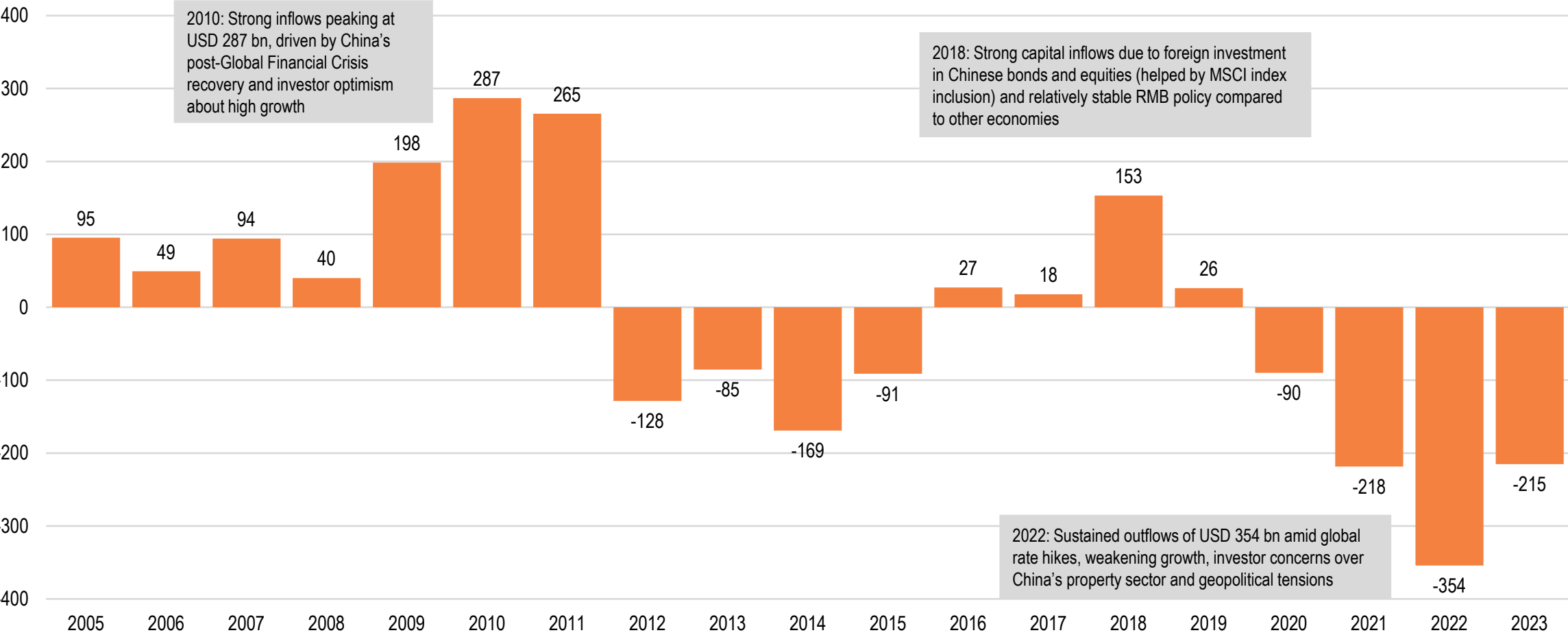
China's current account balance increased significantly in the 2000s, reaching USD 421 billion in 2008, equivalent to 9% of GDP. The balance declined after 2008, but rose sharply again in the 2020s. In 2024, it reached a nominal high of USD 424 billion, equivalent to 2.3% of GDP

China Current Account Balance, USD bn, and Y-o-Y Growth Rate, % (2000-2024)



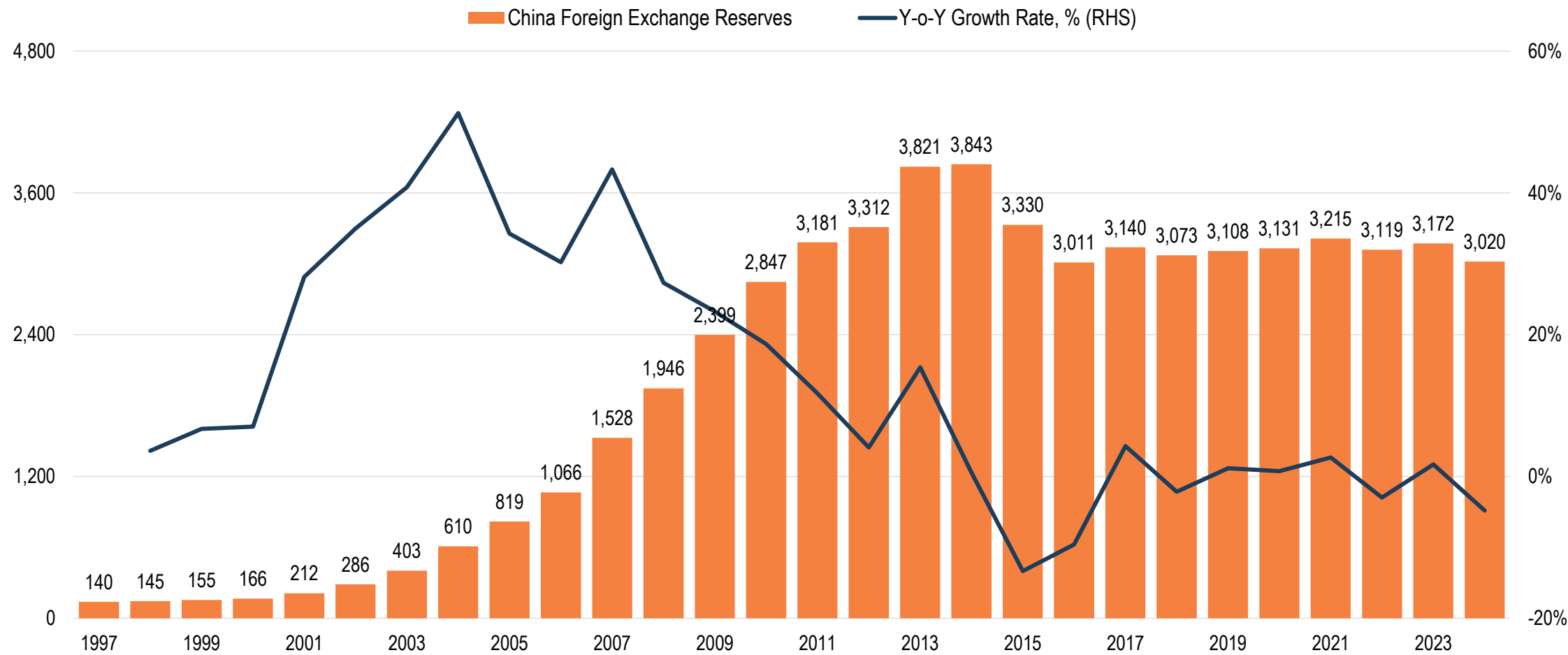
China's capital and finance account (tracking cross-border movement of capital) has seen volatile swings, with net inflows in 2016-2019 followed by net outflows in 2020-2024, meaning that, in recent years, more capital is flowing out of China than into it

China Capital & Finance Account Balance, USD bn (2005-2023)



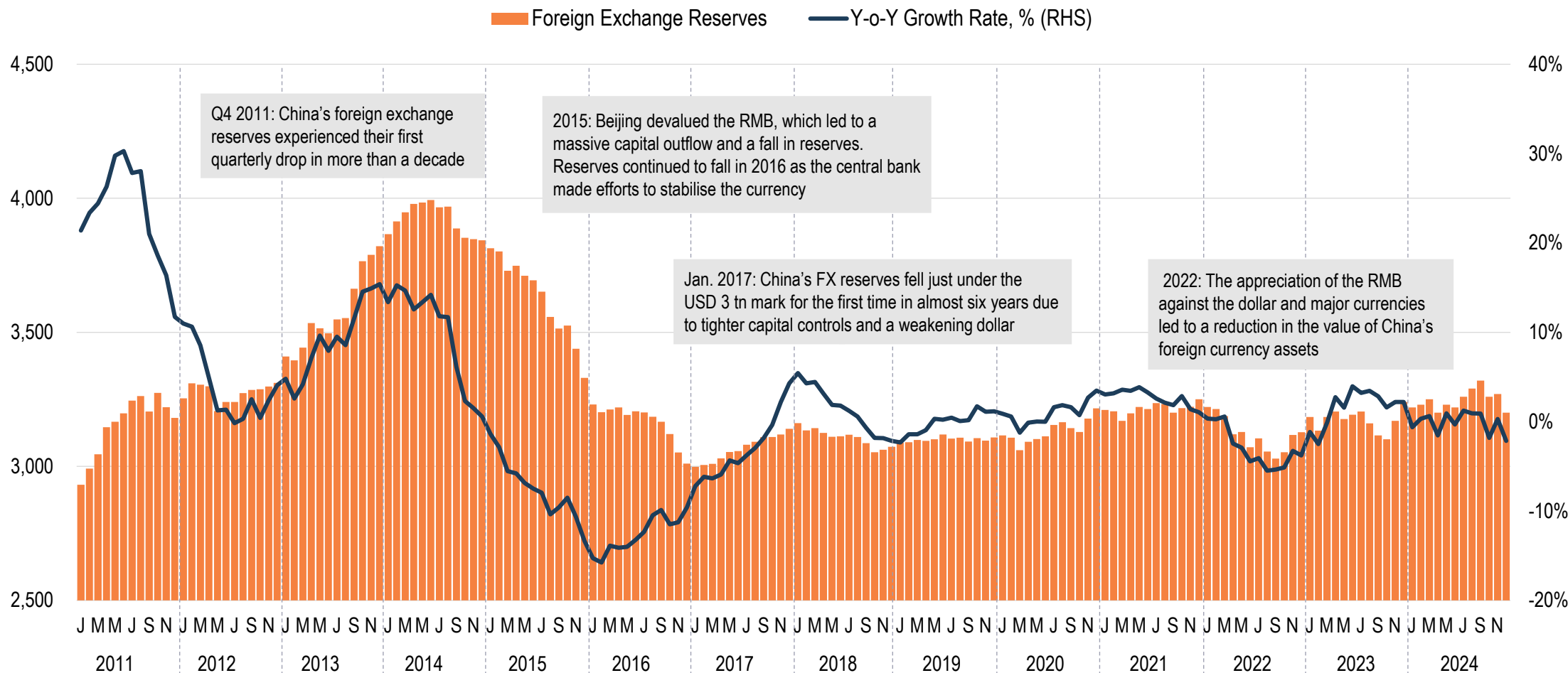
China holds the world's largest foreign exchange reserves. China's annual holdings have remained remarkably resilient, hovering above USD 3 trillion from 2017 to 2024, although since 2014, the annual growth rate has been low or negative

China Annual Foreign Exchange Reserves, USD bn (1997-2024)



China's monthly foreign exchange reserves peaked at almost USD 4 trillion in June 2014, followed by a period of decline to around USD 3 trillion in December 2016. While no longer expanding, these reserves provide a buffer against external shocks and a tool for currency management

China Monthly Foreign Exchange Reserves, USD bn (2011-2024)





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- **Social Indicators**

4. China in the World

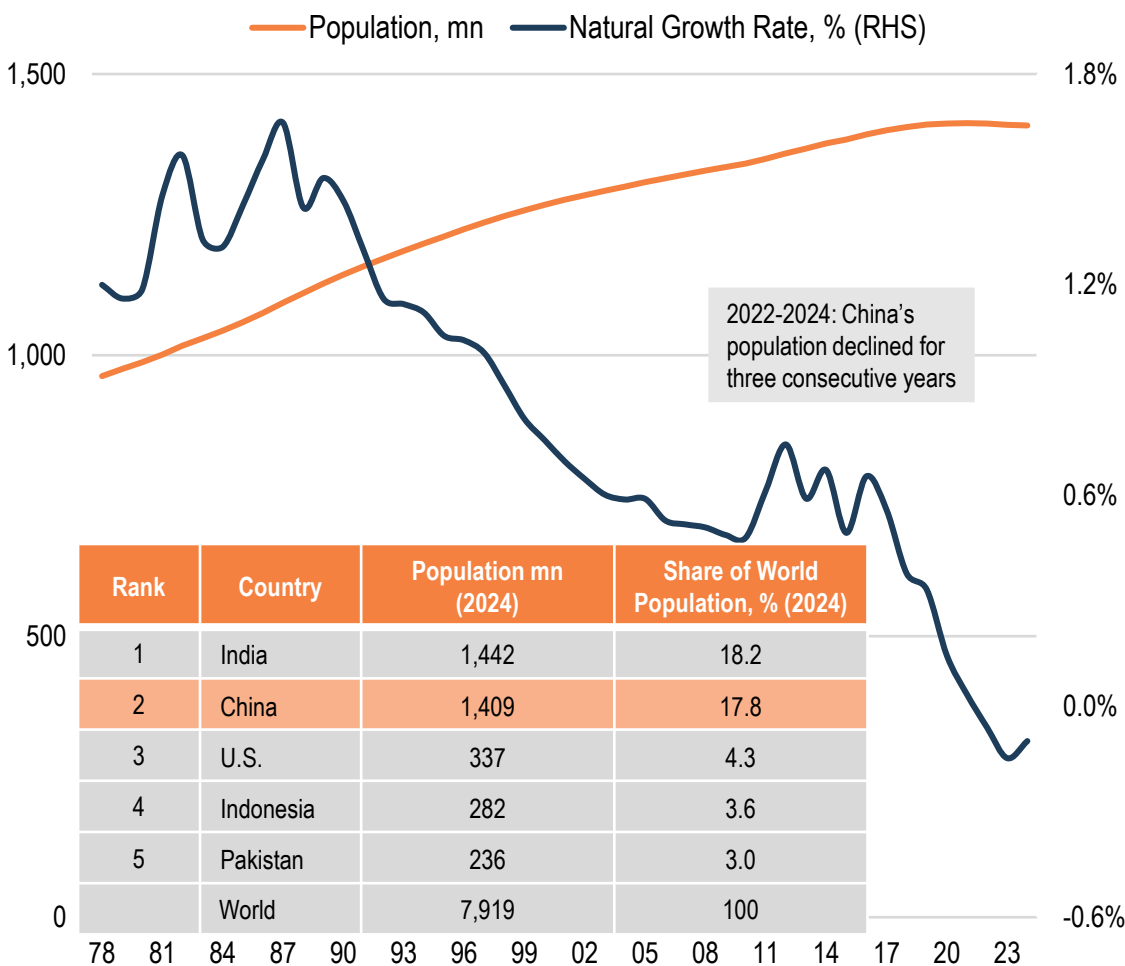
5. Conclusions, Implications and Recommendations



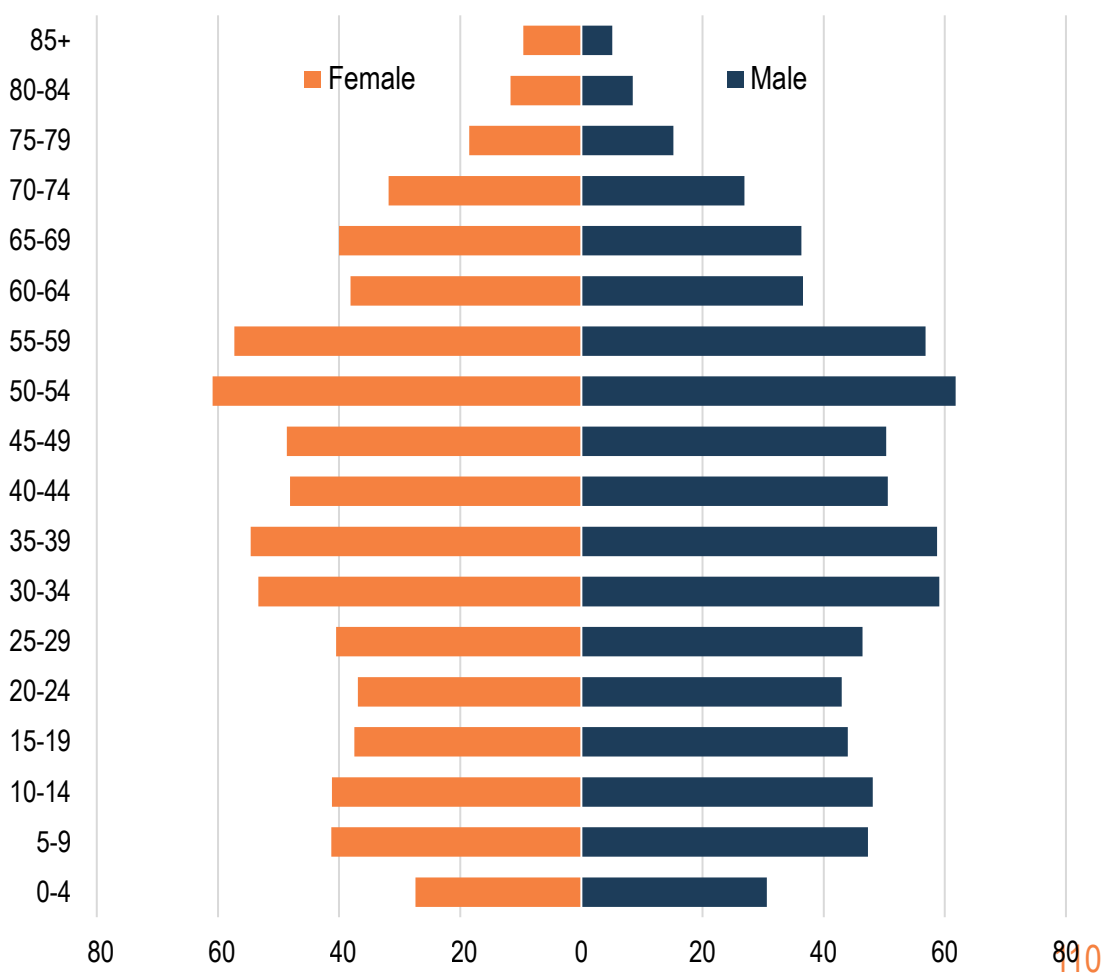


At the end of 2024, China had the world's second-largest population with 1.41 billion people. However, its population stopped growing in 2021 and fell by over one million people in 2024, marking the third straight year of decline

China Population, mn and Natural Population Growth Rate, % (1978-2024)

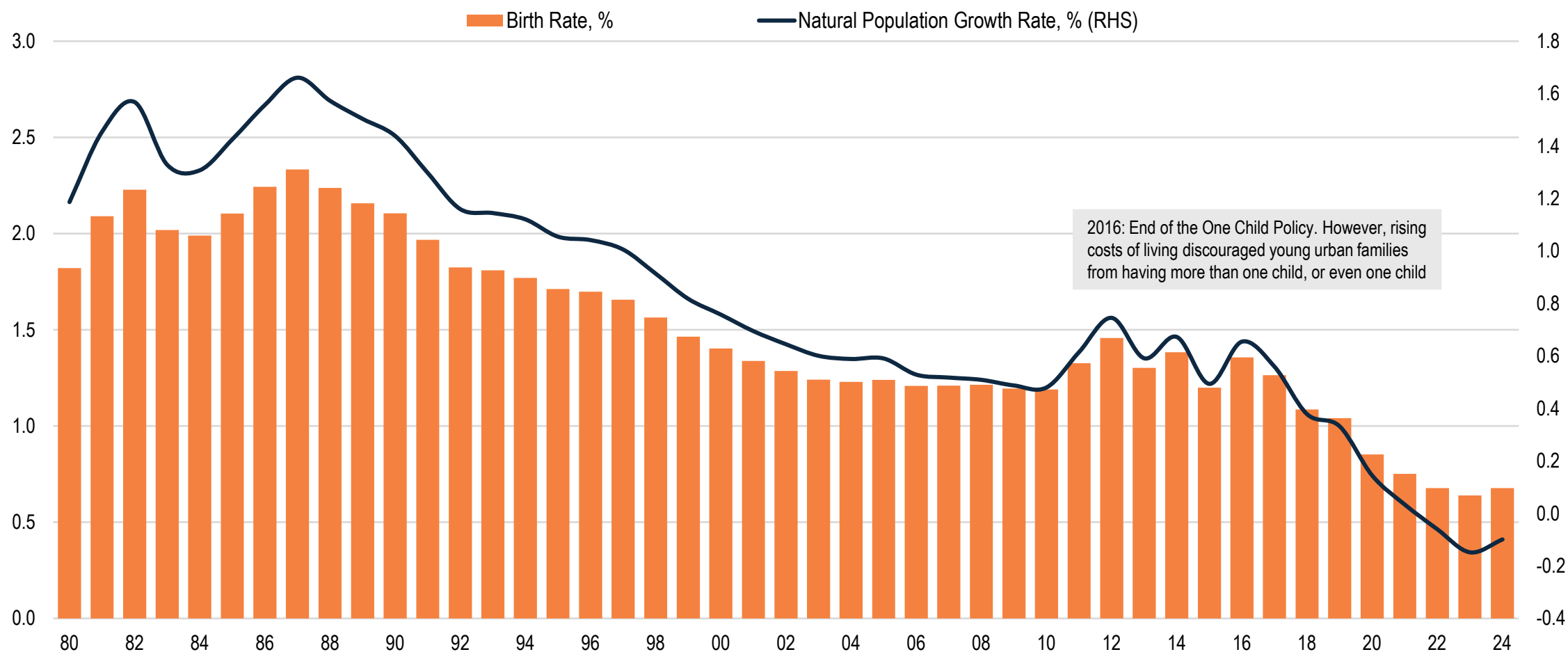


China Population by Age Group, mn (2023)



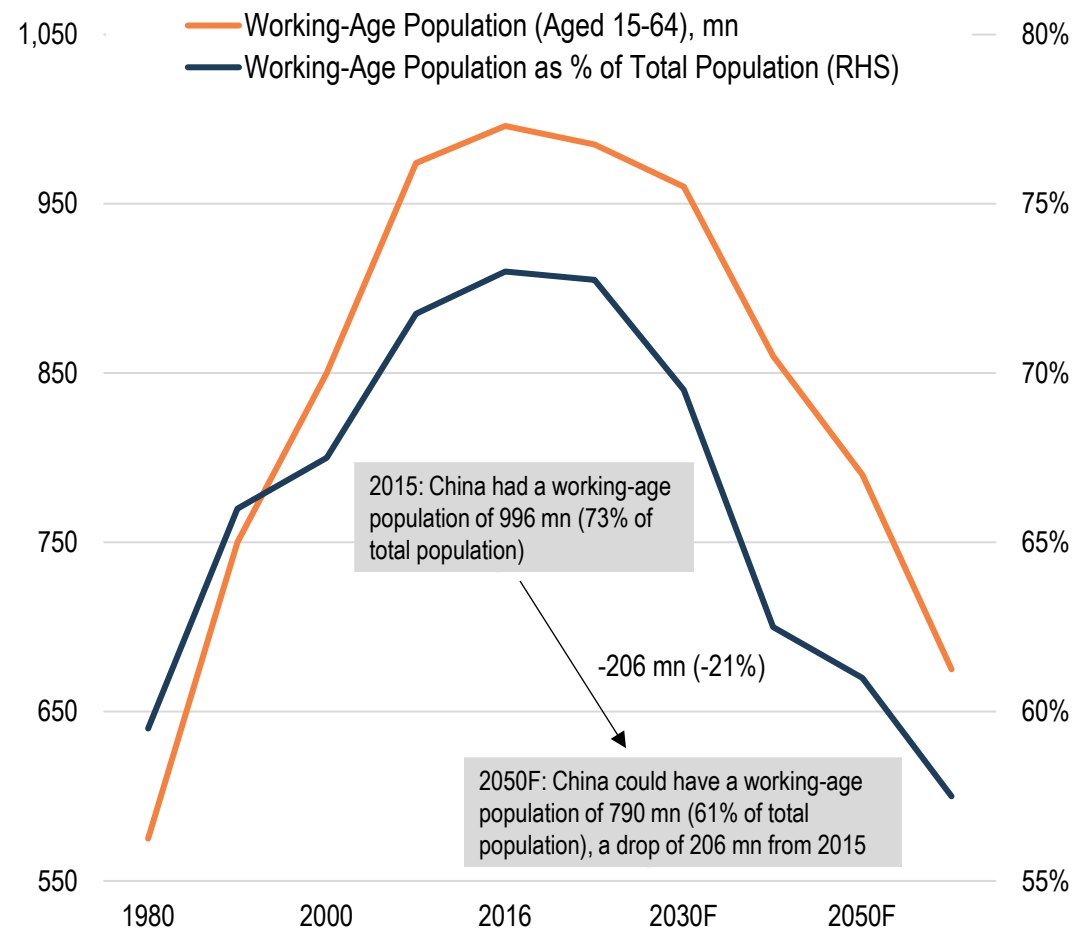
From 1987, China's birth rate, i.e., the number of live births per 1,000 people per year, has declined precipitously. The end of the One Child Policy in 2016 did not redress the falling birth rate, which hit a record low in 2023 after declining for seven straight years

China Annual Birth Rate, % Growth, and Natural Population Growth Rate, % (1980-2024)

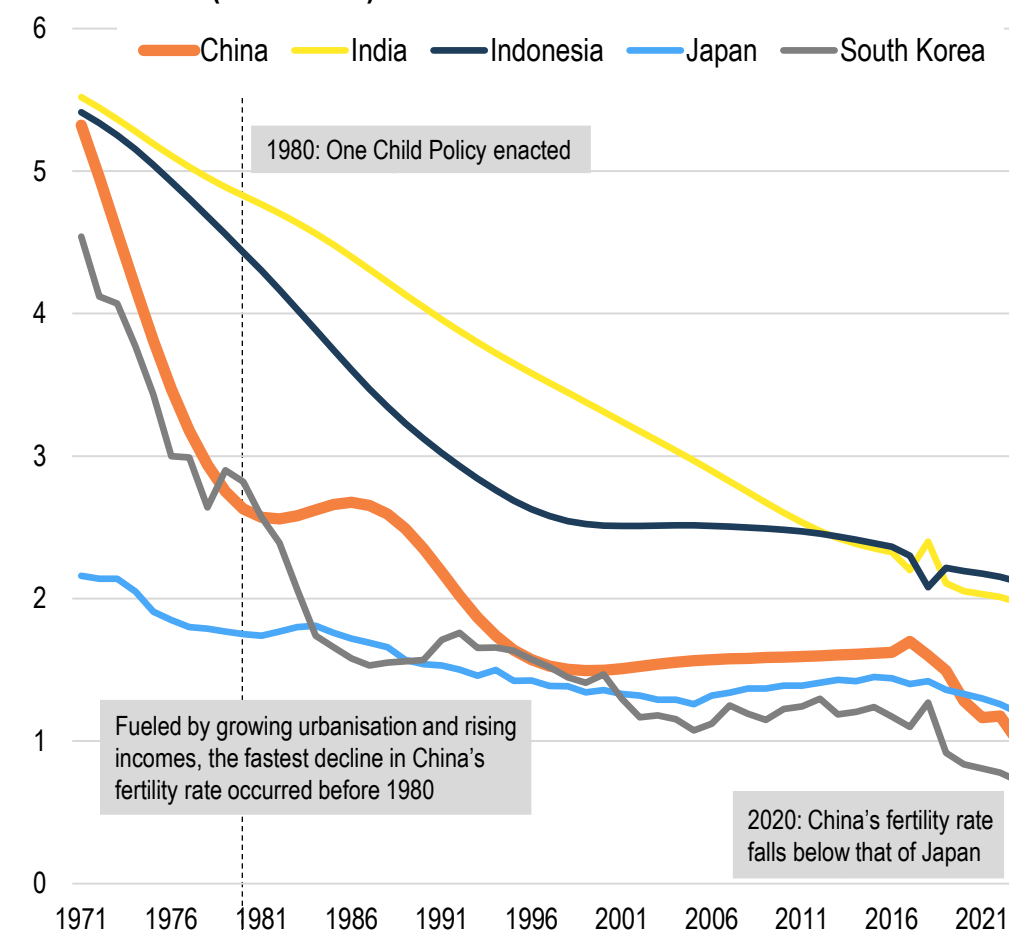


China's population is ageing rapidly, unlike other developing economies. The country will not be able to leverage a young population base and a large working-age population to drive future growth, meaning that the country is losing its demographic dividend

China Working-Age Population and Forecast, mn (1980-2060F)

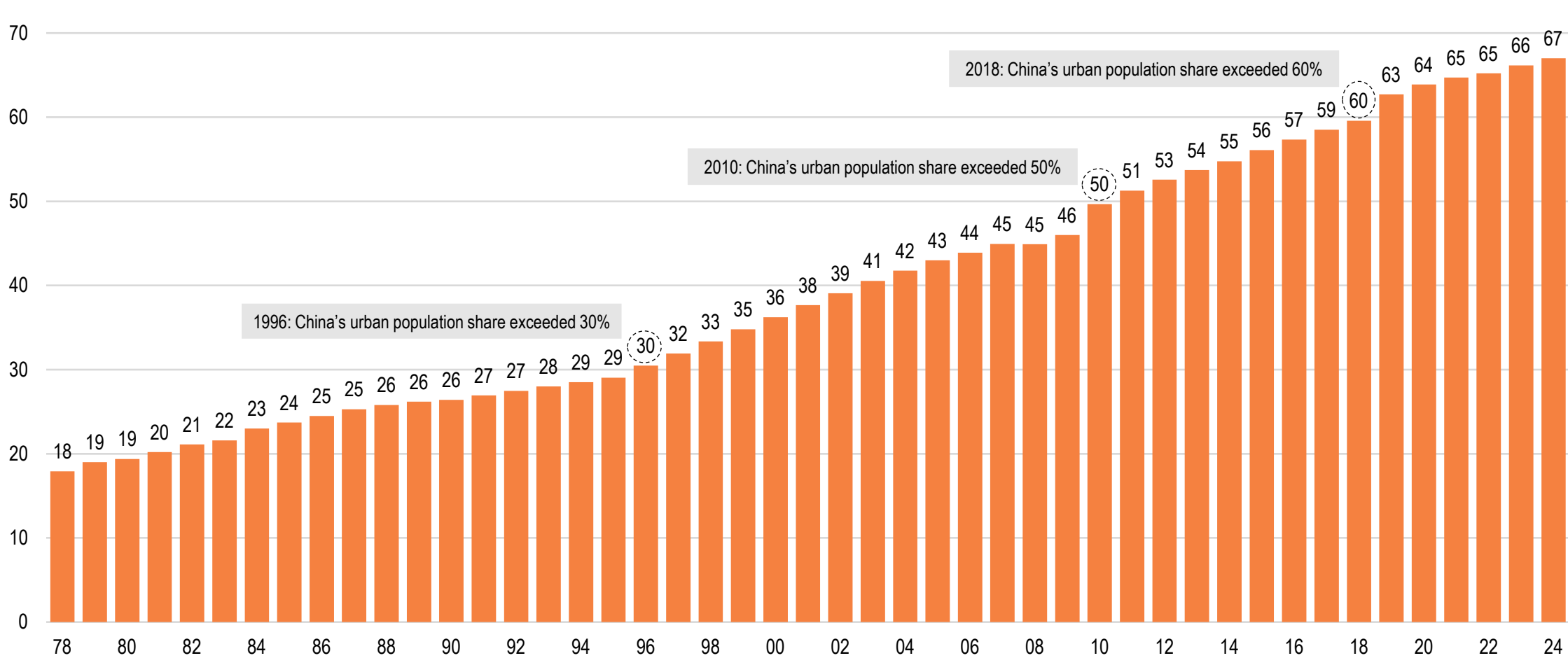


Fertility Rates, Births per Woman: China, India, Indonesia, Japan and South Korea (1971-2023)



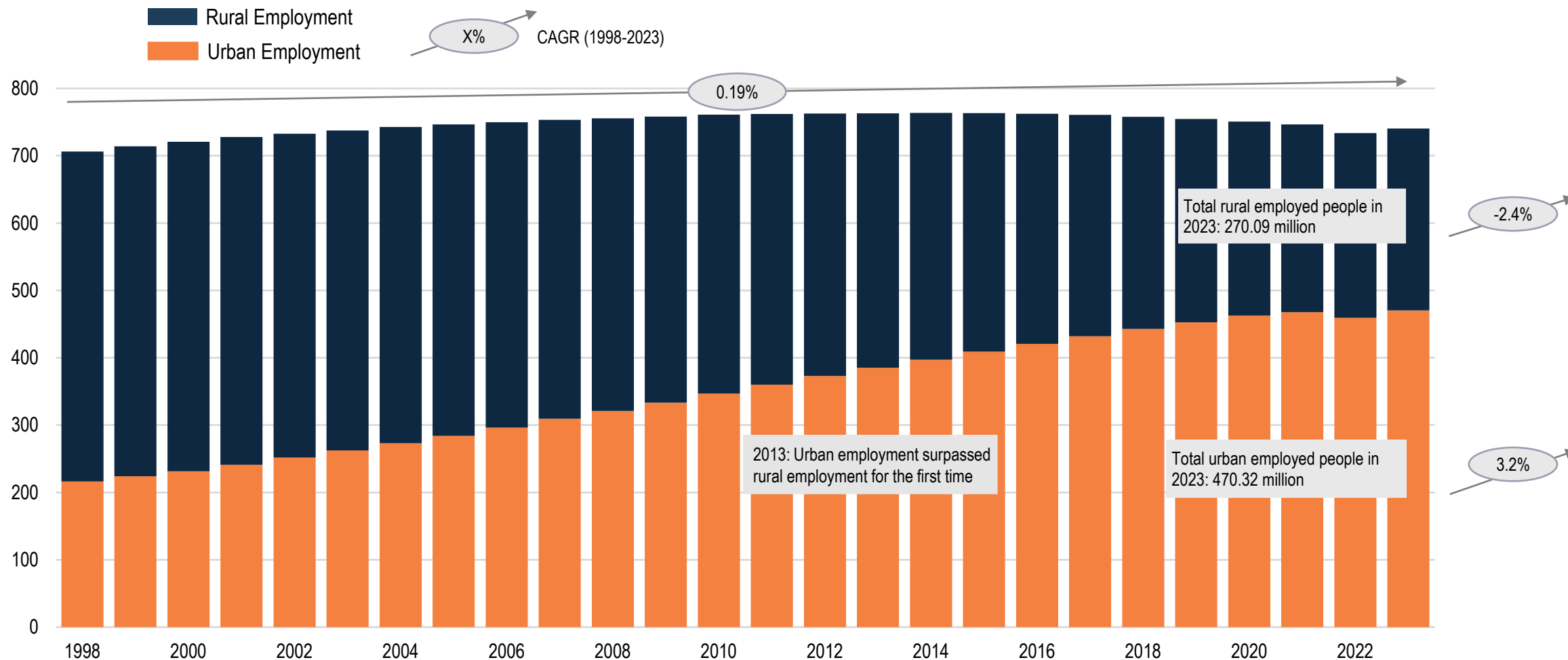
China's urban population surpassed its rural population for the first time in 2010, marking a significant milestone in socio-economic transformation. However, China's urbanisation rate (67%) is still much lower than developed economies, e.g., South Korea (82%), U.S. (83%), Japan (91%)

China Urban Population Ratio, % Share (1978-2024)



China's urban employment surpassed rural employment in 2013. In 2022, the number of urban employed persons declined for the first time in over 60 years, but it rebounded again in 2023 to 470 million, when China still had approximately 270 million people employed in rural areas

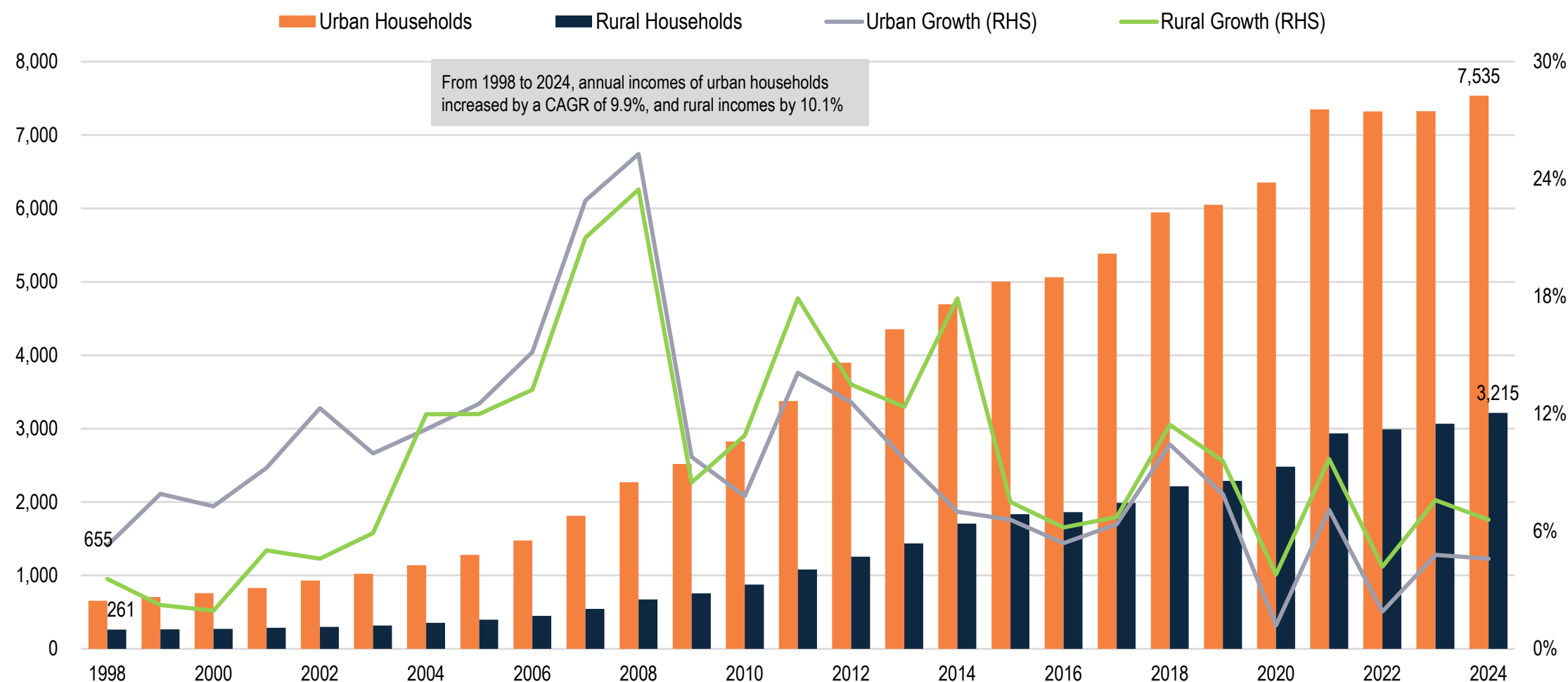
China Number of Urban and Rural Employed Persons, mn (1998-2023)





Despite a gradual narrowing of urban-rural income disparities, in 2024, income levels in urban Chinese households (USD 7,535) are still more than double that of rural households (USD 3,215), although rural growth rates have generally exceeded urban growth rates in recent years

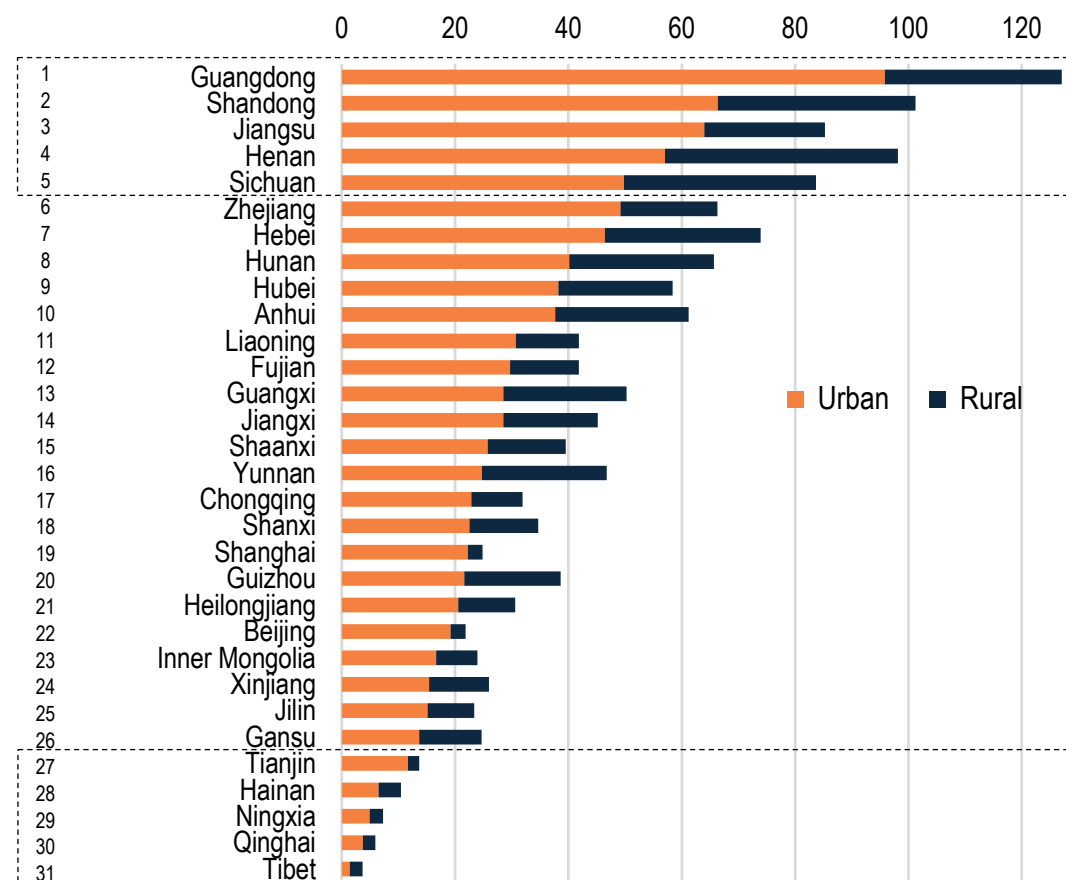
Annual Income of Urban and Rural Households in China, USD (1998-2024)



Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis. Note: Data refers to annual disposable income of urban households and net income of rural households per capita. Growth rates are calculated at current prices. Due to the appreciation of the USD against the RMB, 2023 incomes in USD are almost equal to the value in 2022, but increased by 4.8-7.6% in RMB terms.

