ANDAMAN PARTNERS

China Navigator

China's Economy in Transition

Q3 2026

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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

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1. Prelude
2. China in Brief
3. China in Depth
4. China in the World
5. Conclusions, Implications and Recommendations

Prelude

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China Navigator is a knowledge tool by ANDAMAN PARTNERS for triangulating China's position and trajectory in the global economic 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 an international context.

China's economy grew by 5.2% in 2023, 5.0% in 2024 and 5.0% again in 2025, below the 6-10% rates recorded through much of the 2010s but broadly in line with government targets. Growth is gradually moderating but remains above the global average of 3.5% in 2025. China's economy is forecast to expand by 4.6% in 2026 and 4.1% in 2027.

With growth slowing to more manageable levels, the focus is shifting to higher-quality growth over rapid expansion. The economy is in 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 GDP, 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 remains fragile, with China experiencing deflationary episodes in 2023-2025. Nevertheless, China remains a massive and rapidly growing retail and industrial market, with the world's largest e-commerce market and the second-largest total retail market after the U.S. Trade has remained resilient, with exports reaching a new record of USD 3.8 trillion in 2025, while imports stood at USD 2.6 trillion.

Amid ongoing structural adjustments, the economy faces risks of a prolonged slowdown in the real estate sector, high debt levels (especially among SOEs and local governments), weak domestic demand, overcapacity in many industries, elevated 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 remains highly volatile, ranging from trade disputes and technological rivalry to military conflicts. China faces an increasingly adversarial landscape amid the geopolitical competition over trade, critical resources and political influence. But China's role and importance in the unfolding world remains 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 how to integrate China into their inbound or outbound supply chains, sell to Chinese consumers, draw on its technology or raise capital and attract investment.

In *China Navigator*, ANDAMAN PARTNERS outlines 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 2026 and beyond. We hope this overview provides navigation support and insights into the most consequential economy for global business in the 21st century.

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China's GDP grew by 5% in 2025, hitting the government target

Up to 2030, growth is expected to moderate towards the 3-4% range as policymakers increasingly emphasise quality, sustainability and resilience over rapid expansion

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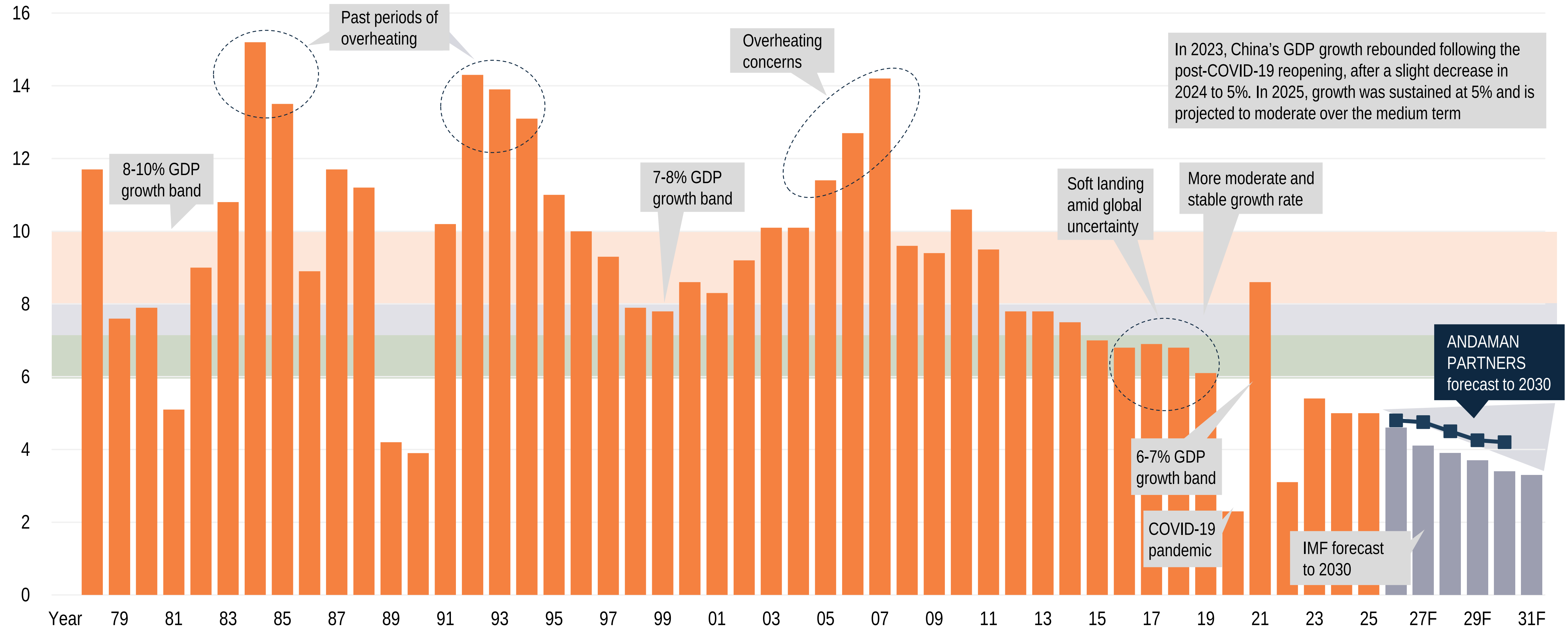
China Real GDP Growth Rate, YoY % (1978-2030F)

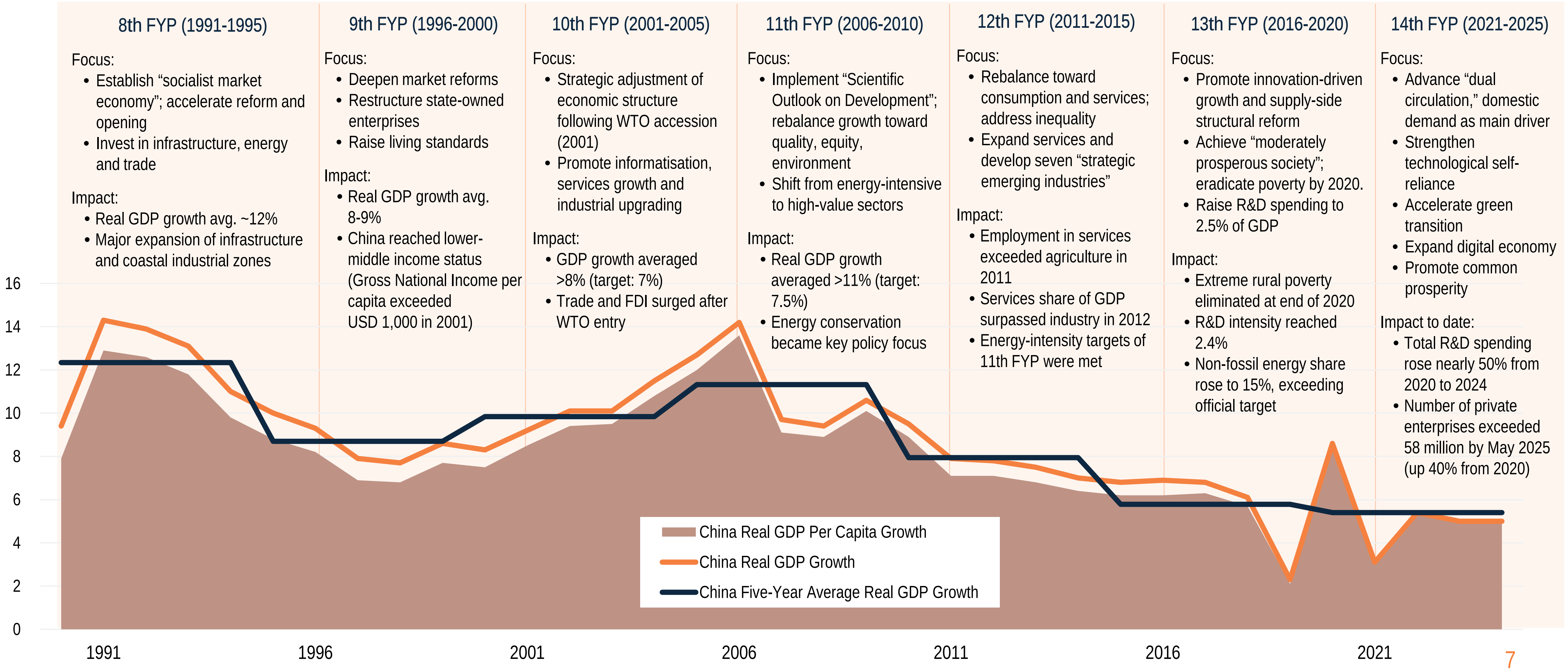


Source: World Bank, IMF, ANDAMAN PARTNERS Analysis

China's Five-Year Plans steered long-term economic development

From investment- and export-led expansion in the 1990s toward more balanced, high-quality growth and domestic consumption from the 2000s onwards

China Five-Year Plans, Real GDP and GDP Per Capita, YoY % Growth (1991-2025)

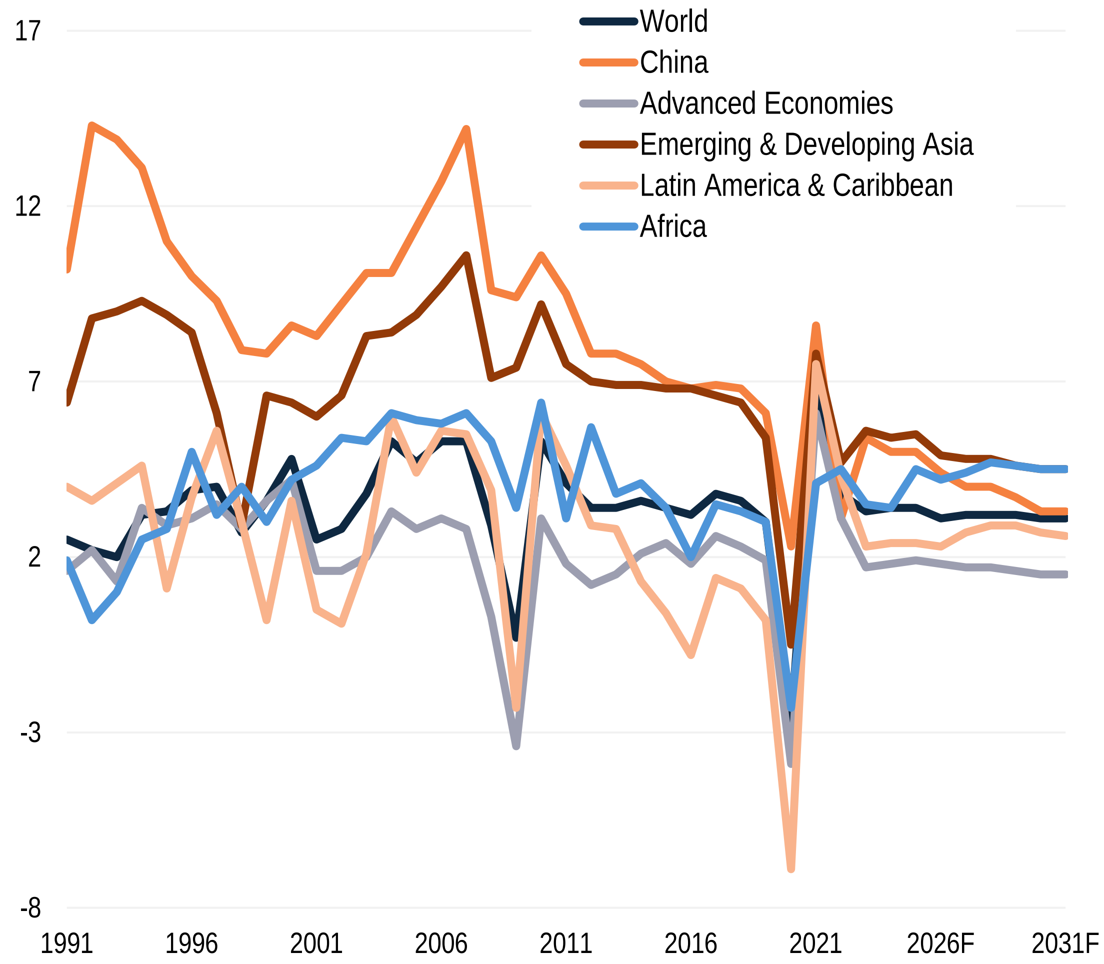


Source: World Bank, IMF, Various, ANDAMAN PARTNERS Analysis

China’s economic growth has slowed but is still formidable

From leading global growth into the 2010s, China’s growth in the 2020s now trails that of Developing Asia and is projected to 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, % (1991-2031F)



Global GDP Breakdown, % Share (1995-2025)

	1995	2000	2005	2010	2015	2020	2021	2022	2023	2024	2025
World GDP, USD tn	31.35	34.26	48.09	67.03	75.83	86.05	98.22	102.40	106.93	111.60	118.18
World GDP, %	100	100	100	100	100	100	100	100	100	100	100
Advanced Economies, %	81	79	76	65	60	60	59	58	58	58	59
U.S., %	24	30	27	22	24	25	24	25	26	26	26
Euro Area, %	24	19	22	19	16	15	15	14	15	15	15
Japan, %	18	15	10	9	6	6	5	4	4	4	4
Other Advanced Economies, %	9	8	9	9	9	9	9	9	8	8	8
Emerging Market & Developing Economies, %	19	21	24	35	40	40	41	42	42	42	41
China, %	2	4	5	9	15	18	19	18	17	17	17
Latin America & the Caribbean, %	6	7	6	8	7	5	5	6	6	6	6
Africa, %	2	2	3	3	4	3	3	3	3	3	3
Other EM&Ds, %	8	9	11	15	14	14	15	16	15	16	15

Note: EM&Ds – Emerging Markets & Developing Economies. Source: IMF World Economic Outlook April 2026, ANDAMAN PARTNERS Analysis

Developing Economies account for almost USD 50 trillion, or 40%, of global GDP

Led by China, with a GDP of USD 19.6 trillion, followed by India (USD 3.9 trillion) and Indonesia (USD 1.4 trillion)

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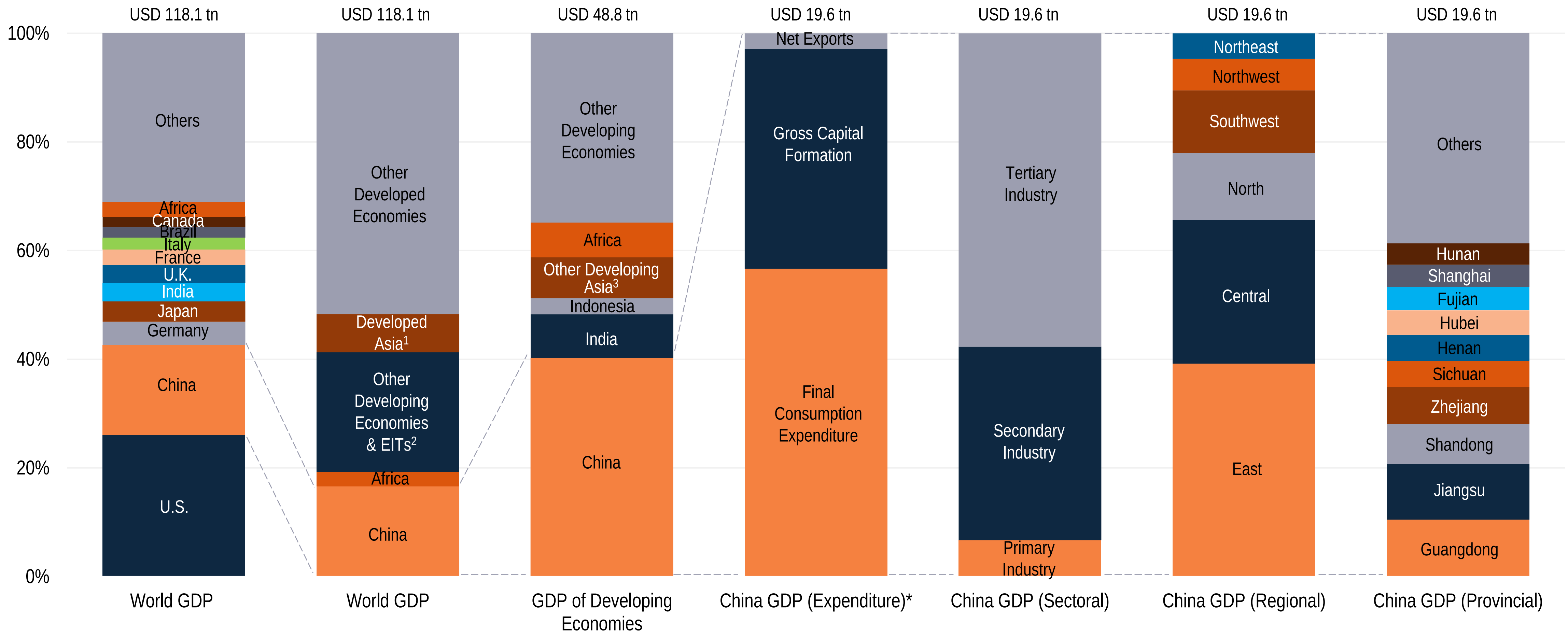
China and the Composition of Global GDP (2025)



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 Russian Federation, 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. * Used 2024 Data because latest 2025 data wasn't available. Source: IMF, National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

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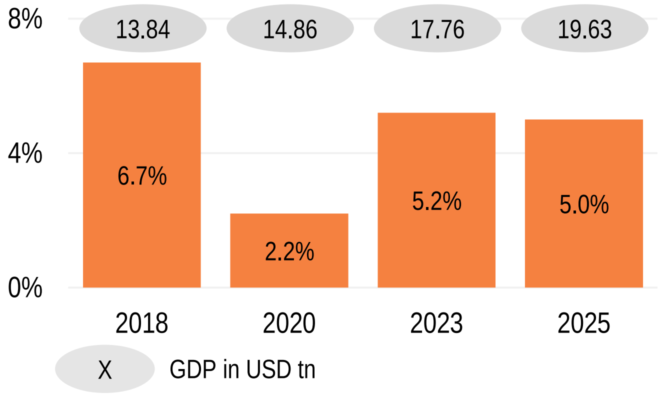
China has maintained steady economic growth in recent years

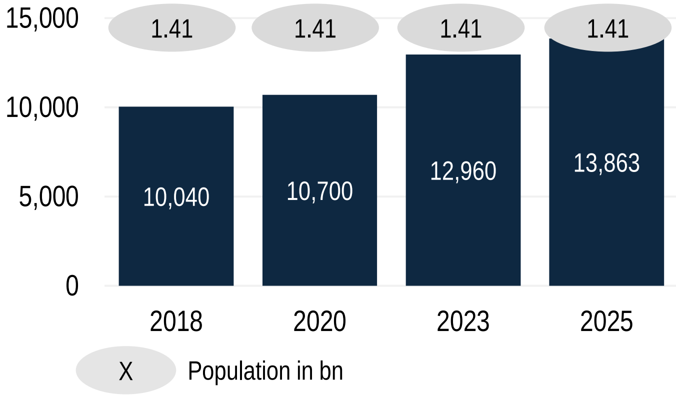
Leveraging policy support and industrial resilience to sustain economic momentum amid ongoing challenges such as demographic shifts and structural reform

China Major Economic Indicators (2018, 2020, 2023, 2024, 2025)

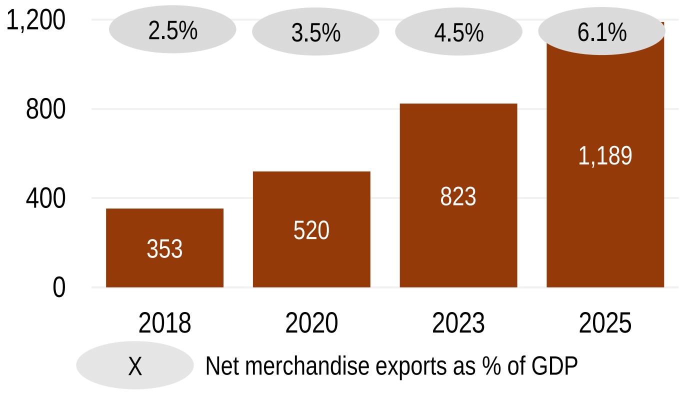
Real GDP Growth Rate, %



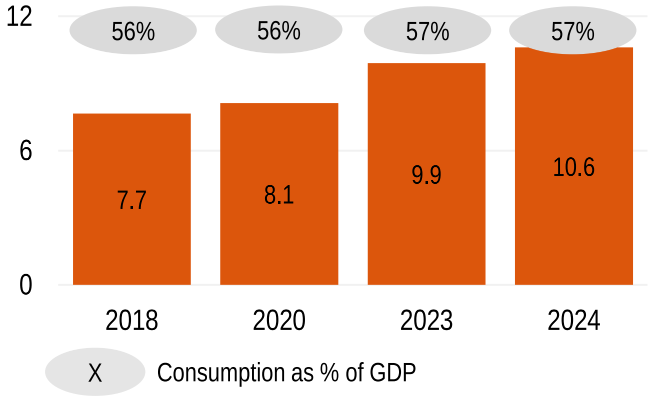
GDP Per Capita, USD



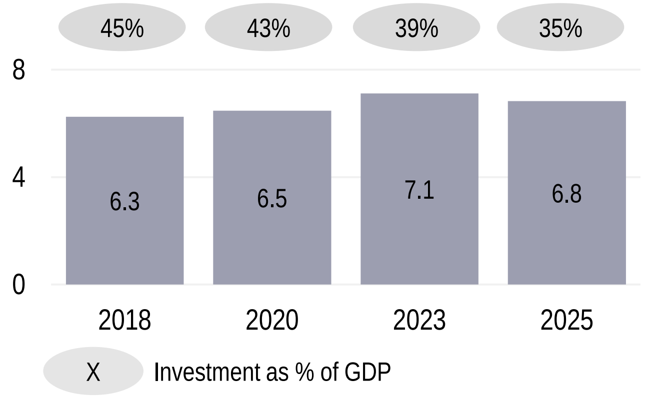
Net Merchandise Exports, USD bn



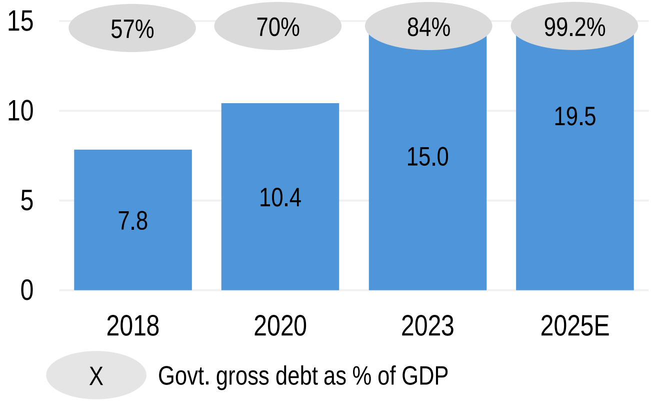
Total Consumption Expenditure, USD tn



Total Fixed Asset Investment, USD tn



Govt. Gross Debt, USD tn



Source: IMF, UNCTAD Comtrade, China Customs, World Bank, National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

In 2026-2027, China faces significant challenges, yet it remains a pivotal global player

In a world confronting increasing geopolitical volatility, China is a complex, evolving and enduringly prominent economy that still holds many opportunities for global businesses

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China Now: How Should Global Businesses Approach China in 2026-2027?

- China's growth is slowing, but the country 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 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 around 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 2026 as it was in previous years, but its role is shifting and expanding within 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 2026-2027, 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 it 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 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

Source: ANDAMAN PARTNERS Analysis

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China's post-COVID-19 economic recovery has been relatively sluggish

In contrast to China's rapid recovery after the Global Financial Crisis in 2008-2009, post 2020, international trade has not picked up as much as expected, while domestic demand remains relatively weak

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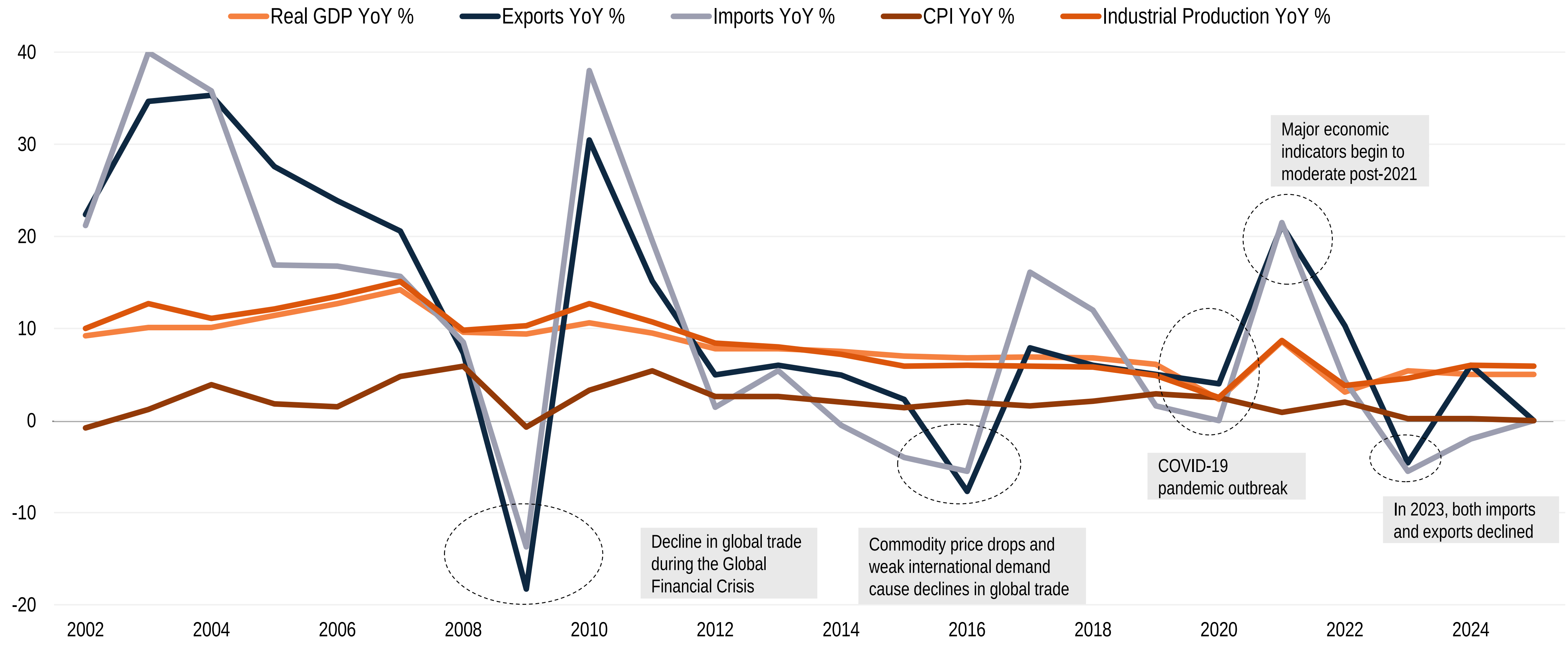
China Major Economic Indicators, YoY Change, % (2002-2025)

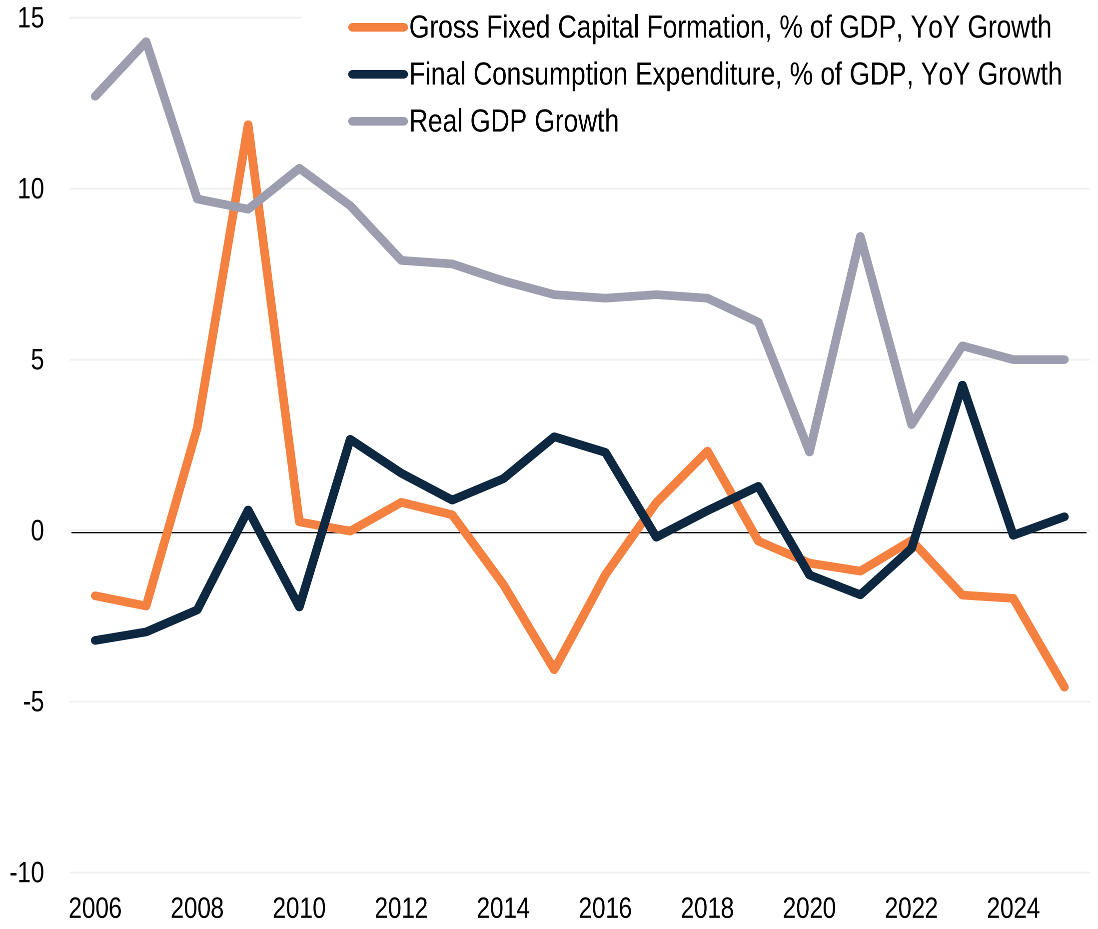


Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

China’s growth model is gradually shifting from investment towards consumption

Investment growth has weakened substantially from its historical highs, with GFCF contracting 4.6% in 2025, while final consumption expenditure growth slowed to just 0.4%

China GFCF vs FCE vs Real GDP Growth, YoY Change, % (2006-2025)



Timeline of Key Developments in China’s Economic Growth (2006-2025)

- 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
- 2024-2025: Rebalancing became more uneven as consumption momentum faded and investment weakened further; by 2025, FCE growth had slowed to 0.4% while GFCF contracted 4.6%

Note: 2024 FCE data not available. Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

China's economic transition will lead to continued growth moderation

Capital formation will remain a key contributor, but consumption will play an increasingly important role. The contribution of FCE post-2021 has increased, reaching 57% in 2024

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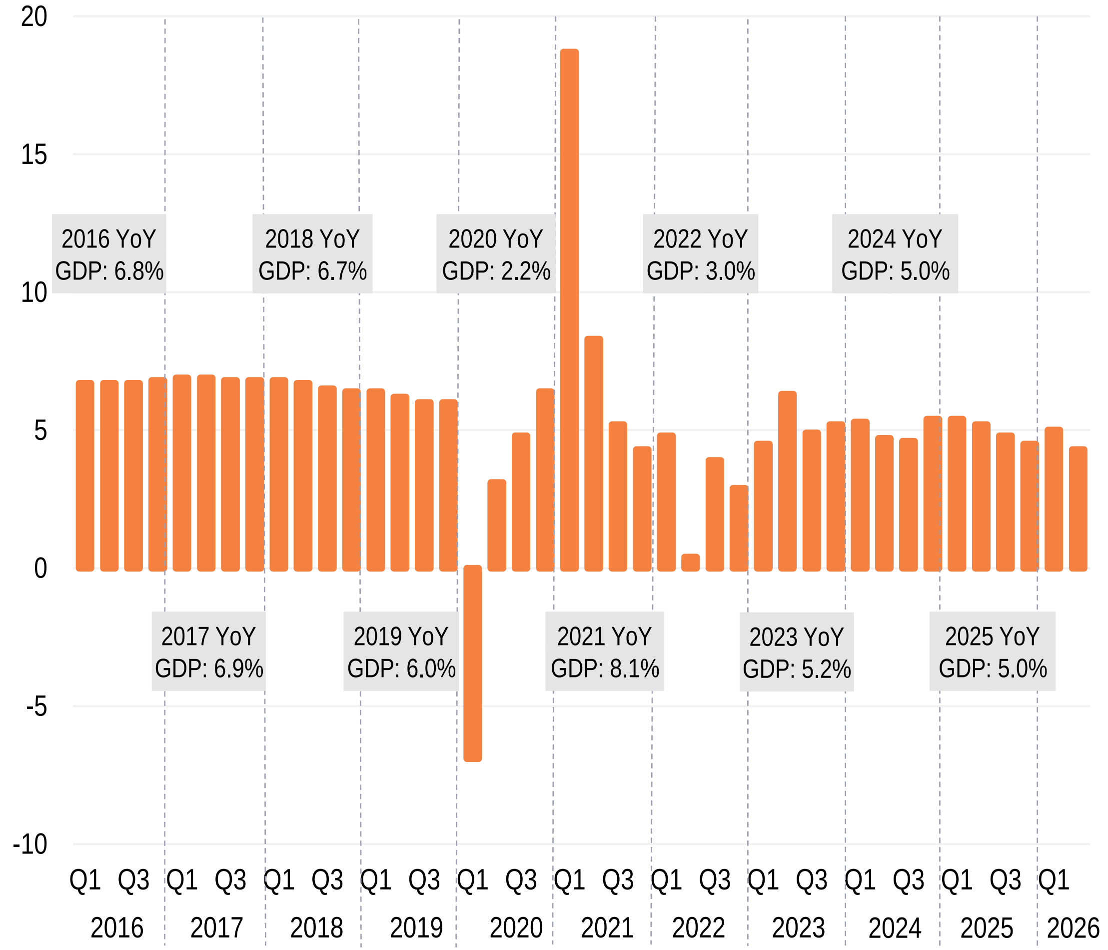
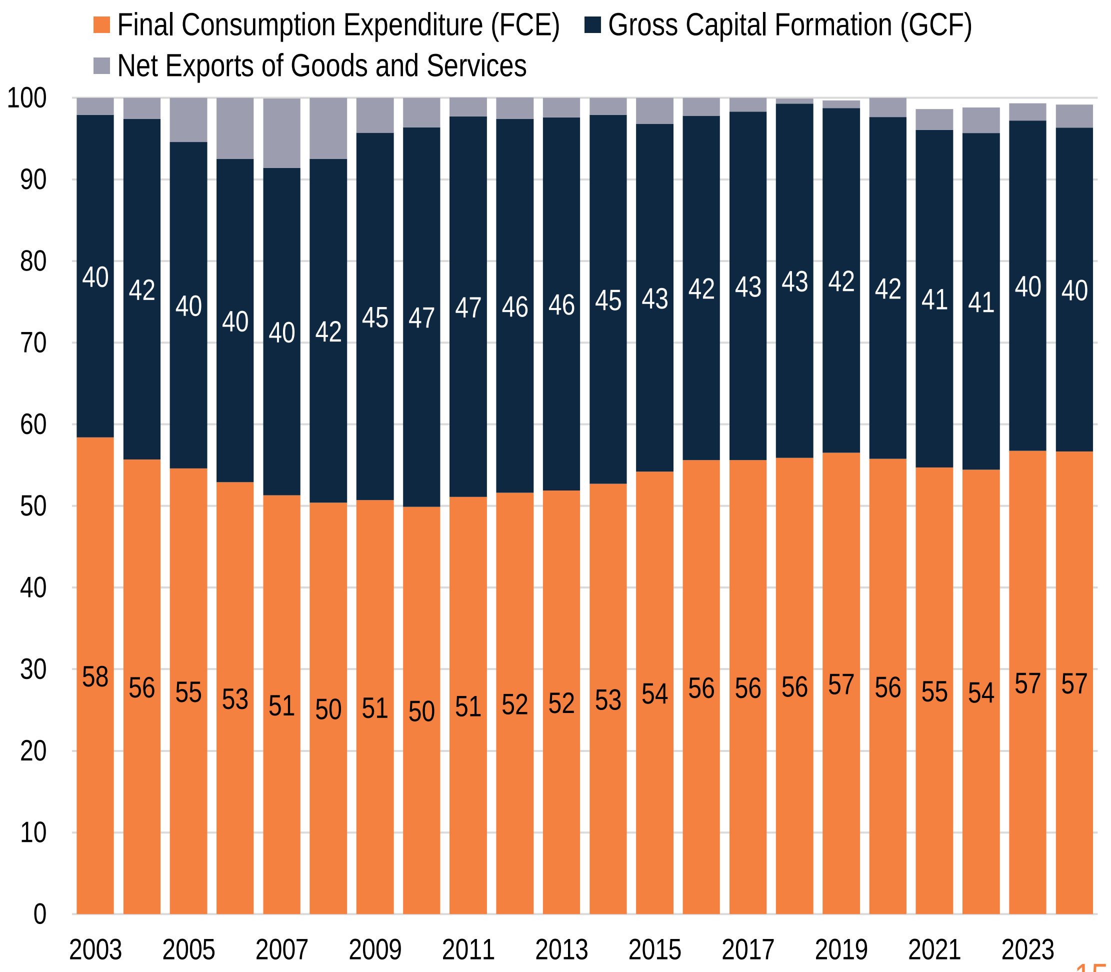
China Quarterly YoY GDP Growth Rate, % (Q1 2017-Q1 2026)



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



Note: FCE – Final Consumption Expenditure. Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

The shift of China's economy from secondary to tertiary sectors is still ongoing and far from complete

The shift indicates a decreasing reliance on exports and heavy industry and the rise of a services-dominated economy increasingly based on domestic consumption

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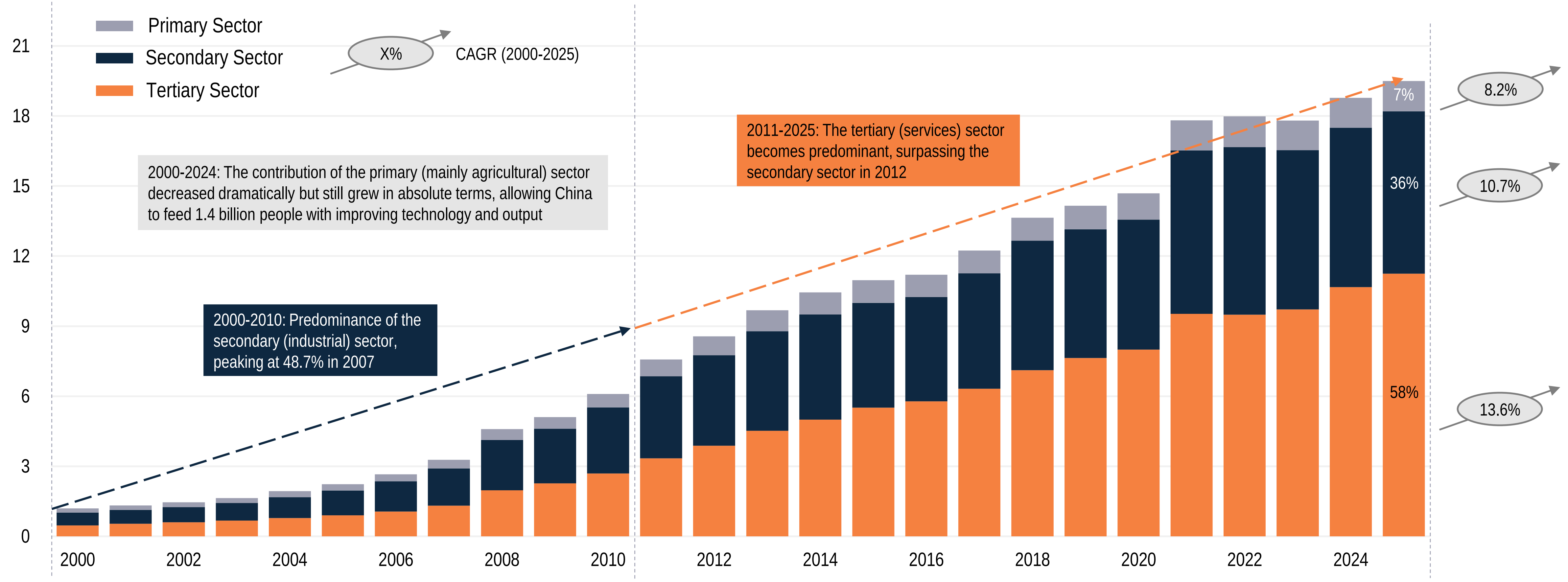
China GDP Composition by Sector, USD tn (2000-2025)

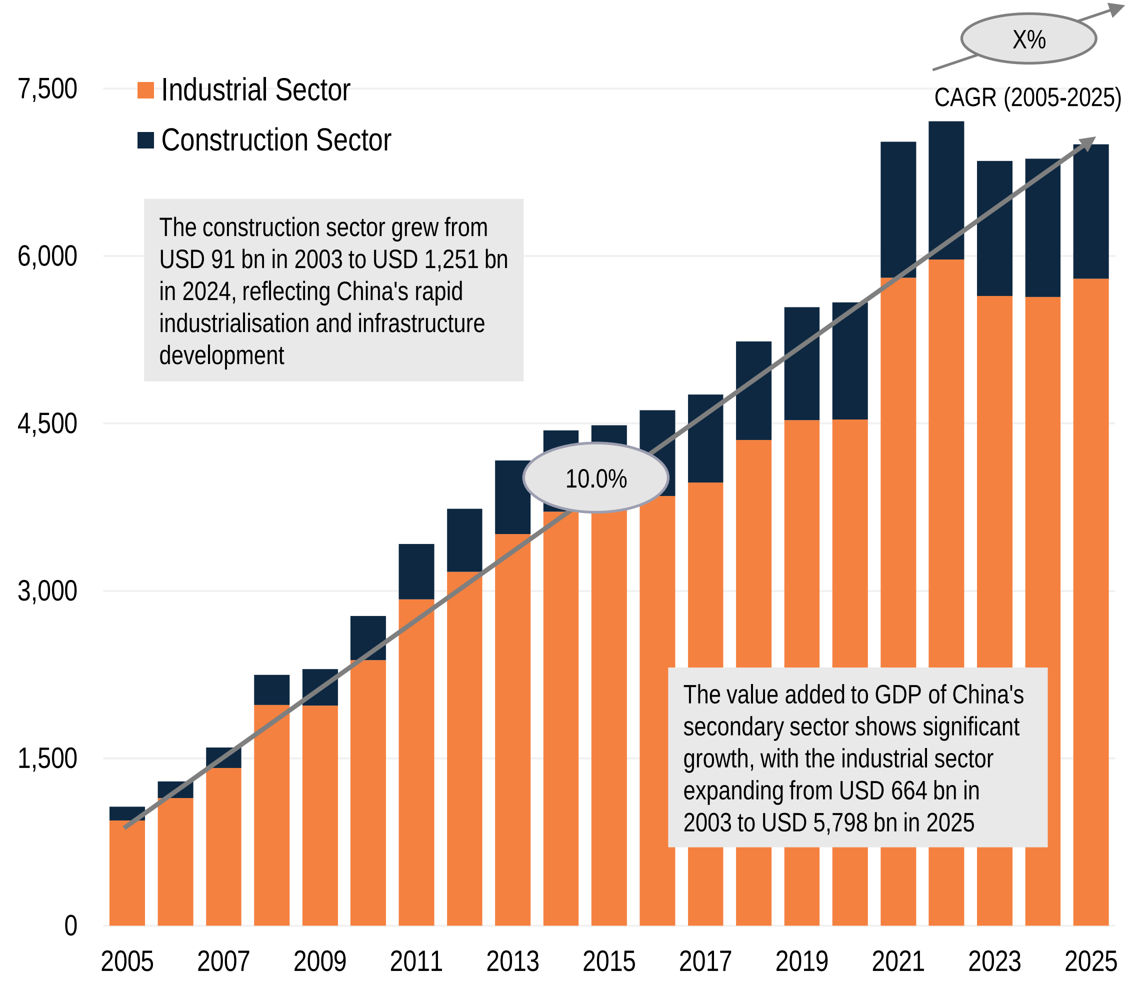


Note: The primary sector includes industries that extract and collect natural resources. The secondary sector is dominated by the manufacturing of finished products. The tertiary sector comprises companies that primarily generate revenue by providing intangible products and services. Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

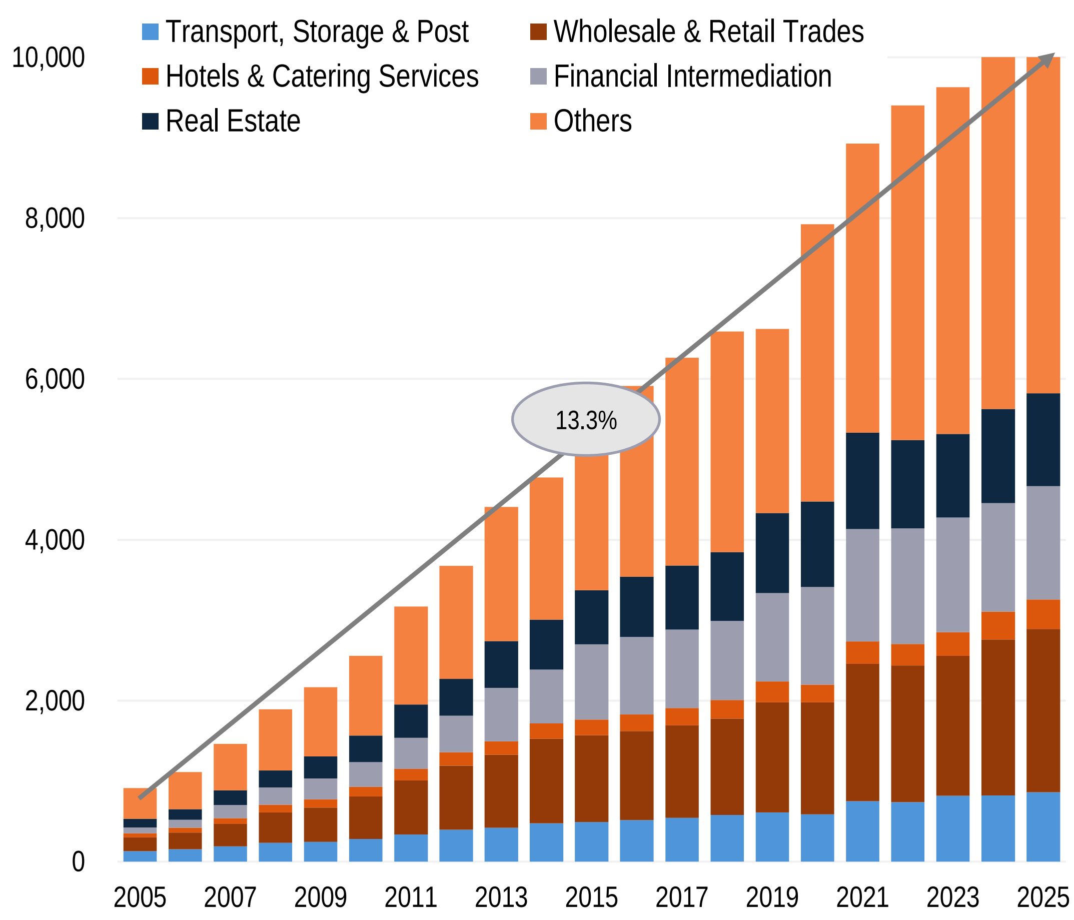
The contribution of the tertiary sector to the economy remains below advanced economy levels

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

China Secondary Sector Value-Added Breakdown, USD bn (2005-2025)



China Tertiary Sector Value-Added Breakdown, USD bn (2005-2025)

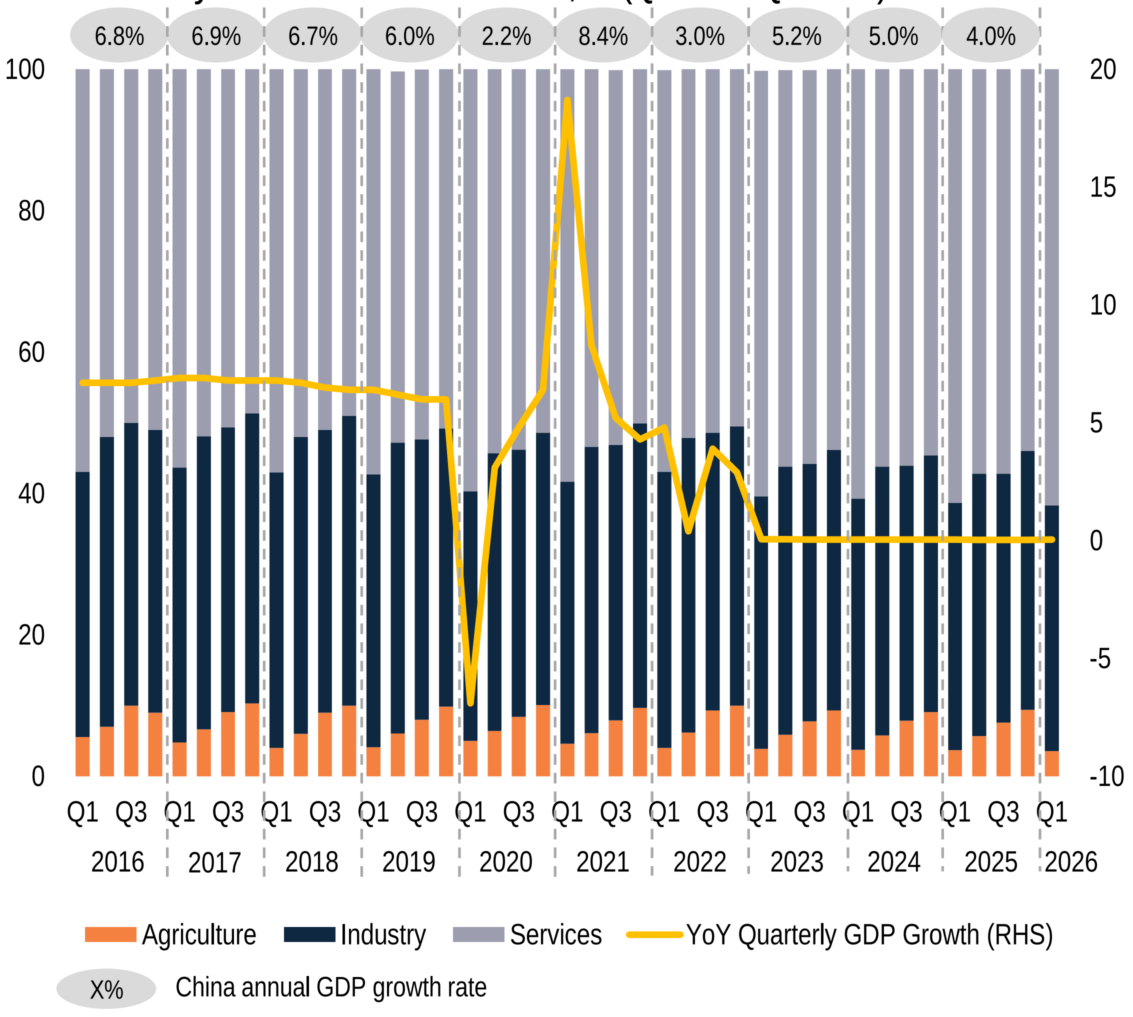


Note: Others include sectors such as Tourism, Education, Science and Technology, Telecom, Media, Public Health, etc. Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

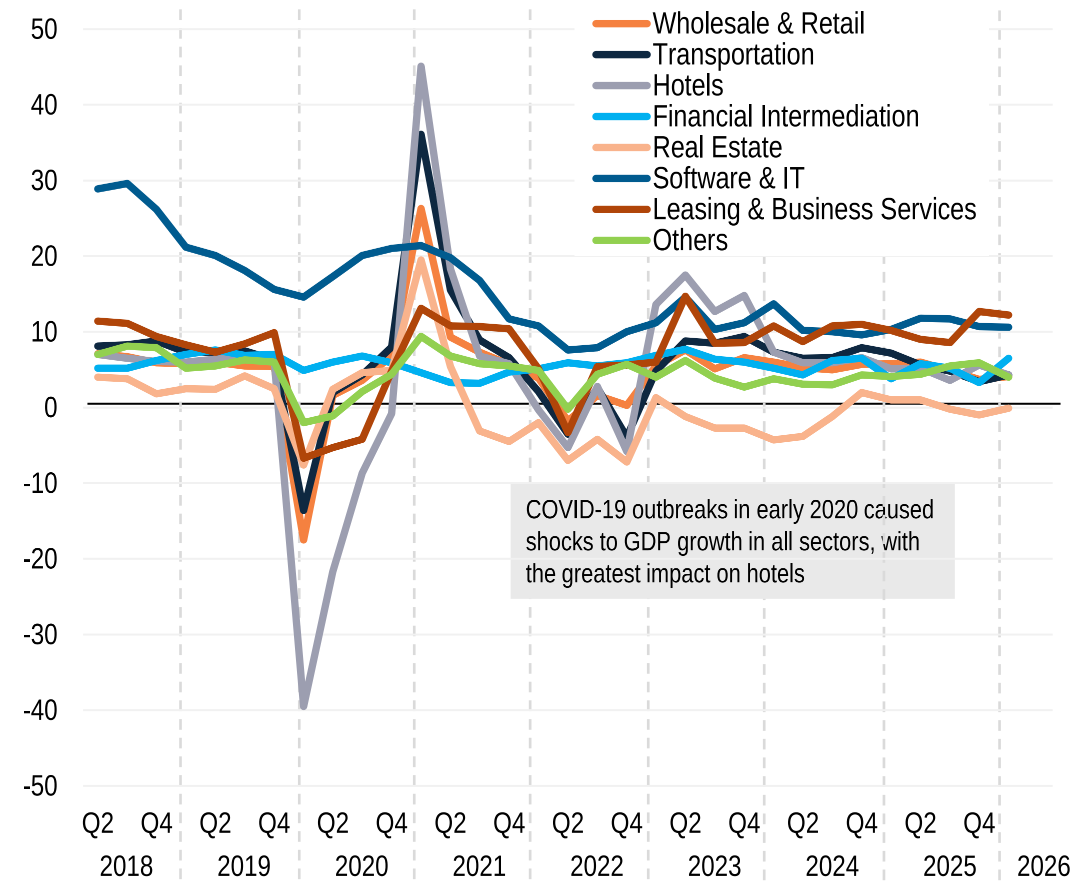
Services now contribute over half (57%) of China's GDP

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-Q1 2026)



China Service Sector Segments GDP Growth Rates, YoY % (Q1 2018-Q1 2026)

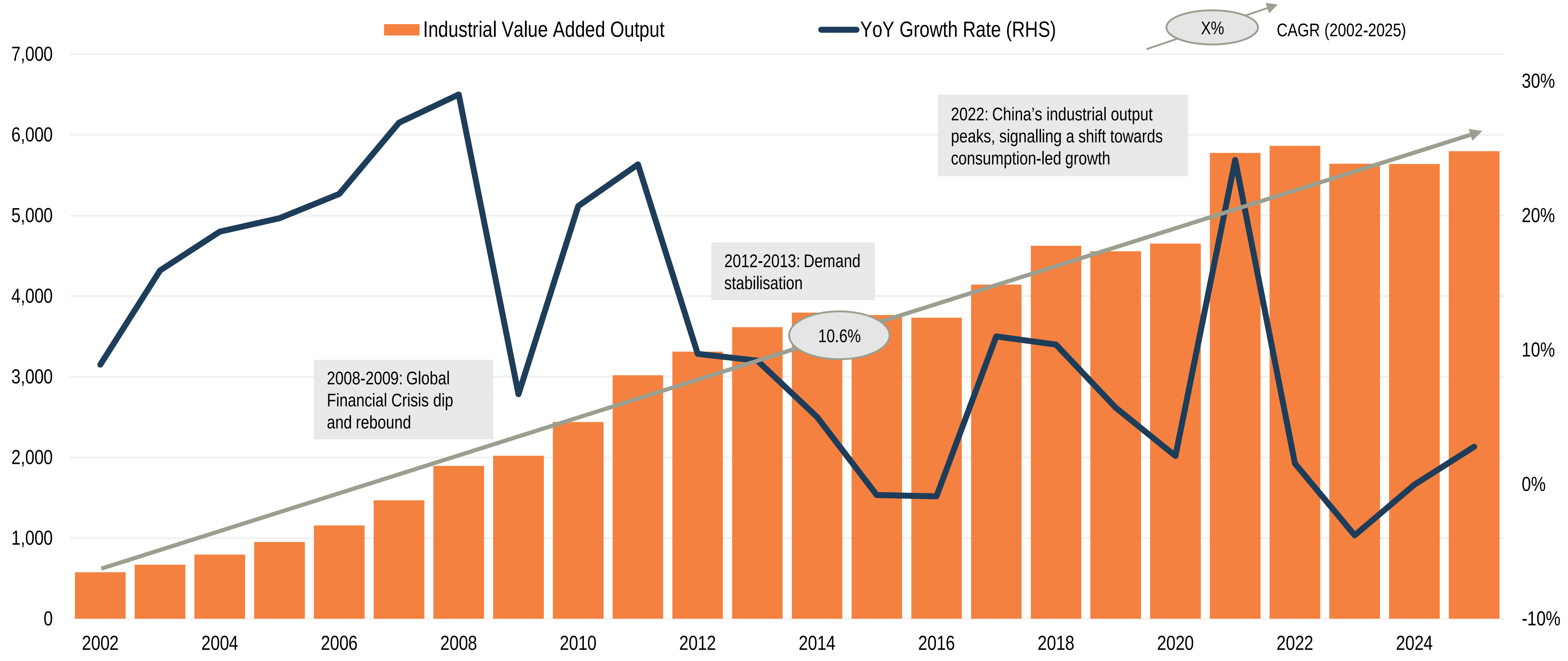


Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

China's industrial value-added output growth in the last two decades averaged 10% annually

This growth rate was impacted dramatically by COVID-19 disruptions in production; a decline in momentum after 2022 reflects the broader moderation and rebalancing of China's economy

China Industrial Value-Added Output, USD bn (2002-2025)



Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

Manufacturing grappled with transformation from 2015 and mostly hovered below 50% PMI from 2020

This reflects the complexities of the ongoing process of transitioning from an export-driven model to domestic consumption and high-tech industries

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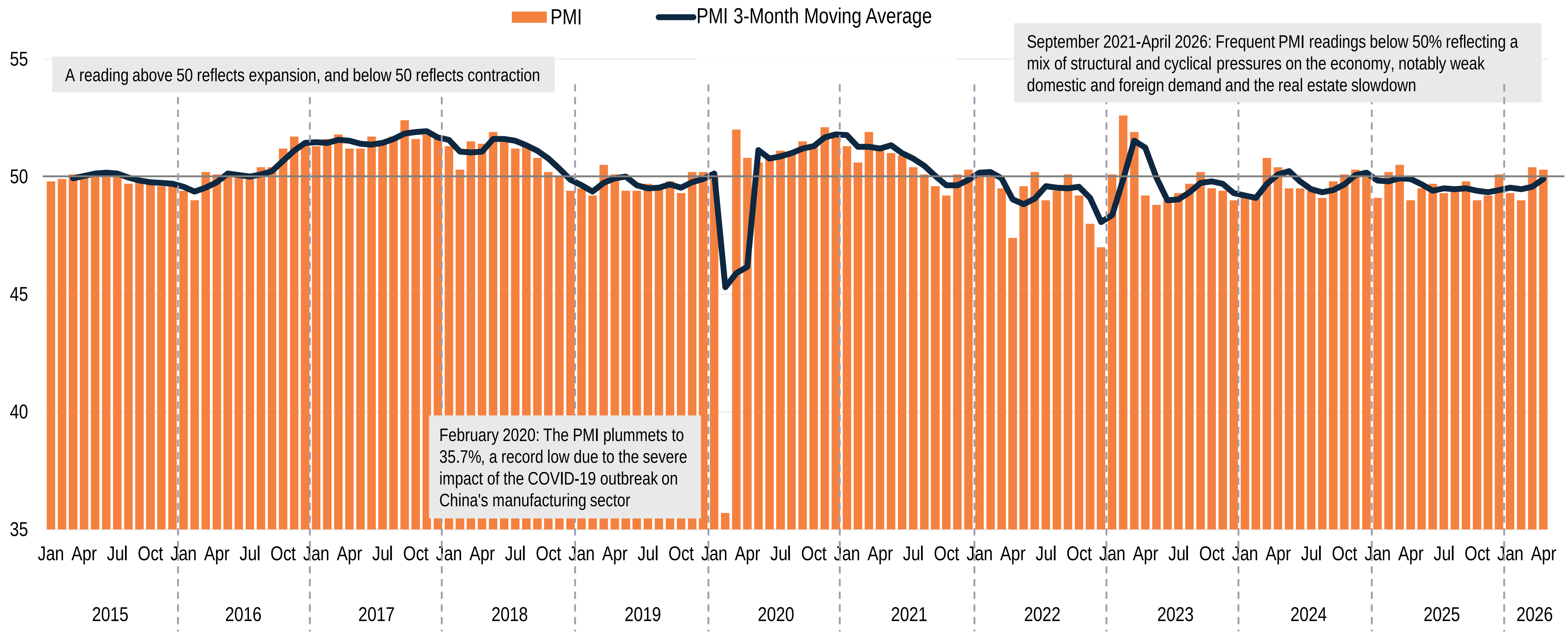
China Purchasing Managers Index of the Manufacturing Industry, % (Jan. 2015-Apr. 2026)

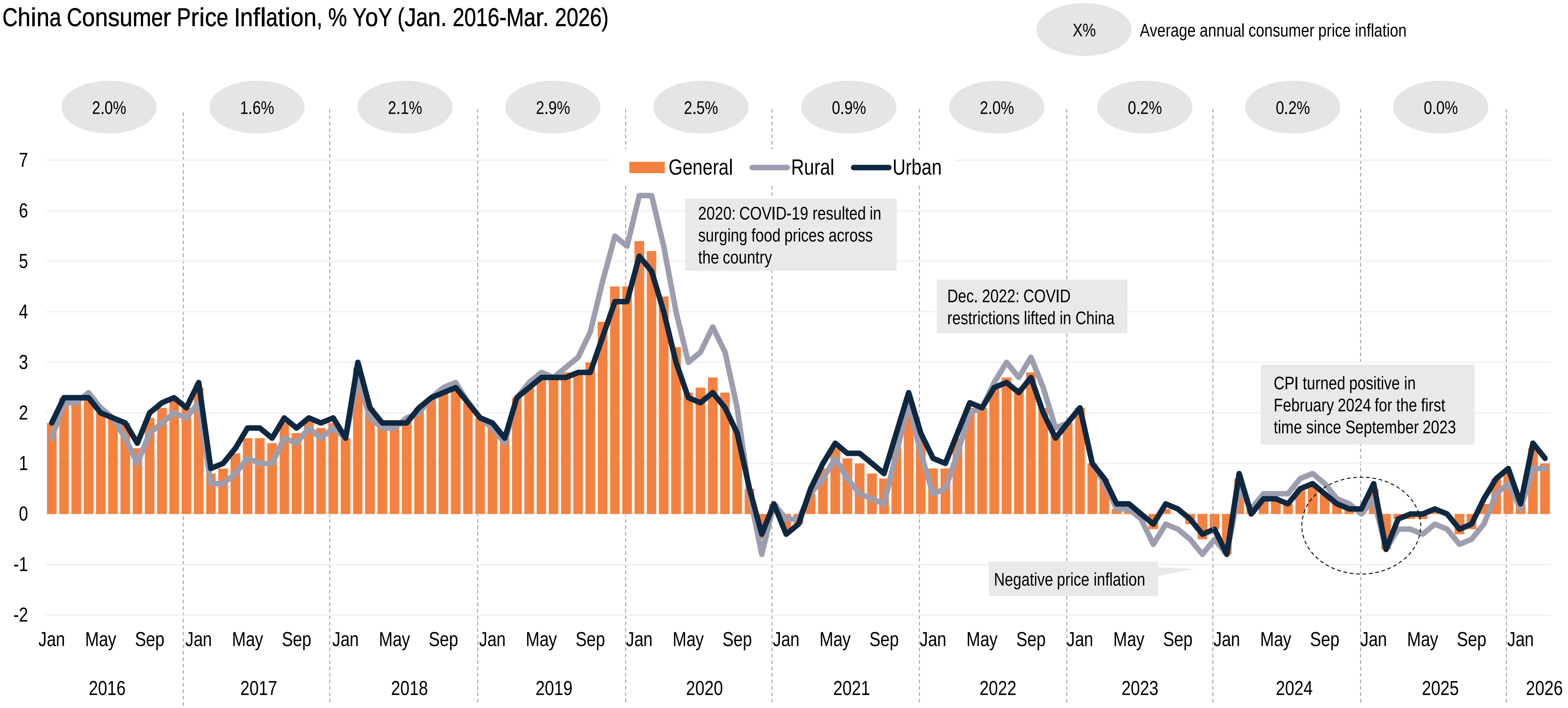


Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

In 2023, 2024 and 2025, China experienced episodes of deflation

Raising concerns about both domestic demand and the economy's growth and vitality. Even after the lifting of COVID-19 restrictions, China's consumer recovery remained relatively weak

China Consumer Price Inflation, % YoY (Jan. 2016-Mar. 2026)

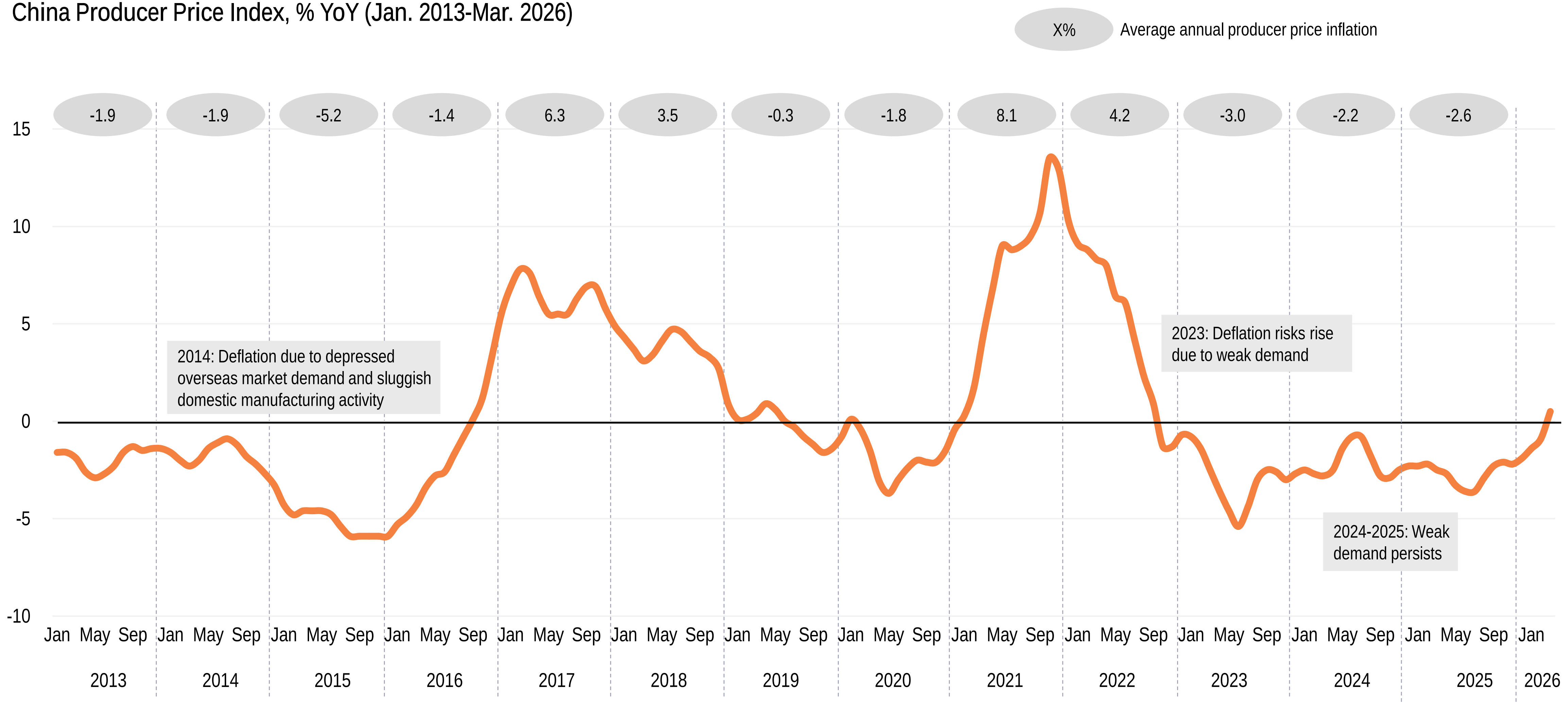


Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

China's Producer Price Index (PPI) continues to reflect weak industrial demand

Persistent deflationary pressures and limited manufacturing pricing power following the post-pandemic commodity surge highlight ongoing challenges across China's industrial economy

China Producer Price Index, % YoY (Jan. 2013-Mar. 2026)



Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

The most volatile industry affecting PPI post-COVID-19 was Mining & Quarrying

Followed by 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

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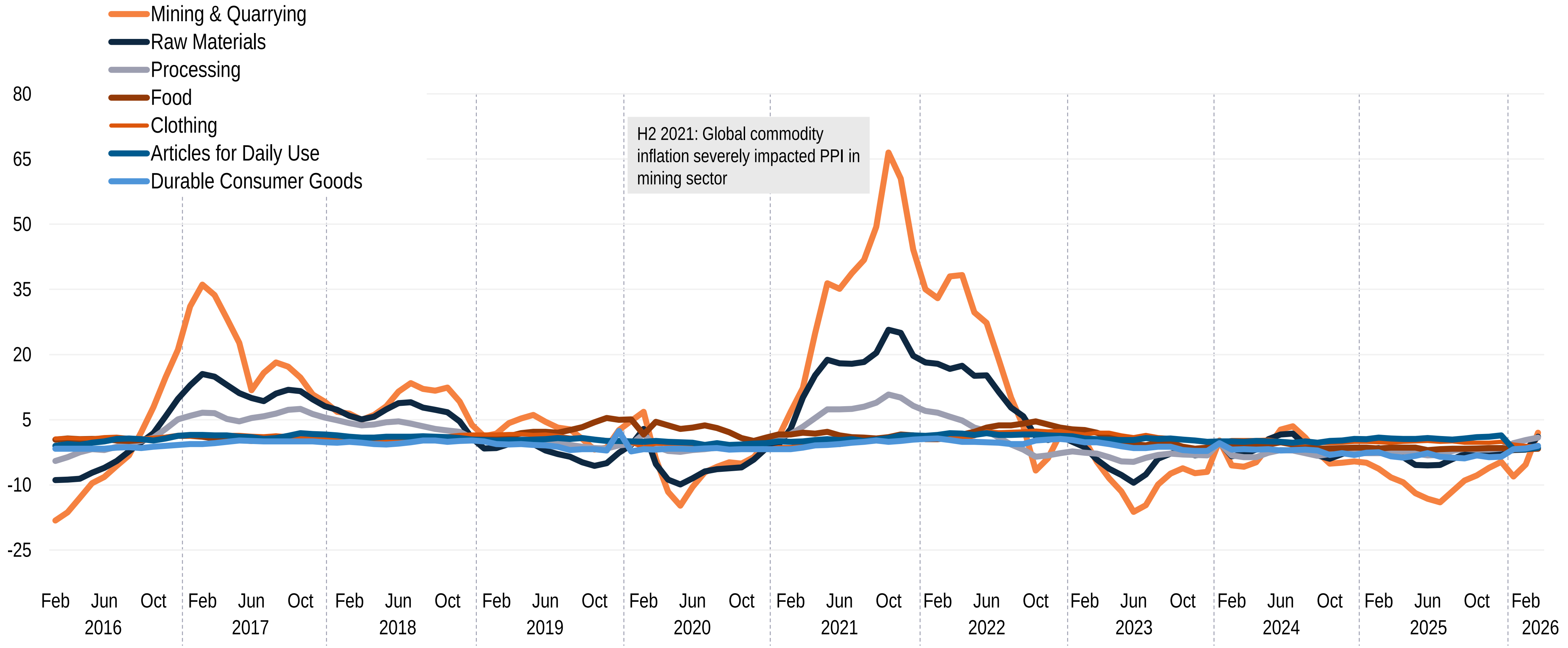
China Producer Price Index Breakdown by Industry, % YoY (Jan. 2016-Mar. 2026)



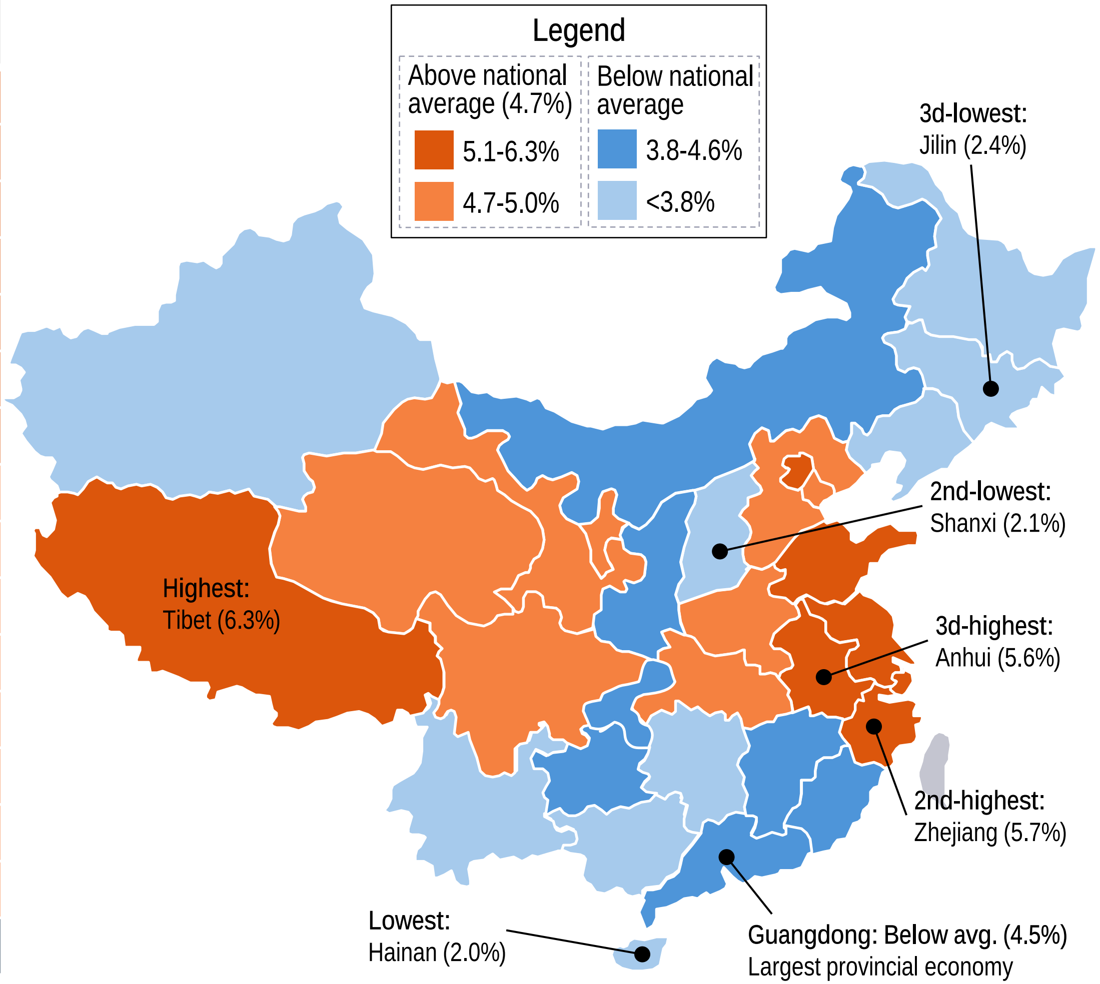
Note: Means of livelihood products include food, clothing, general commodities (articles for daily use) and consumer durable goods. Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

China provincial growth map: East-West growth corridor from Tibet to Zhejiang

H1 2026 growth is strongest across a broad central corridor stretching from Tibet in the west to the eastern seaboard, cutting across China’s traditional coastal-inland economic divide

China GDP by Province/Administrative Unit, YoY Growth % and USD bn (H1 2026)

Province / Admin. Unit	GDP, USD bn (H1 2026)	YoY Growth, % (H1 2026)
Tibet	23	6.3
Zhejiang	698	5.7
Anhui	399	5.6
Shandong	775	5.6
Shanghai	406	5.6
Beijing	384	5.4
Jiangsu	1,025	5.2
Henan	488	5.0
Hubei	457	5.0
Qinghai	30	5.0
Gansu	101	4.9
Ningxia	41	4.9
Hebei	352	4.8
Sichuan	490	4.8
Tianjin	133	4.8
National Avg.	10,009	4.7



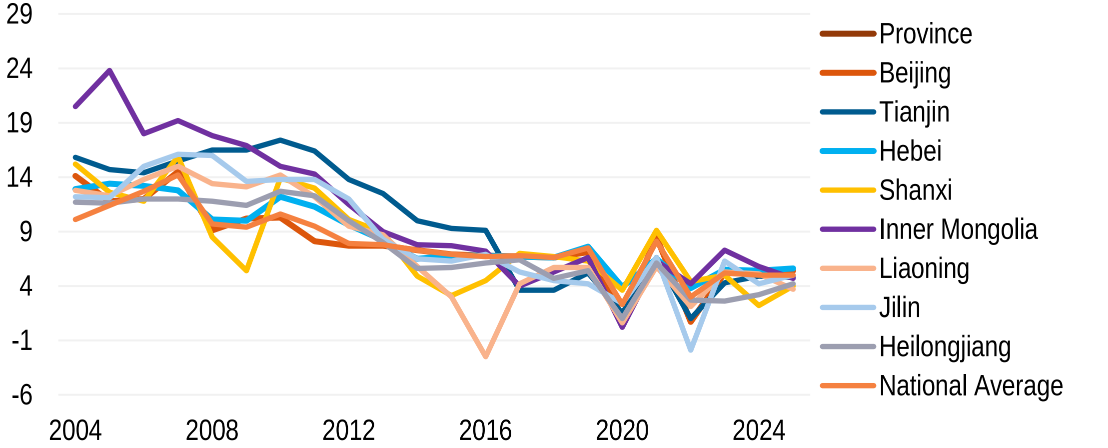
Province / Admin. Unit	GDP, USD bn (H1 2026)	YoY Growth, % (H1 2026)
Guangdong	1,053	4.5
Inner Mongolia	187	4.5
Chongqing	243	4.2
Fujian	427	4.0
Guizhou	175	4.0
Jiangxi	263	4.0
Shaanxi	255	3.8
Xinjiang	150	3.7
Guangxi	211	3.5
Heilongjiang	108	3.5
Hunan	394	2.7
Liaoning	236	2.5
Yunnan	236	2.5
Jilin	102	2.4
Shanxi	171	2.1
Hainan	56	2.0

Note: USD converted using the average Jan.-Jun. 2026 exchange rate (CNY 6.86/USD). Source: China National Bureau of Statistics, ANDAMAN PARTNERS Analysis

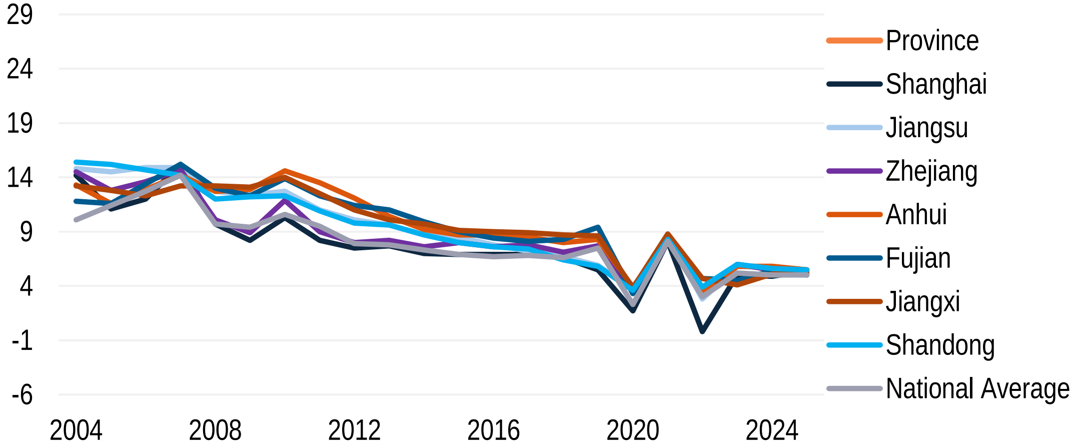
In line with national GDP growth, growth in China’s provinces has trended lower in recent years

From the breakneck range of 9% and up in 2004 to around 5% in 2025, lower growth has become the new normal for China’s economy

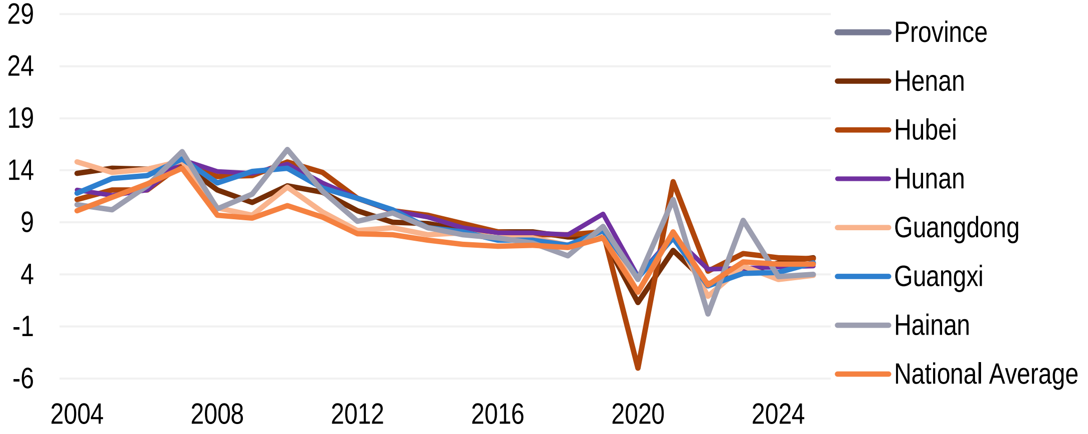
GDP of China Northern/Northeastern Provinces, YoY % Change (2004-2025)



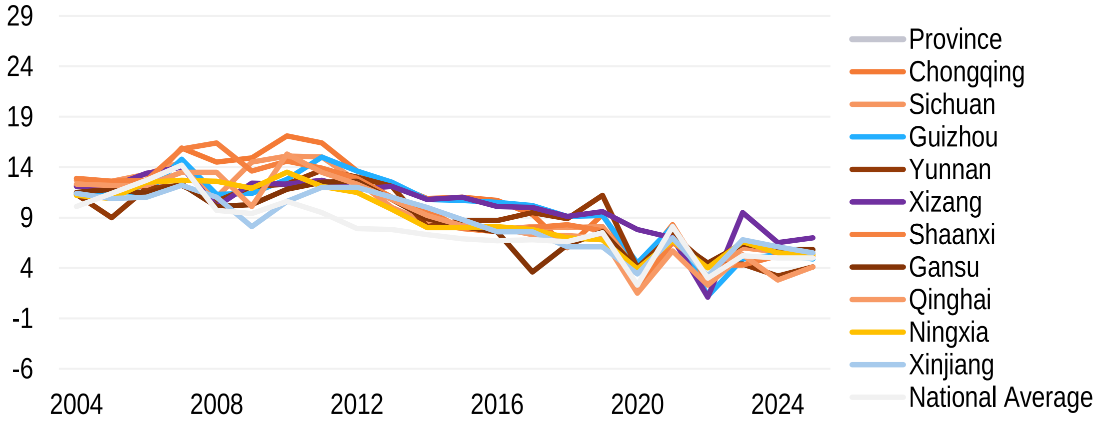
GDP of China Eastern Provinces, YoY % Change (2004-2025)



- GDP of China Central/Southern Provinces, YoY % Change (2004-2025)



GDP of China Western Provinces, YoY % Change (2004-2025)



Note: Administrative units include provinces, autonomous regions and municipalities. Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

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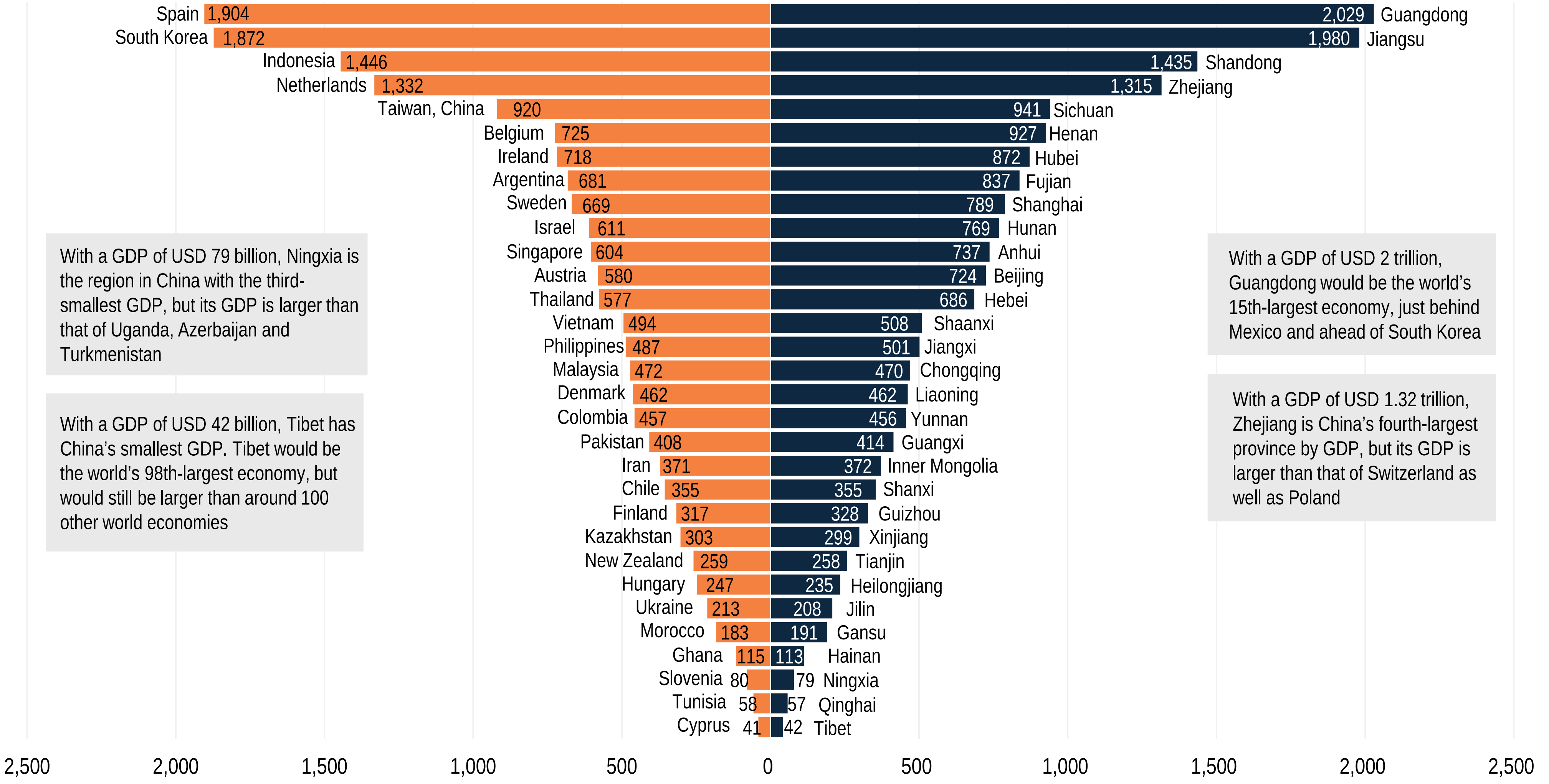
China’s provinces have become economic titans in their own right

With economic outputs comparable to those of entire countries: Guangdong’s GDP is comparable to that of Spain, for example; Jiangsu’s to that of South Korea and Shandong’s to that of Indonesia

GDP Comparison of China’s Provinces, Autonomous Regions and Municipalities vs Global Economies, USD bn (2025)



With a GDP of USD 79 billion, Ningxia is the region in China with the third-smallest GDP, but its GDP is larger than that of Uganda, Azerbaijan and Turkmenistan

With a GDP of USD 42 billion, Tibet has China’s smallest GDP. Tibet would be the world’s 98th-largest economy, but would still be larger than around 100 other world economies

With a GDP of USD 2 trillion, Guangdong would be the world’s 15th-largest economy, just behind Mexico and ahead of South Korea

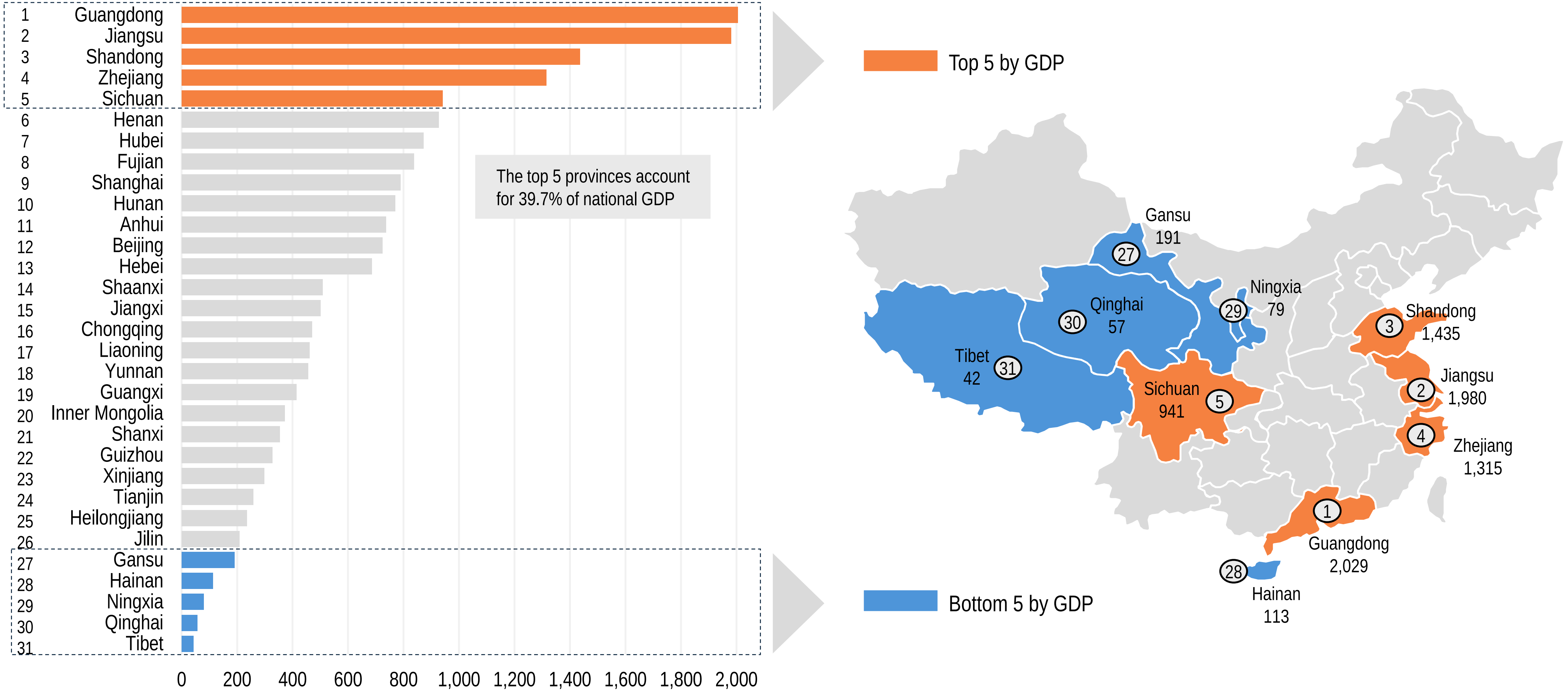
With a GDP of USD 1.32 trillion, Zhejiang is China’s fourth-largest province by GDP, but its GDP is larger than that of Switzerland as well as Poland

Source: National Bureau of Statistics of China, IMF, ANDAMAN PARTNERS Analysis

China's top five provinces (all in coastal regions except Sichuan) account for 40% of national GDP

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)



Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

Regional growth in China in 2019-2025 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, Gansu and Inner Mongolia

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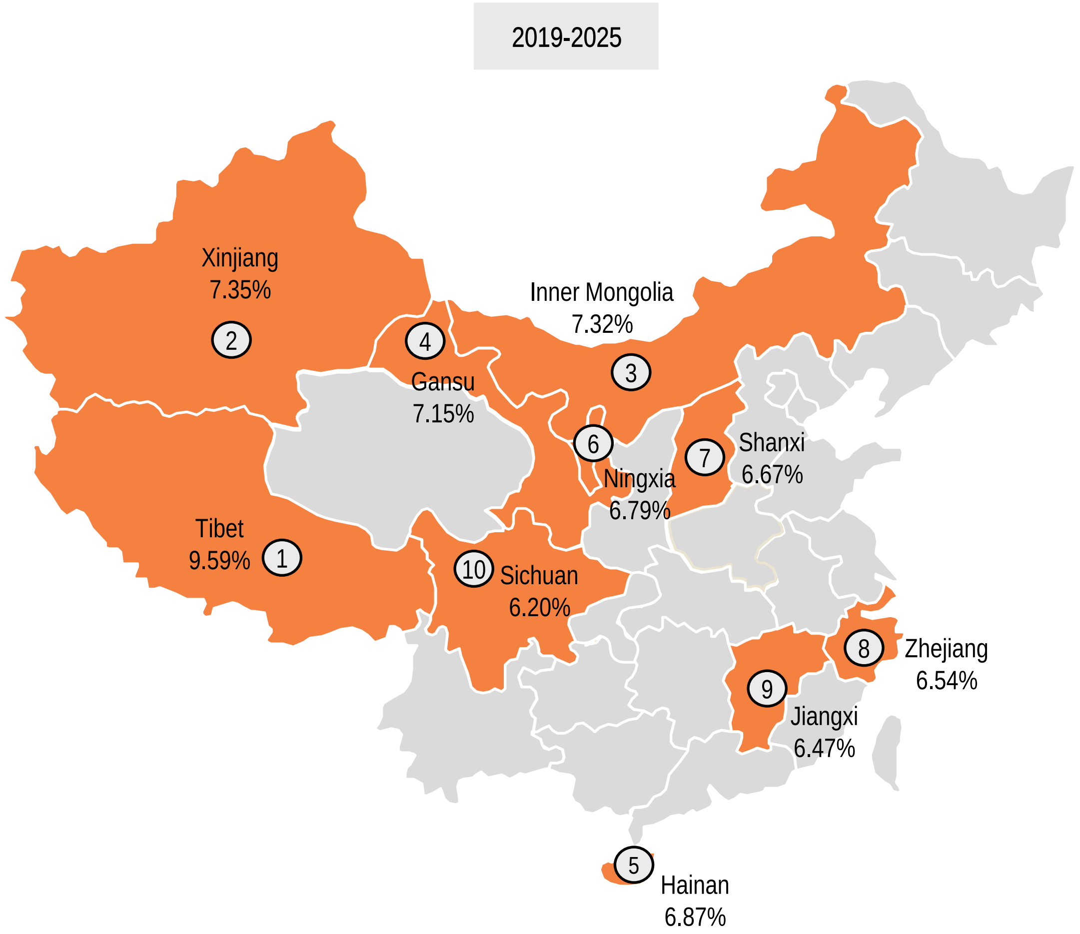
China Fastest-Growing Provinces, Autonomous Regions and Municipalities, GDP CAGR (2014-2019)

China Fastest-Growing Provinces, Autonomous Regions and Municipalities, GDP CAGR (2019-2025)



Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

The highest GDP per capita in China remains concentrated in Beijing & Shanghai (>USD 30,000)

Followed by the eastern coastal provinces; western, southwestern and northern regions are still far in arrears (<USD 10,000)

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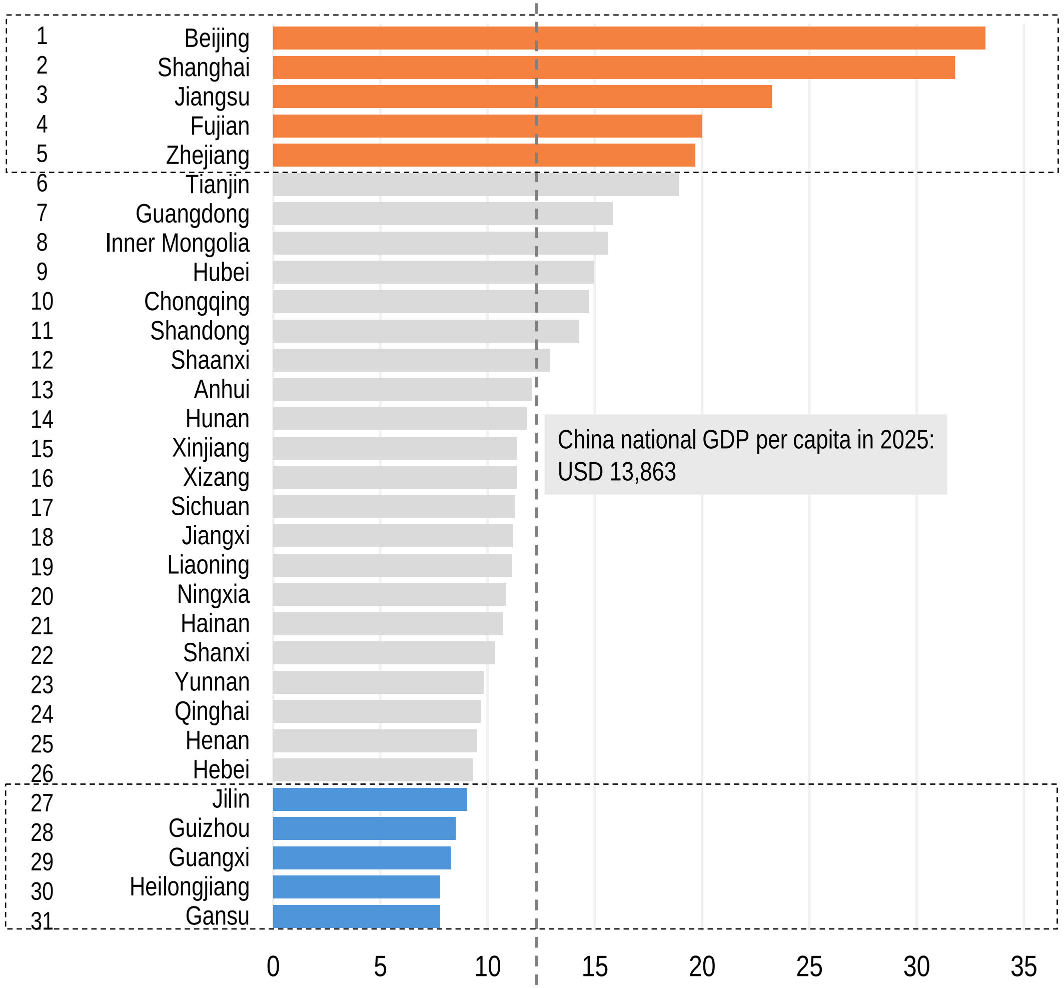
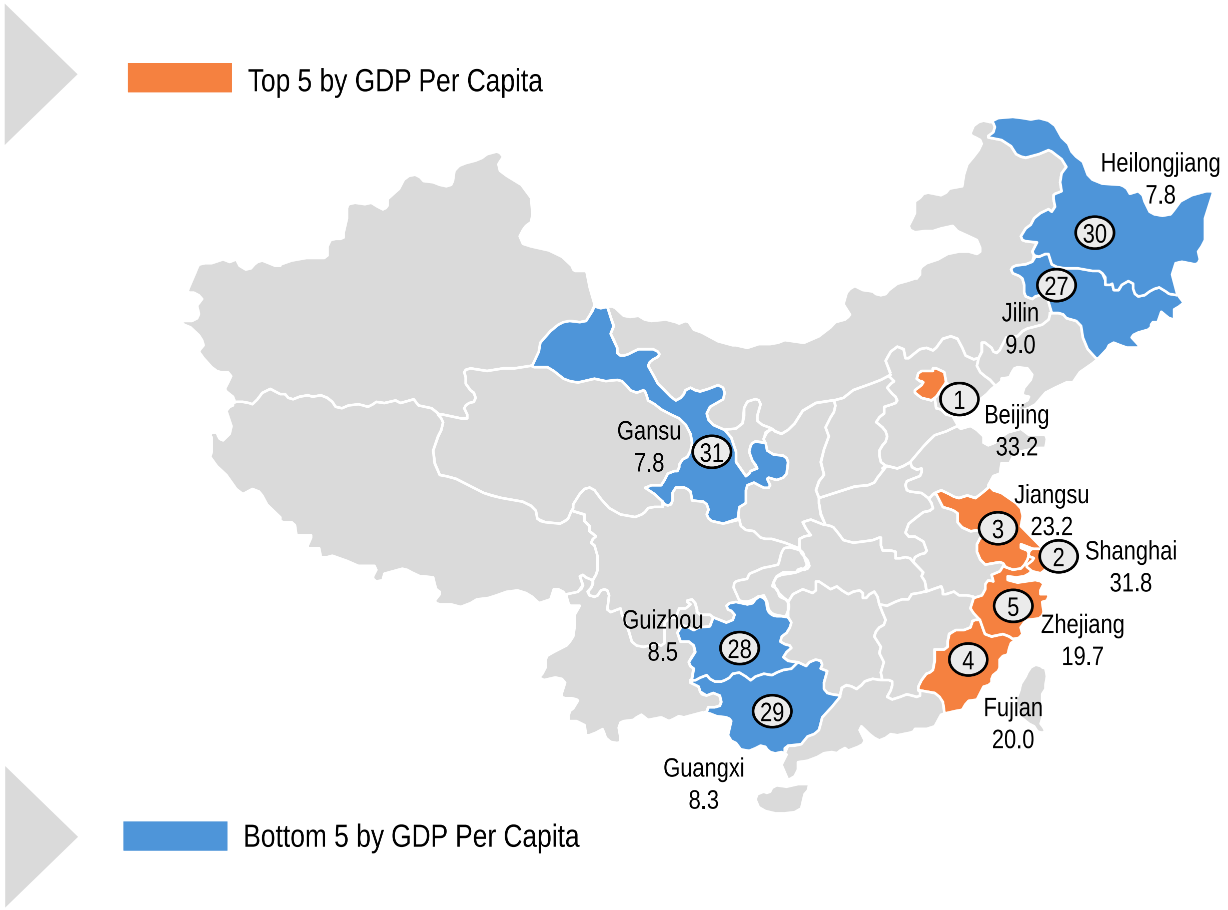
China GDP Per Capita by Province, Autonomous Region and Municipality, USD '000 (2025)





Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

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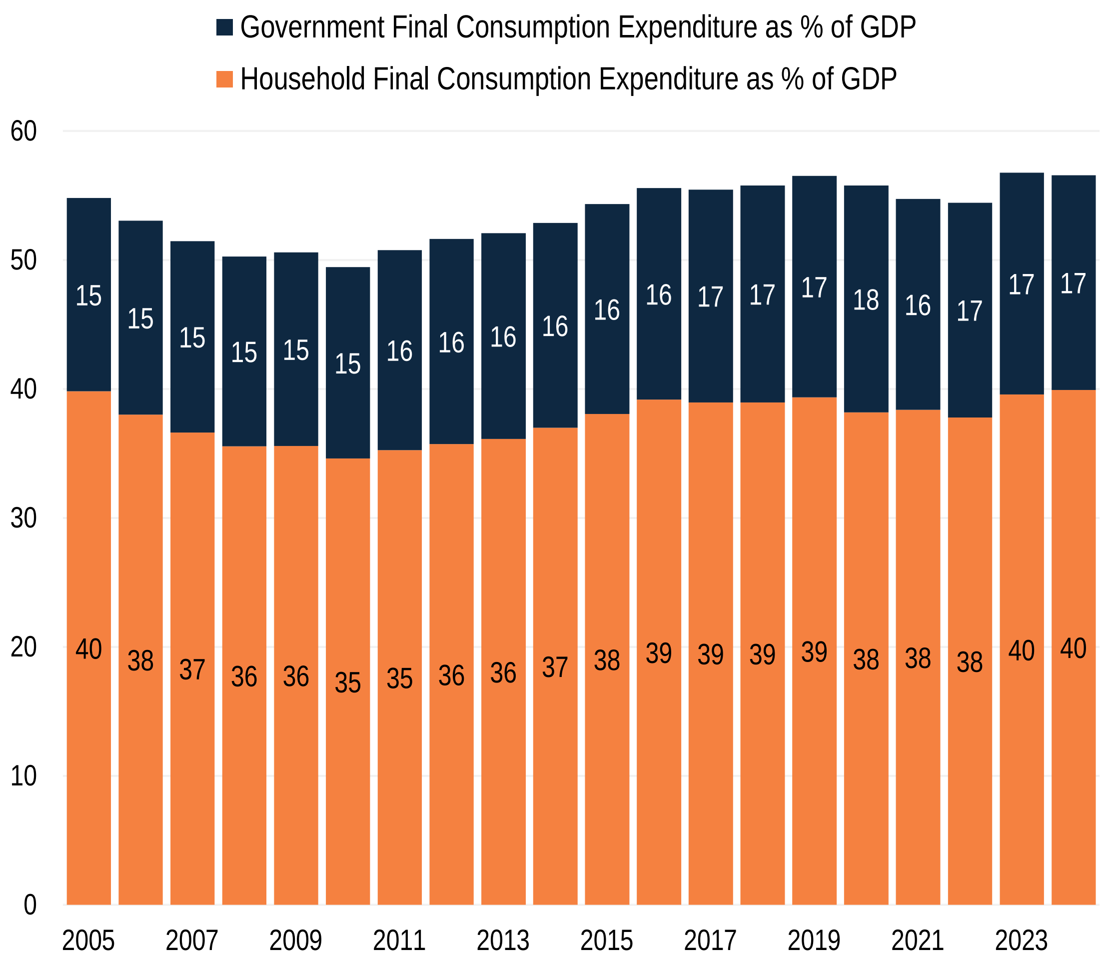
Gov. consumption in China is relatively high and household consumption low by global standards

Since 2005, the ratio of household and government consumption in China's Final Consumption Expenditure (FCE) has remained largely unchanged

China Final Consumption Expenditure as % of GDP (2005-2024)



China's Consumption Imbalance

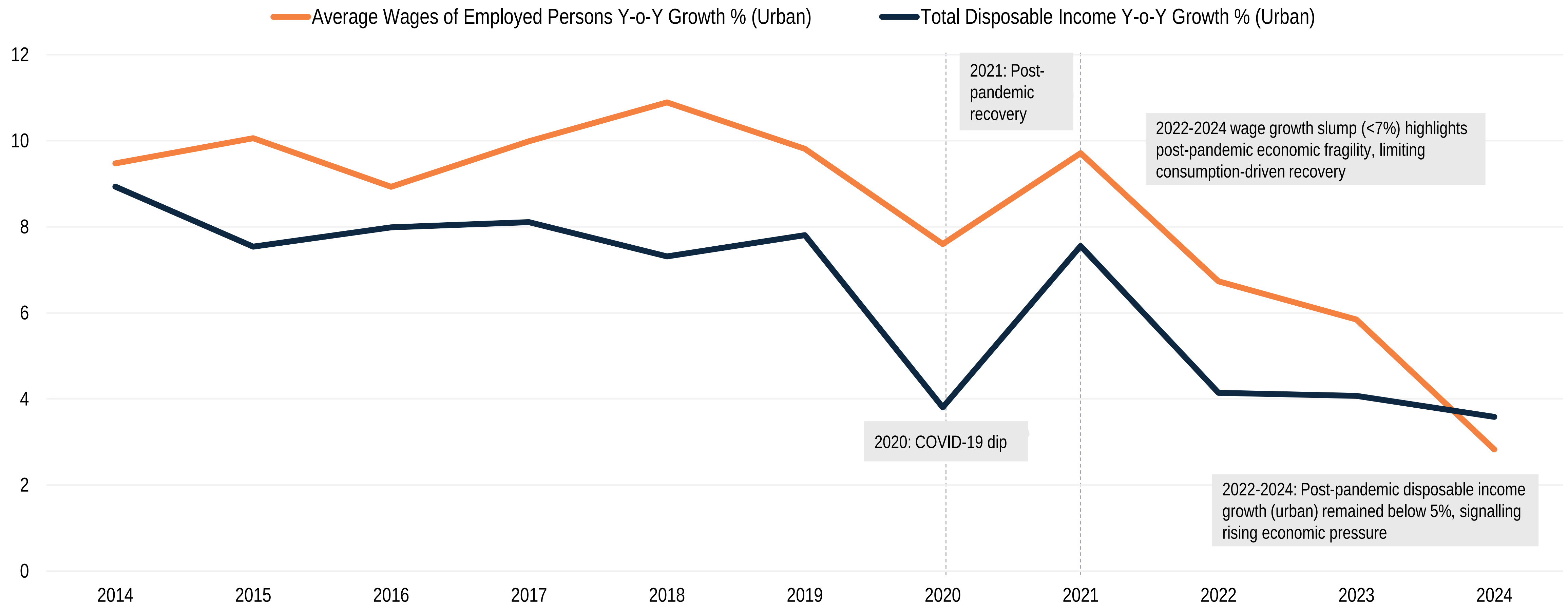
- One of the characteristics of China's economy is the underdeveloped contribution of household consumption to GDP growth compared to government consumption
- In 2024, household consumption accounted for ~40% of FCE and government consumption, 17%, a ratio of about 2.3:1. In the U.S., by contrast, the 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 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 41.5 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

Note: Household Final Consumption Expenditure includes Non-Profit Institutions Serving Households. Source: National Bureau of Statistics of China, Various, ANDAMAN PARTNERS Analysis

Slower wage growth in urban China is emerging as a 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, YoY, % (2014-2024)



Note: Average wage growth data only available until 2023. Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

Beijing & 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

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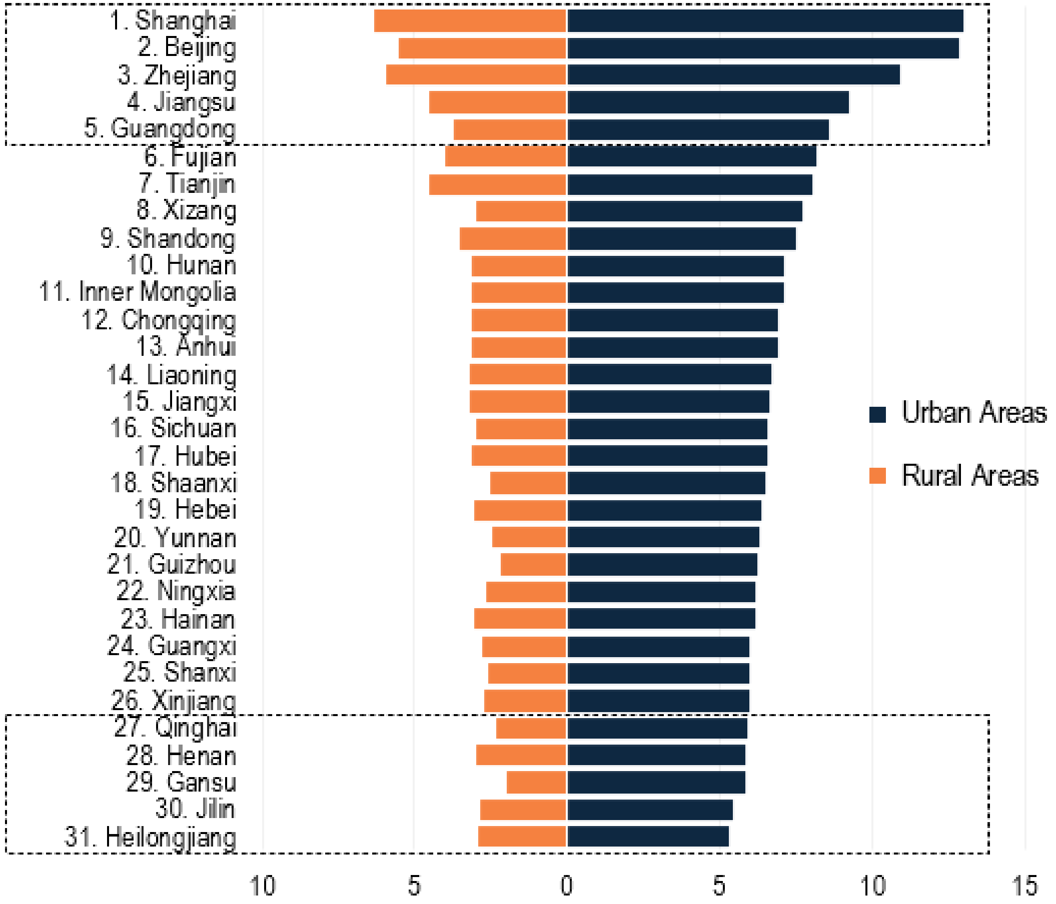
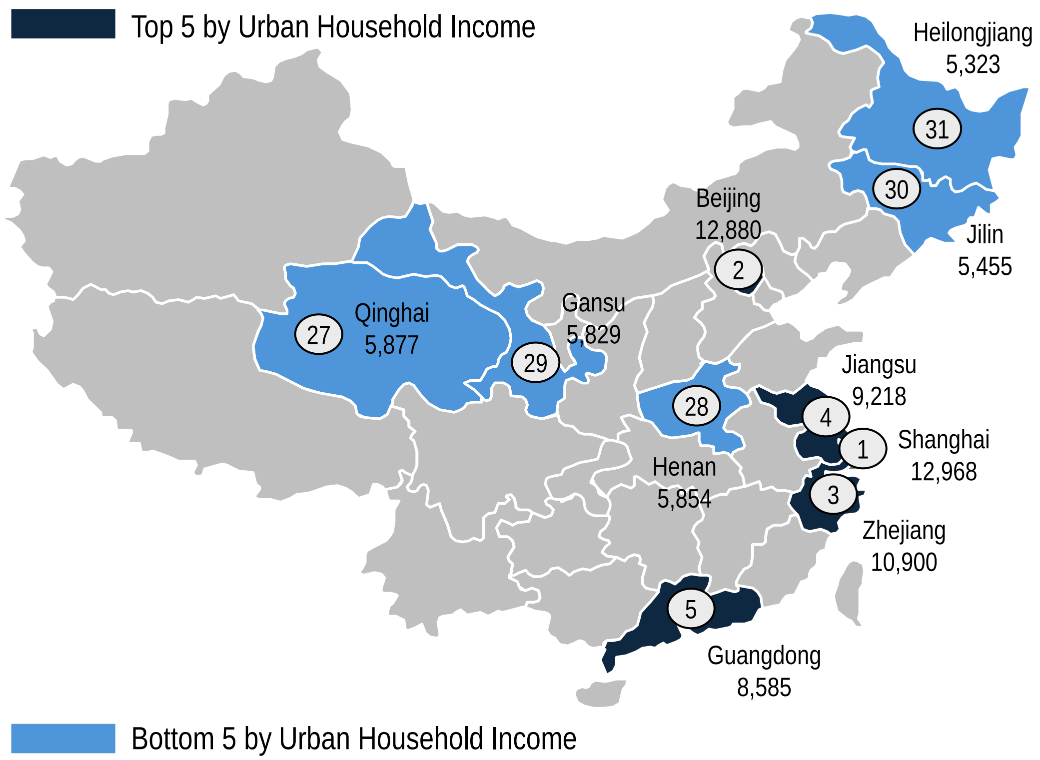
China Urban and Rural Disposable Income per Capita by Province, Autonomous Region and Municipality, USD '000 (2024)



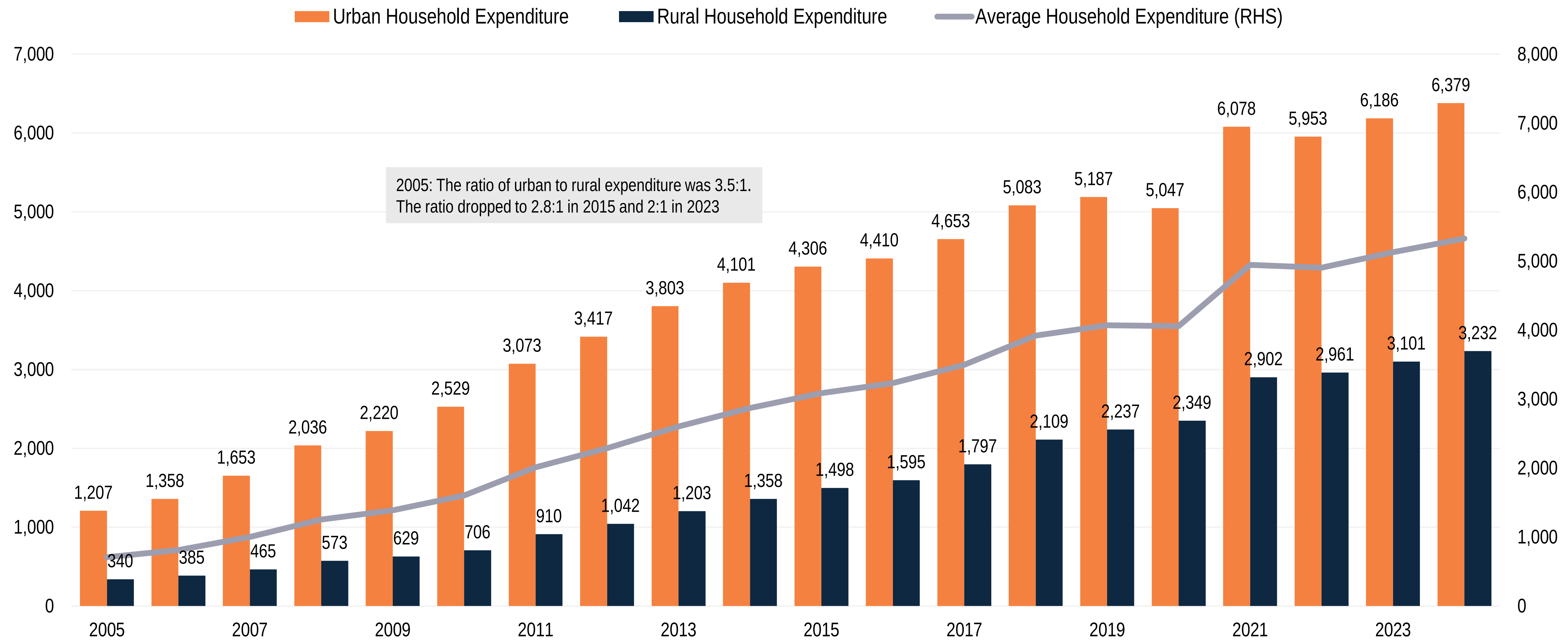


Note: The data represents the disposable income of urban households and net income of rural households. Source: China Statistical Yearbook, ANDAMAN PARTNERS Analysis

Urban household expenditure is still twice the value of rural household expenditure

The gap has narrowed since 2005, but it 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 (2005-2024)



Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

Food, Tobacco & Liquor is the largest category of household consumption (USD 1,201 per capita)

Followed by residential expenditures (USD 890). Transportation & Telecommunication and Education, Culture & Recreation grew the fastest from 2024 to 2025

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China Household Consumption Expenditure Per Capita by Category, USD (2025)

	Urban		Rural		National Average	
Category	USD Per Capita	YoY Growth, %	USD Per Capita	YoY Growth, %	USD Per Capita	YoY Growth, %
Food, Tobacco & Liquor	1,412	2.0	895	5.3	1,201	2.6
Clothing	270	1.5	139	3.2	216	2.2
Residence	1,126	1.1	549	3.9	890	2.1
Household Facilities, Articles & Services	283	6.8	159	9.2	232	7.7
Transportation & Telecommunication	730	7.7	410	8.9	599	8.3
Education, Culture & Recreation	598	9.4	323	8.3	485	9.4
Health Care & Medical Services	408	0.2	286	2.0	358	1.0
Miscellaneous Goods & Services	162	11.1	58	9.0	119	11.2

Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

The Consumer Price Index (CPI) hit a 7-year high in Jan. 2020, but food prices have dropped since 2022

Primarily because of falling pork prices; Transportation & Communication prices have shown the lowest price growth since Q1 2023

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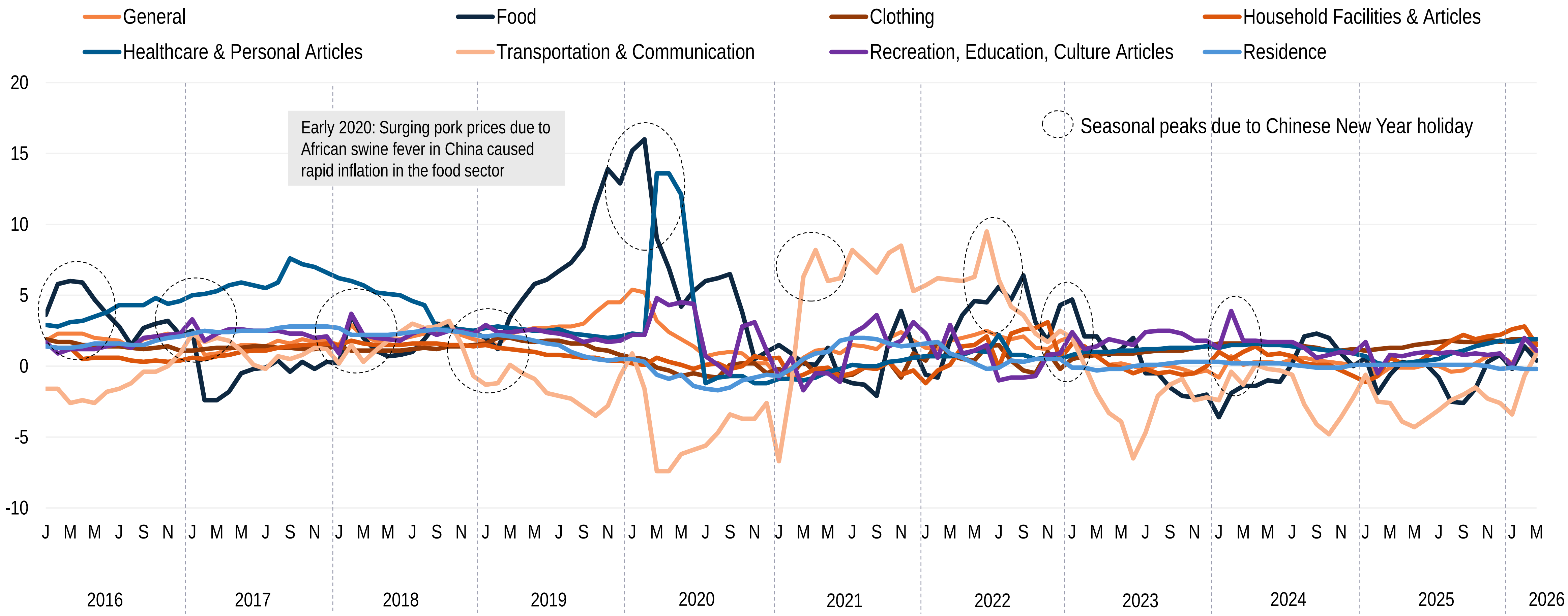
China Consumer Price Inflation by Category, % YoY (Jan. 2016-Mar. 2026)

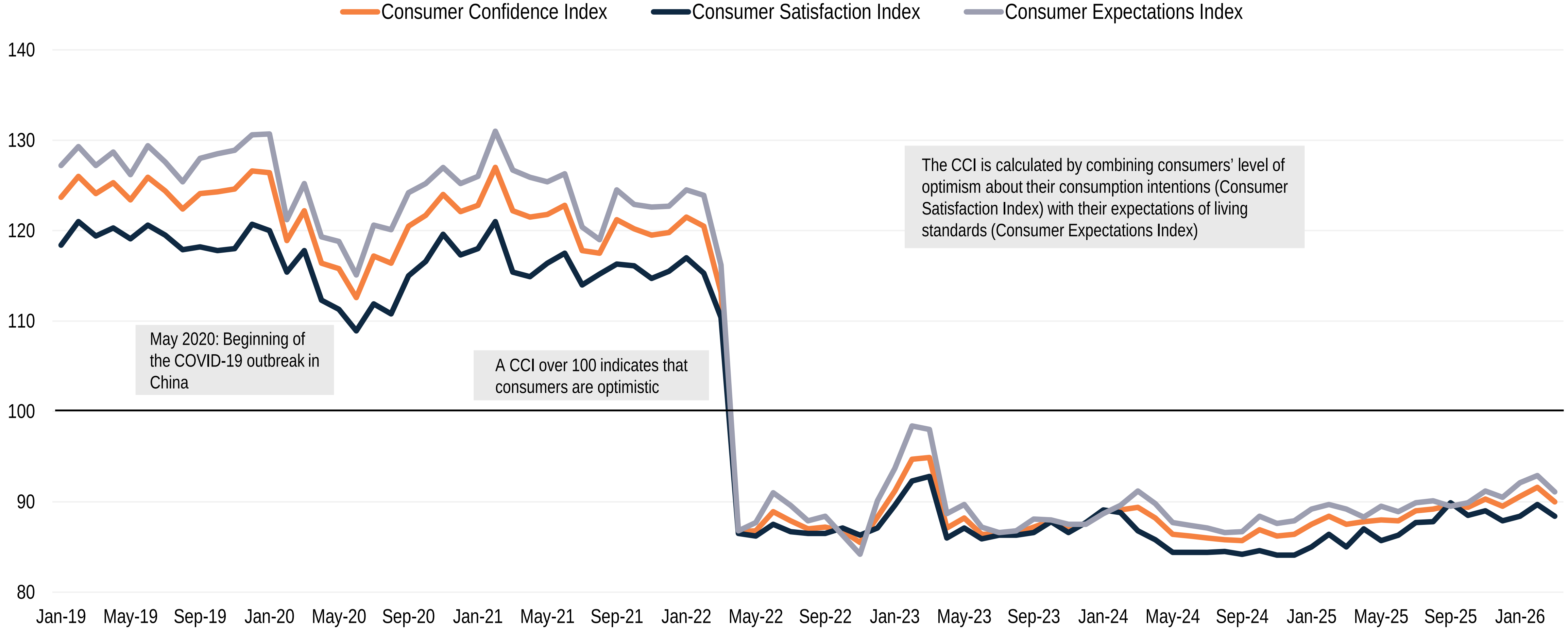


Note: The Consumer Price Index (CPI) indicates the change in price of a standard package of goods and services that Chinese households purchase for consumption. Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

The Consumer Confidence Index (CCI) dropped to a record low in Apr. 2022, and has not recovered

Due to 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-Mar. 2026)

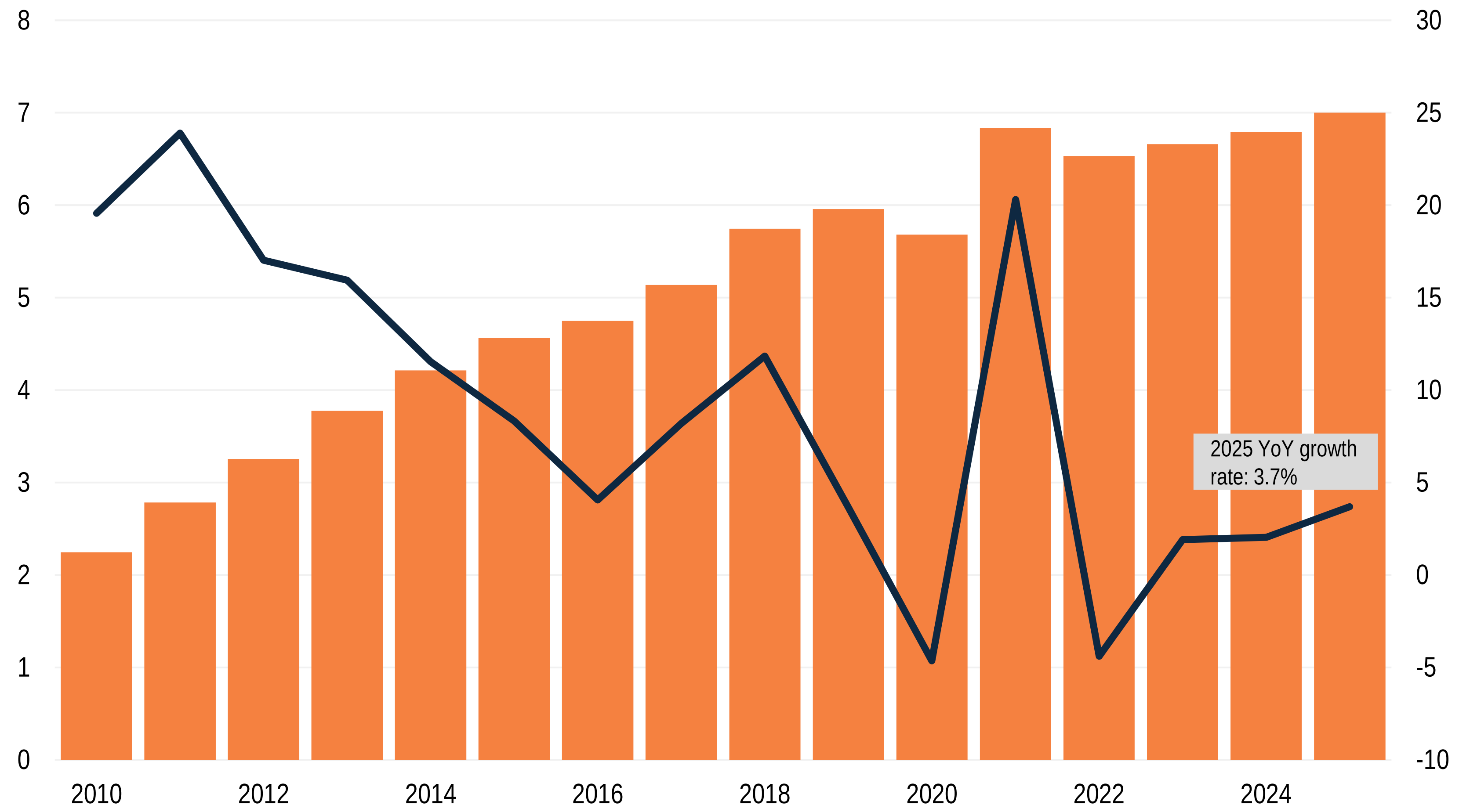


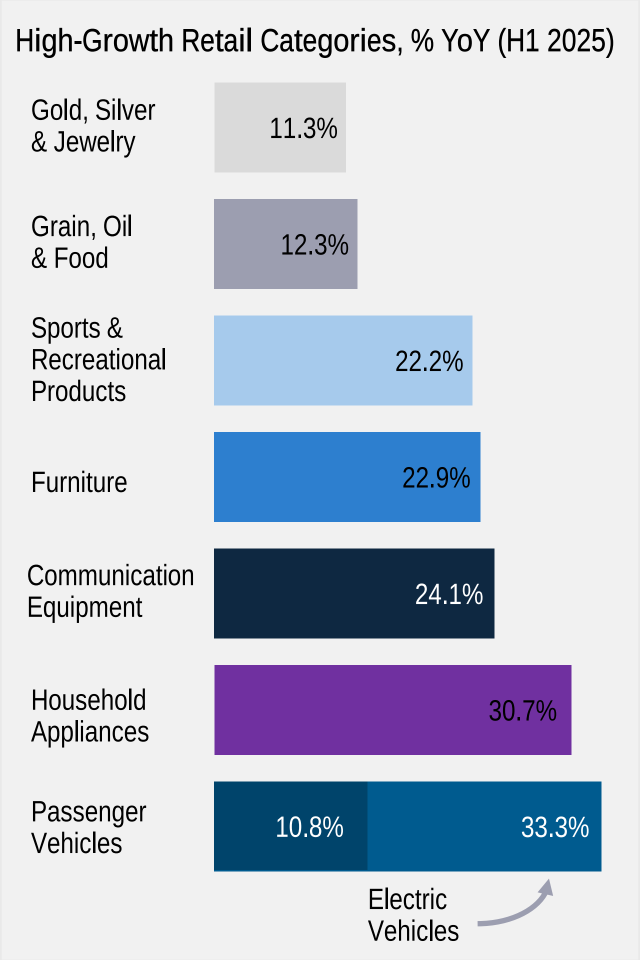
Note: The Consumer Confidence Index measures consumers' optimism about the economy's performance. Separate data for CSI and CEI only available until March 2024. Source: National Bureau of Statistics of China, Eastmoney, ANDAMAN PARTNERS Analysis

China's retail sales rose 3.7% in 2025, marking a steady recovery from the contraction in 2022

Consumer confidence remains subdued, but spending patterns show a gradual increase, led by vehicles and household appliances

China Retail Sales, USD tn (LHS) & YoY Growth Rate, % (RHS) (2010-2025)



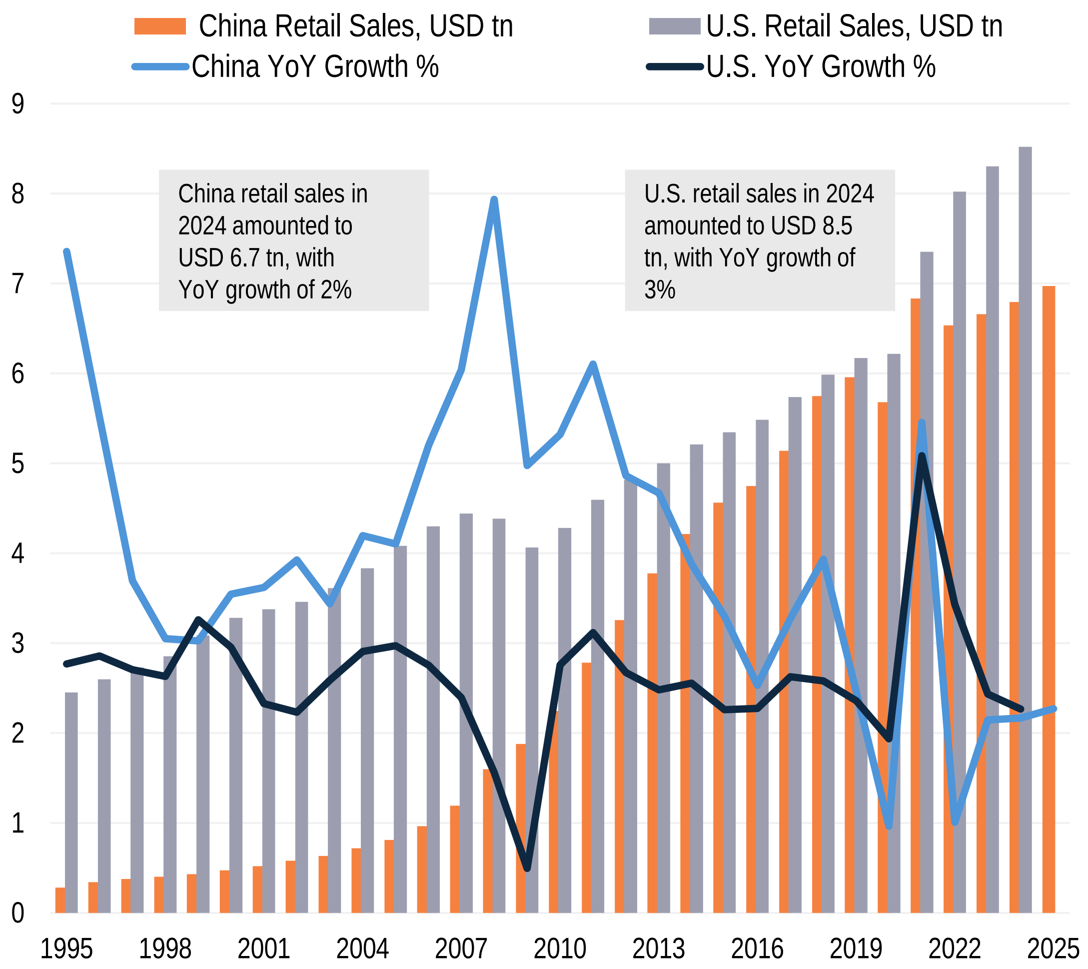


Source: National Bureau of Statistics of China, China Passenger Car Association (CPCA), ANDAMAN PARTNERS Analysis

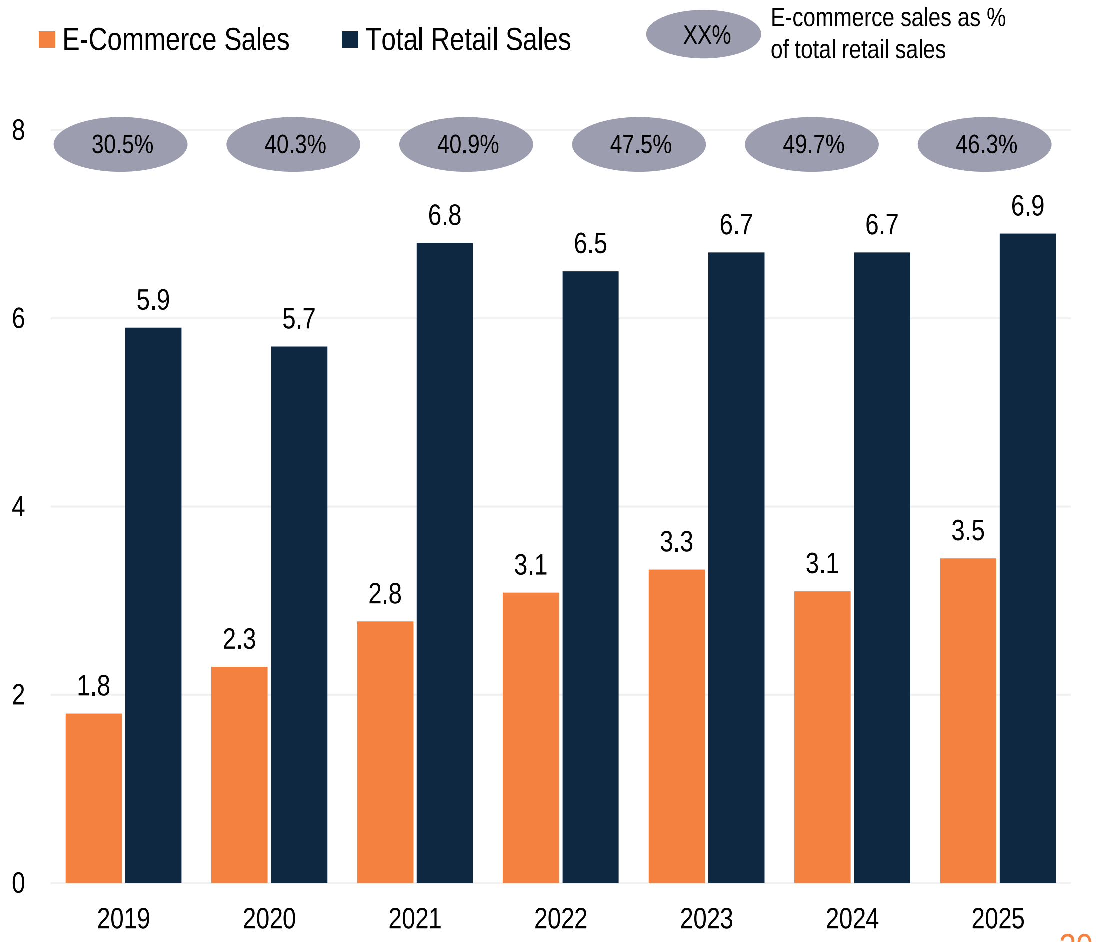
China's consumer market has expanded to unprecedented scale

China's annual retail sales, a major indicator of consumption capacity, have expanded prodigiously, reaching USD 6.9 trillion in 2025 and USD 3.5 trillion in e-commerce sales

China vs U.S. Total Retail Sales, USD tn (1995-2025)



China E-commerce Sales and Total Retail Sales, USD tn (2019-2025)



Note: No U.S. retail sales data for 2025. Source: National Bureau of Statistics of China, East Money, ANDAMAN PARTNERS Analysis

Rural retail sales growth has regularly outperformed urban retail sales growth since 2012

Urban areas (USD 6 trillion) still account for a large majority of China's retail sales compared to rural areas (USD 0.9 trillion), suggesting significant potential consumer vibrancy in China's rural areas