China's urban populations are concentrated in the coastal provinces as well as Henan and Sichuan, and urban populations generally become progressively sparser in the outlying provinces, with the lowest urban populations in the far western regions of Qinghai and Tibet

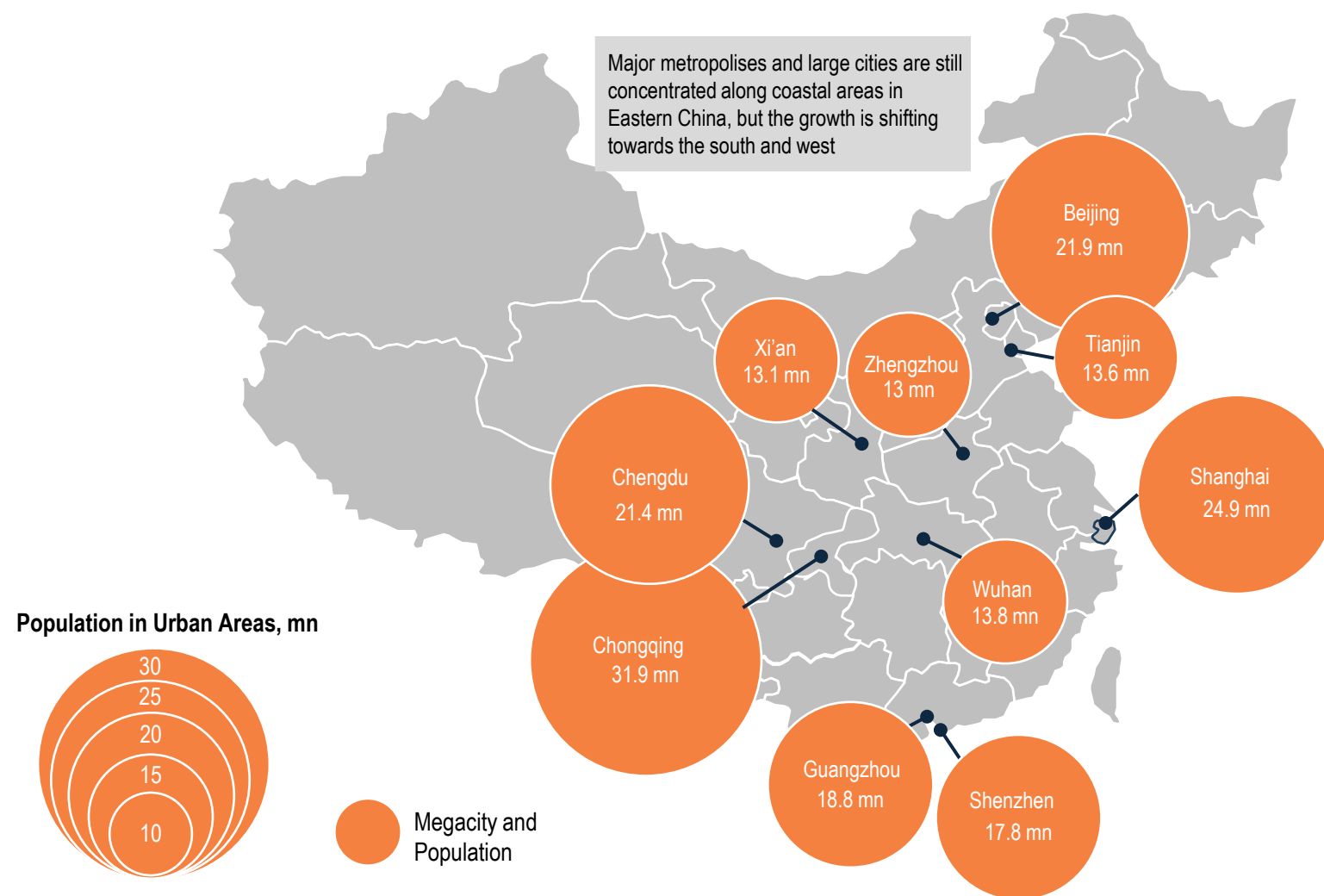
China Populations by Urban and Rural Residences by Province, Autonomous Region and Municipality, mn (2023)



Megacities, with populations exceeding 10 million, are on the rise in China, doubling in number from 6 in 2010 to 12 in 2023. With rapid urbanisation, China has the highest number of megacities in the world and could have as many as 19 by 2050

### Top 10 Most Populated Cities in China (2023)

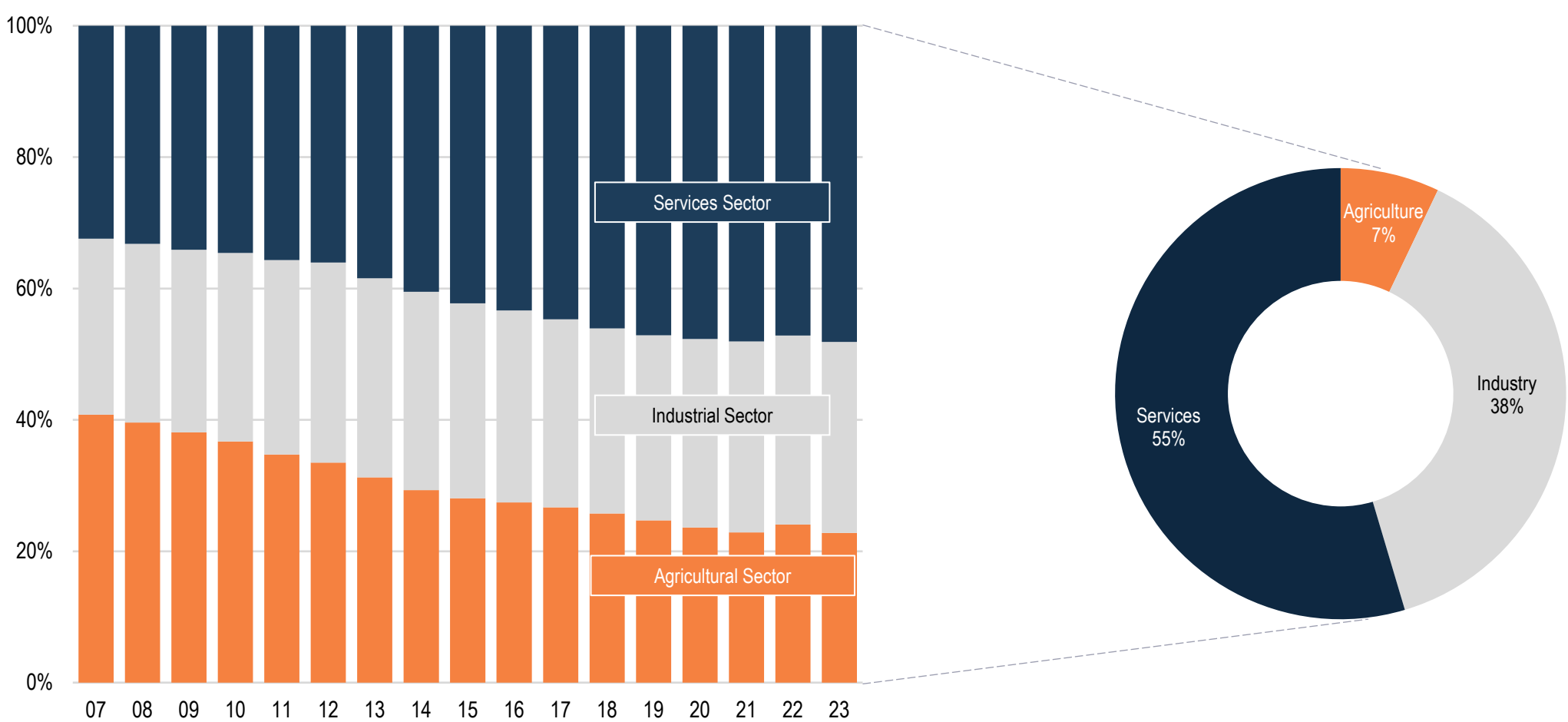
Top 10 Populated Cities	Total Population, mn (2023)	Population Growth, % (2022-2023)
Chongqing	31.9	-21.9
Shanghai	24.9	11.6
Beijing	21.9	1.5
Chengdu	21.4	13.5
Guangzhou	18.8	9.3
Shenzhen	17.8	12.8
Wuhan	13.8	3.5
Tianjin	13.6	1
Xi'an	13.1	8.2
Zhengzhou	13.0	18



In 2011, employment in China’s services sector surpassed that of the agricultural sector for the first time — a landmark shift that reflected the country’s broader transition from a rural, agrarian economy to an increasingly urban, consumption- and service-driven model

China Total Employed Persons by Sector, % of Total (2007-2023)

Sectoral Contribution to China GDP, % (2023)





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The global economy in 2024 grew at below historical averages, led by India, Indonesia and China among the top 20 largest economies, and Bangladesh, the Philippines, Vietnam and UAE outside the top 20. Up to 2029, global growth is forecast at 3.2%

## Global Economic Forecast to 2030

- Global real GDP growth in 2024 was 3.2%, a small increase from 3.0% in 2023 but below the 3.5% of 2022. Overall, the global growth outlook for 2025 remains patchy, with significant regional divergences.
- The IMF projects global GDP growth of 3.3% for 2025 and 2026, below the historical (2000-2019) average of 3.7%. The forecast for advanced economies is 1.9% for 2025 and 1.8% for 2026, and 4.2% and 4.3%, respectively, for emerging markets and developing economies.
- From 2023 to 2029, global real GDP growth is forecast at 3.2%, while the forecast for emerging markets and developing economies is 4.1%.
- Up to 2029, among the larger developing economies, India (6.8%), Indonesia (5.1%), China (4.1%) and Türkiye (3.6%) could outperform the global average, while many developed economies will likely not reach this level.
- By 2030, the U.S. and China could constitute 44% of the global economy, and India could become the world's third-largest economy.

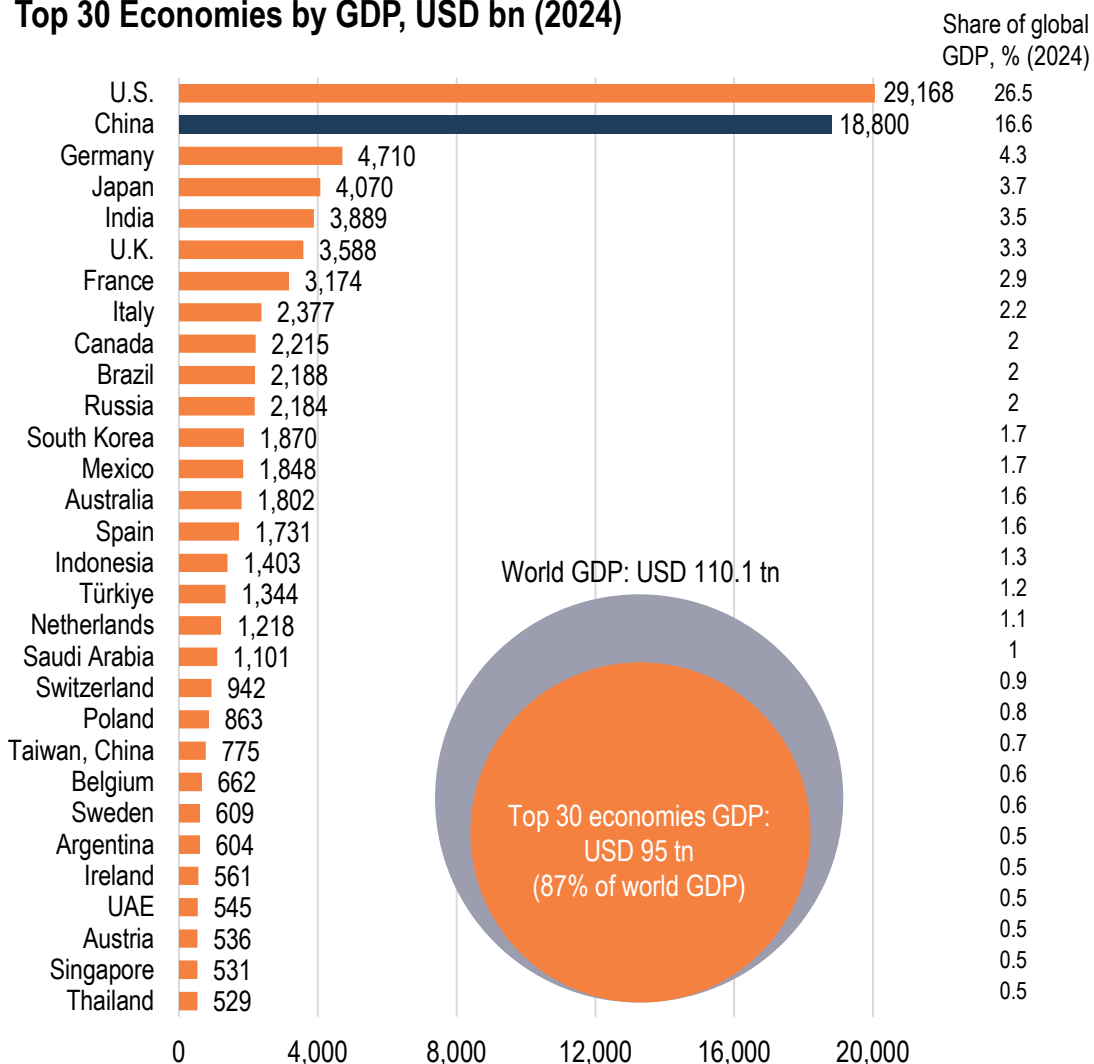
## Top 20 Economies by GDP, USD bn (2000, 2024, 2030F)

Rank (2000)		Rank (2024)		Rank (2030F)		USD bn (2030F)	Share of Global GDP (2030F)	Avg. Real GDP Growth Rate (2024-2030)
1	U.S.	1	U.S.	1	U.S.	37,153	26%	4.1%
2	Japan	2	China	2	China	25,828	18%	5.5%
3	Germany	3	Germany	3	India	6,770	5%	9.6%
4	U.K.	4	Japan	4	Germany	5,576	4%	3.0%
5	France	5	India	5	Japan	4,995	3%	3.7%
6	China	6	U.K.	6	U.K.	4,956	3%	5.3%
7	Italy	7	France	7	France	3,755	3%	2.9%
8	Canada	8	Italy	8	Canada	2,792	2%	3.7%
9	Mexico	9	Canada	9	Italy	2,779	2%	2.7%
10	Brazil	10	Brazil	10	Brazil	2,680	2%	3.6%
11	Spain	11	Russia	11	Russia	2,384	2%	1.7%
12	South Korea	12	South Korea	12	Spain	2,201	2%	4.2%
13	India	13	Mexico	13	Australia	2,182	2%	3.3%
14	Netherlands	14	Australia	14	Mexico	2,152	1%	2.5%
15	Australia	15	Spain	15	South Korea	2,150	1%	2.4%
16	Iran	16	Indonesia	16	Indonesia	2,066	1%	6.7%
17	Taiwan, China	17	Türkiye	17	Türkiye	1,776	1%	5.0%
18	Argentina	18	Netherlands	18	Netherlands	1,514	1%	3.6%
19	Switzerland	19	Saudi Arabia	19	Saudi Arabia	1,374	1%	4.0%
20	Russia	20	Switzerland	20	Poland	1,305	1%	6.2%
					<b>World</b>	<b>144,576</b>	<b>100%</b>	<b>4.6%</b>

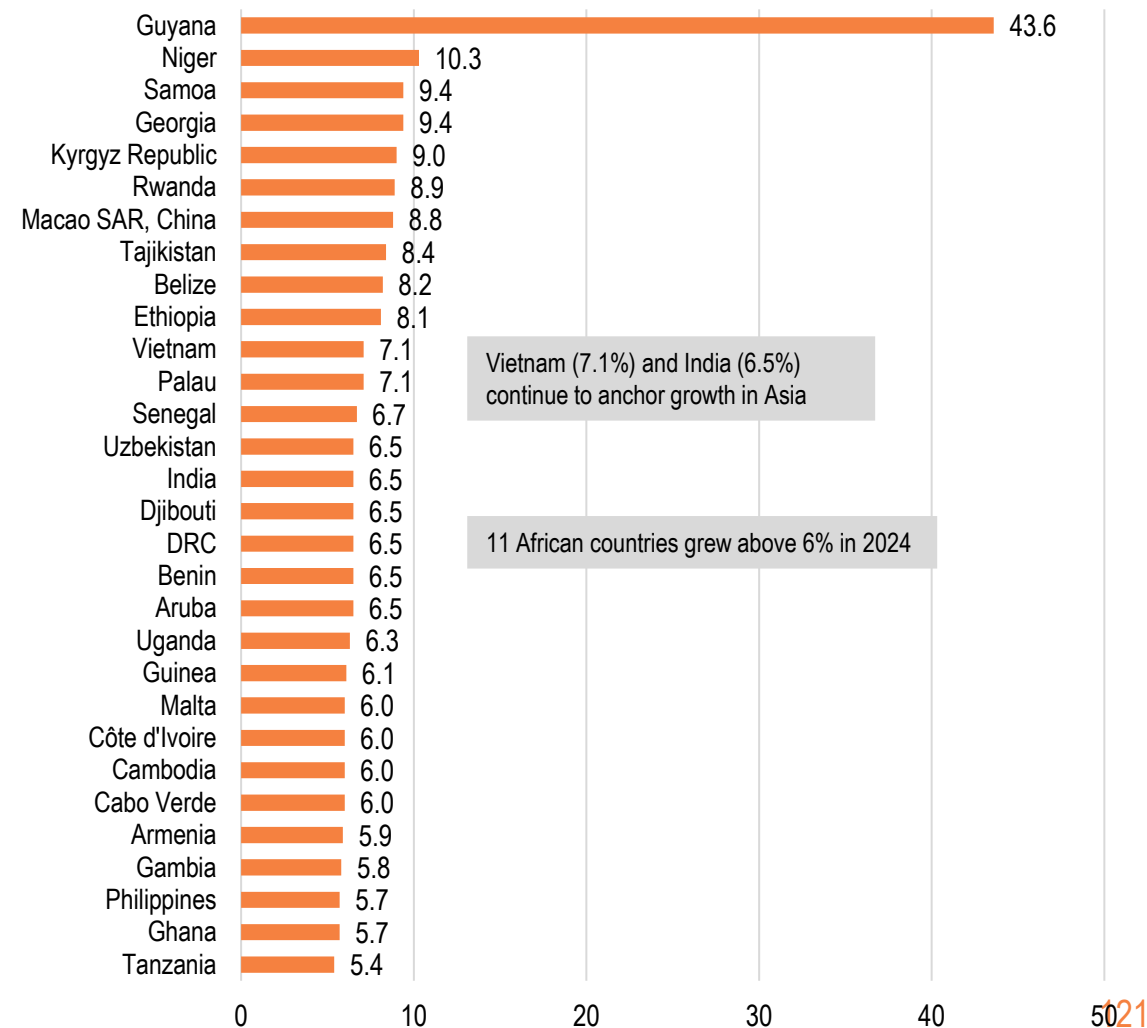
Source: IMF World Economic Outlook 2025, ANDAMAN PARTNERS Analysis

In 2024, global real GDP growth was 3.2%, with significant variations across regions and countries. Emerging and developing economies, particularly in Asia and Sub-Saharan Africa, experienced considerably higher growth rates

Top 30 Economies by GDP, USD bn (2024)

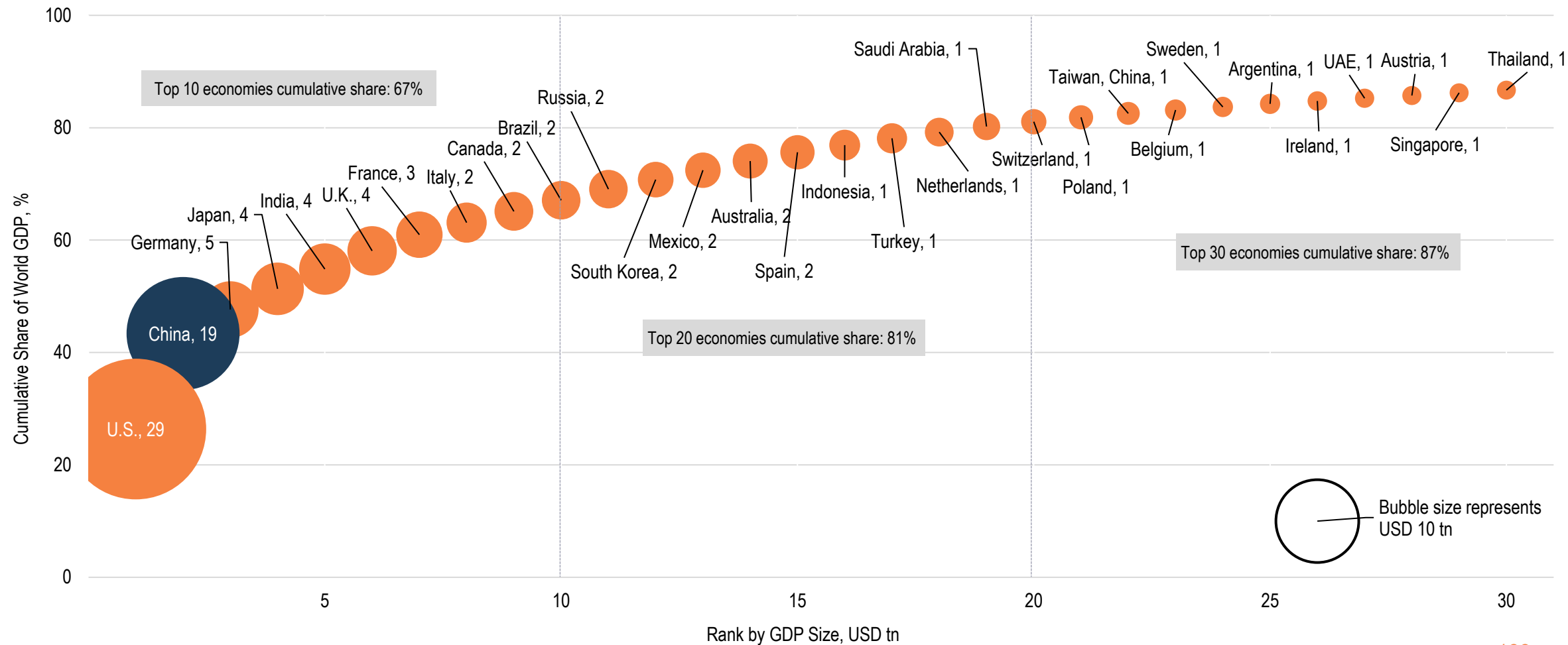


Top 30 Economies by Real GDP Growth, % (2024)



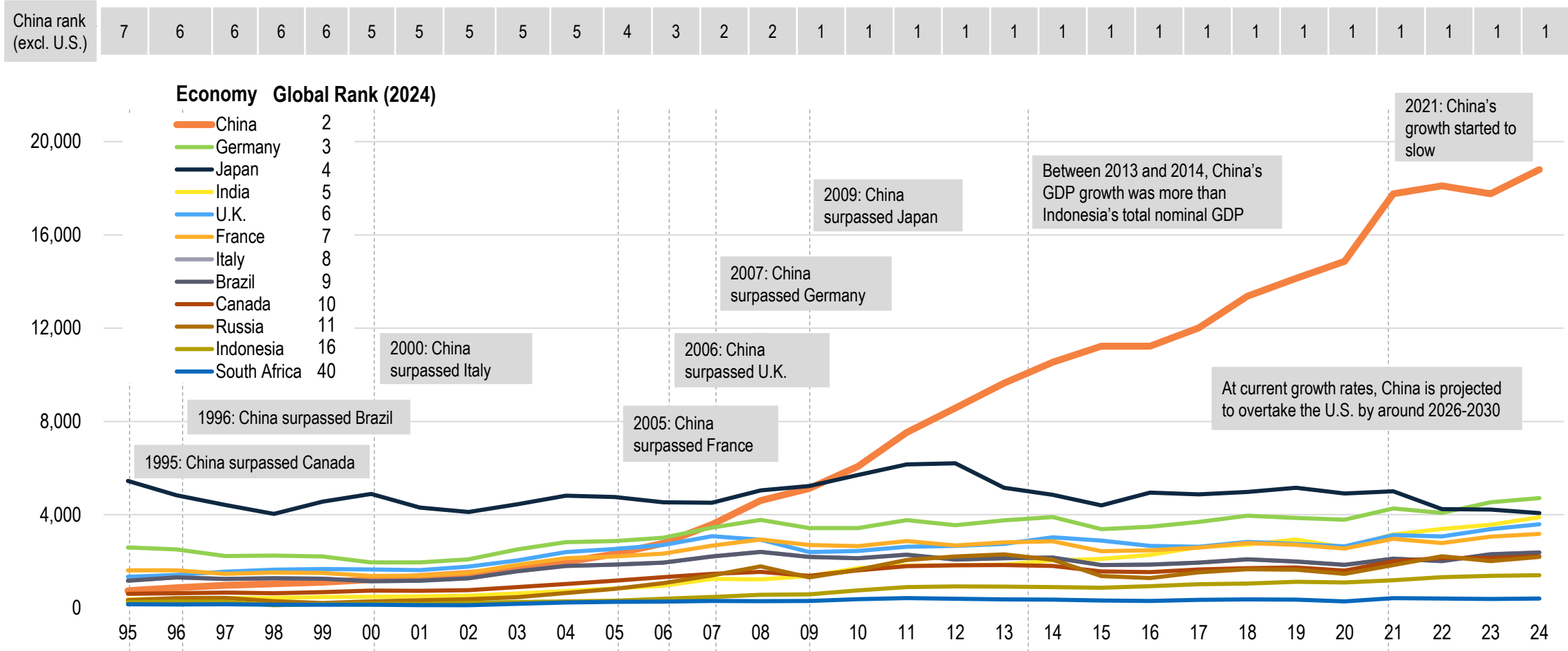
The top 10 economies accounted for 67% of world GDP in 2024. The U.S. (USD 29 trillion) and China (USD 19 trillion) are the largest economies by a substantial margin, followed by Germany (USD 5 trillion), Japan (USD 4 trillion), India (USD 4 trillion) and the U.K. (USD 4 trillion)

Top 30 Economies by GDP, USD tn (2024)



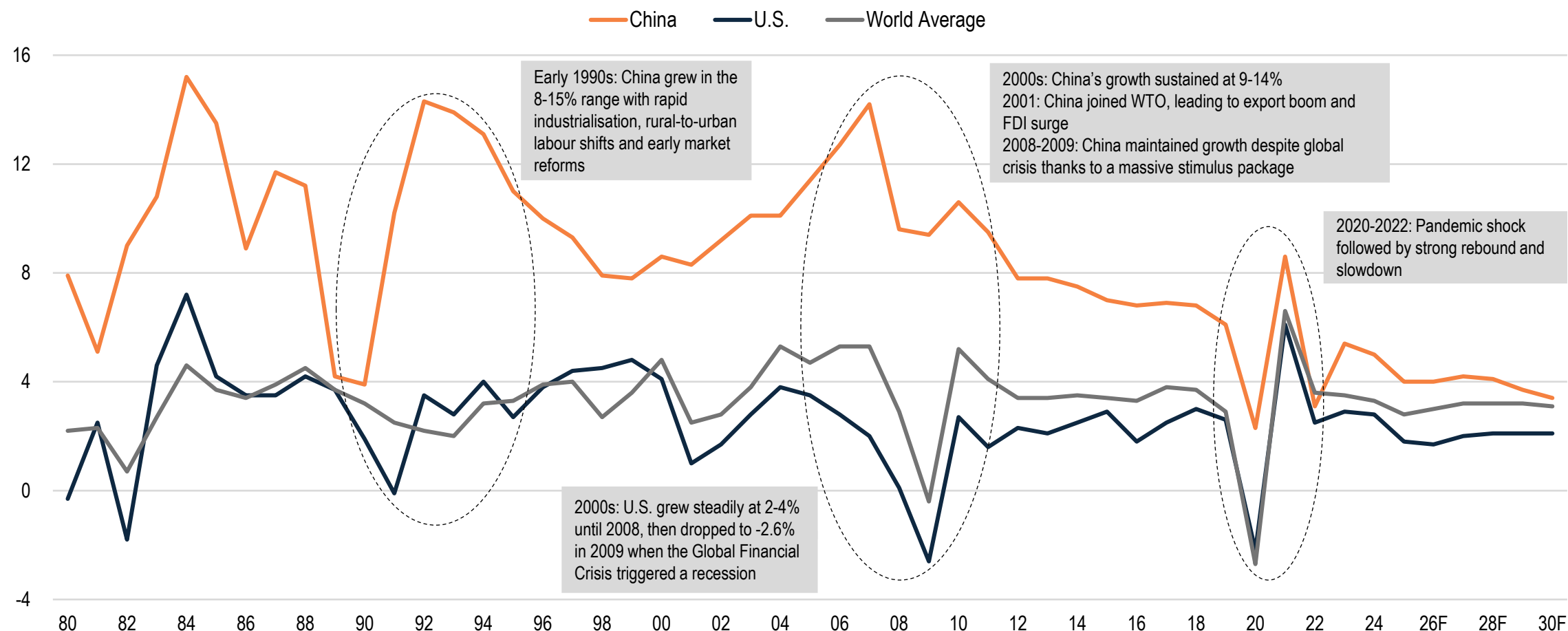
China's rapid economic growth has positioned it as the world's second-largest economy, surpassing all other economies in its wake. China might catch up with the U.S. in the coming years, although when exactly this will occur remains to be seen

GDP of Largest Economies by GDP and Selected Economies, excl. U.S., USD bn (1995-2024)



Since 1980, China's annual GDP growth rate has consistently exceeded the global average, except in 2022. China is set to remain an engine of global economic growth, even if at a lower rate than before

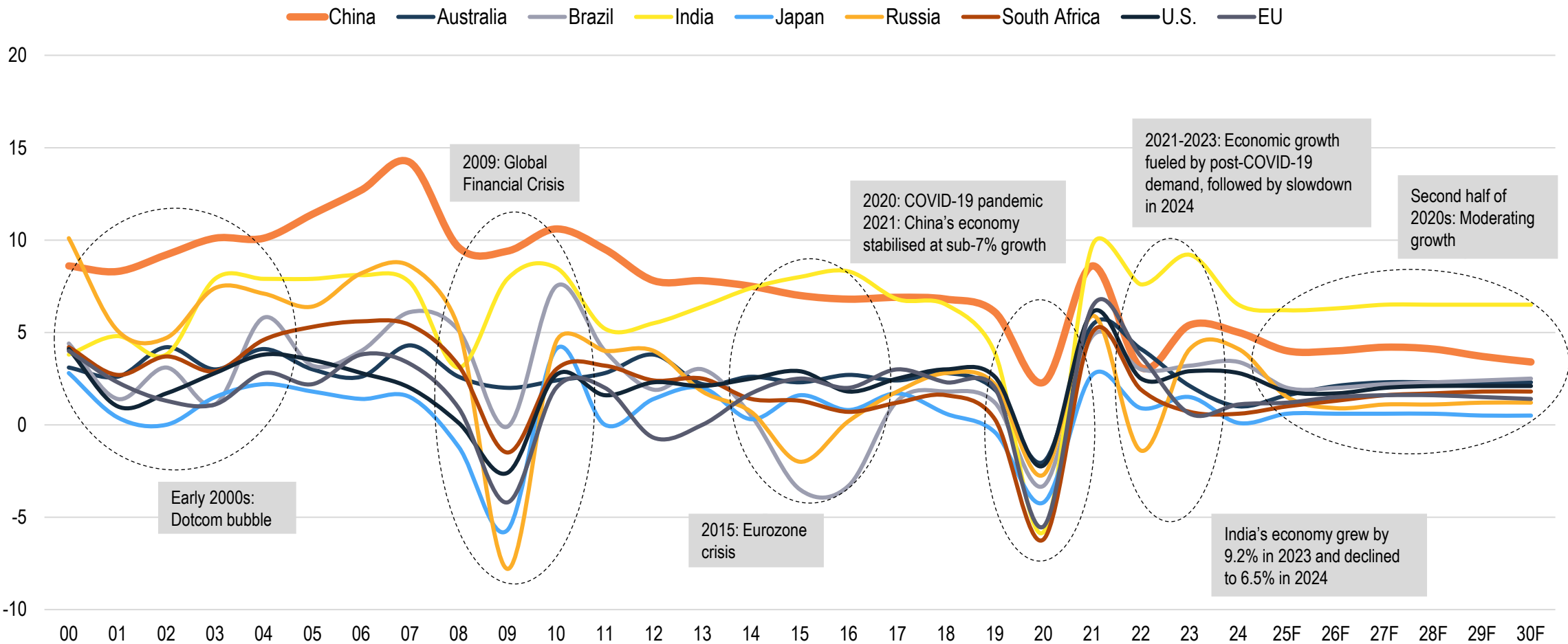
Average Real GDP Growth: China, U.S. and World, Y-o-Y % (1980-2030F)





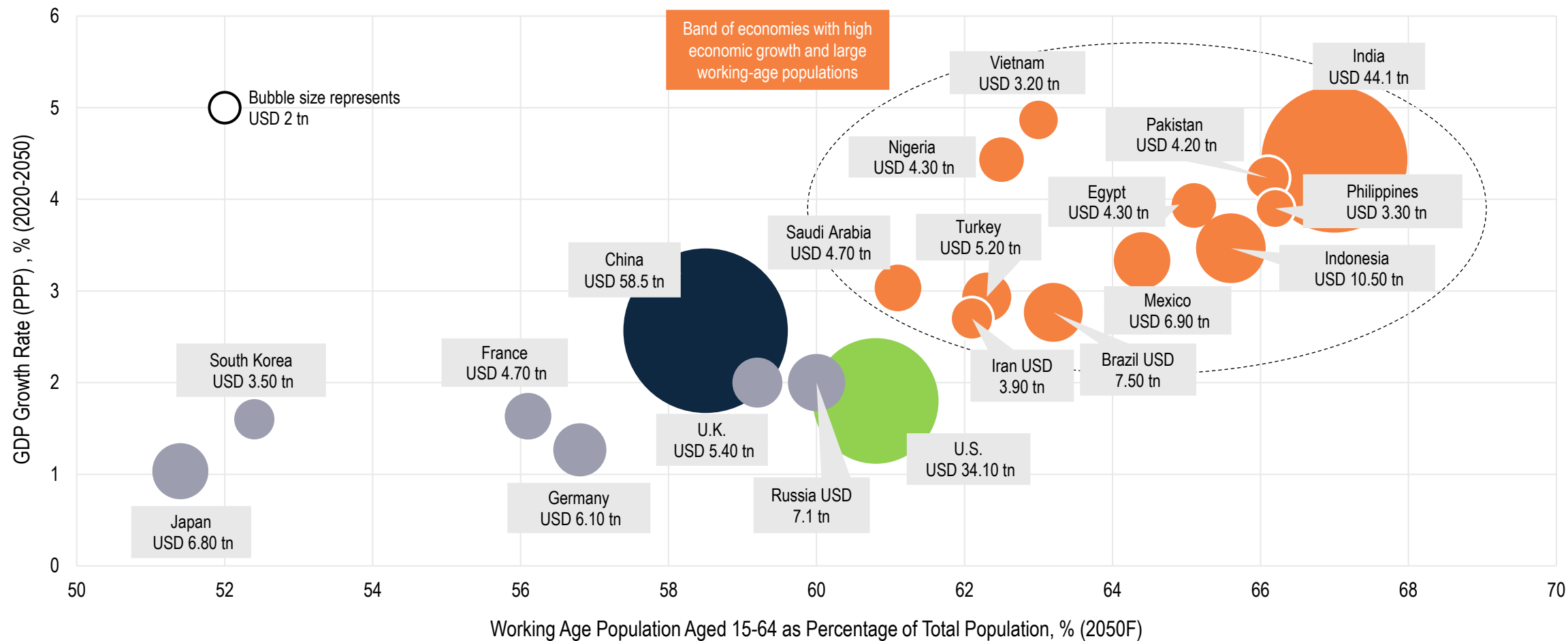
China's economy has shown greater resilience than most other major economies, even during global shocks like the Global Financial Crisis and COVID-19 pandemic. China's economic growth has slowed from previous years, but it is still among the fastest-growing major economies in 2025

Real GDP Growth Comparison: Selected Economies, Y-o-Y % (2000-2030F)



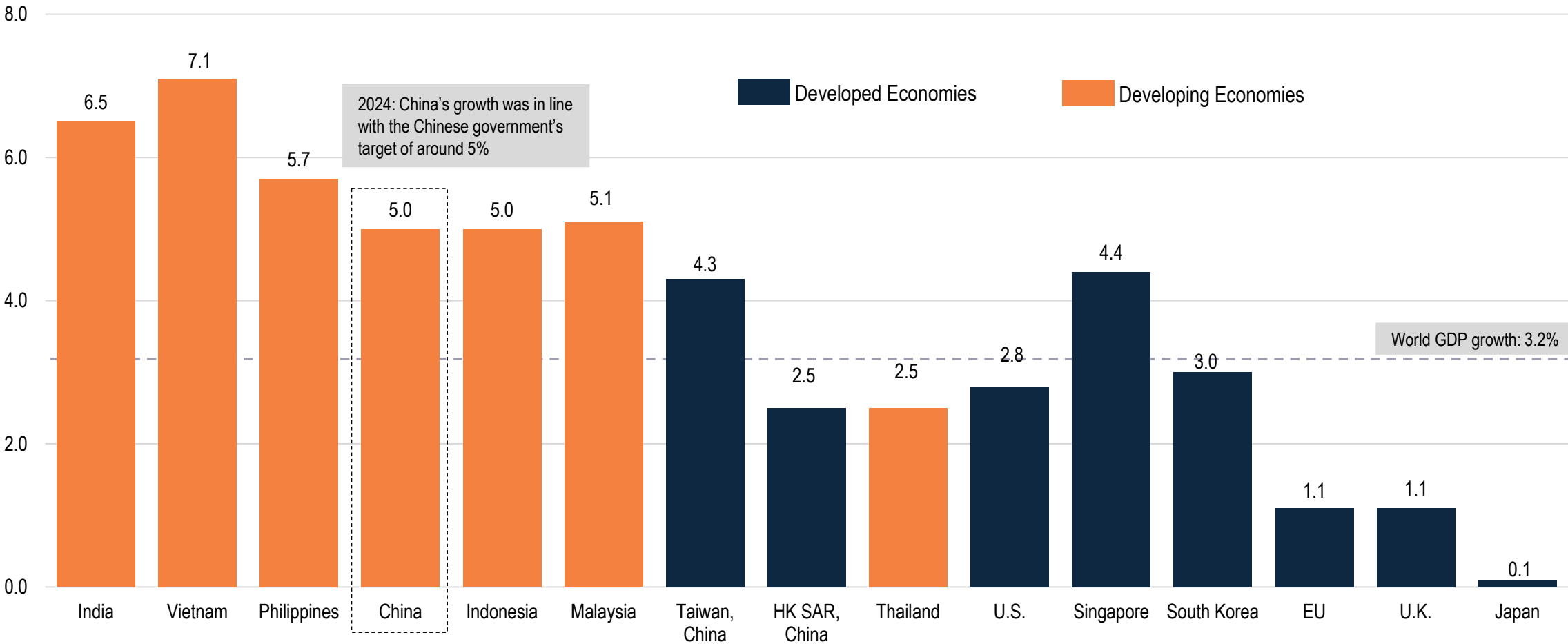
In the decades up to 2050, a group of around 12 emerging economies with increasing working-age populations, including India, Indonesia, Brazil, Mexico, Saudi Arabia and Nigeria, will likely achieve the fastest economic growth and rival the world's largest economies by 2050

The Global Economy Up to 2050F: GDP PPP, USD tn (2050F), GDP PPP Growth Rate, % (2020-2050) and Working Age Populations, % (2050F)



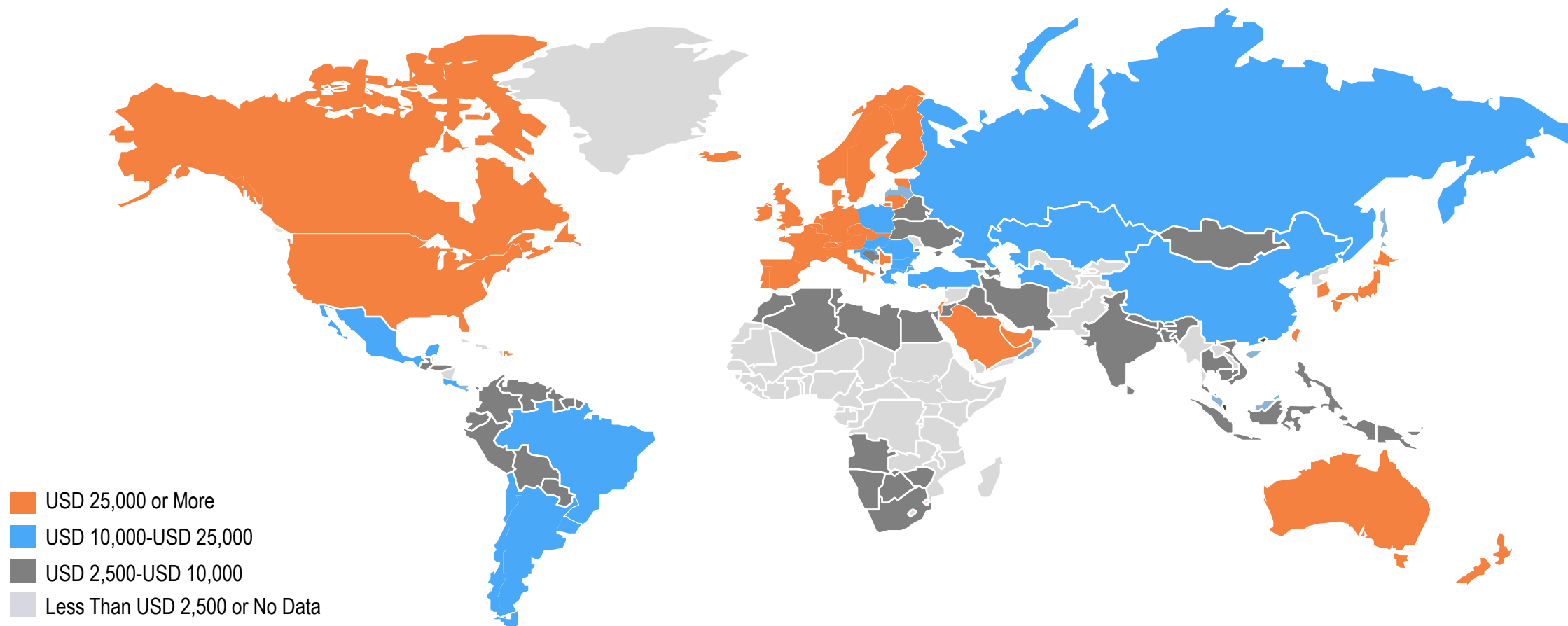
China's economic growth of 5.0% in 2024 was higher than the average global growth of 3.2%. Though slower than in previous years, China still grew faster than all major economies except India, but smaller Asian economies, including the Philippines and Vietnam, grew faster than China

Real GDP Growth of Selected Major Developed & Developing Economies, % (2024)



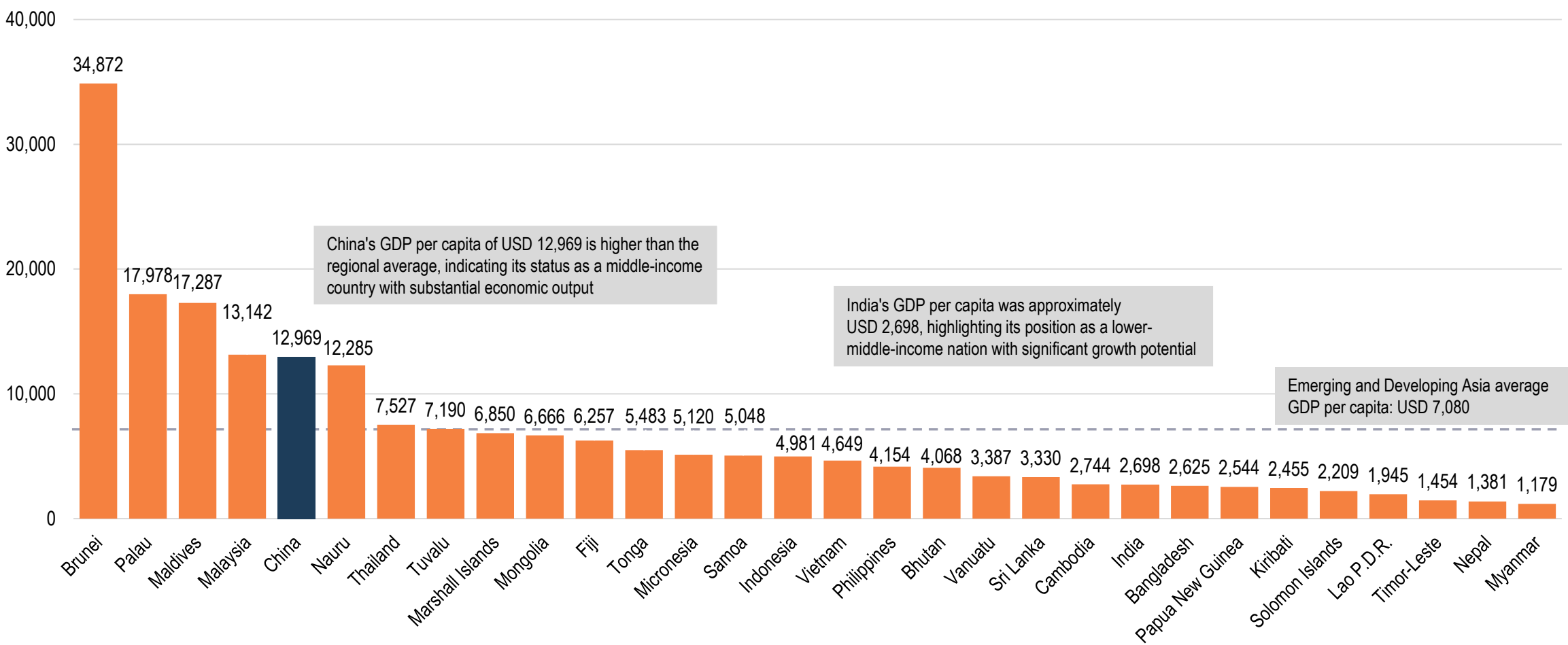
China's GDP per capita, approximately USD 13,000 per annum (2024), remains low compared to developed economies. Since 1978, China's GDP growth averaged over 9% annually, but slowed to 5% annual growth in recent years, in line with slowing national GDP growth

**Nominal GDP Per Capita, USD (2024)**



GDP per capita in emerging Asian economies varies considerably. In 2024, Southeast Asian nations Indonesia, Thailand and Malaysia had GDP per capita figures ranging from USD 4,981 to USD 13,142. Emerging Asia’s average GDP per capita is considerably lower than China’s

GDP Per Capita: Emerging & Developing Asia, USD (2024)

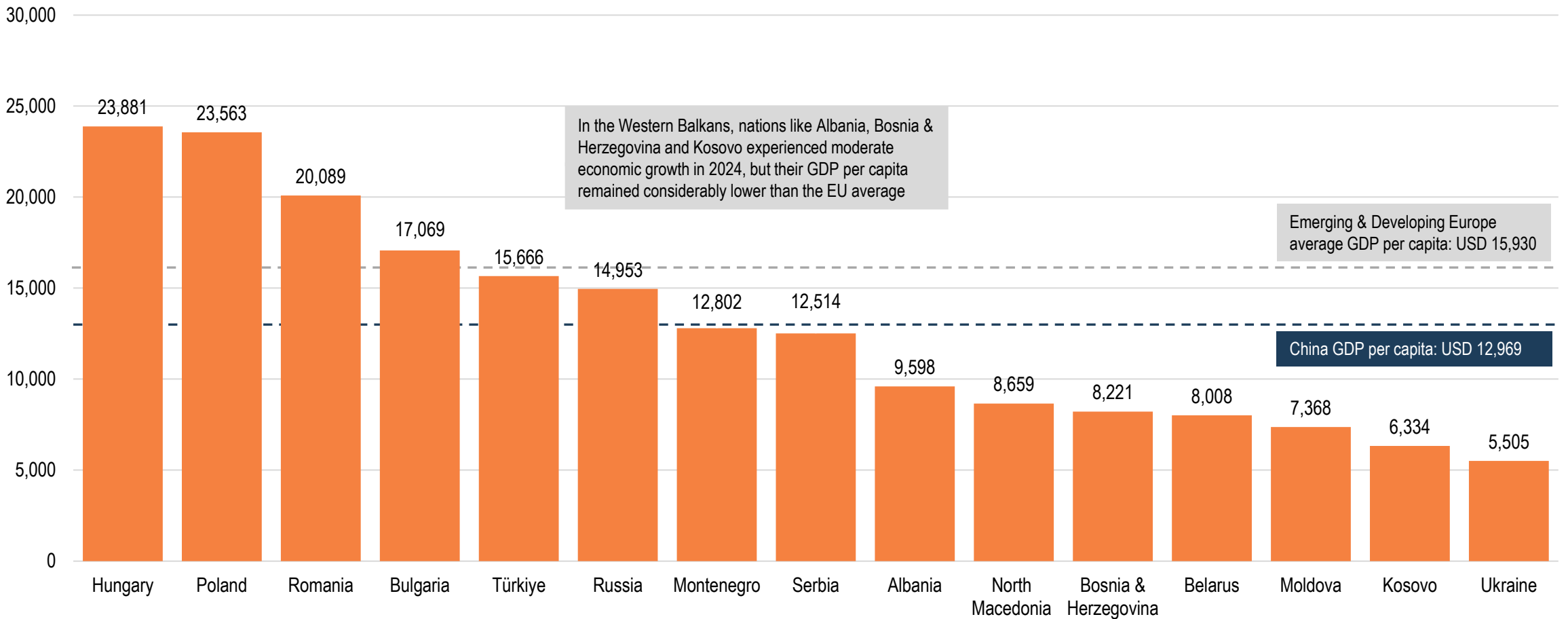


Source: IMF, ANDAMAN PARTNERS Analysis. Note: Sri Lanka data is for 2022.



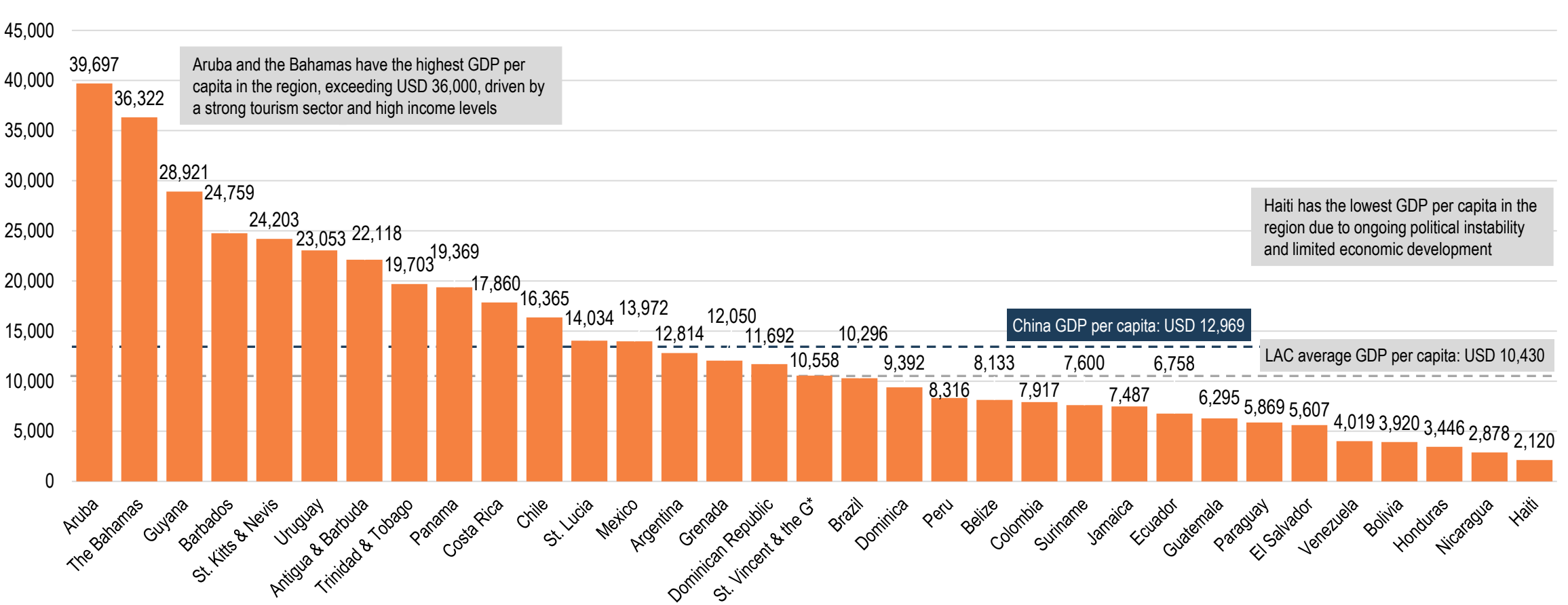
Some emerging and developing European countries, such as Hungary, Poland and Romania, have made significant improvements in GDP per capita, though substantial disparities persist in the region. The region's average GDP per capita is higher than that of China

GDP Per Capita: Emerging & Developing Europe, USD (2024)



Latin America & the Caribbean’s average GDP per capita is lower than China’s, reflecting a complex interplay of economic policy, political instability and reforms. Some countries have considerably higher GDP per capita, but the region grapples with low growth and regional disparities

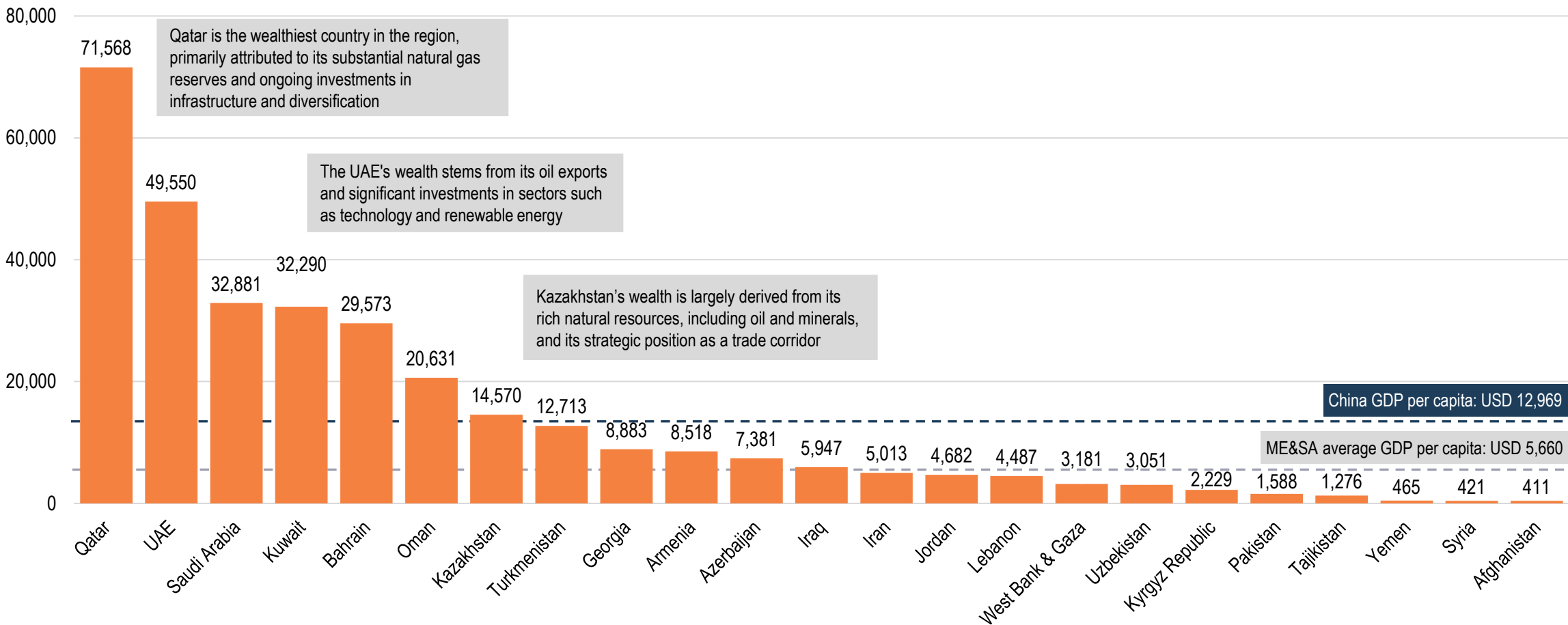
GDP Per Capita: Latin America & the Caribbean, USD (2024)



Source: IMF, ANDAMAN PARTNERS Analysis. Note: \* St. Vincent and the Grenadines.

As a collective region, the Middle East and Central Asia have significant disparities in GDP per capita, reflecting diverse economic structures, resource endowments and levels of development. Overall, the regions' collective average GDP per capita is well below that of China

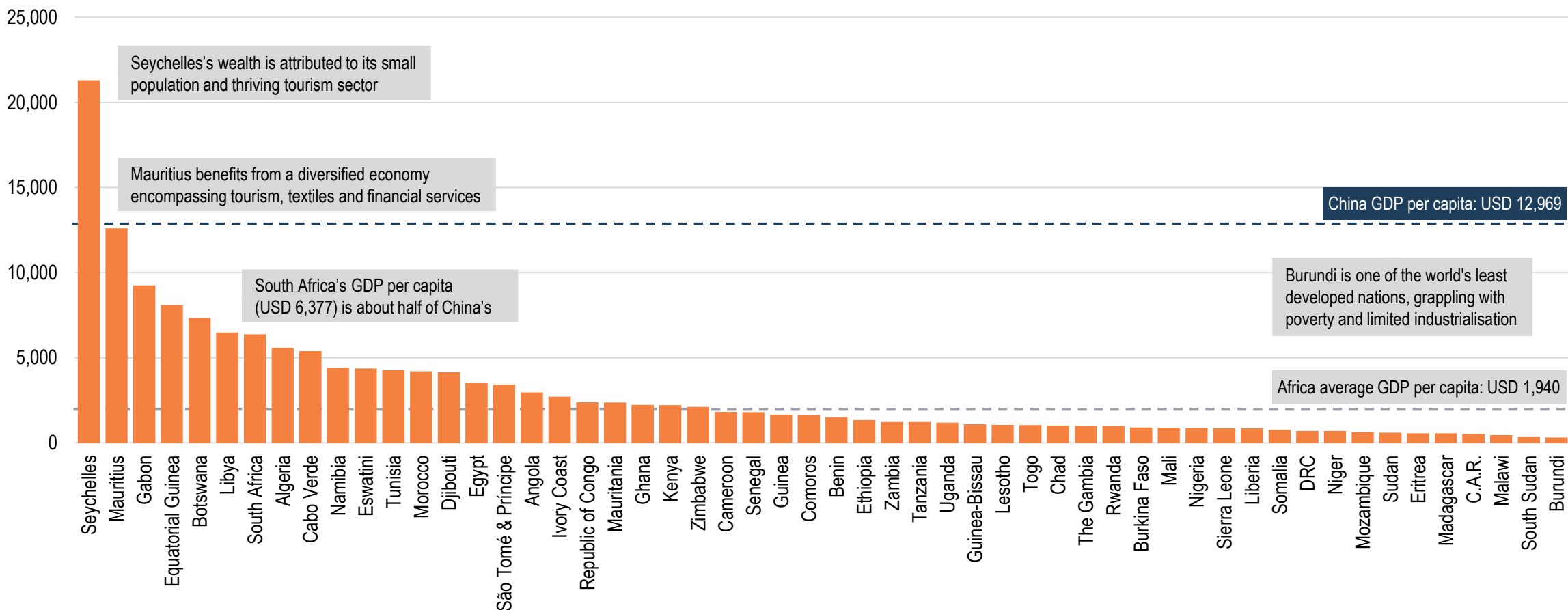
GDP Per Capita: Middle East & Central Asia, USD (2024)



Source: IMF, ANDAMAN PARTNERS Analysis. Note: Data for Afghanistan, Lebanon and West Bank & Gaza is for 2023; Syria data is for 2021.

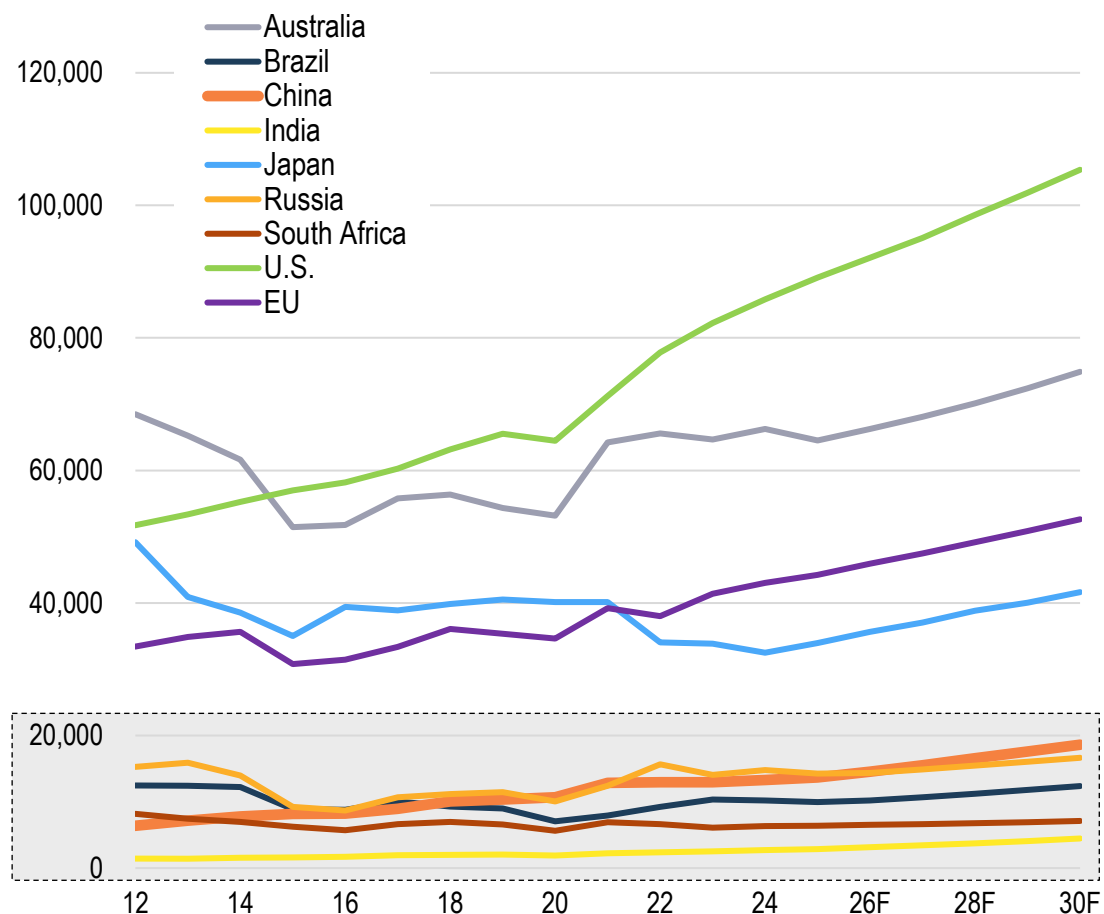
While certain African nations have improved their GDP per capita through resource management, diversification and strategic investments, many others continue to face significant economic challenges, and the region's average GDP per capita is far below China

GDP Per Capita: Africa, USD (2024)

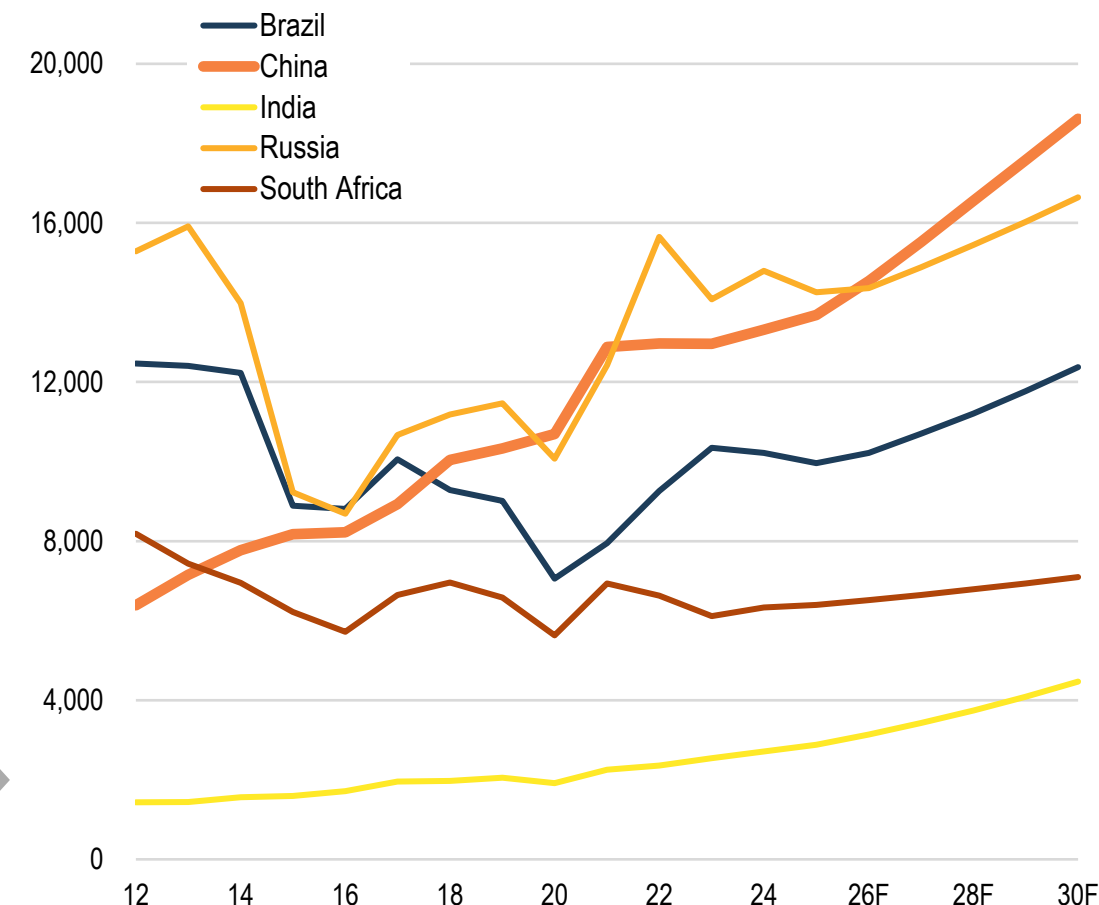


China's GDP per capita is currently comparable to other BRICS economies, but is set to exceed all other BRICS member states by 2030, when it could surpass USD 18,600, which would still be less than half the level of Japan

GDP Per Capita: BRICS and Selected Economies, USD (2012-2030F)



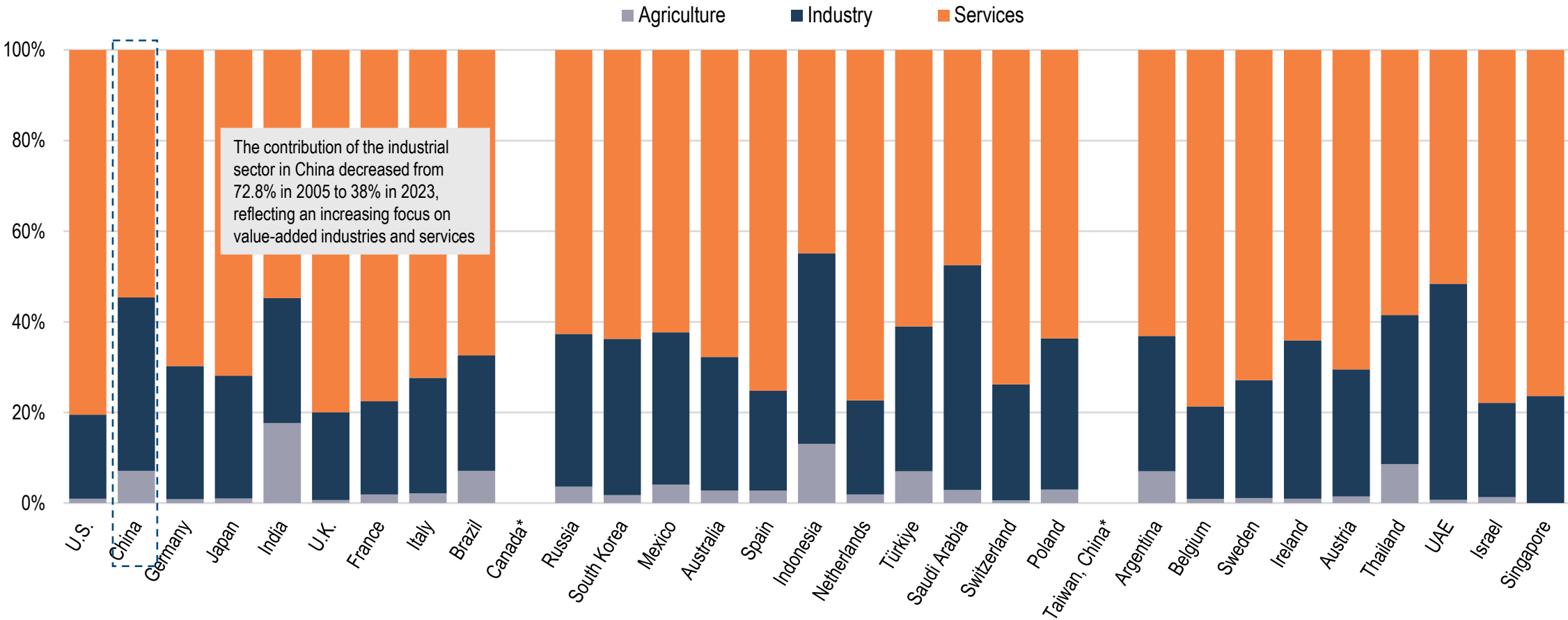
GDP Per Capita: BRICS, USD (2012-2030F)





Relative to other large economies, China's economy still has a large industrial sector, highlighting the latent potential for the services sector to expand as the economy transitions to a greater emphasis on consumption-led growth

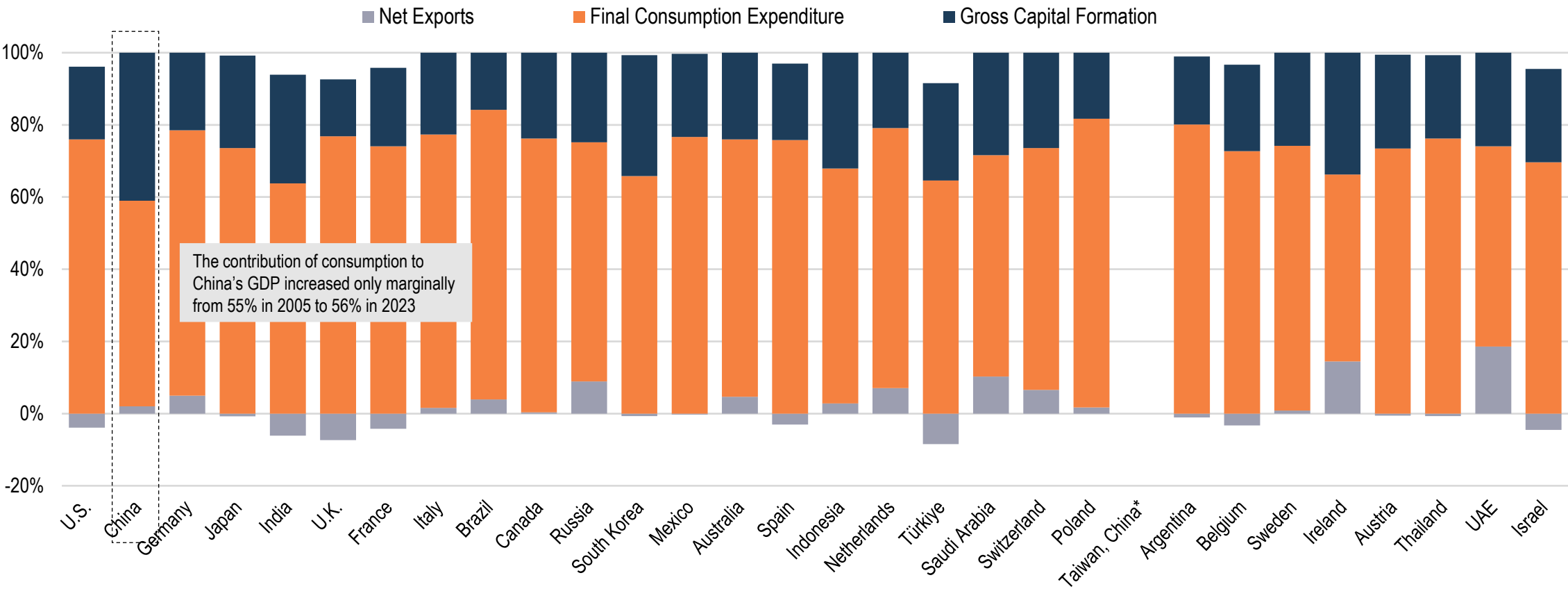
Share of GDP by Sector: Top 30 Global Economies by GDP, % Share (2023)



Source: World Bank, ANDAMAN PARTNERS Analysis. Note: No data for Canada and Taiwan (China).

The contribution of consumption to China's GDP is much lower than in other major economies and has increased only marginally over the last two decades, illustrating the potential for consumption to become a significant lever of future economic growth

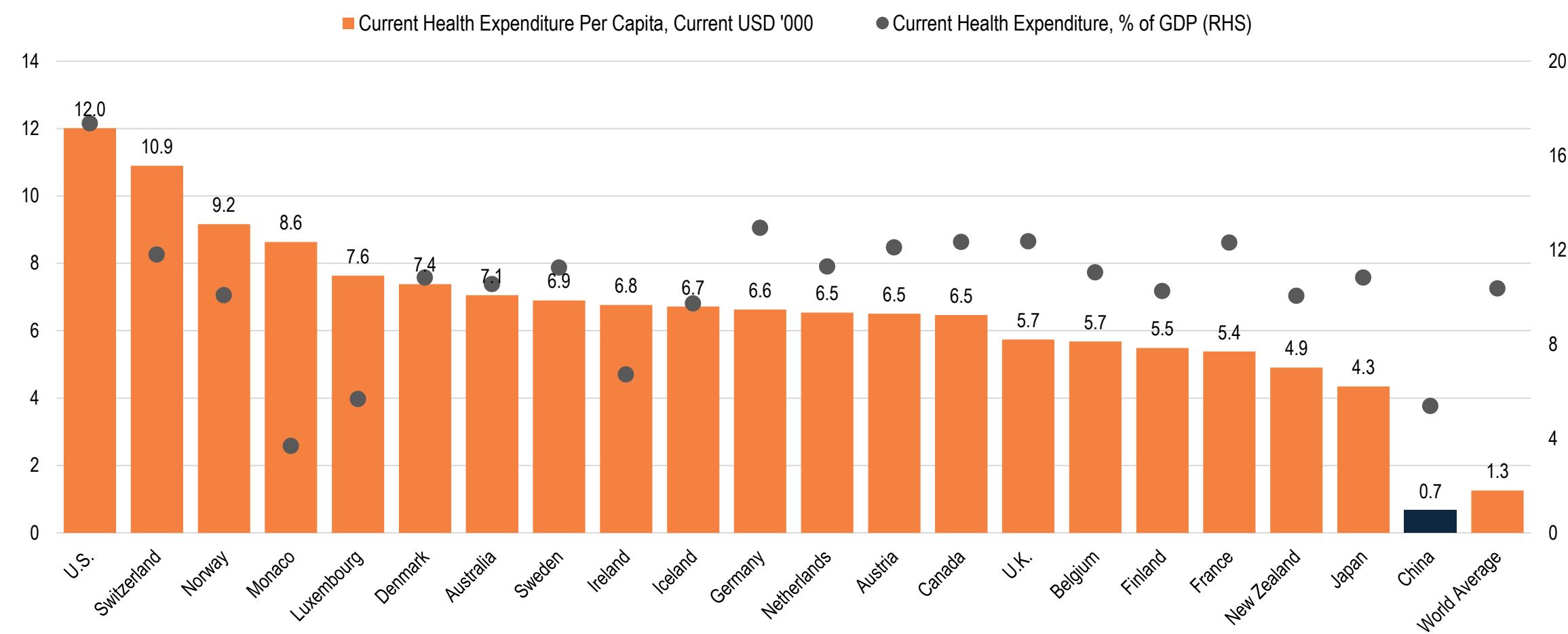
Composition of GDP, Expenditure Approach: Top 30 Global Economies by GDP, % Share (2023)



Source: World Bank, IMF World Economic Outlook, ANDAMAN PARTNERS Analysis. Note: Final Consumption Expenditure is the sum of Household Final Consumption Expenditure (private consumption) and Government Final Consumption Expenditure (general government consumption). Gross Capital Formation consists of outlays on additions to the economy's fixed assets plus net changes in the level of inventories. Net exports are equal to the difference between exports of goods and services and imports of goods and services. No data for Taiwan (China).