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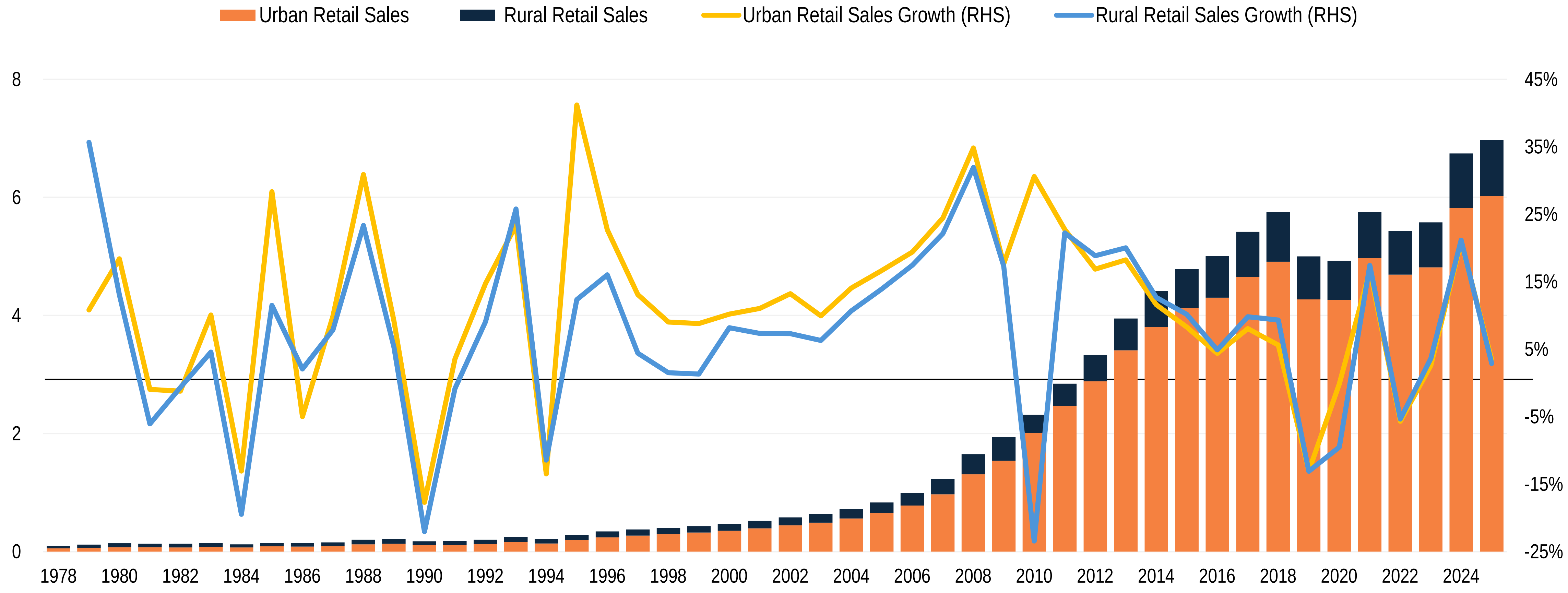
China Annual Retail Sales and Growth Rate by Administrative Level, USD tn (1978-2025)

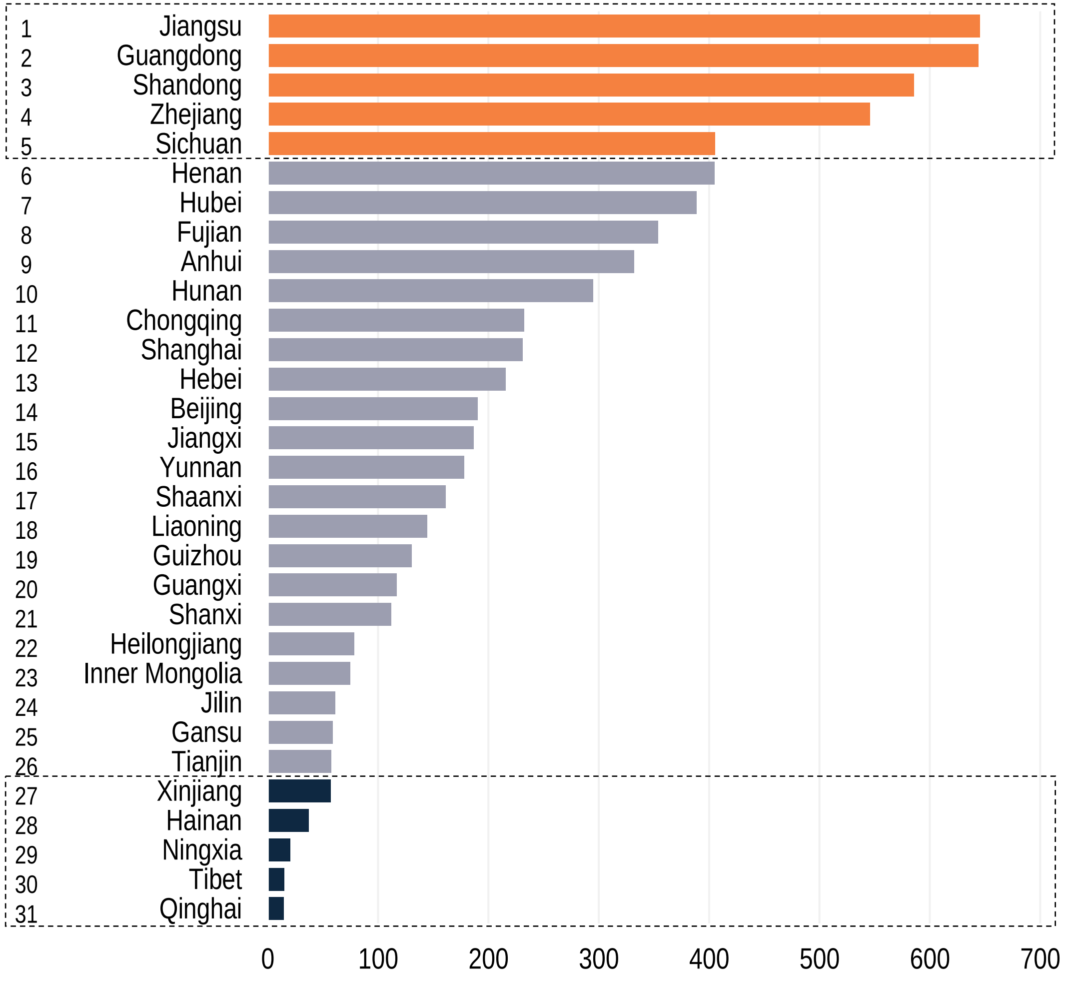


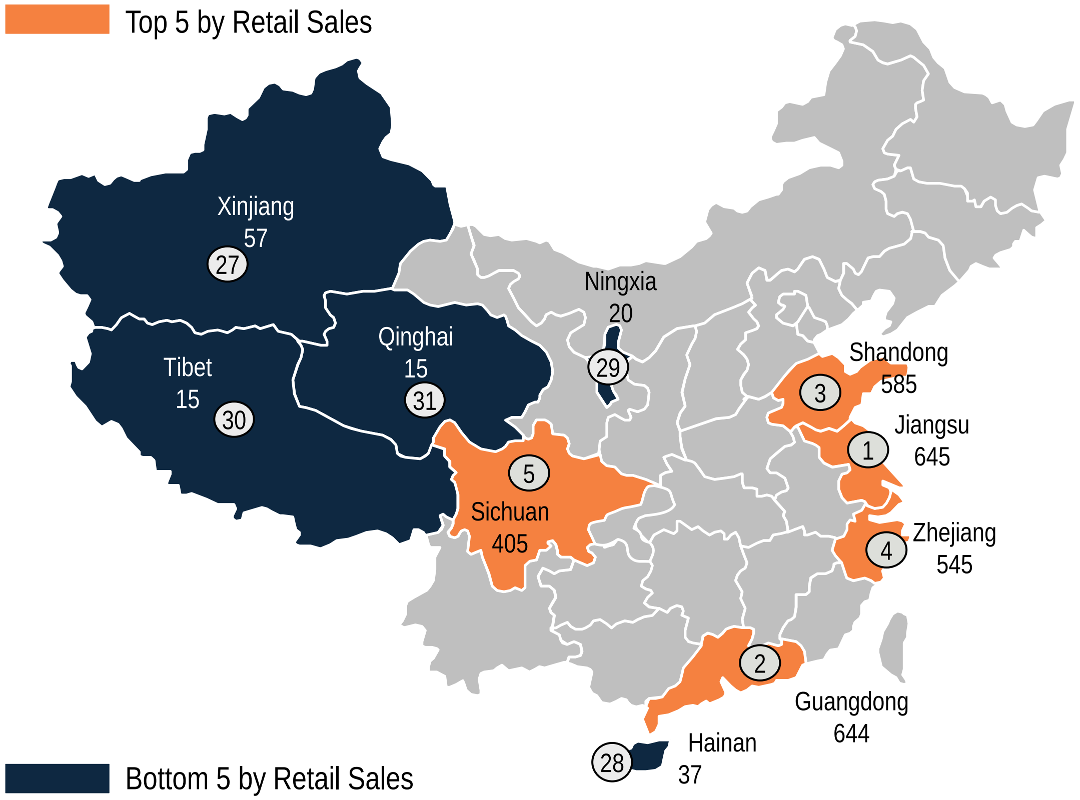
Notes: 1. The Ministry of Commerce compiles and releases annual retail sales at the administrative level. The data differs from the total annual retail sales figure published by the National Bureau of Statistics of China. 2. Figures converted from RMB to USD using the average exchange rate for the respective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

The more developed & populated eastern & coastal regions account for most of China's retail sales

With much smaller populations, the western regions have the lowest retail sales, e.g., Qinghai (USD 15 billion) vs Jiangsu (USD 645 billion) in 2025

China Retail Sales by Province, Autonomous Region and Municipality, USD bn (2025)



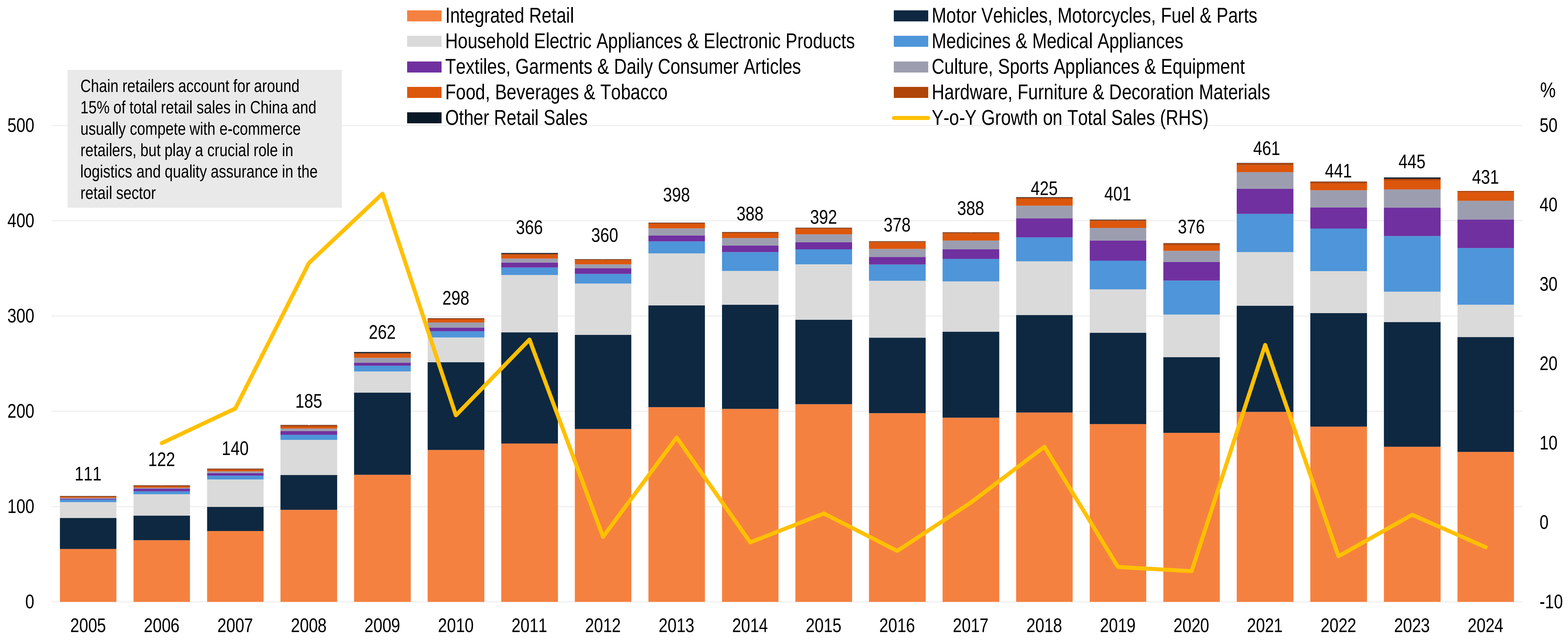


Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

At brick-and-mortar chain stores, Motor Vehicles has been the largest retail category since 2009

Due to 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, and YoY Growth, % (2005-2024)



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

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Investment as a component of China's GDP has remained above 40% from 2009 to 2024

Before falling to 38% in 2025. Gross Fixed Capital Formation (GFCF) is higher in China than in developed economies due to ongoing investment in technology, green energy and infrastructure

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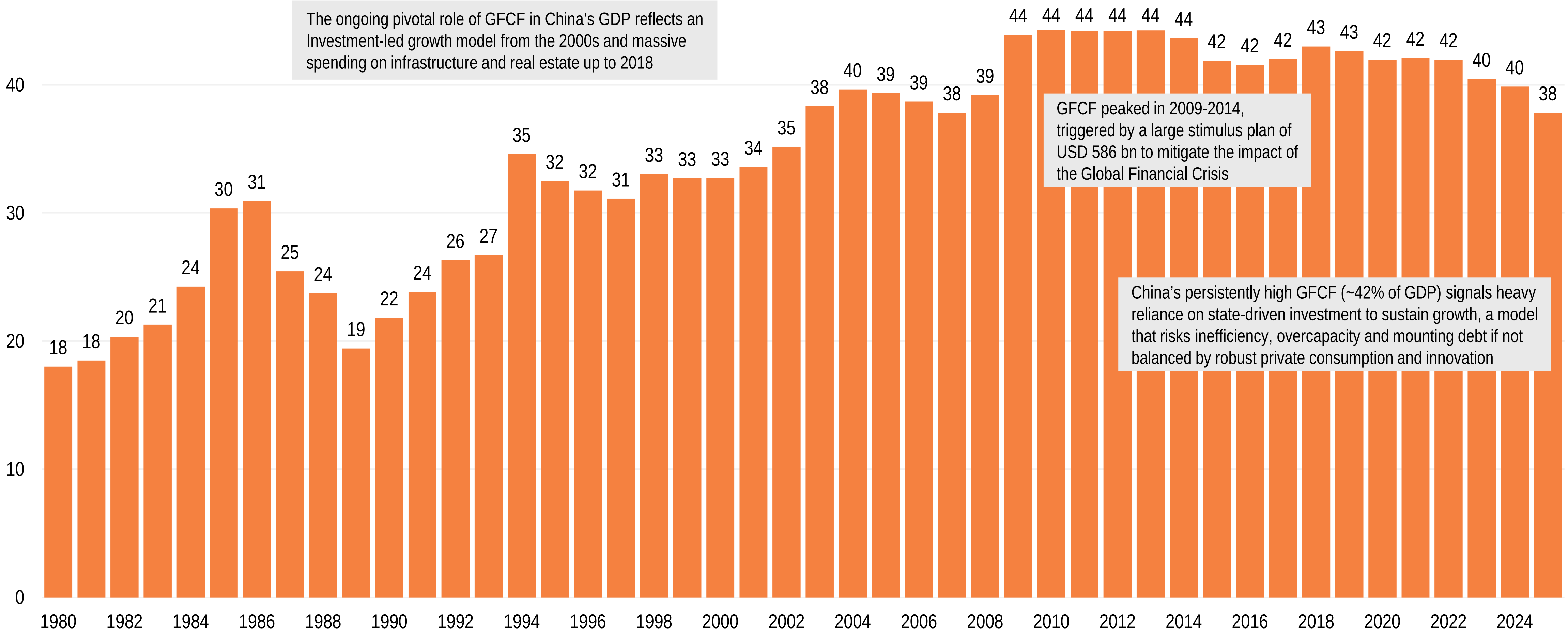
China Gross Fixed Capital Formation (GFCF), % Share of GDP (1980-2025)

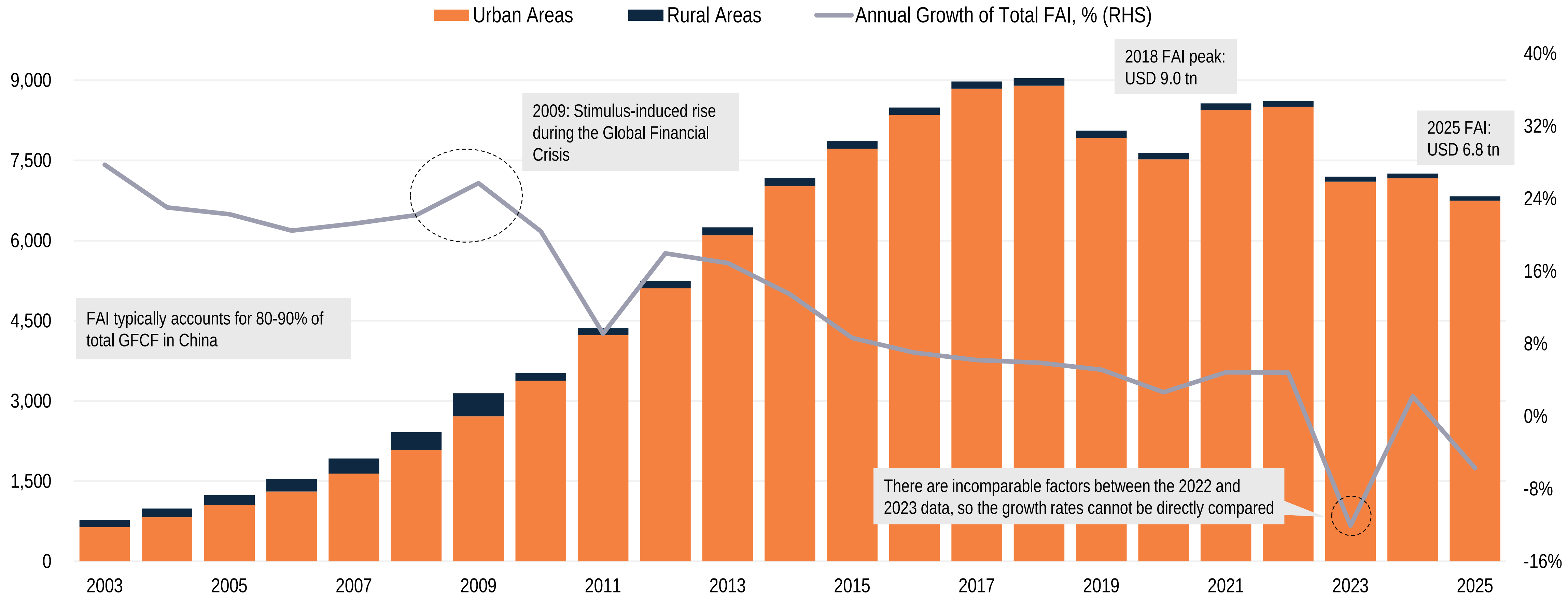


Source: World Bank, ANDAMAN PARTNERS Analysis

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 overcapacity and debt. Slower annual FAI growth since then has been a key factor in slowing national GDP growth

China Annual Fixed Asset Investment in Urban and Rural Areas, USD bn (2003-2025)



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. Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

Reaching a monthly peak in June 2019, FAI has since slowed in real estate and heavy industries

But has grown in tech, high-end manufacturing and environmental infrastructure; hence, FAI still contributes a substantial portion of China's total Gross Fixed Capital Formation (GFCF)

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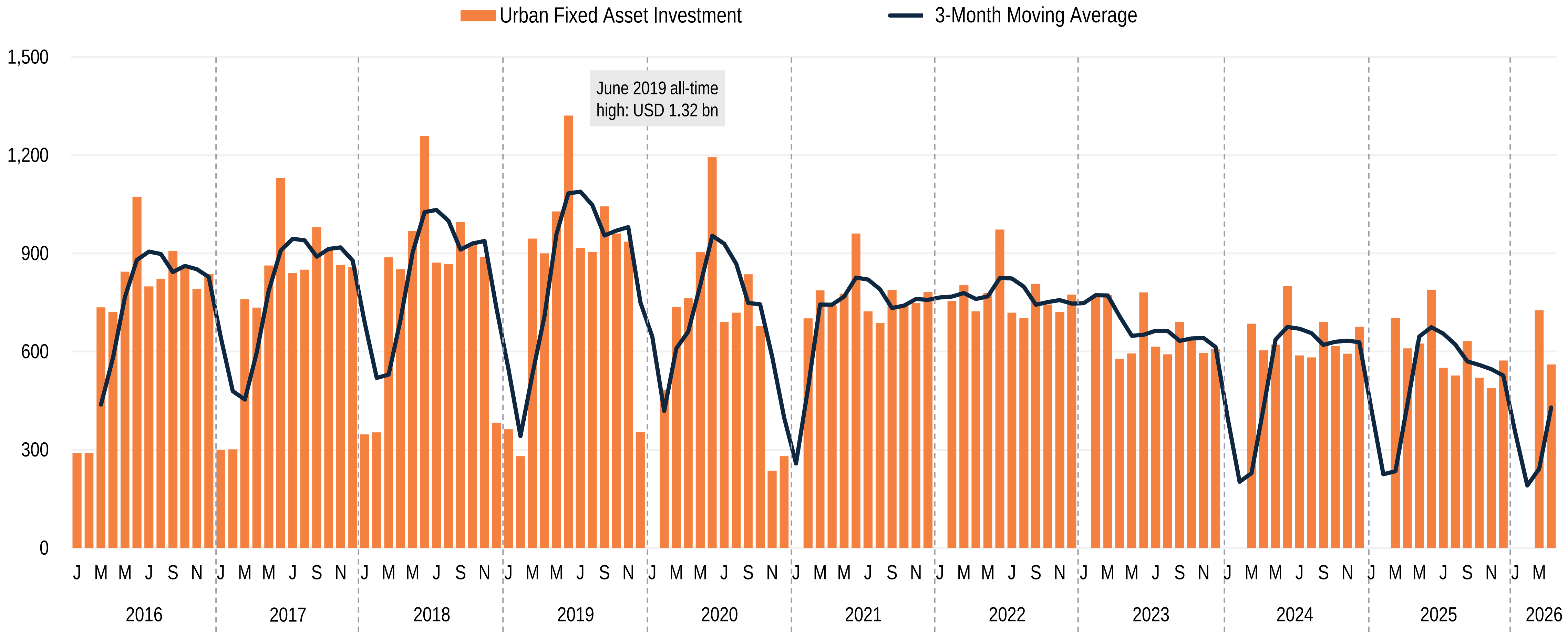
China Monthly Urban Fixed Asset Investment, USD bn (Jan. 2016-Apr. 2026)

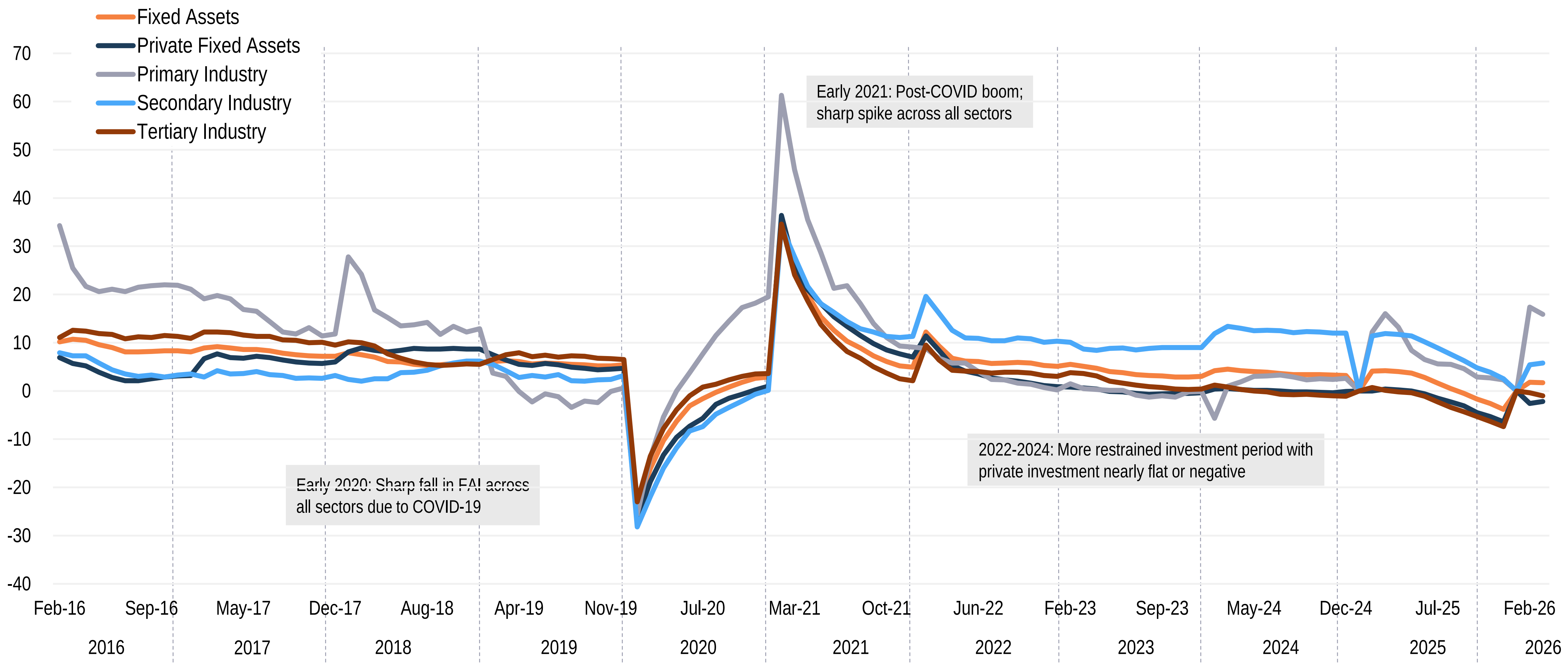


Note: In 2011, the National Bureau of Statistics of China expanded the statistical scope of monthly Fixed Asset Investment to encompass both urban areas and rural enterprises, defining it as investment in fixed assets (excluding investments by rural households). The RMB's depreciation against the USD distorts the RMB value of urban FAI. Source: National Bureau of Statistics of China, Eastmoney.com, ANDAMAN PARTNERS Analysis

From mid-2019 to 2022, FAI in China experienced volatility amid domestic & global disruptions

With a trough in 2020 and a spike in 2021. The period 2022-2025 has been a time of more restrained investment, during which private investment mostly dried up

China Monthly Actual Completed Fixed Asset Investment (FAI), Accumulated Growth Rate, % (Feb. 2016-Mar. 2026)



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). Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

Most of China's FAI has been expended in the tertiary sector

China's National Bureau of Statistics has published sectoral FAI data since 2018, indicating that the majority of FAI was expended in growing sectors like services, technology & the expanding digital economy

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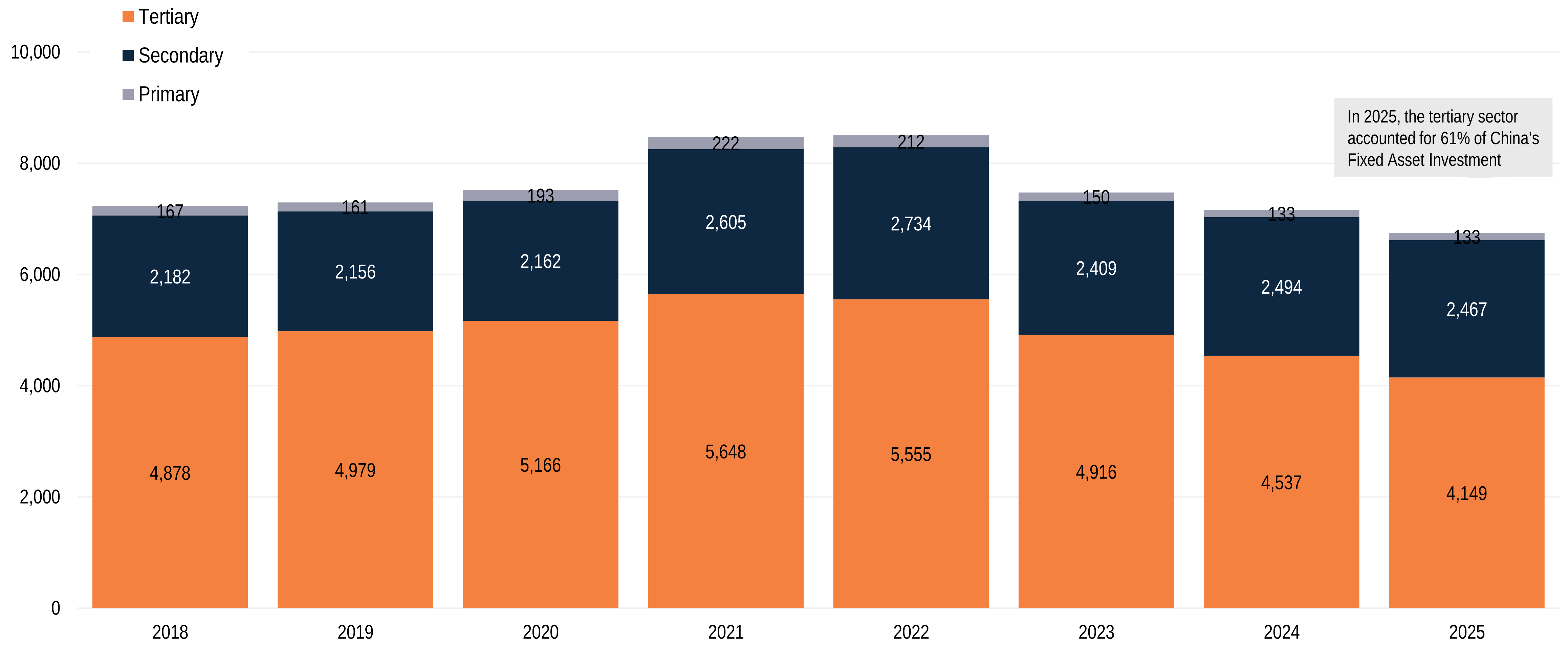
China Fixed Asset Investment (FAI) by Sector, USD bn (2018-2025)

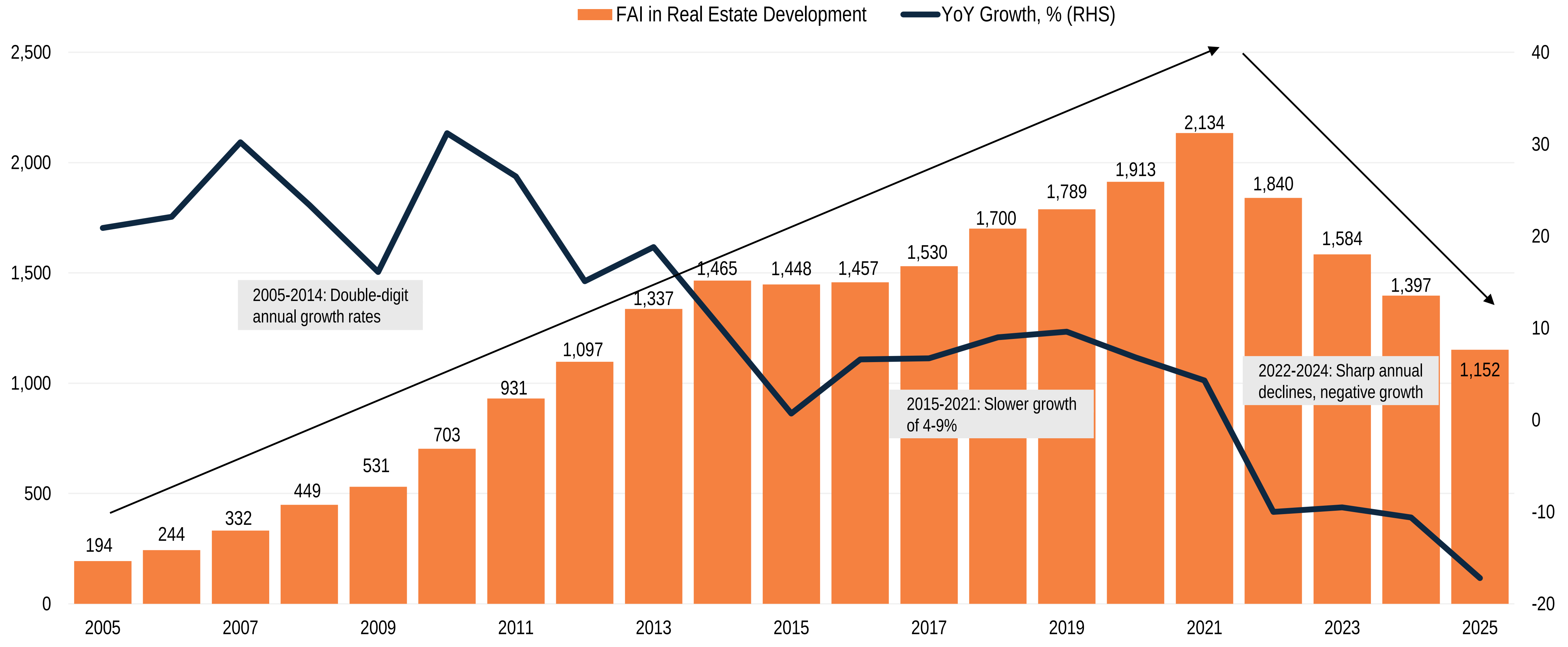


Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

FAI in real estate development expanded rapidly from 2005, with double-digit annual growth to 2014

Growth then started to slow. FAI in real estate development 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 (2005-2025)

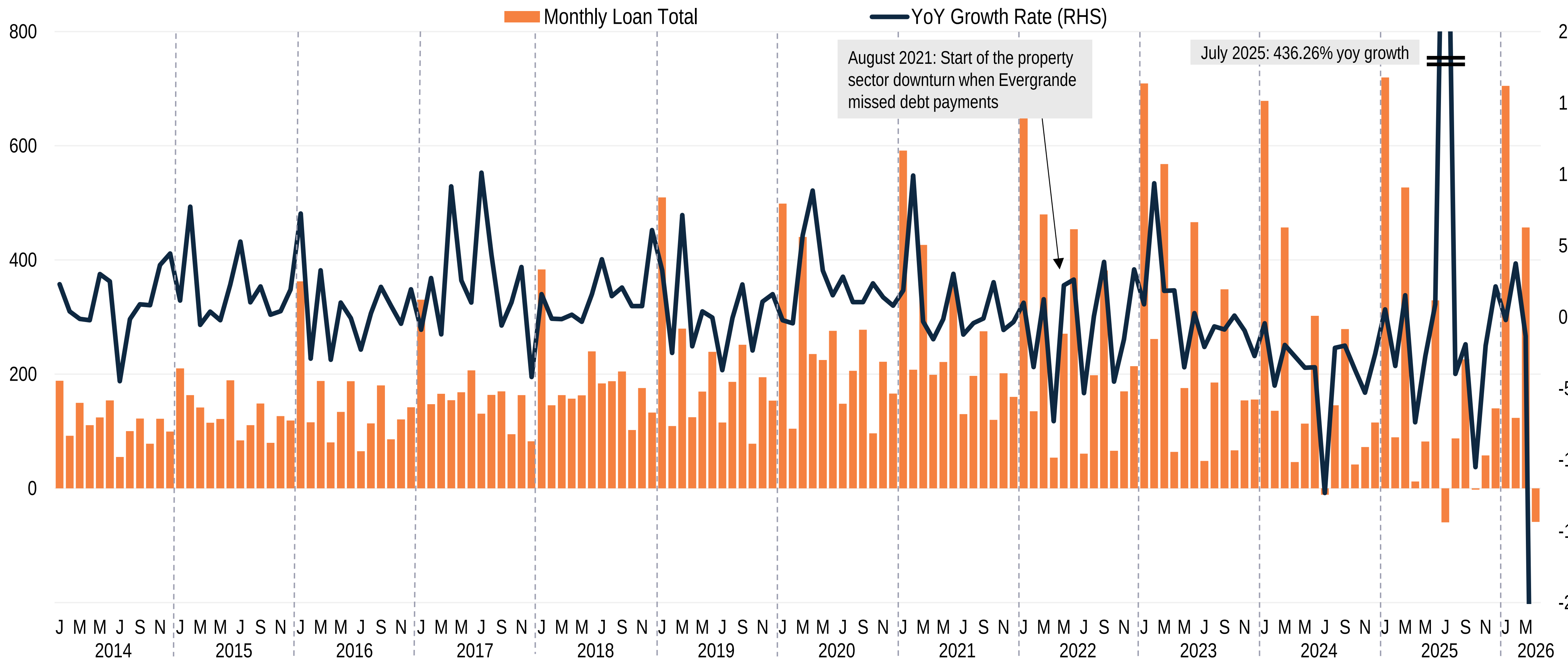


Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

2014-2022 had relatively stable lending patterns, but 2023-2025 saw significant volatility

As well as structural shifts, with record-high and record-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, and Yoy Growth Rate, % (Jan. 2014-Apr. 2026)

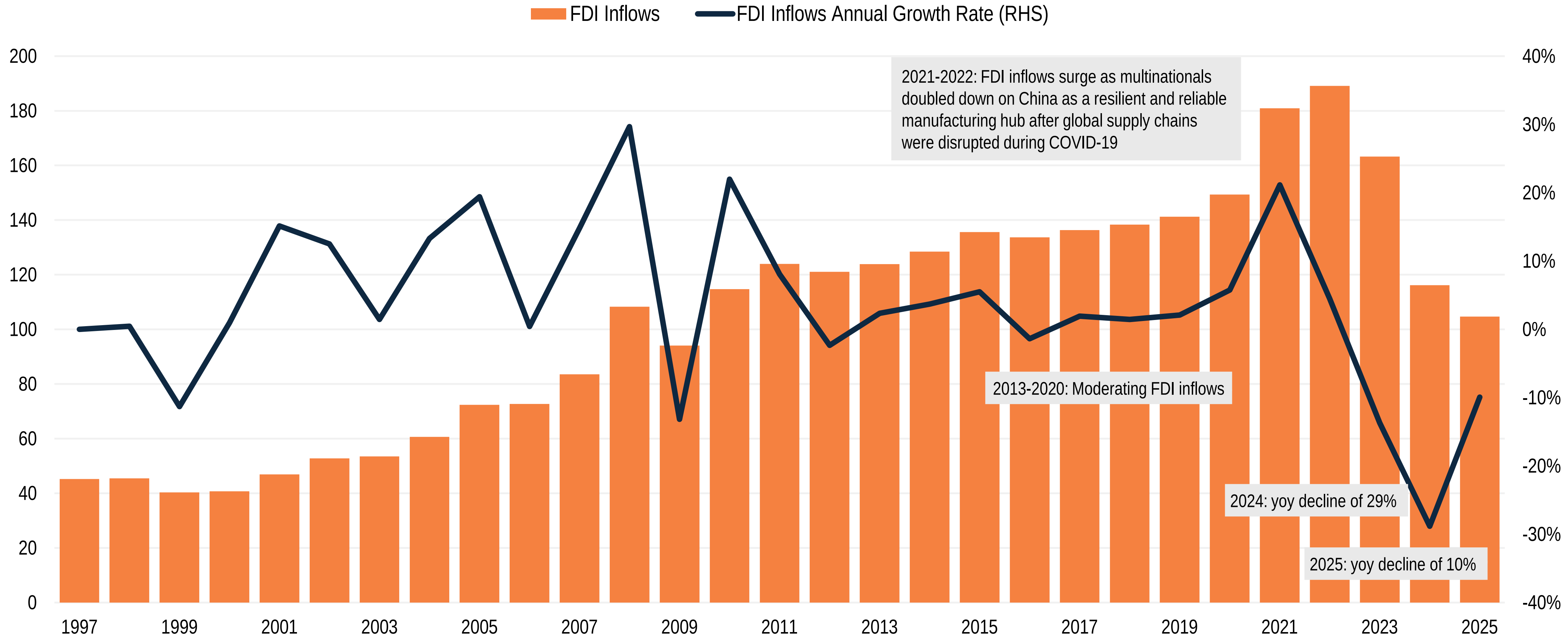


Source: East Money, ANDAMAN PARTNERS Analysis

China's low-cost production base has been a strong driver of past FDI inflows

The growth rate of inflows moderated from 2011 to 2020 and surged 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 (1997-2025)

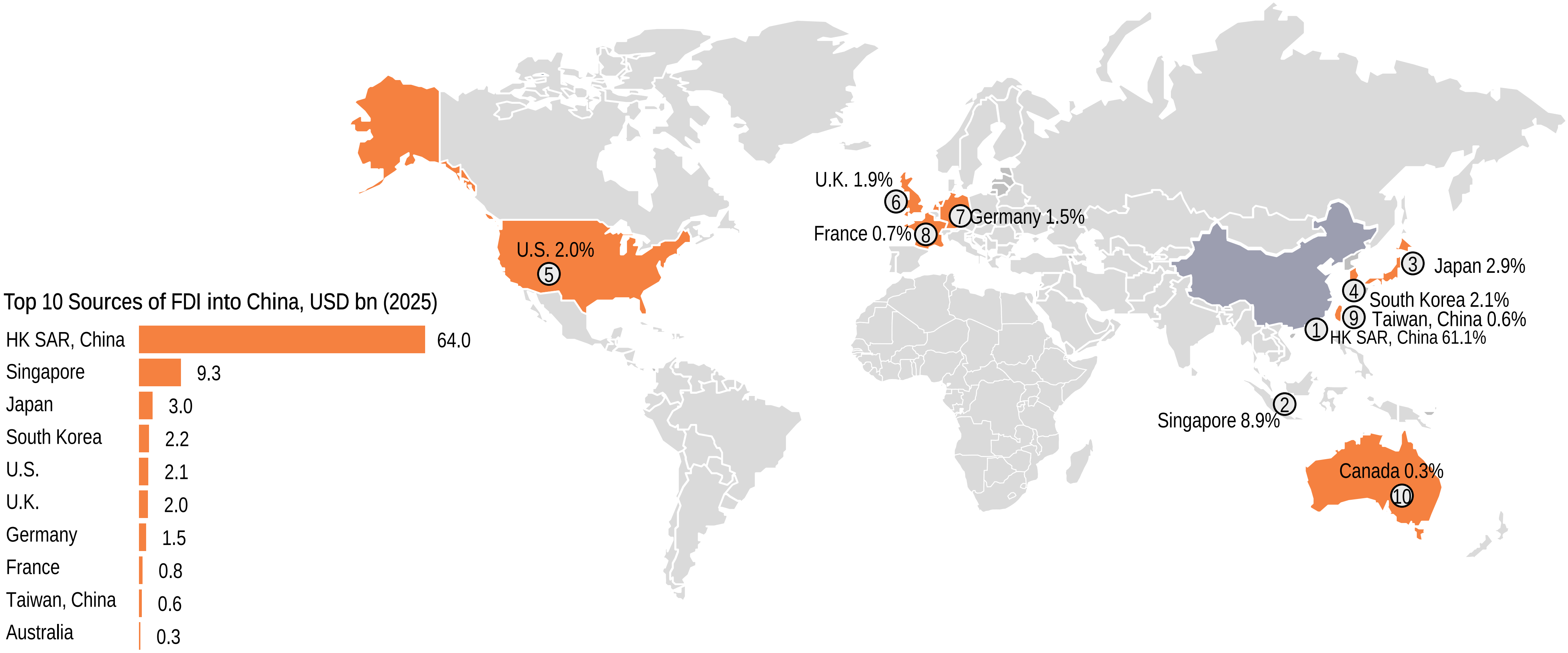


Source: UNCTAD World Investment Report, China Ministry of Commerce, National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

In 2025, over 80% of China's FDI came from just ten regions, but overwhelmingly from Hong Kong

Hong Kong SAR 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, % (2025)



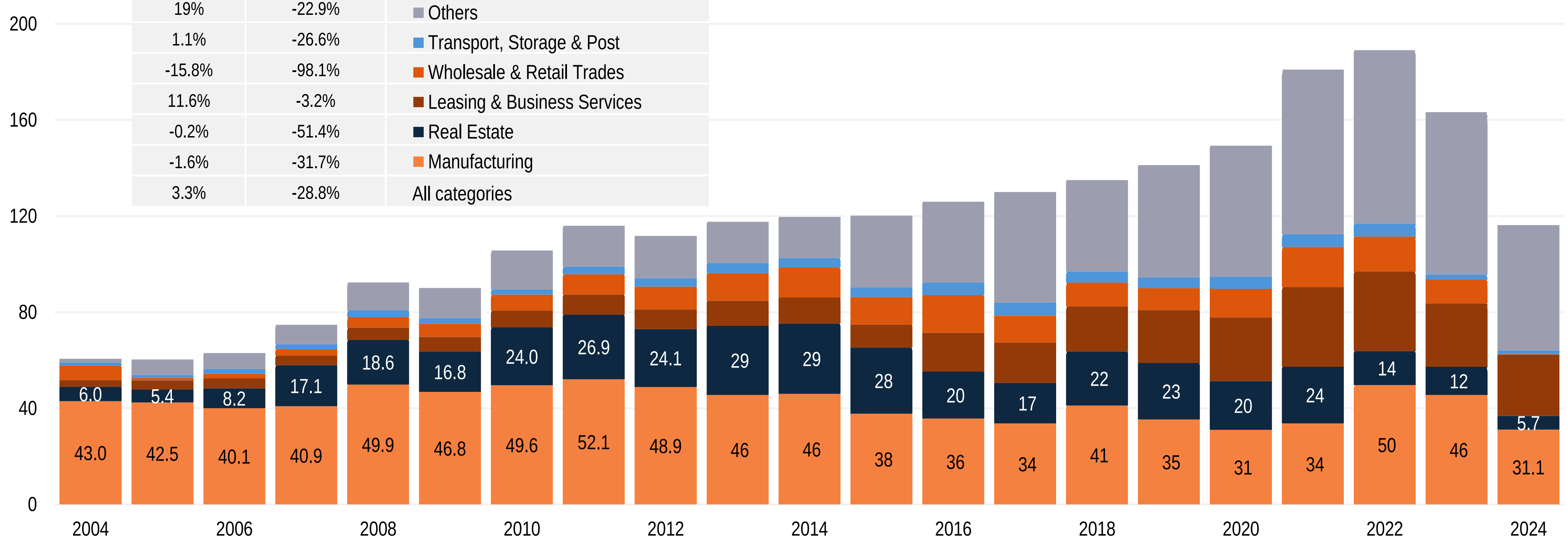
Source: China Ministry of Commerce, ANDAMAN PARTNERS Analysis

China's manufacturing sector receives the bulk of FDI inflows (USD 31 billion in 2024)

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 (2004-2024)

CAGR (2004-2024)	Growth Rate (2023-2024)	Category
19%	-22.9%	Others
1.1%	-26.6%	Transport, Storage & Post
-15.8%	-98.1%	Wholesale & Retail Trades
11.6%	-3.2%	Leasing & Business Services
-0.2%	-51.4%	Real Estate
-1.6%	-31.7%	Manufacturing
3.3%	-28.8%	All categories

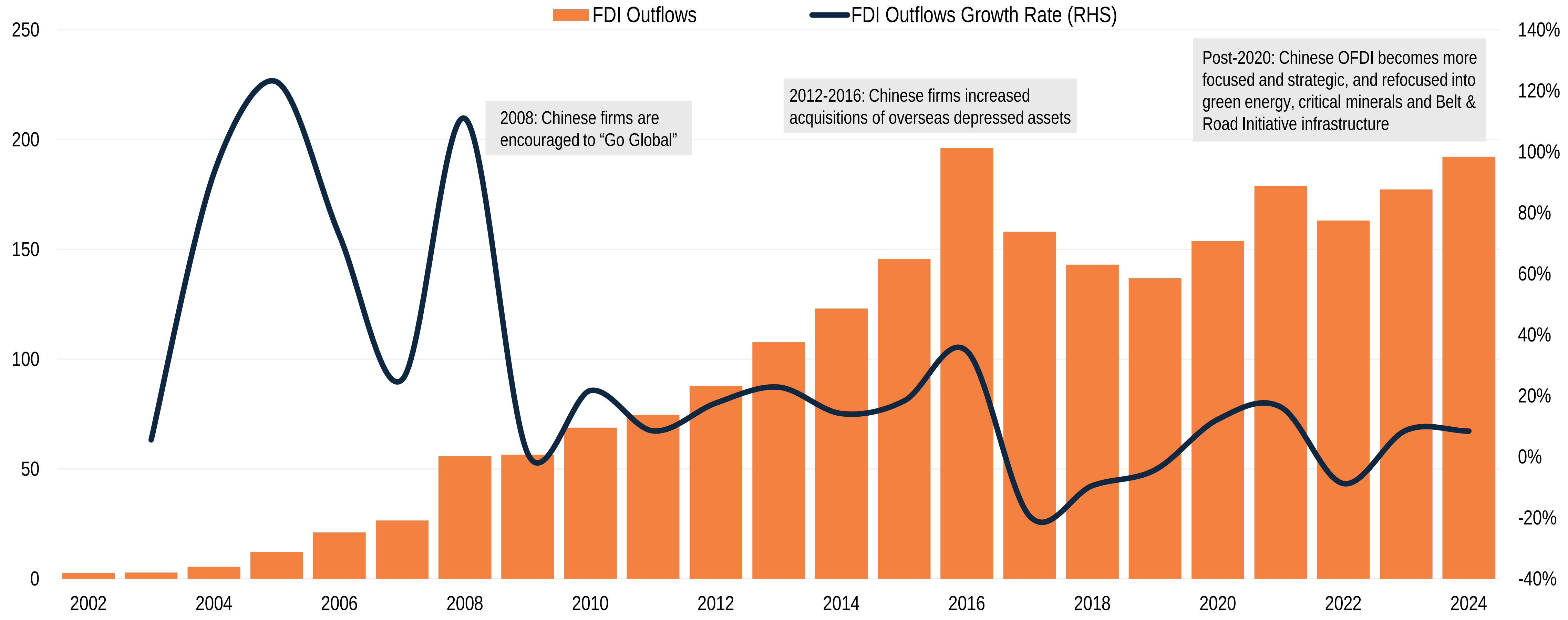


Source: China Ministry of Commerce, ANDAMAN PARTNERS Analysis

FDI outflows expanded rapidly from 2008, peaked in 2016 and then mostly trended downward

China's FDI outflows fell by 8% yoy in 2024 due to capital controls and policy tightening imposed by government regulators to refocus outward investment

China FDI Outflows, USD bn (2002-2024)

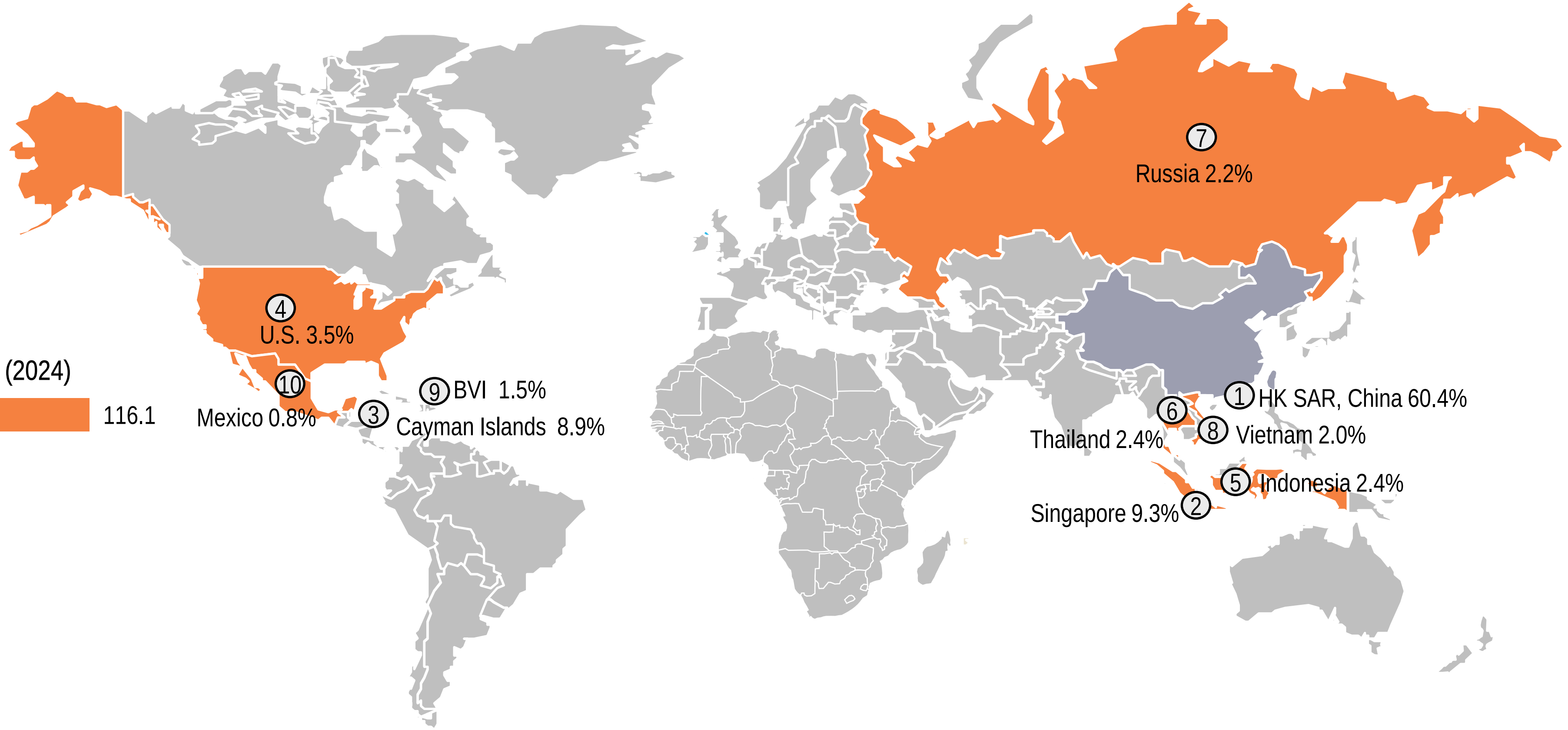


Source: UNCTAD, ANDAMAN PARTNERS Analysis

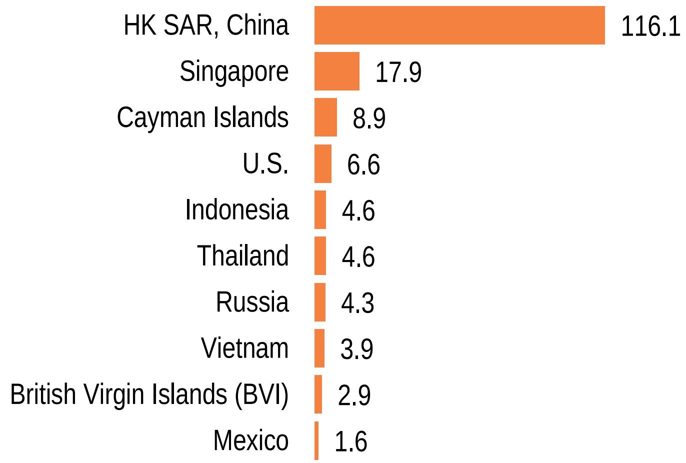
China's FDI outflows extend to all continents, but international financial centres receive the bulk

Outflows go mostly to Hong Kong SAR, followed to a lesser extent by Singapore and the Cayman Islands

China FDI Outflows by Destination Country, % (2024)



Top 10 Recipients of Chinese FDI, USD bn (2024)



Source: China Ministry of Commerce, ANDAMAN PARTNERS Analysis

Leasing & Business Services has been the top sector for Chinese outbound FDI

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

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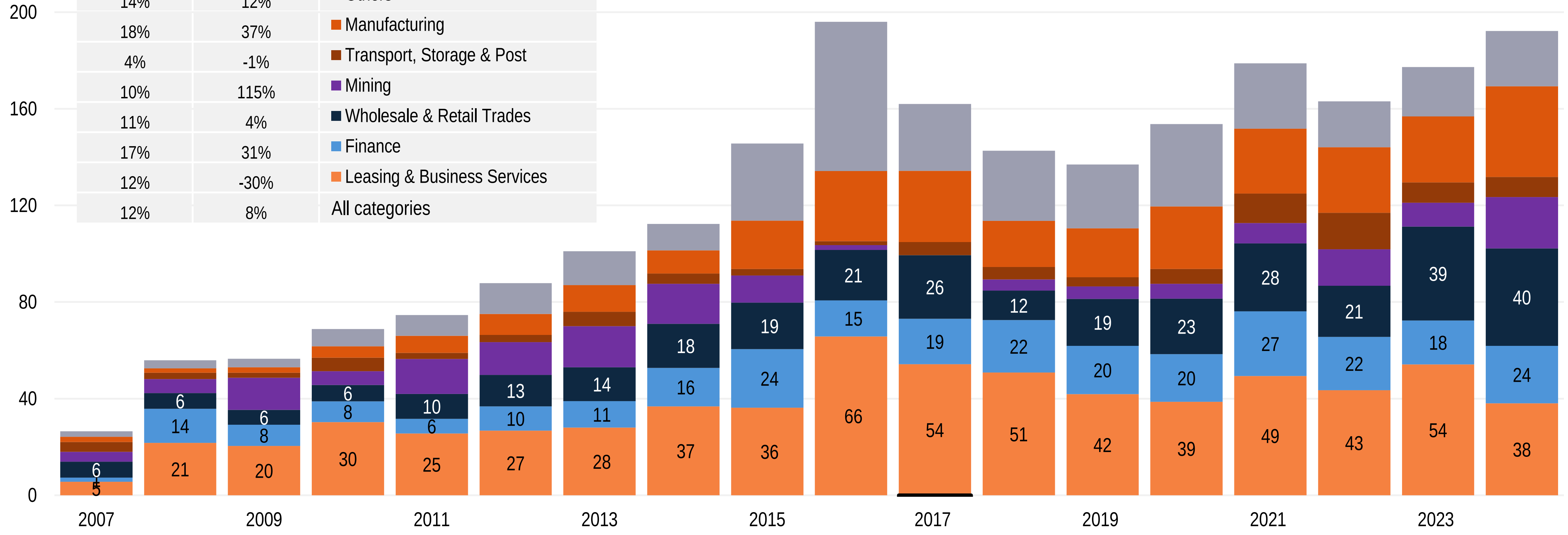
China FDI Outflows by Sector, USD bn (2007-2024)

CAGR (2004-2024)	Growth Rate (2023-2024)	Category
14%	12%	Others
18%	37%	Manufacturing
4%	-1%	Transport, Storage & Post
10%	115%	Mining
11%	4%	Wholesale & Retail Trades
17%	31%	Finance
12%	-30%	Leasing & Business Services
12%	8%	All categories



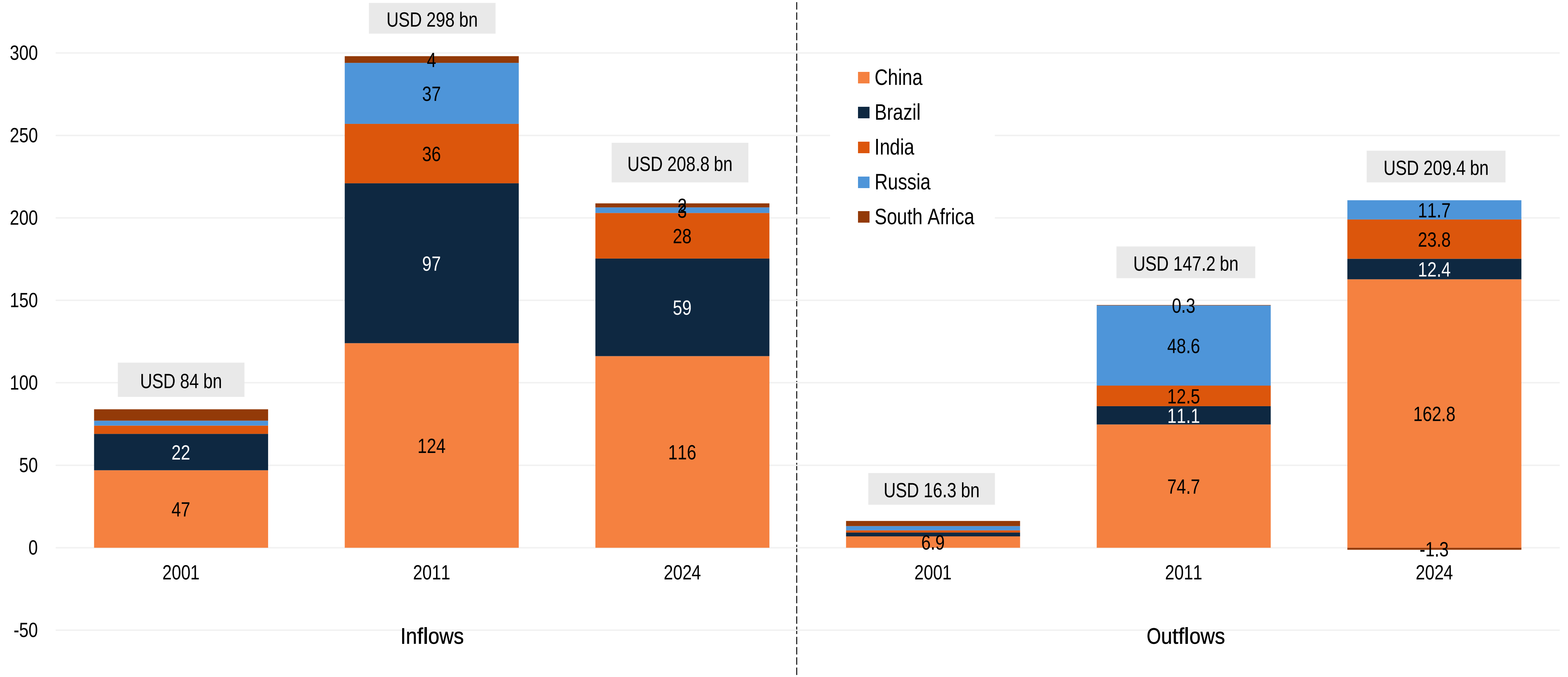
Notes: 1. In 2017, the outward investment flow in mining decreased to -USD 3.7 billion and is therefore not included in the CAGR calculation. 2. Business services include investment in holding companies, regional headquarters and Special Purpose Vehicles (SPVs), often established in offshore financial 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.