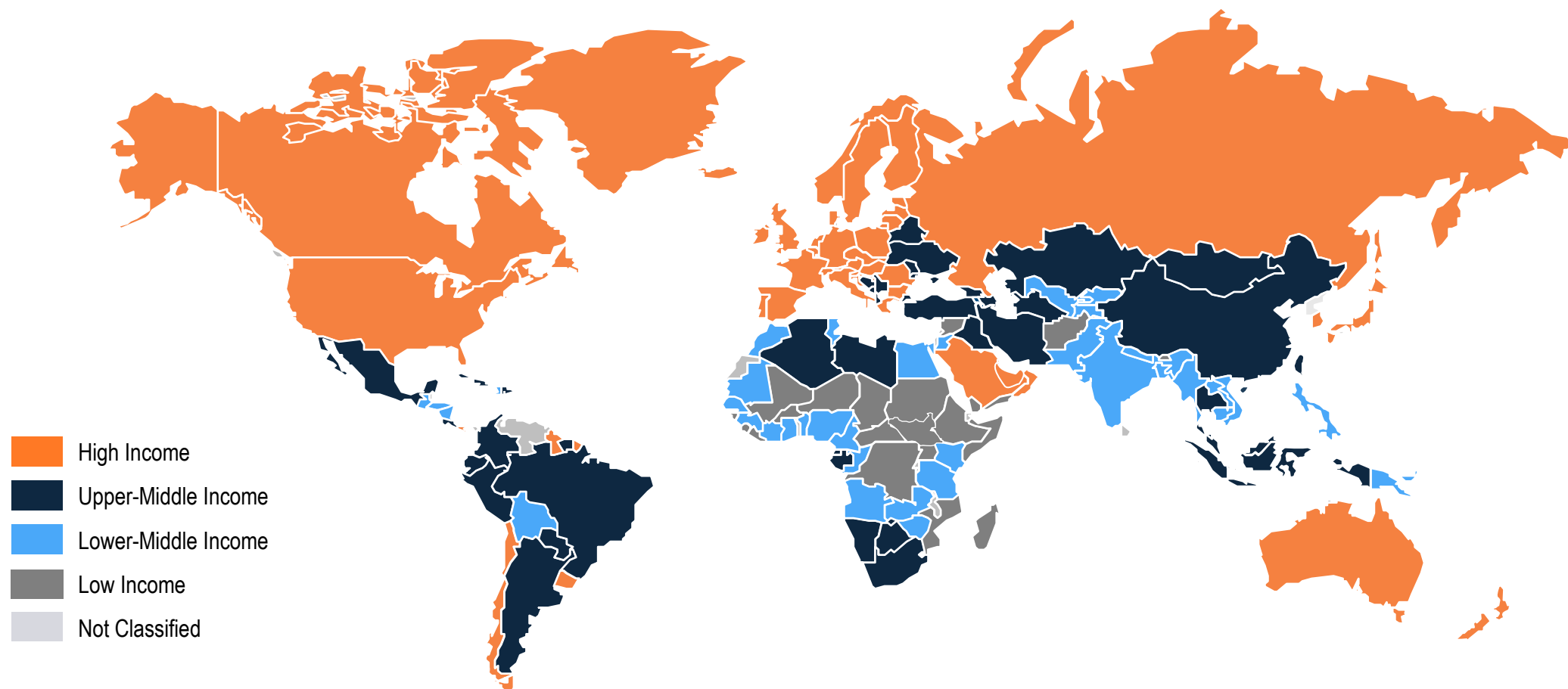
Among the world's major economies, China has the lowest annual health expenditure per capita (USD 670), below the world average. The U.S. has the highest health expenditure (over USD 12,000), driven by high healthcare costs, private spending and advanced medical technologies

Top 20 Countries by Current Annual Health Expenditure Per Capita, USD '000 and % of GDP (2021)



China officially became an upper-middle-income economy in 2010 when its Gross National Income (GNI) per capita reached USD 4,340. In 2023, China's GNI per capita reached USD 12,850, and is forecast to cross the high-income threshold (USD 13,846) by 2028

### Country Classification by Income Level (2023)





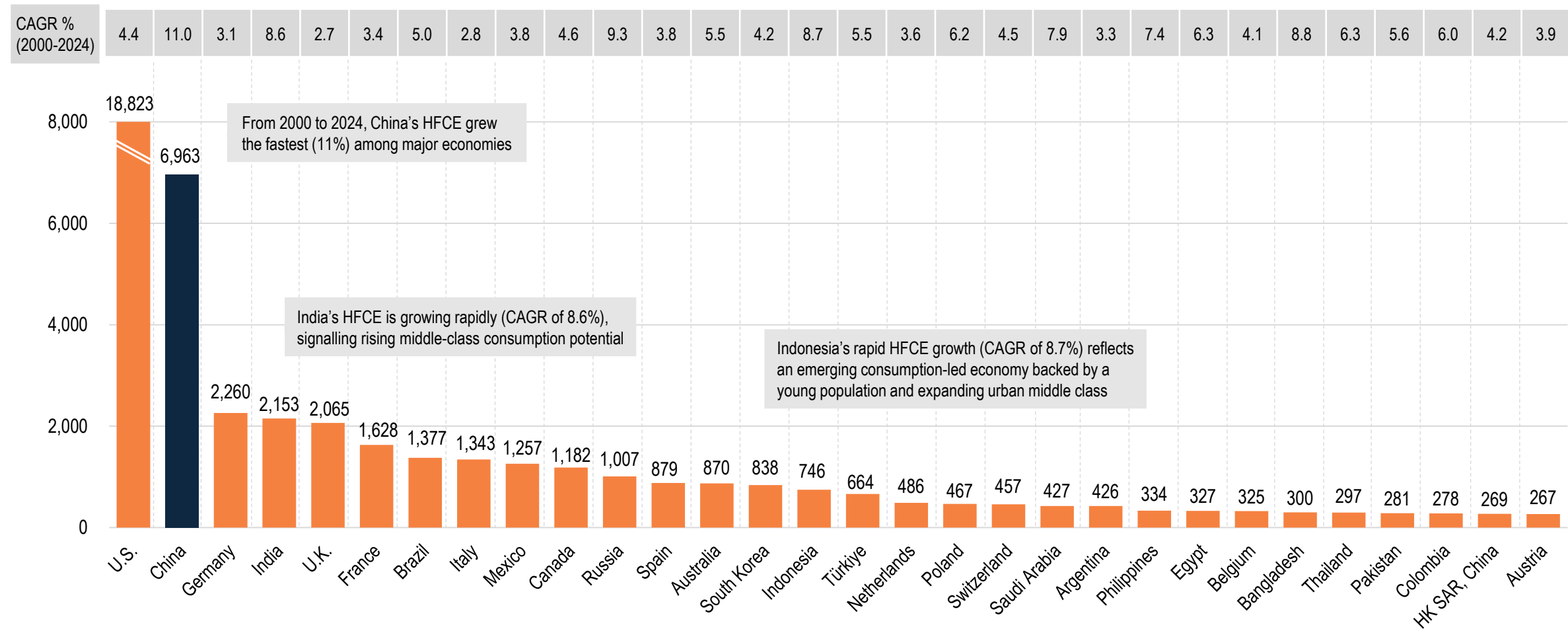
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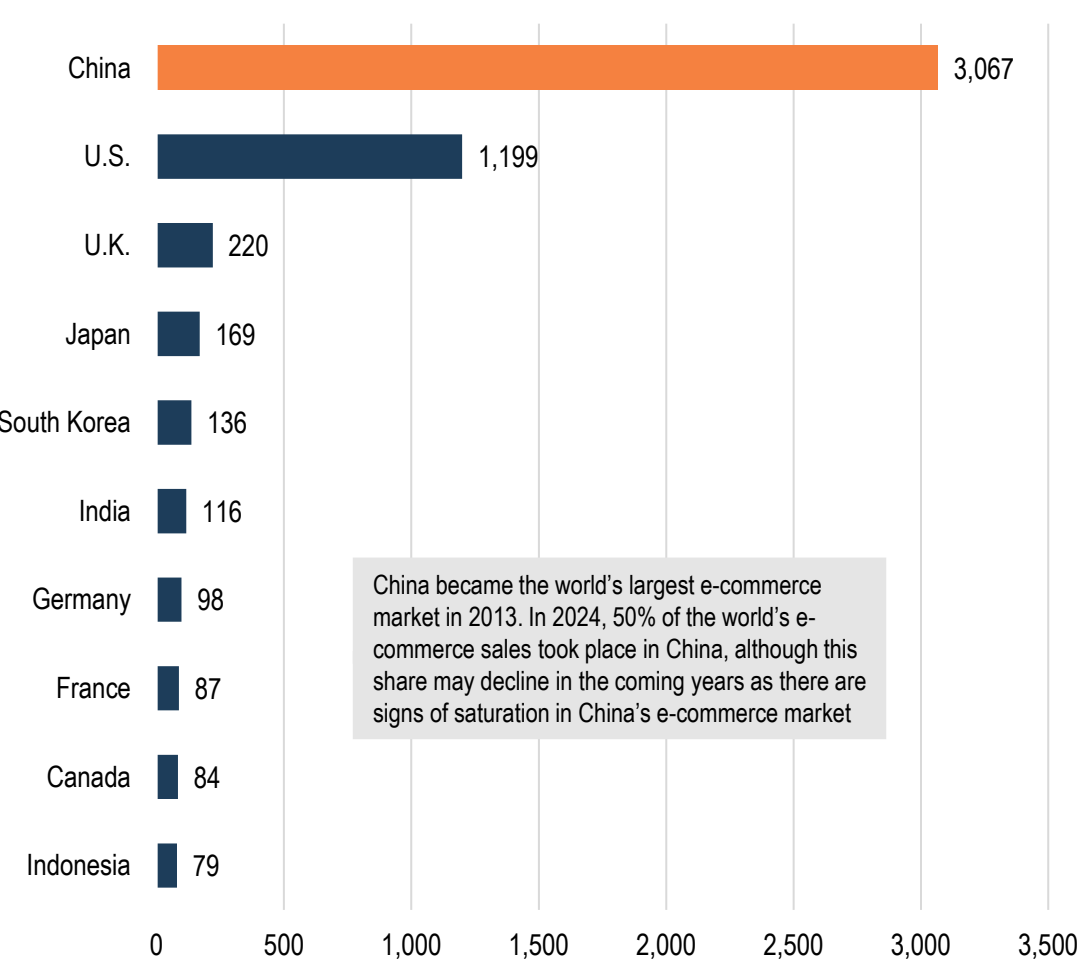
China's Household Final Consumption Expenditure (HFCE) surged at a CAGR of 11.0% from 2000 to 2024, illustrating a dramatic rise in consumer spending power and expanding domestic demand, although in nominal terms, China still trails the U.S. by a wide margin

Household Final Consumption Expenditure (HFCE) in Selected Major Economies, USD bn (2023)

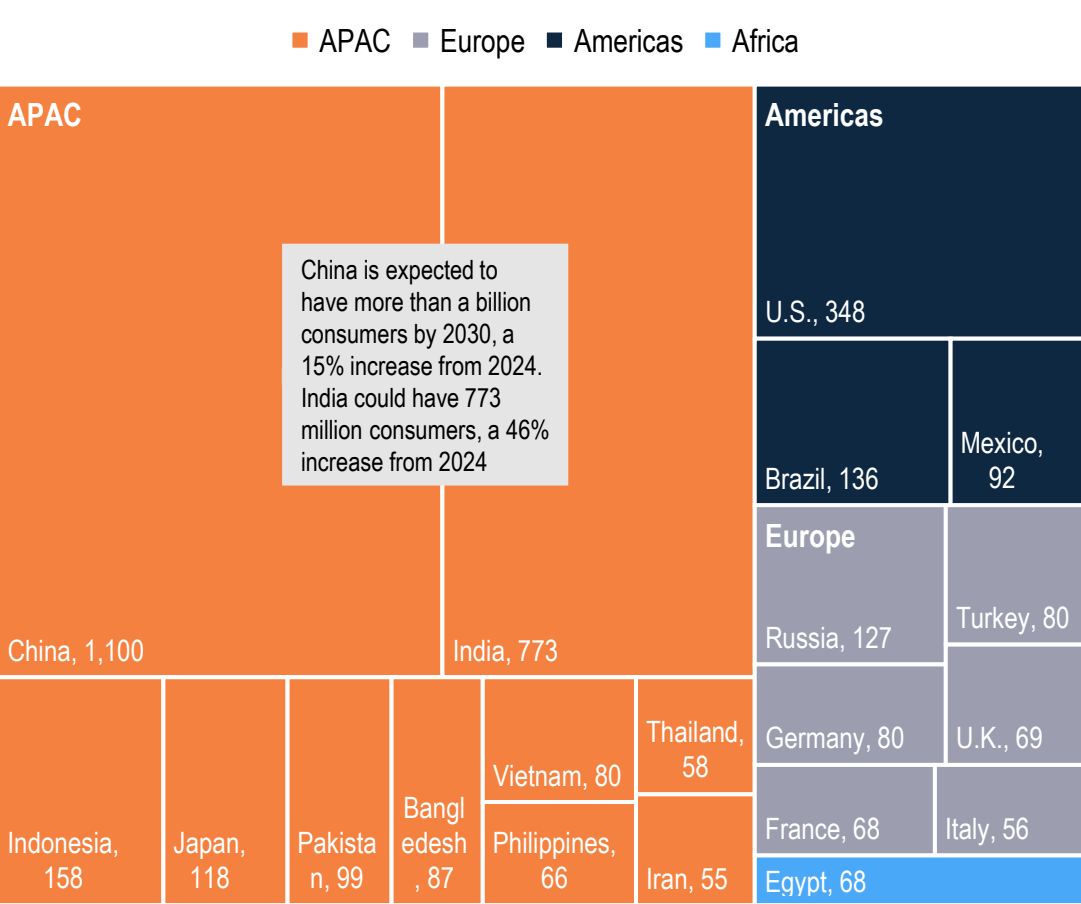


China has the world's largest e-commerce market, exceeding the U.S. market by almost USD 2 trillion. E-commerce sales in China reached an estimated USD 3.5 trillion in 2024, accounting for nearly half of total global retail sales. By 2030, China will have over a billion consumers

Top 10 Countries by E-Commerce Sales, USD bn (2024)

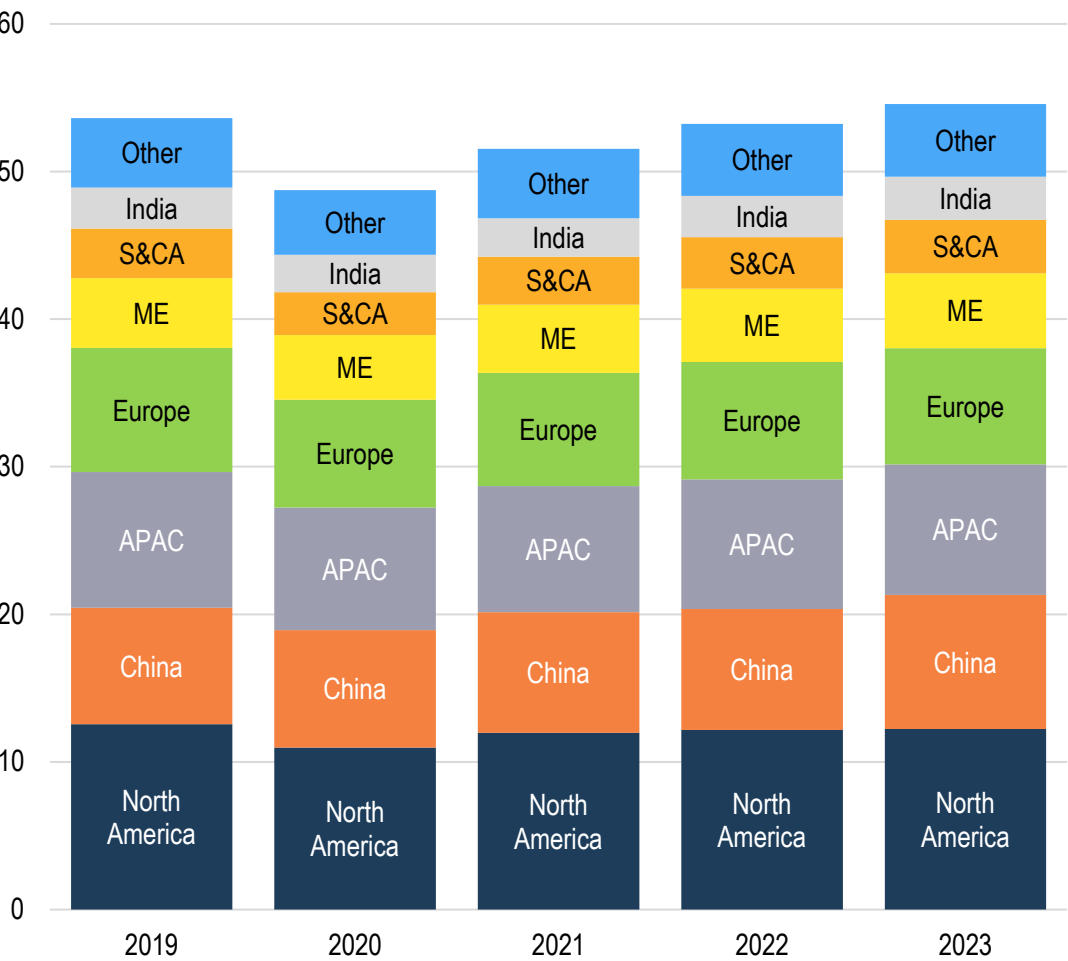


Largest Consumer Markets, Consumers mn (2030F)



China is the largest consumer of fossil fuel-based energy. China is the leading consumer of coal, accounting for 50% of global consumption, and the second-largest consumer of oil after the U.S., although the share of fossil fuels in China’s energy mix is gradually declining as renewables rise

World Oil Consumption, TWh (2019-2023)



World Coal Consumption, MMT (2023-2027E)





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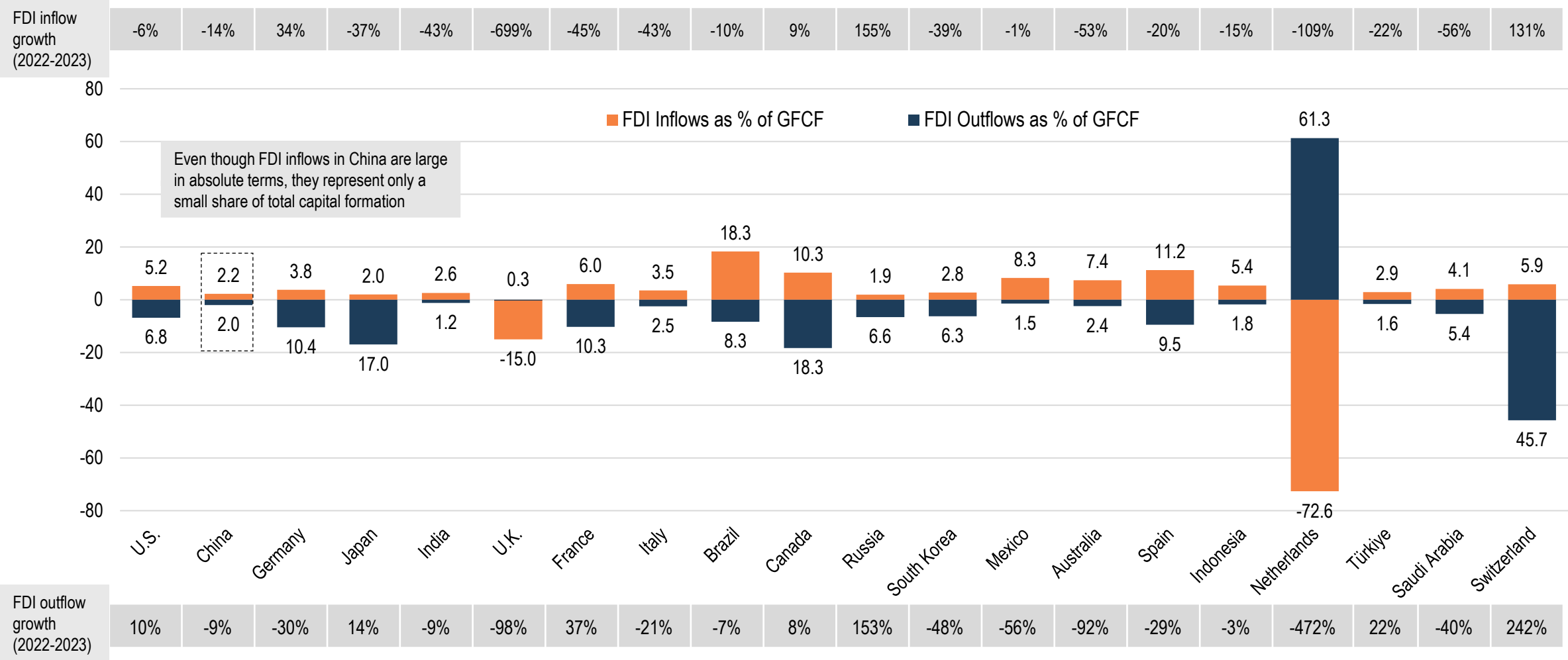
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Like most developed economies, Gross Fixed Capital Formation (GFCF) in China has historically relied overwhelmingly on massive domestic investment, as opposed to most emerging economies where FDI typically finances large infrastructure and manufacturing projects

FDI Inflow/Outflow as a Percentage of Gross Fixed Capital Formation (GFCF) Among Top 20 Economies by GDP, % (2023)

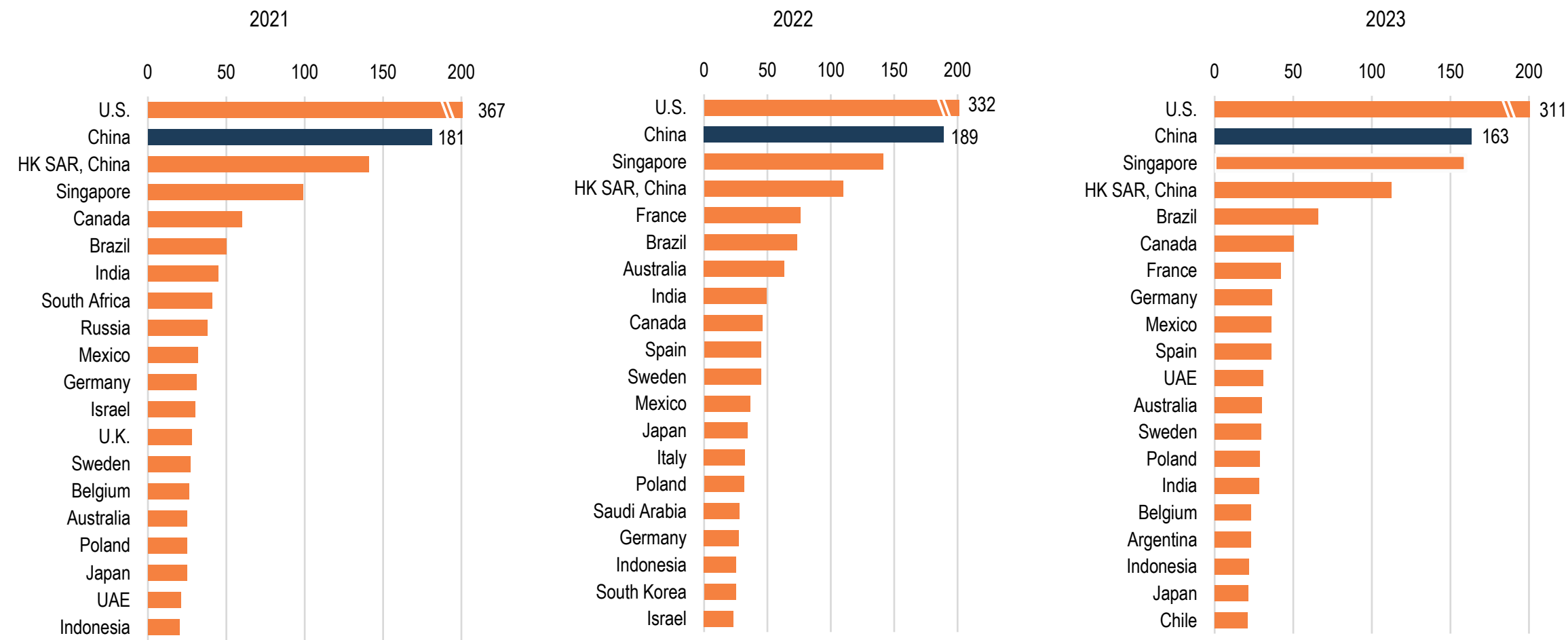


Source: National Bureau of Statistics of China, UNCTAD, IMF, ANDAMAN PARTNERS Analysis. Note: FDI inflows and outflows as a percentage of Gross Fixed Capital Formation (GFCF) illustrate how significant foreign investment is to a country's total investment. High FDI/GFCF shows openness to foreign capital and international integration. The Netherlands has high FDI inflows and outflows as a % of GFCF due to its status as a global financial hub and investment gateway.



In 2021-2023, China was the world’s second-largest recipient of FDI behind the U.S., while Hong Kong was also one of the leading recipients. The U.S. is the largest recipient by far for several reasons, including the size of its economy and its prominent capital markets

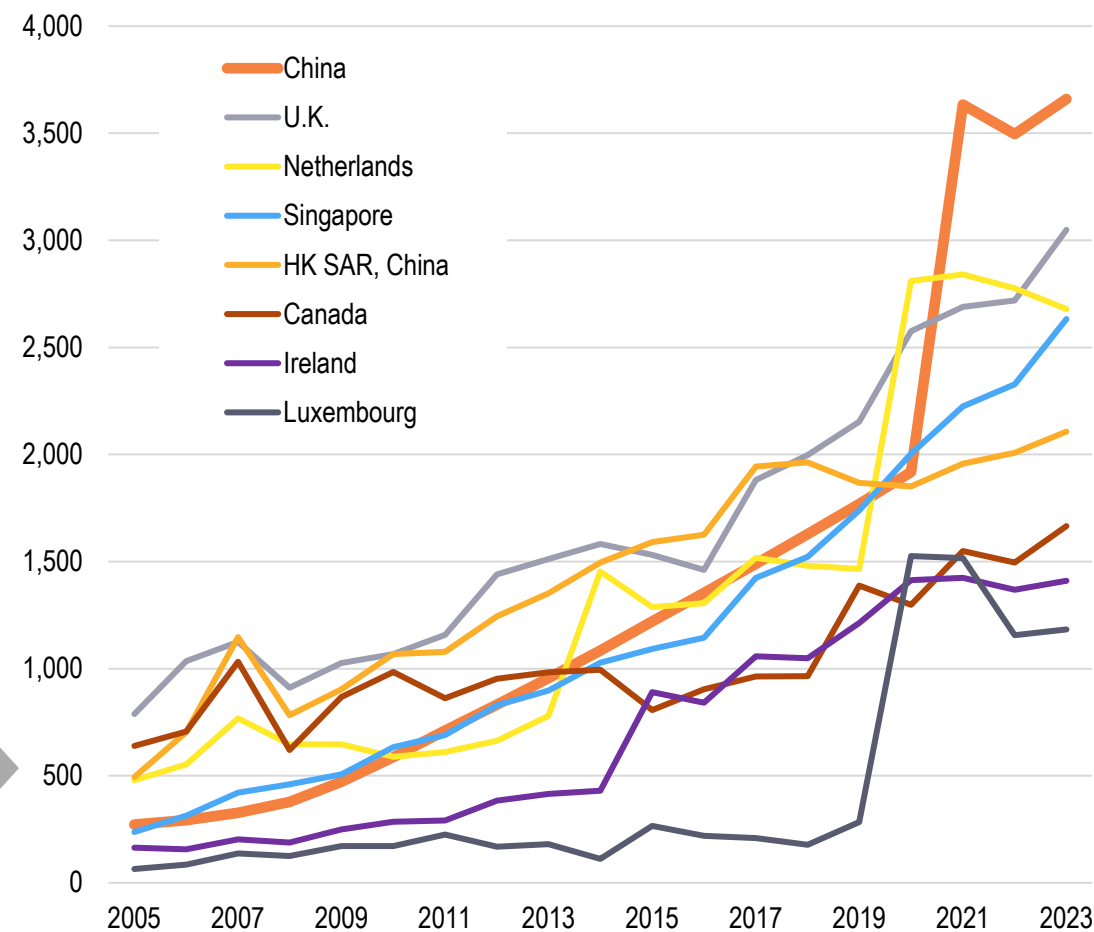
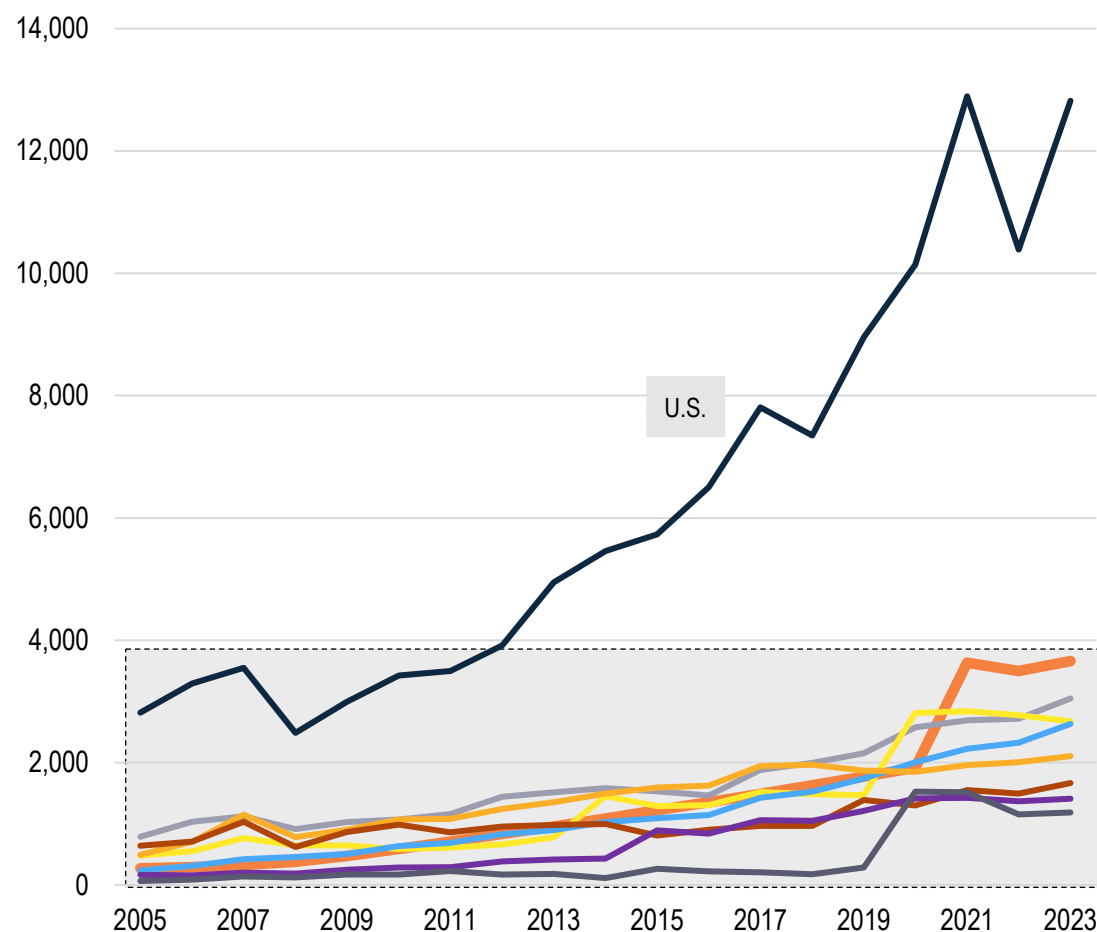
Top 20 Countries by Foreign Direct Investment (FDI) Inflows, USD bn (2021, 2022, 2023)



Source: UNCTAD World Investment Report, ANDAMAN PARTNERS Analysis. Note: 1: British Virgin Islands and Cayman Islands are not included in the ranking because of their status as offshore financial centres (most FDI is in transit).

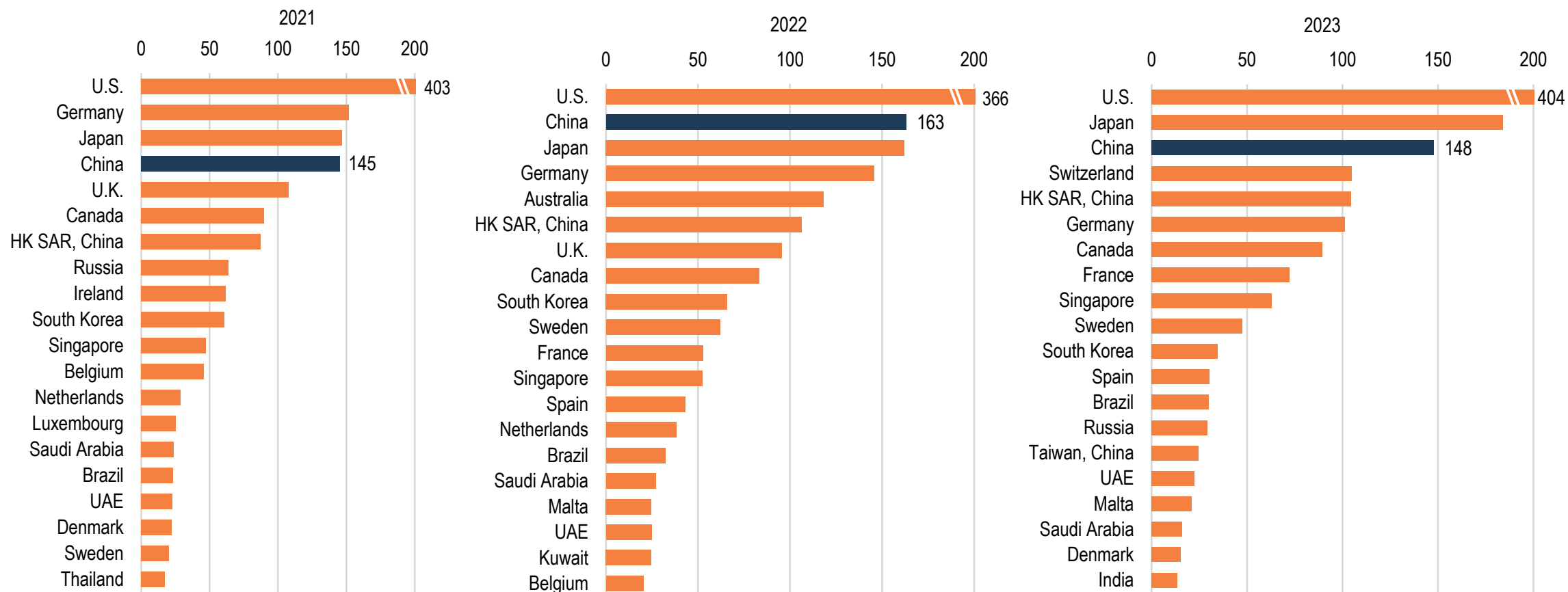
In 2023, China ranked second overall for FDI stock at USD 3.66 trillion, respectively. The U.S. holds a commanding lead as the world's leading FDI destination with total stock of USD 12.81 trillion

Top 20 Countries by FDI Inward Stock, USD bn (2023)



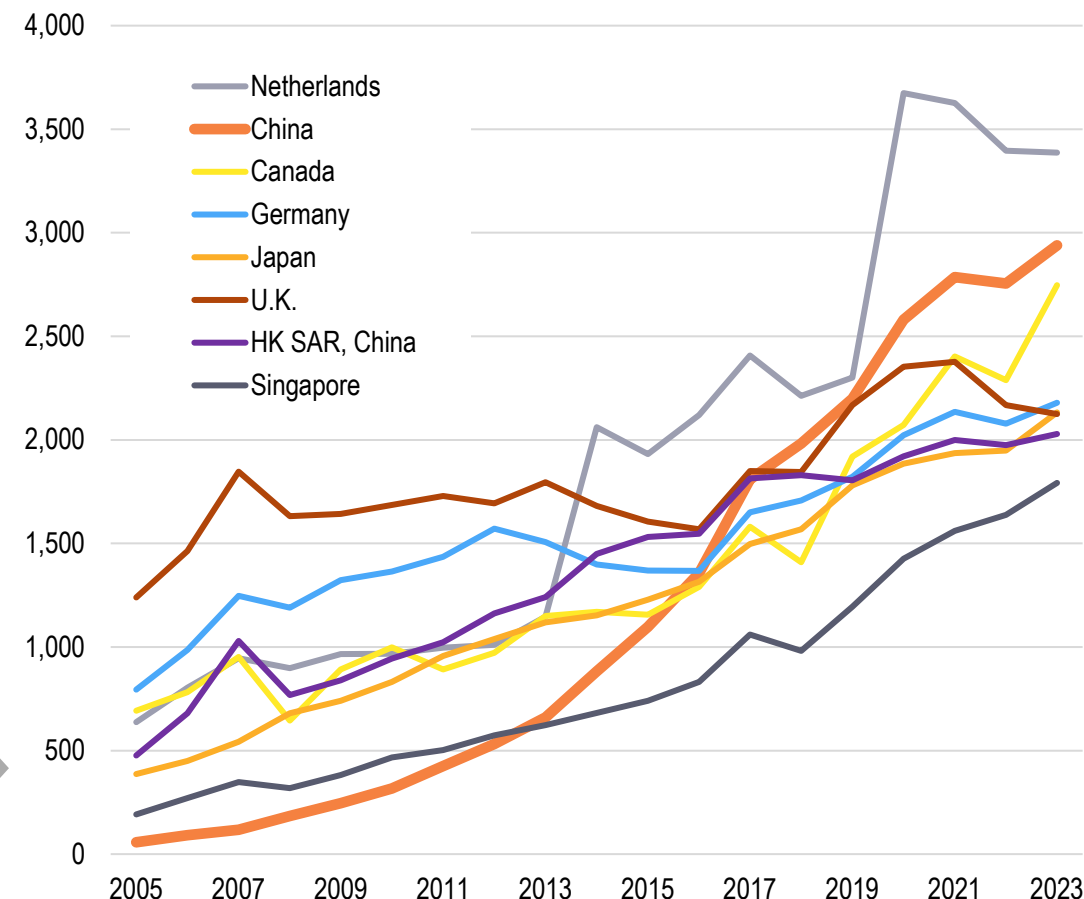
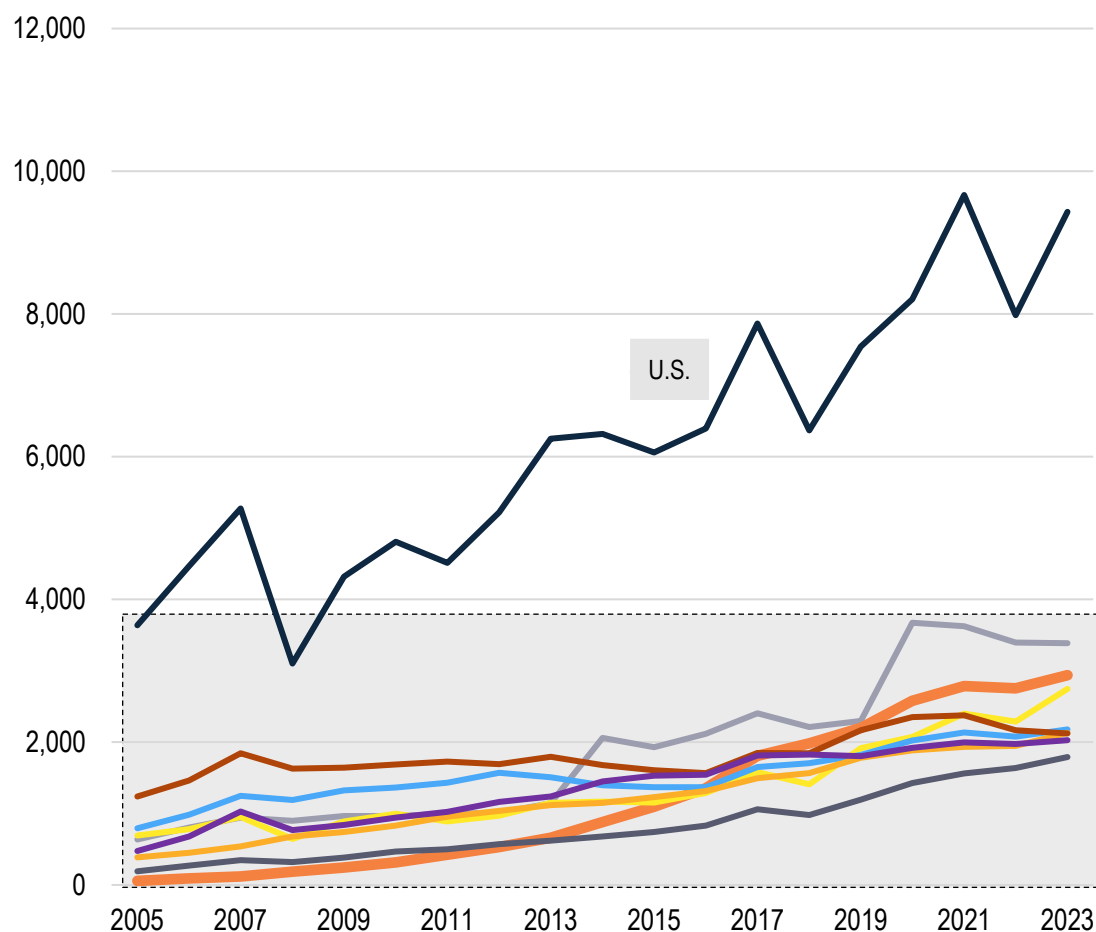
In 2021-2023, China was among the top four largest providers of global FDI, but was significantly behind the U.S. Chinese FDI data is understated, however, as a large share of the country's outbound FDI flows through Hong Kong before reaching its final destination

Top 20 Countries by FDI Outflows, USD bn (2021, 2022, 2023)



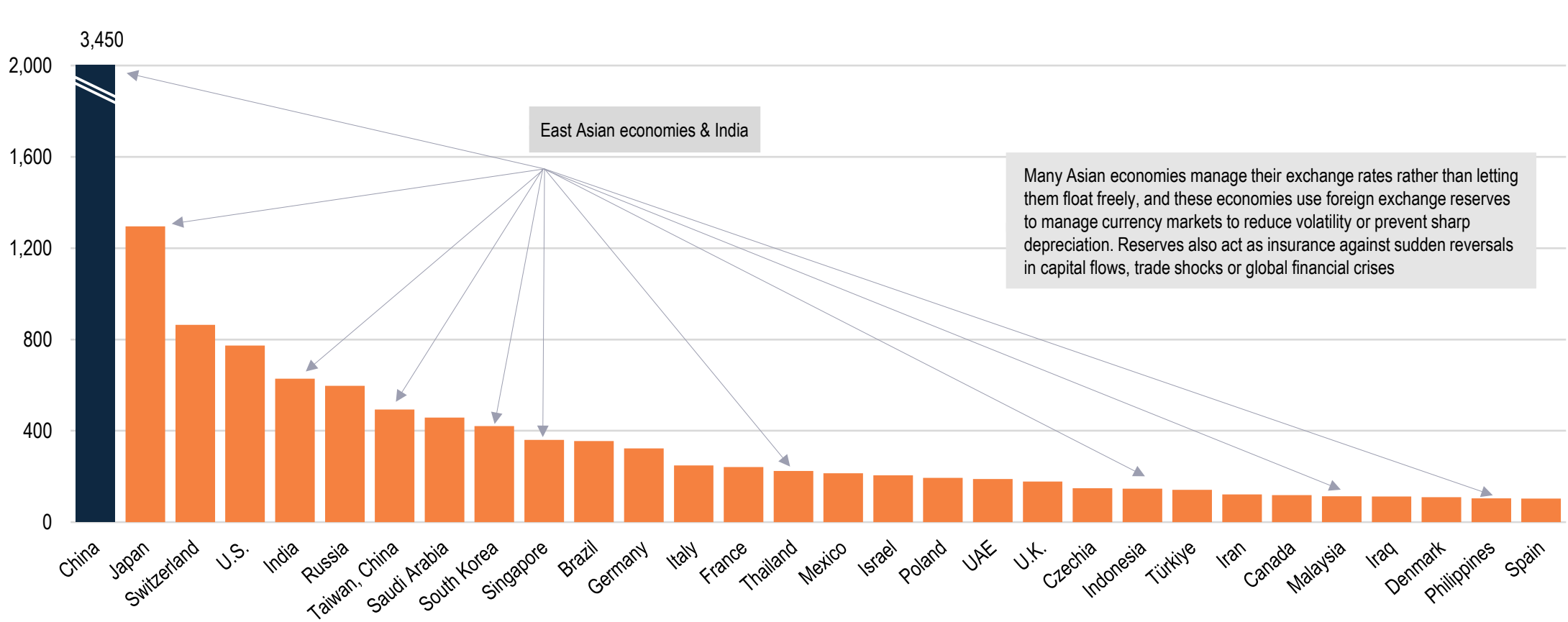
In 2023, China ranked third overall in terms of outward FDI stock with USD 2.93 trillion, with the caveat that a large share of China's outward FDI flows through Hong Kong, which had outward FDI stock of over USD 2 trillion in 2023