Source: China Ministry of Commerce, National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

China has been the largest recipient and source of FDI among the BRICS countries

With significant increases in inflows and outflows from 2001 to 2024. Investment inflows in other BRICS countries mostly declined over this period, and outflows rose marginally (except South Africa and Russian Federation)

BRICS FDI Flows, USD bn (2001, 2011, 2024)



Note: BRICS includes only the five member states as in 2024. Source: UNCTAD, ANDAMAN PARTNERS Analysis

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3. **China in Depth**
   - Growth Indicators
   - Consumption
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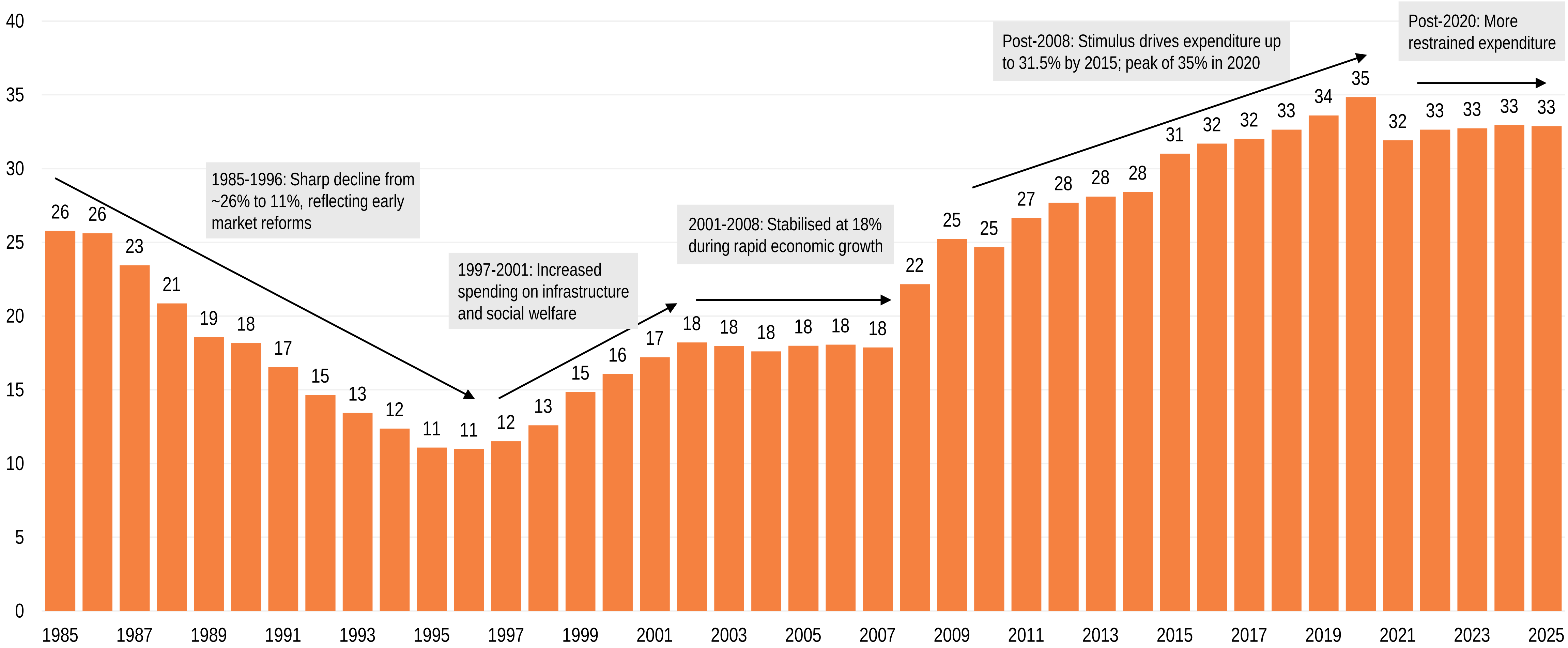
China's gov. expenditure increased from the mid-1990s, especially during the GFC of 2008-2009

In line with rapid economic growth and the government's active role in steering development, peaking in 2020 with COVID-19-related fiscal responses. Post-2020 has seen more restrained expenditure

China Government Expenditure, % of GDP (1985-2025)

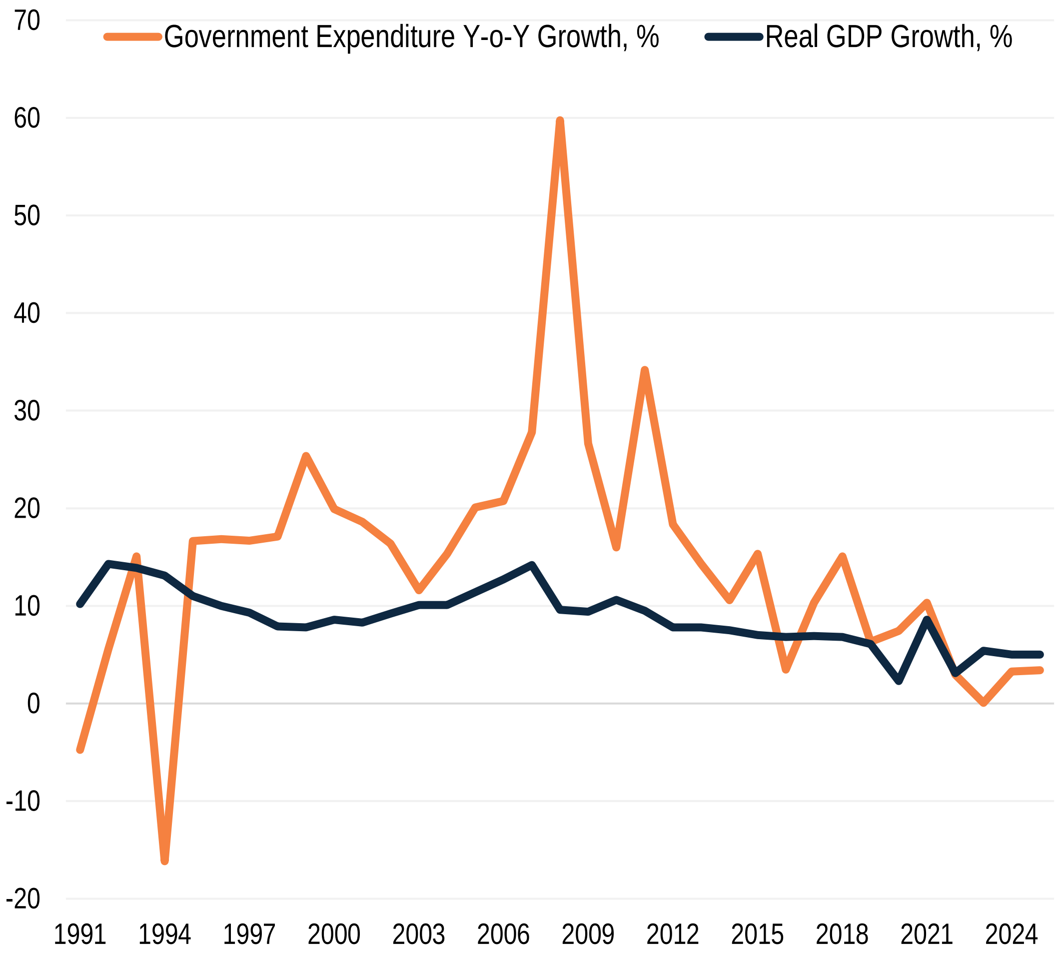


Note: GFC – Global Financial Crisis. Source: IMF, ANDAMAN PARTNERS Analysis

China's government spending growth has been highly volatile

Sharp increases (+18% in 1999 and +24.1% in 2008) and austerity-driven declines (-7.7% in 2021). China generally avoided stimulus on the scale deployed after the Global Financial Crisis, with more restrained expenditure post-2020

China Government Expenditure YoY Growth and Real GDP Growth, % (1991-2025)



Source: IMF, ANDAMAN PARTNERS Analysis

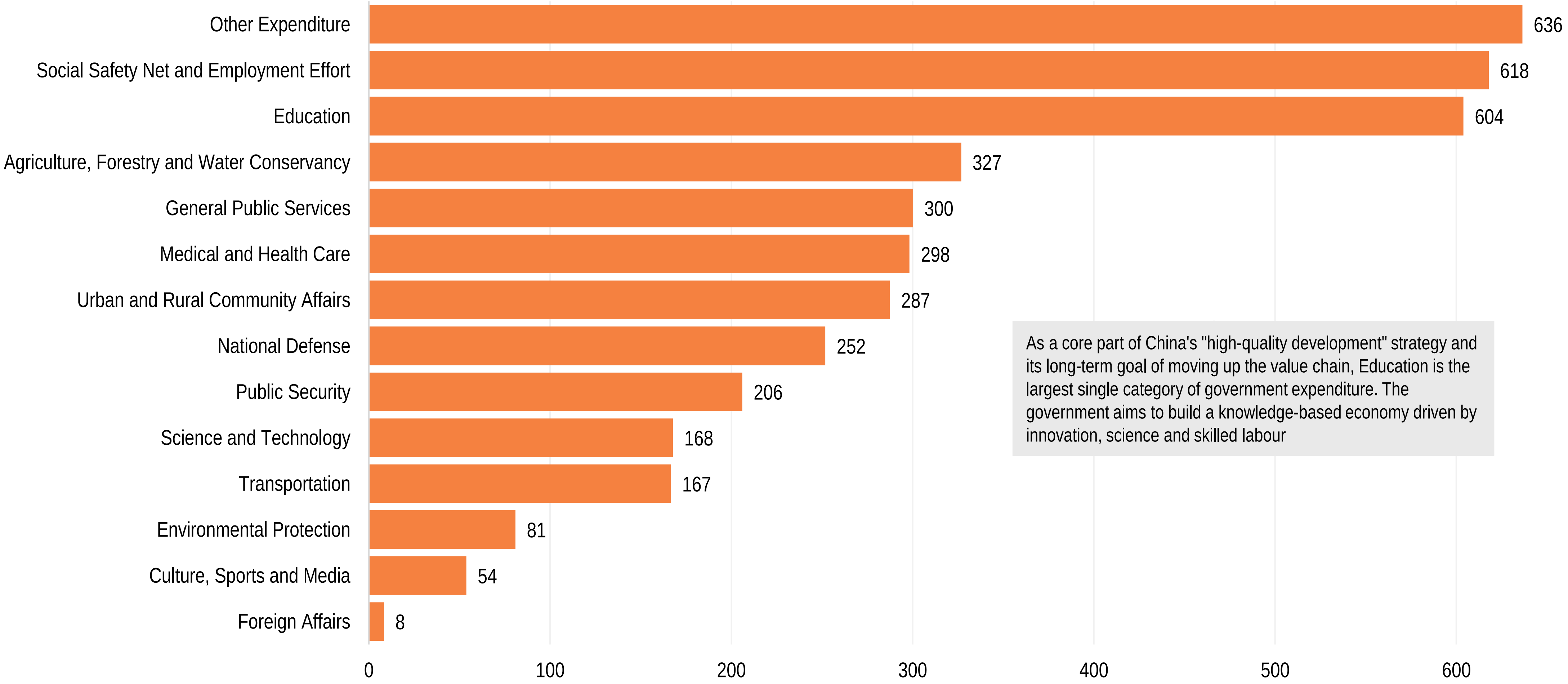
Overview of China Government Expenditure

- China's GDP growth structurally slowed from 14.3% (1992) to 5.0% (2024), 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

Including expenditure of USD 618 billion on Social Safety Net & Employment and USD 604 billion on Education in 2025. The government spends more on healthcare and public services than on National Defence and Public Security

China Public Expenditure by Sector, USD bn (2025)

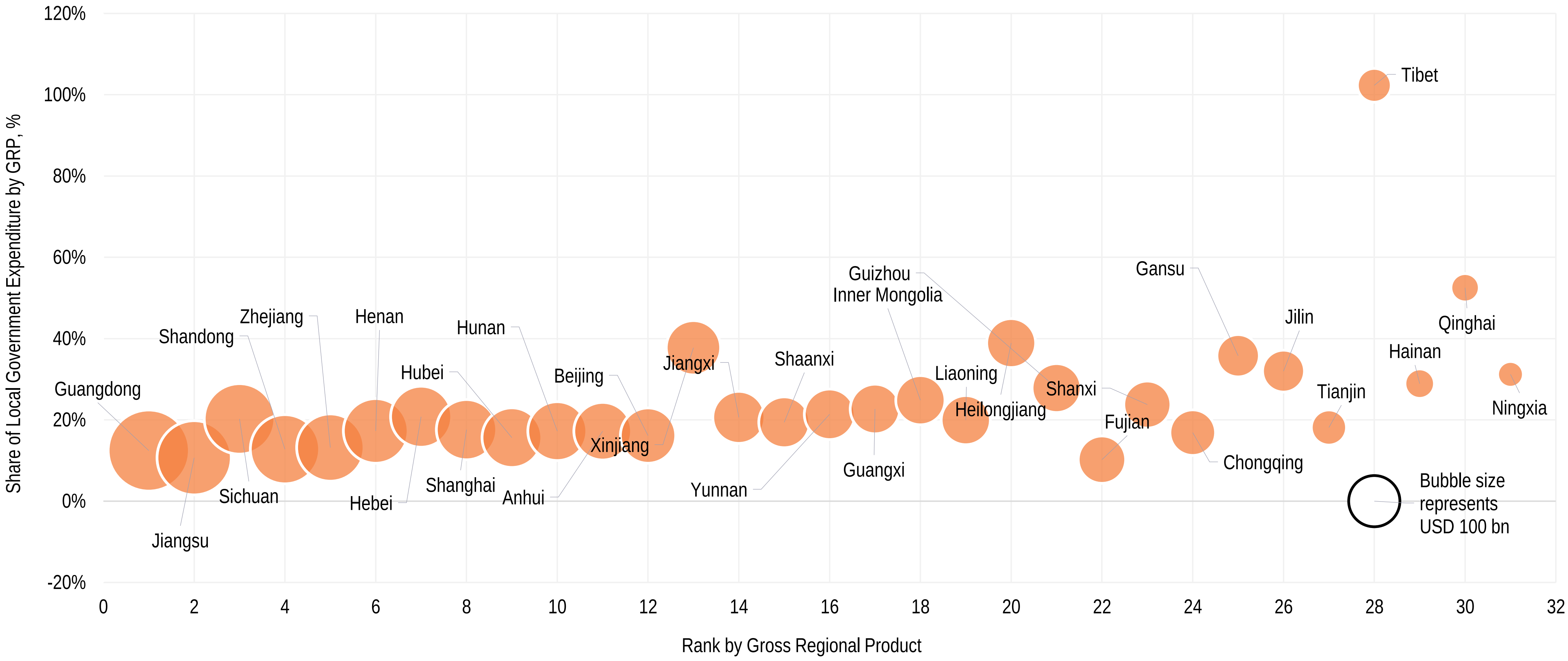


Source: National Bureau of Statistics of China, ANDAMAN PARTNERS

Local gov. expenditure focuses on infrastructure development, social services and economic stimulus

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 (2025)



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

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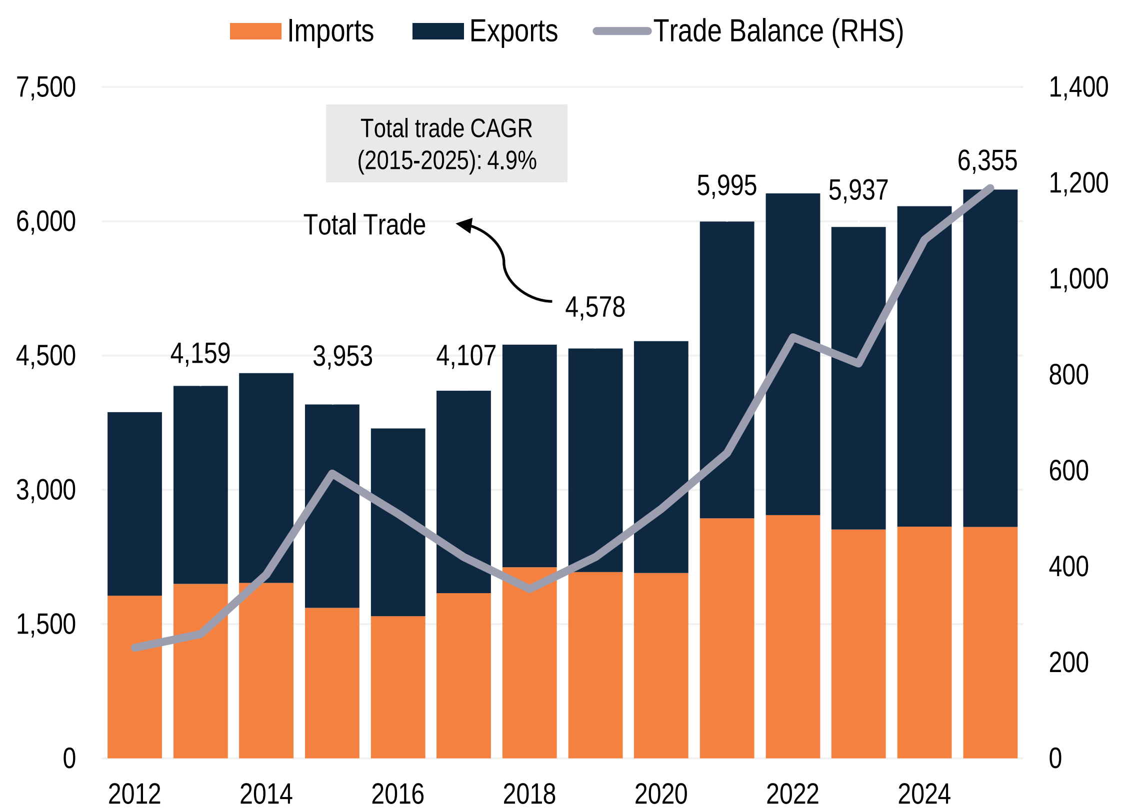
China is the world's largest exporter and second-largest importer (after the U.S.)

China's total trade in 2025 exceeded USD 6.3 trillion, accounting for around 13% of global trade, focused mostly on Minerals & Fuels and Machinery & Electronics

China Trade with the World, USD bn (2012-2025)



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	9.7
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	14.4
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	12.0

China Trade by Sector, % Share (2025)

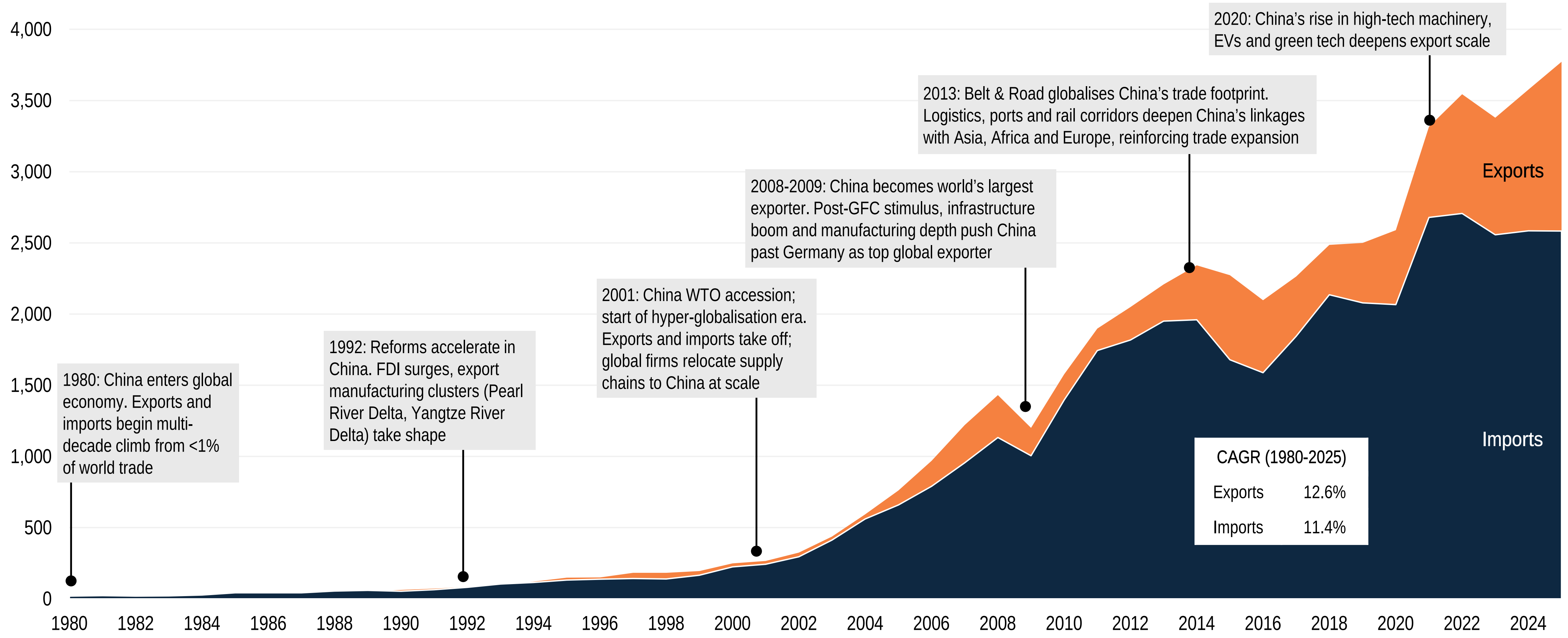
Sr. No.	Category	Imports % Share	Exports % Share
1	Agriculture & Forestry	6.3	1.7
2	Automotive & Transport	2.4	8.9
3	Food Products	2.1	1.4
4	Industrial Chemicals	6.8	5.4
5	Industrial Inputs	6.0	7.9
6	Light Manufacturing	4.5	20.1
7	Machinery & Electronics	37.0	45.0
8	Metals	5.0	2.8
9	Minerals & Fuels	28.0	1.5
10	Textiles, Hides & Skins	0.3	0.9
11	Others	1.7	4.2
Total	Exports (USD bn)	3,772	
	Imports (USD bn)	2,583	

Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

From the 1980s, China has progressively moved from the periphery to the centre of world trade

China's transition has fundamentally altered global production networks, inducing the world economy's reconfiguration toward resilience and diversification

China Trade with the World, USD bn (1980-2025)



Source: China Customs, ANDAMAN PARTNERS Analysis

China's exports have risen dramatically from USD 2.6 billion in 1960 to USD 3.7 trillion in 2025

By the 2010s, China's imports increasingly reflected its role as a major consumer economy and a high-tech production hub

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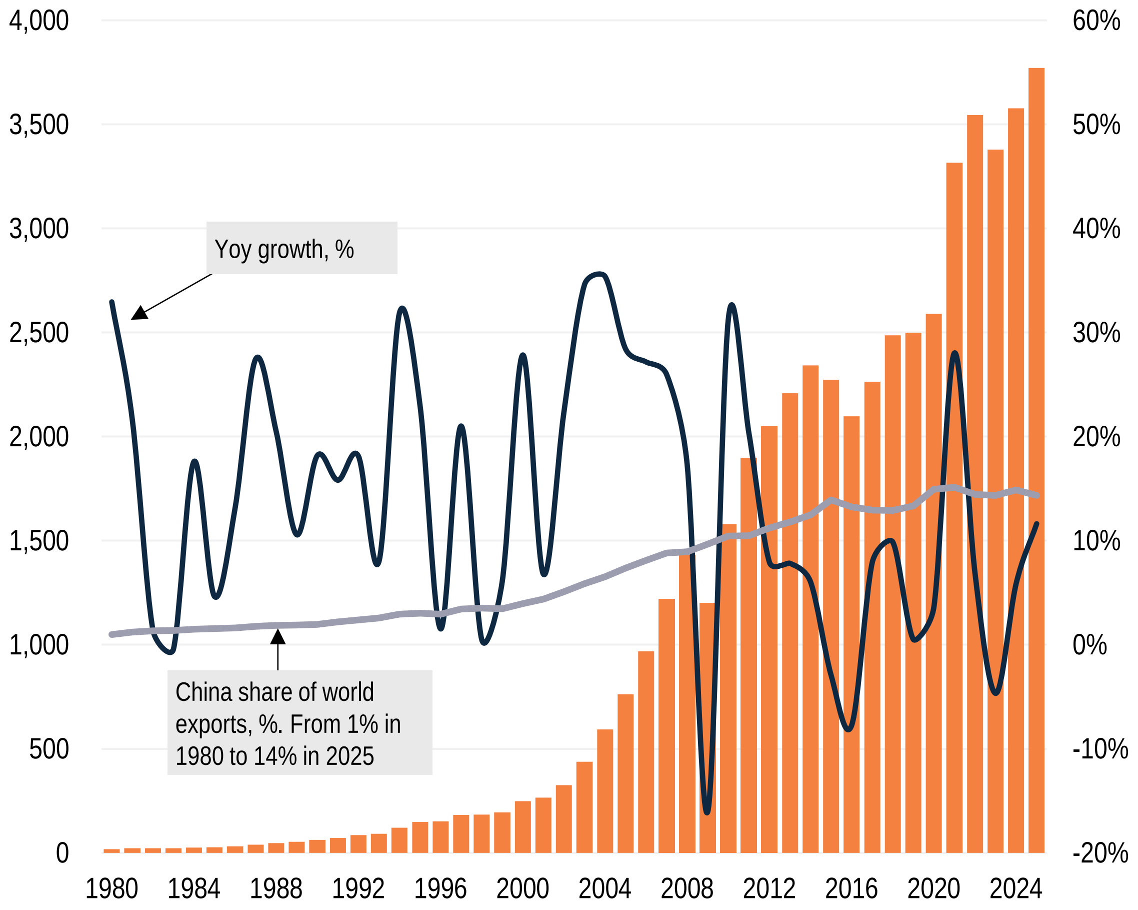
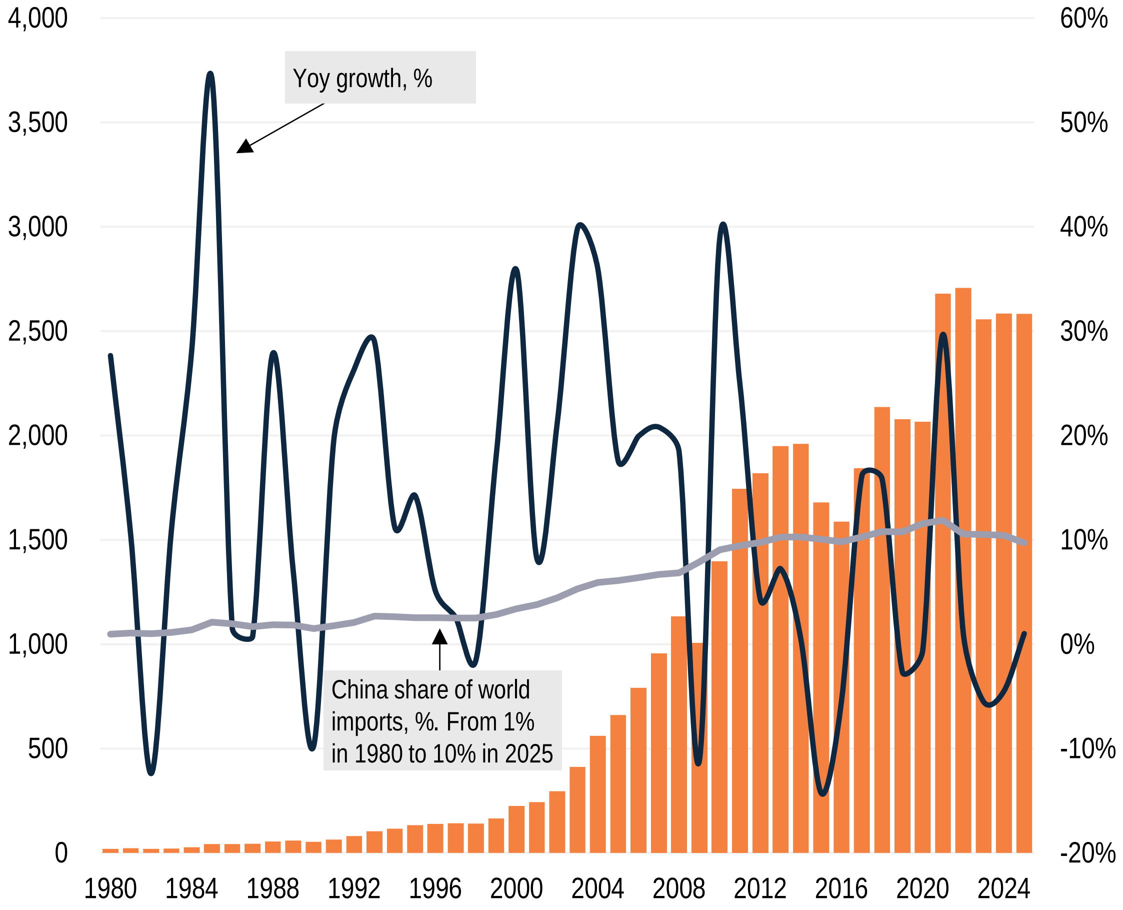
China Exports to the World, USD bn, YoY Growth (RHS), and Share of World Exports, % (RHS) (1980-2025)



China Imports from the World, USD bn, YoY Growth (RHS), and Share of World Imports, % (RHS) (1980-2025)

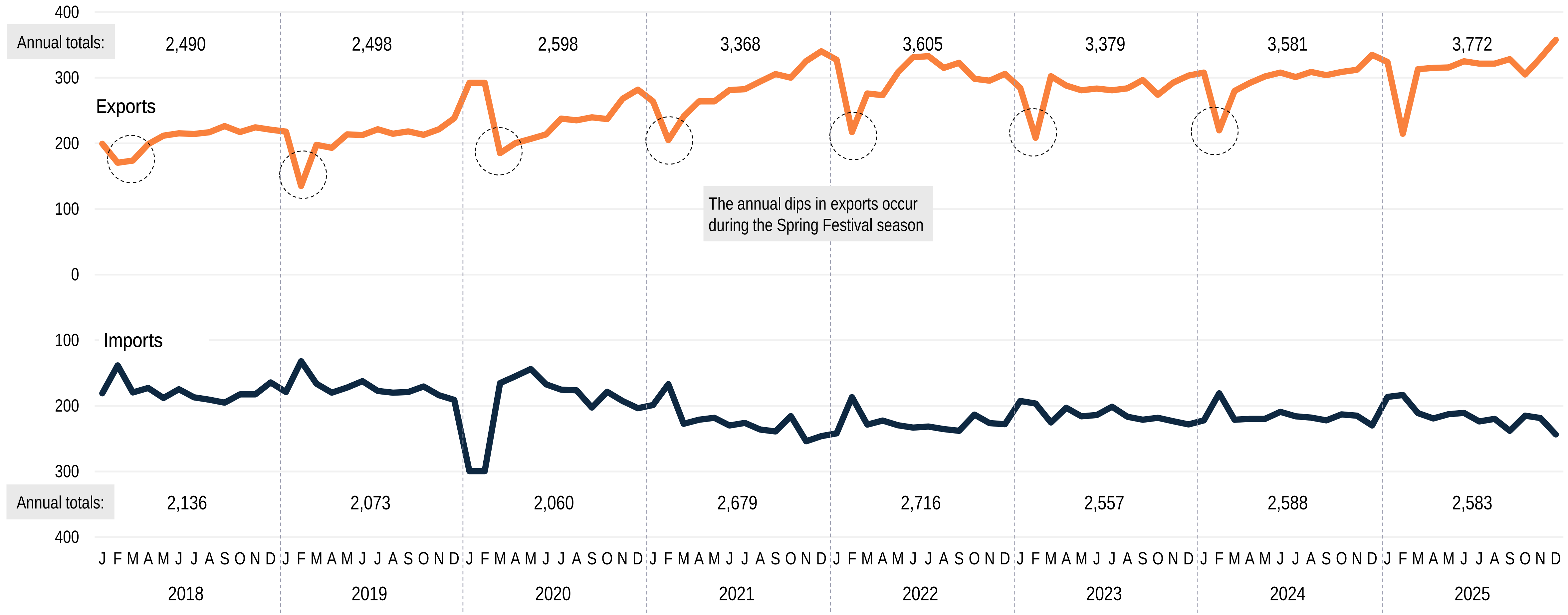


Source: World Trade Organisation, ANDAMAN PARTNERS Analysis

Monthly exports accelerated from around USD 200 billion in 2018 to over USD 300 billion in 2025

But imports have remained roughly at the USD 200 billion level over this period

China Monthly Exports and Imports, USD bn (2018-2025)

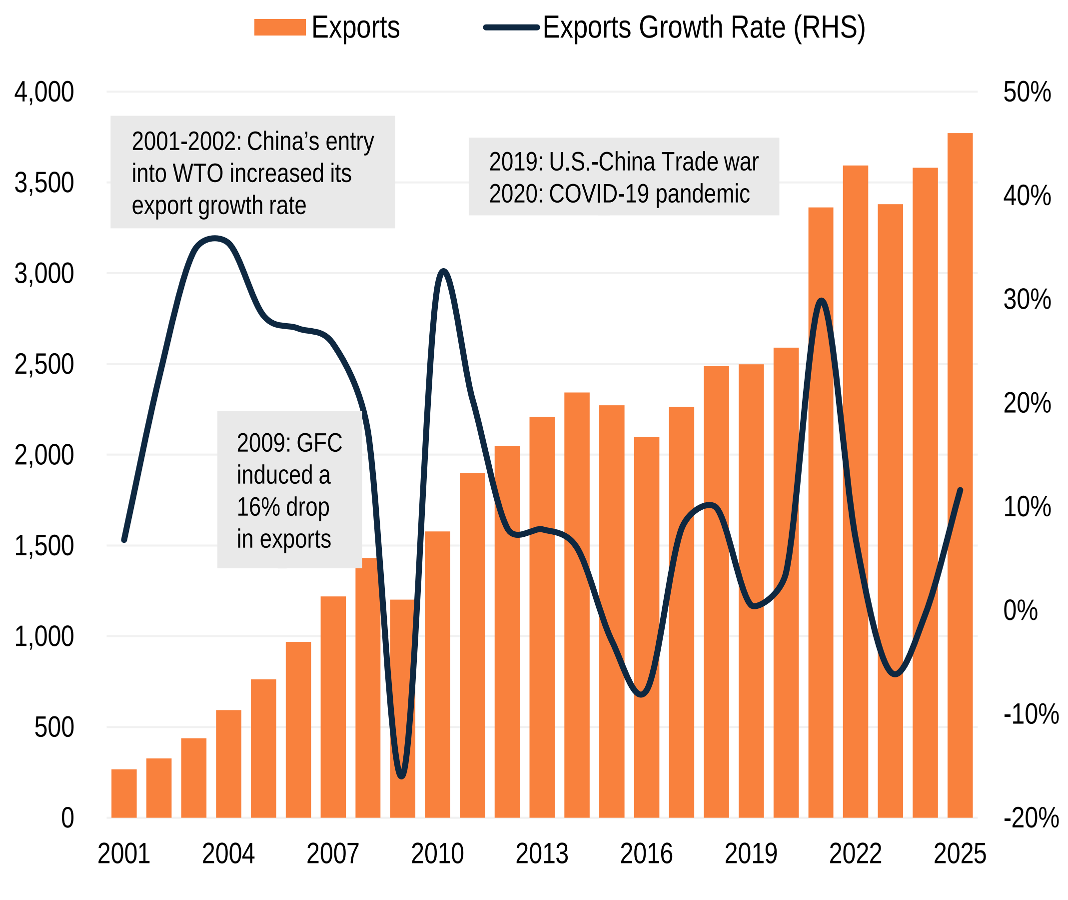


Source: China Customs, ANDAMAN PARTNERS Analysis

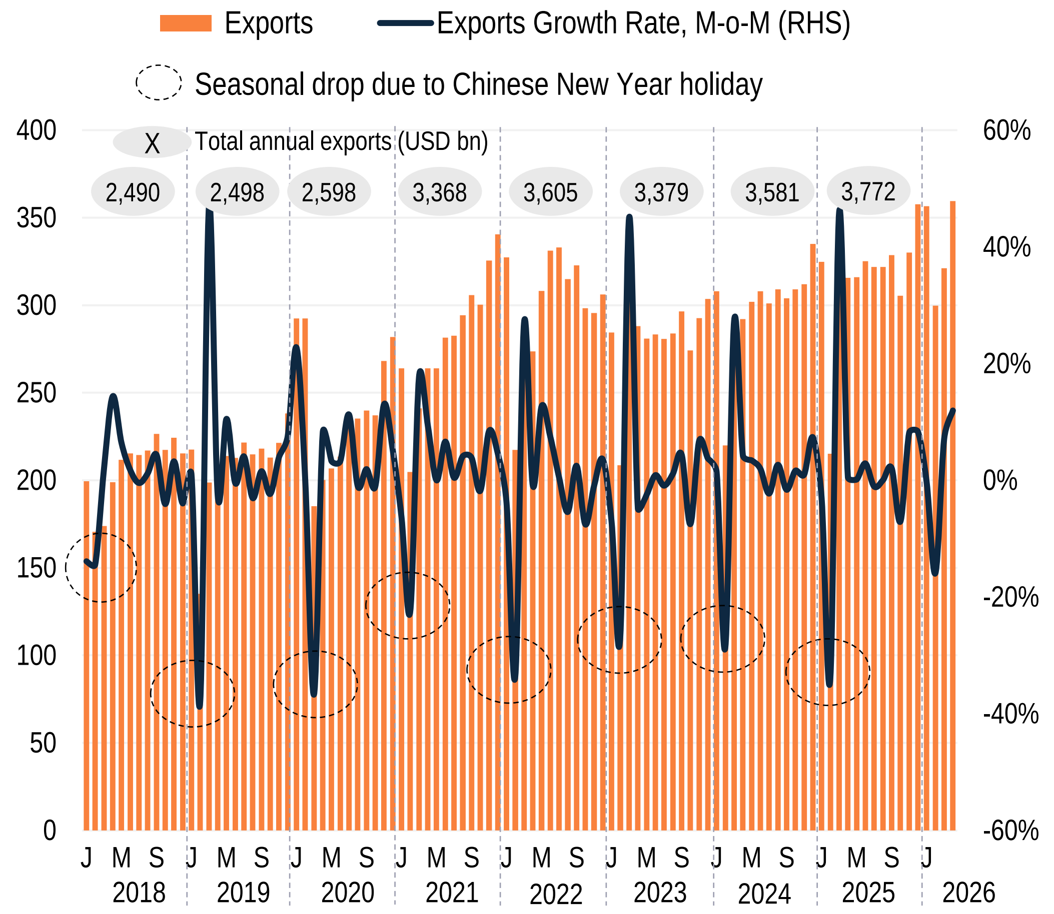
China's exports grew gradually from a 2009 low and picked up strongly from 2021

A post-pandemic surge led to an historic high of USD 3.6 trillion in 2022. In 2025, exports reached USD 3.77 trillion, up 12% year-on-year

China Annual Exports, USD bn (2001-2025)



China Monthly Exports, USD bn (Jan. 2018-Apr. 2026)



Source: National Bureau of Statistics of China, China Customs, China Monthly Economic Indicators, ANDAMAN PARTNERS Analysis

Asia is China's main export destination region, though its share has eased slightly in recent years

Europe's faster growth has lifted its position, while Latin America and Africa expanded the fastest from relatively small bases

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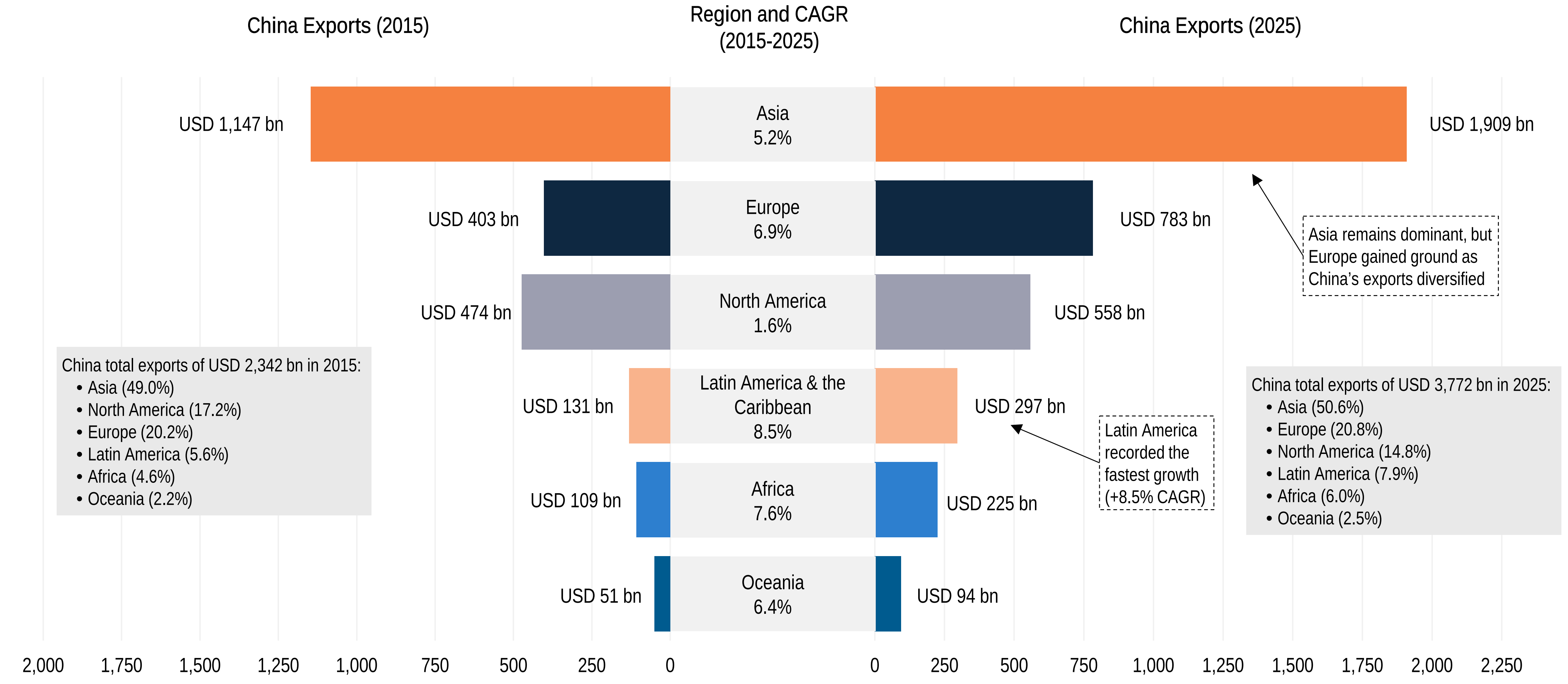
China Exports by Region, USD bn and CAGR (2015 & 2025)



Source: Trade Map, ANDAMAN PARTNERS Analysis

China-Asia trade remained resilient in 2023-2025 as regional supply chains deepened

Strong double-digit export growth for China, especially to Vietnam, Malaysia, Thailand, the Philippines and Indonesia. China's exports to the U.S. experienced a precipitous decline in 2025

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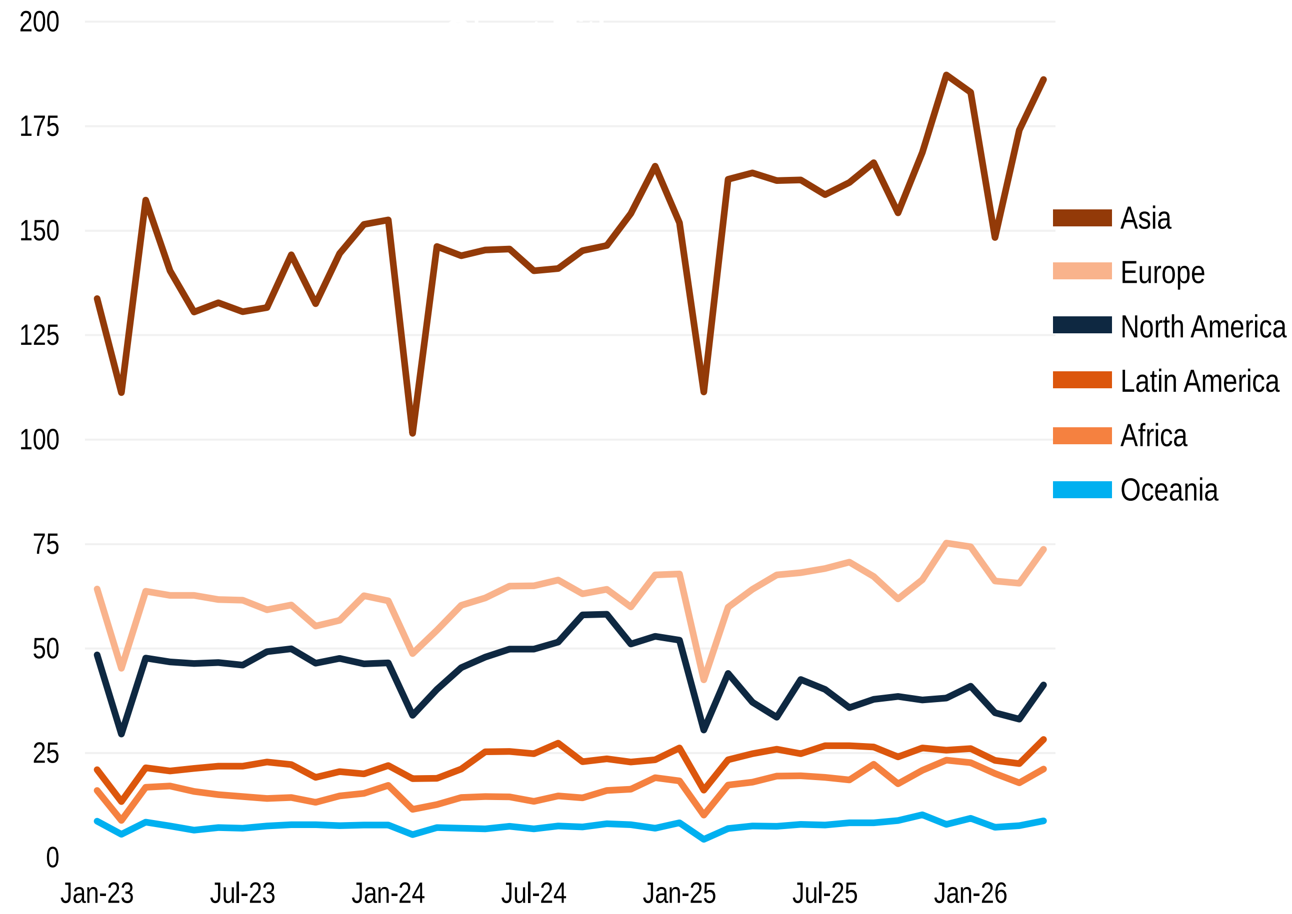
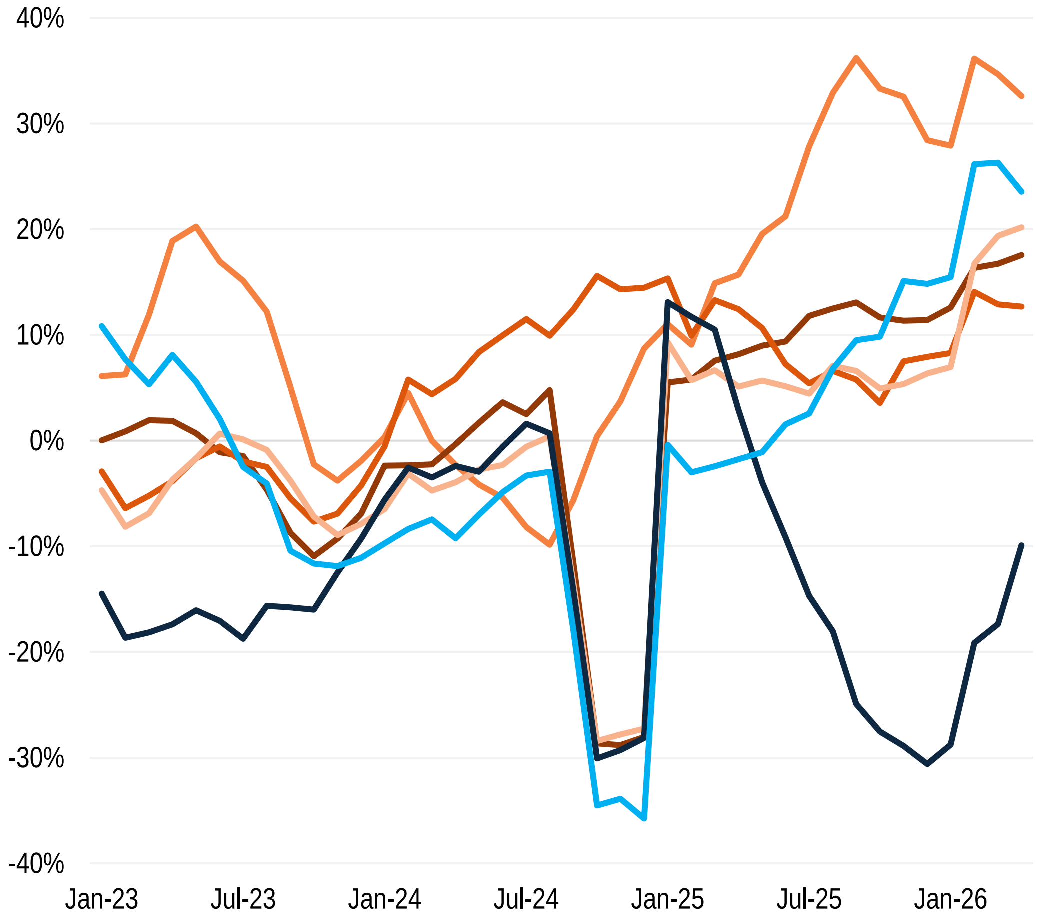
China Exports by Region, USD bn (2023-Apr. 2026)



China Exports by Region, YoY Growth, 6-Month Moving Average, % (2023-Apr. 2026)



Source: National Bureau of Statistics of China, China Customs, China Monthly Economic Indicators, ANDAMAN PARTNERS Analysis

In 2025, China's total trade amounted to USD 6.35 trillion, 30% of which was with five economies

The U.S., China's largest trading partner, accounted for USD 560 billion or 8.8% of China's total trade in 2025, followed by Hong Kong SAR, South Korea, Japan and Taiwan (China)

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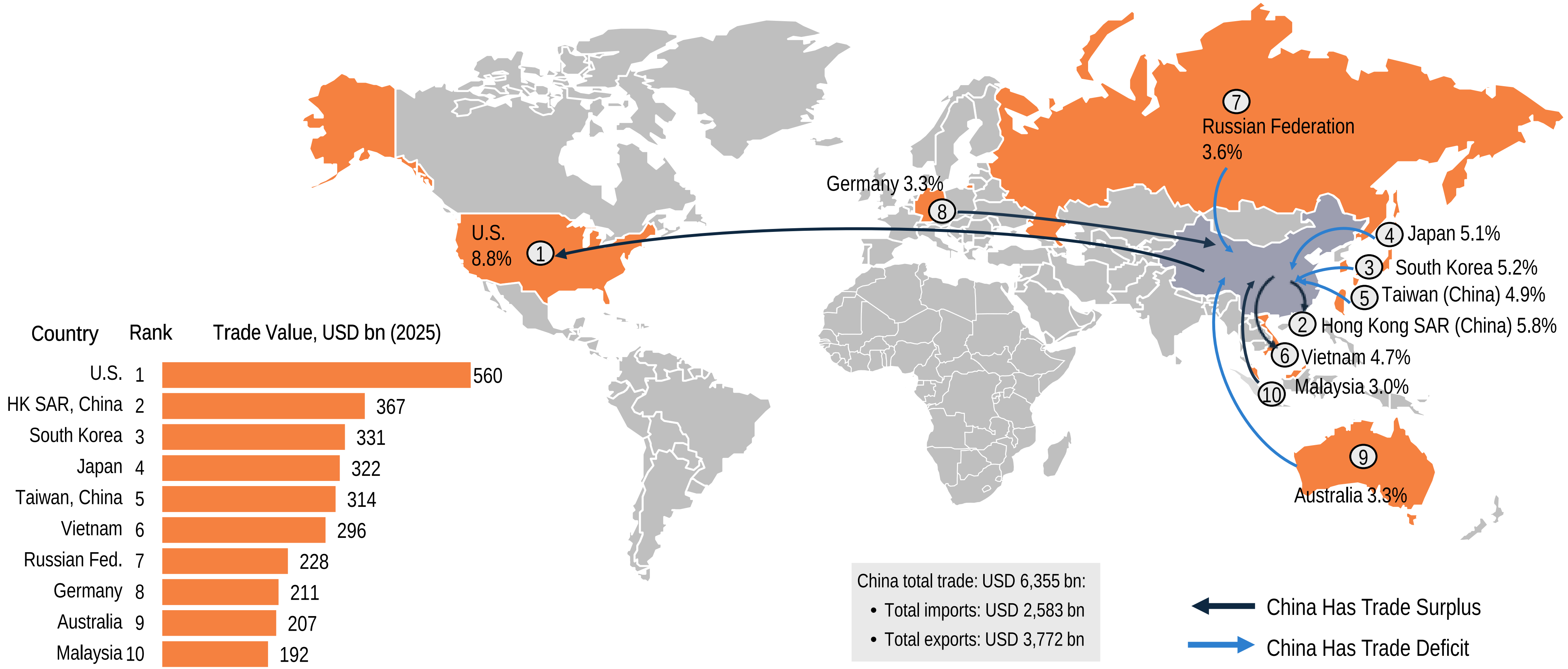
China Largest Trading Partners, % Share (2025)

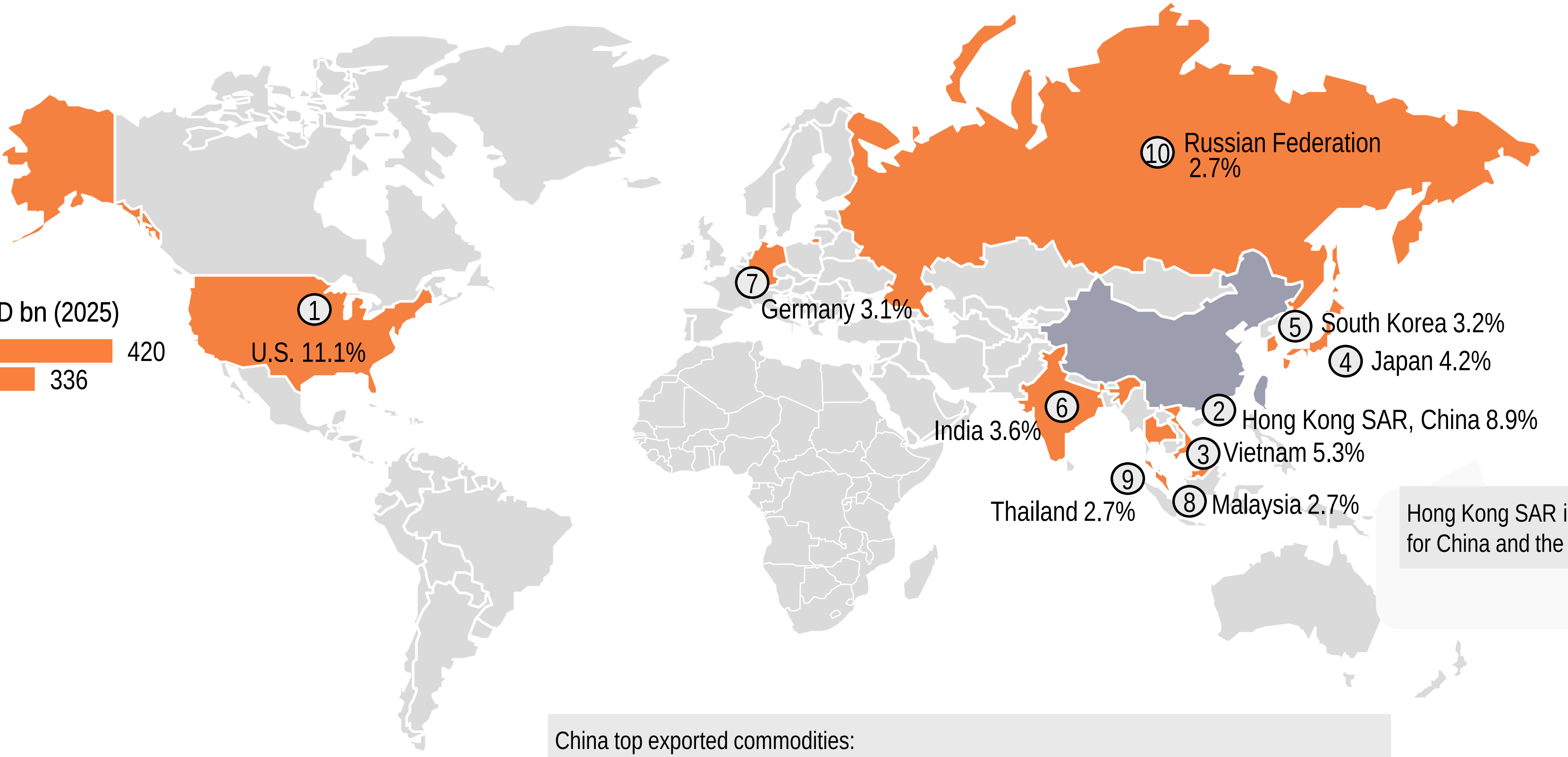


Source: UN Comtrade, Trade Map, China Customs, ANDAMAN PARTNERS Analysis

In 2025, China's total exports amounted to USD 3.77 trillion, 33% of which went to 5 partners

The U.S., Hong Kong SAR, Vietnam, Japan and South Korea took 32.7% of China's exports; the top 20 partners took 69%

China Top Ten Export Destinations and Export Share by Country, USD bn (2025)



Hong Kong SAR is a trading hub for China and the rest of Asia

Country	Rank (20)	China Exports, USD bn (2025)
U.S.	1	420
HK SAR, China	2	336
Vietnam	3	198
Japan	4	157
South Korea	5	144
India	6	136
Germany	7	118
Malaysia	8	104
Thailand	9	104
Russia	10	103
Netherlands	11	94
Mexico	12	89
Indonesia	13	85
U.K.	14	85
Taiwan, China	15	84
Singapore	16	83
Australia	17	76
UAE	18	73
Brazil	19	72
Philippines	20	56

China top exported commodities:

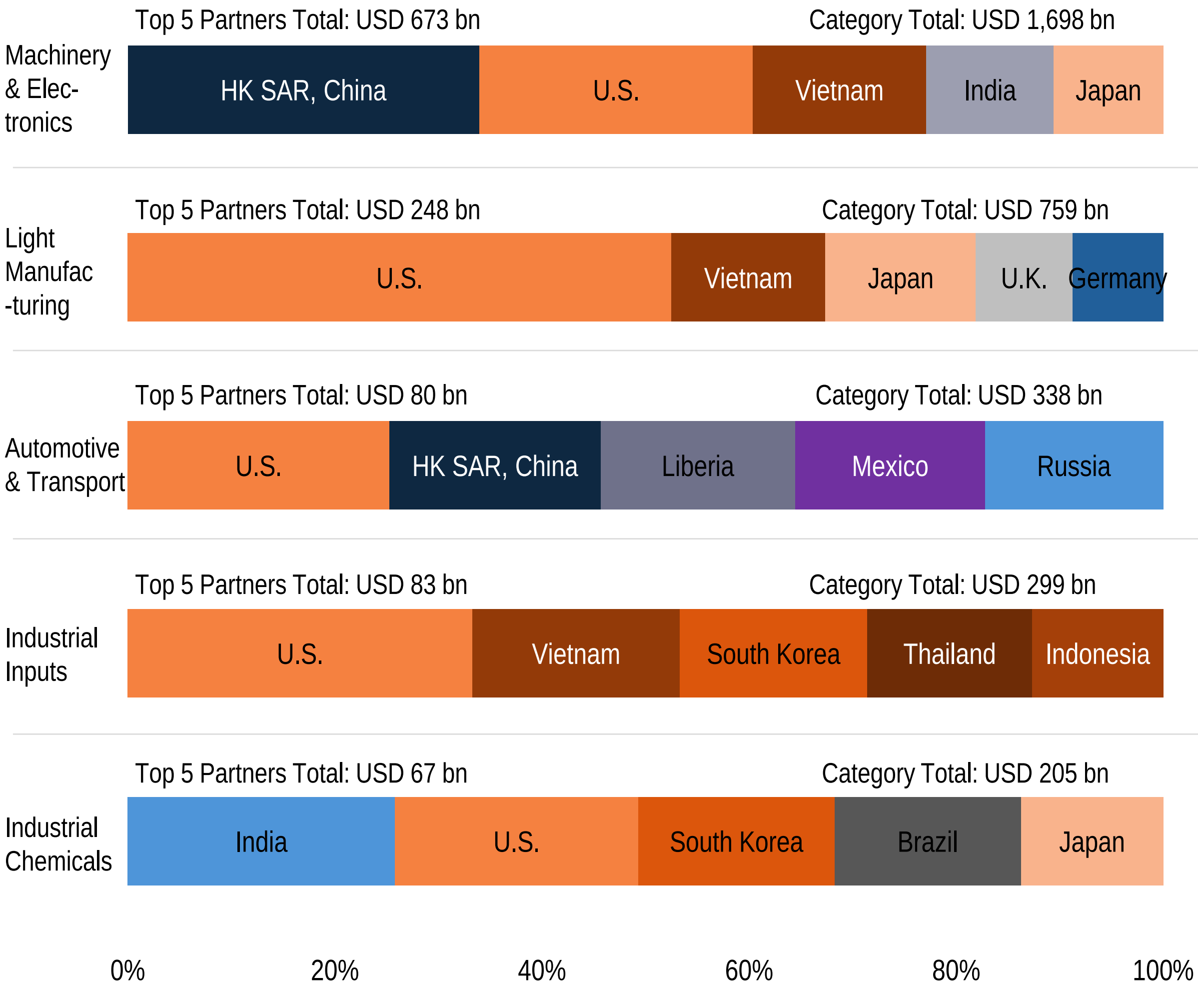
- Telephone sets, including smartphones and other telephones
- Electronic integrated circuits
- Automatic data processing machines and units thereof
- Motor cars and other motor vehicles principally designed for the transport of persons

Source: China Customs, ANDAMAN PARTNERS Analysis

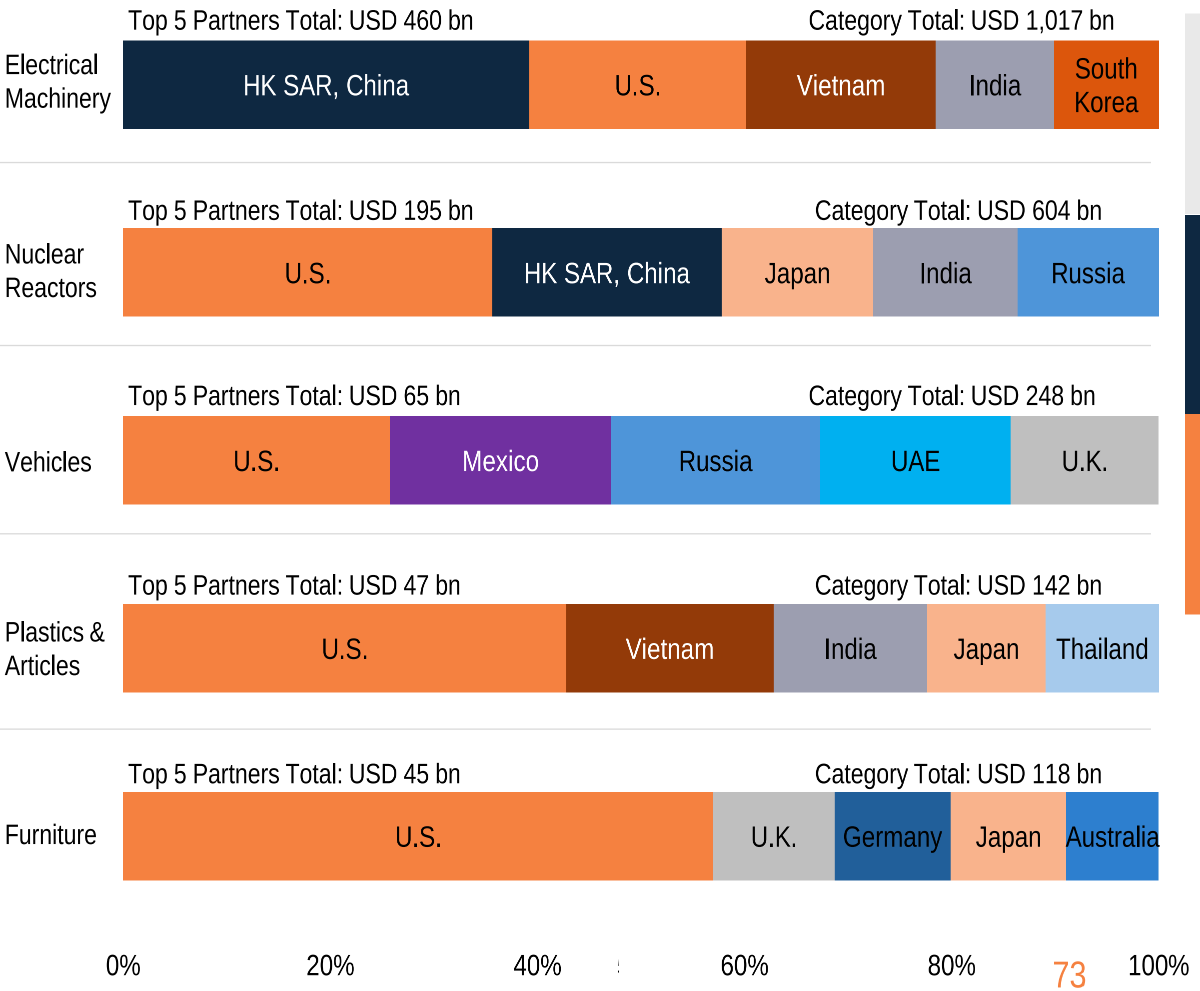
Despite lower volumes, the U.S. remained China's single largest buyer in most categories in 2025

Russian Fed. emerged as the top buyer of China's transportation-related exports, while Vietnam stood out as one of China's most consistent regional partners

China Top 5 Export Categories by Trade Partner, % Share (2025)



China Top 5 Export Products by Trade Partner, % Share (2025)

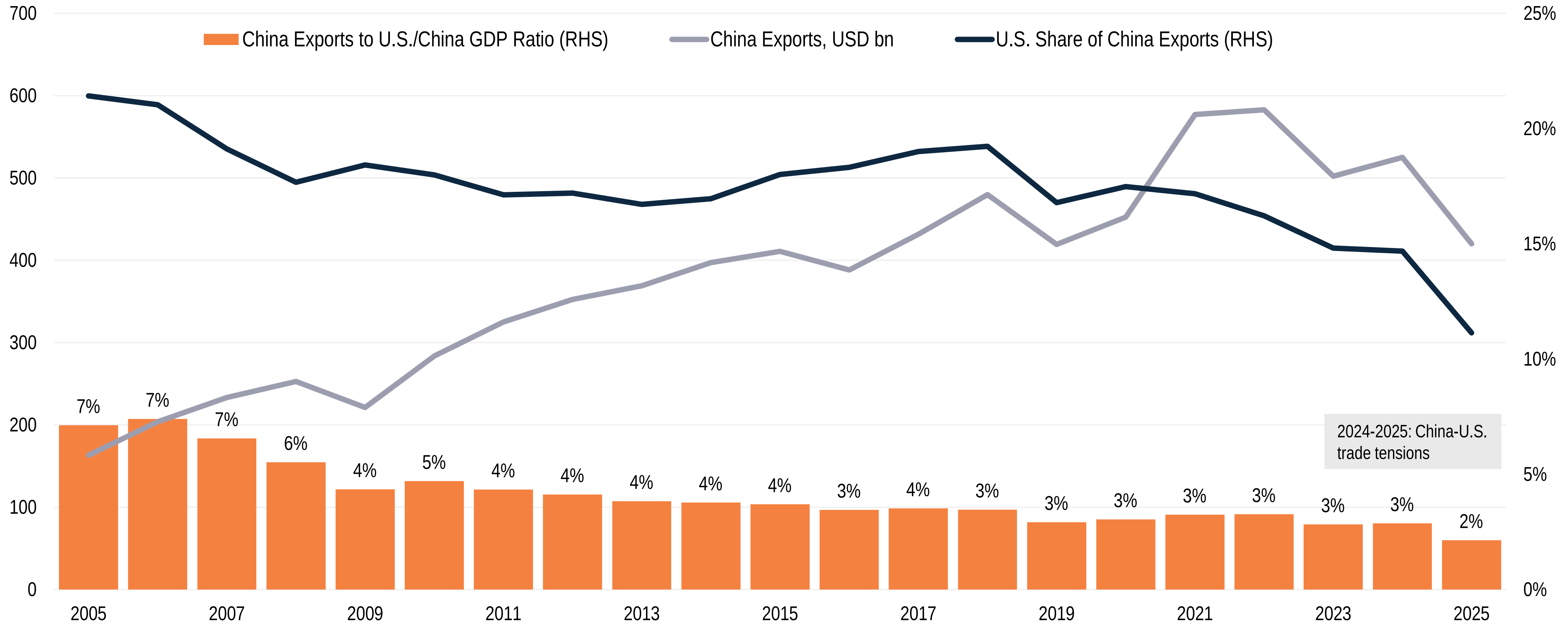


Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

Exports to the U.S. accounted for 2% of China's GDP in 2025, down from 7% in 2007

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 further

China Exports to the U.S., USD bn and Ratio of China GDP, %, U.S. Share of China Exports, % (2005-2025)



Source: TradeMap, ANDAMAN PARTNERS Analysis

WTO accession in 2001 marked a turning point, leading to exponential growth in China's imports

Imports reached a record high of over USD 2.72 trillion in 2022, although the import growth rate has fluctuated over the years. In 2025, total imports reached USD 2.58 trillion

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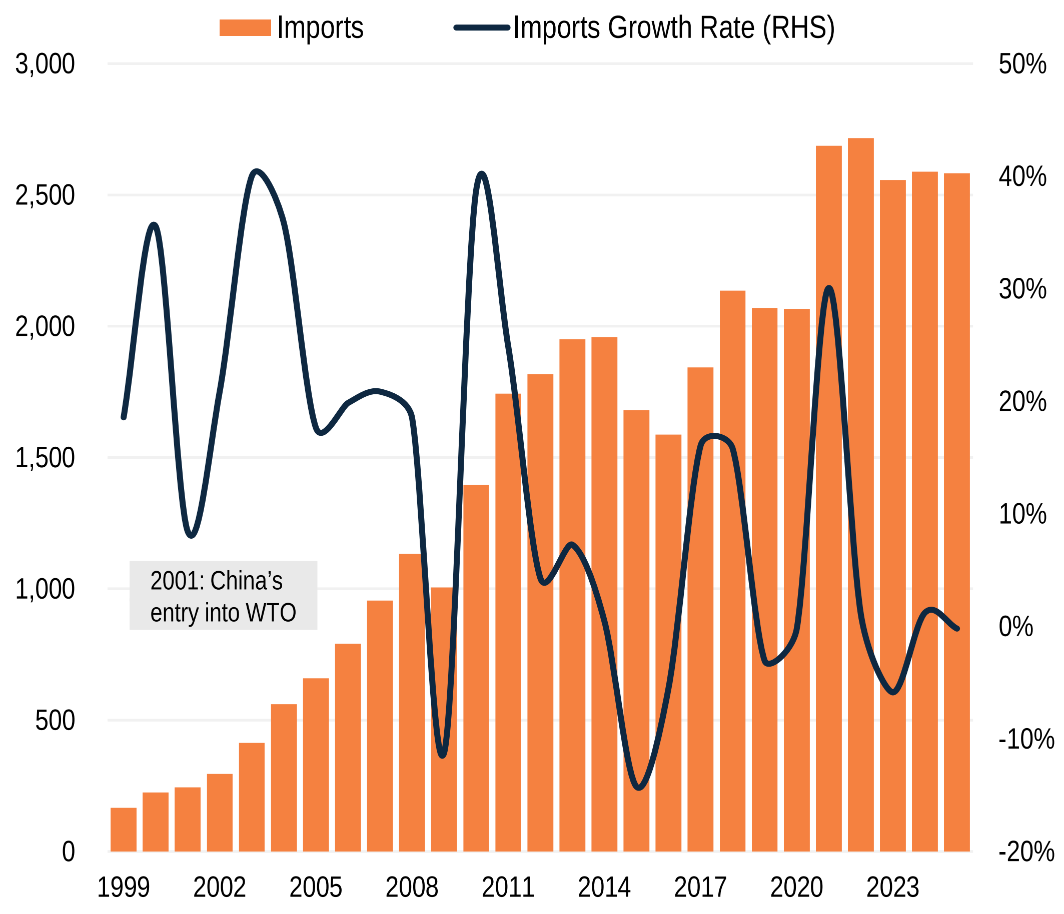
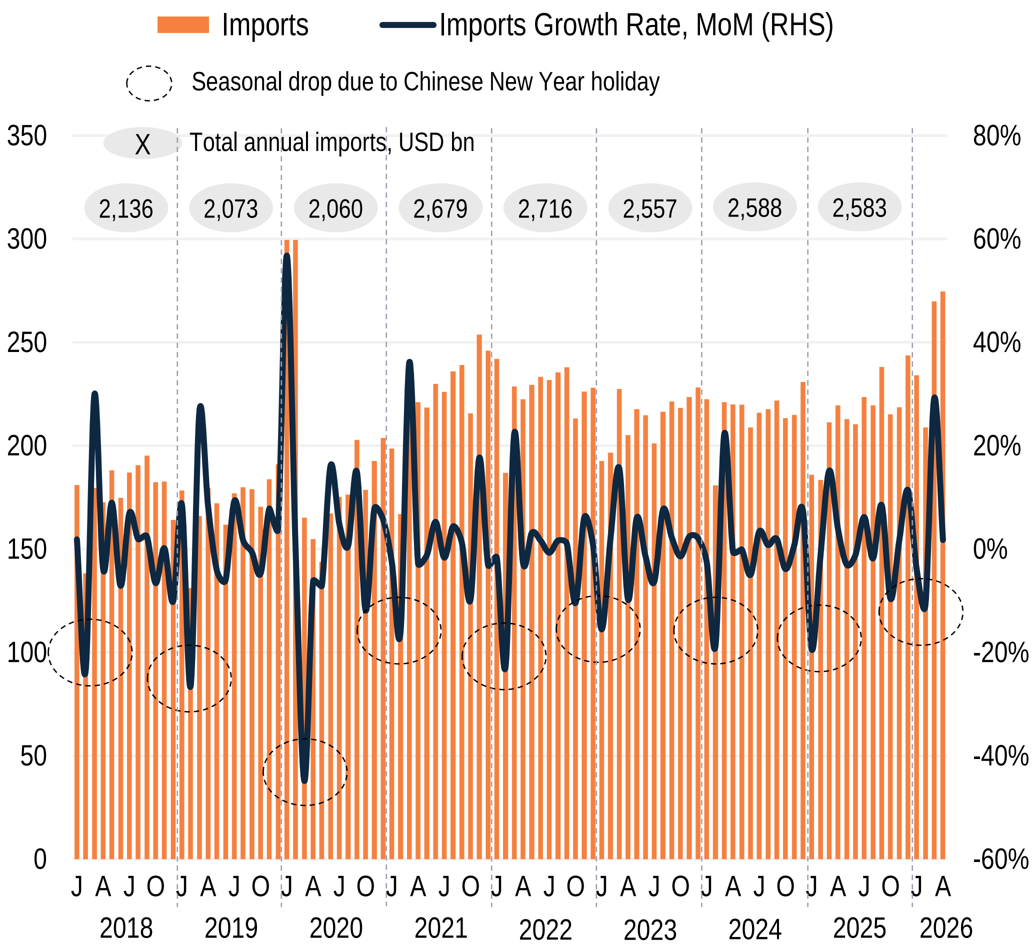
China Annual Imports, USD bn (1999-2025)



China Monthly Imports, USD bn (Jan. 2018-Apr. 2026)

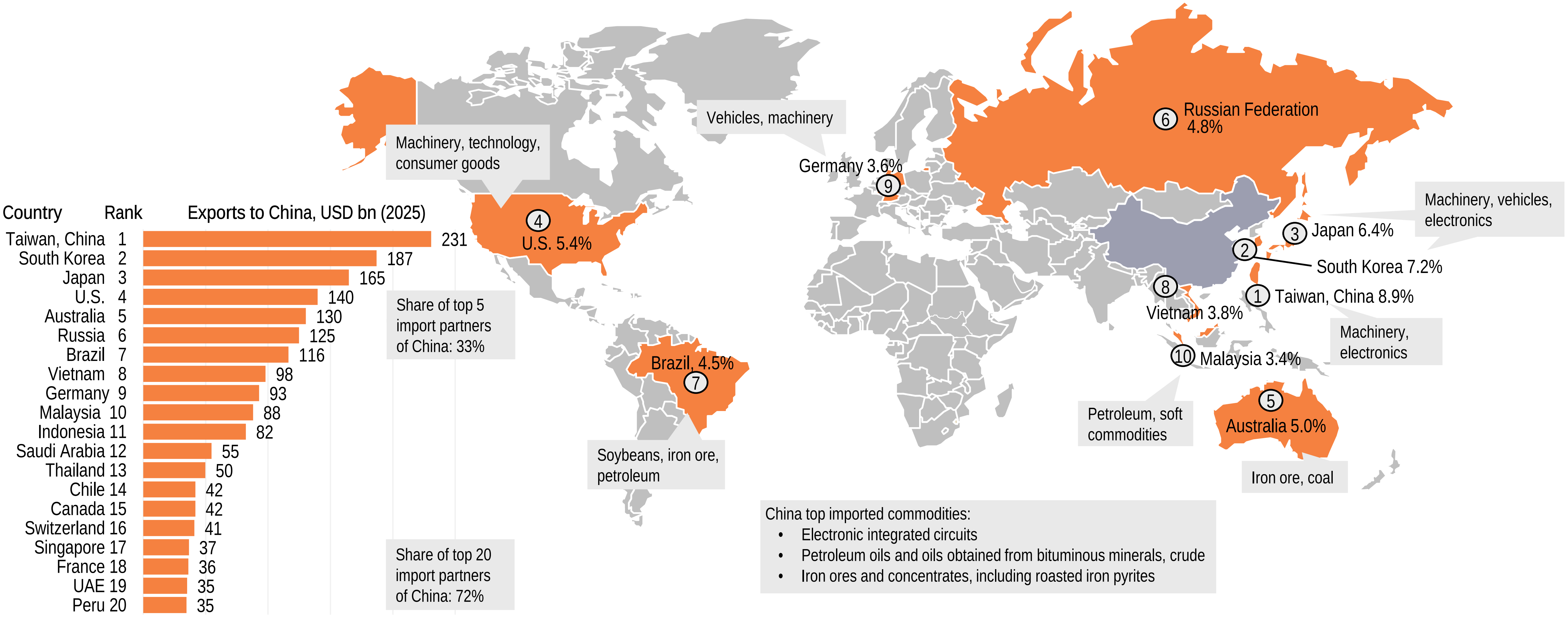


Source: National Bureau of Statistics of China, China Customs, ANDAMAN PARTNERS Analysis

In 2025, China's total imports amounted to USD 2.58 trillion

Taiwan (China), South Korea, Japan, the U.S. and Australia are China's top sources of imports, accounting for over 33% of China's otal imports; the top 20 partners provided 72%

Top Ten Countries of Origin for China's Imports, Country Import Share and China Major Imported Commodities, % (2025)



China top imported commodities:

- Electronic integrated circuits
- Petroleum oils and oils obtained from bituminous minerals, crude
- Iron ores and concentrates, including roasted iron pyrites

Source: China Customs, ANDAMAN PARTNERS Analysis

China usually maintains positive monthly trade balances, except during annual Spring Festival holidays

Otherwise, China has only experienced occasional monthly trade deficits, the largest of which occurred at the onset of COVID-19 at the beginning of 2020

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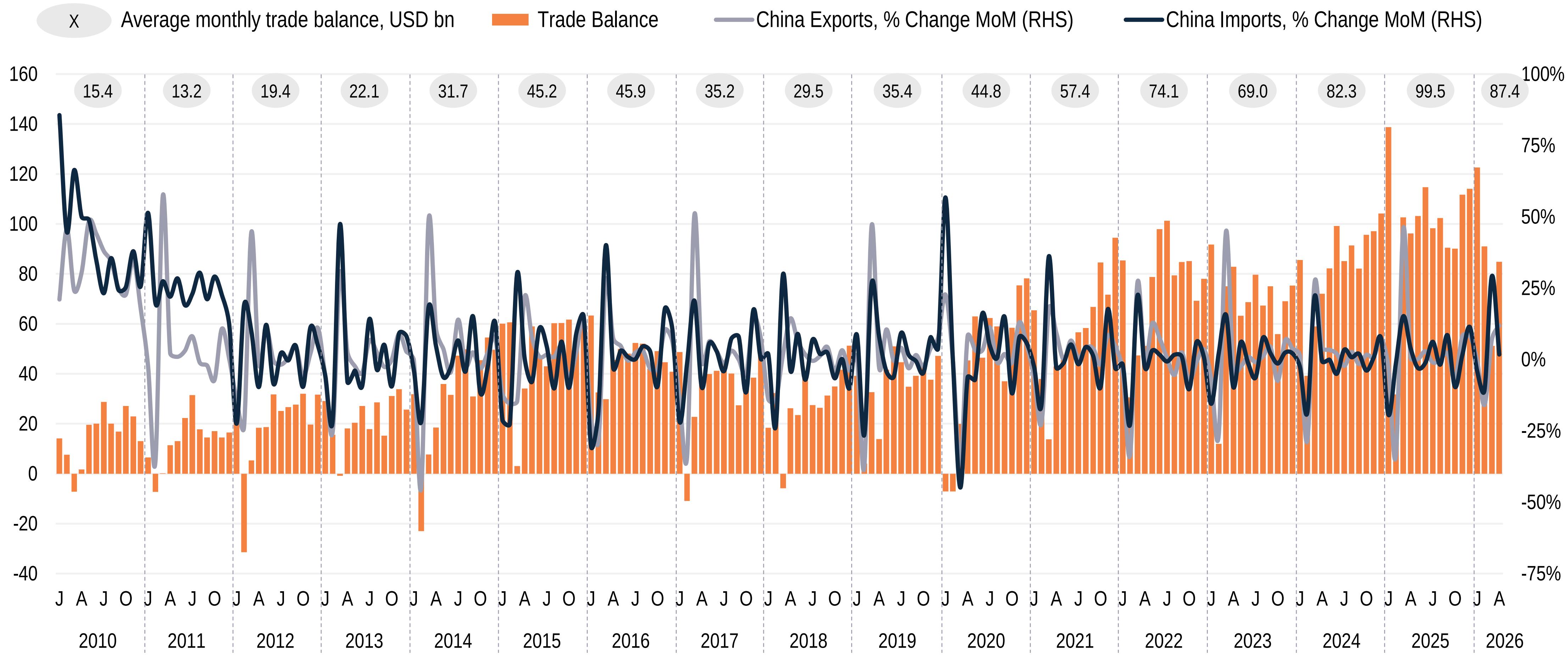
China Monthly Trade Balance, USD bn (Jan 2010-Apr. 2026)

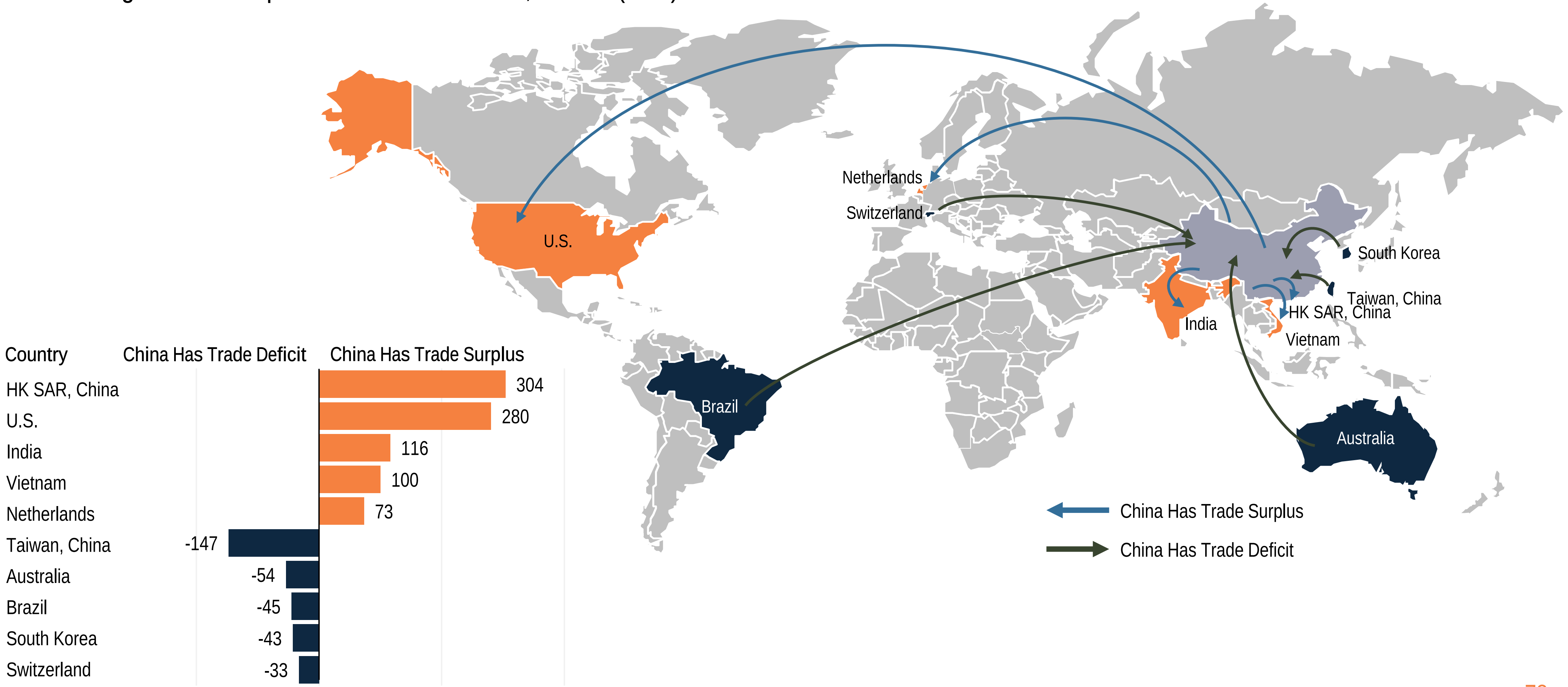


Source: China Customs, Trade Map, ANDAMAN PARTNERS Analysis

In 2025, China had a trade surplus of USD 1.2 trillion, led by Hong Kong SAR and the U.S.