Top 20 Countries by FDI Outward Stock, USD bn (2023)



China is the world's largest holder of foreign exchange reserves, holding more than twice the reserves of the second-largest holder, Japan. Asian countries dominate the list of top 30 foreign exchange holders, accounting for 10 of the 30 countries

Top 30 Largest Holders of Foreign Exchange and Gold Reserves, USD bn (2025)





Some of the largest sovereign wealth funds are based in the Middle East, particularly in oil-exporting nations. China, however, has three non-commodity-focused funds that rank among the world's 20 largest funds, and an additional non-commodity-focused fund is based in Hong Kong

### Top 20 Sovereign Wealth Funds, USD bn (2024)

Rank	Country/Region	Fund	Type	Assets Under Management (USD bn)
1	Norway	Government Pension Fund	Oil	1,738.8
2	China	China Investment Corporation	Non-Commodity	1,332.1
3	China	SAFE Investment Company	Non-Commodity	1,090.0
4	UAE – Abu Dhabi	Abu Dhabi Investment Authority	Oil	1,057.5
5	Kuwait	Kuwait Investment Authority	Oil	1,029.0
6	Saudi Arabia	Public Investment Fund	Oil	925.0
7	Singapore	Government of Singapore Investment Corporation	Non-Commodity	800.8
8	Indonesia	Badan Pengelola Investasi Daya Anagata Nusantara	Commodity	600.0
9	Qatar	Qatar Investment Authority	Oil & Gas	526.0
10	China – Hong Kong	Hong Kong Monetary Authority Investment Portfolio	Non-Commodity	514.2
11	China	National Council for Social Security Fund	Non-Commodity	414.0
12	UAE – Dubai	Investment Corporation of Dubai	Non-Commodity	341.1
13	UAE – Abu Dhabi	Mubadala Investment Company	Oil	302.4
14	Singapore	Temasek Holdings	Non-Commodity	287.9
15	Türkiye	Türkiye Wealth Fund	Non-Commodity	279.3
16	UAE – Abu Dhabi	Abu Dhabi Developmental Holding Company	Non-Commodity	225.4
17	South Korea	Korea Investment Corporation	Non-Commodity	189.4
18	Iran	National Development Fund of Iran	Oil	156.5
19	Australia	Australia Future Fund	Non-Commodity	149.9
20	Russia	National Welfare Fund	Oil	133.4



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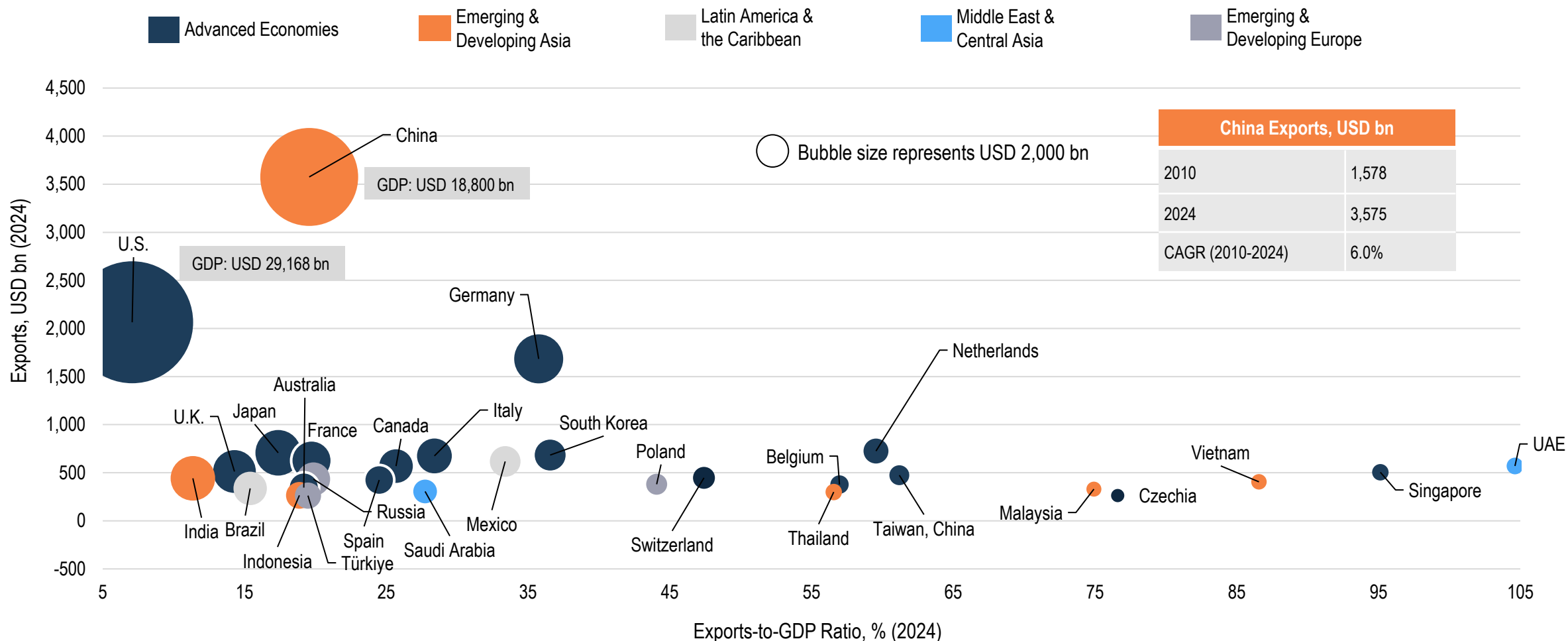
- Macro-Economic Overview
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- Other Indicators

5. Conclusions, Implications and Recommendations



China is the largest exporter in the world, with total exports of USD 3.6 trillion in 2024, accounting for 19% of the country's GDP, indicating that exports continue to play a very significant role in China's economic structure

Major Global Exporters: Exports, USD bn, Exports-to-GDP Ratio, % and GDP, USD bn (2024)



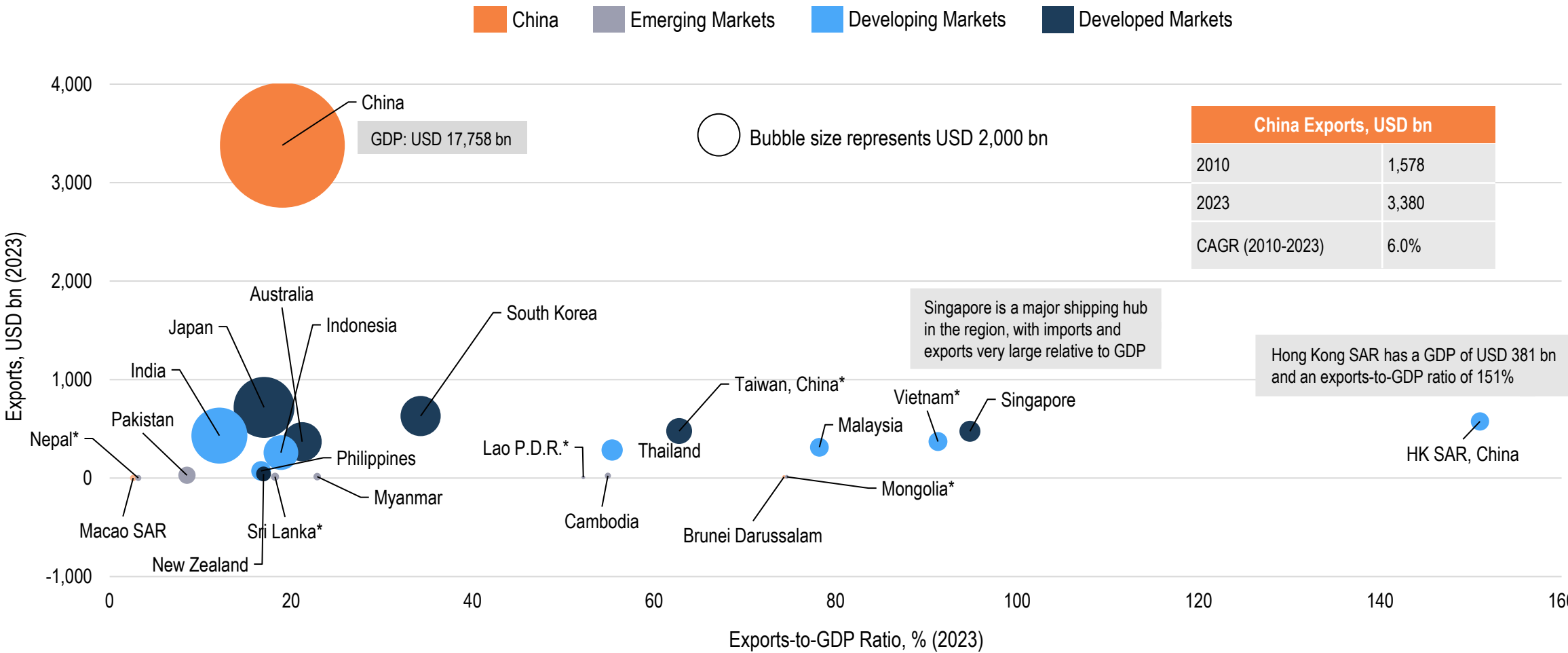
Exports are concentrated in major economies (China, the U.S. and Germany), but several large developing countries have made great strides in recent years, notably India, Mexico, the UAE and Vietnam, while others have slipped down the rankings, notably Belgium and Russia

### Top 20 Global Exporters (2004, 2014, 2024)

Rank (2004)		Rank (2014)		Rank (2024)		Exports, USD bn (2024)	Global Share (2024)	CAGR (2014-2024)
1	Germany	1	China	1	China	3,575	15.9%	4%
2	U.S.	2	U.S.	2	U.S.	2,065	9.2%	2%
3	China	3	Germany	3	Germany	1,684	7.5%	1%
4	Japan	4	Japan	4	Netherlands	725	3.2%	2%
5	France	5	Netherlands	5	Japan	707	3.1%	0%
6	U.K.	6	South Korea	6	South Korea	684	3.0%	2%
7	Italy	7	France	7	Italy	675	3.0%	2%
8	Netherlands	8	Italy	8	HK, China	641	2.8%	2%
9	Canada	9	HK, China	9	France	626	2.8%	1%
10	Belgium	10	U.K.	10	Mexico	617	2.7%	4%
11	HK, China	11	Russian Fed.	11	UAE	570	2.5%	5%
12	South Korea	12	Canada	12	Canada	569	2.5%	2%
13	Singapore	13	Singapore	13	U.K.	513	2.3%	0%
14	Mexico	14	Mexico	14	Singapore	505	2.2%	2%
15	Russian Fed.	15	UAE	15	Taiwan, China	474	2.1%	4%
16	Spain	16	Saudi Arabia	16	Switzerland	447	2.0%	3%
17	Taiwan, China	17	Spain	17	India	442	2.0%	3%
18	Switzerland	18	Belgium	18	Russian Fed.	434	1.9%	-1%
19	Malaysia	19	India	19	Spain	424	1.9%	3%
20	Saudi Arabia	20	Taiwan, China	20	Vietnam	406	1.8%	9%
<b>Top 20 Total</b>						<b>16,783</b>	<b>74.6%</b>	<b>2%</b>
<b>Rest of World</b>						<b>5,717</b>	<b>25.4%</b>	<b>1%</b>
<b>World</b>						<b>22,500</b>	<b>100%</b>	<b>2%</b>

China dominates the exports of the Asia Pacific region, although smaller economies in the region have advanced and concentrated export sectors, notably Malaysia (exports-to-GDP ratio of 80%), Vietnam (87%) and Singapore (96%)

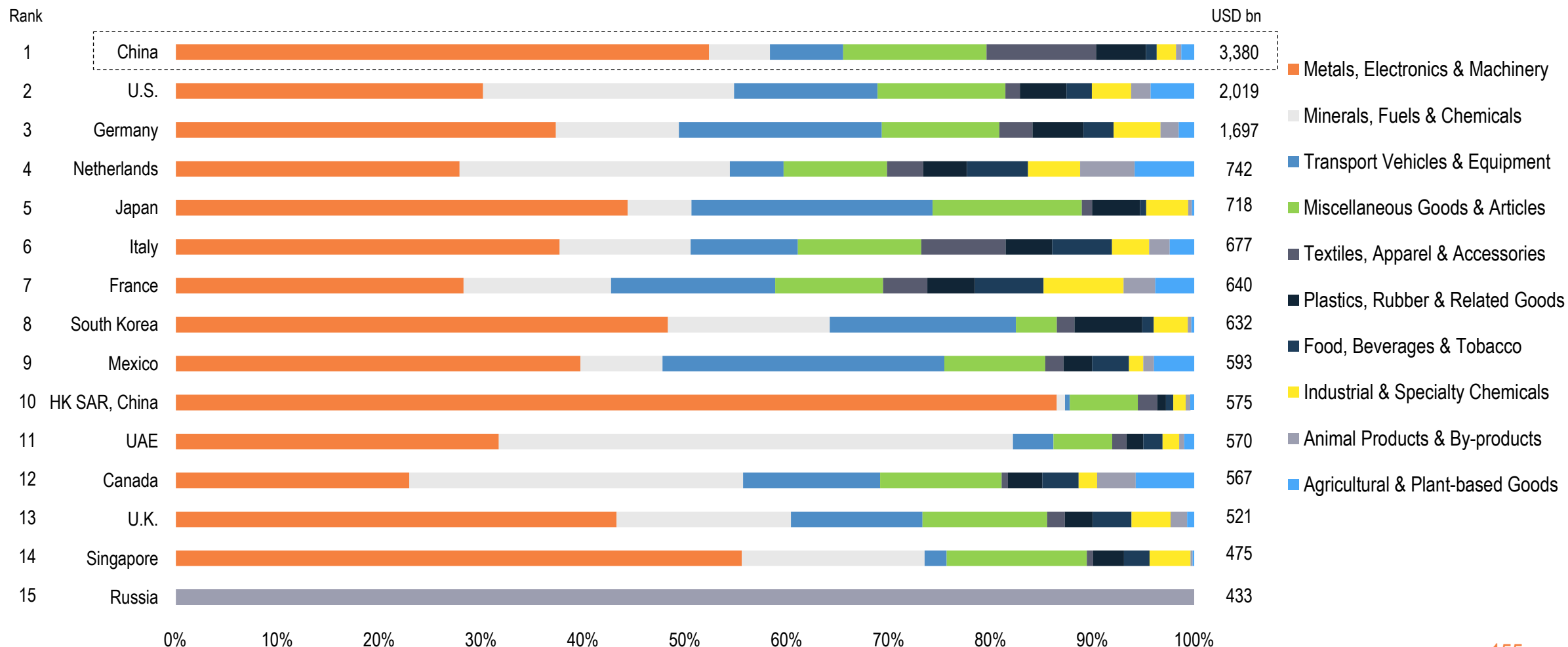
Major Asia Pacific Exporters: Exports, USD bn, Exports-to-GDP Ratio, % and GDP, USD bn (2023)
















Global exports are dominated by Metals, Electronics & Machinery, consisting of various high-value tradable products at the heart of global production networks, a category in which China particularly excels

Top 15 Global Exporters by Sector, % Composition and USD bn (2023)



China led emerging market exports in 2024 with USD 3.57 trillion, followed by Mexico and the UAE. From 2013 to 2023, Vietnam’s exports grew at the fastest rate, increasing by 10%. Other countries with rapidly increasing exports over this period were Poland, Mexico and Türkiye

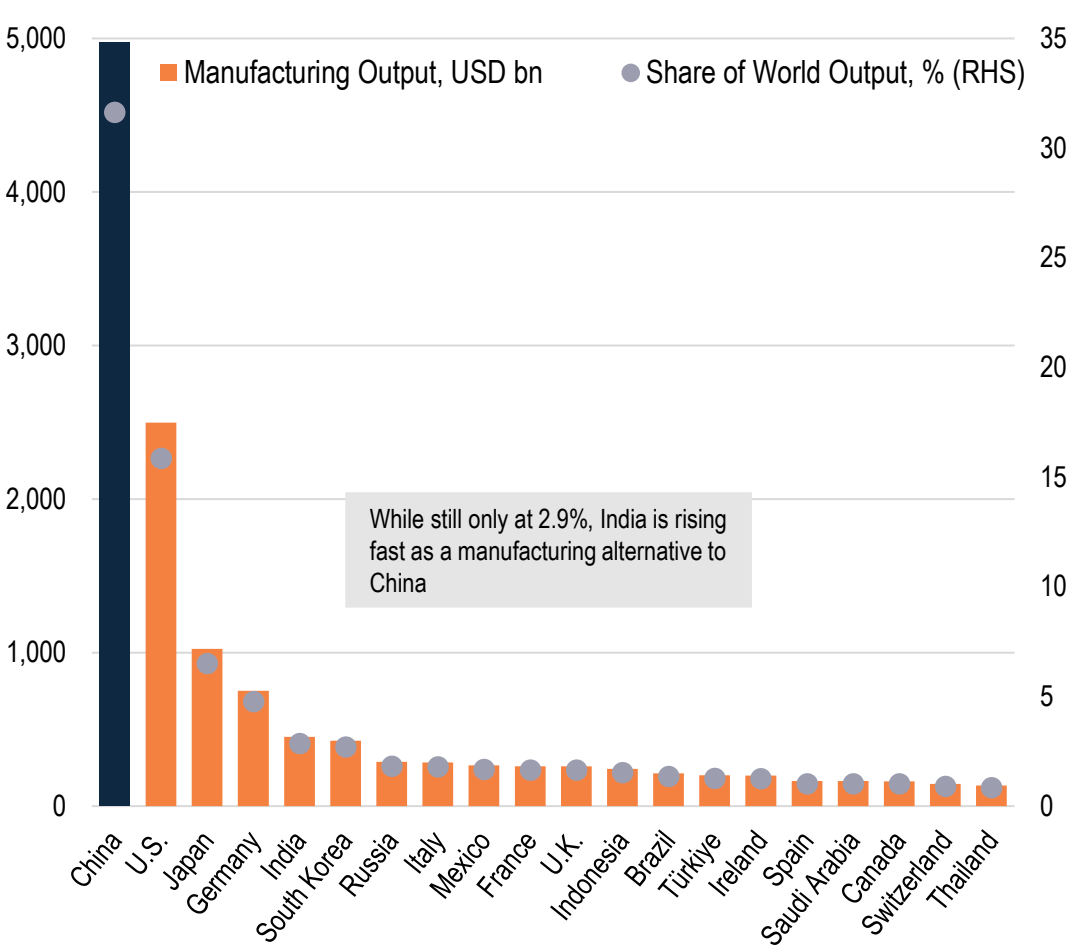
Emerging Market Export Indicators (2024)

Country and Global Export Ranking (2024)										
	1. China	10. Mexico	11. UAE	18. India	21. Vietnam	22. Poland	24. Brazil	25. Malaysia	27. Thailand	30. Türkiye
Exports, USD bn (2024)	3,577	619	603	443	403	380	337	329	301	262
Export Share % (2024)	15%	3%	2%	2%	2%	2%	1%	1%	1%	1%
CAGR % (2014-2024)	4%	5%	6%	3%	10%	6%	4%	3%	3%	5%
Top 5 Export Destinations and Export Value, USD bn (2024)   Top 20 global importers	U.S. (\$526)	U.S. (\$503)	China (\$87)	U.S. (\$79)	China (\$175)	Germany (\$103)	China (\$94)	Singapore (\$50)	U.S. (\$55)	Germany (\$20)
	HK SAR (\$291)	Canada (\$18)	India (\$55)	UAE (\$37)	U.S. (\$124)	Czechia (\$23)	U.S. (\$41)	U.S. (\$43)	China (\$35)	U.S. (\$16)
	Vietnam (162)	China (\$9)	U.S. (\$40)	Netherlands (\$24)	South Korea (\$86)	France (\$23)	Argentina (\$14)	China (\$41)	Japan (\$23)	U.K. (\$15)
	Japan (\$152)	Germany (\$7)	Saudi Arabia (\$37)	Singapore (\$16)	Japan (\$48)	U.K. (\$20)	Netherlands (\$12)	HK SAR (\$19)	Malaysia (\$12)	Iraq (\$13)
	South Korea (\$146)	Taiwan, China (\$4)	Türkiye (\$36)	China (\$15)	Thailand (\$21)	Netherlands (\$18)	Spain (\$10)	Japan (\$18)	Australia (\$12)	Italy (\$12)
Top 5 Export Sectors	Metals, Electronics & Machinery	Metals, Electronics & Machinery	Minerals, Fuels & Chemicals	Minerals, Fuels & Chemicals	Metals, Electronics & Machinery	Metals, Electronics & Machinery	Minerals, Fuels & Chemicals	Metals, Electronics & Machinery	Metals, Electronics & Machinery	Metals, Electronics & Machinery
	Miscellaneous Goods & Articles	Transport Vehicles & Equipment	Metals, Electronics & Machinery	Metals, Electronics & Machinery	Textiles, Apparel & Accessories	Miscellaneous Goods & Article	Agricultural & Plant-based Goods	Minerals, Fuels & Chemicals	Transport Vehicles & Equipment	Transport Vehicles & Equipment
	Textiles, Apparel & Accessories	Miscellaneous Goods & Articles	Miscellaneous Goods & Articles	Textiles, Apparel & Accessories	Miscellaneous Goods & Articles	Transport Vehicles & Equipment	Metals, Electronics & Machinery	Miscellaneous Goods & Articles	Plastics, Rubber & Related Goods	Textiles, Apparel & Accessories
	Transport Vehicles & Equipment	Minerals, Fuels & Chemicals	Transport Vehicles & Equipment	Transport Vehicles & Equipment	Agricultural & Plant-based Goods	Food, Beverages & Tobacco	Animal Products & By-products	Animal Products & By-products	Agricultural & Plant-based Goods	Minerals, Fuels & Chemicals
	Minerals, Fuels & Chemicals	Agricultural & Plant-based Goods	Food, Beverages & Tobacco	Agricultural & Plant-based Goods	Plastics, Rubber & Related Goods	Plastics, Rubber & Related Goods	Food, Beverages & Tobacco	Plastics, Rubber & Related Goods	Minerals, Fuels & Chemicals	Miscellaneous Goods & Articles

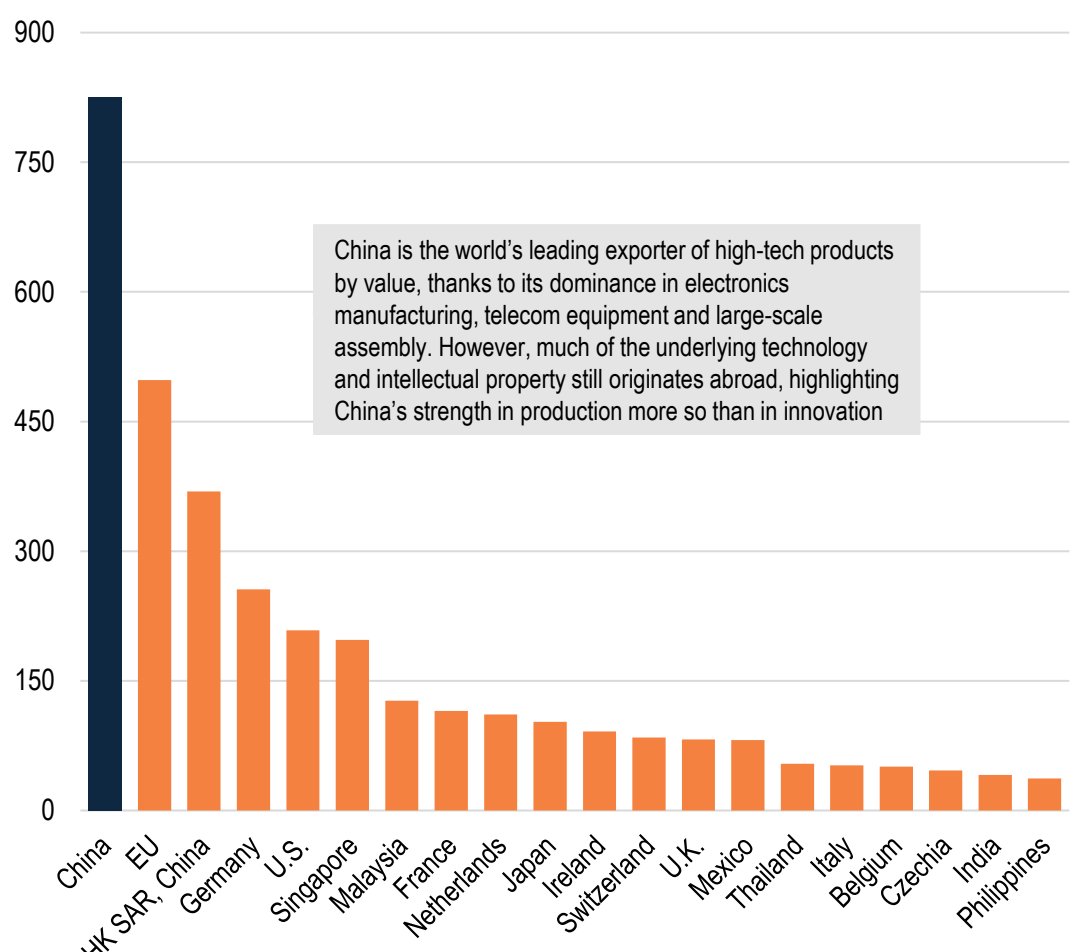
Source: UN Comtrade, WTO, ANDAMAN PARTNERS Analysis. Note: UAE and Vietnam data for export destinations and sectors available till 2023 only.

China dominates world manufacturing output with a share of 31.6% in 2024, which is double the output of the U.S. (15.9%). China also dominates high-tech exports with a share of over USD 825 billion, compared to less than USD 500 billion for the EU

Top 20 Economies by Manufacturing Output, USD bn (2024)

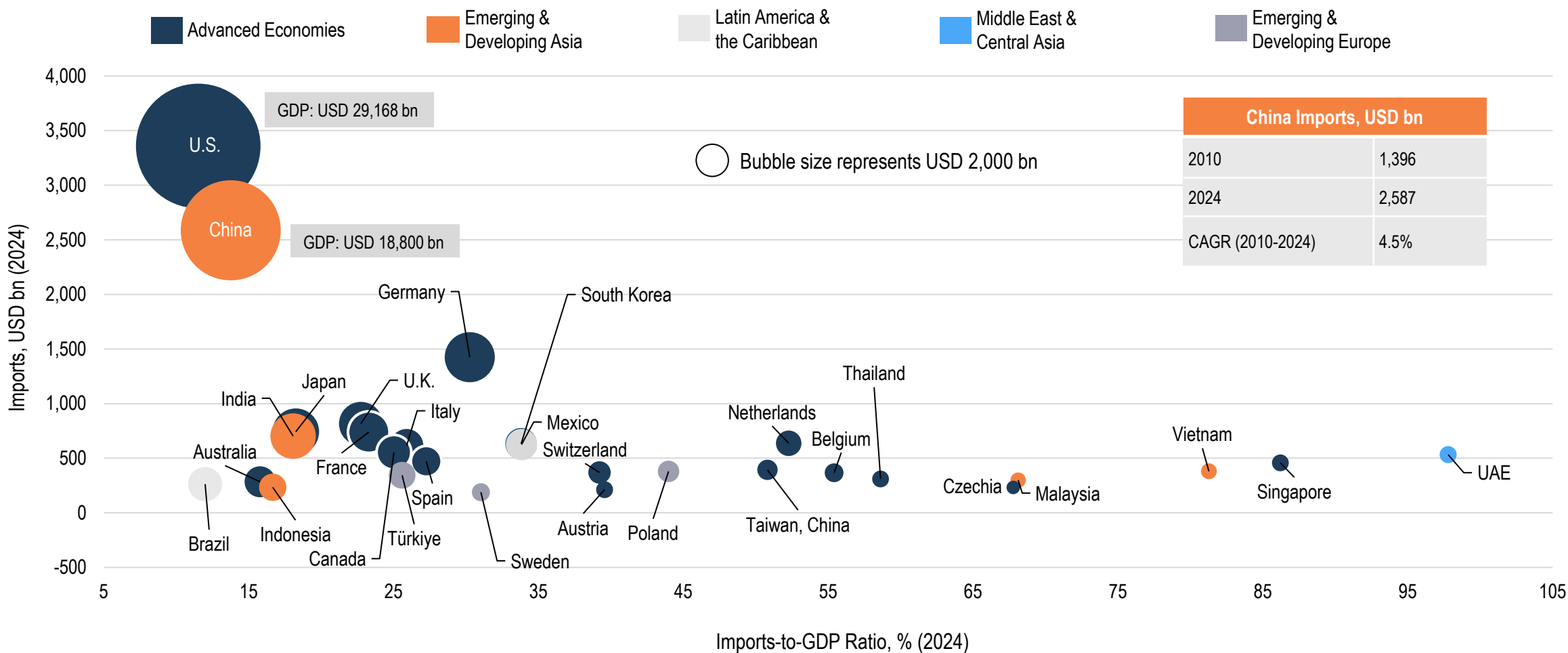


Top 20 Economies by High-Tech Exports, USD bn (2023)































































The U.S. is the world's largest importer at USD 3.3 trillion. China is the second-largest at USD 2.5 trillion, accounting for 14% of the country's GDP. Certain Asian countries have considerably higher imports-to-GDP ratios, such as Malaysia (68%), Vietnam (81%) and Singapore (86%)

Major Global Importers: Imports, USD bn, Imports-to-GDP Ratio, % and GDP, USD bn (2024)



The world's top 20 importers account for more than three-quarters of global imports, indicating the concentration of global trade in a few major economies. Countries whose imports rose sharply from 2014 to 2024 are Vietnam (CAGR of 9%), India (4%), Mexico (4%) and the UAE (5%)

### Top 20 Global Importers (2004, 2014, 2024)

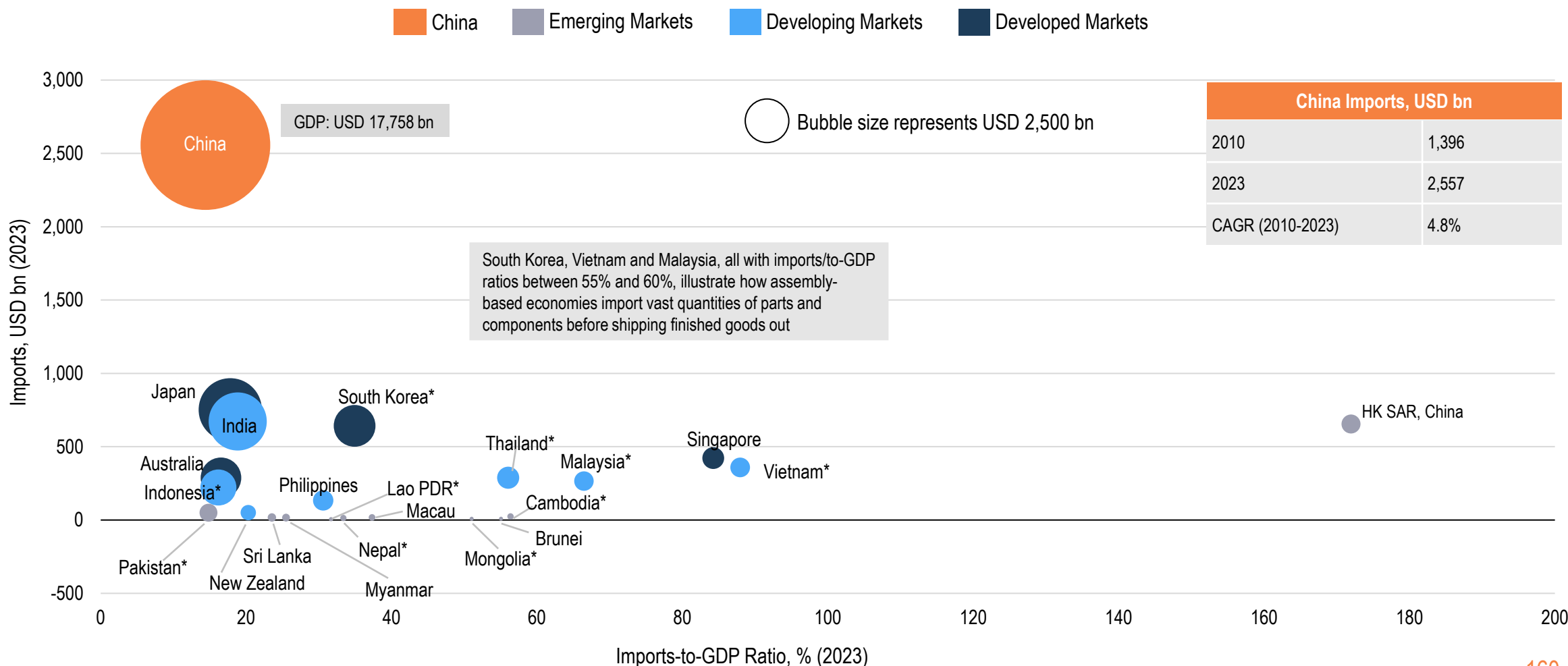
Rank (2004)				Rank (2014)				Rank (2024)			Imports, USD bn (2024)	Global Share (2024)	CAGR (2014-2024)	
1	U.S.		→	1	U.S.		→	1	U.S.		3,359	14.9%	3%	
2	Germany		↘	2	China		→	2	China		2,587	11.5%	3%	
3	China		↗	3	Germany		→	3	Germany		1,425	6.3%	1%	
4	U.K.		↗	4	Japan		↗	4	U.K.		816	3.6%	1%	
5	Japan		↘	5	U.K.		↗	5	Japan		743	3.3%	-1%	
6	France		→	6	France		→	6	France		739	3.3%	1%	
7	Italy		↗	7	HK, China		↗	7	India		703	3.1%	4%	
8	Belgium		↘	8	South Korea		↗	8	HK, China		699	3.1%	1%	
9	Netherlands		→	9	Netherlands		→	9	Netherlands		637	2.8%	2%	
10	Canada		↘	10	Italy		↘	10	South Korea		632	2.8%	2%	
11	HK, China		↗	11	Canada		↗	11	Mexico		625	2.8%	4%	
12	Spain		↘	12	India		↗	12	Italy		616	2.7%	2%	
13	South Korea		↗	13	Mexico		↗	13	Canada		554	2.5%	2%	
14	Mexico		↗	14	Singapore		↗	14	UAE		533	2.4%	5%	
15	Singapore		↘	15	Spain		↘	15	Spain		472	2.1%	3%	
16	Taiwan, China		↘	16	Belgium		↘	16	Singapore		458	2.0%	2%	
17	Switzerland		↘	17	UAE		↗	17	Taiwan, China		394	1.8%	3%	
18	Austria		↘	18	Russian Fed.		↗	18	Vietnam		381	1.7%	9%	
19	Australia		↘	19	Switzerland		↘	19	Poland		379	1.7%	5%	
20	Malaysia		↘	20	Taiwan, China		↘	20	Switzerland		370	1.6%	3%	
											Top 20 Total	17,121	76.1%	2%
											Rest of World	5,378	23.9%	0.4%
											World	22,500	100%	2%

Various, ANDAMAN PARTNERS Analysis



China is the largest importer in Asia Pacific, with imports of USD 2.5 trillion in 2023. Singapore, Vietnam and Hong Kong are major shipping hubs in the region, with imports-to-GDP ratios of 84%, 88% and 172%, respectively

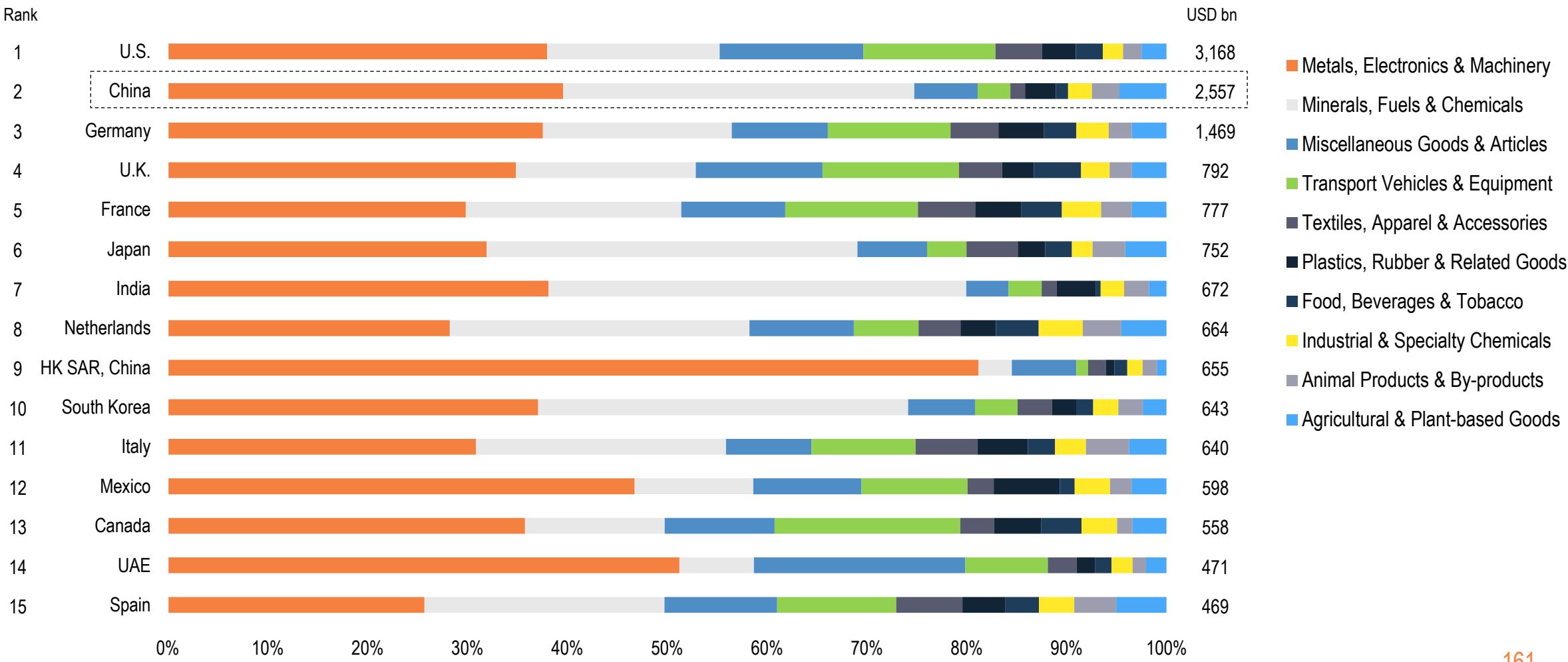
Major Asia Pacific Importers: Imports, USD bn, Imports-to-GDP Ratio, % and GDP, USD bn (2023)



Source: IMF, UN Comtrade, ANDAMAN PARTNERS Analysis. Note: 2022 data was used for countries marked with an asterisk. No data for Bangladesh, Papua New Guinea and Bhutan. Bubbles represent GDP, USD bn (2023).