China had large trade deficits with Taiwan (China), Australia, Switzerland and Brazil, from which it imports high-value goods such as semiconductors and luxury products

China Five Largest Trade Surplus and Deficit Countries, USD bn (2025)



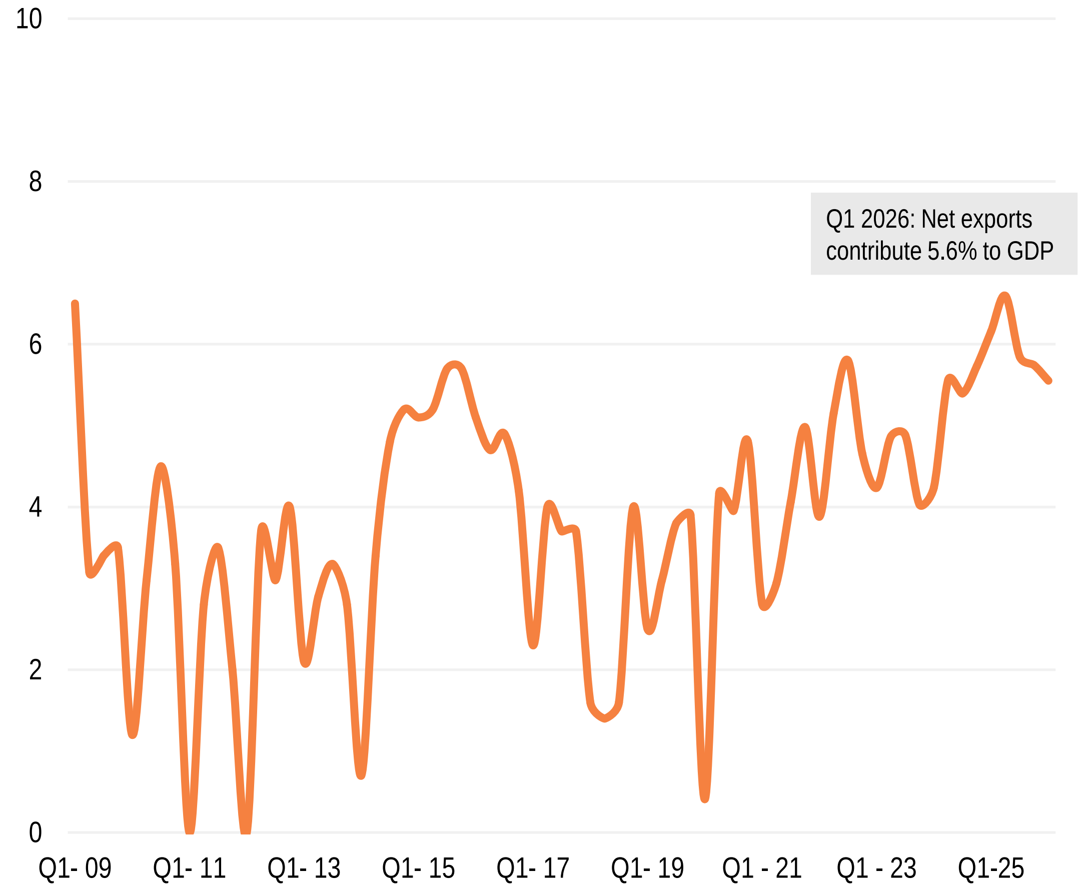
Source: China Customs, ANDAMAN PARTNERS Analysis

Throughout the 2010s and 2020s, net exports remained a modest contributor to China's GDP

Reflecting efforts to rebalance the economy toward consumption and evolving trade tensions with the U.S. in the 2020s. In 2025, net exports contributed 6.1% to China's GDP

Share of Net Exports in China's Annual GDP, % (2000-2025)

Share of Net Exports in China's Quarterly GDP, % (Q1 2009-Q1 2026)



Source: National Bureau of Statistics of China, Trade Map, China Customs, ANDAMAN PARTNERS Analysis

The share of Foreign-Invested Enterprises (FIEs) in China's trade has declined progressively

After peaking in 2007 for imports (58%) and in 2008 for exports (57%). In 2025, levels reached 32% for imports and 27% for exports

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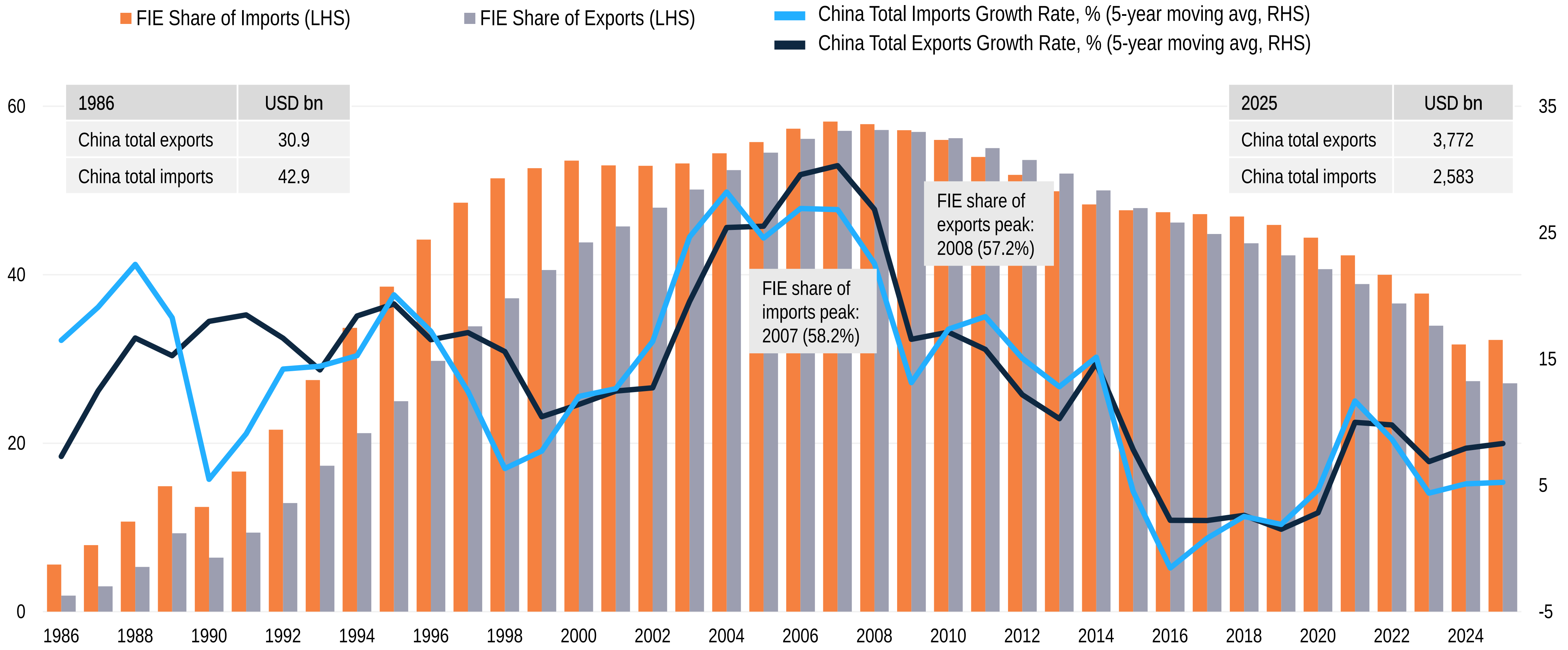
Share of Foreign-Invested Enterprises (FIE) in China's Goods Trade in USD, % (1986-2025)



1986	USD bn
China total exports	30.9
China total imports	42.9

2025	USD bn
China total exports	3,772
China total imports	2,583

Source: Statista, UN Comtrade, ANDAMAN PARTNERS Analysis

The richer and more populated coastal provinces dominate China's trade, led by Guangdong

The top 5 provinces accounted for 64% of China's total trade in 2024. Outlying provinces recorded the fastest trade growth in the last decade, led by Hainan (18%) and Xinjiang (17%)

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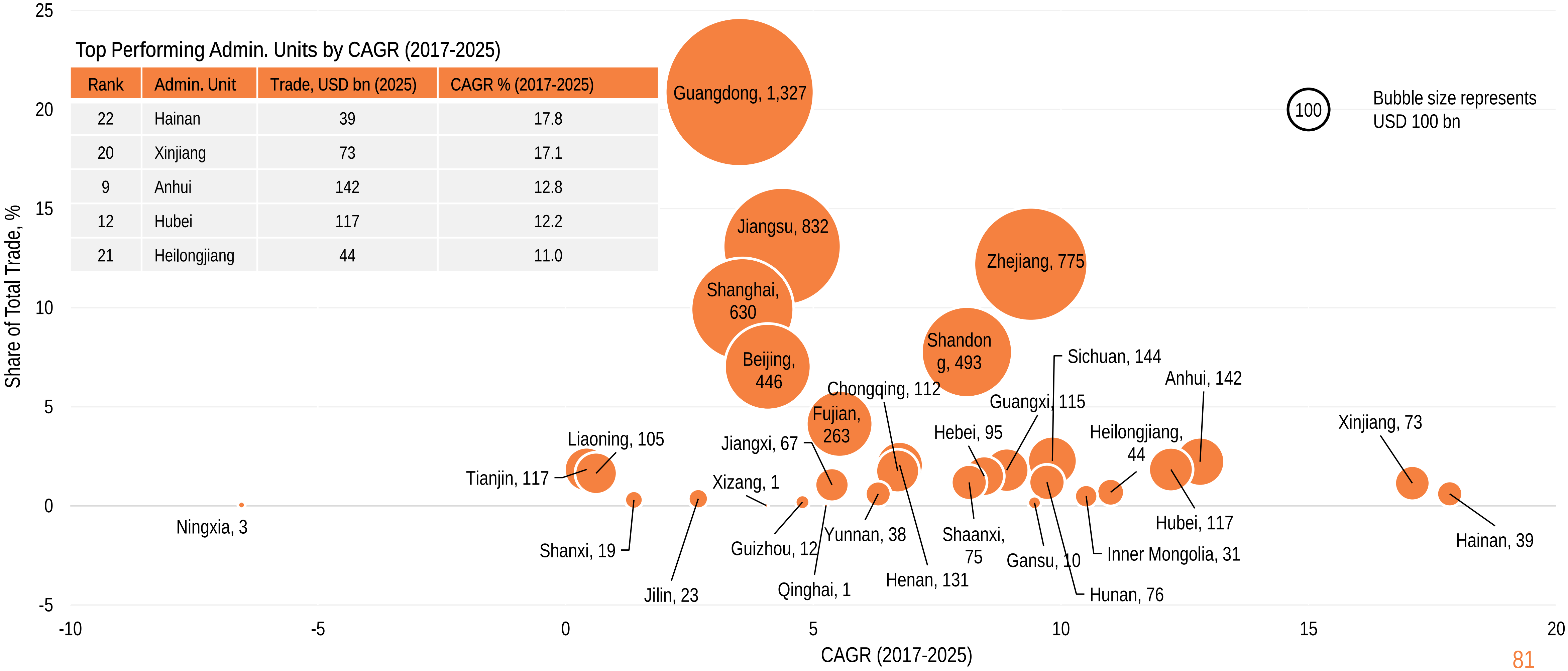
Trade by China Province, Autonomous Region and Municipality, USD bn, Share of Total Trade, % (2024), and CAGR (2016-2024)

Top Performing Admin. Units by CAGR (2017-2025)

Rank	Admin. Unit	Trade, USD bn (2025)	CAGR % (2017-2025)
22	Hainan	39	17.8
20	Xinjiang	73	17.1
9	Anhui	142	12.8
12	Hubei	117	12.2
21	Heilongjiang	44	11.0



Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

Each province plays to its strengths in China's export ecosystem

From heavy industry in Hebei & Shanxi to textiles in Zhejiang & Fujian and tech and automotive goods in Guangdong & Anhui, together shaping China's diversified export system

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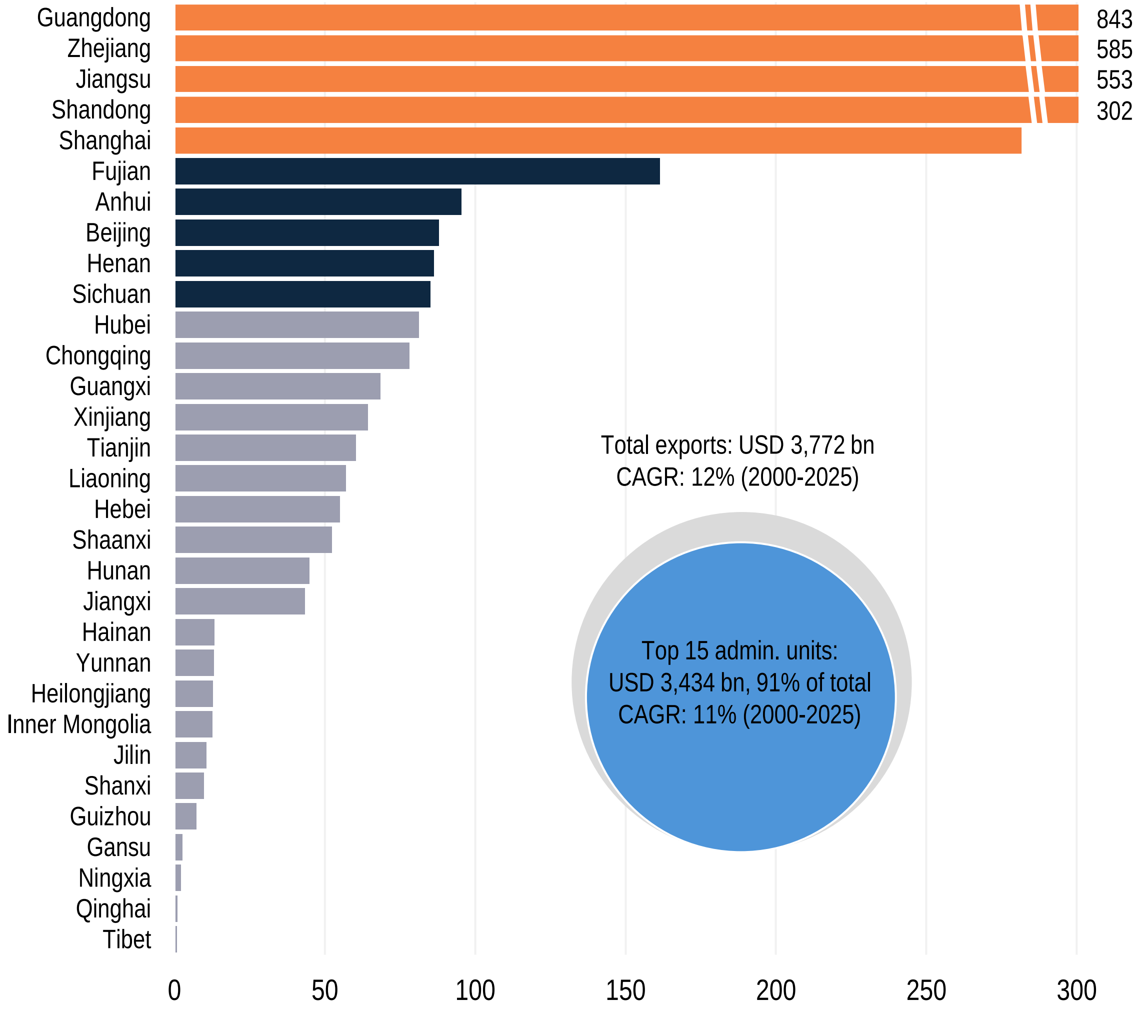
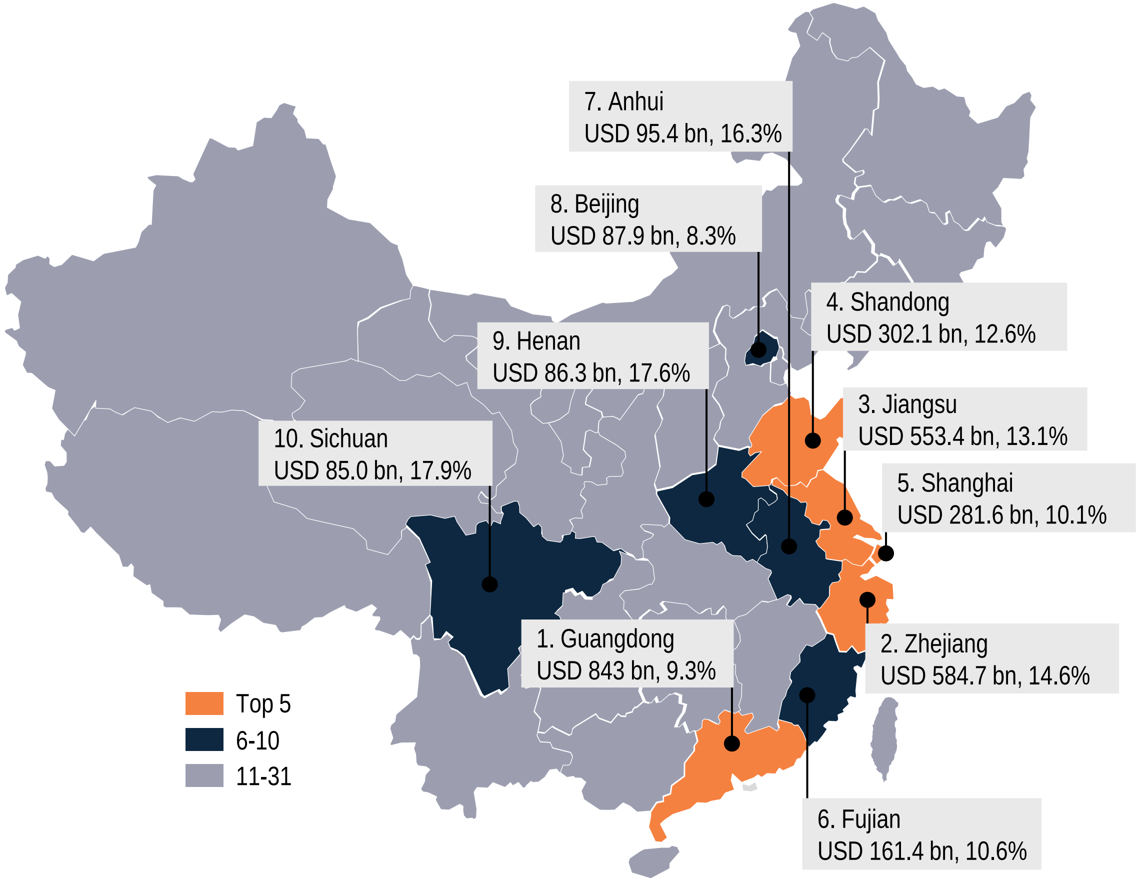
China Exports by Administrative Unit, USD bn (2025)



Top 10 Admin. Units by Exports, USD bn (2024) and CAGR, % (2000-2025)



Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

China's export structure is remarkably concentrated

Four industrial clusters – the Yangtze River Delta, Pearl River Delta, Bohai Economic Rim and Western Industrial Belt – collectively generate about 80% of China's exports and roughly 12% of global exports

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China Four Export Clusters: Key Sectors and Exports, USD bn (2024)

Yangtze River Delta

Key Sectors:
Electronics, Machinery, Automotive, Green Tech, Chemicals

Total Exports (2024): USD 1.32 tn

Share of China Exports: 36.8%

Share of World Exports: 5.4%

Pearl River Delta

Key Sectors:
Electronics & Appliances, Automotive & Machinery, Furniture, Textiles

Total Exports (2024): USD 828 bn

Share of China Exports: 23.1%

Share of World Exports: 3.4%

Bohai Economic Rim

Key Sectors:
Automotive, Electronics, Aerospace & Aviation, Chemicals

Total Exports (2024): USD 538 bn

Share of China Exports: 15%

Share of World Exports: 2.2%

Western Industrial Belt

Key Sectors:
Electronics, Aerospace Equipment, Automotive, Pharmaceuticals

Total Exports (2024): USD 158 bn

Share of China Exports: 4.4%

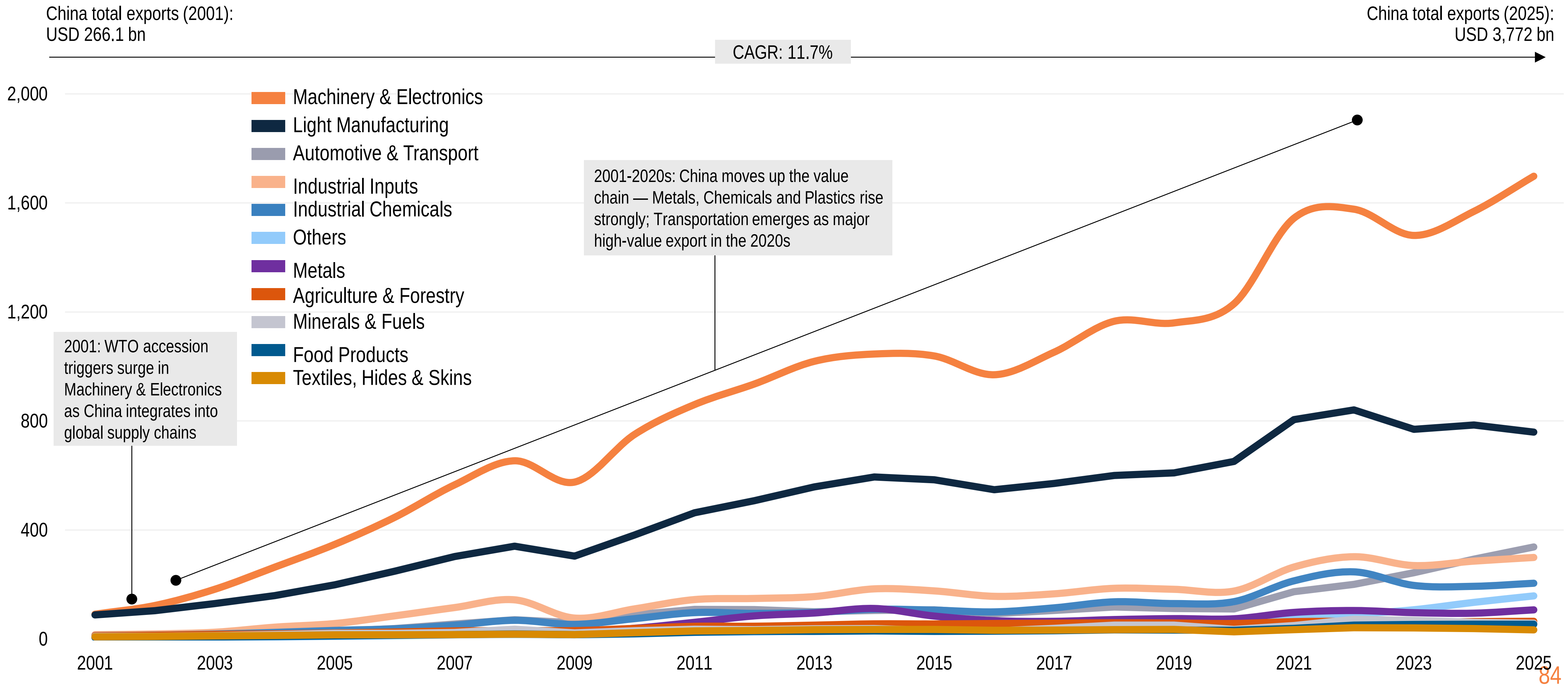
Share of World Exports: 0.6%

Note: Cluster exports based on provincial export totals. Source: National Bureau of Statistics of China, Various, ANDAMAN PARTNERS Analysis

China's exports have shifted significantly since the dominance of low-value goods in the 1980s

In the 1990s, Machinery & Electronics began an exponential rise (16.4% CAGR from 1992 to 2024). Metals (8.2%), Chemicals & Plastics (13.4%) and Transportation (16.7%) likewise expanded rapidly

China Exports to the World by Category, USD bn (2001-2025)



Source: UN Comtrade, ANDAMAN PARTNERS Analysis

China’s exports went from low-tech manufacturing in the 2000s to advanced manufacturing in the 2020s

By 2025, mobile phones, electric batteries and cars dominated, reflecting China’s rise in electronics, automotive and advanced manufacturing

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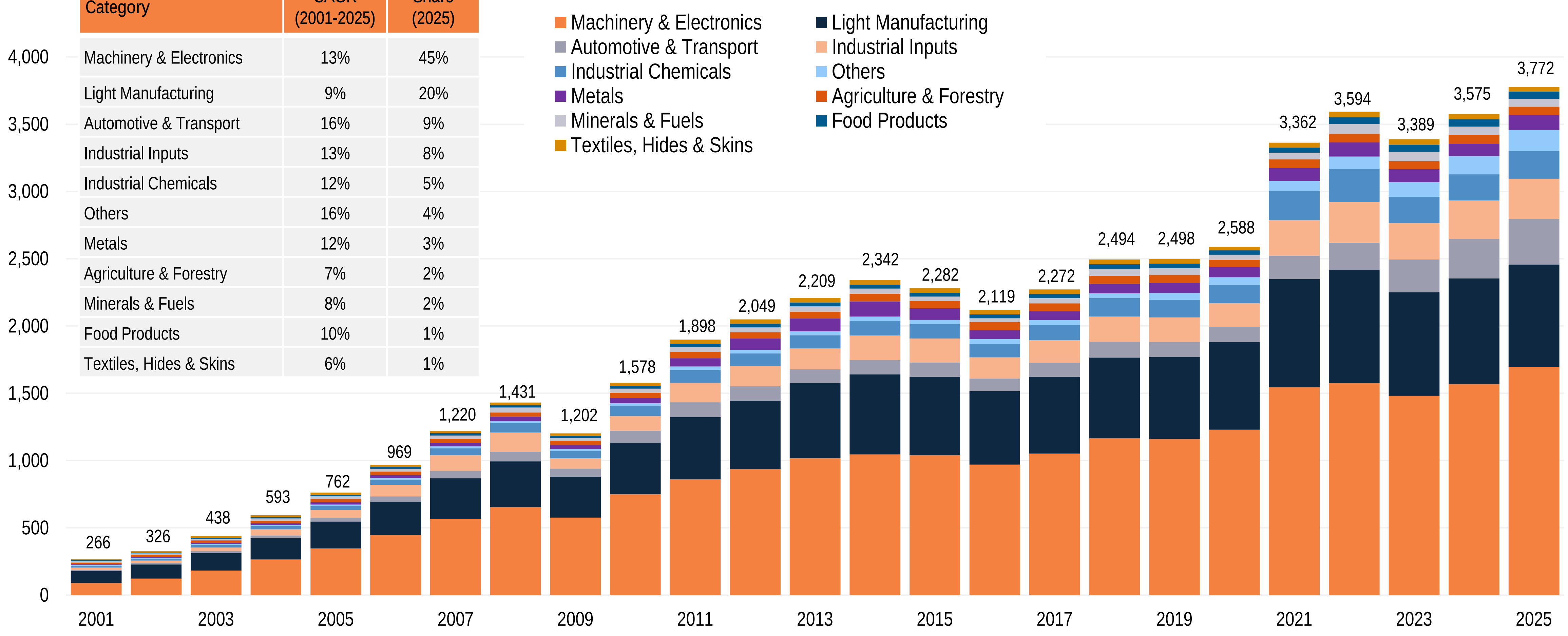
China Exports by Category, USD bn (2001-2025)

Category	CAGR (2001-2025)	Share (2025)
Machinery & Electronics	13%	45%
Light Manufacturing	9%	20%
Automotive & Transport	16%	9%
Industrial Inputs	13%	8%
Industrial Chemicals	12%	5%
Others	16%	4%
Metals	12%	3%
Agriculture & Forestry	7%	2%
Minerals & Fuels	8%	2%
Food Products	10%	1%
Textiles, Hides & Skins	6%	1%



Source: UN Comtrade, ANDAMAN PARTNERS Analysis

Mobile phones were China's top export product in 2025 (USD 216 billion, 6% of total exports)

Followed by integrated circuits (USD 203 billion) and data processing machines (USD 151 billion)

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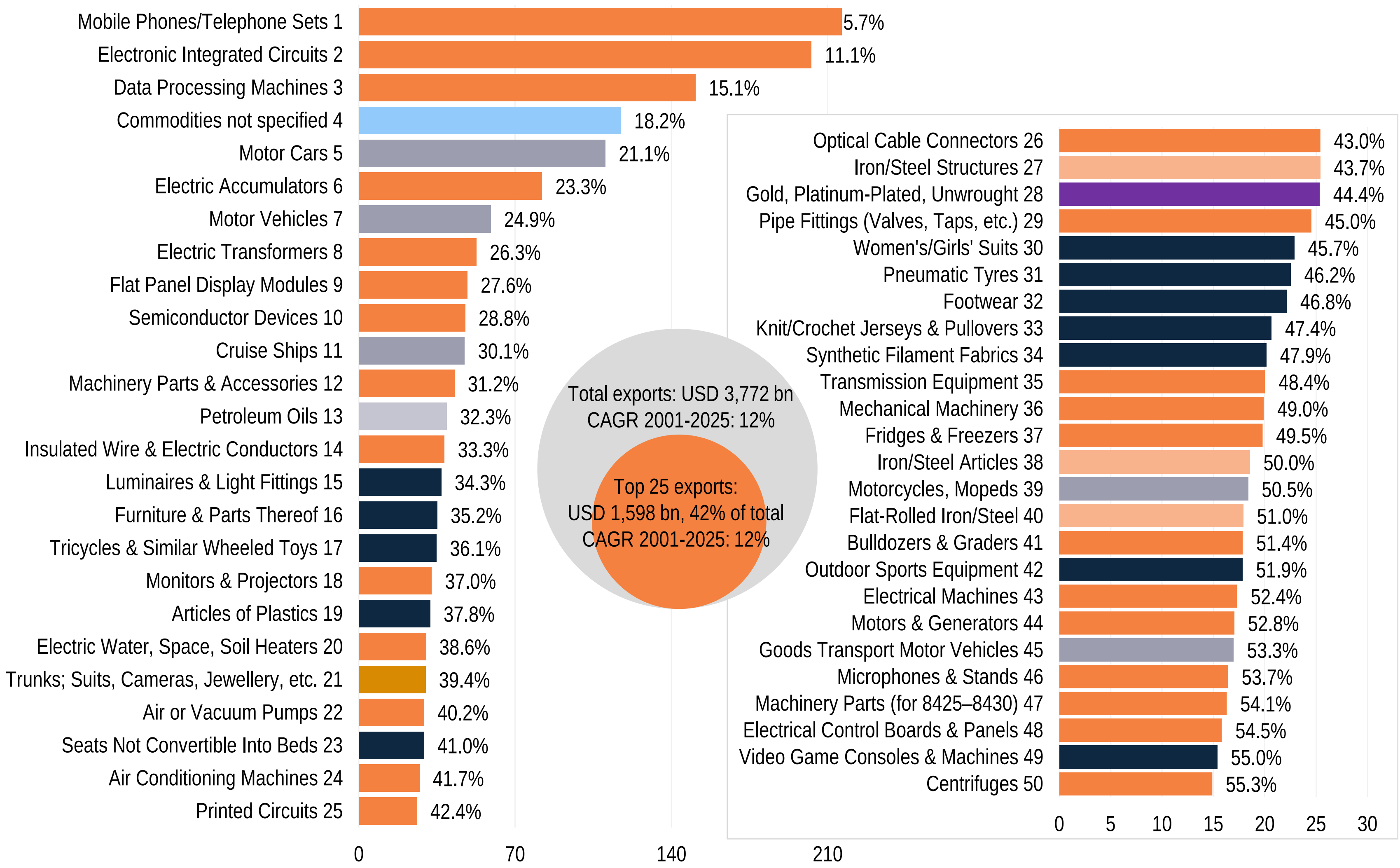
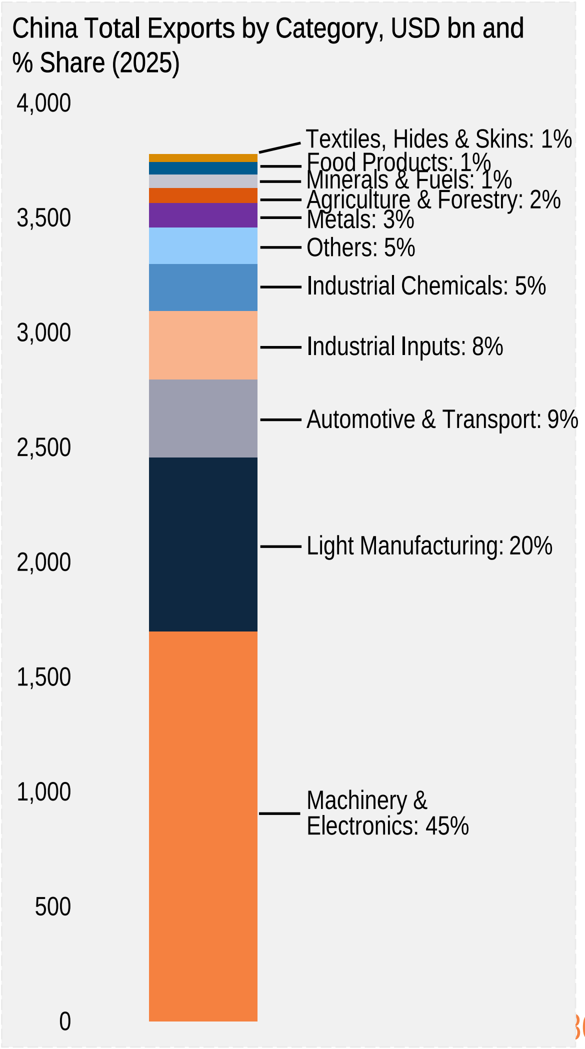
China Top 50 Export Products, USD bn, and Cumulative Share of Total Exports, % (2025)





Source: UN Comtrade, WTO, Trade Map, ANDAMAN PARTNERS Analysis

China accounts for 15% of world exports, encompassing three core elements of new energy tech

In 2025, China accounted for 23% of the world's electric vehicle exports, 51% of battery exports and 61% of solar module exports

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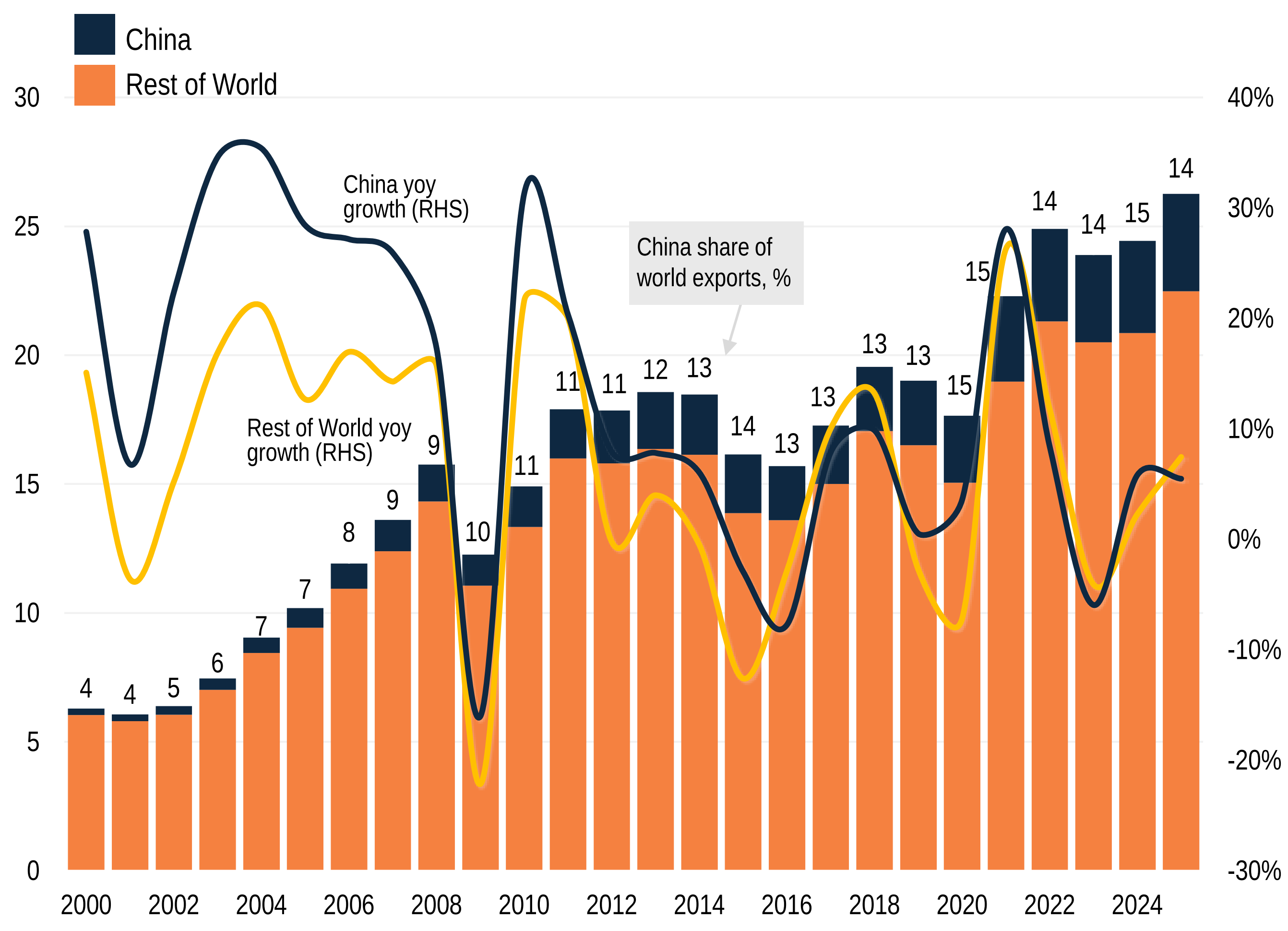
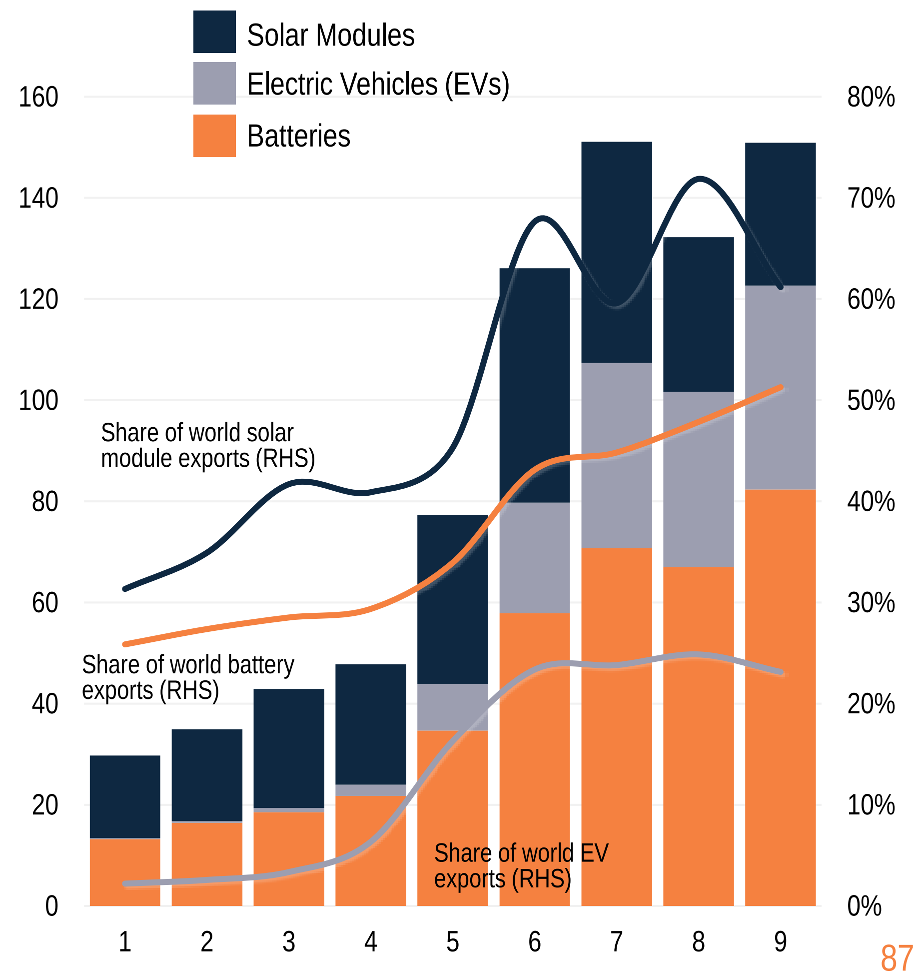
China and World Exports, USD tn and Share of World Exports, % (RHS) (2000-2025)



China New Energy Tech Exports, USD bn and Share of World Exports, % (RHS) (2017-2025)

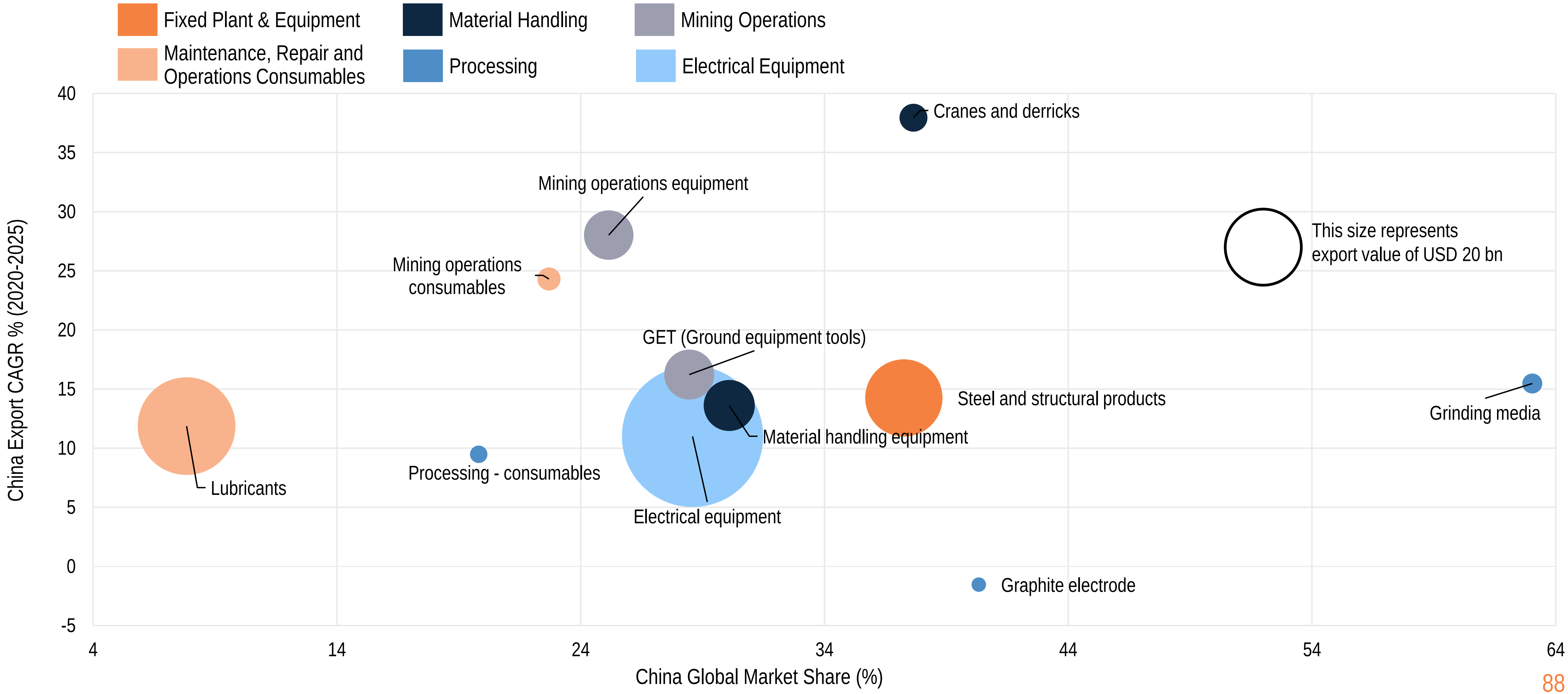


Source: UN Comtrade, WTO, ANDAMAN PARTNERS Analysis

China now controls close to 30% of the global market for electrical mining equipment

Reinforcing China's dominance in industrial machinery and critical supply chains. In 2025, China exported electrical mining equipment worth USD 70 billion, accounting for 29% global market share

China Exports of Selected Mining Products and Equipment, USD bn (2025), Market Share, % (2025) and Export CAGR, % (2020-2025)

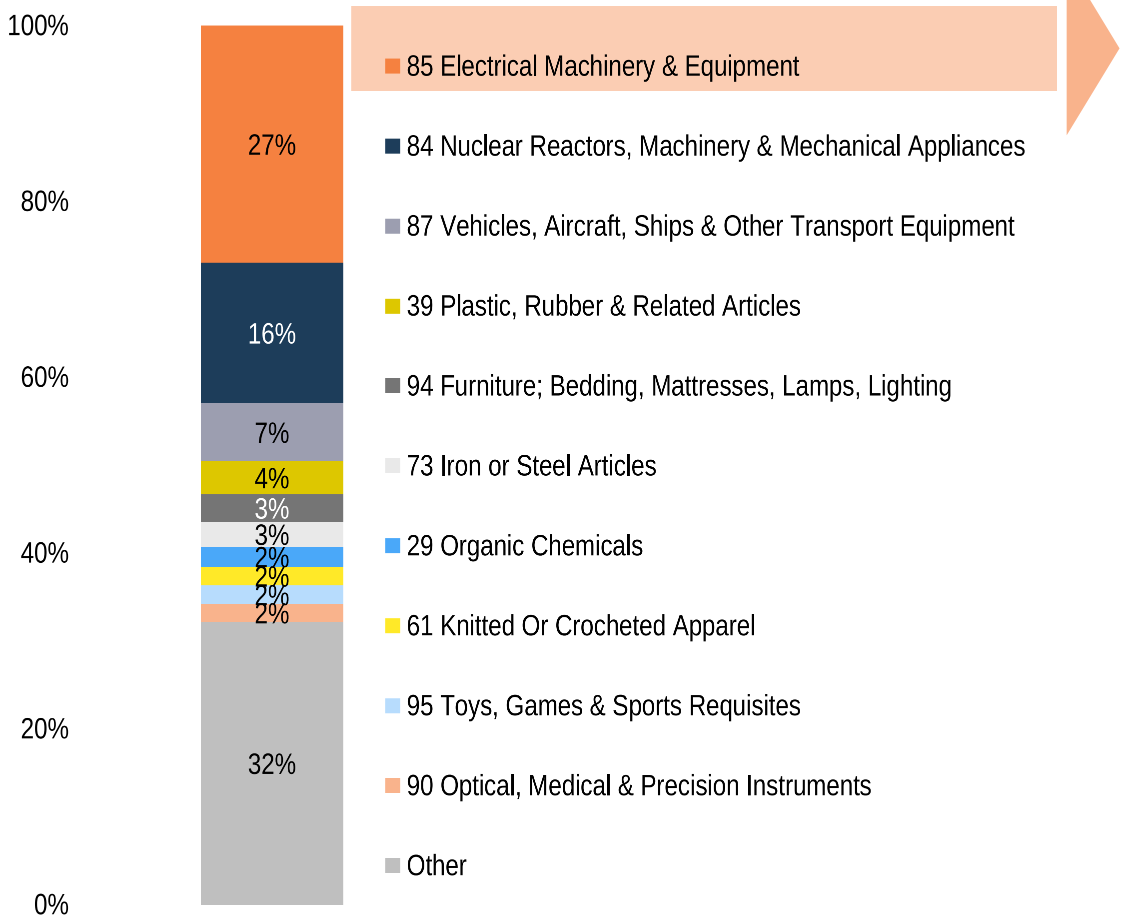


Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

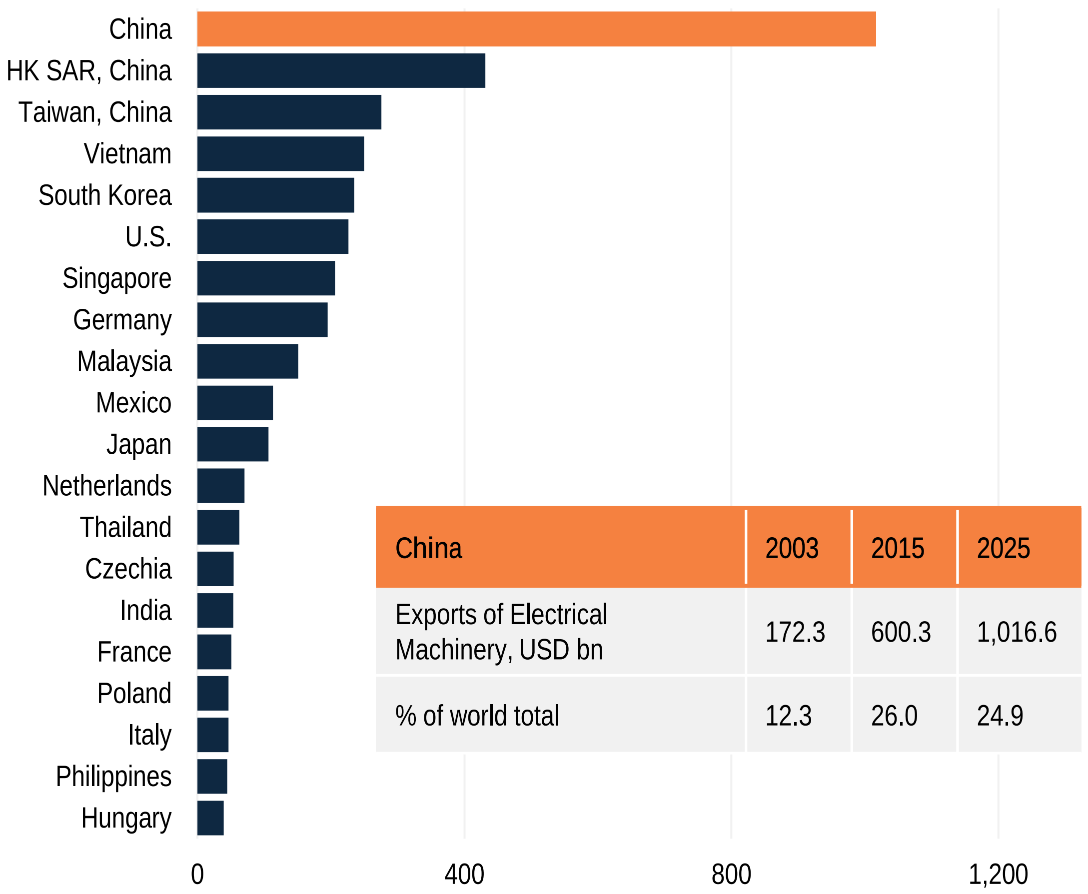
China is the world's largest exporter of Electrical Machinery & Equipment

China exports totalled USD 1,017 billion in 2025, accounting for a market share of 25%, up from 12% in 2005

China Top 10 Export Commodities (2025)



Top 20 Exporters of Electrical Machinery, USD bn (2025)



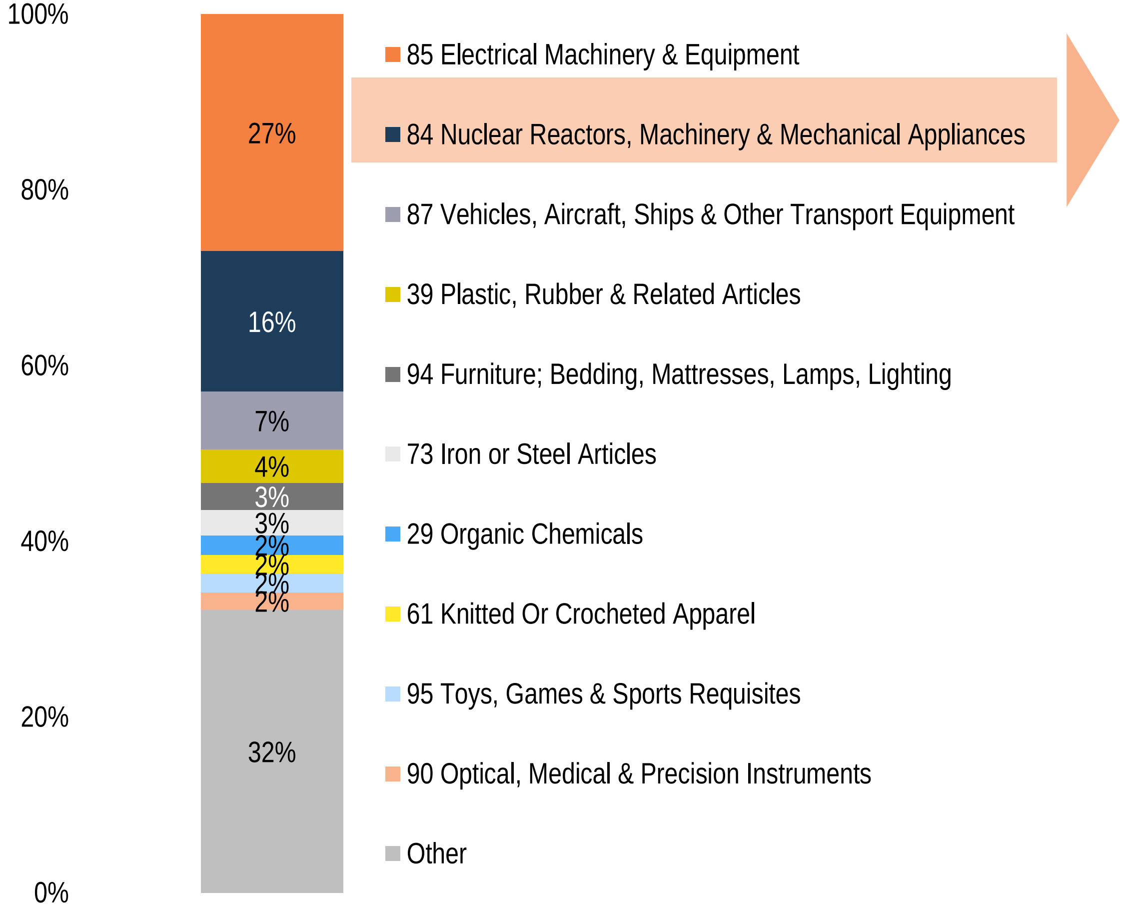
China	2003	2015	2025
Exports of Electrical Machinery, USD bn	172.3	600.3	1,016.6
% of world total	12.3	26.0	24.9

Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

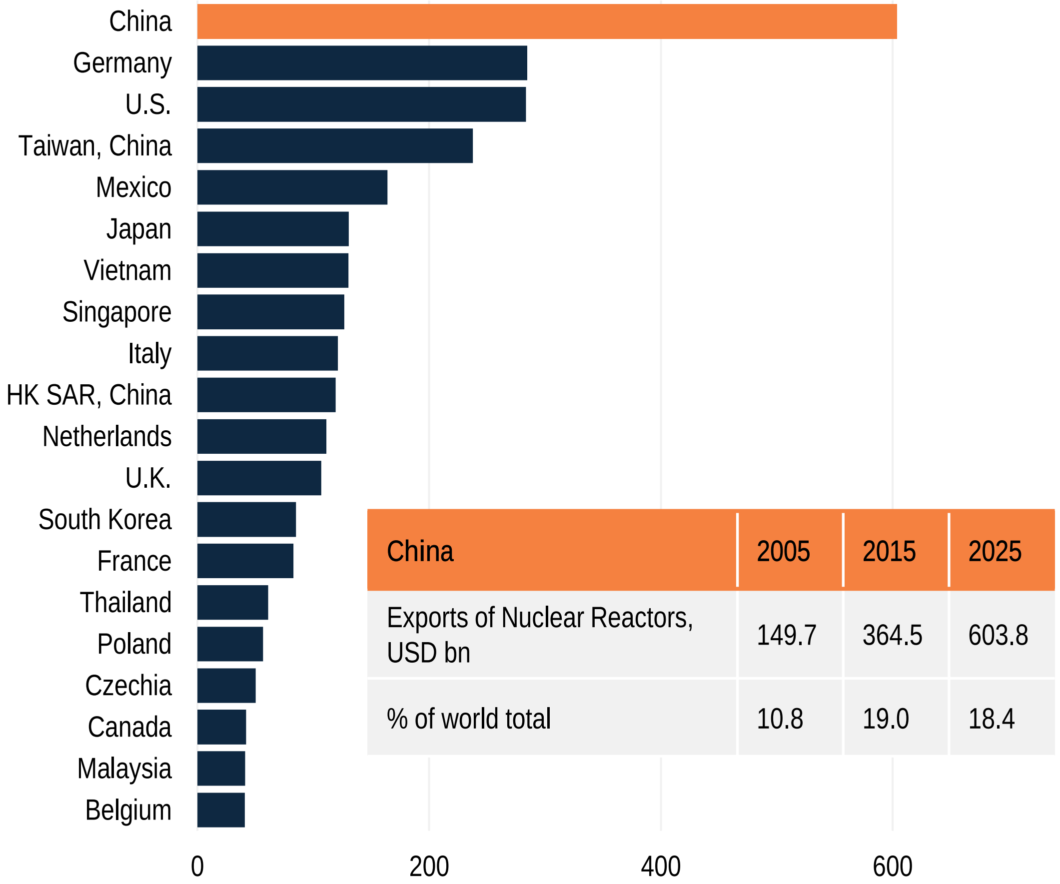
China is the world's largest exporter of Nuclear Reactors, Machinery & Mechanical Appliances

China exports totalled USD 604 billion in 2025, accounting for a market share of 18%, up from 11% in 2005

China Top 10 Export Commodities (2025)



Top 20 Exporters of Nuclear Reactors, USD bn (2025)



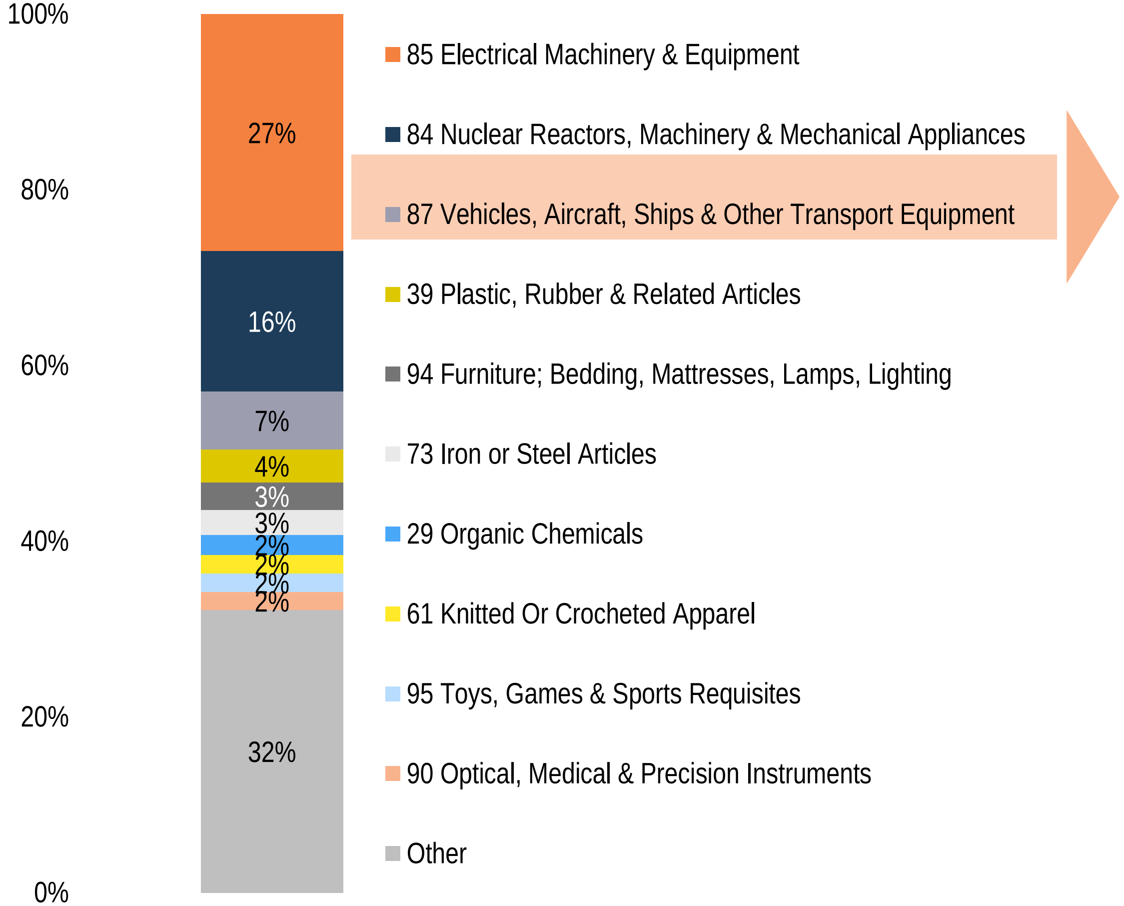
China	2005	2015	2025
Exports of Nuclear Reactors, USD bn	149.7	364.5	603.8
% of world total	10.8	19.0	18.4

Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

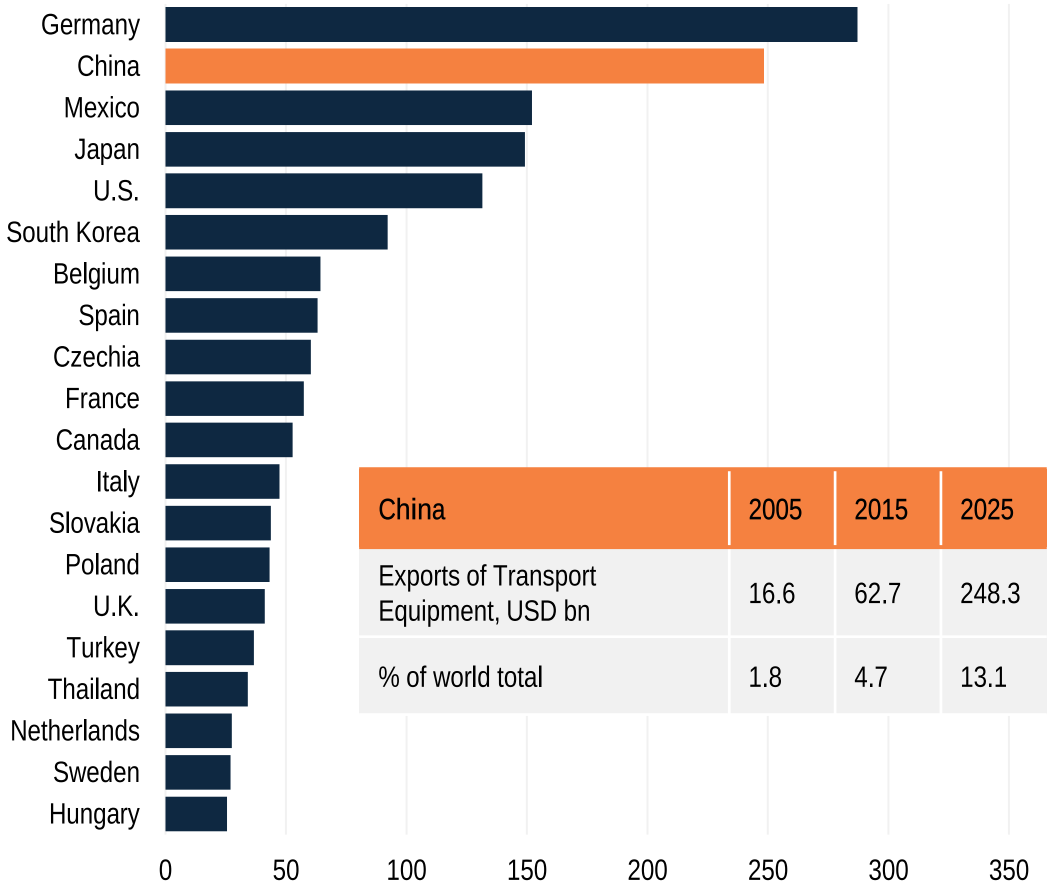
China is the world's second-largest exporter of vehicles and other Transport Equipment

China exports totalled USD 248 billion in 2025, accounting for 13% of the global total, up from 2% in 2005

China Top 10 Export Commodities (2025)



Top 20 Exporters of Transport Equipment, USD bn (2025)



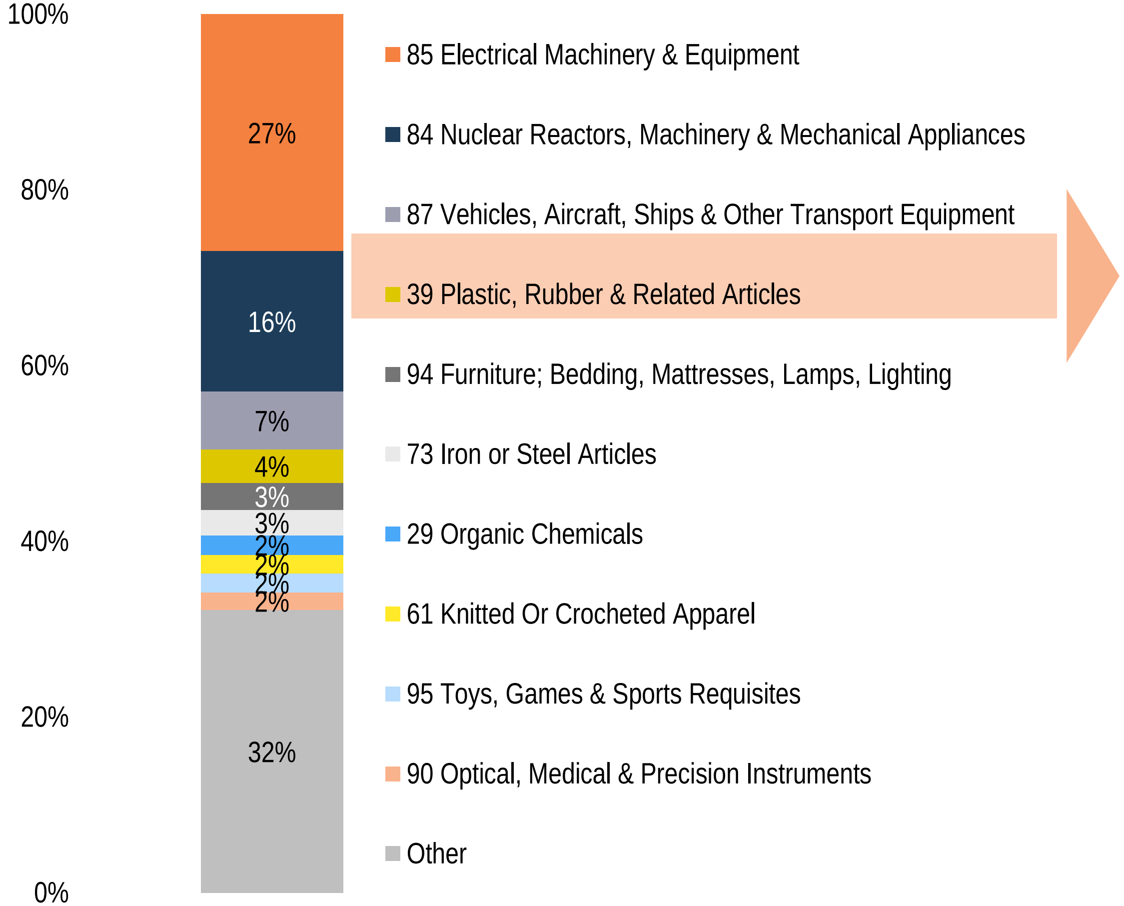
China	2005	2015	2025
Exports of Transport Equipment, USD bn	16.6	62.7	248.3
% of world total	1.8	4.7	13.1

Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

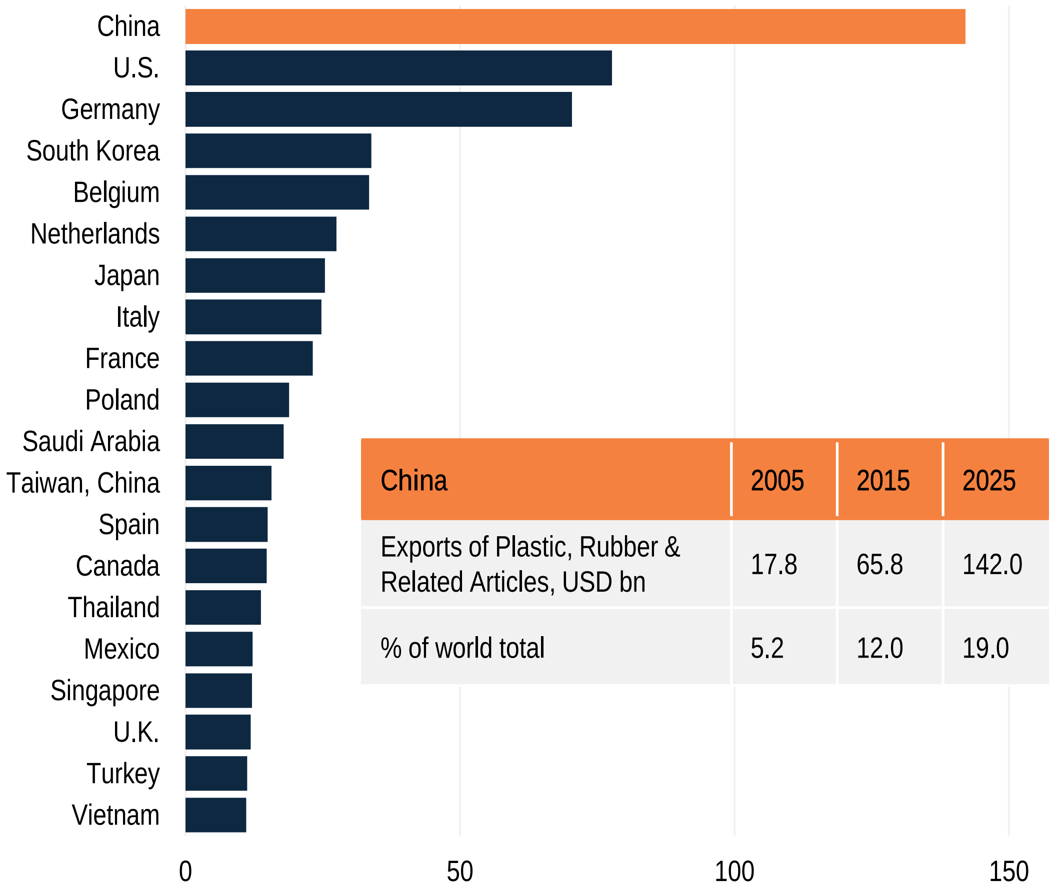
China is the world's largest exporter of Plastics, Rubber & Related Articles

China exports totalled USD 142 billion in 2025, accounting for a market share of 19%, up from 5% in 2003

China Top 10 Export Commodities (2025)



Top 20 Exporters of Plastic, Rubber & Related Articles, USD bn (2025)



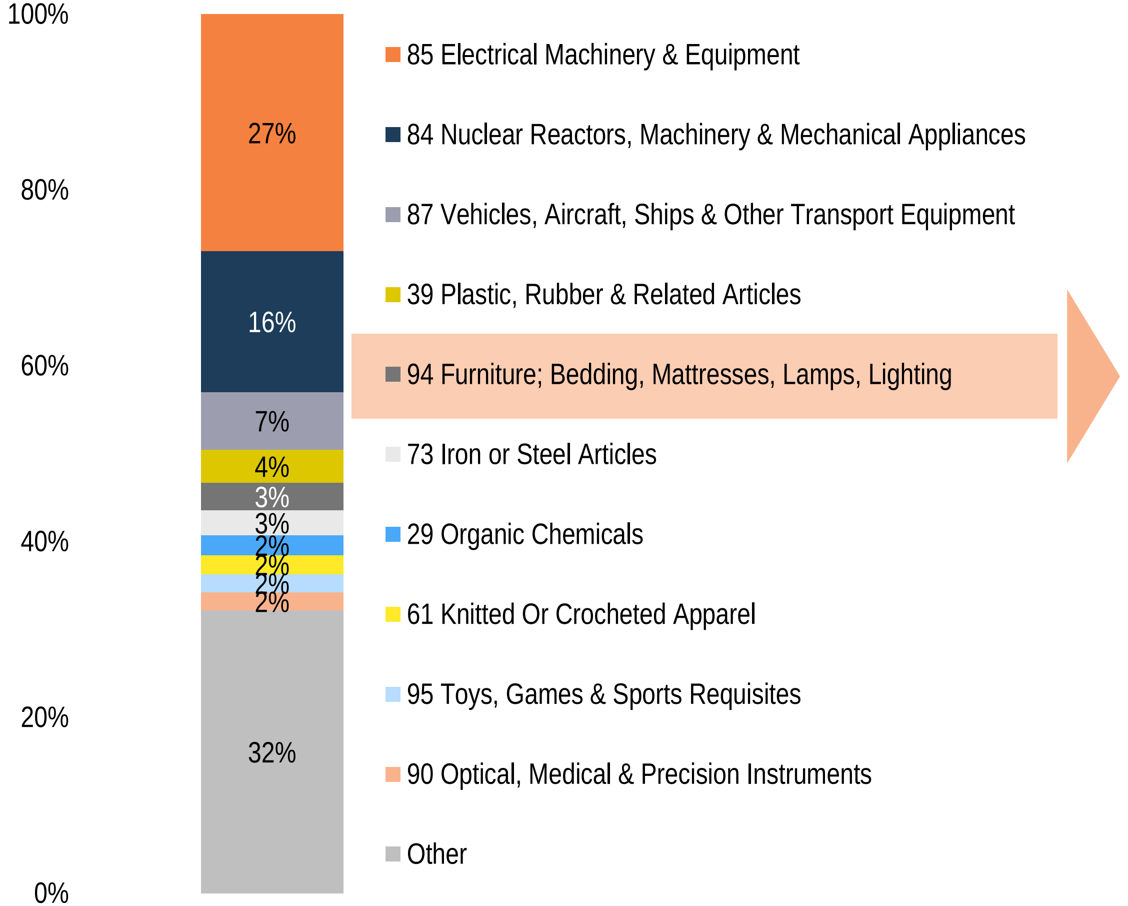
China	2005	2015	2025
Exports of Plastic, Rubber & Related Articles, USD bn	17.8	65.8	142.0
% of world total	5.2	12.0	19.0

Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

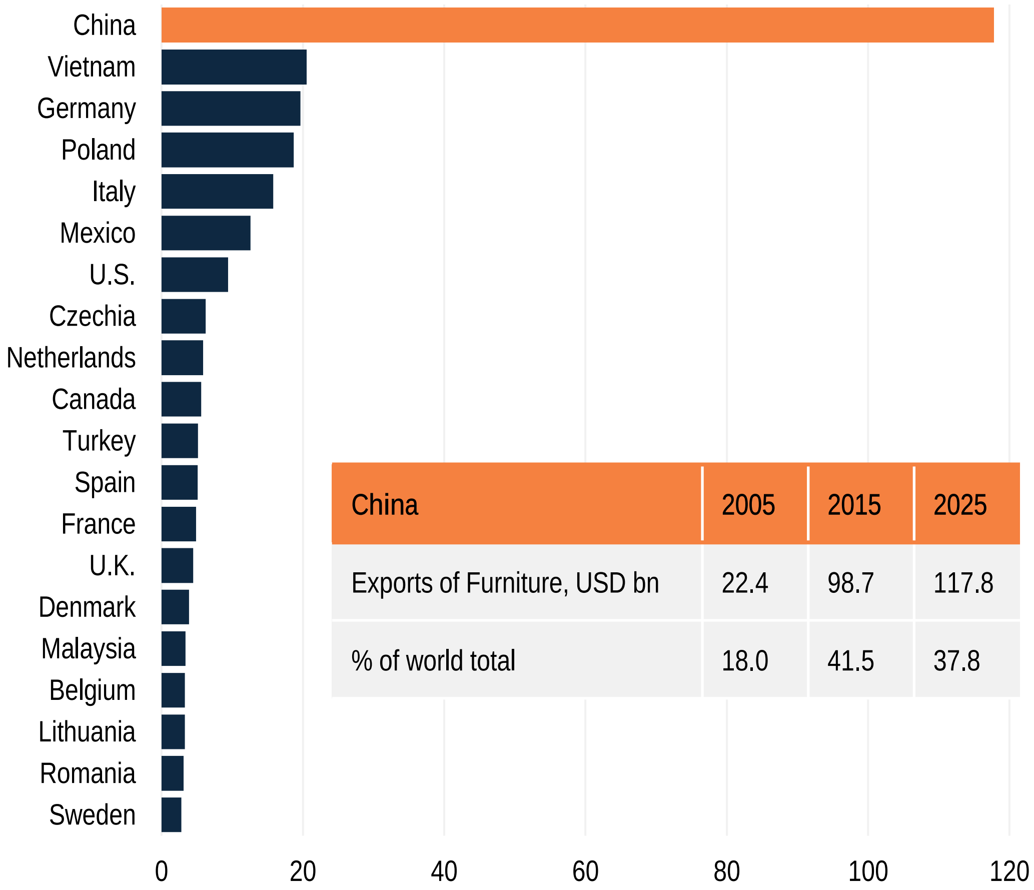
China is the world's largest exporter of Miscellaneous Goods (e.g., paper, furniture & instruments)

China exports totalled USD 118 billion in 2025, accounting for a market share of 38%, up from 18% in 2003

China Top 10 Export Commodities (2025)



Top 20 Exporters of Furniture, USD bn (2025)



China	2005	2015	2025
Exports of Furniture, USD bn	22.4	98.7	117.8
% of world total	18.0	41.5	37.8

Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

China is the world's largest exporter of Iron or Steel Articles

China exports totalled USD 108 billion in 2025, accounting for a market share of 28%, up from 11% in 2005

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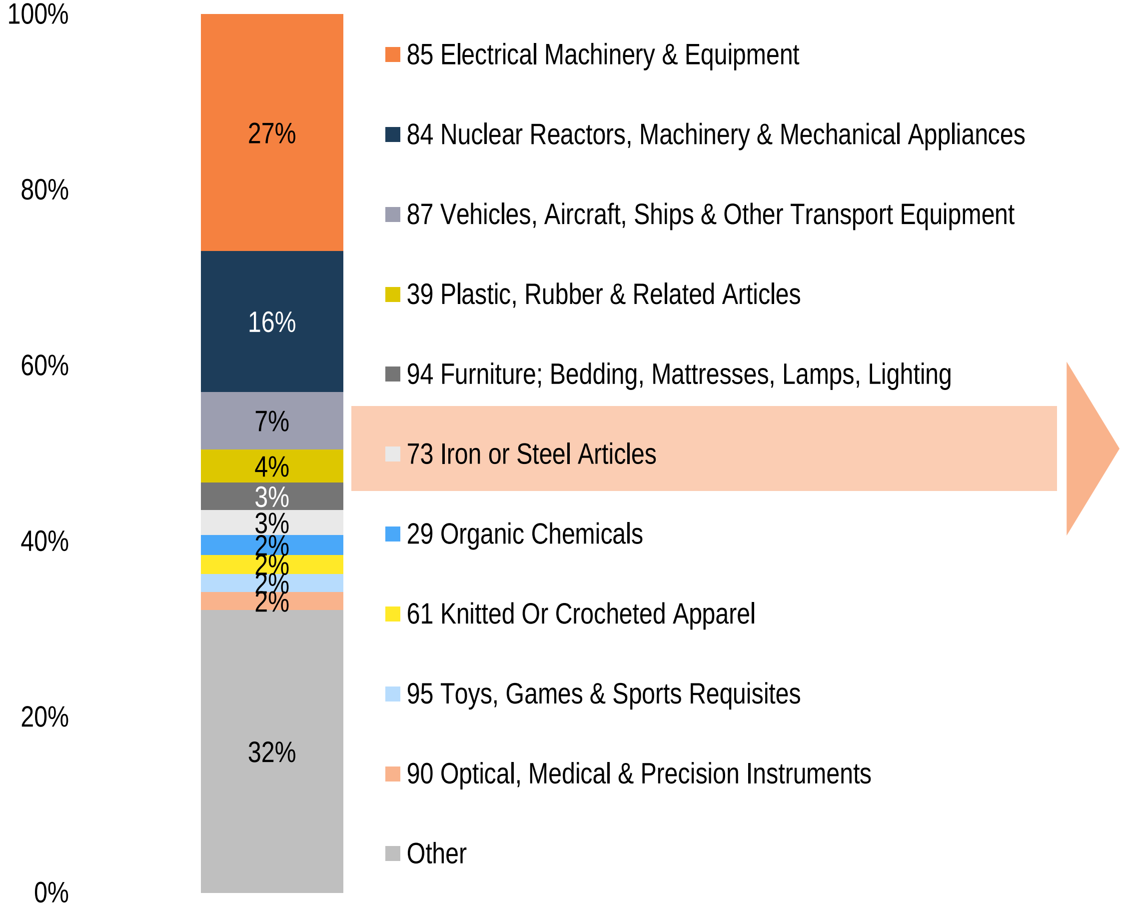
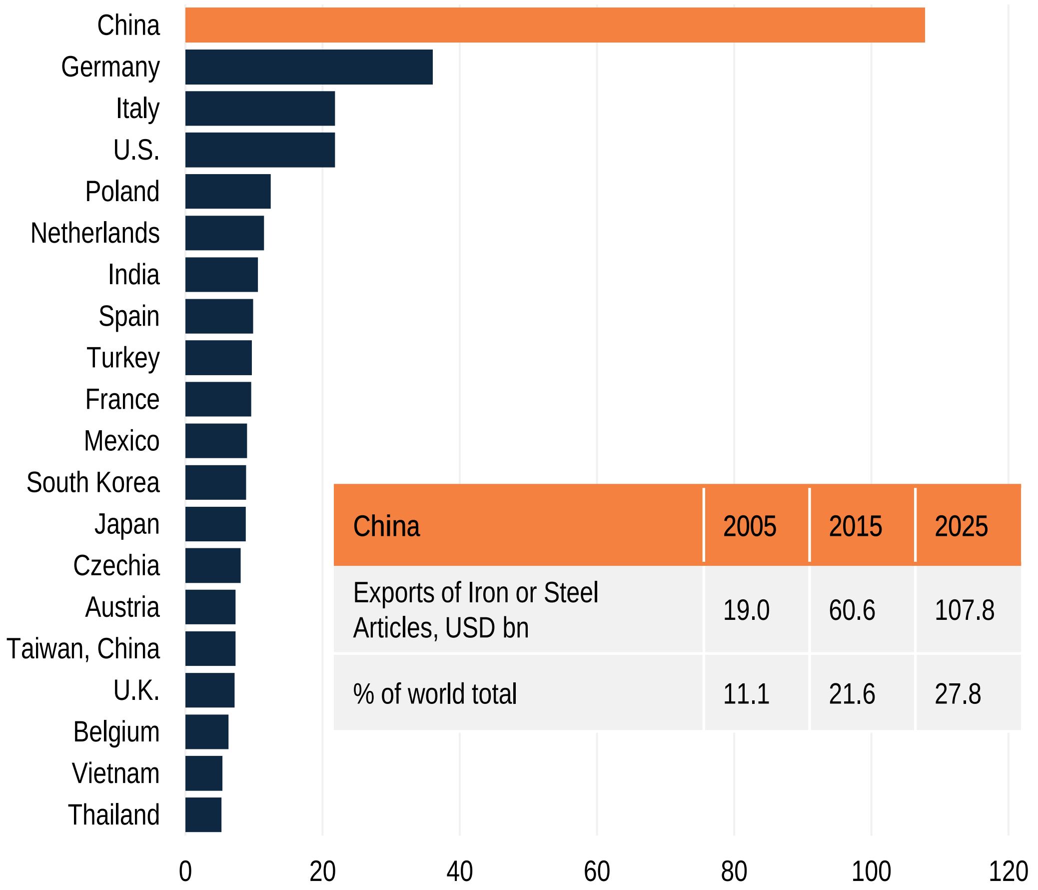
China Top 10 Export Commodities (2025)



Top 20 Exporters of Iron or Steel Articles, USD bn (2025)



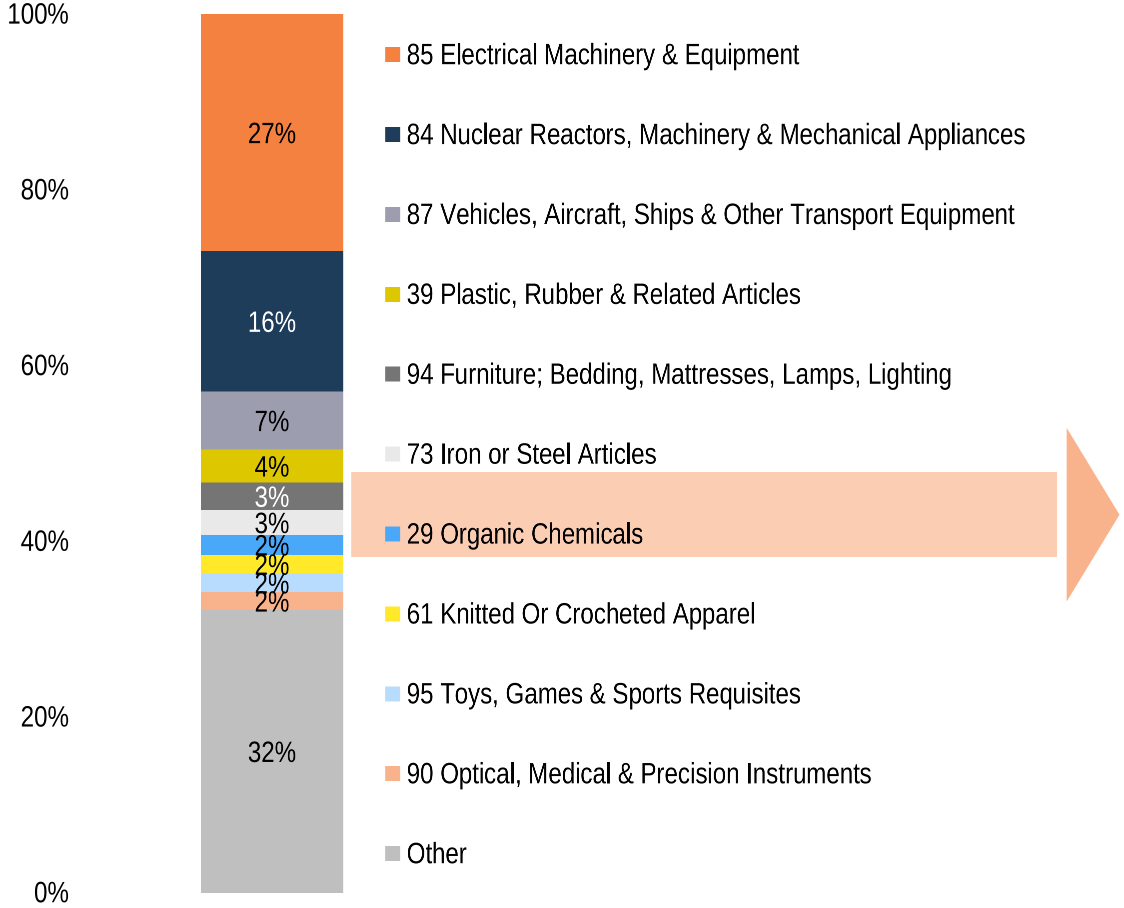
China	2005	2015	2025
Exports of Iron or Steel Articles, USD bn	19.0	60.6	107.8
% of world total	11.1	21.6	27.8

Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

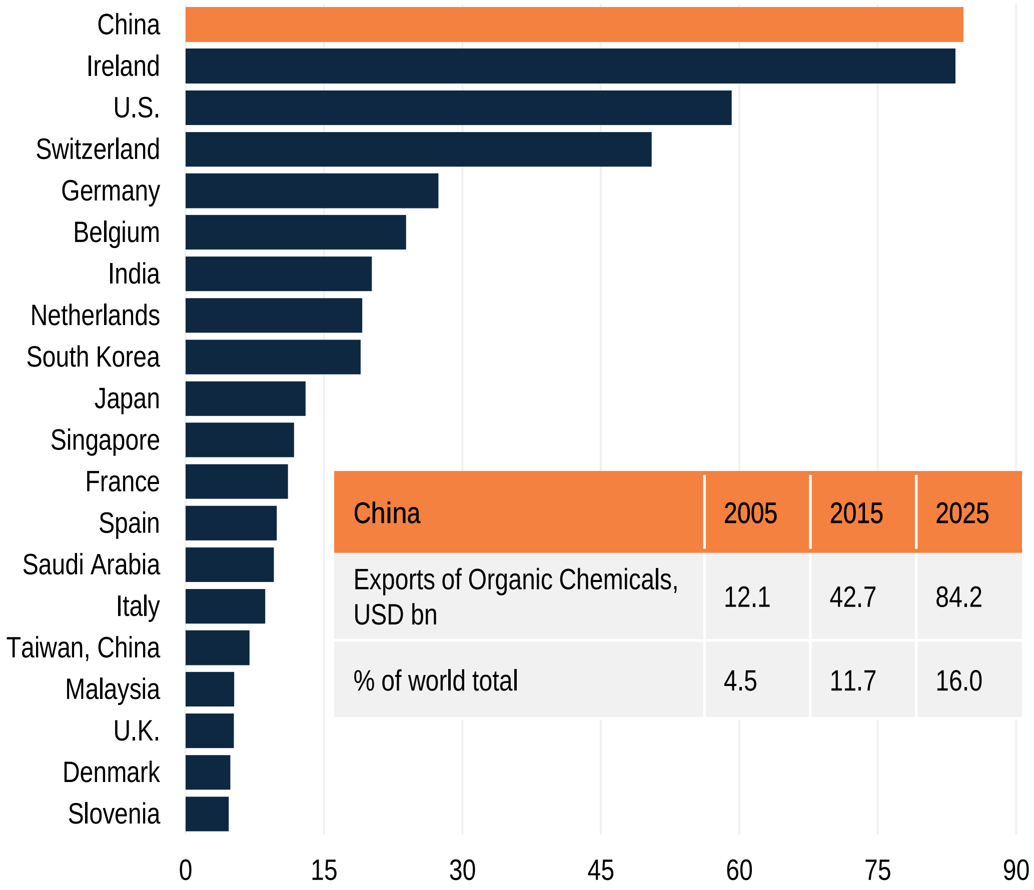
China is the world's largest exporter of Organic Chemicals

China exports totalled USD 84 billion in 2025, accounting for a market share of 16%, up from 5% in 2003

China Top 10 Export Commodities (2025)



Top 20 Exporters of Organic Chemicals, USD bn (2025)



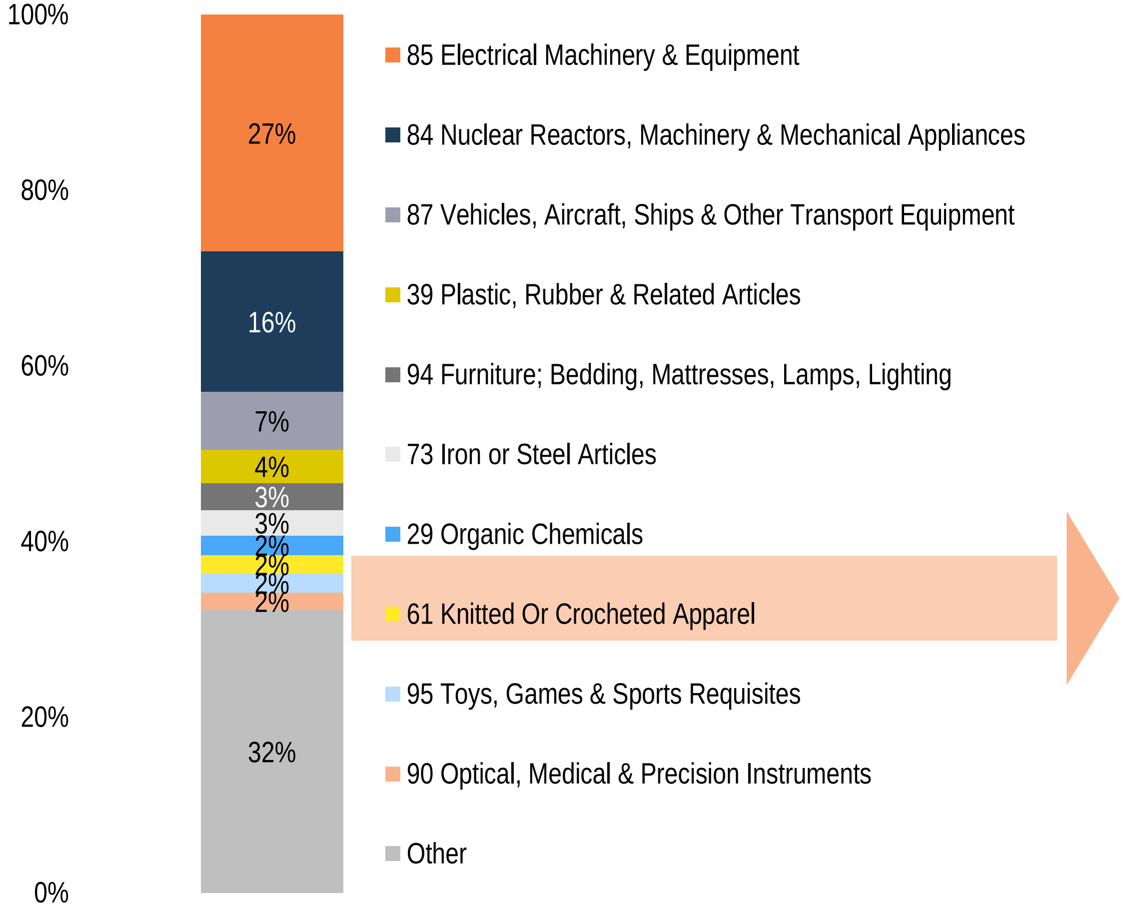
China	2005	2015	2025
Exports of Organic Chemicals, USD bn	12.1	42.7	84.2
% of world total	4.5	11.7	16.0

Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

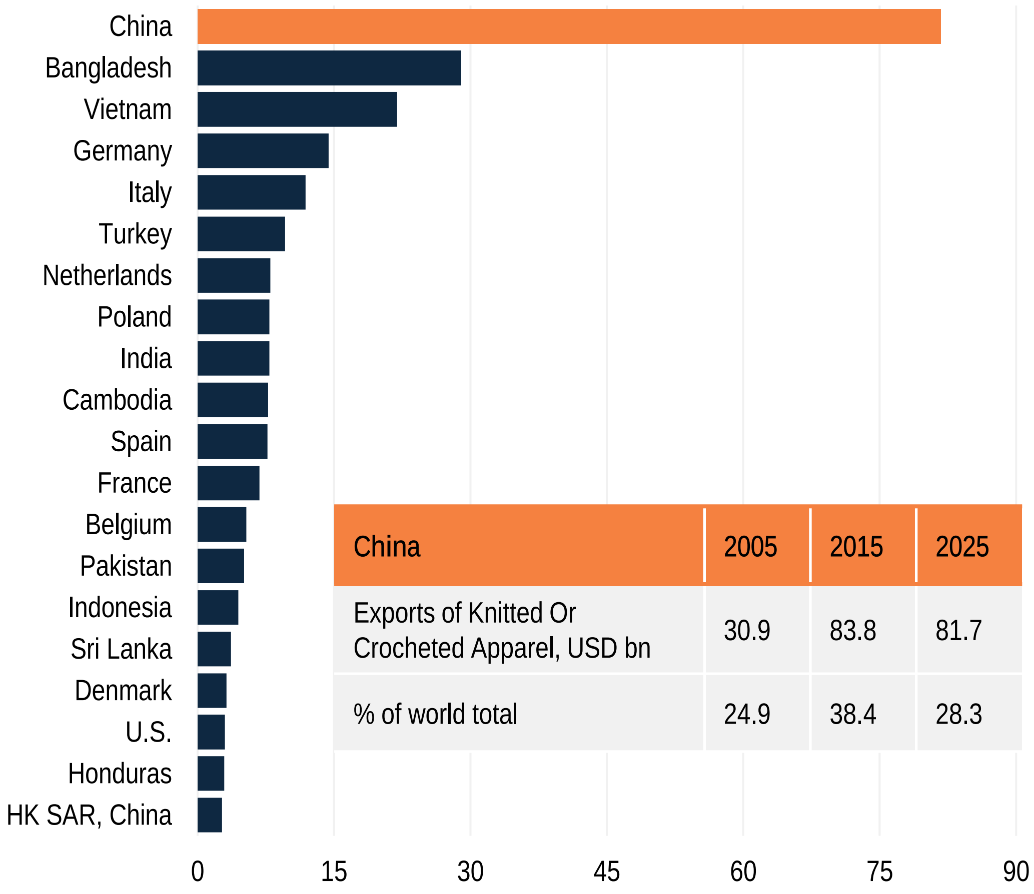
China is the world's largest exporter of Knitted or Crocheted Apparel

China exports totalled USD 82 billion in 2025, accounting for a market share of 28%, up from 25% in 2005

China Top 10 Export Commodities (2025)



Top 20 Exporters of Knitted Or Crocheted Apparel, USD bn (2025)



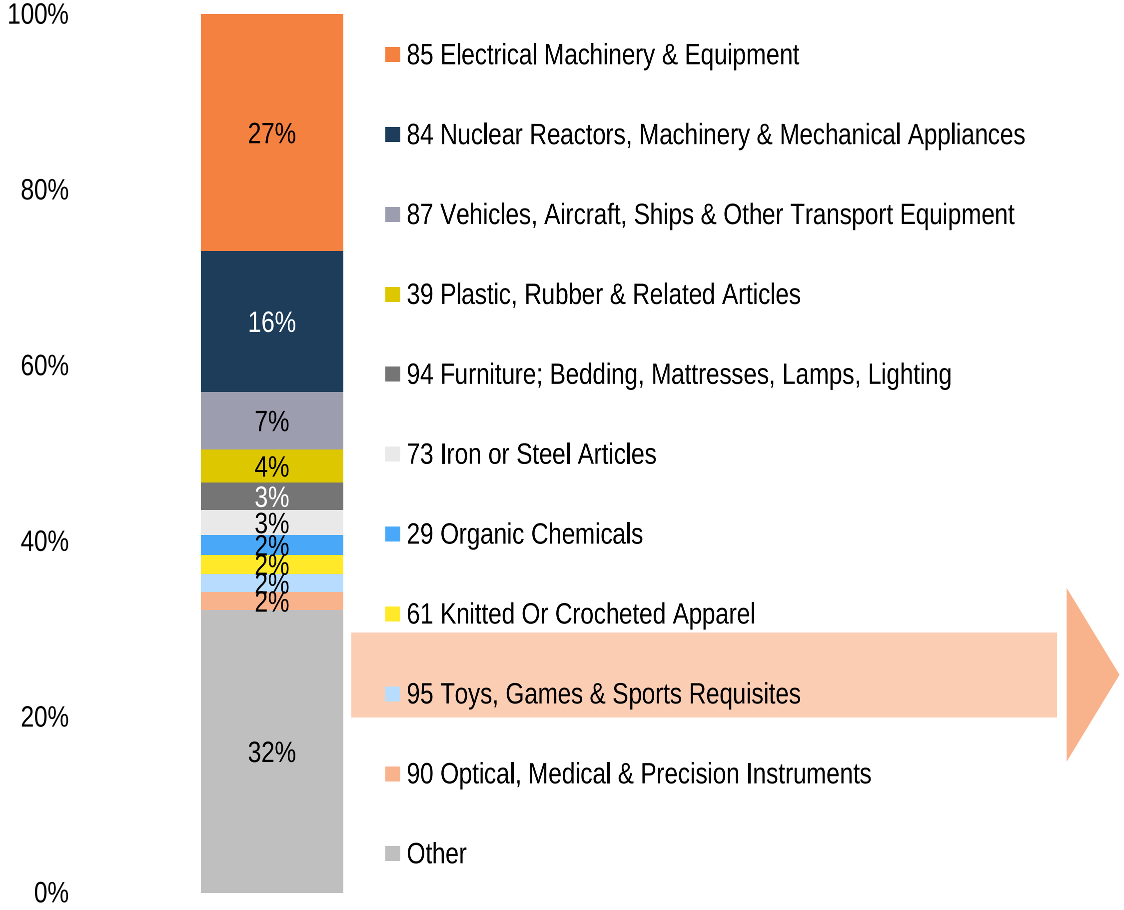
China	2005	2015	2025
Exports of Knitted Or Crocheted Apparel, USD bn	30.9	83.8	81.7
% of world total	24.9	38.4	28.3

Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

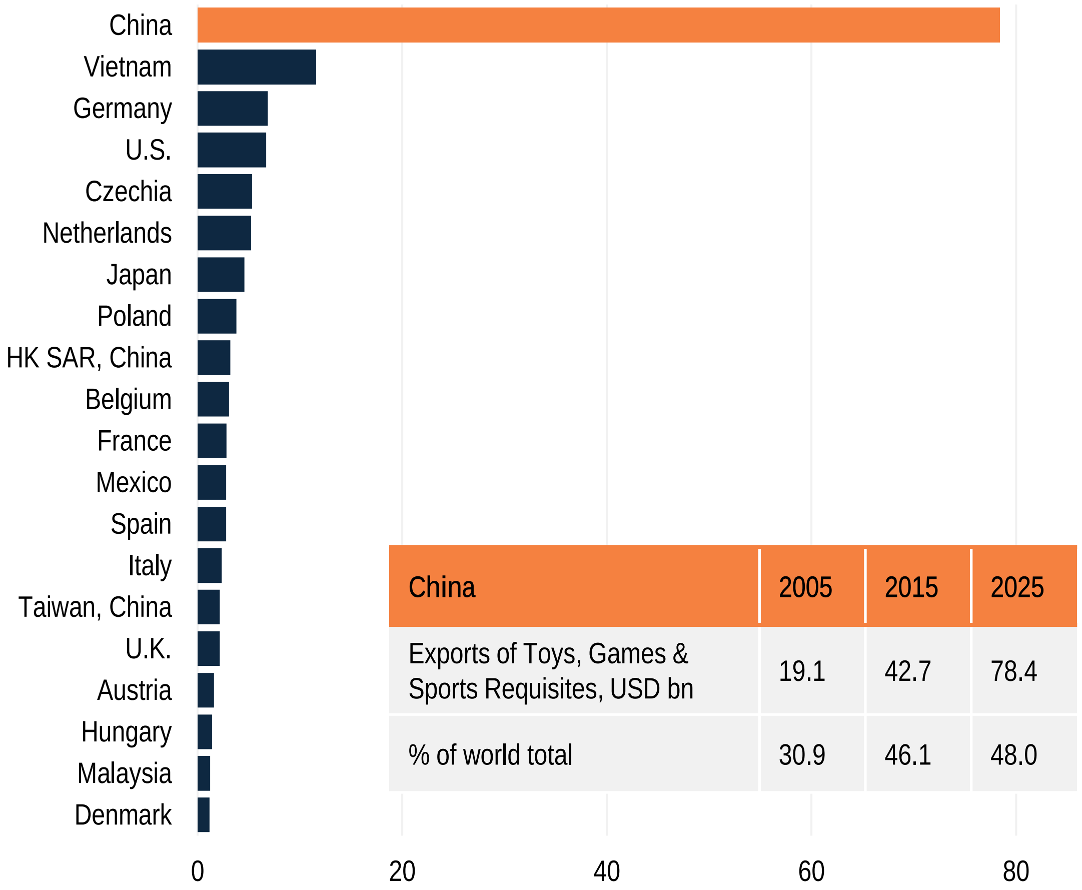
China is the world's largest exporter of Toys, Games & Sports Requisites

China exports totalled USD 78 billion in 2023, accounting for a market share of 48%, up from 31% in 2003

China Top 10 Export Commodities (2025)



Top 20 Exporters of Toys, Games & Sports Requisites, USD bn (2025)



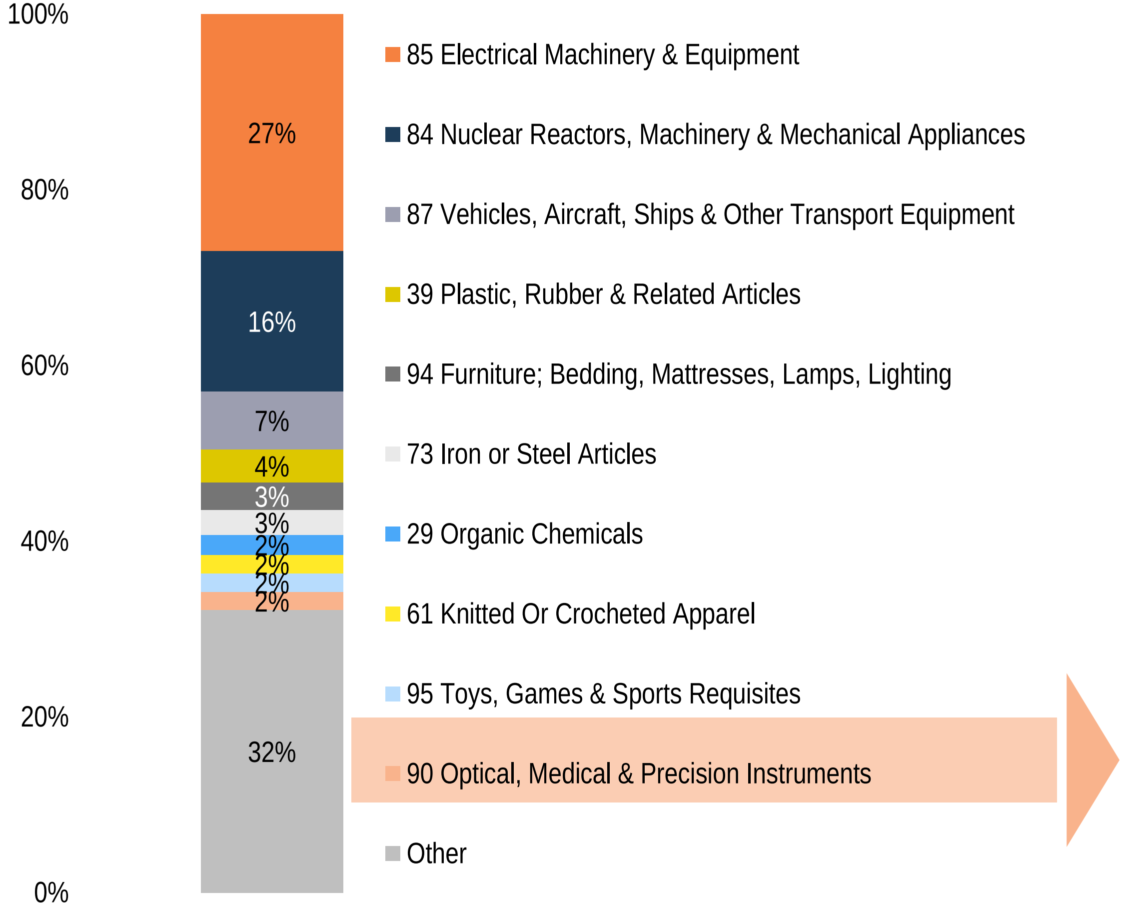
China	2005	2015	2025
Exports of Toys, Games & Sports Requisites, USD bn	19.1	42.7	78.4
% of world total	30.9	46.1	48.0

Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

China is the world's third-largest exporter of Optical, Medical & Precision Instruments

China exports totalled USD 78 billion in 2025, accounting for a market share of 10%, up from 8% in 2005

China Top 10 Export Commodities (2025)



Top 20 Exporters of Optical, Medical & Precision Instruments, USD bn (2025)

China	2005	2015	2025
Exports of Optical, Medical, Precision Instruments, USD bn	25.5	73.8	77.6
% of world total	7.9	13.7	10.4

Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

WTO accession in 2001 triggered a sharp rise in China’s Machinery & Electronics imports

Reflecting the need for components, equipment and production machinery. The 2020s brought a steady increase in Agriculture & Forestry and Food Products imports

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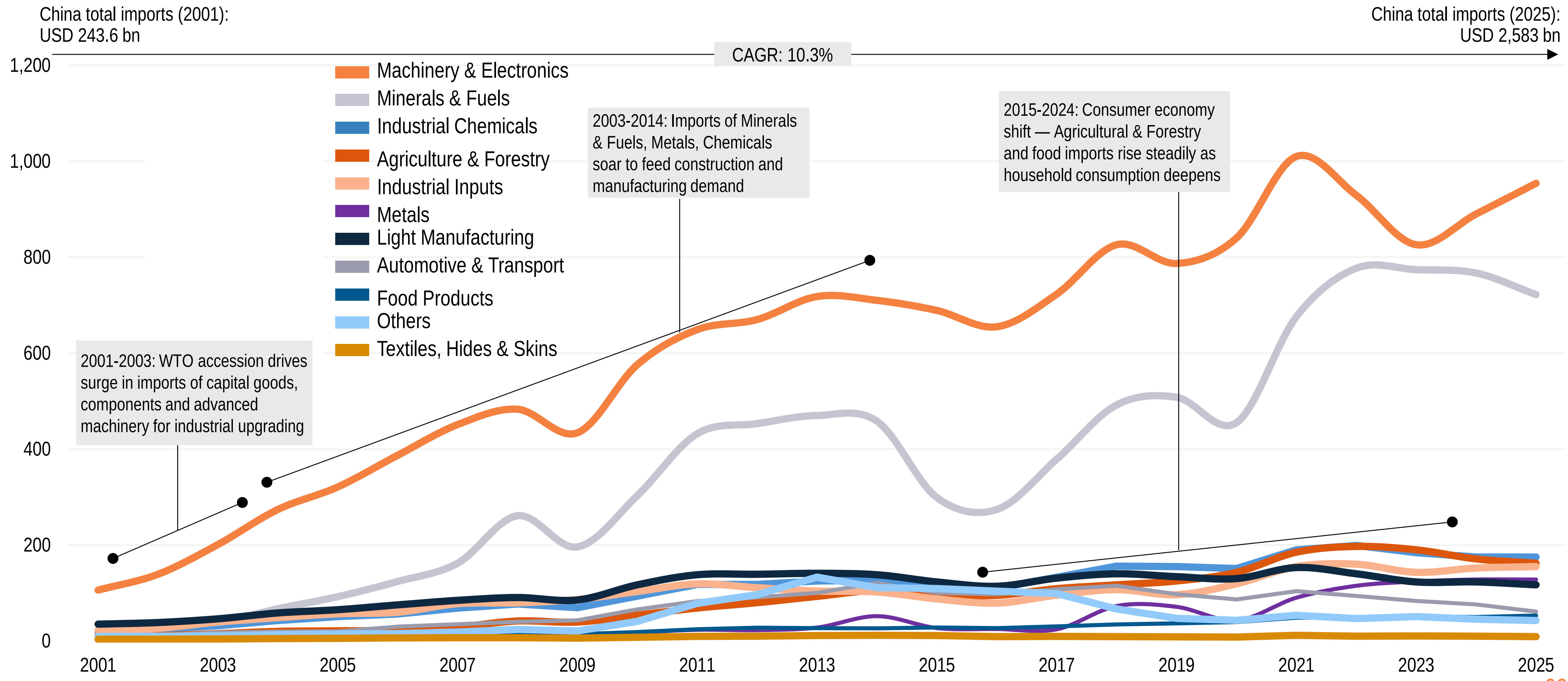
China Imports from the World by Category, USD bn (2001-2025)



Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

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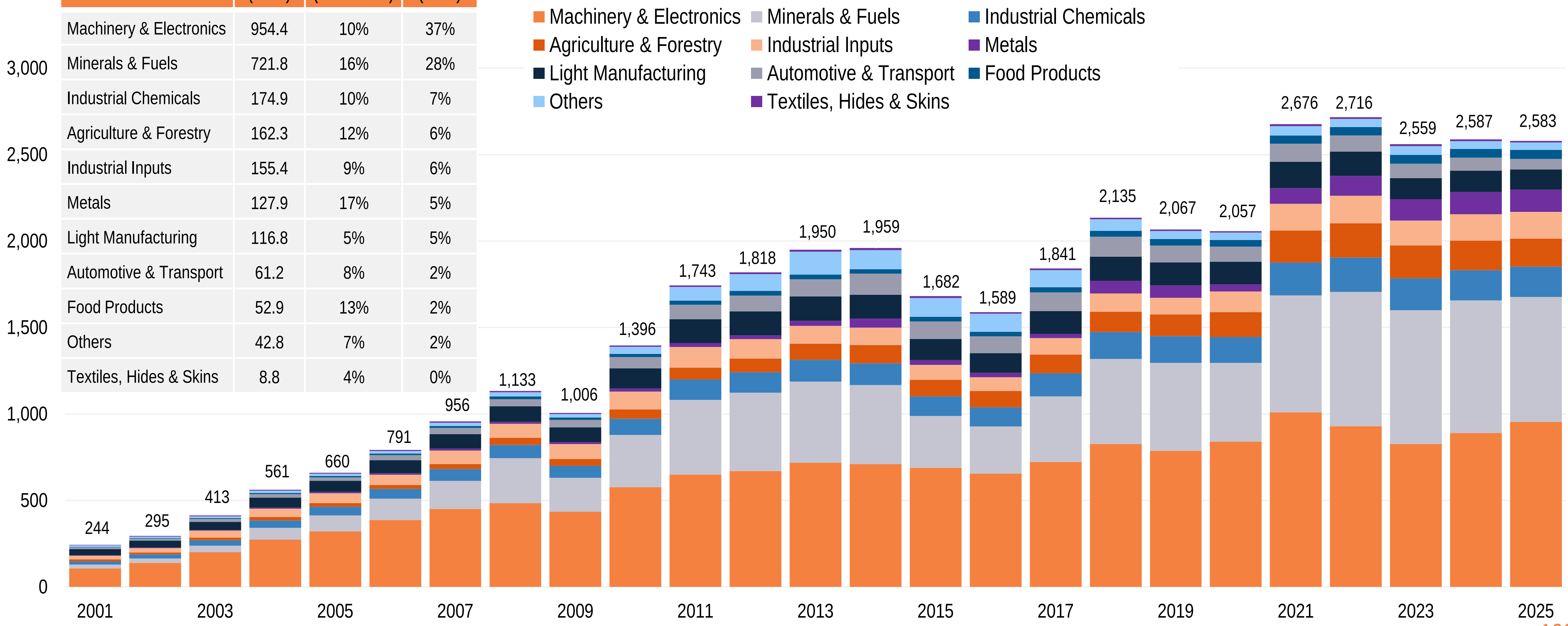
China's 2025 imports were led by Machinery & Electronics and Minerals & Fuels

These two categories made up 65% of total imports, underscoring China's reliance on advanced equipment and energy resources

China Imports by Category, USD bn (2001-2025)

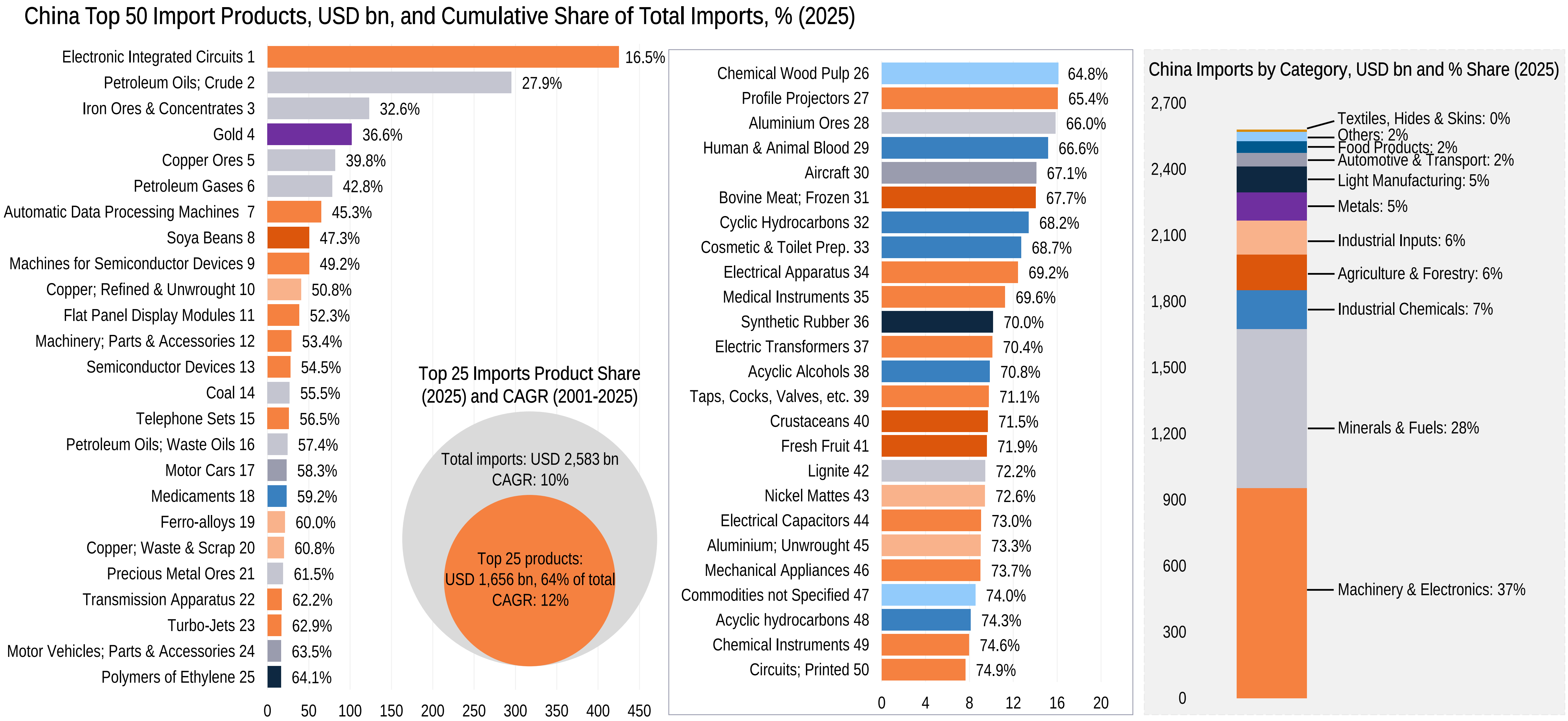
Category	USD bn (2025)	CAGR (2001-2025)	% Share (2025)
Machinery & Electronics	954.4	10%	37%
Minerals & Fuels	721.8	16%	28%
Industrial Chemicals	174.9	10%	7%
Agriculture & Forestry	162.3	12%	6%
Industrial Inputs	155.4	9%	6%
Metals	127.9	17%	5%
Light Manufacturing	116.8	5%	5%
Automotive & Transport	61.2	8%	2%
Food Products	52.9	13%	2%
Others	42.8	7%	2%
Textiles, Hides & Skins	8.8	4%	0%



Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

Electronic Integrated Circuits was China's top import product in 2025 (USD 425 billion, 17% of total)

Followed by petroleum oils (USD 295 billion) and iron ore (USD 123 billion)



Source: UN Comtrade, Trade Map, ANDAMAN PARTNERS Analysis

With tariffs and threats of trade wars, price volatility is becoming embedded in China's shipping rates

Shipping rates surged amid global disruptions from 2020 to 2021, declined sharply until early 2023 and remained volatile in 2025, subject to short-term shocks

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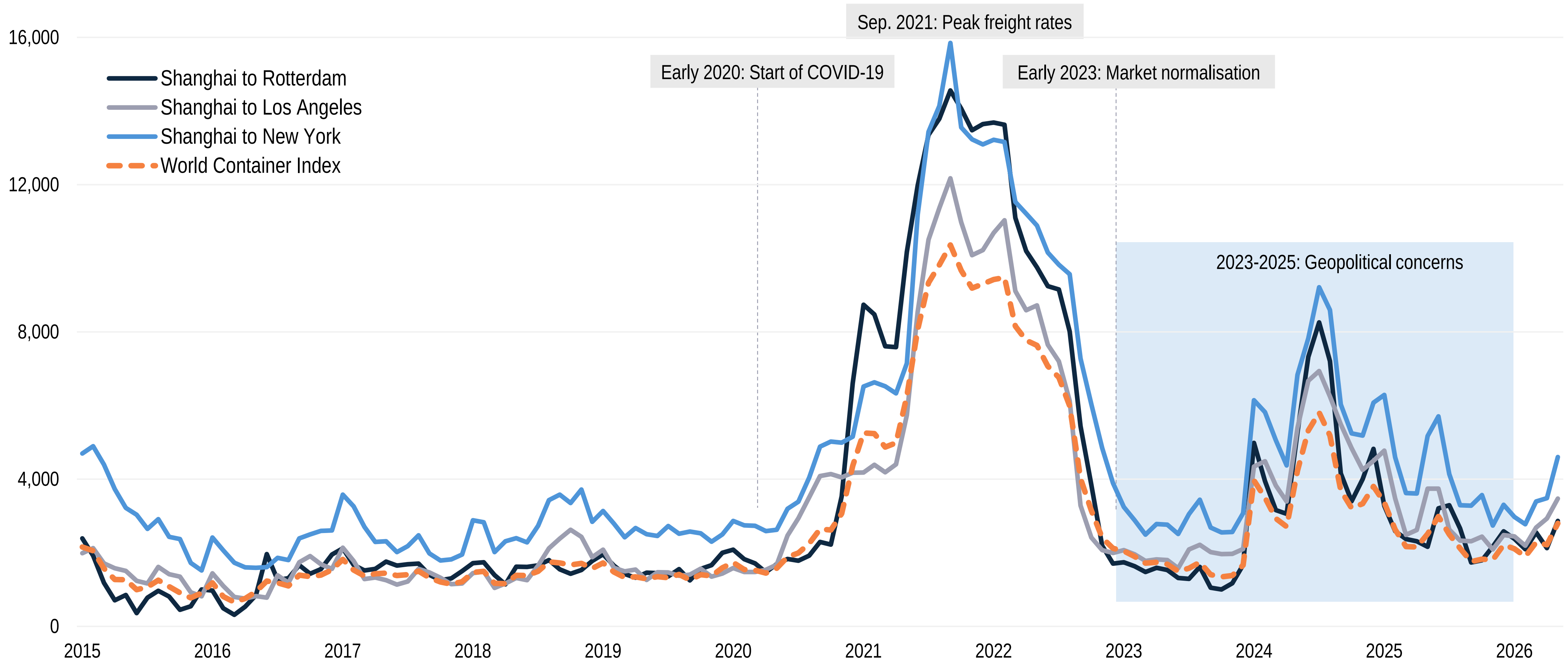
China Major Trade Route Prices USD/40ft (Jan. 2015-May 2026)



Source: Drewry Shipping, ANDAMAN PARTNERS Analysis

Agenda

1. Prelude
2. China in Brief
3. China in Depth
   - Growth Indicators
   - Consumption
   - Investment
   - Government Expenditure
   - Trade
   - **Financial Indicators**
   - Social Indicators
4. China in the World
5. Conclusions, Implications and Recommendations

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China's money supply is expanding, but liquidity is not translating into stronger economic momentum

China's broad money supply (M2) increased from USD 17 trillion in 2014 to over USD 50 trillion by 2026, but low business sentiment persists despite the People's Bank of China (PBoC) injecting liquidity

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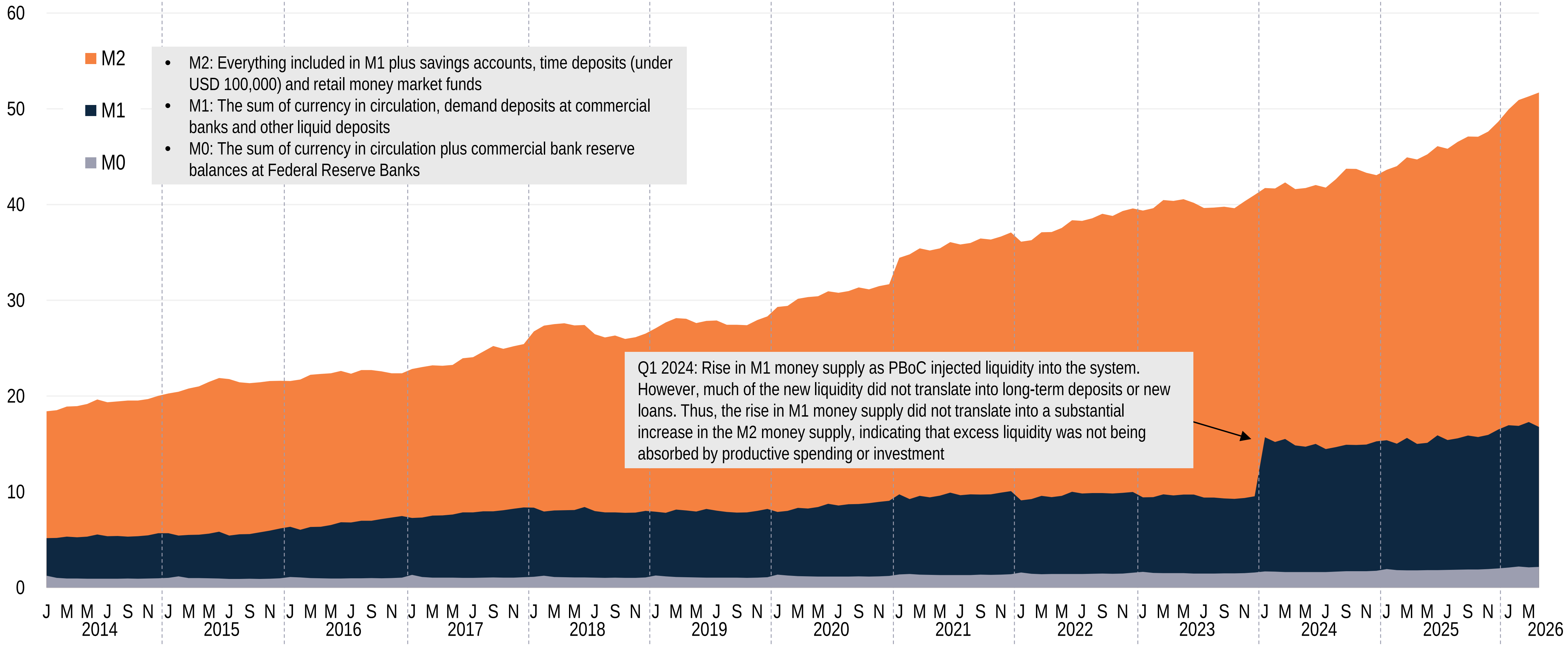
China Money Supply, USD tn (Jan. 2014-Apr. 2026)

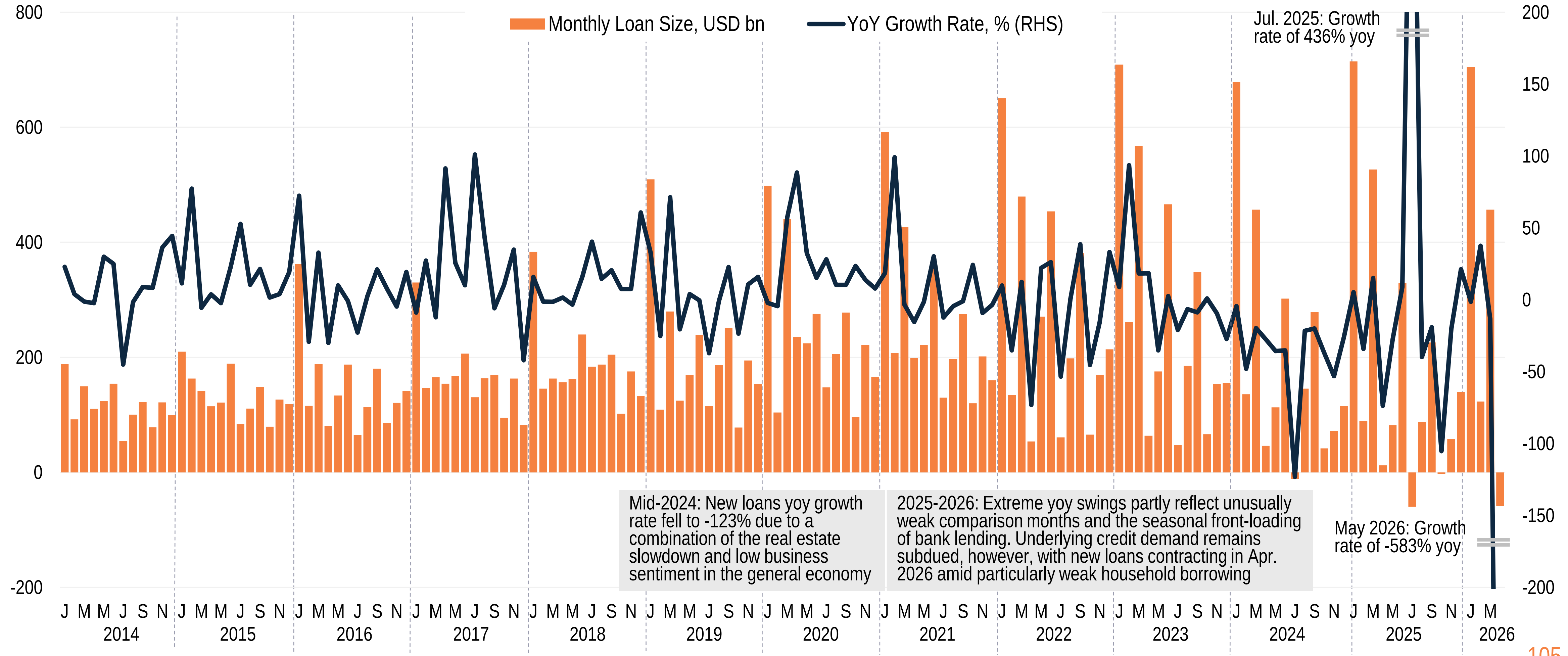


Source: The People's Bank of China, National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

China's credit expansion has weakened as demand for new loans remains subdued

New lending expanded steadily through much of the past decade, supported by infrastructure and industrial investment, but has become weaker and more volatile since 2023 amid subdued household and business credit demand

China Monthly New Loans Issued to the Real Economy, USD bn (Jan. 2014-Apr. 2026)



Source: East Money, ANDAMAN PARTNERS Analysis

From Nov. 2014 to Oct. 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

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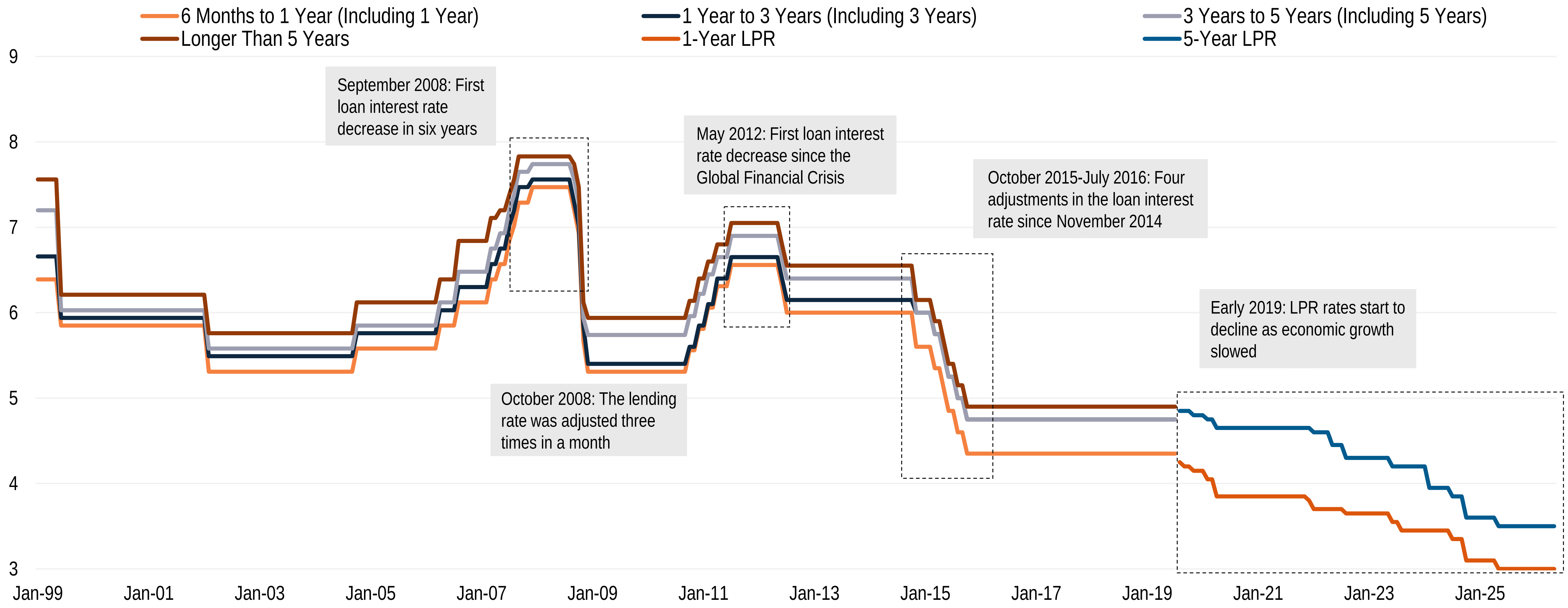
China Benchmark Lending Rates, % (1999-May 2026)