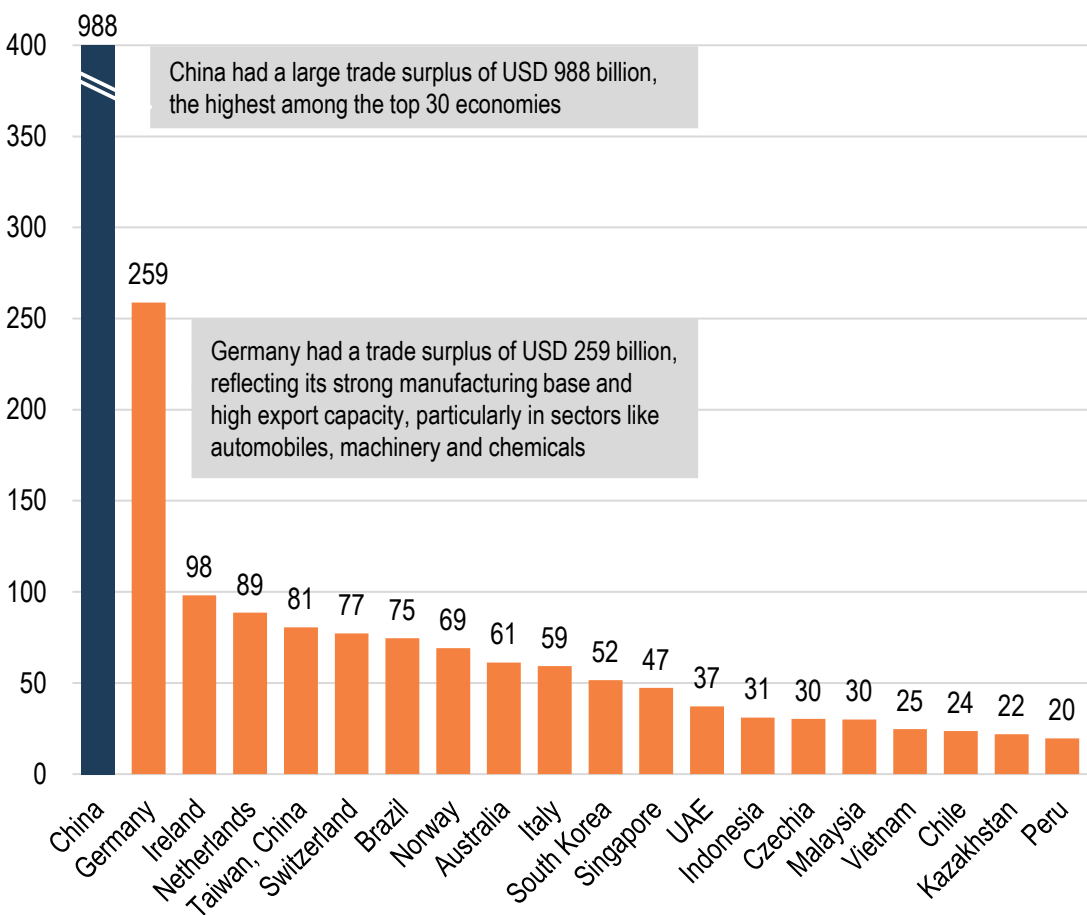
Global imports are dominated by two categories: Metals, Electronics & Machinery and Minerals, Fuels & Chemicals. These categories accounted for over 70% of China’s total imports of USD 2.55 trillion in 2023

Top 15 Global Importers by Sector, % Composition and USD bn (2023)

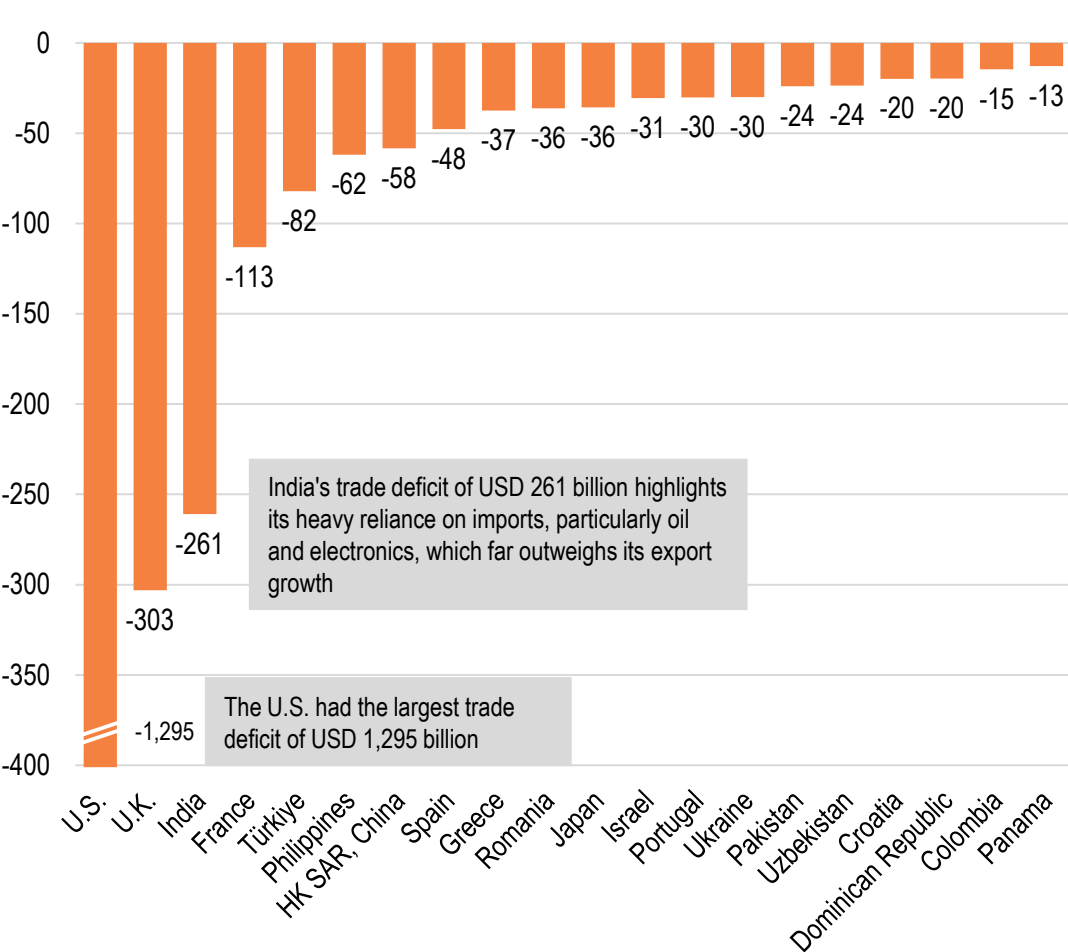


In 2024, trade balances exhibited significant disparities, with certain economies recording substantial surpluses. China had the highest trade surplus, followed by Germany, while the U.S. had the largest trade deficit, followed by the U.K. and India

Top 20 Economies by Largest Trade Surpluses, USD bn (2024)

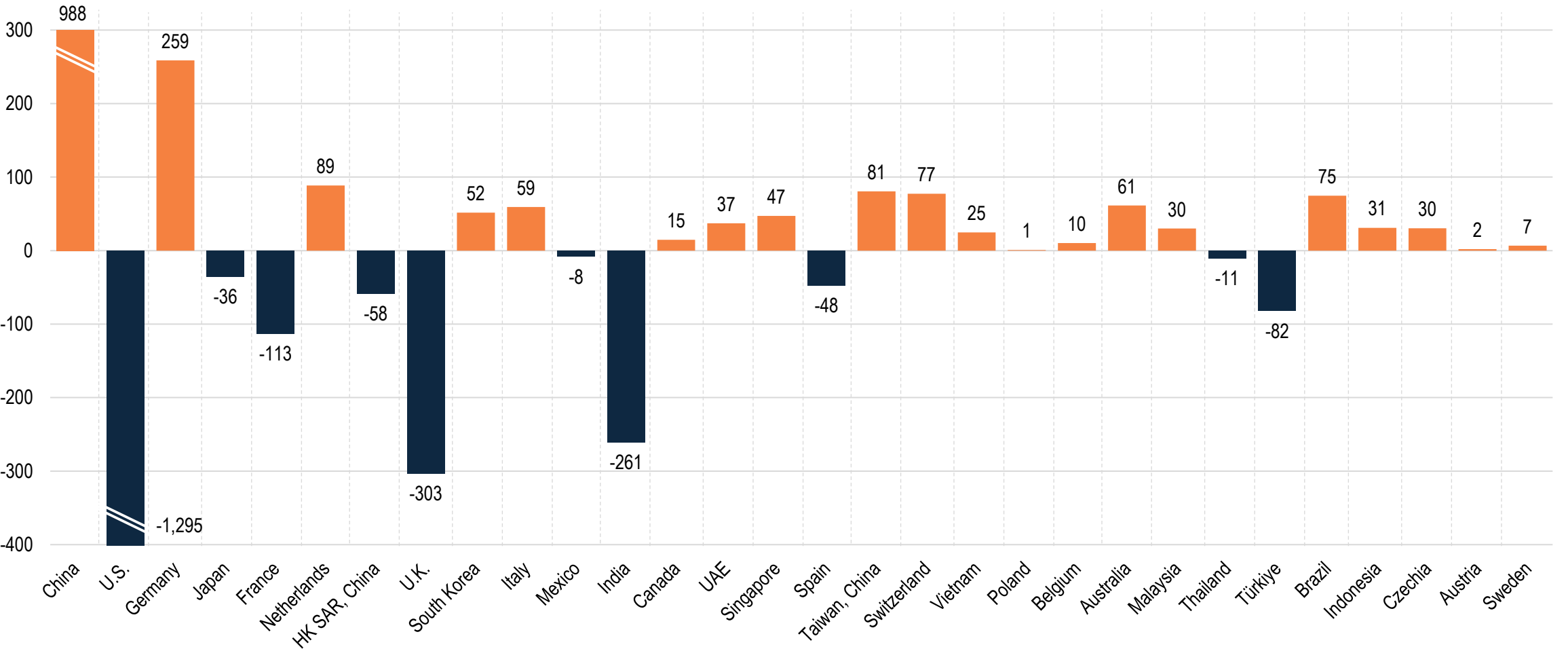


Top 20 Economies by Largest Trade Deficits, USD bn (2024)



The world's top 30 economies span different trade balance positions, ranging from surplus countries with large manufacturing bases (China and Germany) to consumption-based deficit countries (the U.S. and U.K.). Global trade in 2024 was increasingly affected by protectionist policies

Trade Balances of the World's Top 30 Economies by GDP, USD bn (2024)





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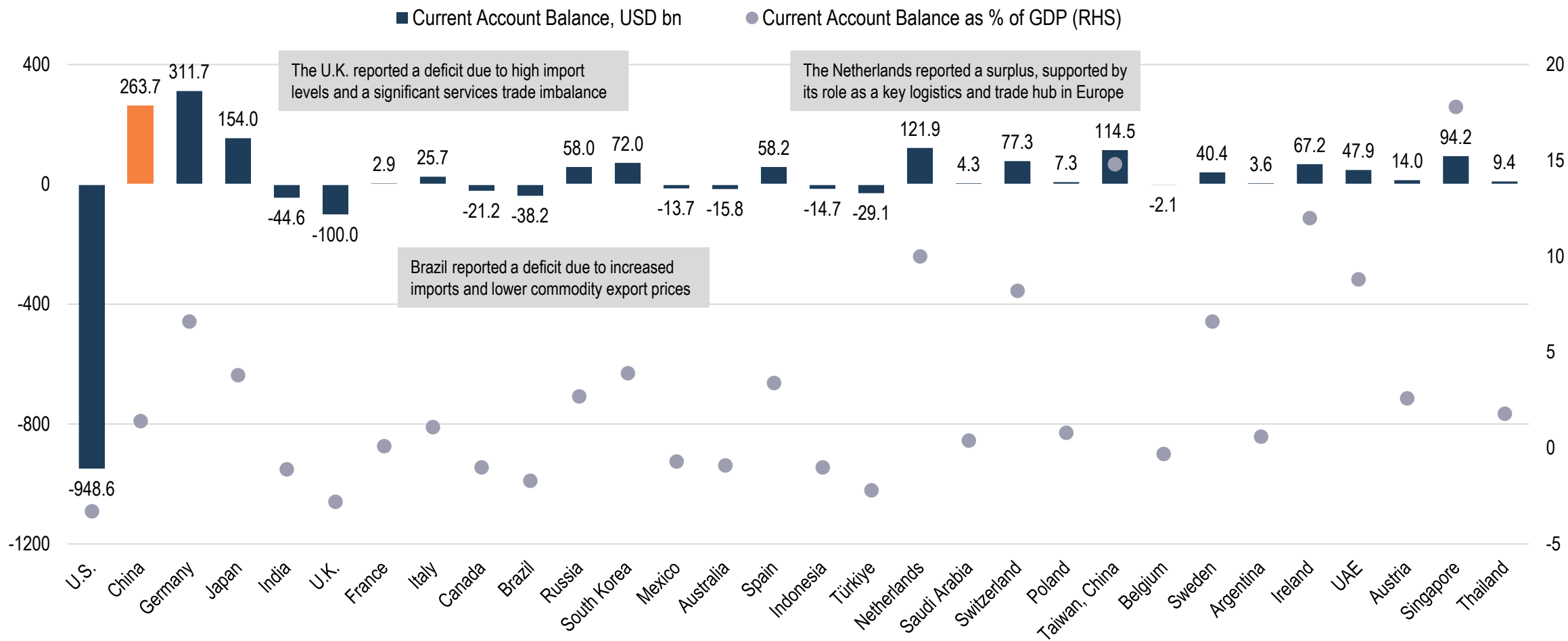
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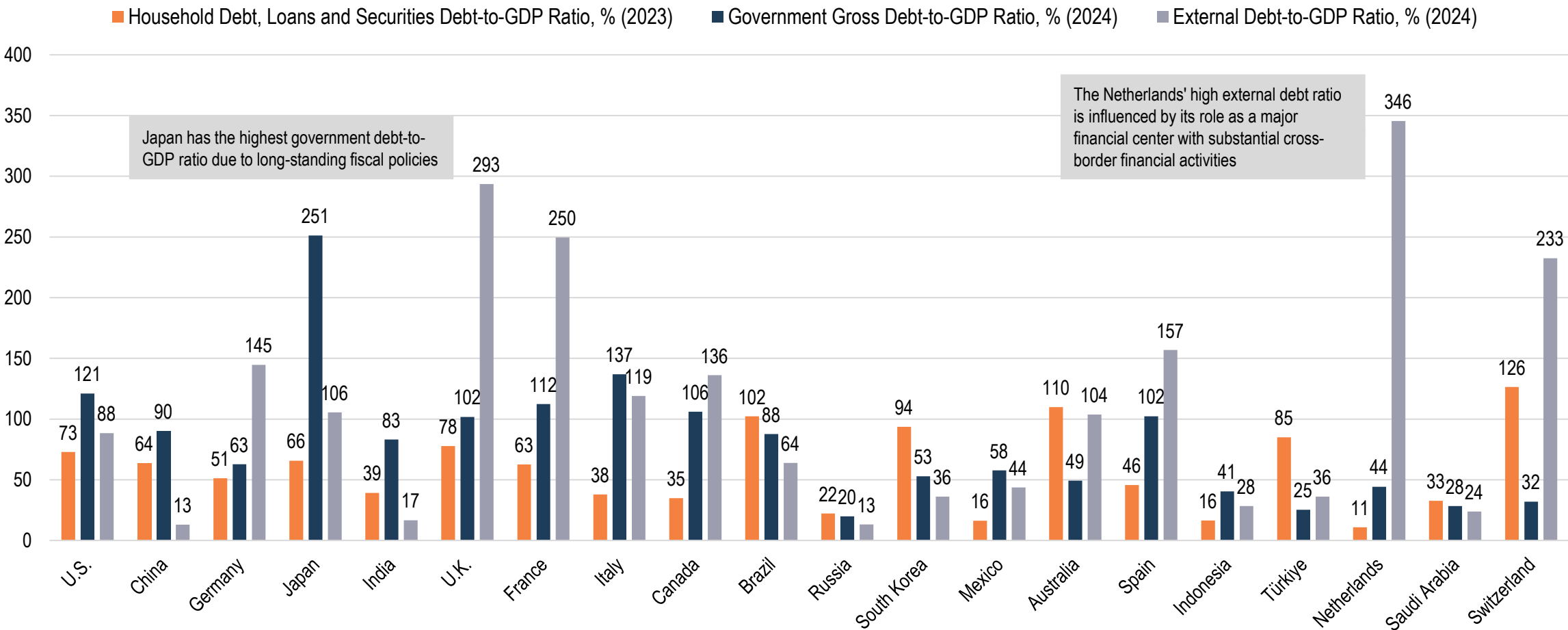
China reported a current account surplus in 2024, supported by strong export performance and a stable trade balance. The U.S. reported a negative account balance of almost USD 1 trillion. India, the U.K. and several other major economies also had negative current account balances

Current Account Balances of Top 30 Economies by GDP, USD bn and Current Account Balance as % of GDP (2024)



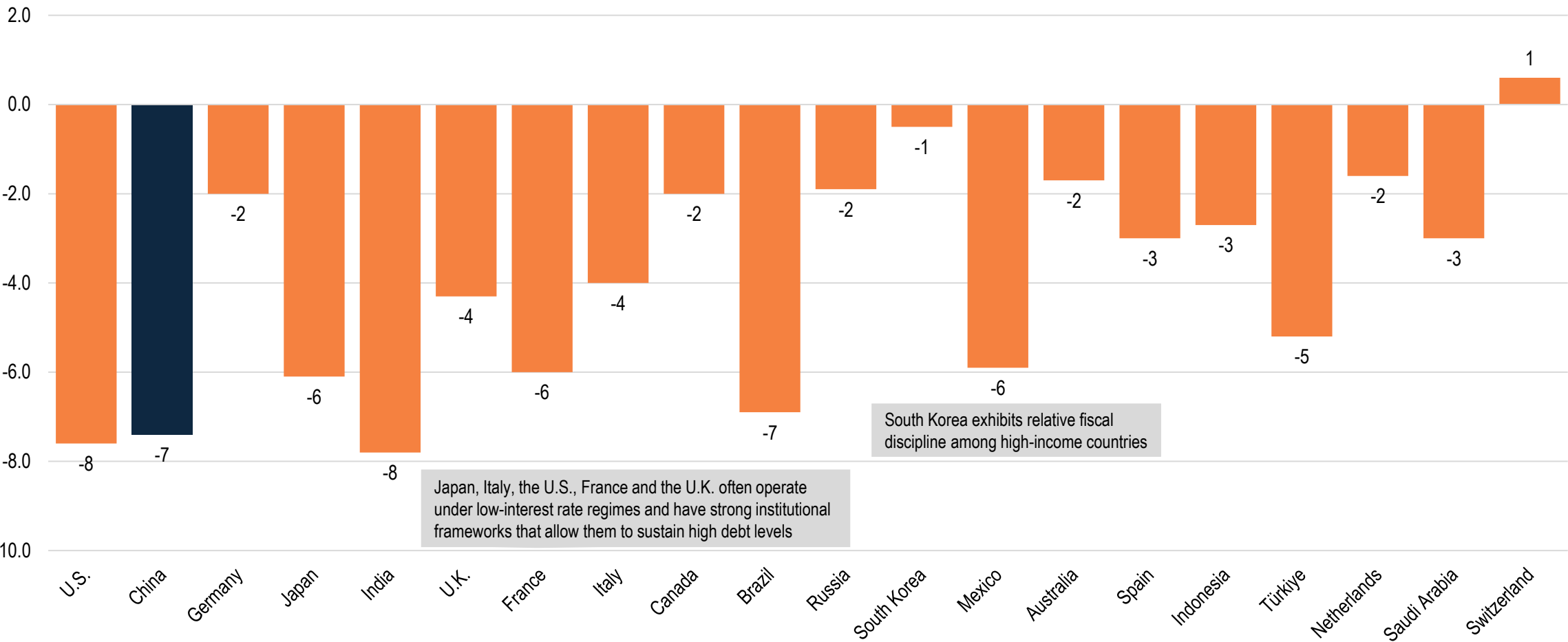
Among the top 20 economies, China has average levels of household and government debt-to-GDP, and a relatively low external debt-to-GDP ratio (13%) compared to economies like the U.S. (88%) and Germany (145%), suggesting a more cautious approach to foreign borrowing

Debt of Top 20 Economies by GDP, % (2023 & 2024)



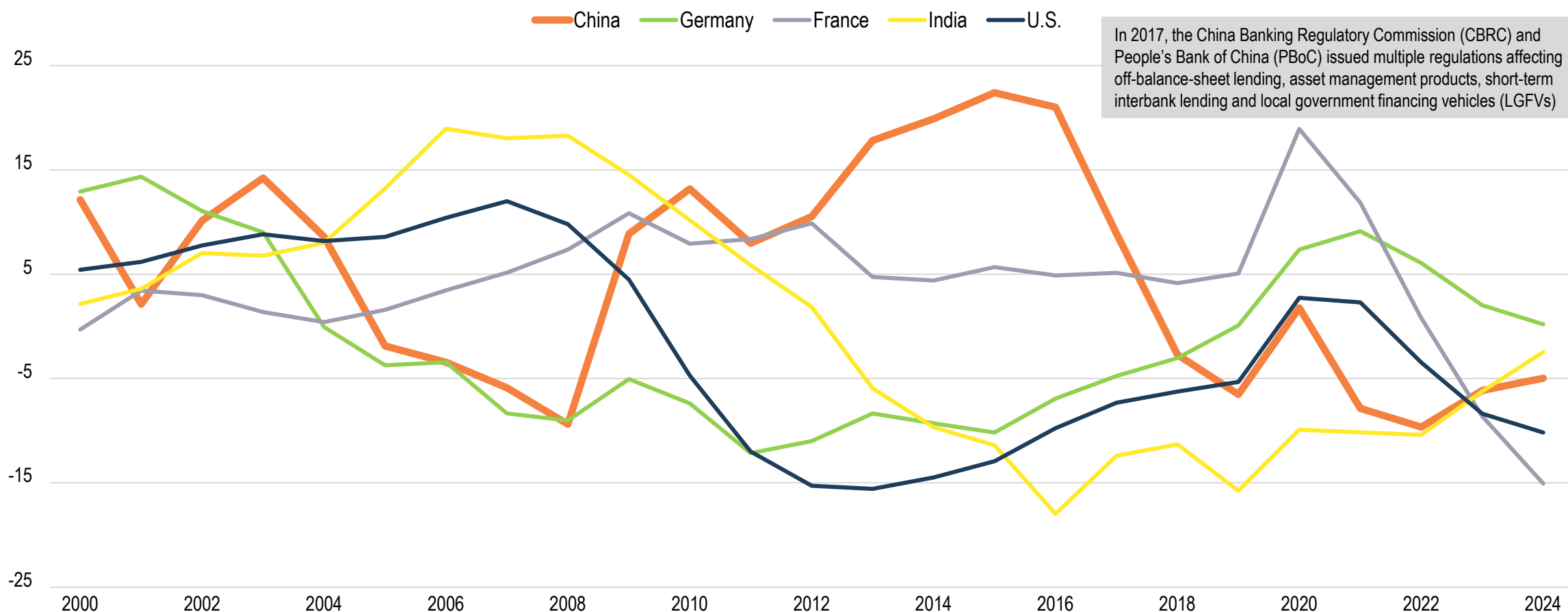
Central government lending as a percentage of GDP is an indicator of fiscal health, i.e., whether it's spending more than it earns or earning more than it spends. In 2024, China ran a fiscal deficit of 7% due mainly to local government financing, stimulus measures and revenue shortfalls

Central Government Lending as a Percentage of GDP of Top 20 Economies by GDP, % (2024)



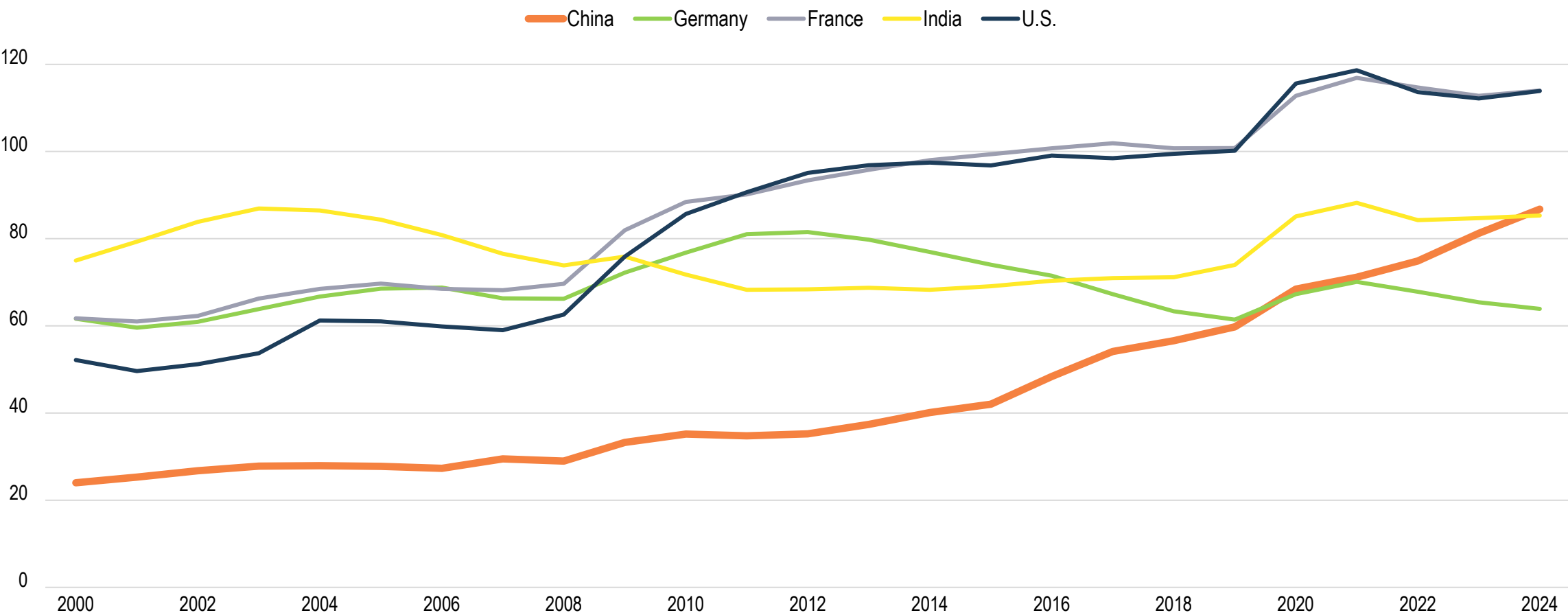
The credit-to-GDP gap is an early warning indicator for financial vulnerabilities. In 2012-2017, China's gap was above 8% due to credit expansion, a debt-intensive investment model, shadow banking activities and slowing growth, prompting authorities to tighten financial regulation in 2017

Credit-to-GDP Gaps (Actual-Trend) of Selected Economies, % of GDP (2000-2024)



As an indication of debt accumulation and leverage within the economy, bank credit extended to the non-financial sector as a % of GDP in China grew from 22% in 2000 to 85% in 2024, reflecting expansion of the banking system and financial inclusion, but also risks of over-leveraging

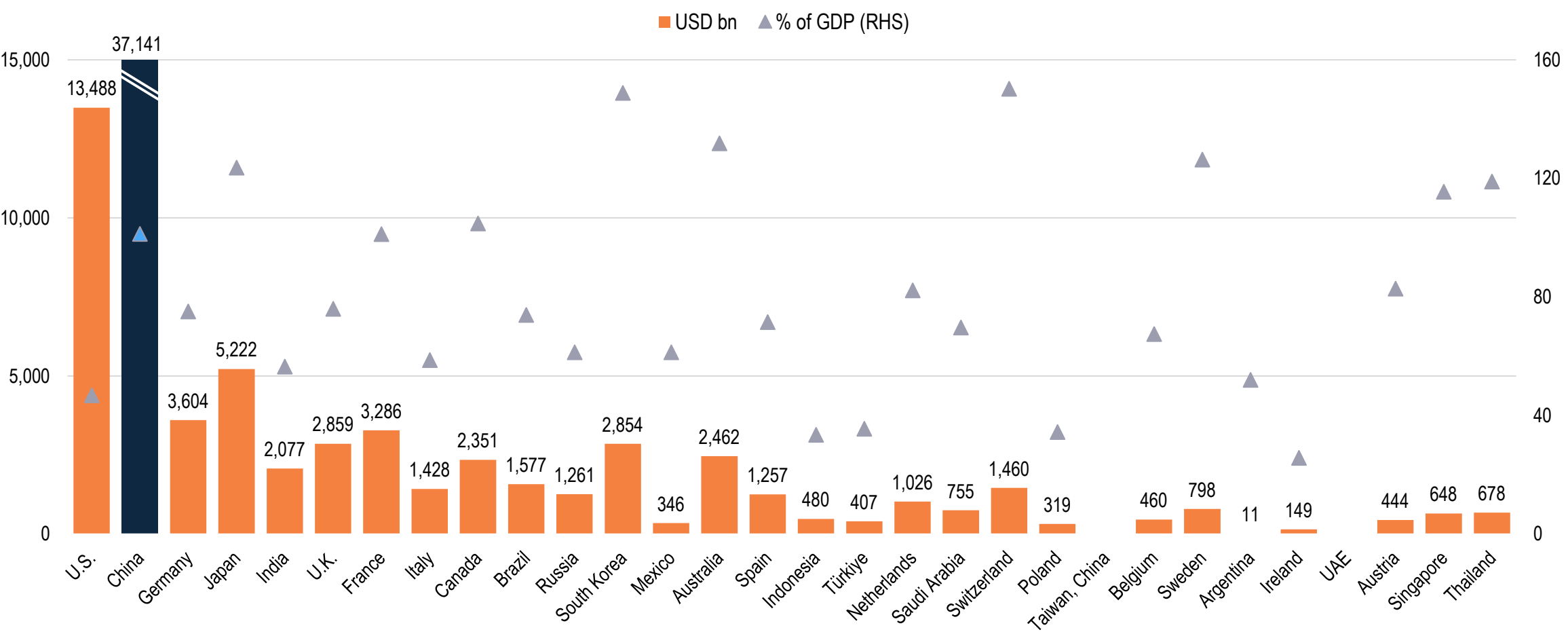
Domestic Bank Credit to the Private Non-Financial Sector of Selected Economies, % of GDP (2000-2024)





China leads by a wide margin in total domestic bank credit to the private non-financial sector, reflecting a bank-dominated financial system led by large state-owned banks, a reliance on credit-fueled, investment-led growth and comparatively less developed bond and equity markets

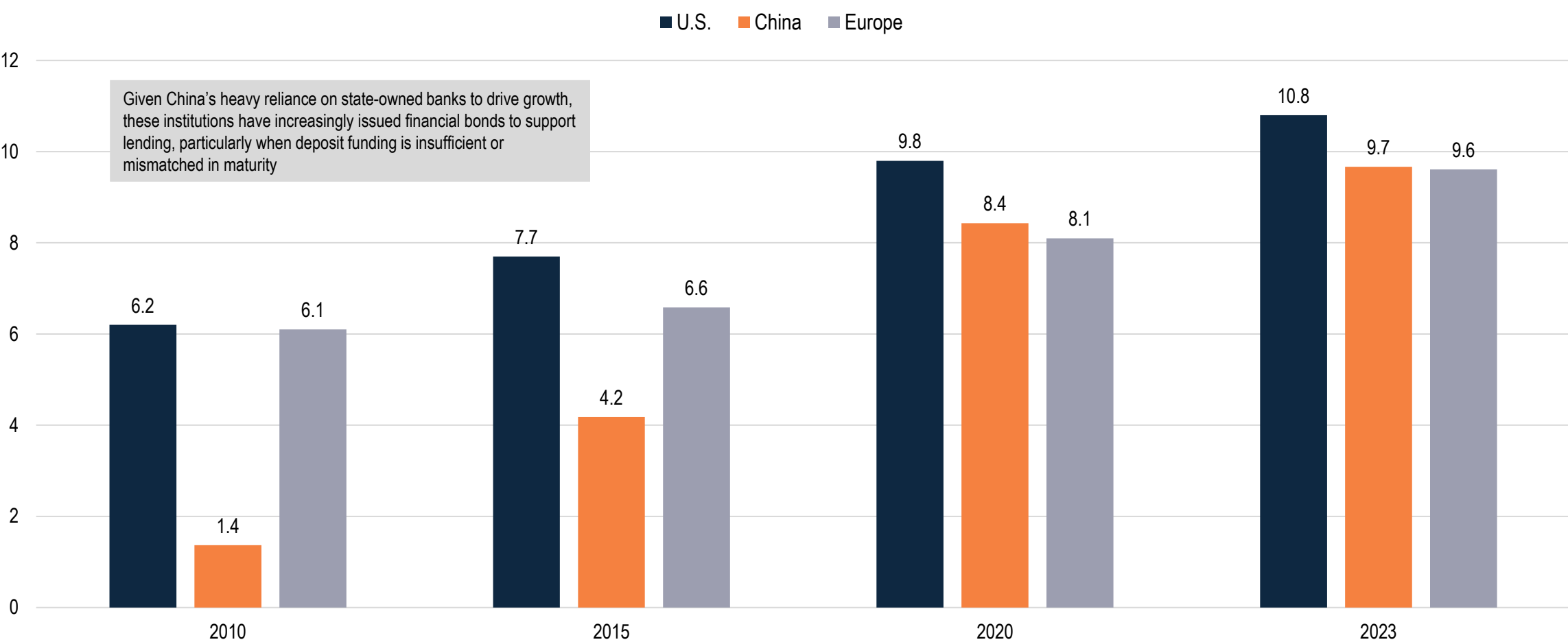
Domestic Bank Credit to the Private Non-Financial Sector at Market Value of Top 30 Economies by GDP, USD Billion (Q3 2024)



Source: BIS, ANDAMAN PARTNERS Analysis. Note: No data available for Taiwan (China) and the UAE. Bank credit includes loans from deposit-taking institutions only, excluding bonds, shadow finance and credit from non-bank entities.

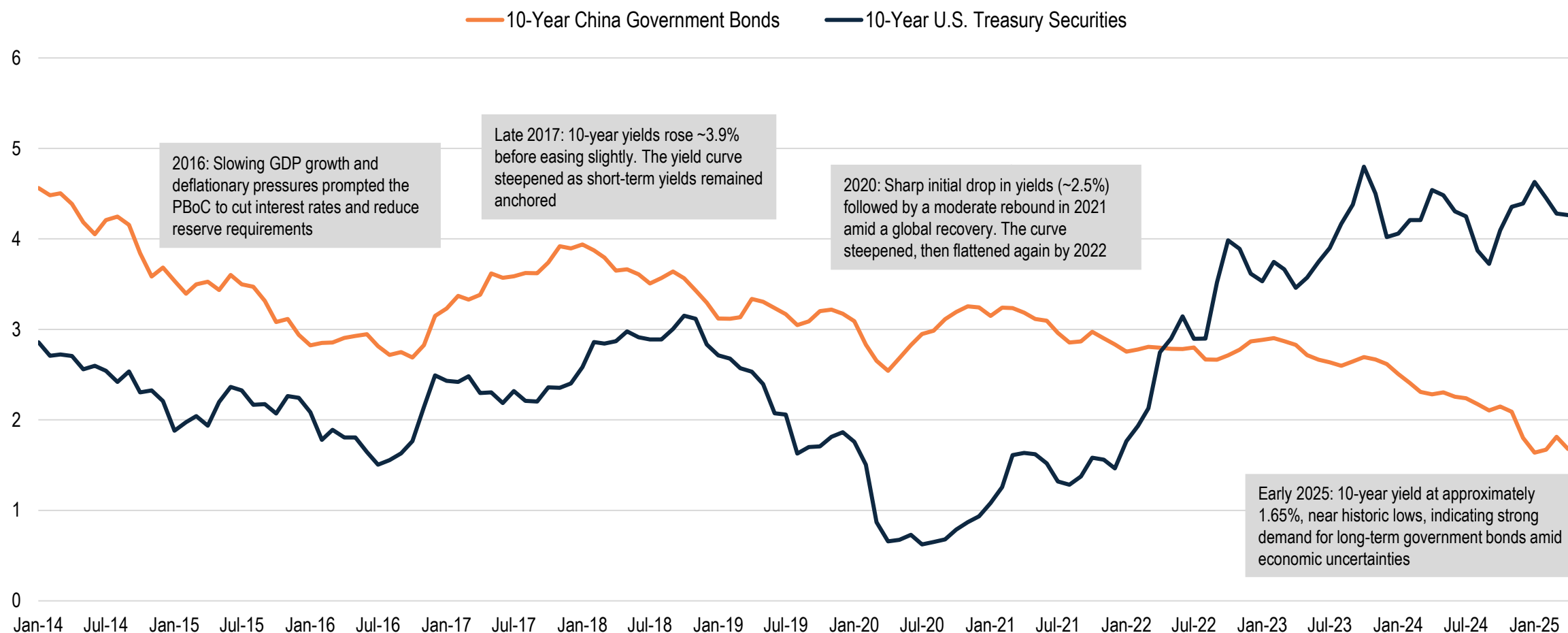
The U.S. dominates the global sovereign bond market, accounting for a large share of outstanding government debt. China's bond market, however, has expanded rapidly to become the second-largest in the world, driven primarily by the growth of financial bonds

Domestic Financial and Non-Financial Bonds Outstanding: U.S., China and Europe, USD tn (2010, 2015, 2020, 2023)



China's 10-year government bond yield has remained lower and more stable than U.S. Treasuries, reflecting weaker growth momentum and a more accommodative monetary stance. U.S. yields surged in 2022 due to aggressive Fed tightening, widening the yield gap to historic highs by 2025

China Government Bond Yields vs U.S. Treasury Securities: 10-Year Bond Yield Curve (Jan. 2014-Apr. 2025)



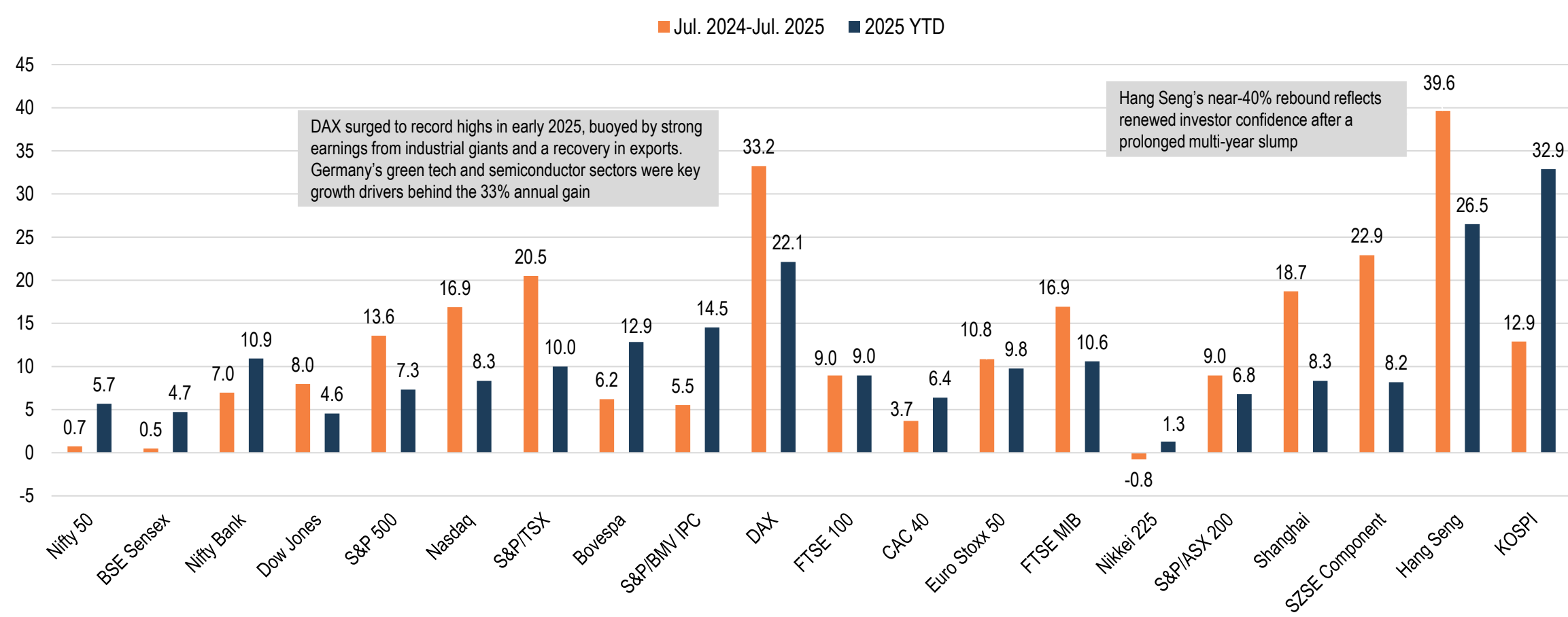
Despite ranking as the world’s third- and eighth-largest exchanges by market capitalisation, the Shanghai and Shenzhen stock markets have faced persistent investor uncertainty in recent years, driven by weak sentiment, regulatory interventions and a slowing economy

Top 10 Stock Exchanges by Market Capitalisation, USD mn (2010 & 2024)

Rank	Stock Exchange	Country/Region	Market Capitalisation, USD mn (2010)	Market Capitalisation, USD mn (2024)	CAGR (2010-2024)
1	New York Stock Exchange (NYSE)	U.S.	13,394,082	31,576,034	6.3%
2	NASDAQ	U.S.	3,889,370	30,609,651	15.9%
3	Shanghai Stock Exchange (SSE)	China	2,716,470	7,186,253	7.2%
4	Japan Exchange Group (Tokyo Stock Exchange)	Japan	3,827,774	6,556,560	3.9%
5	National Stock Exchange of India (NSE)	India	1,596,625	5,696,539	9.5%
6	Euronext	Pan-European	2,930,072	5,441,764	4.5%
7	Hong Kong Exchanges and Clearing (HKEX)	Hong Kong	2,711,316	4,549,721	3.8%
8	Shenzhen Stock Exchange (SZSE)	China	1,311,370	4,528,667	9.3%
9	TSX (Toronto Stock Exchange)	Canada	2,170,432	3,550,655	3.6%
10	Saudi Exchange (Tadawul)	Saudi Arabia	353,419	2,664,791	15.5%

Among major global indices, Hang Seng led with a 39.8% return. Germany’s DAX (33.2%) and South Korea’s KOSPI (32.9%) also saw strong gains, driven by tech and export momentum. In contrast, China’s Shanghai (18.7%) and Shenzhen (22.9%) indices delivered more modest gains