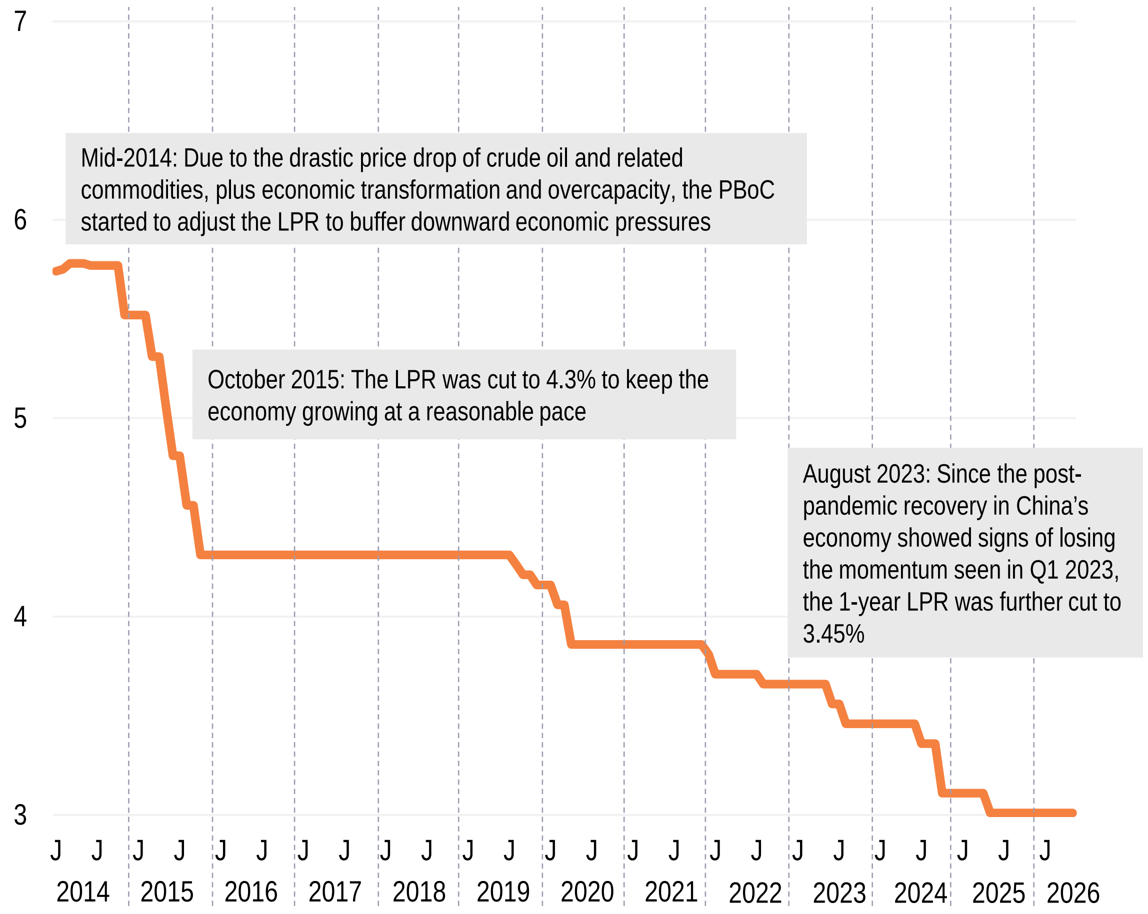


Note: The LPR is calculated by the National Interbank Funding Centre (NIFC) and serves as the pricing reference for bank lending. The LPR consists of rates with two maturities: one year and five years. There are 18 LPR-quoting banks; they submit their quotes on the 20th day of every month. Most new and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

China has cut Loan Prime Rates (LPRs) several times since 2019 to support the economy

But the stimulative effects have been weaker than expected because, even with lower interest rates, businesses and households are not borrowing substantially

China 1-Year LPR, % (Jan. 2014-May 2026)



Implications of China's Interest Rate Liberalisation

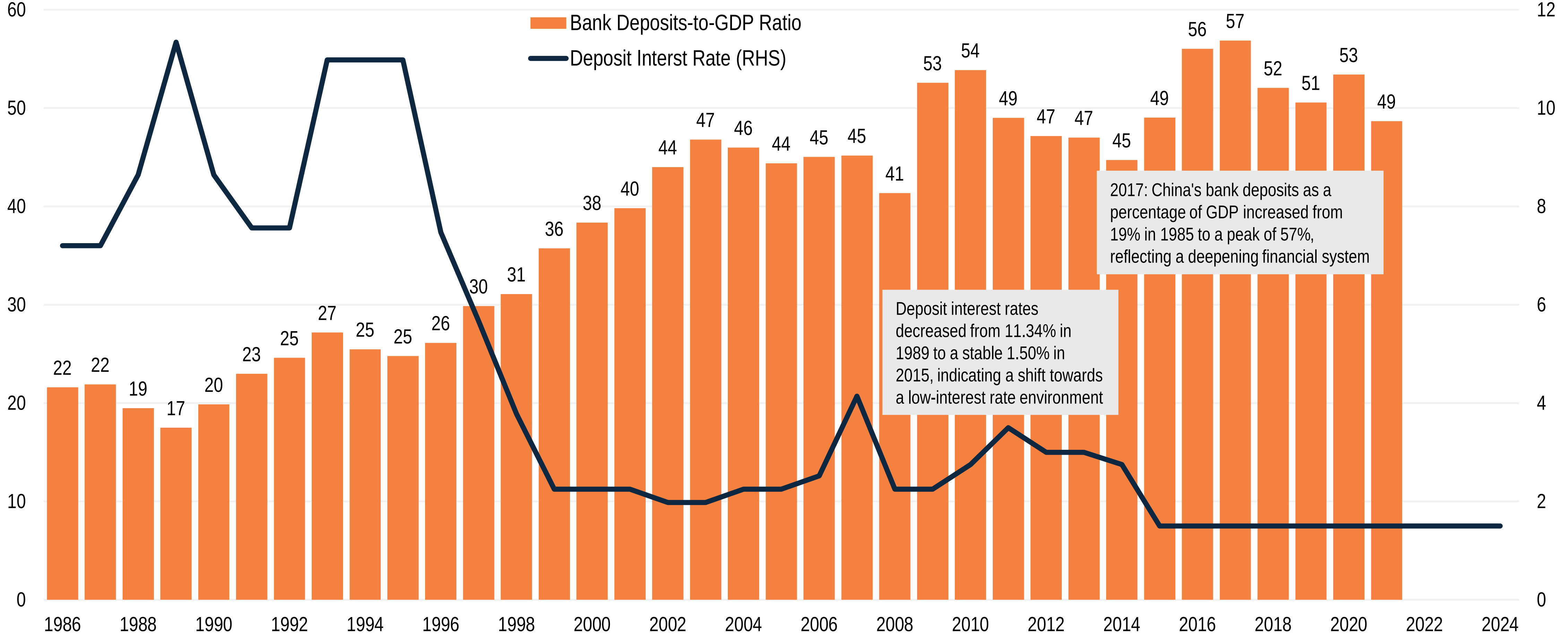
- In August 2019, the PBoC announced a reform programme to improve the LPR formation mechanism
- Bank lending rates would henceforth be linked to the LPR, which in turn would be related to the PBoC's medium-term lending facility (MLF) 1-year interest rate
- Market-oriented interest rate reforms are part 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 3.0% as of November 2025

Source: The People's Bank of China, Foreign Exchange Trade System, Hexun, ANDAMAN PARTNERS Analysis

China's bank deposits-to-GDP ratio increased steadily 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, % (1986-2024)

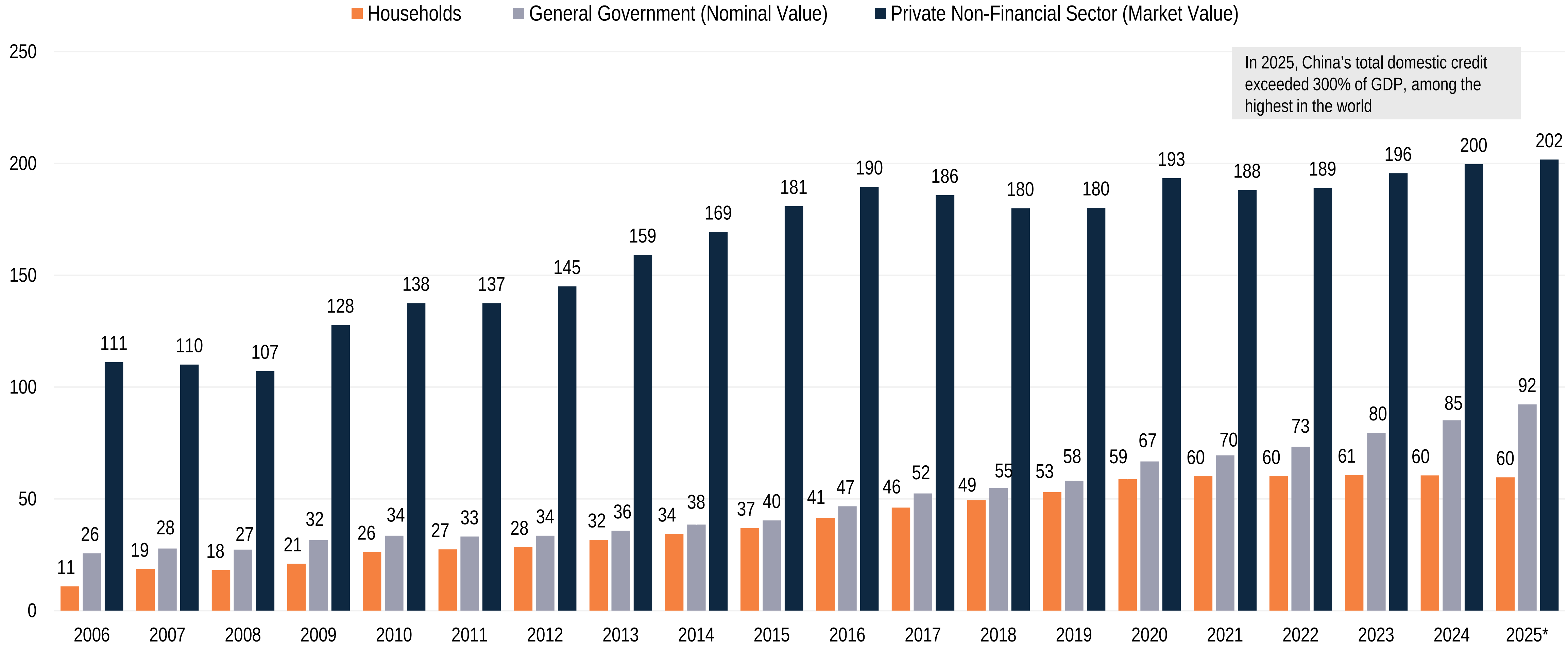


Note: Bank Deposits-to-GDP ratio data only available until 2021. Source: World Bank, ANDAMAN PARTNERS Analysis

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 (2006-2025)



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. * 2025 is average value of first 3 quarters. Source: BIS, ANDAMAN PARTNERS Analysis

China's general government gross debt rose from 23% of GDP in 2000 to 99% in 2025

Reflecting higher public spending. Central government debt is still modest, but local government debt, especially via local government financing vehicles (LGFVs), has increased sharply

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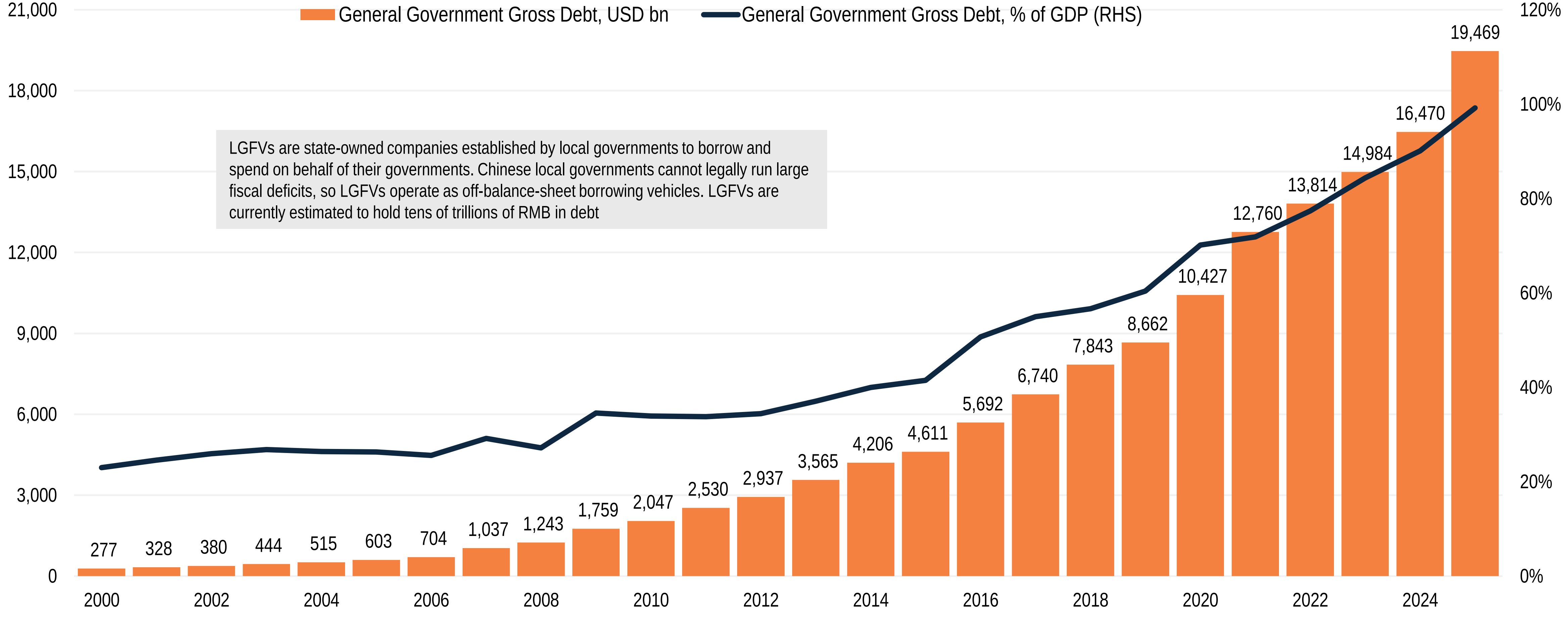
China General Government Gross Debt, USD bn, and % of GDP (2000-2025)

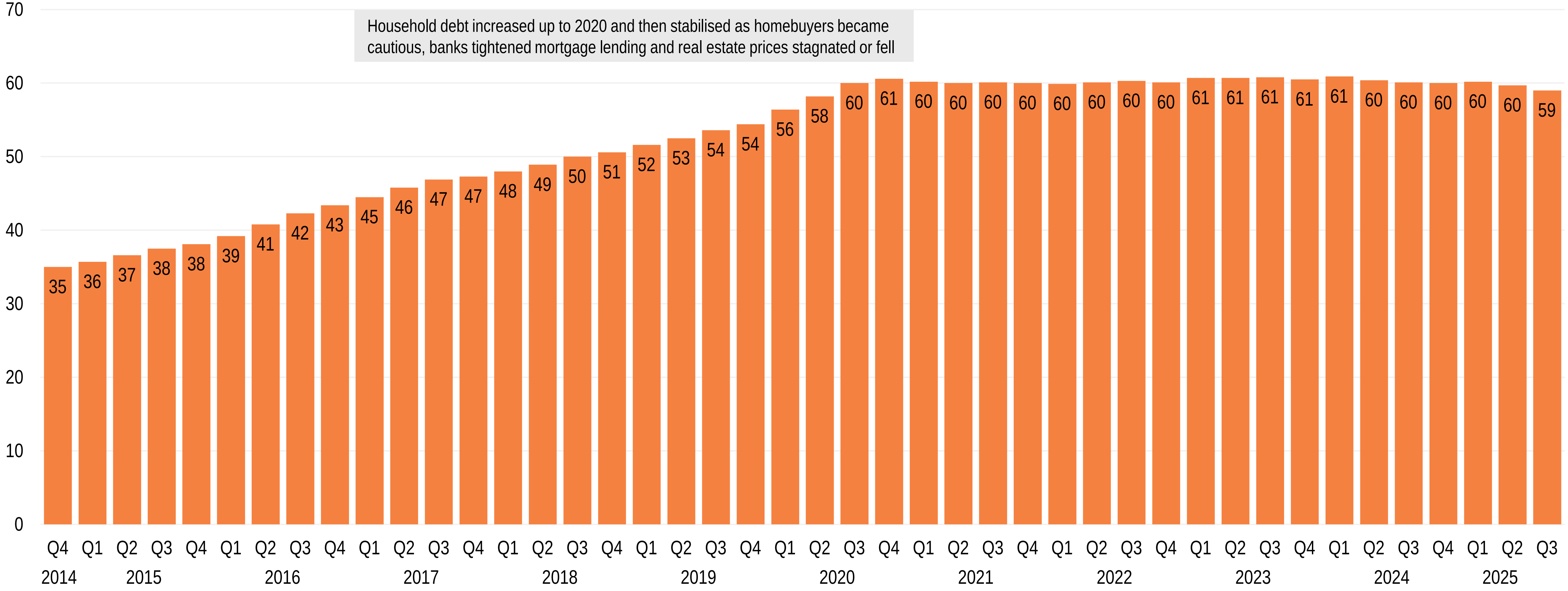


Note: General government gross debt encompasses total liabilities at all levels of government, including central governments, state or provincial governments, local governments and social security funds within the government sector.
Source: IMF, ANDAMAN PARTNERS Analysis

Household credit grew rapidly in the 2010s, peaking just before the start of a 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 Q3 2025

China Household Debt-to-GDP, % (Q4 2014-Q3 2025)



Source: Trading Economics, ANDAMAN PARTNERS Analysis

China's external debt trended upwards from USD 1.8 trillion in 2014 to USD 2.4 trillion in 2024

But it 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

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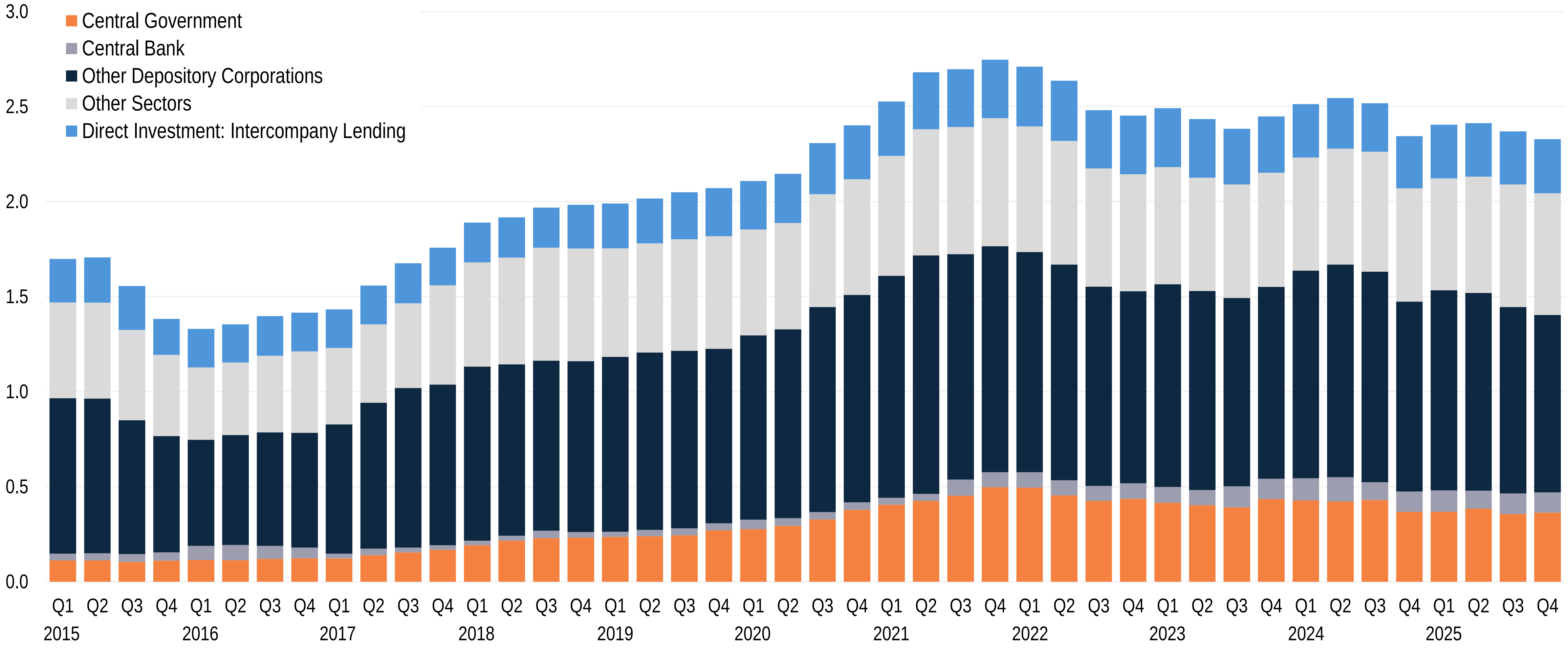
China External Debt by Holder, USD tn (Q1 2015-Q4 2025)



Source: National Bureau of Statistics of China, SAFE, ANDAMAN PARTNERS Analysis

China's government bond yields have declined significantly since 2018 across all maturities

Due to a slowing economy, looser monetary policy, weak inflation and an appetite for safe assets amid uncertainty

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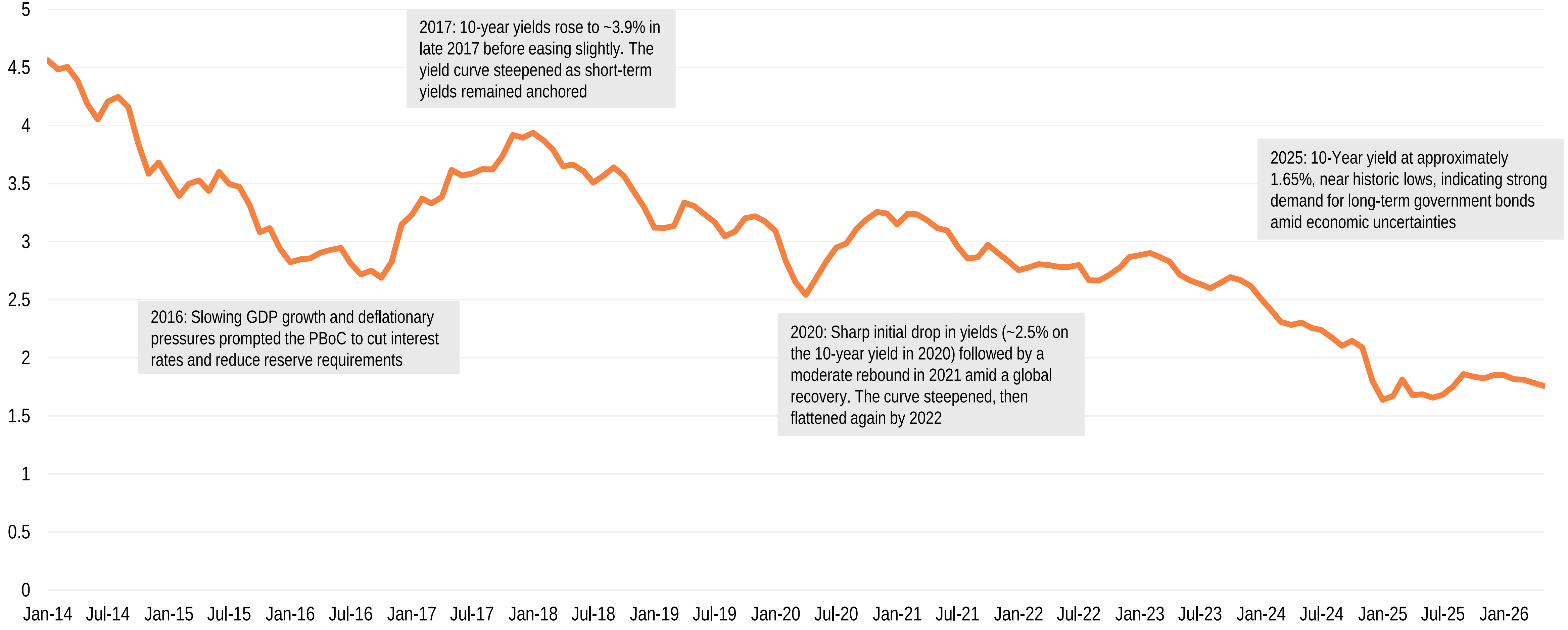
China 10-Year Government Bond Yield Curve, % (Jan. 2014-May 2026)



Source: People's Bank of China, ANDAMAN PARTNERS Analysis

Since 2016, China's economic growth has not been reflected in strong stock market performance

U.S.-China tensions, COVID-19 and the property sector slowdown brought uncertainty to Mainland China's stock markets

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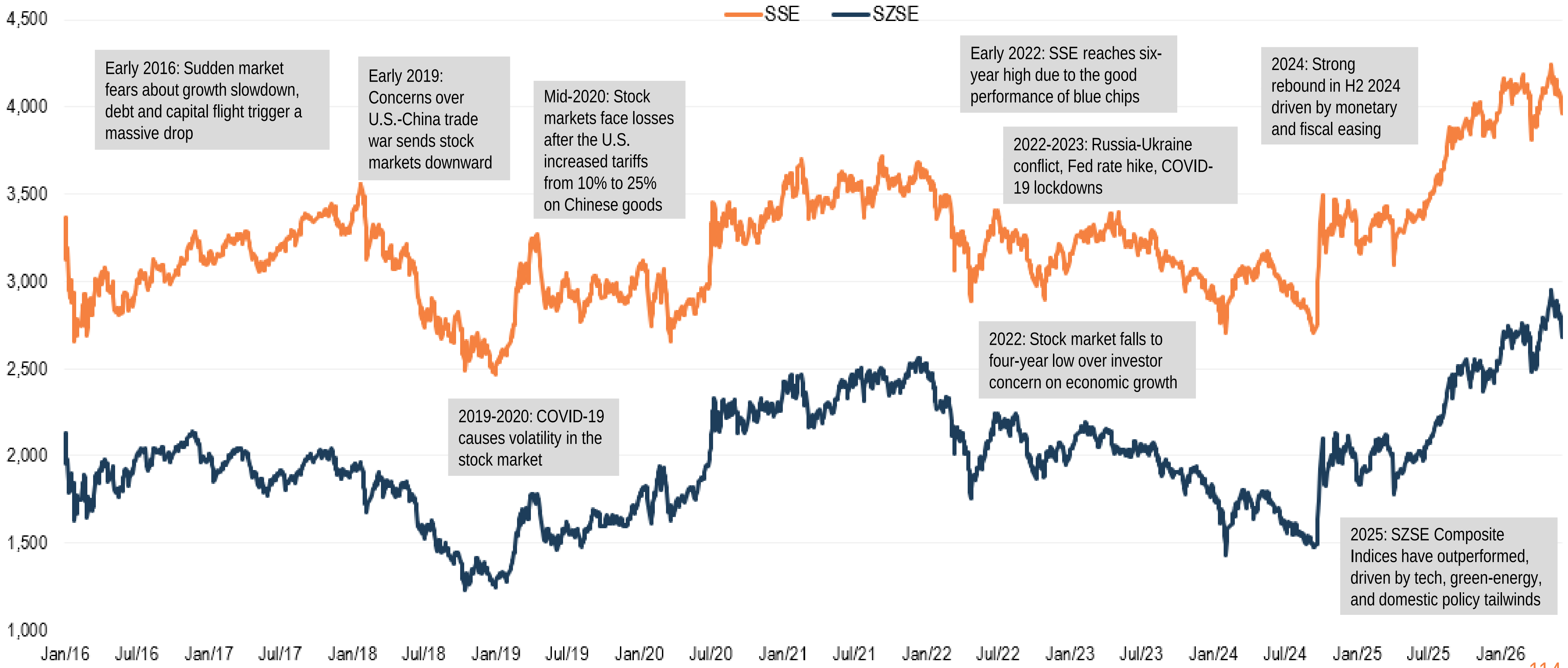
China Stock Market Indices, Index Value (2016-Jun. 2026)



Note: SSE – Shanghai Stock Exchange, SZSE – Shenzhen Stock Exchange. Source: Yahoo Finance, Bloomberg, Business Insider, Sealand Securities, ANDAMAN PARTNERS Analysis

China's equity markets have expanded substantially despite a decade of volatile returns

The market value of tradable shares in Shanghai and Shenzhen has risen well beyond 2015 levels, while both benchmark indices have recovered strongly since 2024 but remain below their 2015 peaks

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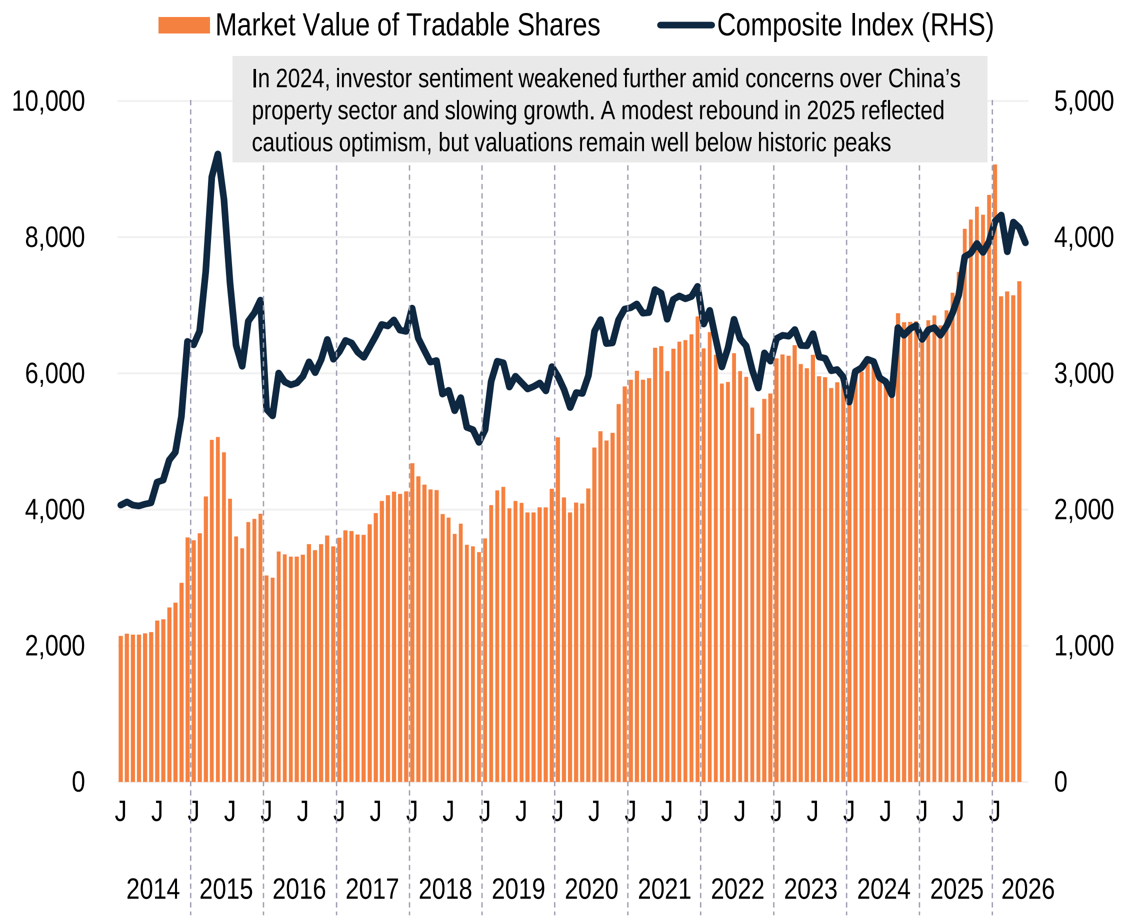
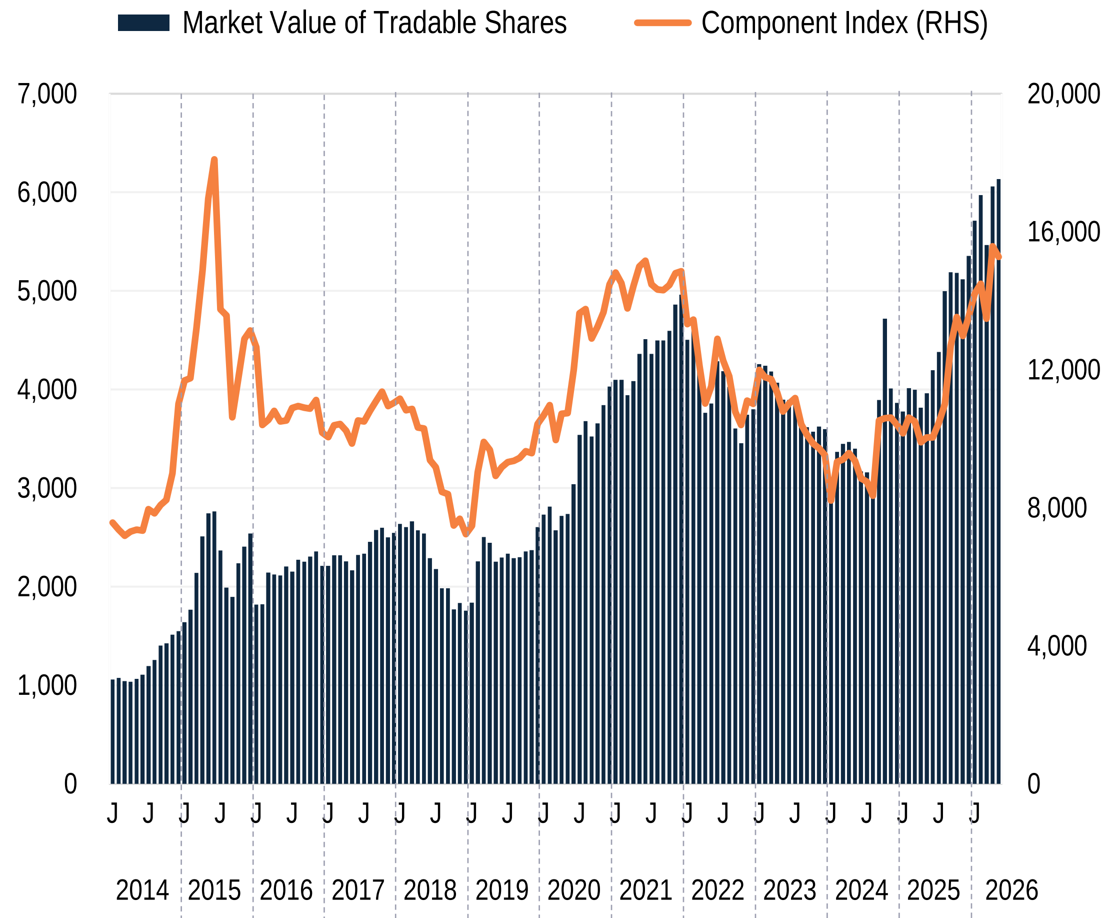
Shanghai Stock Exchange Composite Index, USD bn (Jan. 2014-May 2026)



Shenzhen Stock Exchange Component Index, USD bn (Jan. 2014-May 2026)



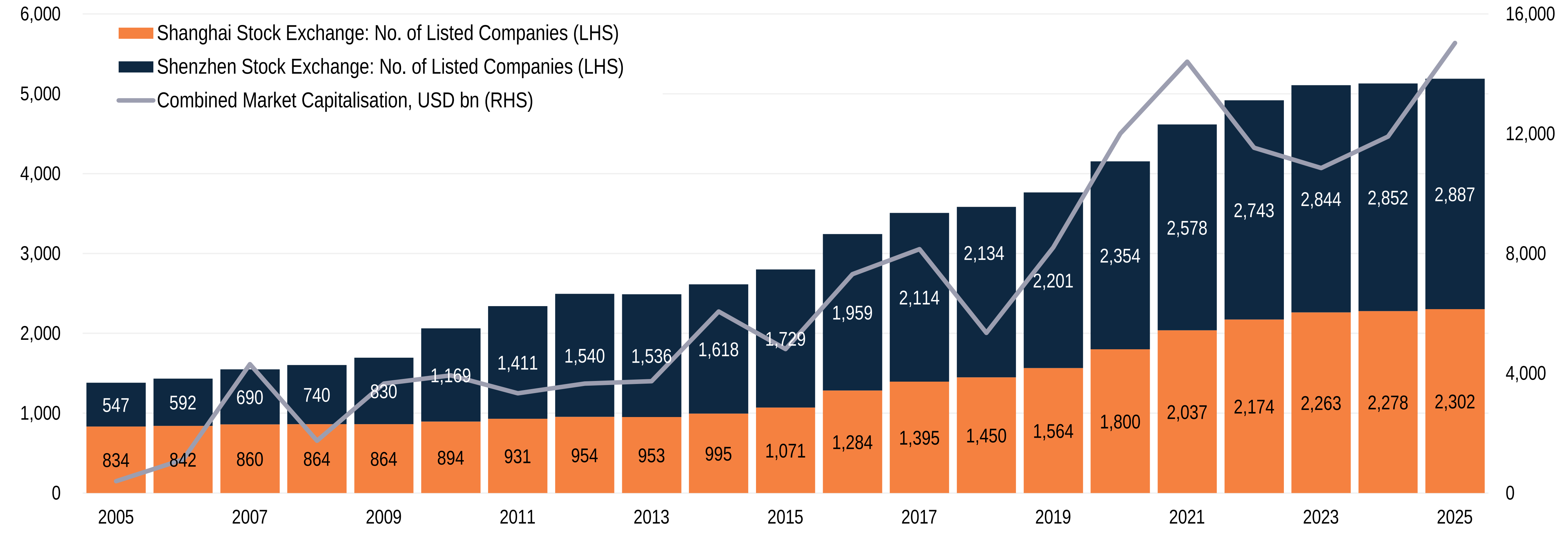
Source: Shanghai Stock Exchange, Shenzhen Stock Exchange, ANDAMAN PARTNERS Analysis

China's mainland equity markets have returned to expansion after the 2021-2023 downturn

Combined Shanghai and Shenzhen market capitalisation reached a record USD 15.0 trillion in 2025, recovering strongly from the 2022-2023 downturn as the number of listed companies continued to rise

Mainland China Stock Exchanges: Number of Listed Companies and Total Market Value (2005-2025)

Combined market value, USD bn	396	1,122	4,302	1,747	3,655	3,926	3,330	3,655	3,732	6,064	4,808	7,310	8,143	5,346	8,121	12,003	14,404	11,529	10,850	11,902	15.029



Source: Shanghai Stock Exchange, Shenzhen Stock Exchange, ANDAMAN PARTNERS Analysis

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

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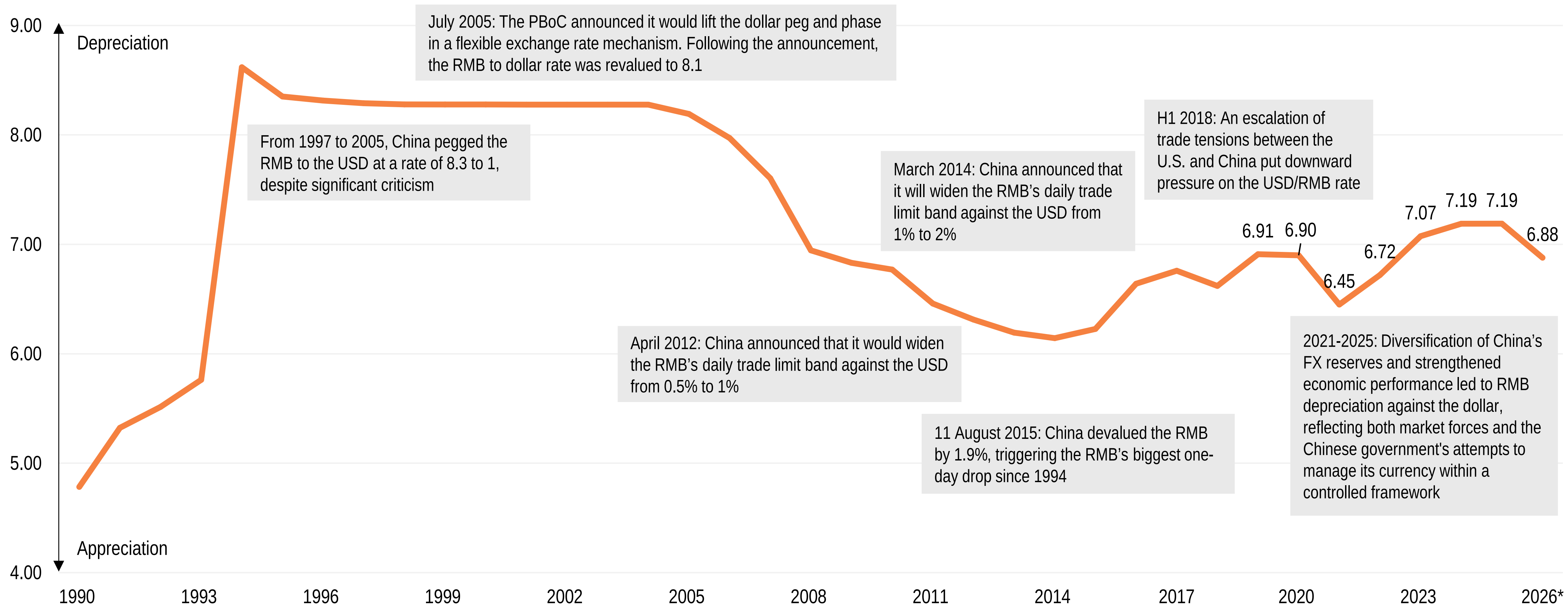
USD to RMB Nominal Exchange Rate (1990-2026)



Note: PBoC – People's Bank of China. *Average from Jan. to 9 Jun. 2026. Source: OFX, ANDAMAN PARTNERS Analysis

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 have strengthened the dollar, contributing to the depreciation of other currencies like the Australian dollar and South African rand

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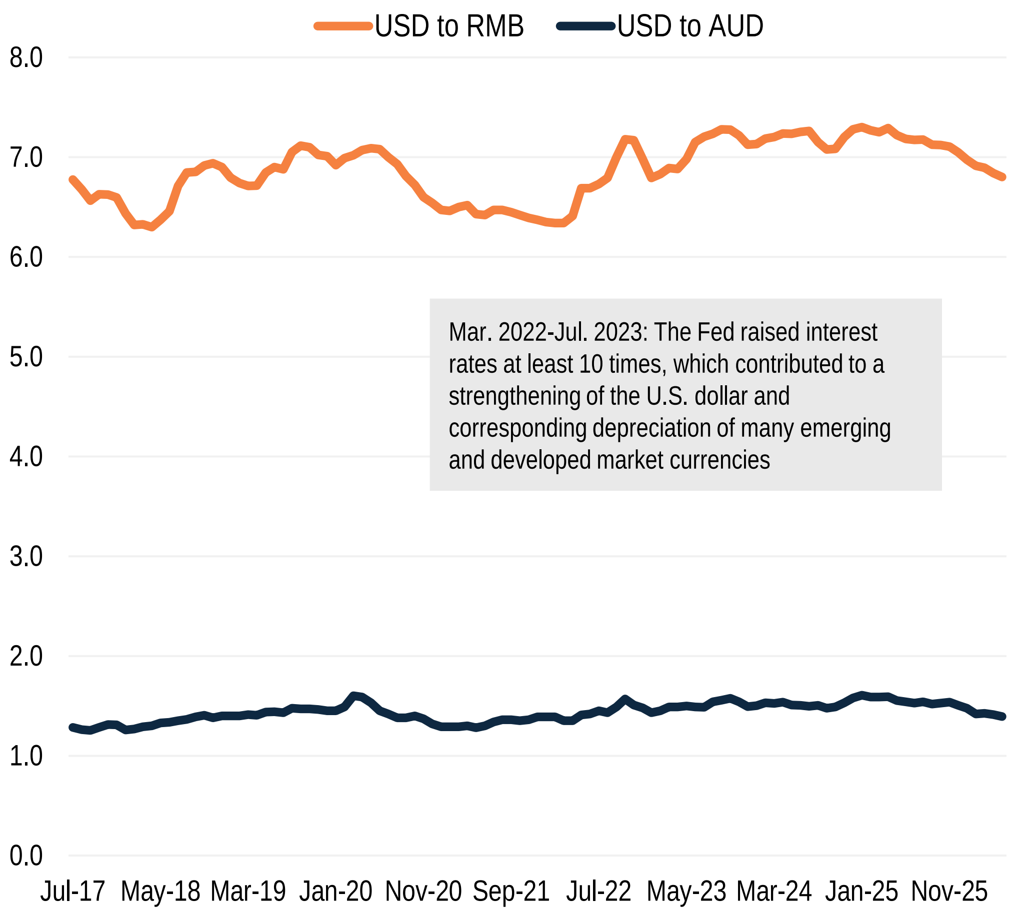
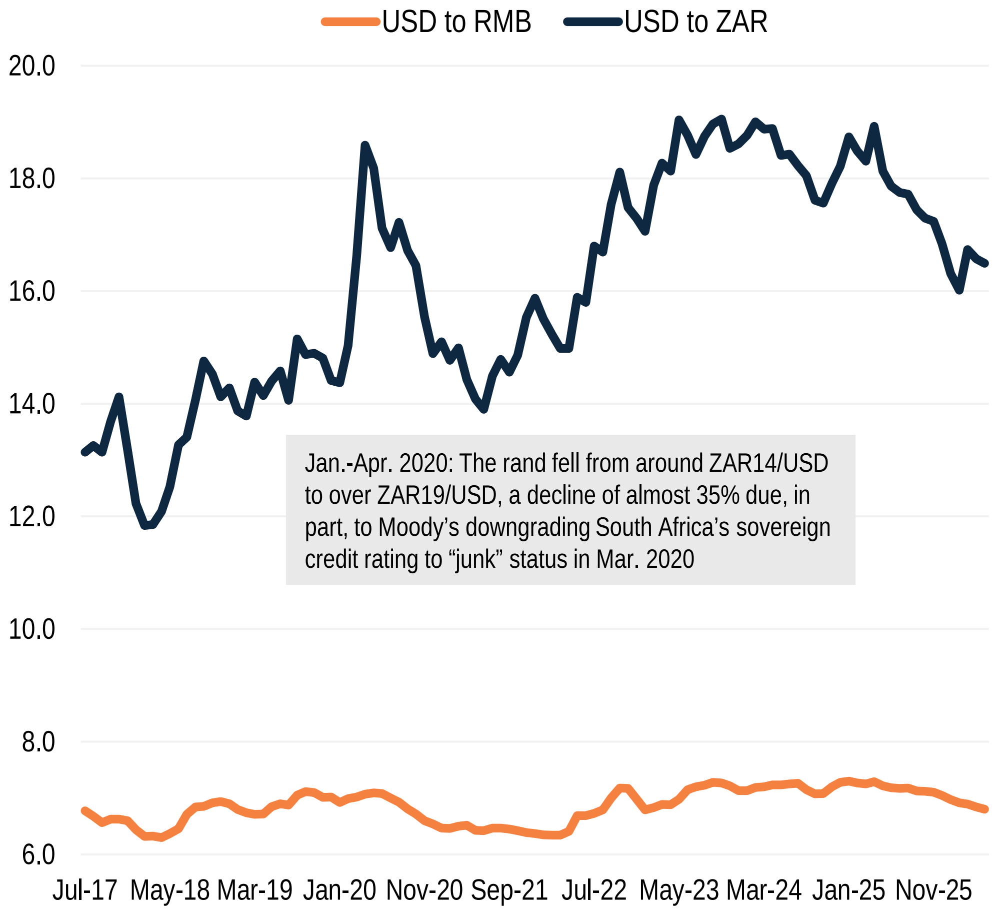
Nominal Exchange Rate Comparison: USD, RMB, AUD, ZAR (Jul. 2017-May 2026)





Note: The nominal exchange rate is defined as the actual quote for a currency in relation to another currency. Source: People's Bank of China, X-rates, ANDAMAN PARTNERS Analysis

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 Oct. 2025, it fell to a multi-year low of 87.94

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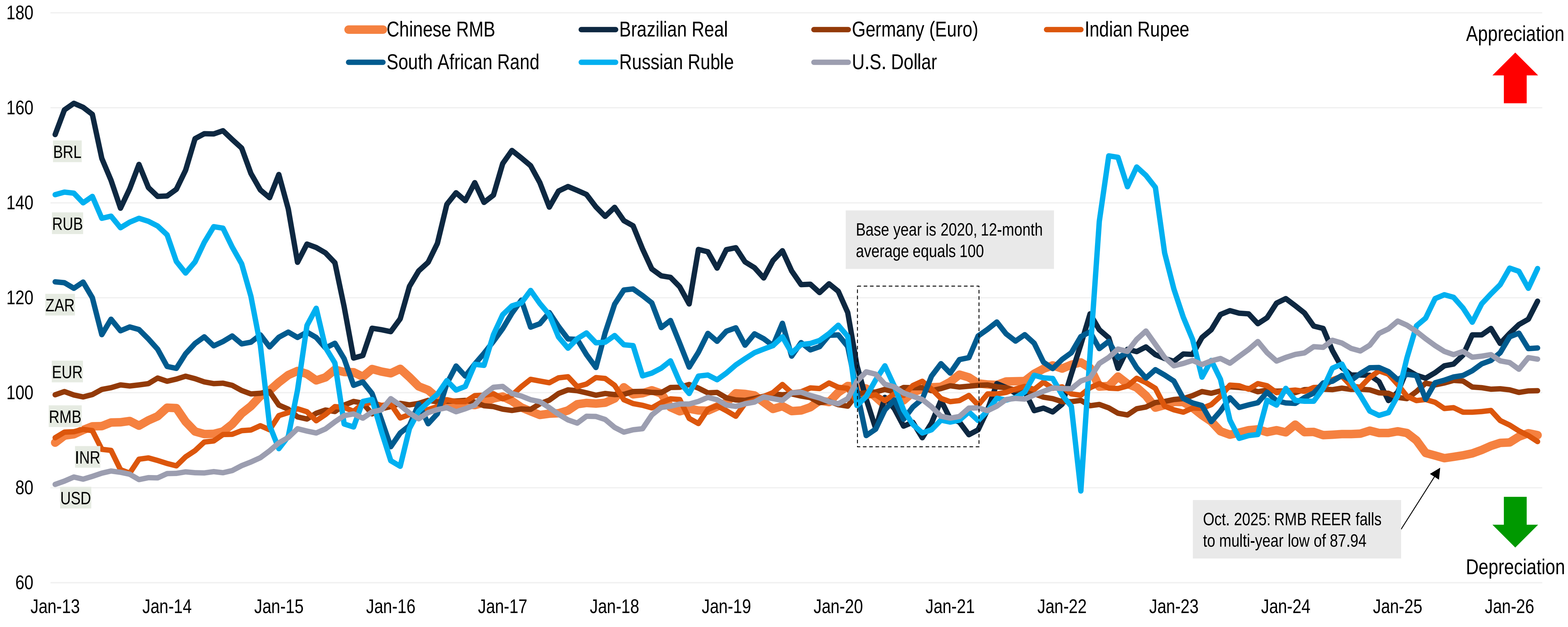
Real Effective Exchange Rates, CPI-based, Monthly Averages (2013-Apr. 2026)



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.
Source: Bank for International Settlements (BIS), Yahoo Finance, ANDAMAN PARTNERS Analysis

China's current account balance increased significantly in the 2000s and again in the 2020s

Reaching USD 421 billion in 2008, equivalent to 9% of GDP. The balance declined after 2008, but rose sharply again in the 2020s. In 2025, it reached a nominal high of USD 735 billion, equivalent to 3.3% of GDP

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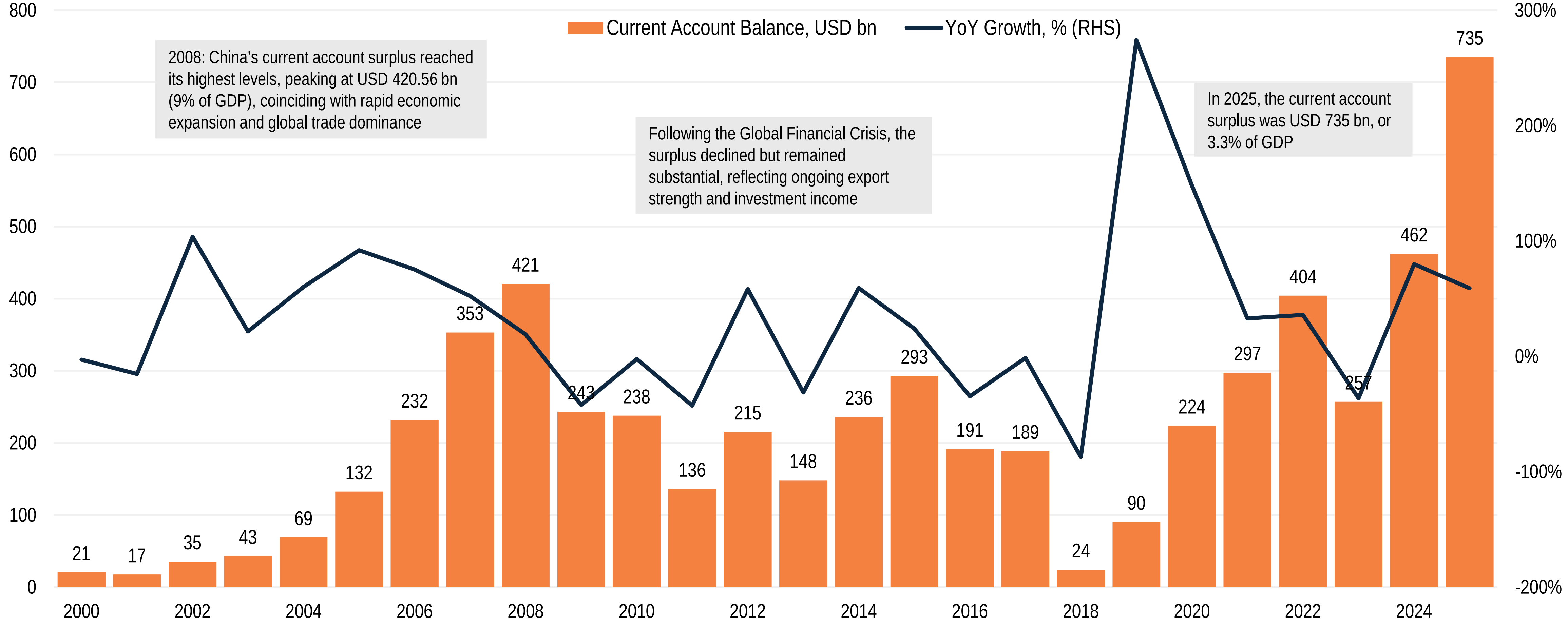
China Current Account Balance, USD bn, and YoY Growth Rate, % (2000-2025)



Source: World Bank, SAFE, ANDAMAN PARTNERS Analysis

China's capital and financial account has seen volatile swings

Net inflows in 2016-2019 were followed by net outflows in 2020-2024, meaning that, in recent years, more capital is flowing out of China than into it

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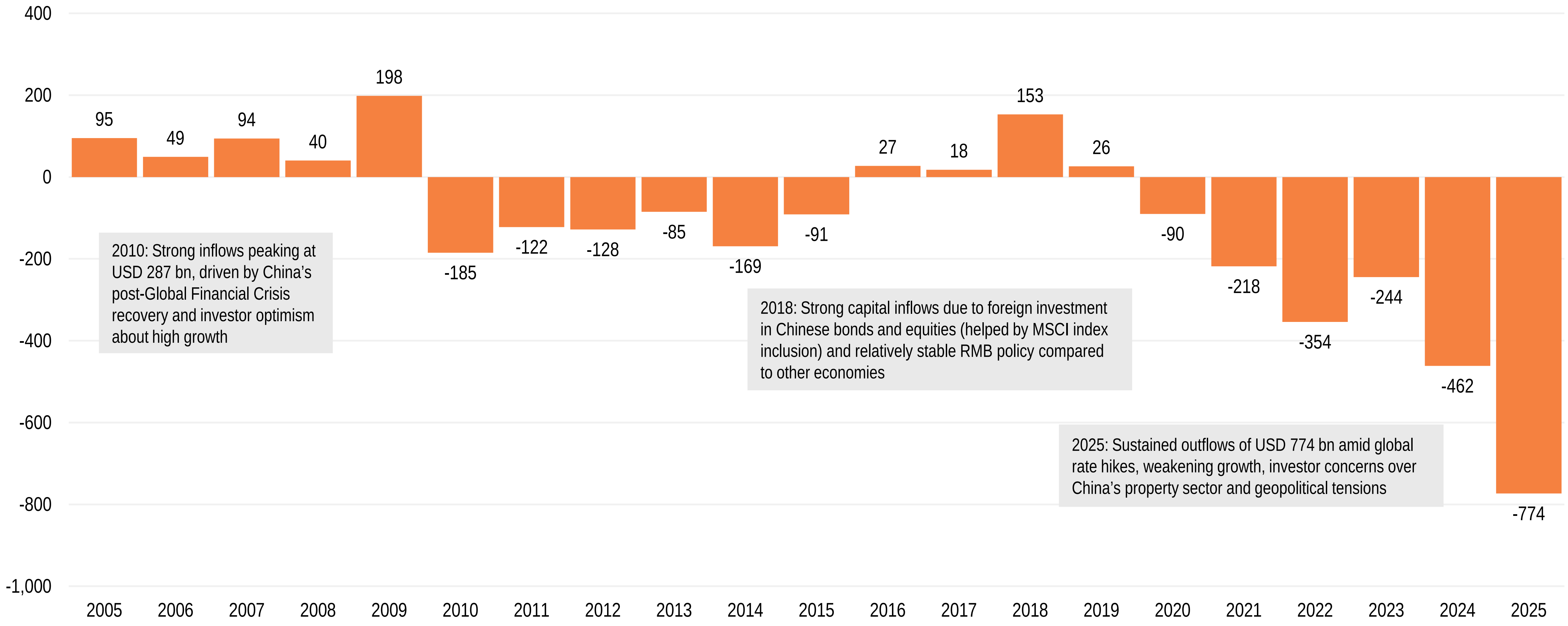
China Capital & Finance Account Balance, USD bn (2005-2025)



Source: World Bank, SAFE, ANDAMAN PARTNERS Analysis

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 2025, although since 2014, the annual growth rate has been low or negative

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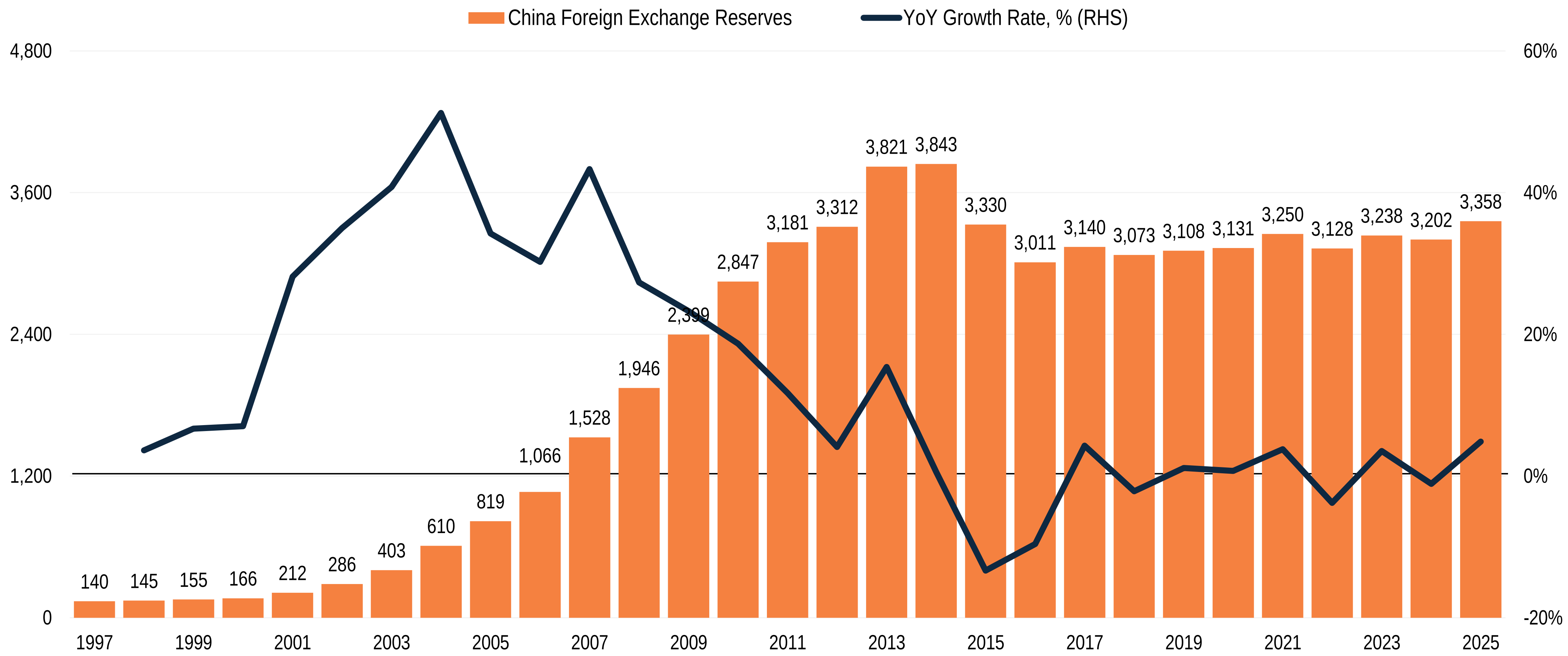
China Annual Foreign Exchange Reserves, USD bn (1997-2025)



Source: SAFE, ANDAMAN PARTNERS Analysis

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 substantially, these reserves provide a buffer against external shocks and a tool for currency management

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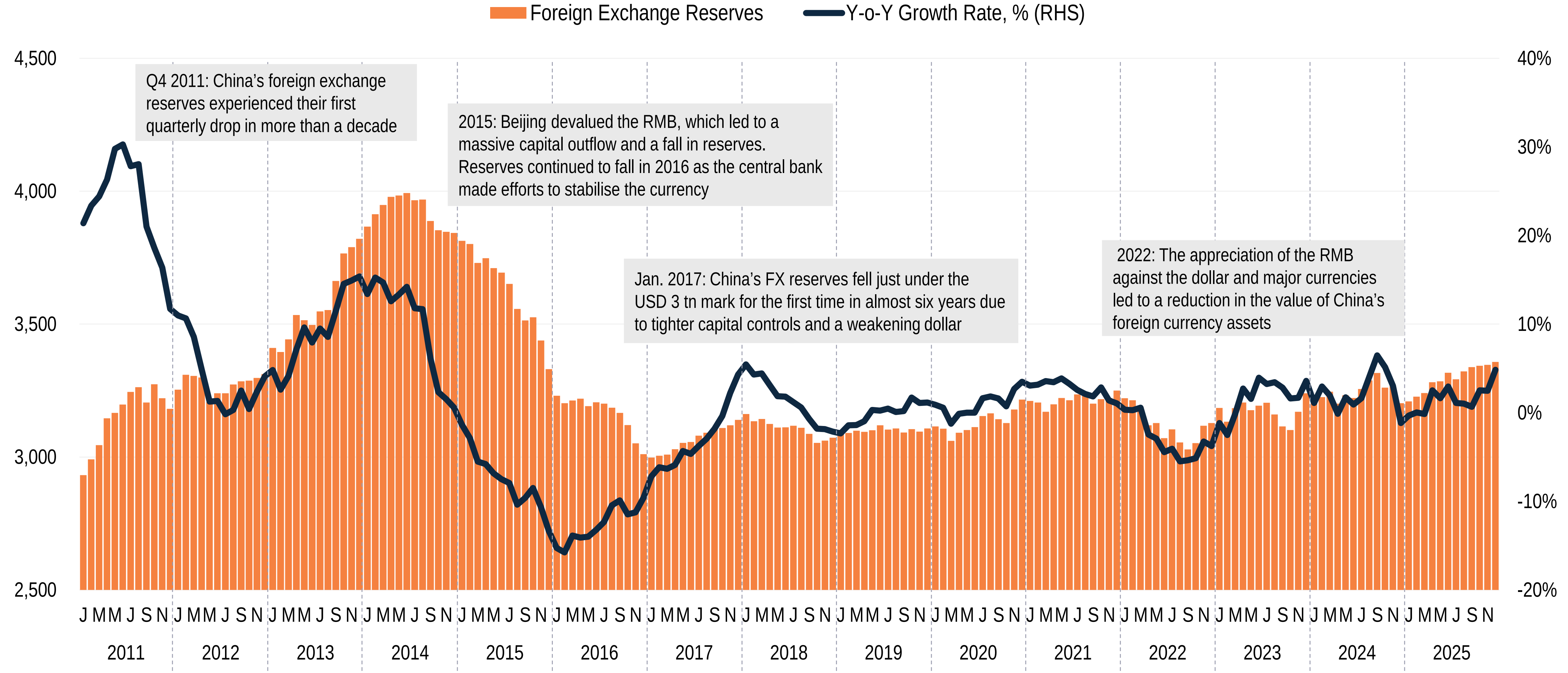
China Monthly Foreign Exchange Reserves, USD bn (2011-2025)



Source: SAFE, ANDAMAN PARTNERS Analysis

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At the end of 2025, China had the world's second-largest population, with 1.4 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

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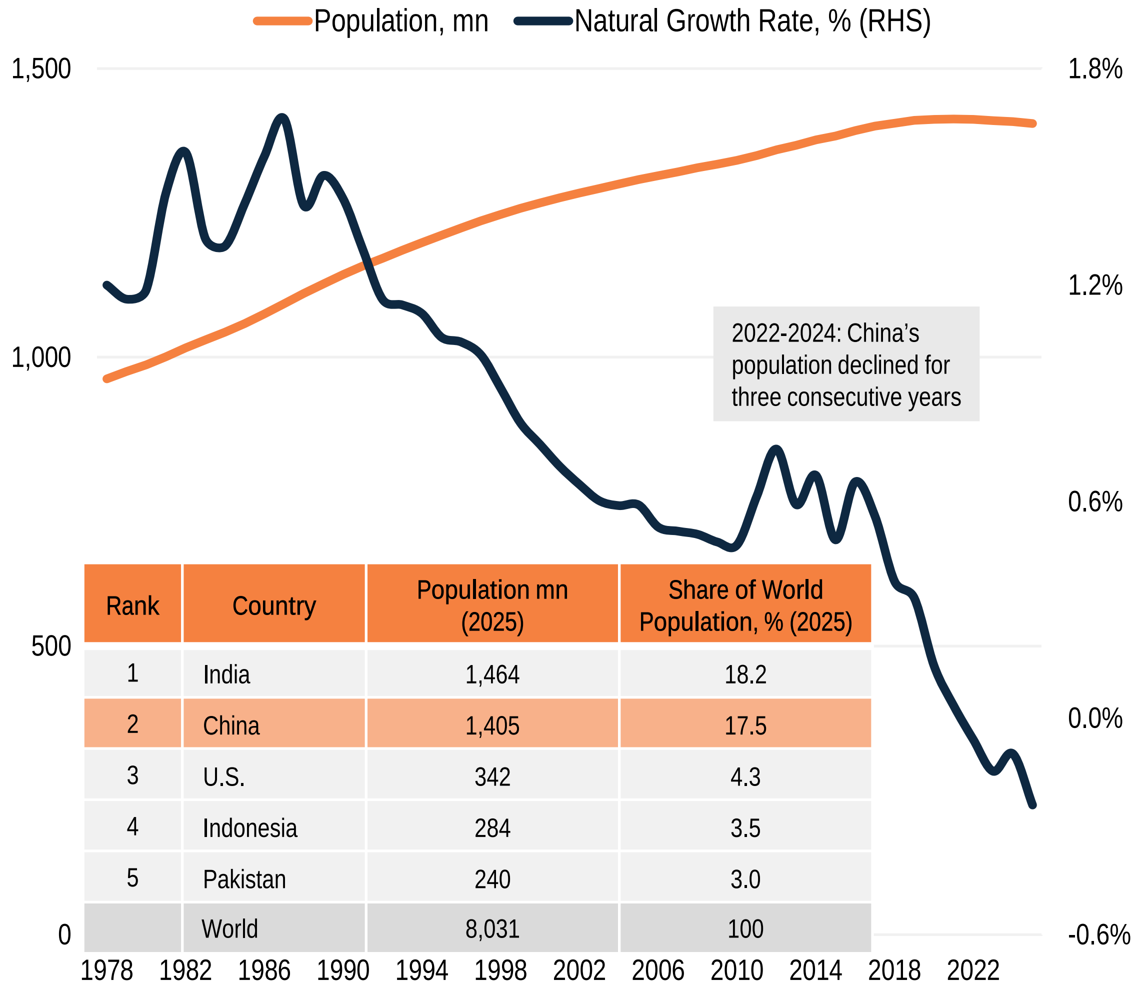
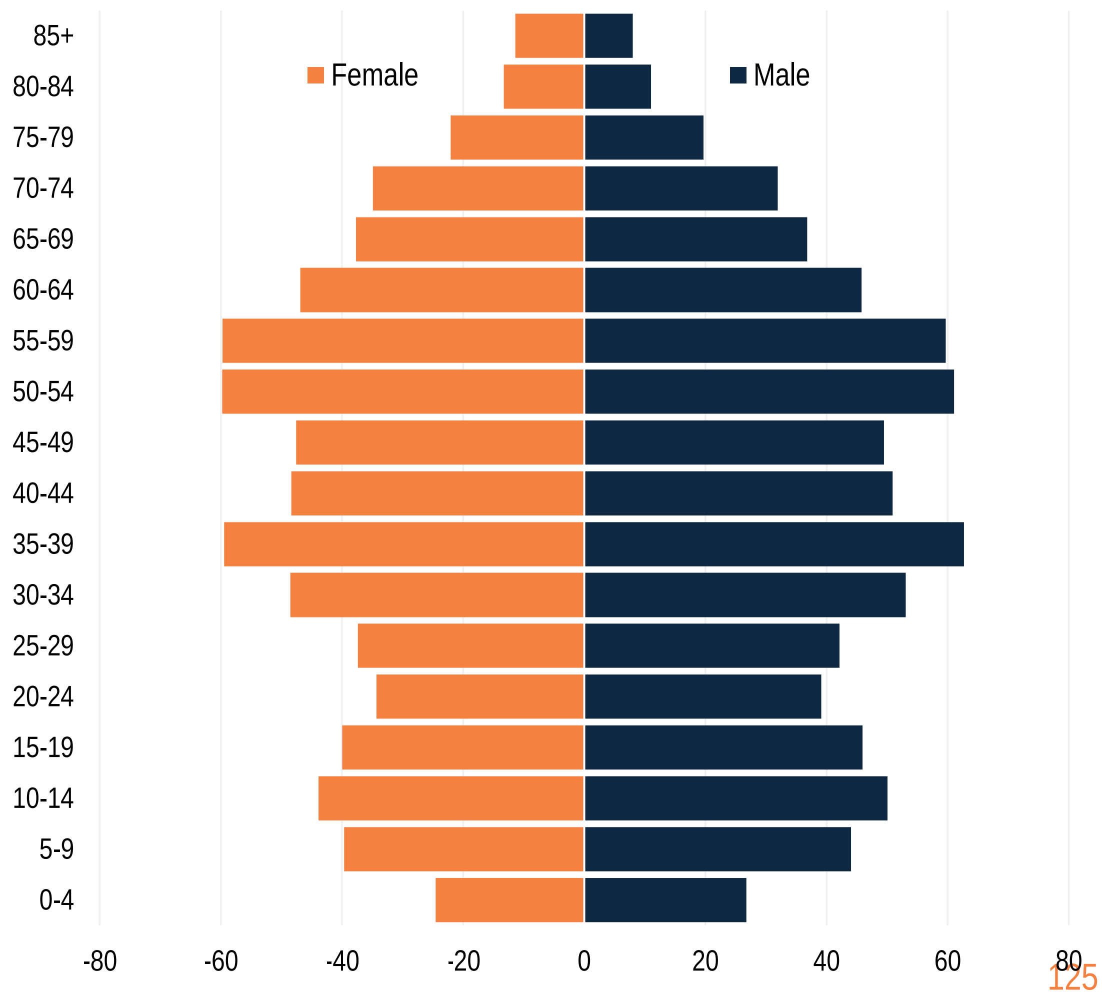
China Population, mn and Natural Population Growth Rate, % (1978-2025)