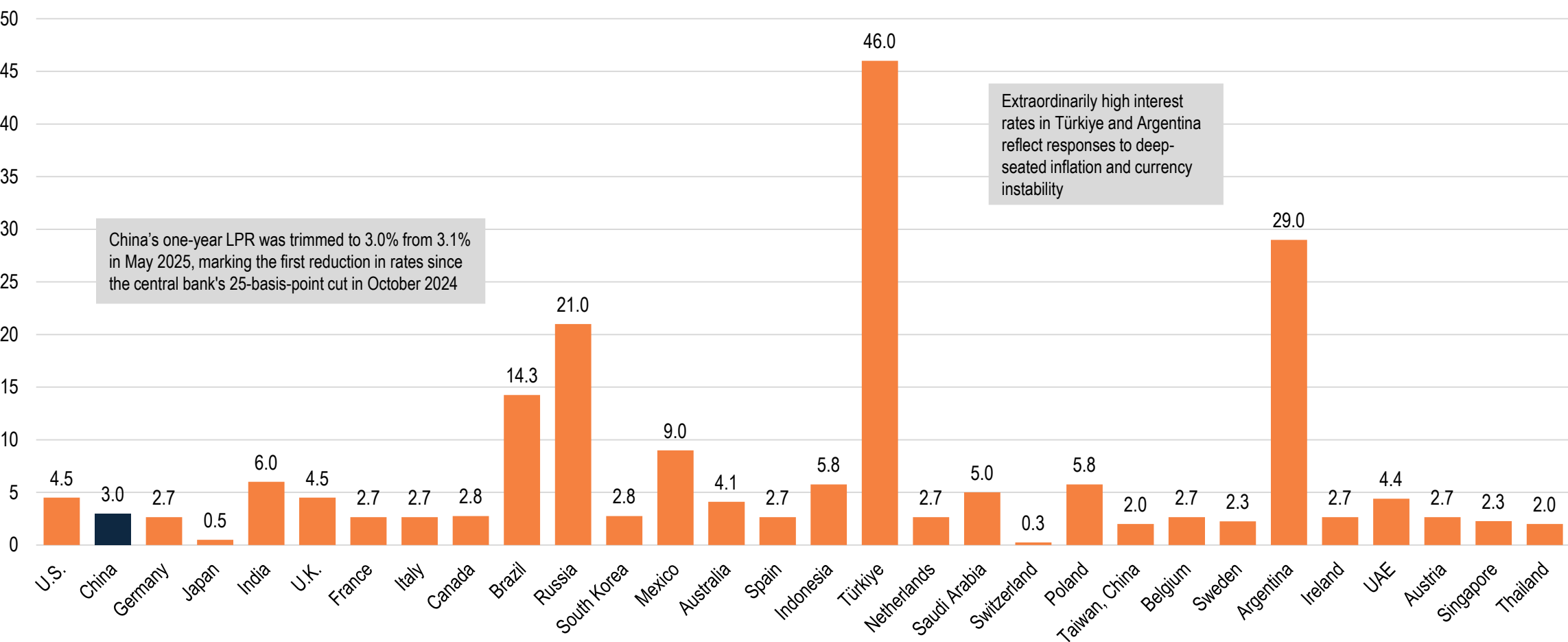
Global Selected Stock Indices Returns, % (Jul. 2024-Jul. 2025 and 2025 YTD)





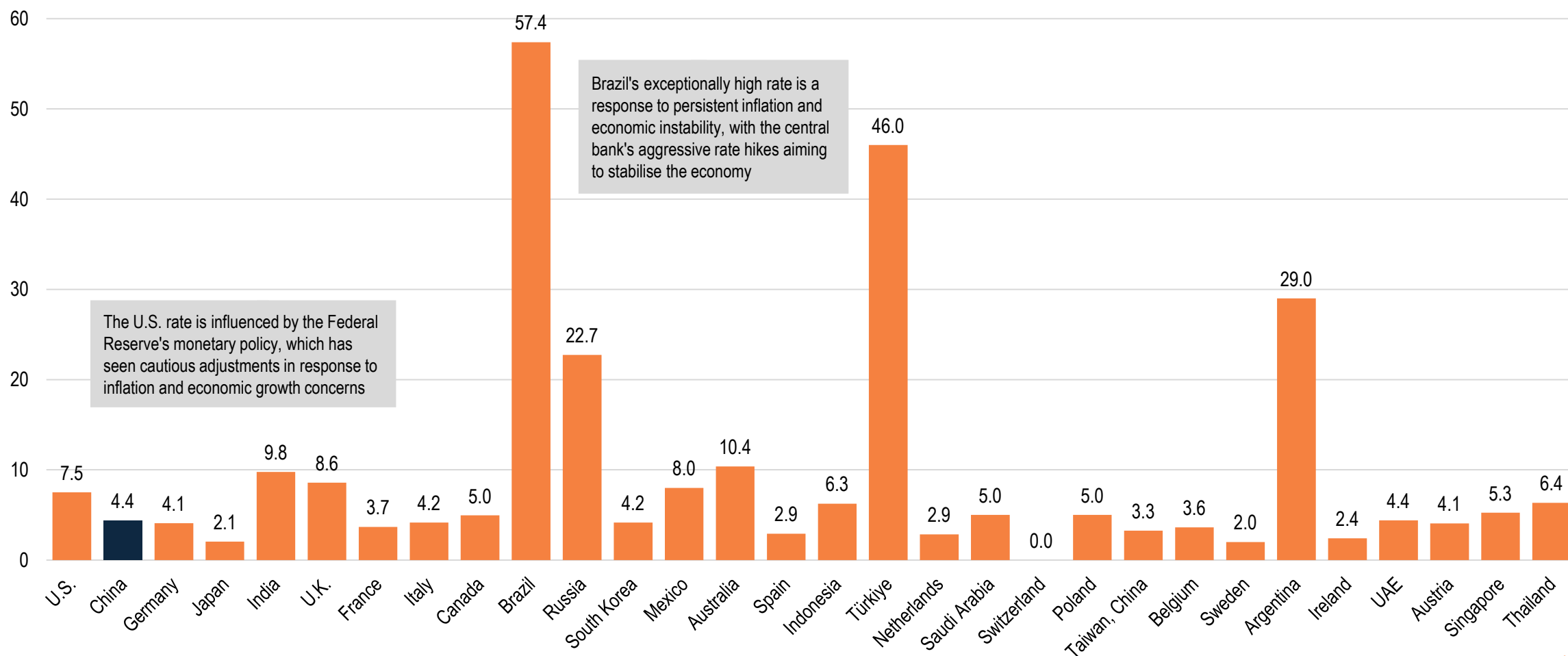
At 3.00%, China's one-year Loan Prime Rate (LPR) is among the lowest of the top 30 economies, reflecting recent cuts aimed at countering a prolonged property downturn and supporting weak domestic demand

Central Bank Interest Rates of Top 30 Economies by GDP, % (2025)



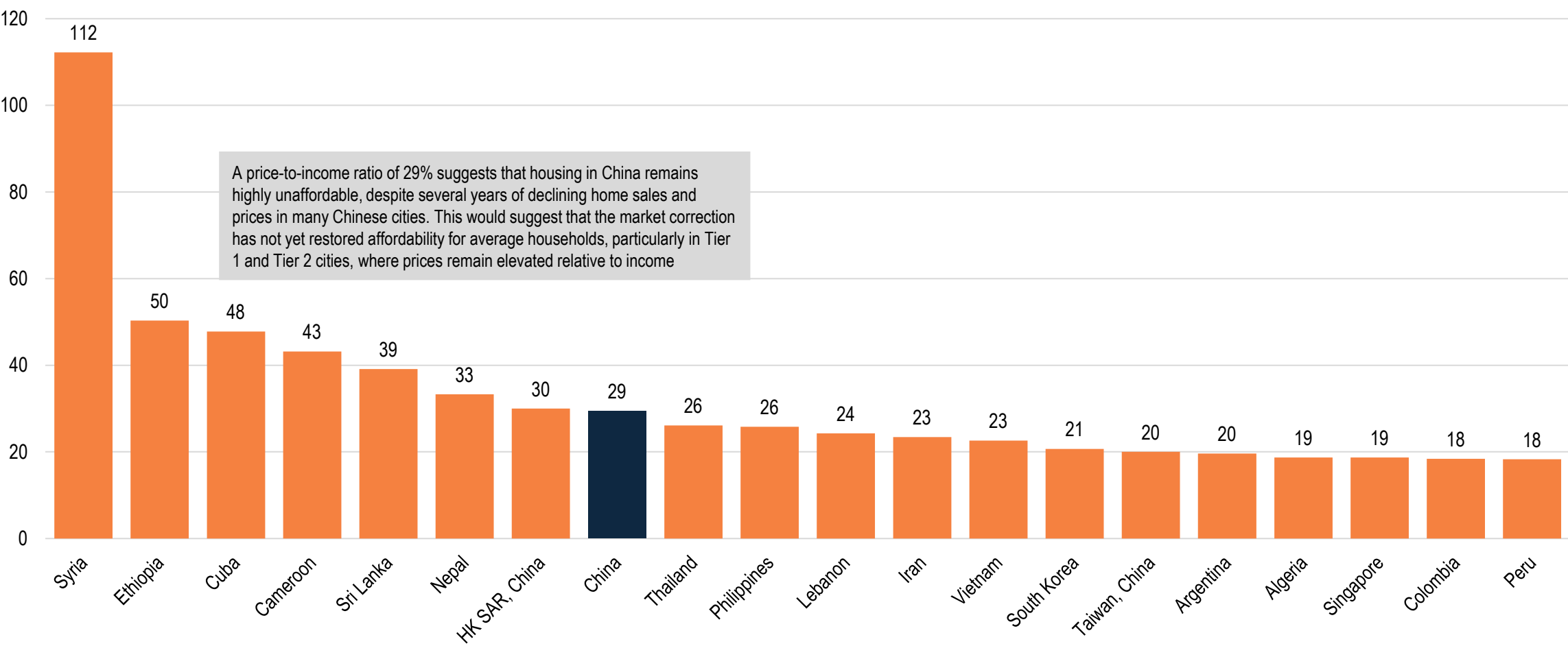
Japan and Switzerland maintain the lowest prime lending rates among major economies, reflecting subdued inflation and stable macroeconomic conditions. Brazil and Türkiye have the highest rates, driven by persistent inflation pressures, currency volatility and economic uncertainty

Prime Lending Rate of Top 30 Economies by GDP, % (July 2025)



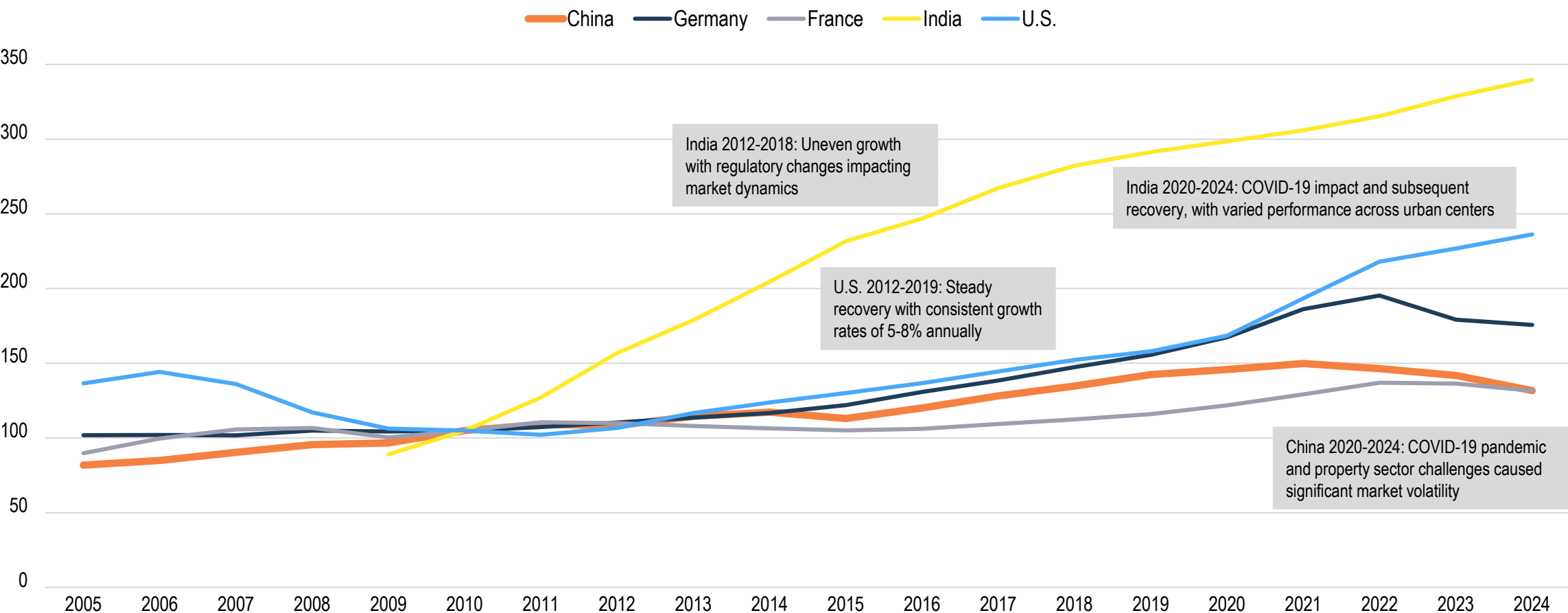
China (29%) ranks 8th among the top 20 least affordable countries by housing price-to-income ratios, reflecting persistently high urban property prices relative to household income, underscoring the structural challenges in China’s housing market despite the recent downturn

Top 20 Countries by Affordable Housing Price-to-Income Ratio, % (2024)



Global housing markets surged after 2021 amid ultra-low interest rates and stimulus, fueling price growth in the U.S., Germany and India. In contrast, China experienced a sharp slowdown, driven by domestic policy tightening, developer restrictions and deeper structural imbalances

Residential Nominal Property Prices in China, Germany, France, India and the U.S., % Y-o-Y Change (2005-2024)





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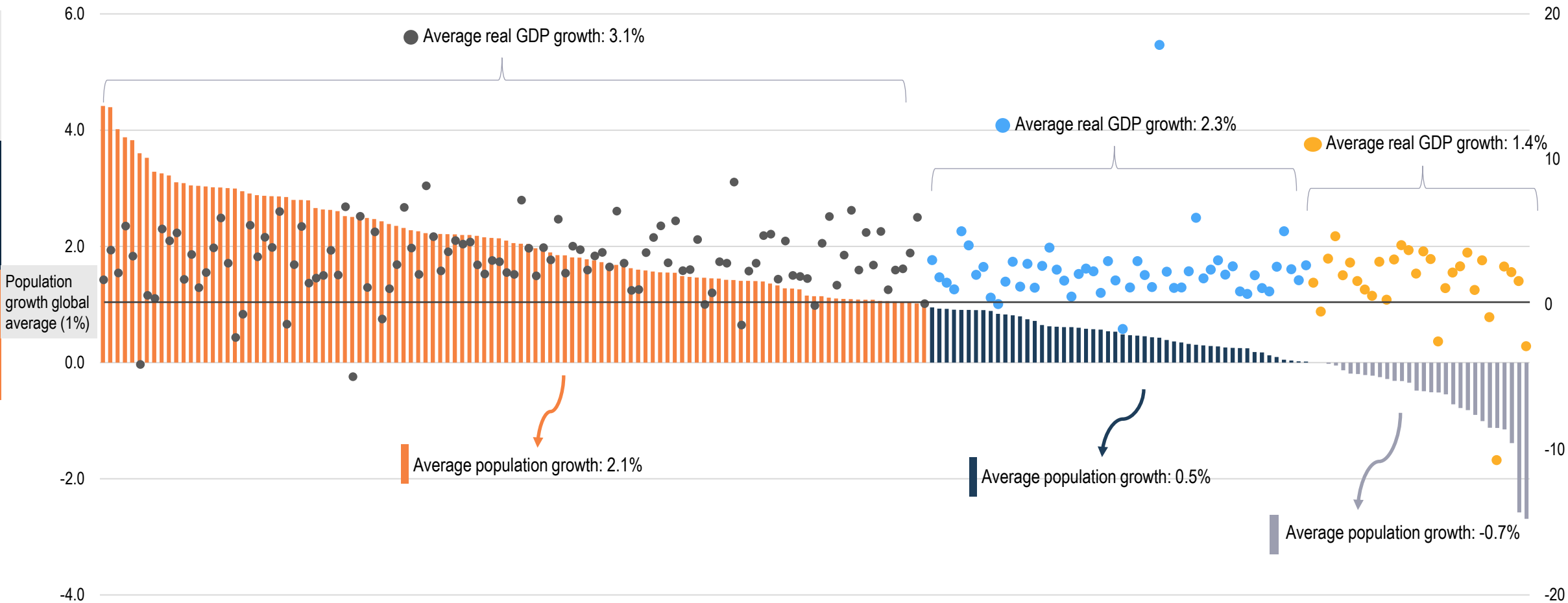
- Macro-Economic Overview
- Consumption
- Investment
- Trade
- Financial Indicators
- **Social Indicators**
- Other Indicators

5. Conclusions, Implications and Recommendations



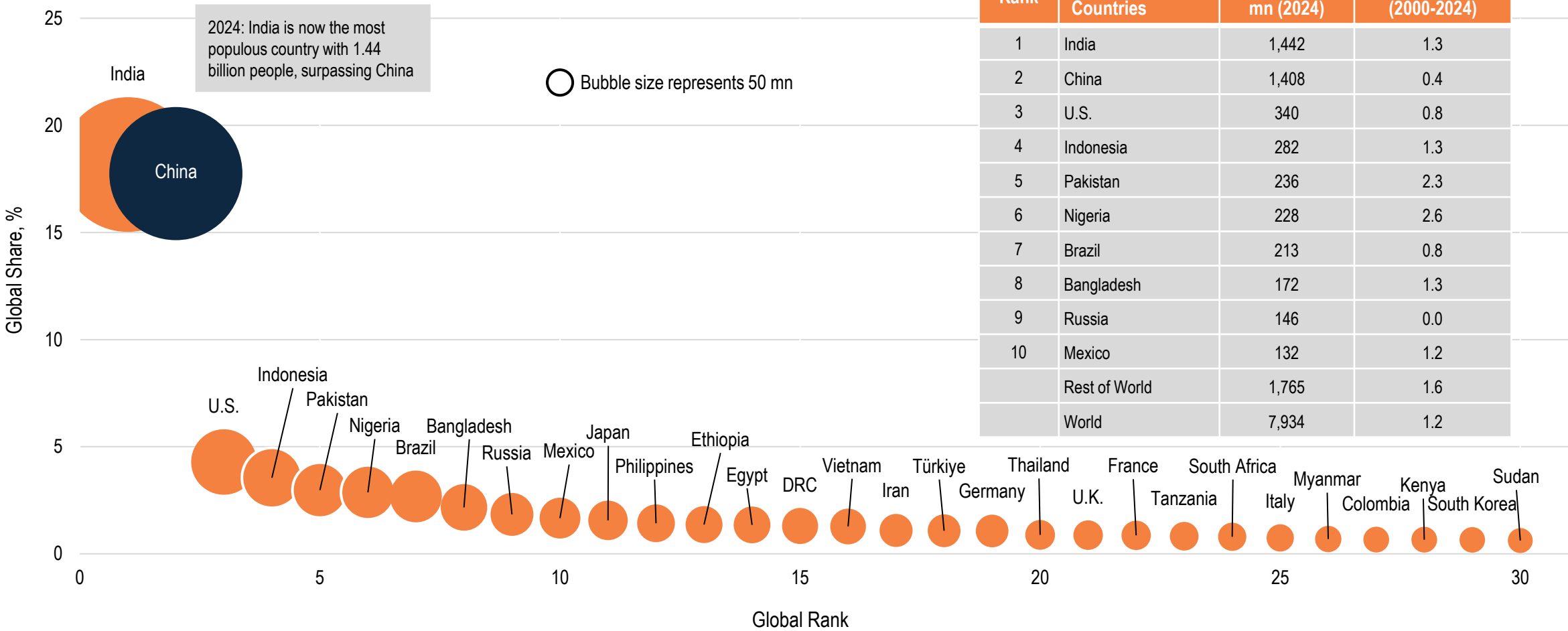
Over the long term, as over the last decade, there was a direct correlation between population growth and economic growth: Countries with higher population growth rates had higher real GDP growth, and conversely, fewer people meant lower economic growth

All Countries Average Population Growth (LHS) and Average Real GDP Growth (RHS), % (2014-2023)



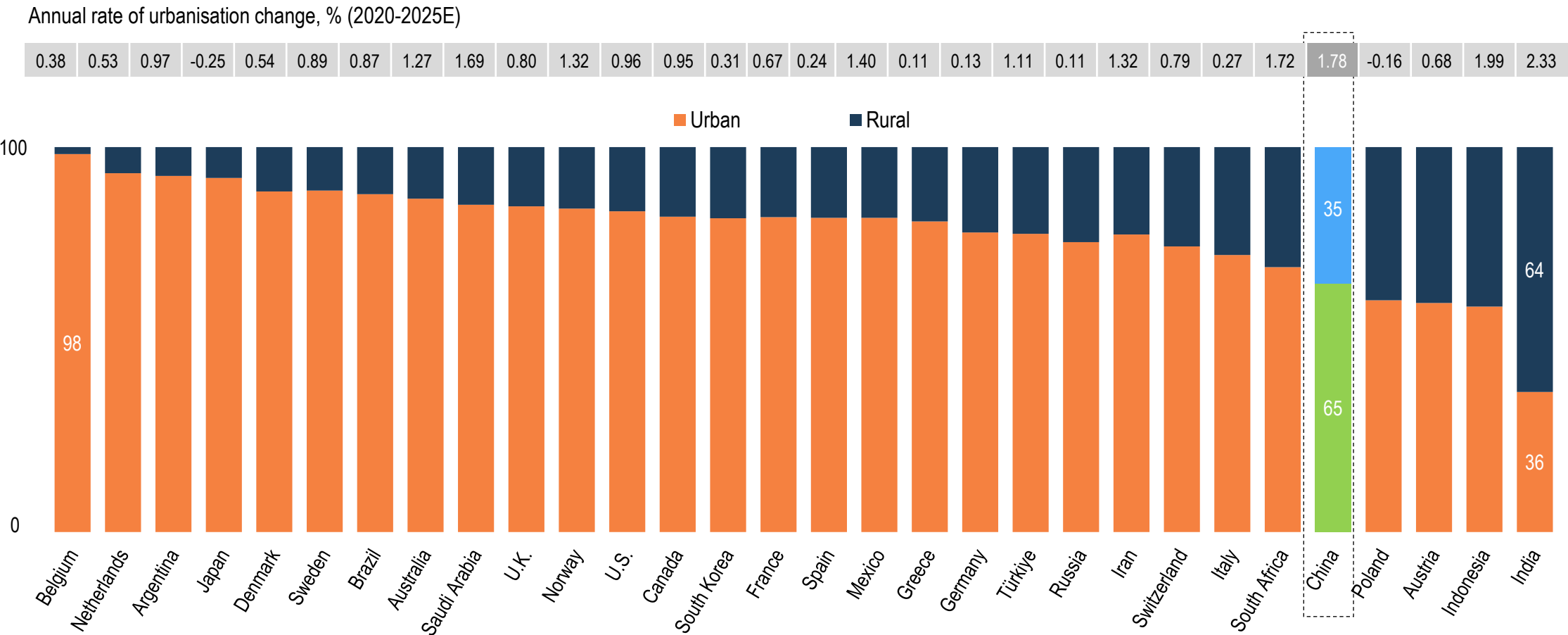
China’s population growth has stagnated, growing at a CAGR of only 0.44% from 2000 to 2024, with far-reaching implications for the country’s future, such as slower economic growth, rising wage pressure, labour shortages and increased automation

Top 30 Countries by Population, mn (2024)



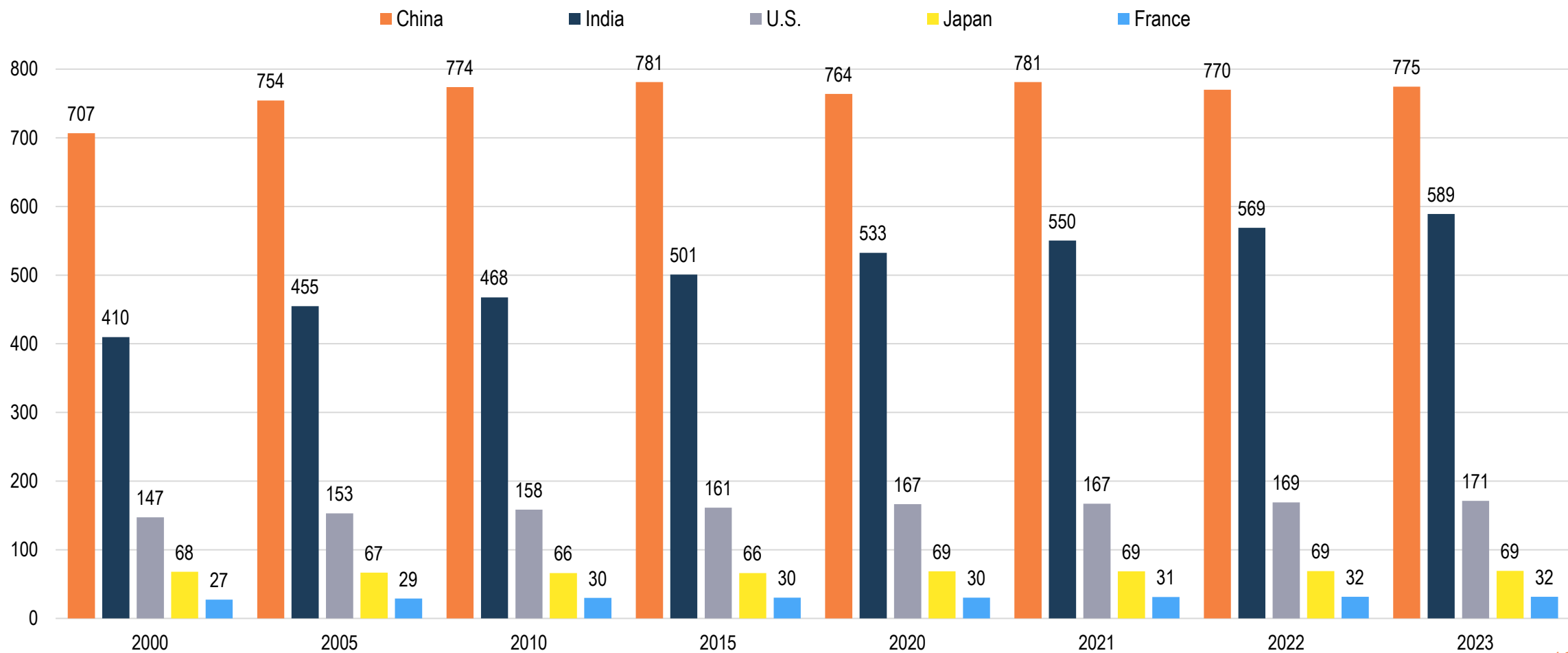
China's urban population is still much smaller than other large economies, but it has one of the fastest urbanisation rates at 1.78% per year. By current estimates, China could reach close to an 80% urbanisation rate by around 2045

Ratio of Urban and Rural Populations of Selected Economies, % (2023)



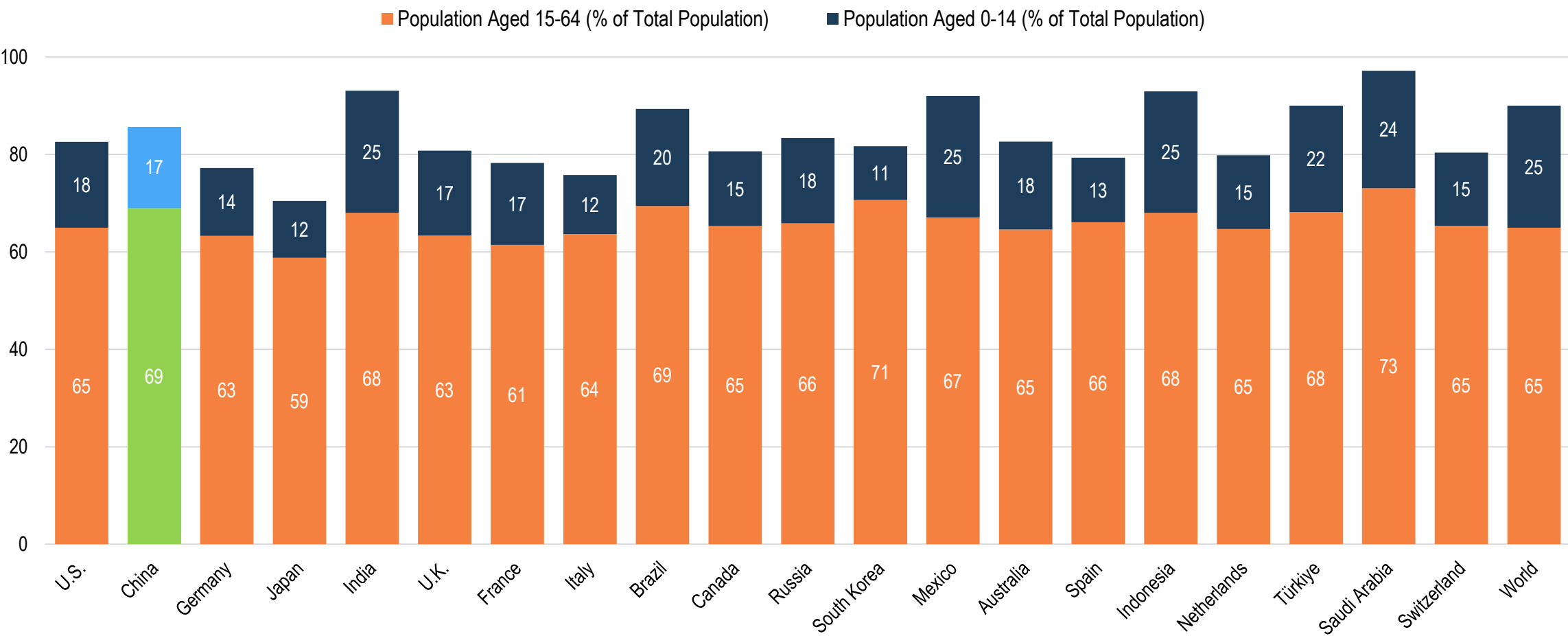
Despite slower population growth, China still has one of the largest labour forces globally, with a shift towards higher-skilled jobs in technology, manufacturing and services boosting productivity and economic output

Total Labour Force: China, India, the U.S., Japan and France, mn (2000, 2005, 2010, 2015, 2020-2023)



But China's population is ageing quickly due to low birth rates and longer life expectancy. China's working-age population peaked around 2011 and is in long-term decline. By 2035, the labour force could shrink by over 100 million people

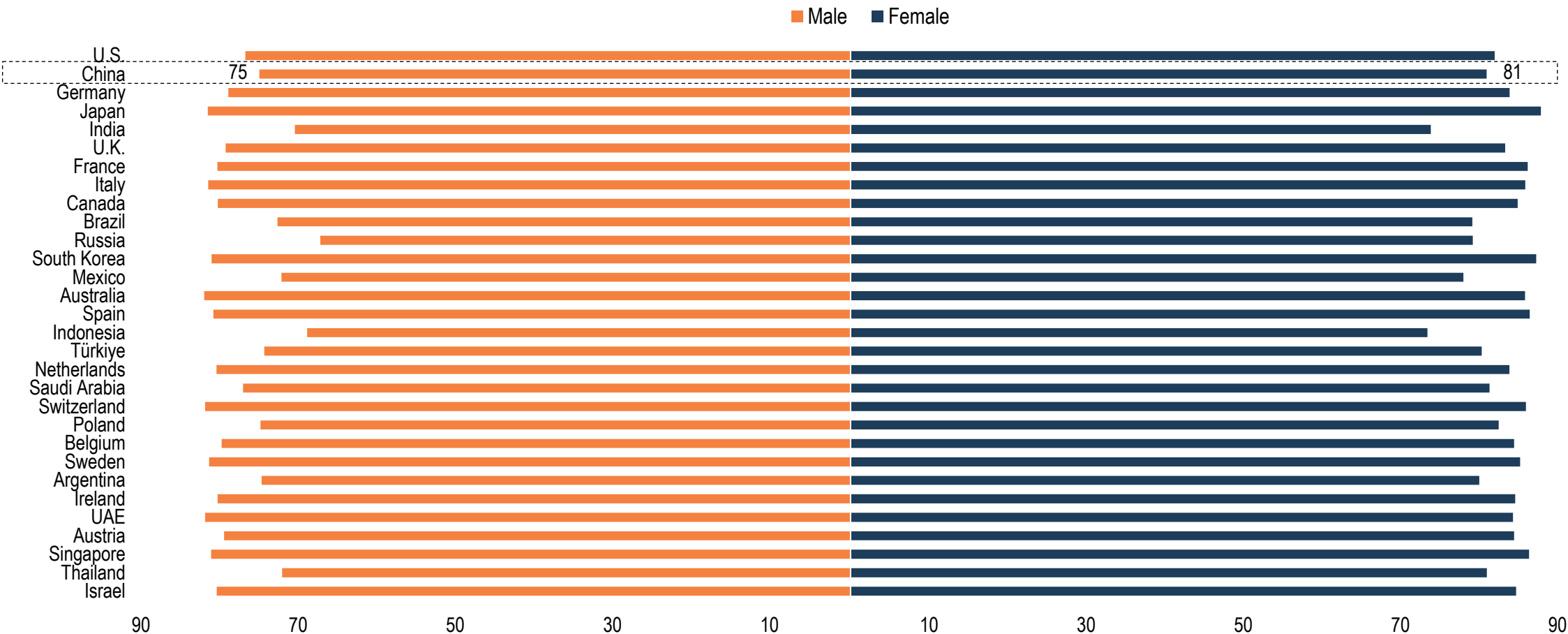
Populations Aged 0-14 and 15-64, % of Total Population in Selected Countries (2023)





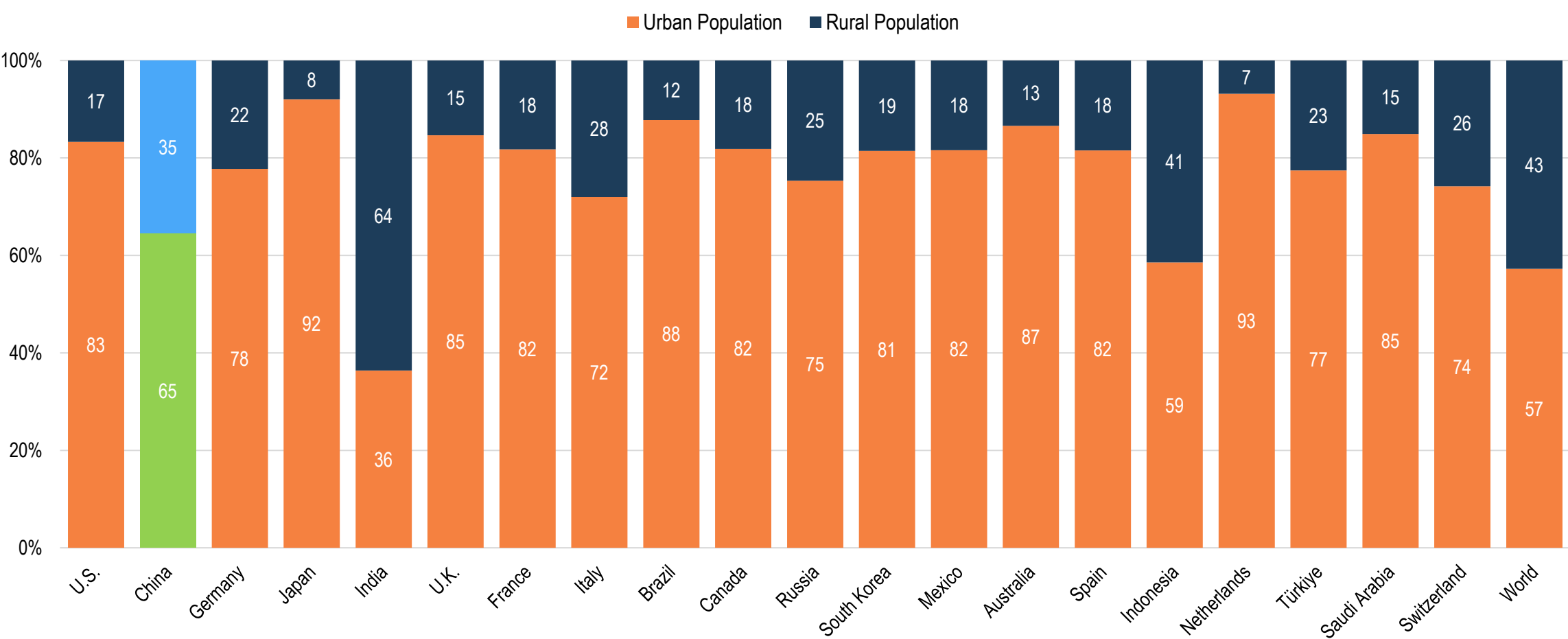
The average life expectancy for both men and women in China is higher than that in other large developing economies. China's average for both male and female (78) generally still lags behind developed economies, although it is considerably higher than the global average of 73.5 years

Life Expectancy of Top 30 Largest Economies by GDP, Age (2024)



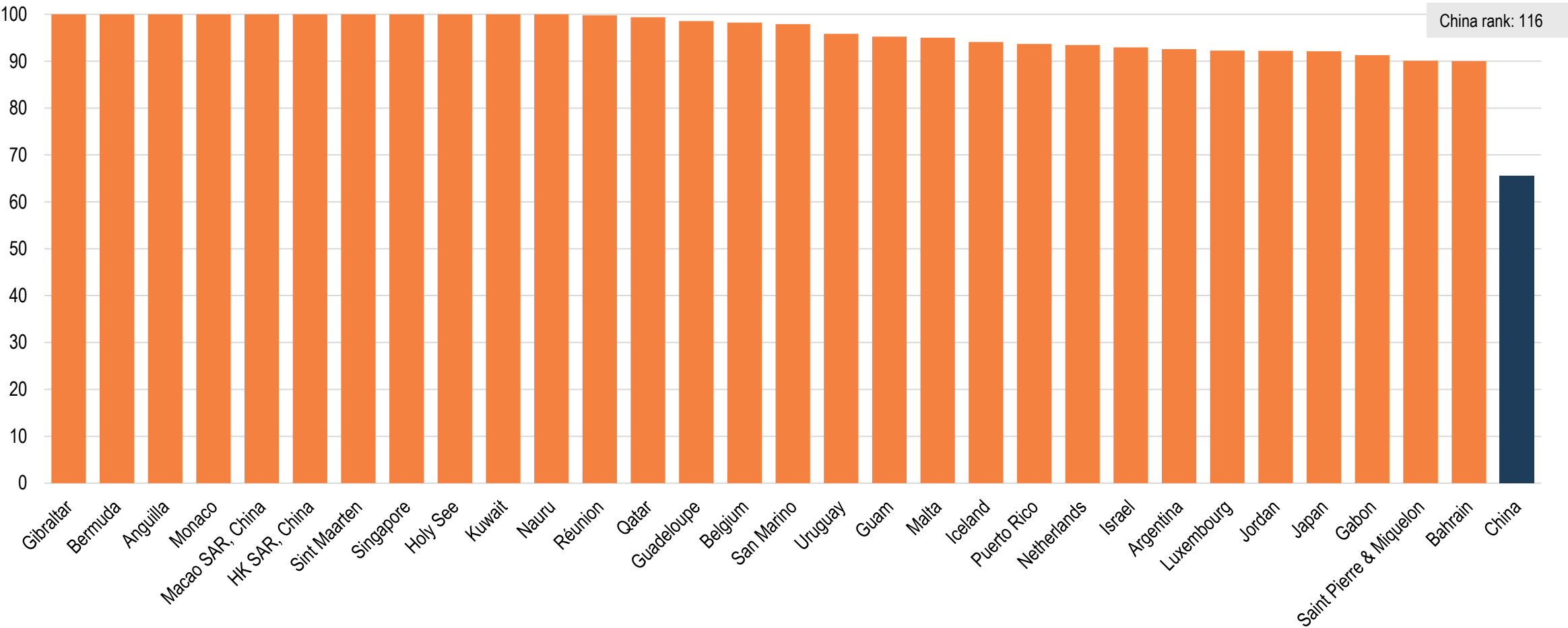
Around 57% of the world’s population live in urban areas. This percentage has steadily increased due to urbanisation, with many people moving to cities for economic opportunities. China’s urban population stands at 65%, above the global average but well below developed economies

Ratio of Urban and Rural Populations of Top 20 Economies by GDP, % of Total Population (2023)



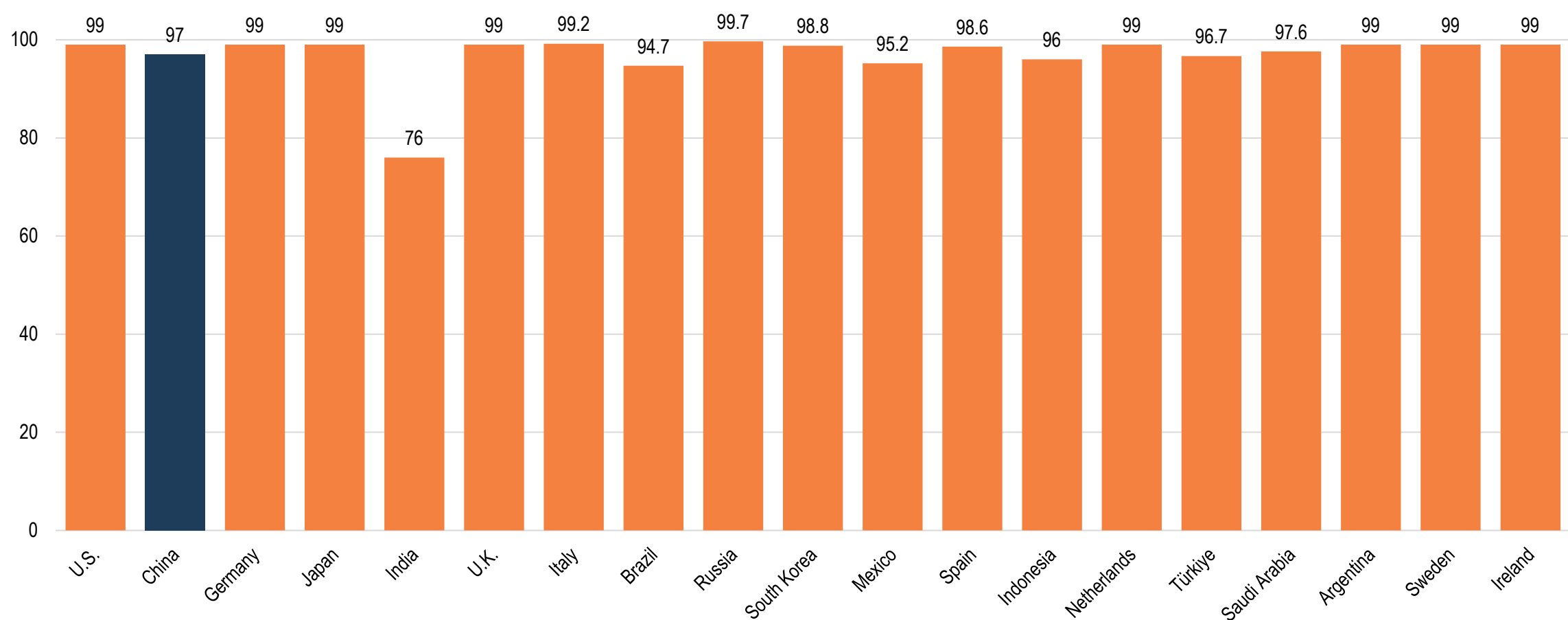
In 2024, urbanisation rates continued to rise globally, reflecting ongoing demographic shifts and the increasing concentration of populations in urban areas. China's urbanisation rate in 2024 increased by 0.85%, faster than the global average increase of ~0.70%

Top 30 Countries by Annual Urbanisation Rate, % (2024)



As of 2025, China's literacy rate stands at 97%, reflecting the country's substantial investment in education over recent decades, particularly during the 1980s and 1990s. The rate in China increased from 65% in 1982 to 91% in 2000, a 26-percentage point increase in under two decades

Literacy Rate of Top 20 Countries by GDP, % (2025)





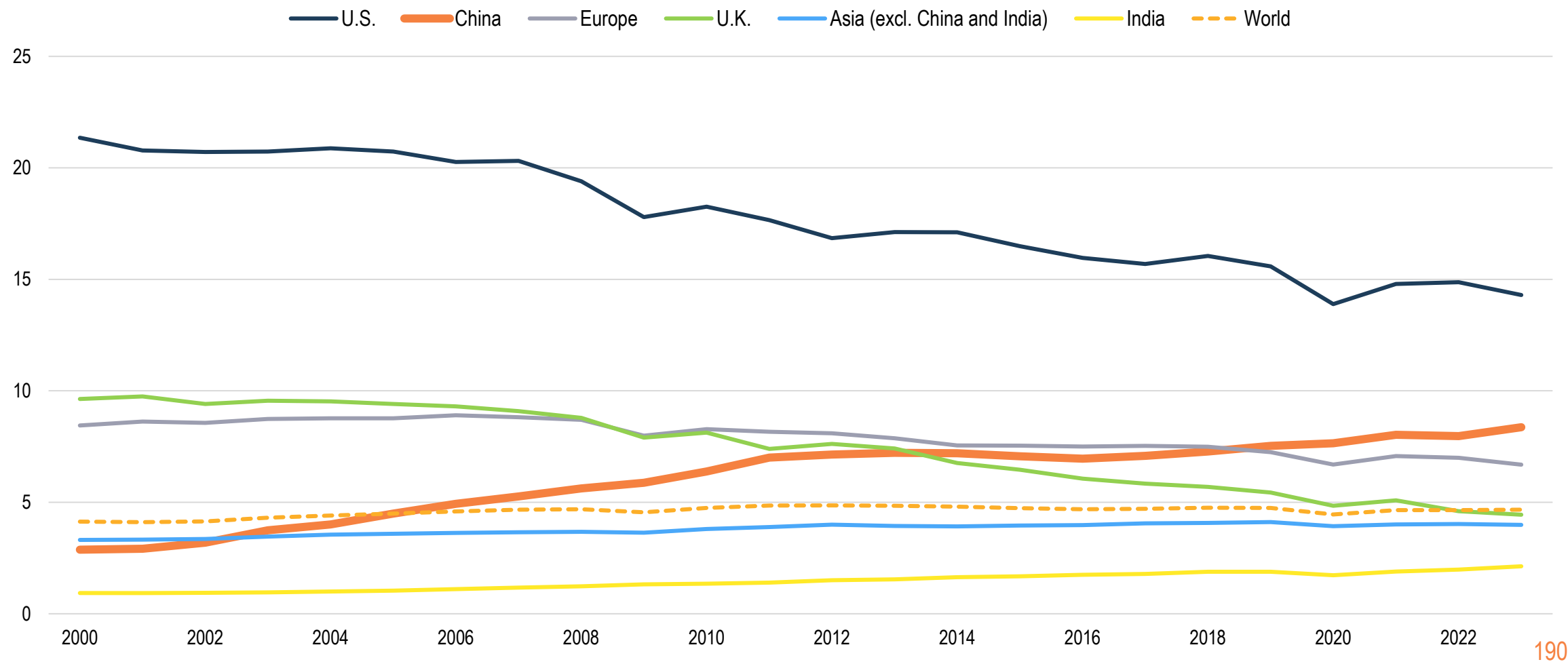
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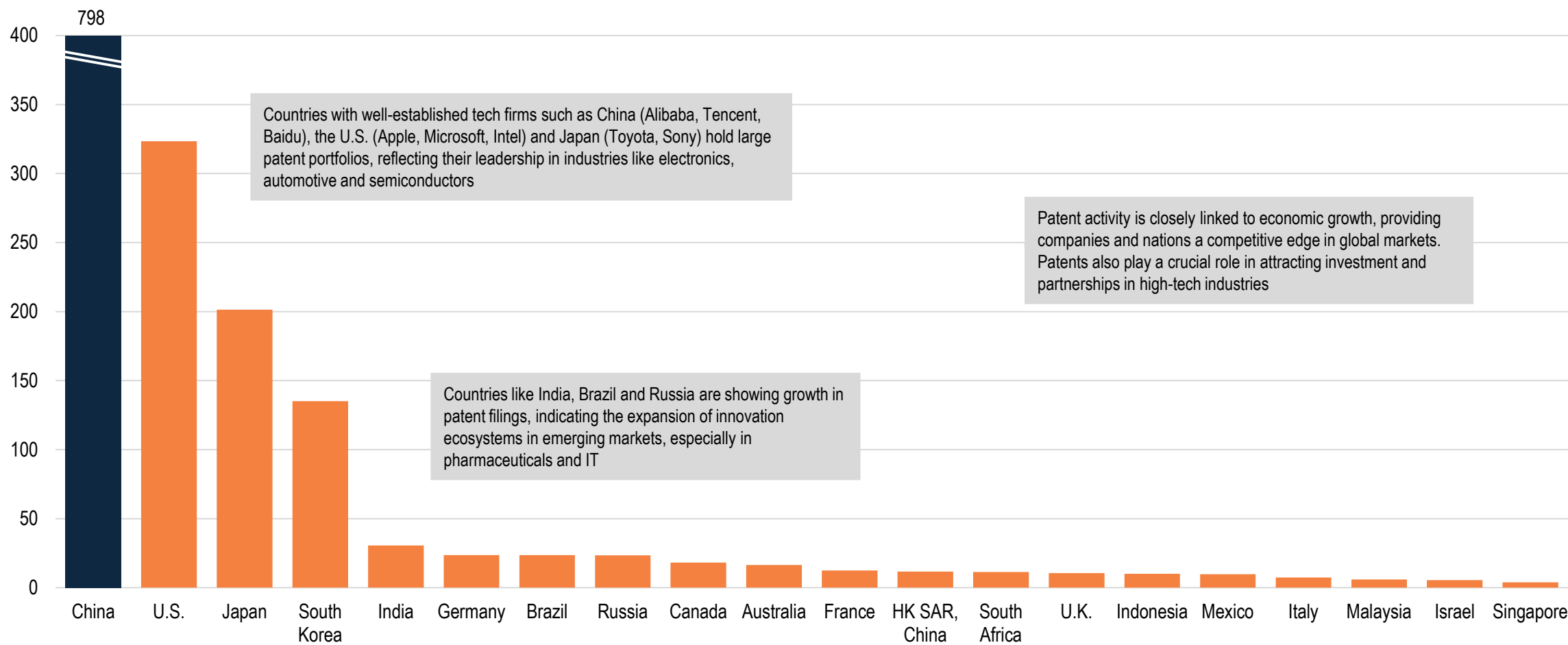
China's per capita CO<sub>2</sub> emissions surpassed the global average in 2004 and have continued rising, reflecting rapid industrial expansion. In 2023, China's per capita emissions (8.37 tons) were nearly 87% higher than the global average but lower than U.S. per capita emissions (14.3 tons)

CO<sub>2</sub> Emissions Per Capita from Fossil Fuels & Industry: Selected Economies, tons (2000-2023)



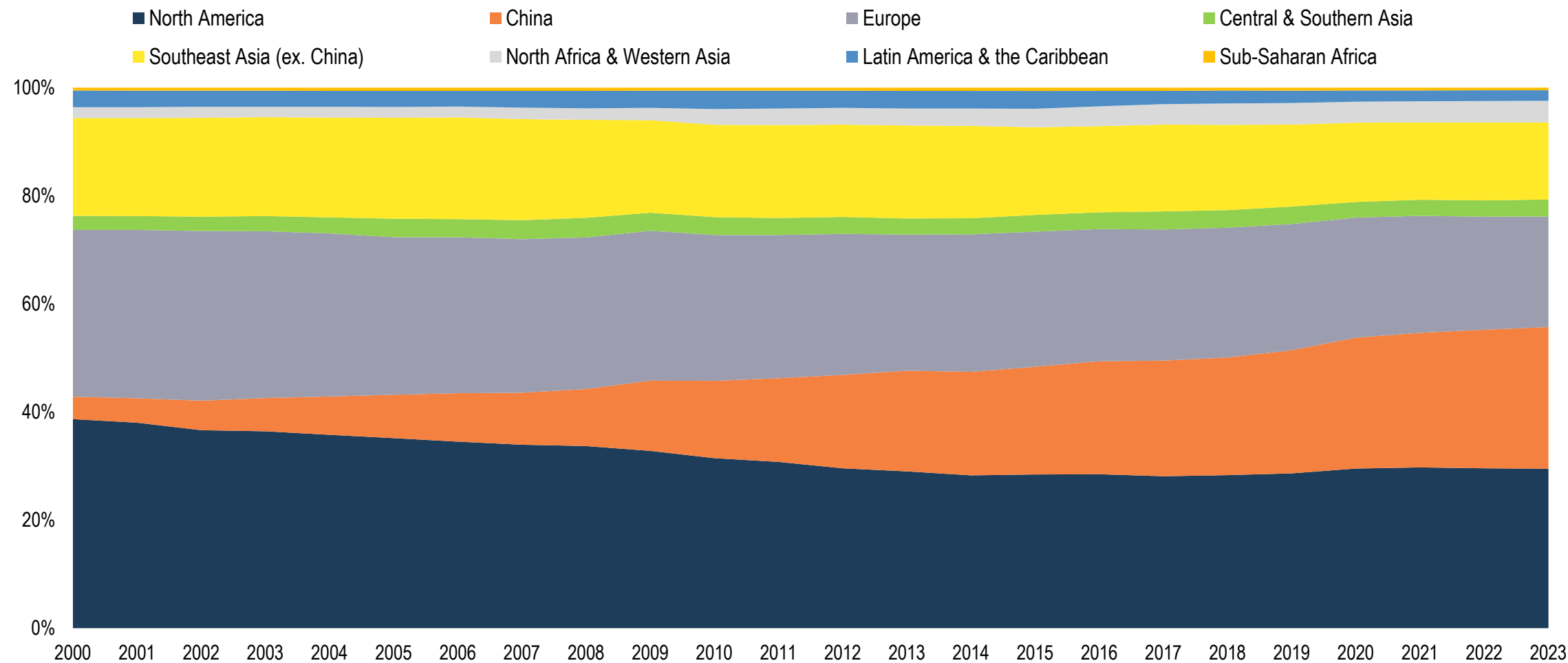
China leads the global patent landscape, reflecting its importance for technological innovation and manufacturing capabilities. In 2023, China's patent grants (798,000) were more than twice as numerous as those of the U.S. (323,410)

Top 20 Countries by Total Patent Grants, '000 Number of Grants (2023)



China has become a major player in global research & development (R&D) spending with an increased focus on industries like AI, telecommunications and renewable energy. China's share of global R&D spending increased from 4% in 2000 to 26% in 2023

Regional Shares of Global R&D Spending, % (2000-2023)



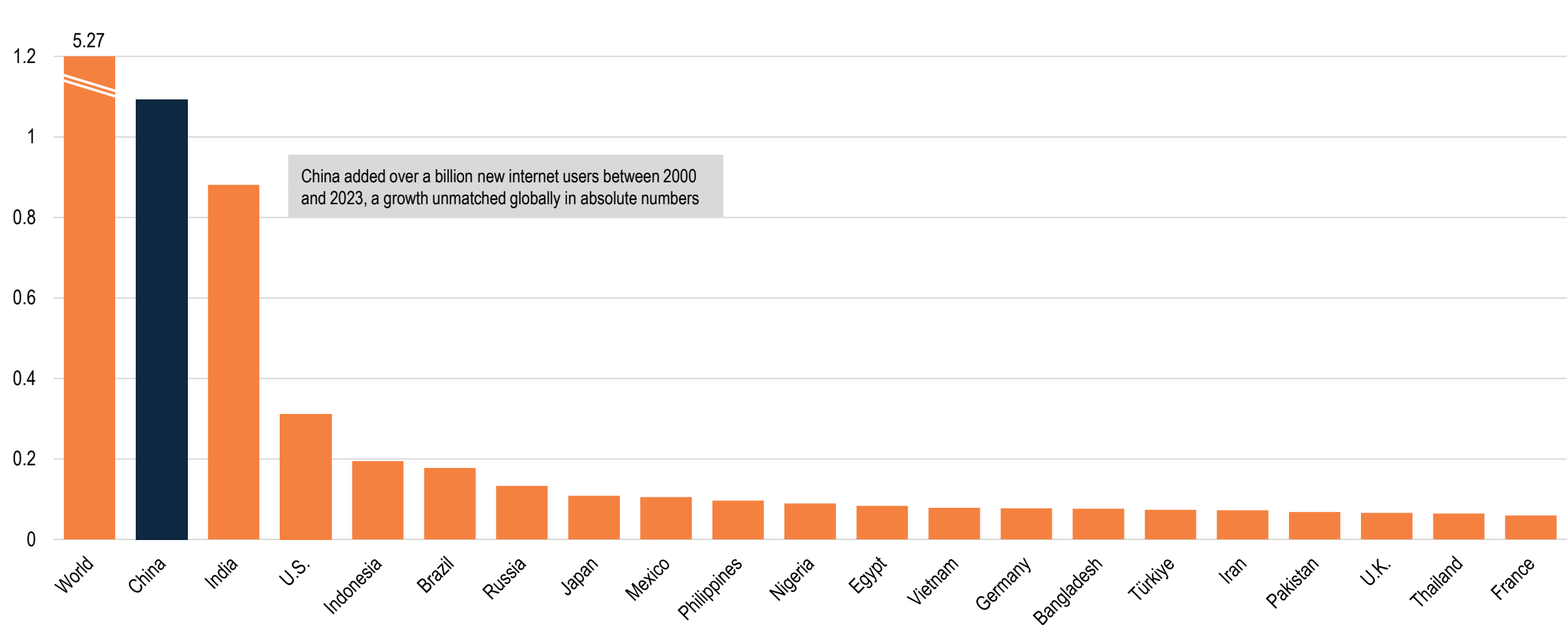
Beijing is ranked thirteenth among the top 15 smart cities in the world, the only Chinese city on the list. Many Chinese cities are advanced in infrastructure and surveillance tech, but score lower on transparency and civic technology

World’s Top 15 Smart Cities (2020-2024)

Rank	City	Structures	Technology	Smart City Rating (2024)	Smart City Ranking				Y-o-Y Change (2023-2024)
					2020	2021	2023	2024	
1	Zurich	AAA	A	AAA	1	1	1	1	● 0
2	Oslo	AA	A	AA	2	2	2	2	● 0
3	Canberra	AAA	A	AA	-	-	3	3	● 0
4	Geneva	AAA	AA	AAA	8	6	9	4	▲ +5
5	Singapore	A	A	A	7	7	7	5	▲ +2
6	Copenhagen	AA	A	AA	3	5	4	6	▼ -2
7	Lausanne	AA	A	AA	-	4	5	7	▼ -2
8	London	BBB	AA	A	10	3	6	8	▼ -2
9	Helsinki	AA	A	AA	5	9	8	9	▼ -1
10	Abu Dhabi	BB	BB	BB	14	12	13	10	▲ +3
11	Stockholm	A	A	A	9	11	10	11	▼ -1
12	Dubai	BB	BB	BB	19	14	17	12	▲ +5
13	Beijing	BB	BB	BB	22	17	12	13	▼ -1
14	Hamburg	BBB	BBB	BBB	6	8	11	14	▼ -3
15	Prague	A	A	A	4	10	14	15	▼ -1

China leads the world in the number of internet users, with 1.09 billion people online as of 2023. However, this represents 77.5% of its total population, suggesting room for growth in internet adoption and the expansion of the digital economy

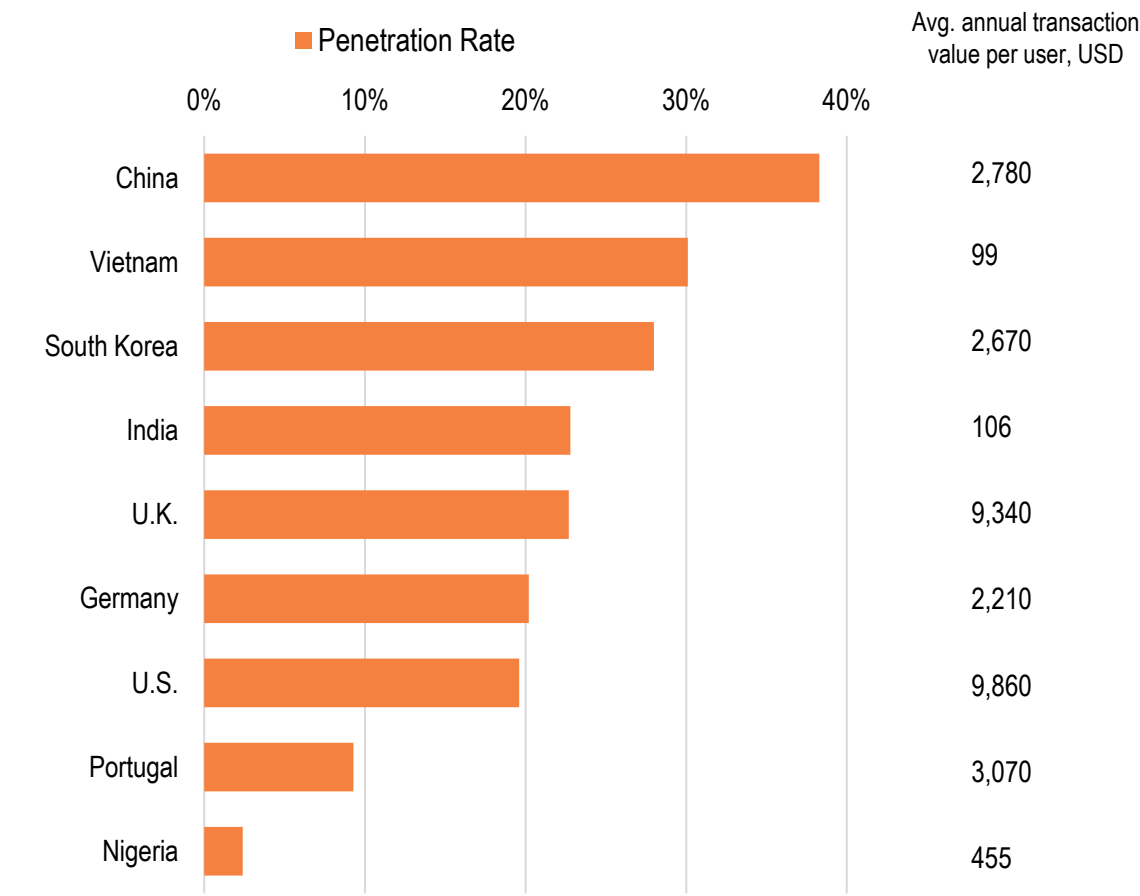
Top 20 Countries by Individuals Using the Internet, bn (2023)






Through the use of cutting-edge technologies, China’s fintech industry has established itself as a global leader, revolutionising financial services and the way people interact with money online


User Penetration Rates, %, and Transaction Values Per User (USD) in Mobile Point-Of-Sale Segment: Selected Economies (2023)




Major Players in China’s Fintech Sector (2024)



Operated by Ant Group, Alipay had over 1.3 billion active users in 2023  
Focus: Digital payments, wealth management, insurance, lending



Integrated into Tencent’s ubiquitous messaging app, WeChat Pay had over 1 billion monthly active users in 2023  
Focus: Digital payments and social finance



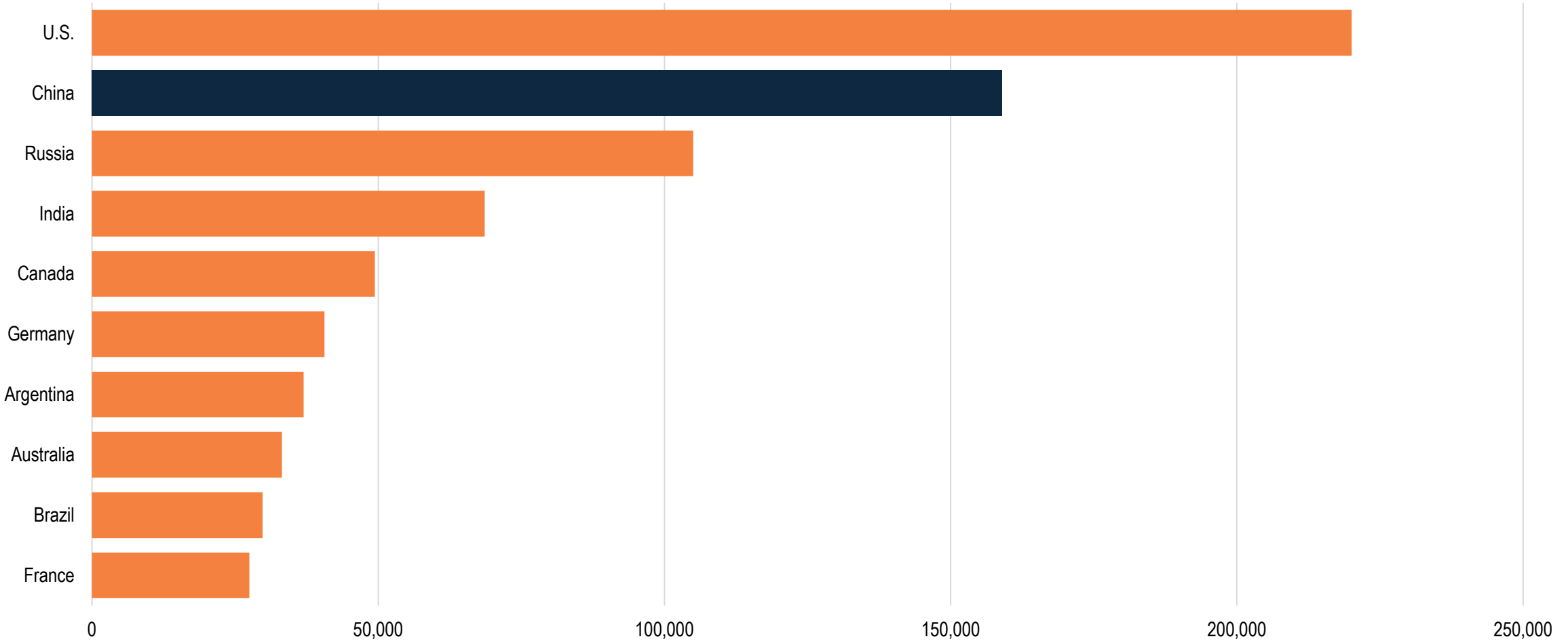
Lufax had over 25 million registered users and offered loans totaling billions of RMB in 2023  
Focus: Wealth management and P2P lending



With increased transaction volume, JD Finance provides logistics and financial services for e-commerce  
Focus: Payment processing, loans and financial management














China has emphasised high-speed rail development with massive government-driven infrastructure investments and a rapid increase in total network length. Only the U.S. now has a larger rail network than China

Top 10 Countries With Longest Rail Networks, km (2025)



China is the global leader in high-speed rail, with the world's largest and most extensive network, spanning over 40,000 km of operational tracks as of 2024, along with the world's fastest trains, with speeds of over 350 km/h

### Top 15 Countries With Longest High-Speed Rail Networks (2024)

Rank	Country		Total Length, km	Operational Length, km	Top Speed, km/h	Density of Network, km²
1	China		64,775	40,474	350	4.22
2	Spain		5,579	3,661	300	7.24
3	Japan		3,677	3,081	320	8.15
4	France		4,460	2,735	320	5.03
5	Germany		2,009	1,571	300	4.4
6	Finland		1,514	1,120	220	3.31
7	Türkiye		4,659	1,052	300	1.34
8	Italy		1,248	921	300	3.06
9	South Korea		922	873	305	8.71
10	Sweden		1,412	860	200	1.91
11	U.S.		6,071	735	240	0.075
12	Saudi Arabia		449	449	300	0.209
13	Austria		606	254	230	3.03
14	Poland		1,904	224	200	0.716
15	Belgium		209	209	300	6.85

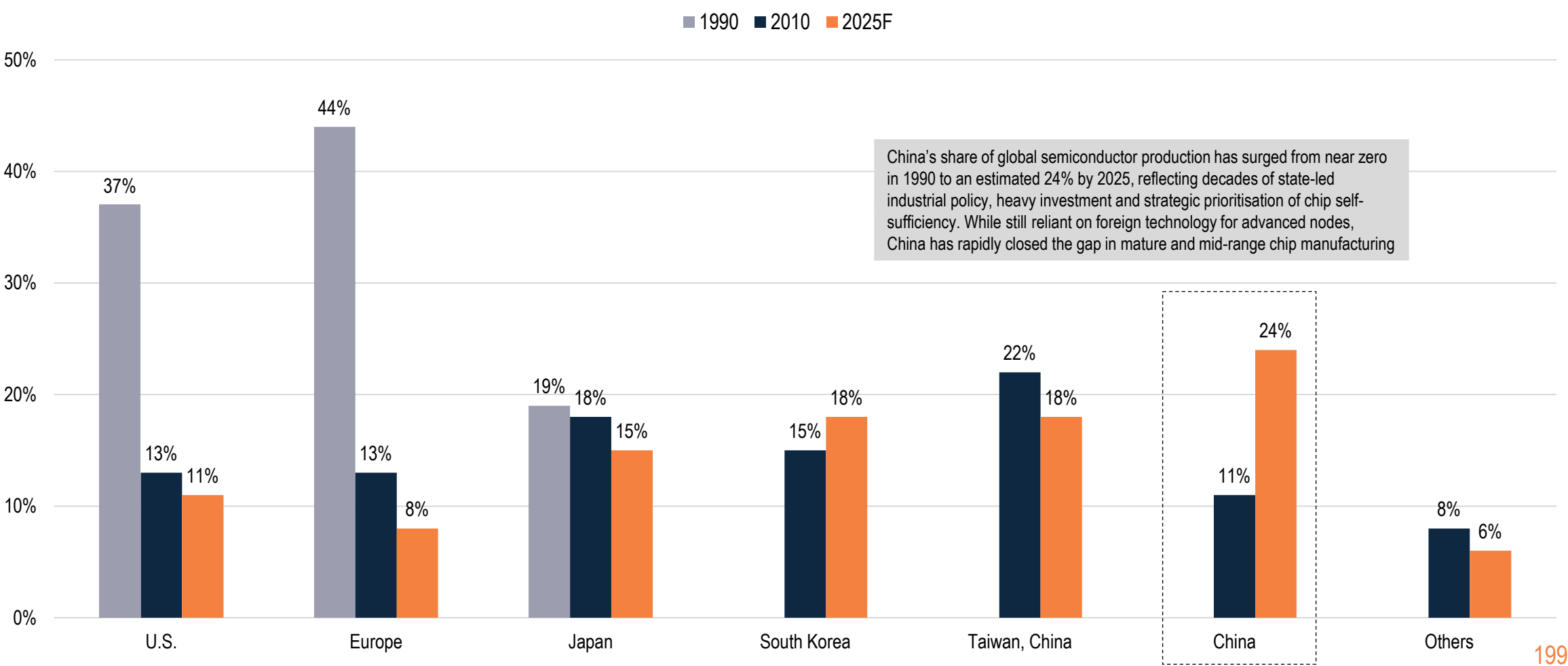
Three of China’s tech firms (JD.com, Alibaba and Tencent) featured in the 2024 list of the world’s top tech firms, signalling China’s growing global influence despite lower market valuations in recent years

World Top 15 Tech Companies by Revenue (2024)

Rank	Company	Revenue, USD bn (2024)	Market Cap, USD tn (Mar. 2025)	Country/Region
1	Amazon	638	2.1	U.S.
2	Apple	396	3.4	U.S.
3	Alphabet	350	1.9	U.S.
4	Microsoft	262	2.9	U.S.
5	Samsung	219	0.3	South Korea
6	Foxconn	208	0.06	Taiwan, China
7	Meta Platforms	165	1.5	U.S.
8	JD.com	157	0.06	China
9	Alibaba	136	0.3	China
10	Nvidia	130	2.7	U.S.
11	Tesla	98	0.9	U.S.
12	Dell	94	0.07	U.S.
13	Sony	90	0.2	Japan
14	TSMC	88	0.9	Taiwan, China
15	Tencent	86	0.6	China

China is projected to lead global semiconductor production by 2025, increasing its global market share from 11% in 2010 to 24% by 2025. Although it will take more time and investment for Chinese chipmakers to reach the same level of performance as chips from top global players

Semiconductor Production by Country, Share of World (1990, 2010, 2025F)





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# Conclusions: China is evolving and grappling with reform, but is emerging in a new dispensation as a comprehensive superpower with a new growth model

## 1 China's economy is in a liminal space

A new China with a different growth model is emerging

- China's growth is slowing and becoming less investment- and export-led, but is not yet sustainably consumption-led. Even so, the transformation of China's economy is already broad-based, yielding different winners and losers. Innovation, increased investment in R&D and technology leadership are becoming pervasive in many areas.
- Many challenges still exist, and various specific reforms are required, but China's growth is expected to persist at around 3-5% over the coming years.
- While China's economy is slowing, it remains a critical engine of global growth. Global businesses must prepare for China's uneven growth, tighter policy conditions and growing strategic competition. A new China is emerging, one that is more technologically advanced, more assertive globally and less dependent on exports and investment.

## 2 Reform is risky but rife with new opportunities

China's pivot towards domestic consumption and services is opening new growth avenues

- The fundamental challenge of China's reform is to increase the contribution of household consumption to GDP growth. While reform is ongoing, China faces financial, structural, socio-economic and other risks. But along with the risks, there are many changes and new opportunities for foreign exporters to China.
- There is new dynamism and complexity as China embraces digitalisation, online trends and new business models at an accelerating rate of change. China's manufacturing base, export profile and trade composition are also changing, with less growth in low-cost segments but new strength in high-end segments.
- Mass-market growth is no longer the main story; new opportunities lie in premium consumer goods, digital services, healthcare and green energy. Services are a new battleground: Digital platforms, fintech, logistics, and experience-based sectors are expanding rapidly, requiring foreign firms to localise and innovate.

## 3 China is evolving, not receding

China is upgrading, not slowing down, and is only now emerging as a global superpower

- China faces very real internal challenges, including the ongoing slowdown in the real estate sector, high debt levels (especially among SOEs and local governments), high youth unemployment and a fall in the working-age population. However, China's overall trajectory is not in doubt: China is now emerging as a fully equal power to the U.S.
- China is engaging the world in a new comprehensive and assertive way, and its increased influence worldwide is not universally welcomed, causing tensions. Nevertheless, China's global integration is evident in many areas and has a broad impact, including regional and global politics, trade, investment flows and various international forums.
- China is emerging as a leader in high-value-added manufacturing and in exporting high-end products, increasingly competing with Japan, the U.S. and Germany. China's competitive model is undergoing a significant shift as it transitions from a low-cost to a high-end technology approach.

## 4 Complexity in China and fragmentation abroad

Navigating volatility will require strategic vision and alignment

- In 2025 and the coming years, the world faces escalating risks of volatility and uncertainty in the global economy, with real prospects for trade wars, diminished global trade, recession and multiple knock-on effects. For China, this means that the country's structural slowdown is colliding with a more volatile global system.
- China's domestic environment is evolving rapidly—economically, politically, and technologically—while the global context is fragmenting. Businesses cannot rely solely on the Chinese market: flexibility and diversification are now mandatory. With rising U.S.-China tensions, geopolitical is now a core business variable.
- Supply chains are being reconfigured, alliances are shifting, geopolitical risk is rising and traditional playbooks no longer apply.

## 5 China is changing more than you think

China is becoming less dependent on the world, but the world is not ready for a less dependent China

- While many global businesses still view China as mostly a growth market or a low-cost manufacturing hub, China is strategically reducing its reliance on foreign capital, technology and demand, reshoring supply chains, deepening self-reliance in semiconductors and AI, building parallel financial systems and reorienting trade toward the Global South.
- China may no longer need the world for growth as much as it did in the past, but the world still needs China for advanced manufacturing inputs, green tech, scale etc. Doing business in China is now no longer about just scaling up in a globalising world, but rather about adapting to a superpower economy that is strategically reasserting control over who participates, how and on what terms.



# Implications: China is still a place to compete and win, the challenge is to fully comprehend the new China and to match the winning mentality of China's new cohort of "winners"

## 1 China is still a place to compete and win

Don't mistake deceleration for decline: China remains too large and too dynamic to ignore

- The risks facing China's economy are numerous, and the challenges of structural reform are odious. But China remains a land of opportunity for foreign businesses.
- Foreign businesses must, however, be more astute in navigating China's massive consumer and industrial markets, utilising high-value intelligence to seek out new opportunities to trade, buy, sell, invest and do business.
- Change requires a practical and comprehensive (and multi-dimensional) view of China and engagement as a partner, financier, competitor, producer, etc.
- Now is not the time for foreign businesses to be intimidated by China's slowing growth or economic challenges, but to seize the opportunity to engage with the right strategy, with the right teams in place and operating in the right areas.

## 2 From 'China only' to a broadening ecosystem

China is no longer the only supply option, but it is a crucial part of a global supply ecosystem

- China is still the world's largest producer of natural resources and agricultural commodities, and remains pivotal to global supply chains. However, foreign businesses are diversifying their supply chains. China is no longer the cheapest place to manufacture goods, and there are risks associated with overconcentration in China.
- Geopolitical risks and export controls are transforming global supply chains, with governments promoting de-risking, decoupling, reshoring and friendshoring. Businesses are now building resilient supply chains via China+1 or China+Many strategies, diversifying to countries such as Vietnam, India, Mexico and Indonesia.
- At the same time, totally exiting or avoiding China is unrealistic; the challenge is to engage smartly, balancing opportunity and risk. China is no longer the only option for sourcing and manufacturing; instead, it is part of a broadening ecosystem. The future is multi-polar, not China-centric.

## 3 A new cohort of winners is emerging in China

A new competitive landscape is taking shape, and foreign businesses must adjust

- China's economic restructuring has been painful for many businesses. However, at the same time, a new cohort of local businesses has reinvented itself and developed a new competitive advantage in various emerging industries. These new "winners" have proven themselves in challenging conditions and are adept at forming new partnerships with foreign businesses. These new businesses are future-proof and innovative, creating new business models that drive growth.
- Foreign companies must engage with this new type of Chinese company, find the right niche and work towards creating their opportunities in this new playing field. These potential new Chinese partners are achieving significant success and driving substantial changes in several industries. Foreign businesses must approach China with the same winning mentality.

## 4 Restructuring, not decoupling

China is reshaping globalisation, not withdrawing from it

- China is pivoting towards Global South markets and emerging economies for trade growth, and its outbound investment increasingly targets strategic infrastructure, energy and logistics under Belt & Road Initiative projects. China is developing alternative financial platforms and standards in 5G, AI, cybersecurity and smart manufacturing.
- With China's selective decoupling from U.S. and European supply chains in certain sensitive industries and an increasing focus on self-reliance, foreign businesses must recognise that China's globalisation model is evolving, not ending. A feasible China strategy can no longer be isolated from an emerging markets strategy.
- China is changing its model of engagement with the world, and the world will have to change along with China.

## 5 From access to alignment—a crucial shift

China is no longer just a market; it is shaping its own global ecosystem

- As China is now coming to the full embodiment of its role as a global superpower, foreign businesses must undertake their own strategic shift in perception and action. Most businesses still consider China in the context of access, i.e., how to enter the market, when the absolute imperative now is about alignment, i.e., how can we operate successfully within China's emerging ecosystem?
- It is also crucial to understand that foreign businesses are by no means shut out of China. On the contrary, today's China presents a new kind of opportunity for businesses that understand the shift and adapt intelligently. China has not closed the door; it has raised the bar. Success in China is no longer about having the best product or the lowest price; it is about being locally relevant, strategically aligned and structurally embedded.

# Recommendations: China is still China, but must be approached more strategically to manage risk and reward

## 1 Find the “hot” growth sectors

Refocus and re-engage, get the strategy right

- Confirm the relevant ‘hot sectors’ for your business. Agri, agri-processing, food and beverage products, advanced machinery and healthcare are some of the critical areas for international brands. Develop RTM with the right partners that add value — identify the right partners in all dealings by conducting solid due diligence.
- Tap demand in the Chinese industrial and household consumer market — develop modern China sales strategies and create online and offline channels. Success requires exemplary implementation and astute management.

## 2 Stay engaged, not under- or over-exposed

Engage and diversify and anticipate a dynamic environment

- China remains a critical market, supplier and manufacturing hub. Stay engaged with China, but diversify supply chains, customer bases and production footprints.
- Recalibrate China procurement and inbound supply chains as China shifts to higher cost and higher value-added manufacturing and supply; adapt supply focus, i.e., potentially shift to tier-2 suppliers in China and tier-1 suppliers in other lower-cost markets — anticipate a dynamic supply environment.
- Develop contingency plans for major disruptions such as tariffs, sanctions, regulatory crackdowns and financial decoupling.

## 3 Strategic intelligence and the right team are key

Get the right intelligence, tools and people on the job

- Tap into high-quality strategic intelligence for strategy processes; deploy stellar implementation teams. A long-term strategy is essential. Find the right people and partners and remain consistent and patient.
- Be adept at leveraging e-commerce and digital sales channels customised for the Chinese market and stay on top of consumer trends. Support local research & development and innovation. Don’t just sell in China — innovate for China. Build a “China for China” strategy with localised supply chains, operations and tech infrastructure.

## 4 Recalibrate supply chains

Keep selling, keep buying and seeking out new opportunities

- Recalibrate China procurement and inbound supply chains and look for new types of suppliers as China shifts to higher value-added manufacturing and supply.
- Businesses with complex supply chains must develop a supply market portfolio approach where China is still prominent (even dominant). Still, new supply clusters in other lower-cost areas must be cultivated.
- There is an unfolding shift from China only (2005) to China+1 or China+2 (2015), to accurate international sourcing (2020) and even full-scale global sourcing (2025). China will remain crucial but with new characteristics.

## 5 Use a highly developed risk radar

Be ready to change, adapt and adjust plans

- Use a strong risk radar to target relevant industry clusters and suppliers; anticipate change — regular supplier health checks are now crucial.
- Develop contingency plans for export bans and restrictions, financial decoupling, sanctions and blacklistings. Assume a global strategy for a world of multiple regulatory, economic and technological blocs, rather than a single global system.
- Invest in geopolitical risk mapping, real-time policy monitoring and public relations communications.

## 6 Be very strategic with attracting Chinese capital

Adopt, articulate and correct to attract opportunities and partners

- Leverage China’s new outbound capital and pursue China as a capital partner; recognise changing dynamics in sector/regional focus, deal structures and regulation.
- Three keys to China capital: Adopt an appropriate process; articulate investment opportunities; correct targets.
- Chinese investors are increasingly selective, impact-conscious, and policy-sensitive — alignment with national priorities is essential.
- Positioning is everything: credible local execution, regulatory clarity and long-term partnership potential are prerequisites for serious engagement.

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