Rank	Country	Population mn (2025)	Share of World Population, % (2025)
1	India	1,464	18.2
2	China	1,405	17.5
3	U.S.	342	4.3
4	Indonesia	284	3.5
5	Pakistan	240	3.0
	World	8,031	100

China Population by Age Group, '000 (2024)



Note: The Natural Population Growth Rate is the rate at which a population increases or decreases due to births and deaths only, excluding migration. Source: World Bank, National Bureau of Statistics of China, IMF, ANDAMAN PARTNERS Analysis

From 1987, China's birth rate (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

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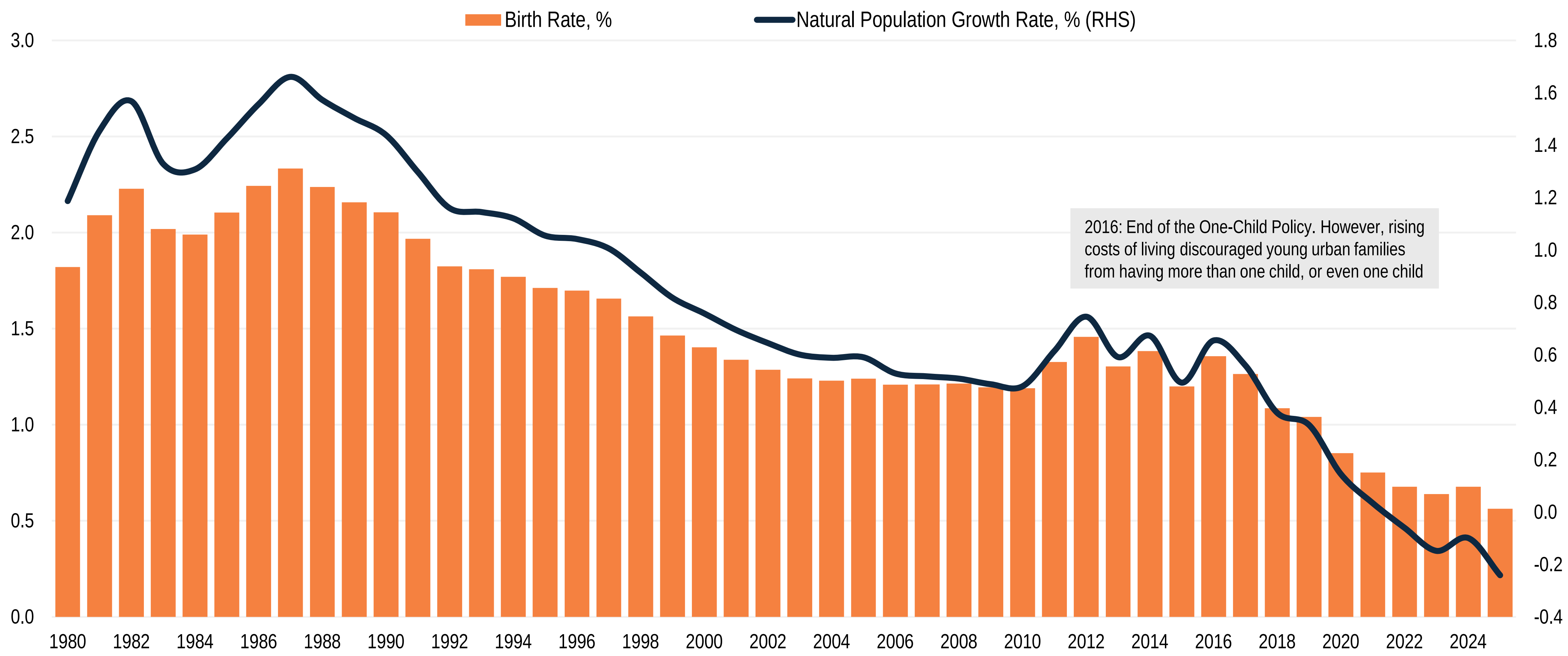
China Annual Birth Rate, % Growth, and Natural Population Growth Rate, % (1980-2025)

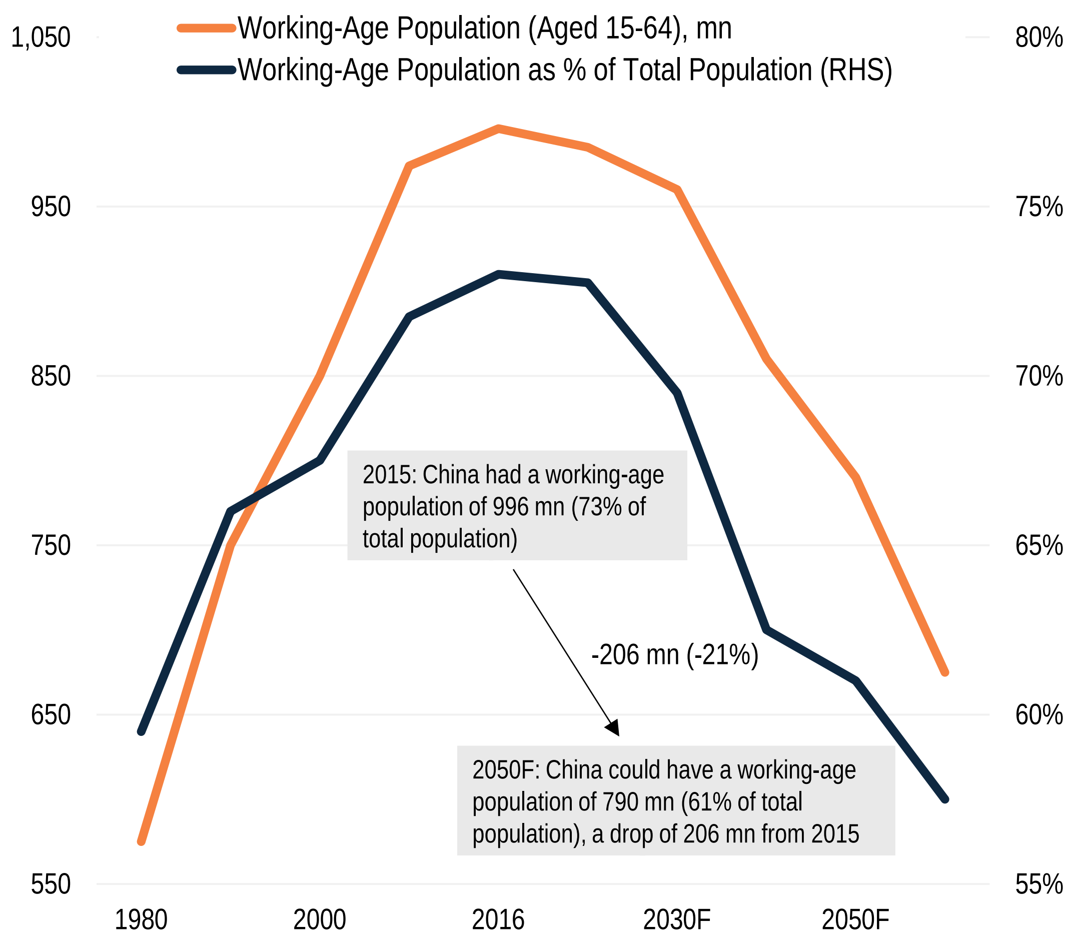


Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

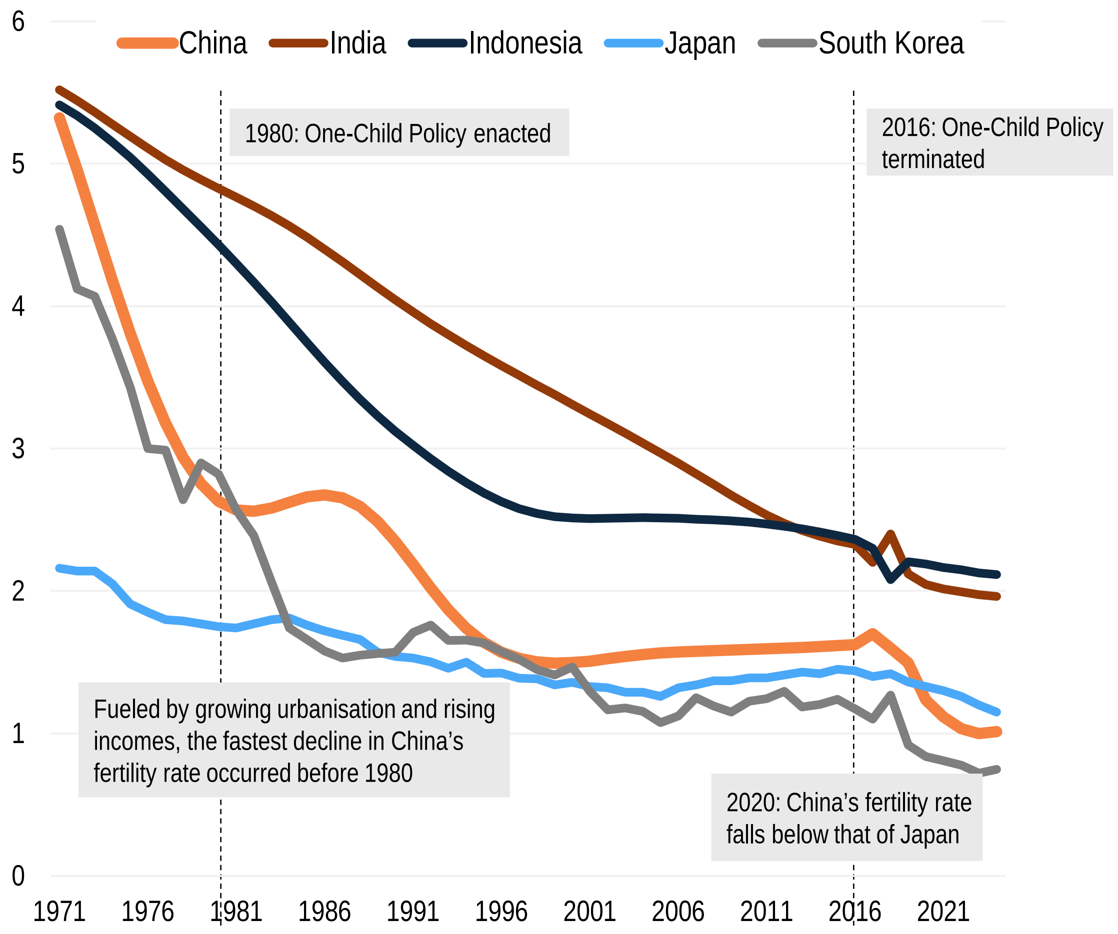
China's population is ageing rapidly, unlike other developing economies

The country will not be able to leverage a young population base and a large working-age population to drive future growth, meaning that China 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 (1971-2024)

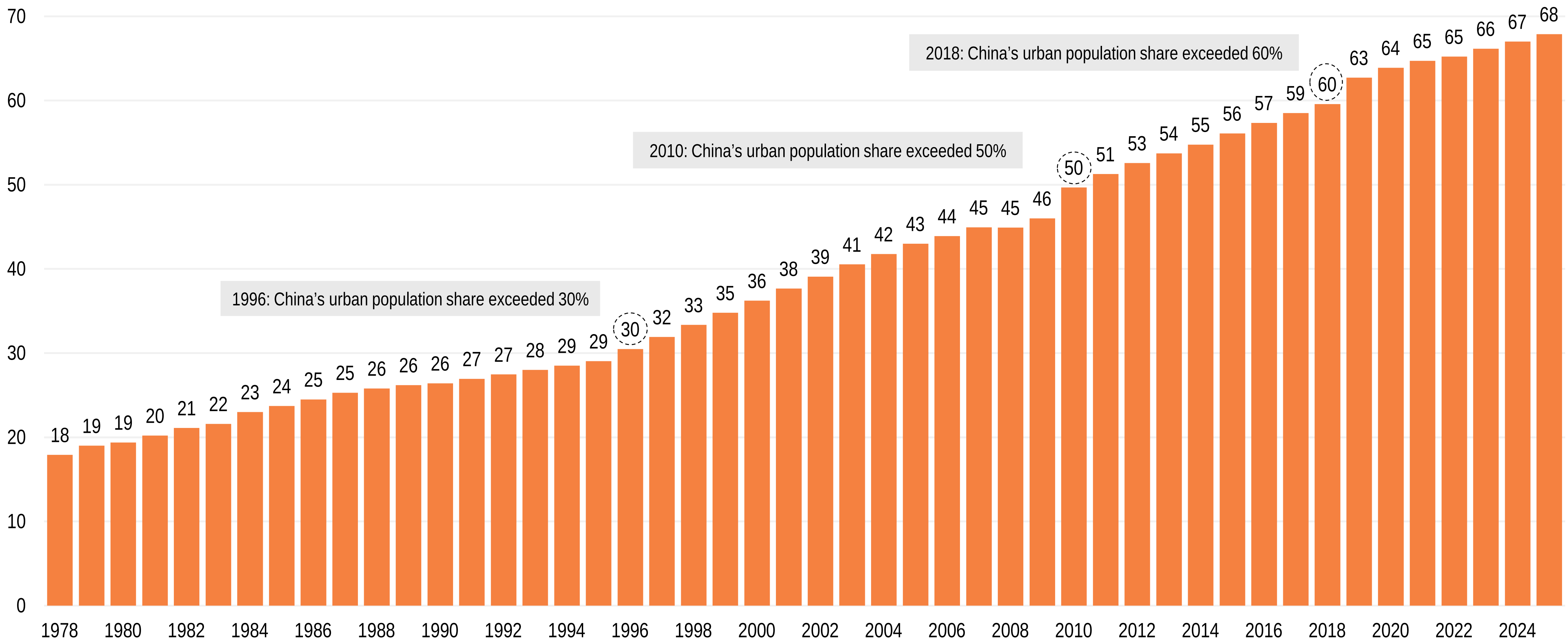


Note: According to the OECD, the fertility rate is the total number of children that would be born to each woman if she were to live to the end of her childbearing years and give birth to children in accordance with the prevailing age-specific fertility rates. Source: UN World Population Prospects, World Bank, CIA Factbook, ANDAMAN PARTNERS Analysis

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 (1978-2025)

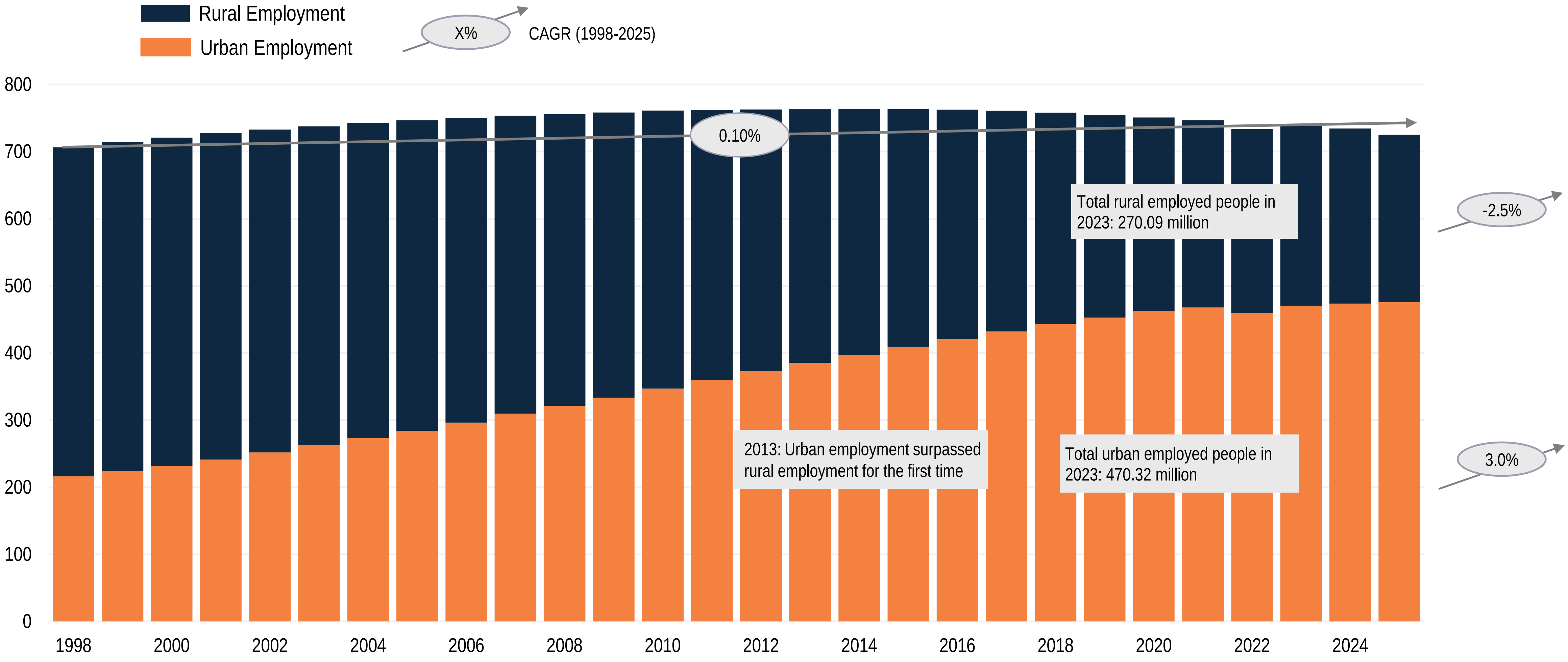


Source: National Bureau of Statistics of China, Annual Report on Urban Development of China, ANDAMAN PARTNERS Analysis

China's total number of urban employed surpassed rural employment in 2013

In 2022, the number of urban employed persons declined for the first time in over 60 years, but rebounded in 2023 to 470 million. In 2025, China had 475 million people employed in urban areas and 250 million in rural areas

China Number of Urban and Rural Employed Persons, mn (1998-2025)

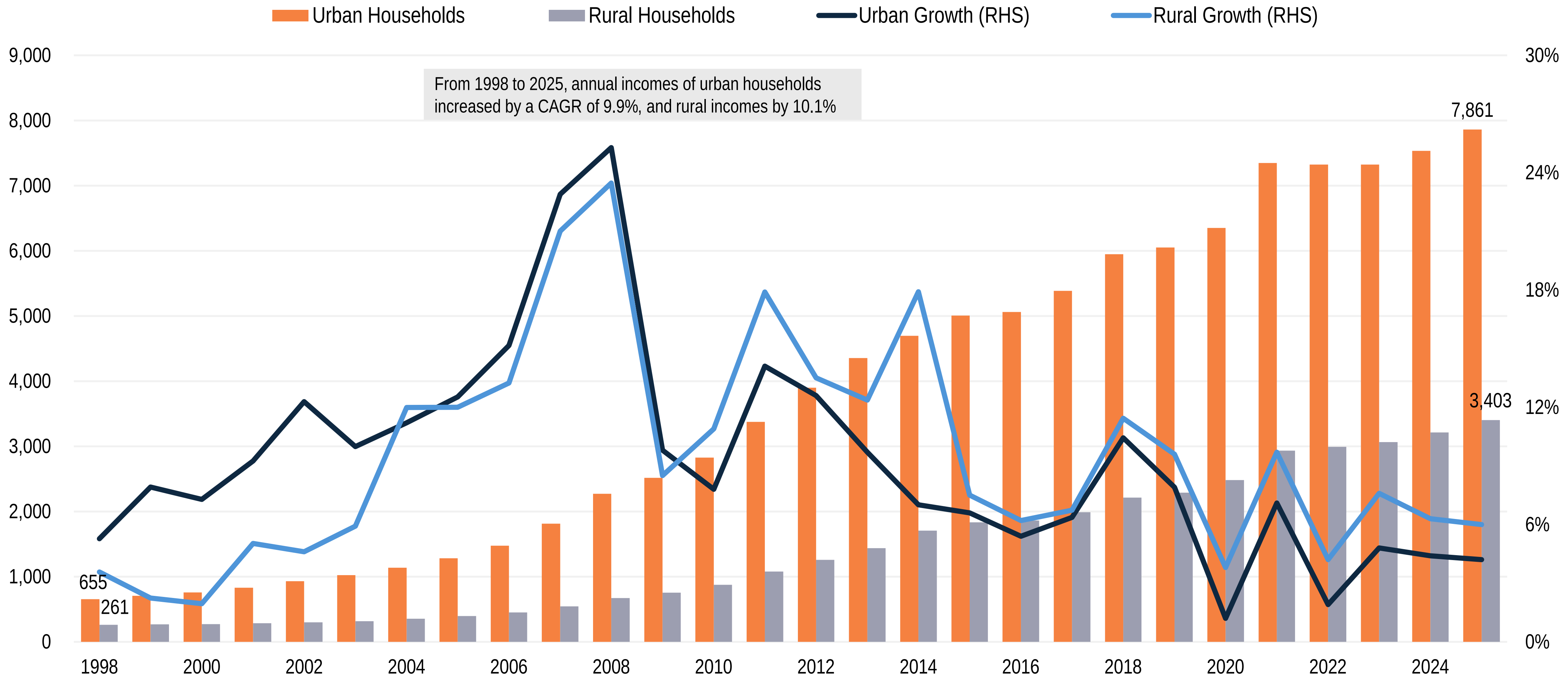


Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

Income levels in urban Chinese households are still more than double those of rural households

Despite a gradual narrowing of urban-rural income disparities. Although rural growth has generally exceeded urban growth in recent years

Annual Income of Urban and Rural Households in China, USD (1998-2025)

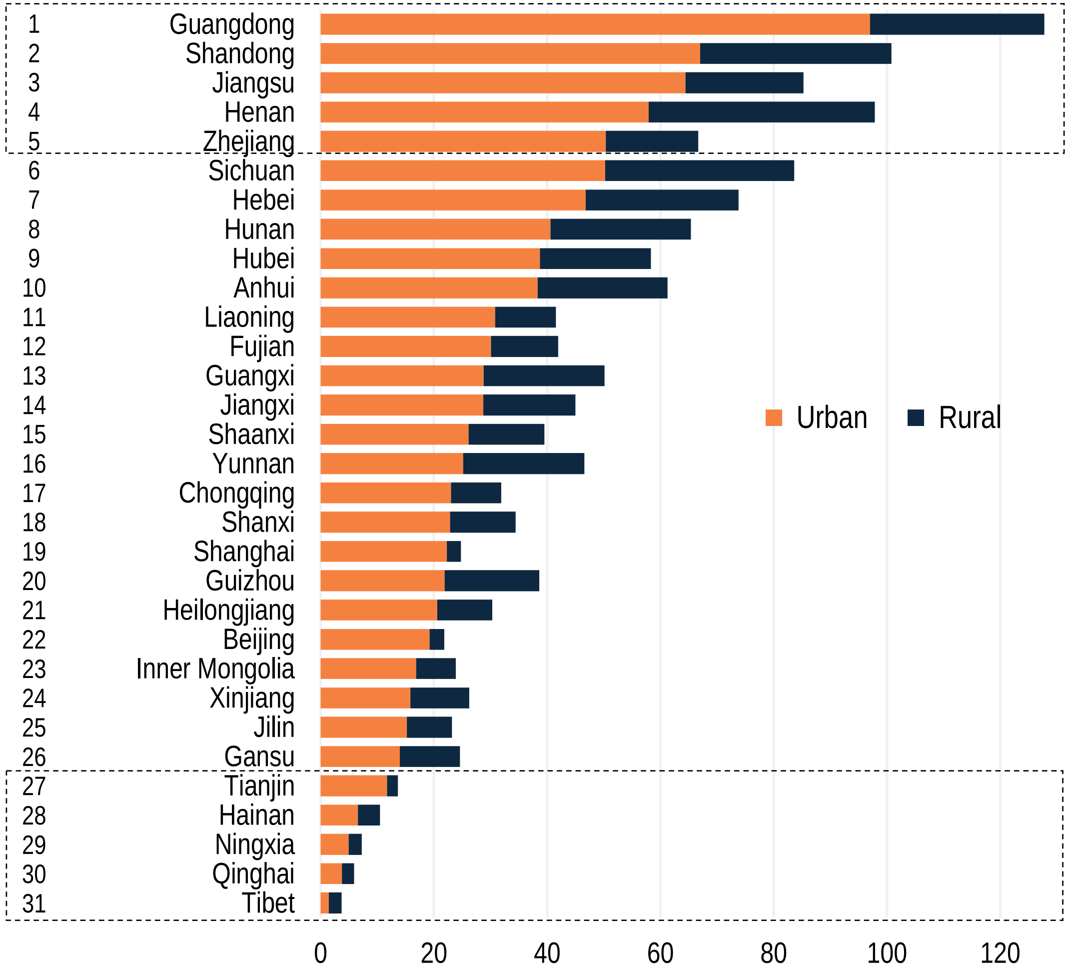


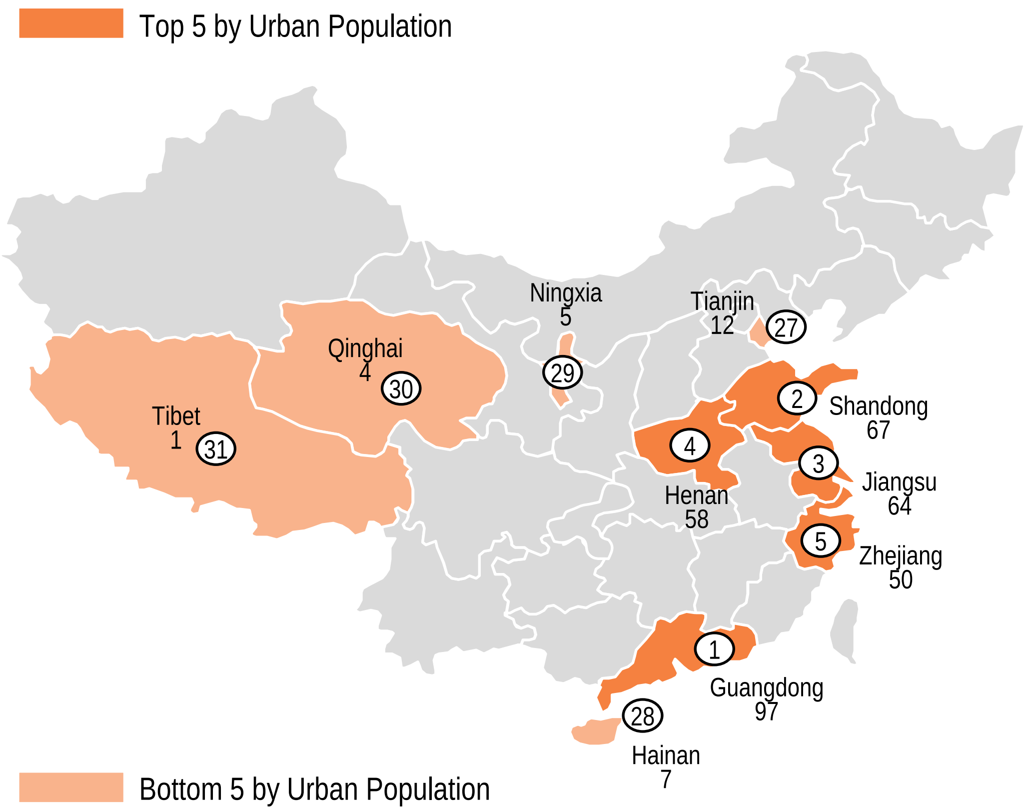
Note: Data refers to annual disposable income of urban households and net income of rural households per capita. Growth rates are calculated at current prices. Due to the appreciation of the USD against the RMB, 2023 incomes in USD are almost equal to 2022 levels, but increased by 4.8-7.6% in RMB terms.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

China's urban populations are concentrated in coastal provinces as well as Henan and Sichuan

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 (2024)





Source: National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

China leads the world with 16 cities with populations exceeding 10 million people, the ‘megacities’

China’s megacities are concentrated in three clusters: Yangtze River Delta (Shanghai, Suzhou, Hangzhou), Pearl River Delta (Guangzhou, Shenzhen, Dongguan) and Jing-Jin-Ji (Beijing, Tianjin, Shijiazhuang)

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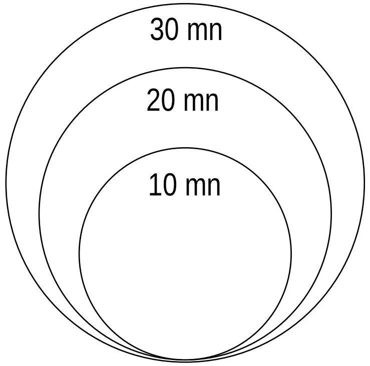
China’s Most Populous Cities, mn People (2023)

China’s Megacities (16)	
City and Administrative Unit	Population, mn
Chongqing (Chongqing)	31.9
Shanghai (Shanghai)	24.9
Beijing (Beijing)	21.9
Chengdu (Sichuan)	21.4
Guangzhou (Guangdong)	18.8
Shenzhen (Guangdong)	17.8
Wuhan (Hubei)	13.8
Tianjin (Tianjin)	13.6
Xi’an (Shaanxi)	13.1
Zhengzhou (Henan)	13.0
Suzhou* (Jiangsu)	13.0
Hangzhou* (Zhejiang)	12.5
Shijiazhuang* (Hebei)	11.2
Changsha* (Hunan)	10.5
Dongguan* (Guangdong)	10.5
Qingdao* (Shandong)	10.4



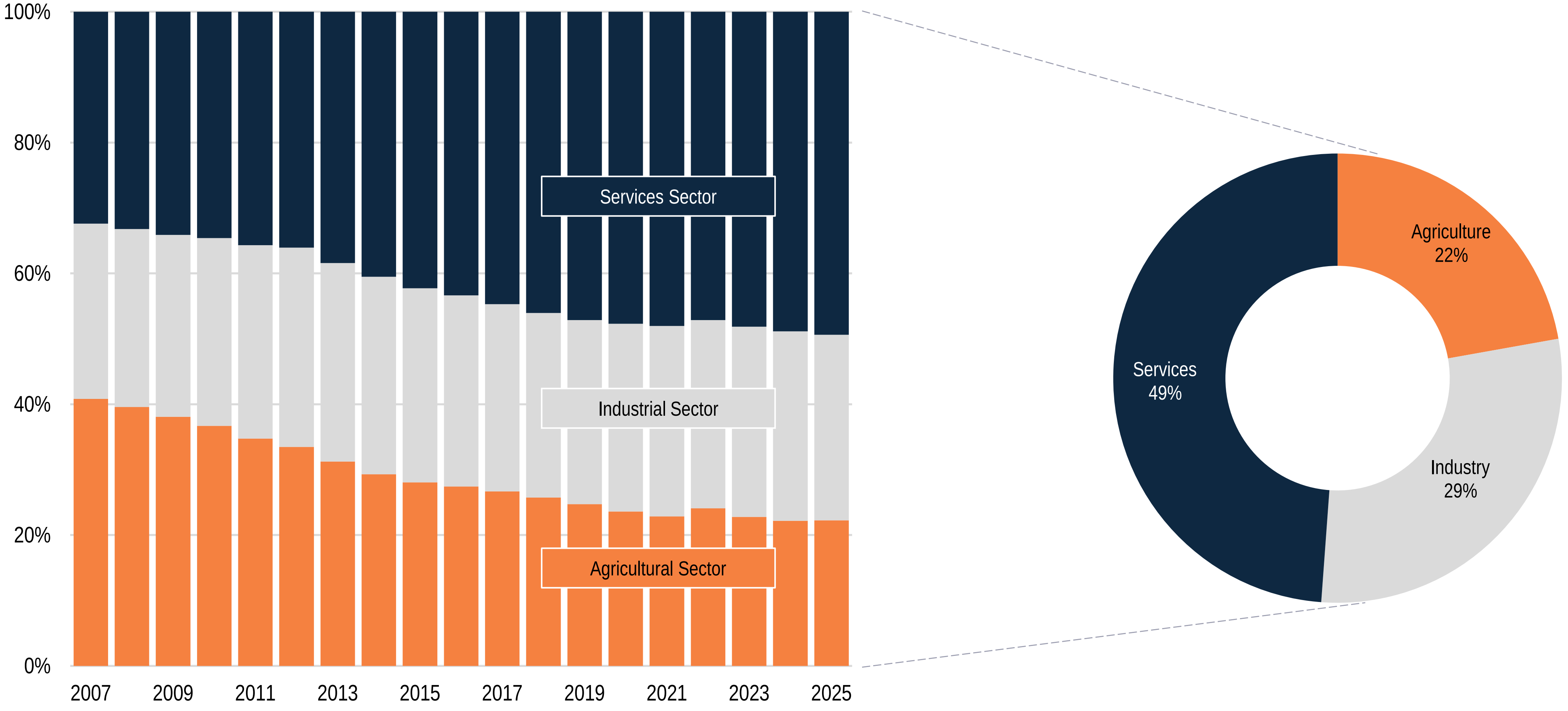
Note: *Cities not indicated on map. Source: China Statistical Yearbook 2024 and municipal/provincial 2023 statistical communiqués

In 2011, employment in China's services sector surpassed 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. In 2025, Services accounted for 49% of employment and industry 29%

China Total Employed Persons by Sector, % of Total (2007-2025)

Sectoral Contribution to China GDP, % (2025)



Source: World Bank, National Bureau of Statistics of China, ANDAMAN PARTNERS Analysis

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Global growth is becoming more uneven as emerging economies gain ground

India and China remain among the fastest-growing major economies, with India projected to become the world's third-largest economy by 2031, as growth across many advanced markets remains subdued

Global Economic Forecast to 2031

- Global growth is projected at 3.0% in 2026, down from an average 3.5% in 2024-2025, before recovering to 3.4% in 2027. Growth remains below recent historical averages and increasingly uneven across economies
- Advanced economies are forecast to grow by 1.7% in 2026 and 1.8% in 2027, compared with 3.8% and 4.5% respectively for emerging market and developing economies
- India remains among the fastest-growing major economies at 6.4% in 2026, while China is forecast to grow 4.6%. Vietnam is projected to expand particularly strongly at 7.5%, while Malaysia is forecast at 4.7%
- Growth is becoming increasingly differentiated by exposure to energy markets and the global technology cycle
- The global outlook remains vulnerable to geopolitical and trade risks. Renewed Middle East conflict, commodity-price volatility and trade fragmentation remain key downside risks, although stronger technology investment and faster normalisation in energy markets could provide upside

Top 20 Economies by GDP, USD bn (2000, 2025, 2031F)

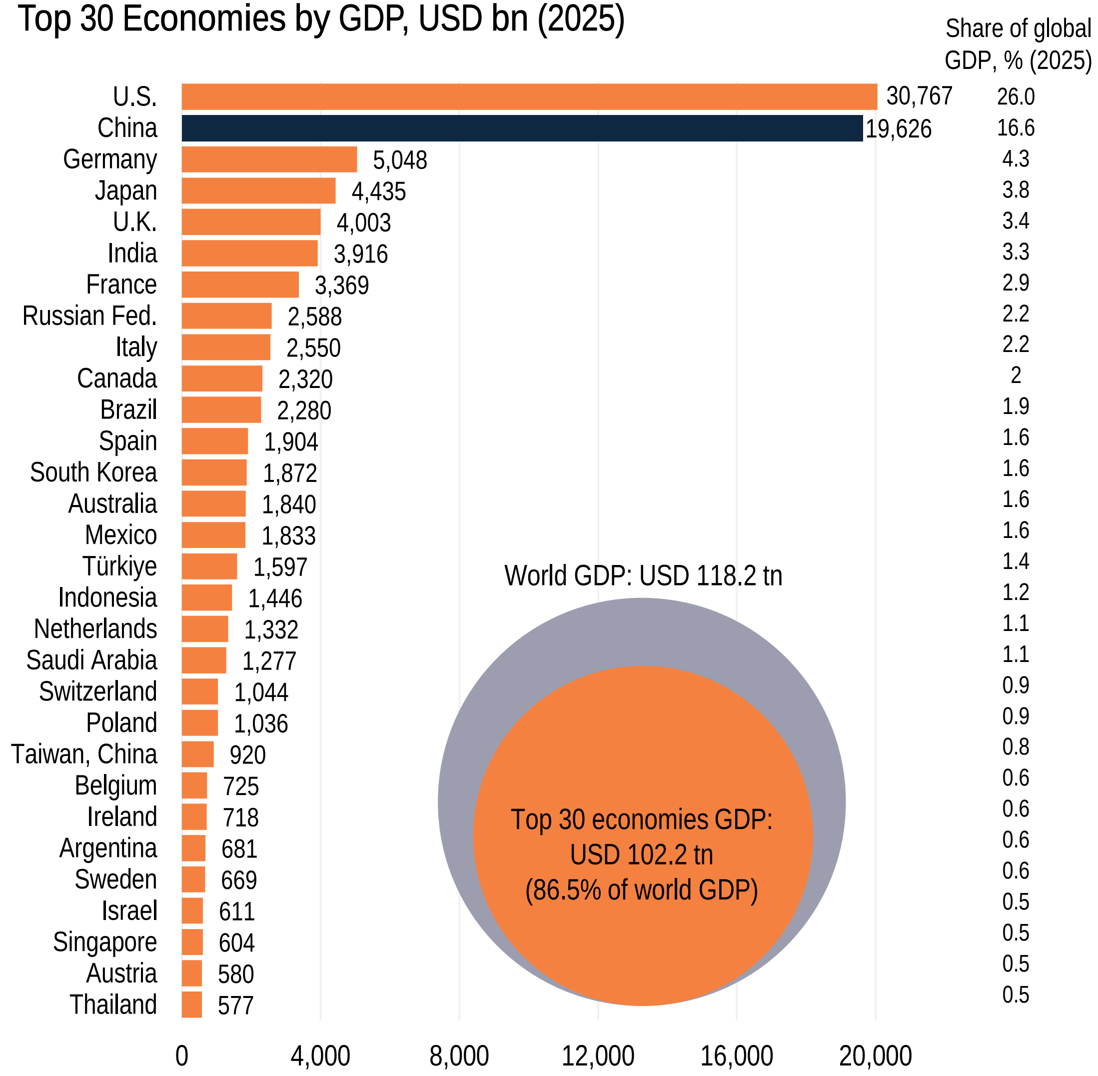
Rank (2000)		Rank (2025)		Rank (2031F)		USD bn (2031F)	Share of Global GDP (2031F)	Avg. Real GDP Growth Rate (2025-2031)
1	U.S.	1	U.S.	1	U.S.	39,031	25%	4.0%
2	Japan	2	China	2	China	27,497	17%	5.8%
3	Germany	3	Germany	3	India	6,792	4%	9.6%
4	U.K.	4	Japan	4	Germany	6,352	4%	3.9%
5	France	5	U.K.	5	U.K.	5,403	3%	5.1%
6	China	6	India	6	Japan	5,128	3%	2.4%
7	Italy	7	France	7	France	4,117	3%	3.4%
8	Canada	8	Russian Fed.	8	Brazil	3,379	2%	6.8%
9	Mexico	9	Italy	9	Canada	3,139	2%	5.2%
10	Brazil	10	Canada	10	Italy	3,128	2%	3.5%
11	Spain	11	Brazil	11	Mexico	2,667	2%	6.5%
12	South Korea	12	Spain	12	Russian Fed.	2,615	2%	0.2%
13	India	13	South Korea	13	Australia	2,590	2%	5.9%
14	Netherlands	14	Australia	14	Spain	2,572	2%	5.1%
15	Australia	15	Mexico	15	South Korea	2,357	1%	3.9%
16	Iran	16	Türkiye	16	Indonesia	2,246	1%	7.6%
17	Taiwan, China	17	Indonesia	17	Türkiye	2,028	1%	4.1%
18	Argentina	18	Netherlands	18	Saudi Arabia	1,730	1%	5.2%
19	Switzerland	19	Saudi Arabia	19	Netherlands	1,708	1%	4.2%
20	Russian Fed.	20	Switzerland	20	Poland	1,461	1%	5.9%
					World	158,392	100%	5.0%

Source: IMF, ANDAMAN PARTNERS Analysis

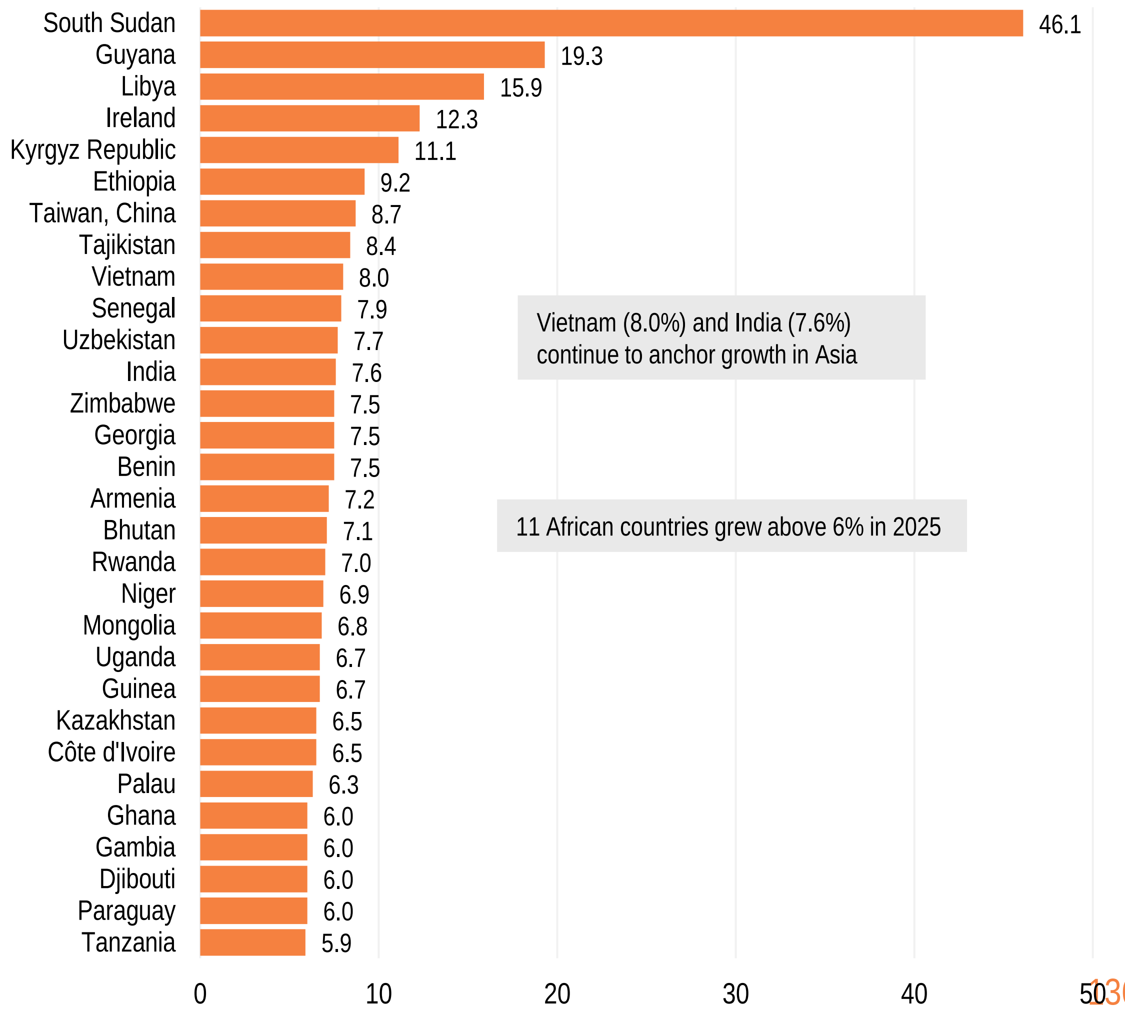
In 2025, global real GDP growth was 3.5%, with significant variations across regions

Emerging and developing economies, particularly in Asia and Sub-Saharan Africa, experienced considerably higher growth rates

Top 30 Economies by GDP, USD bn (2025)



Top 30 Economies by Real GDP Growth, % (2025)



Source: IMF, ANDAMAN PARTNERS Analysis

The world's top 10 economies accounted for 67% of world GDP in 2025, and the top 20 for 80%

The U.S. (USD 31 trillion) and China (USD 20 trillion) are the largest economies by a substantial margin, followed by Germany (USD 5 trillion), Japan (USD 4 trillion), the U.K. (USD 4 trillion) and India (USD 4 trillion)

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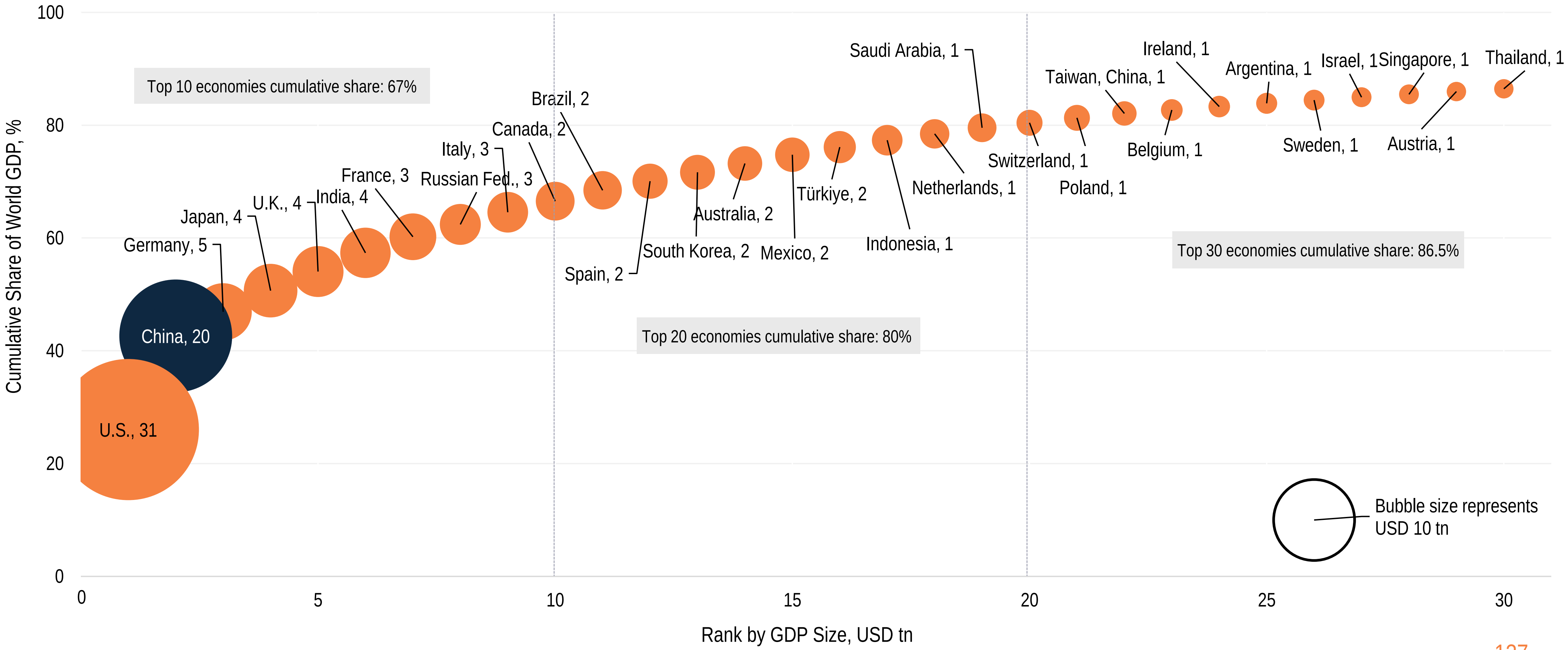
Top 30 Economies by GDP, USD tn (2025)



Source: IMF, ANDAMAN PARTNERS Analysis

China's rapid economic growth has positioned it as the world's second-largest economy

China has surpassed all other economies apart from the U.S., and China might catch up with the U.S. in the coming years, although when exactly this will occur remains to be seen

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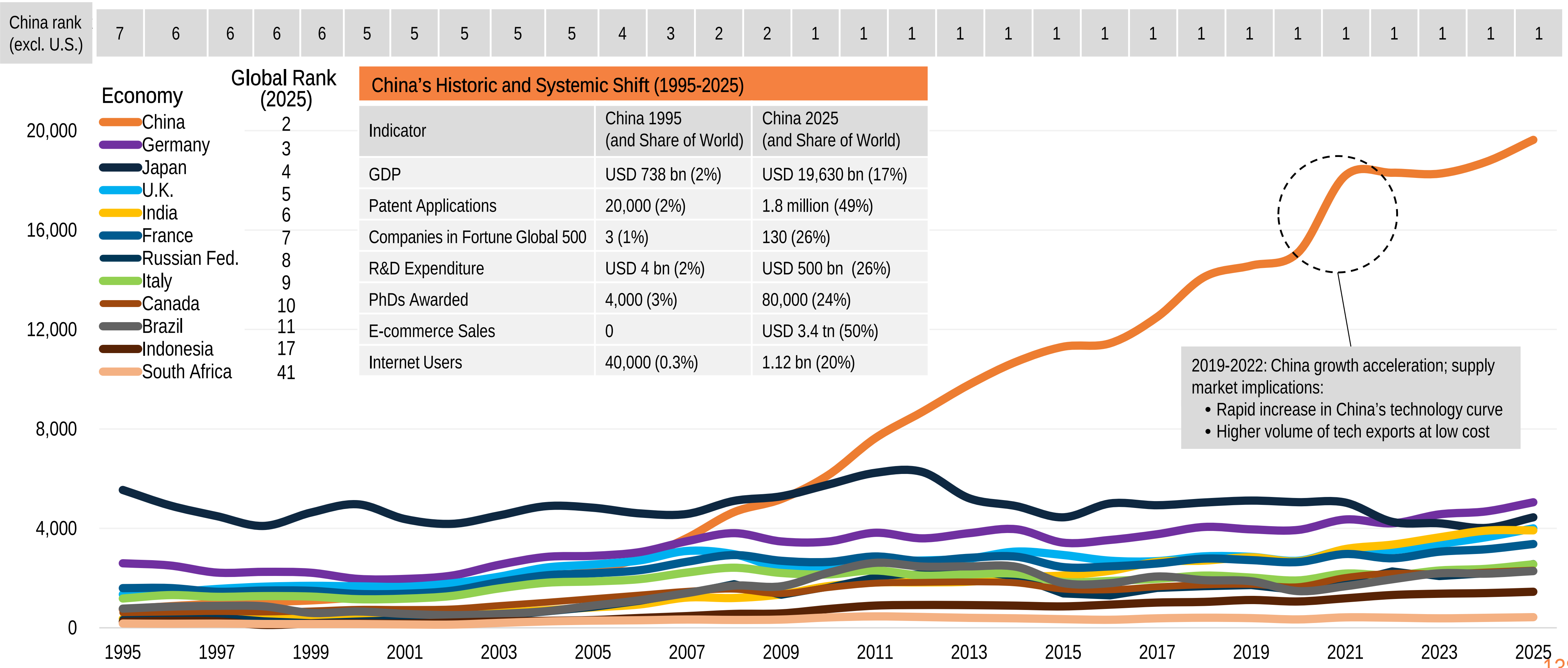
GDP of Largest Economies by GDP, excl. U.S., USD bn (1995-2025)



China's Historic and Systemic Shift (1995-2025)

Indicator	China 1995 (and Share of World)	China 2025 (and Share of World)
GDP	USD 738 bn (2%)	USD 19,630 bn (17%)
Patent Applications	20,000 (2%)	1.8 million (49%)
Companies in Fortune Global 500	3 (1%)	130 (26%)
R&D Expenditure	USD 4 bn (2%)	USD 500 bn (26%)
PhDs Awarded	4,000 (3%)	80,000 (24%)
E-commerce Sales	0	USD 3.4 tn (50%)
Internet Users	40,000 (0.3%)	1.12 bn (20%)

Note: Forecasted GDP growth is based on the IMF Economic Outlook as of April 2026. Source: IMF, Bloomberg, ANDAMAN PARTNERS Analysis

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 for the foreseeable future, even if at a lower rate than before

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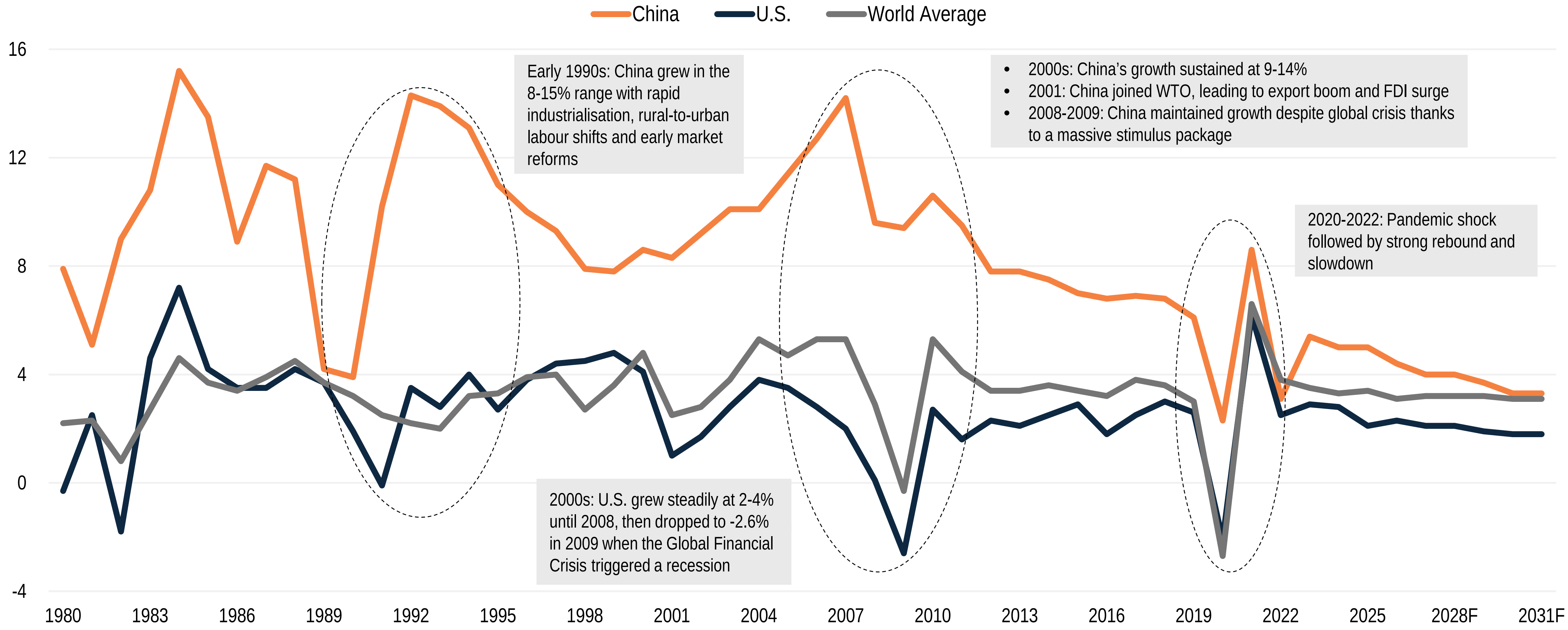
Average Real GDP Growth: China, U.S. and World, YoY % (1980-2031F)

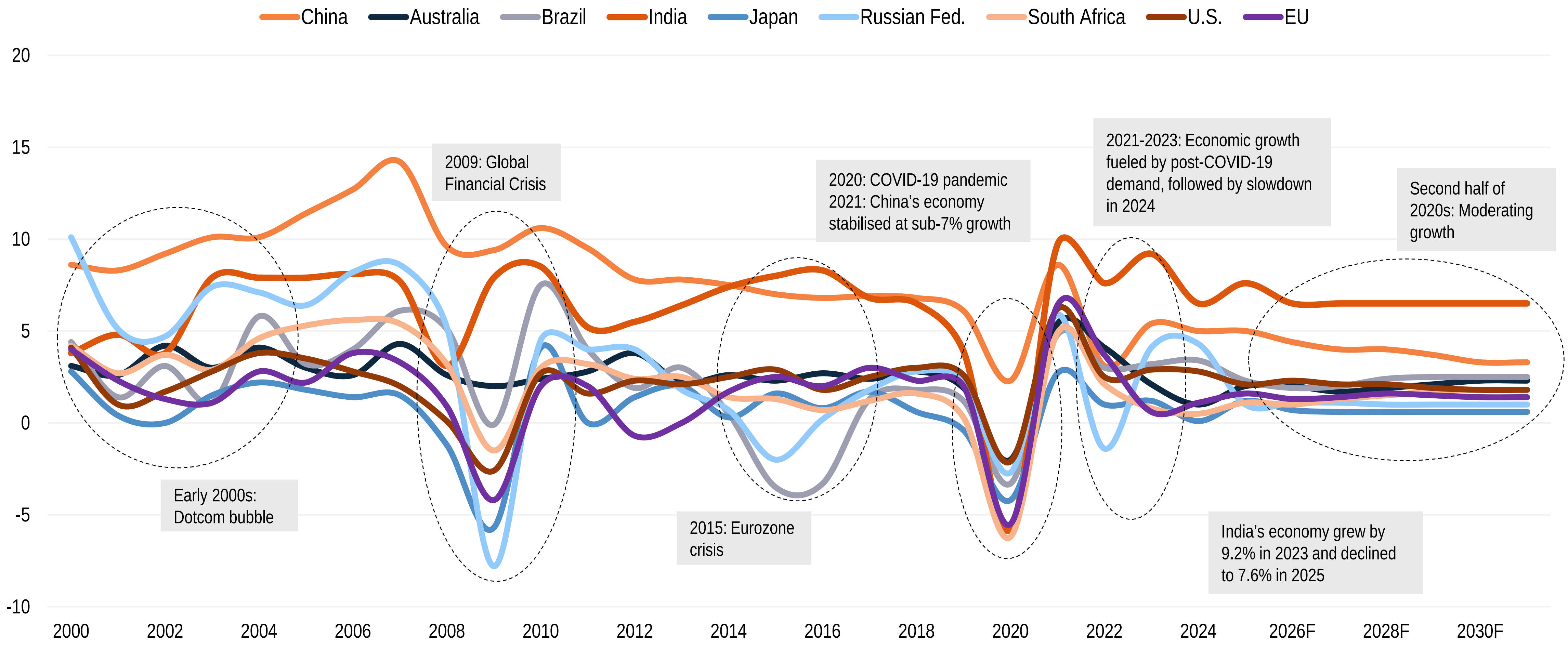


Source: IMF, ANDAMAN PARTNERS Analysis

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 was still among the fastest-growing major economies in 2025

Real GDP Growth Comparison: Selected Economies, YoY % (2000-2031F)



Source: IMF, ANDAMAN PARTNERS Analysis

Up to 2050, a group of emerging economies will achieve rapid growth and rival the largest economies

Emerging economies with increasing working-age populations, including India, Indonesia, Brazil, Mexico, Saudi Arabia and Nigeria, will rise to global prominence

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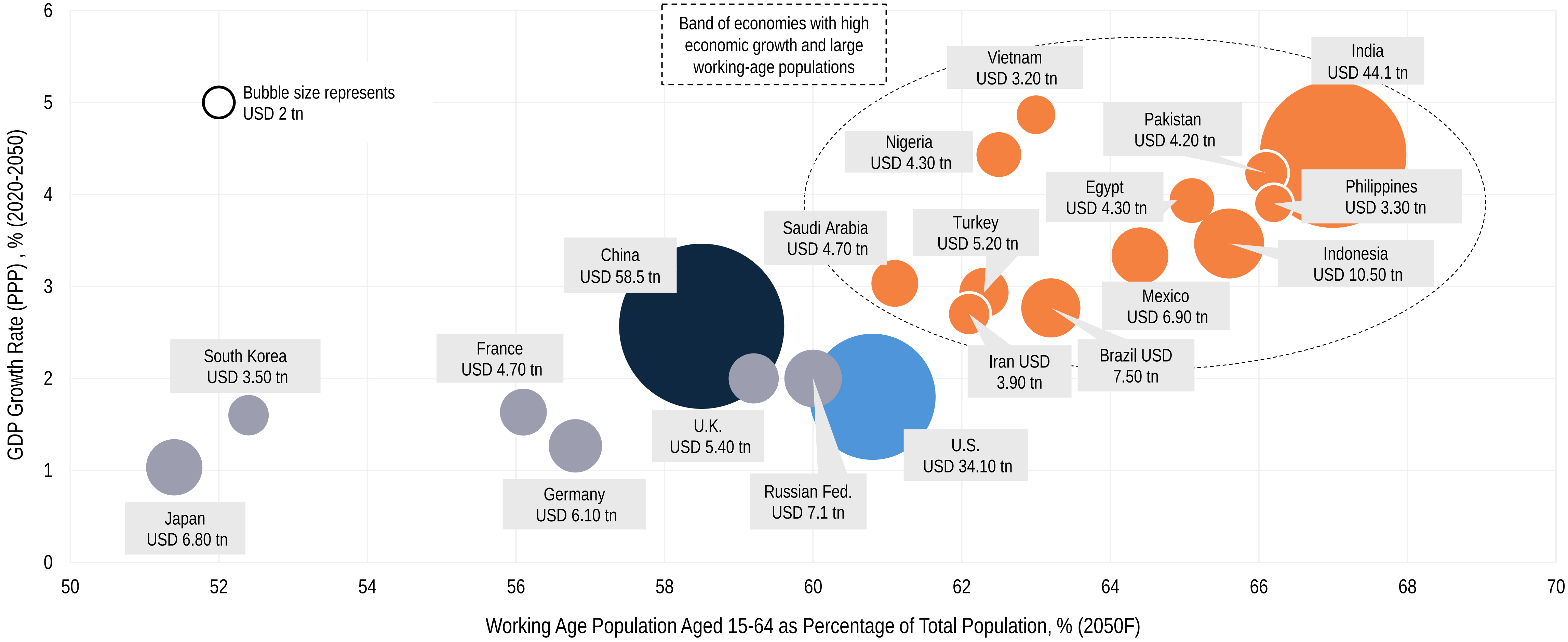
The Global Economy Up to 2050F: GDP PPP, USD tn (2050F), GDP PPP Growth Rate, % (2020-2050) and Working Age Populations, % (2050F)



Source: IMF 2016 estimates (in constant 2016 USD), PwC Projections for 2050, UN Population Division, World Population Prospects (2022), ANDAMAN PARTNERS Analysis

China's growth of 5% in 2025 was substantially higher than average global growth of 3.5%

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

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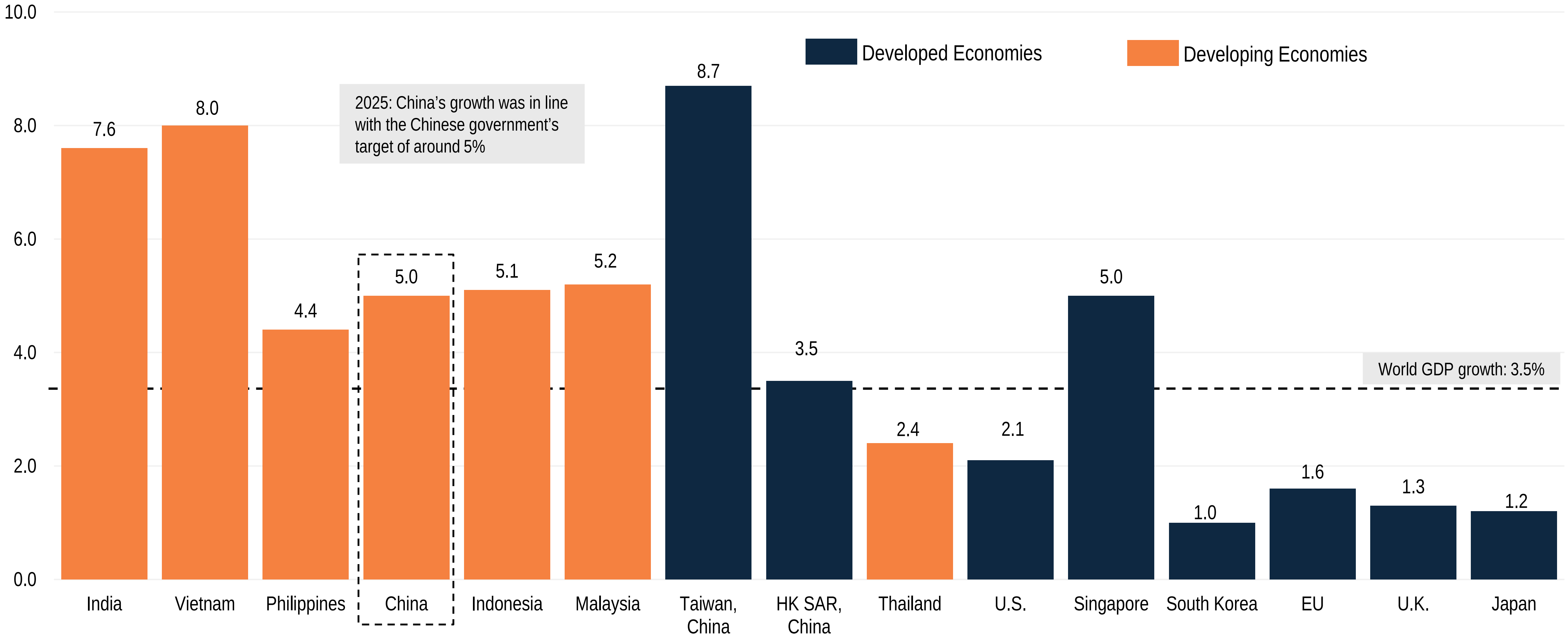
Real GDP Growth of Selected Major Developed & Developing Economies, % (2025)

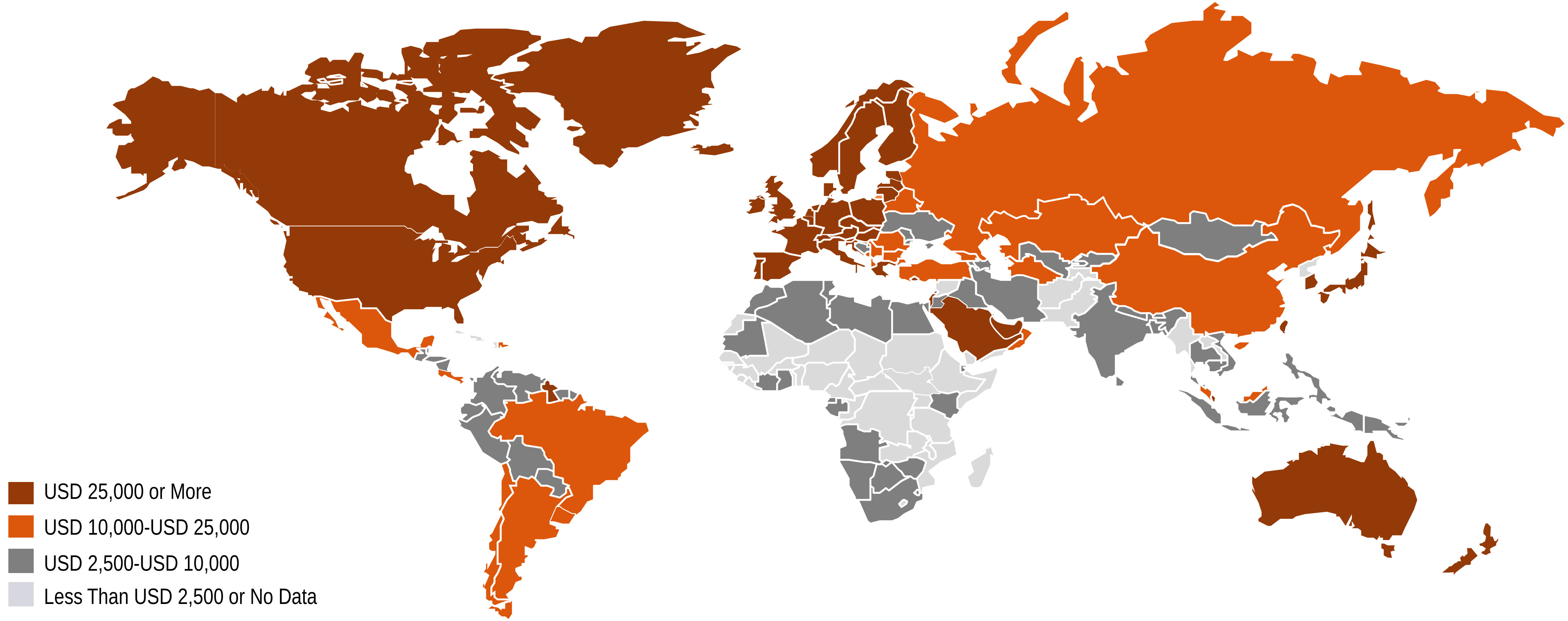


Source: IMF World Economic Outlook July 2026, ANDAMAN PARTNERS Analysis

At around USD 14,000, China's GDP per capita 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 (2025)



Source: IMF, ANDAMAN PARTNERS Analysis

GDP per capita in emerging Asian economies varies considerably

Southeast Asian nations Indonesia, Thailand and Malaysia have GDP per capita figures ranging from USD 5,000 to USD 14,000. Emerging Asia's average GDP per capita (USD 7,297) is considerably lower than China's

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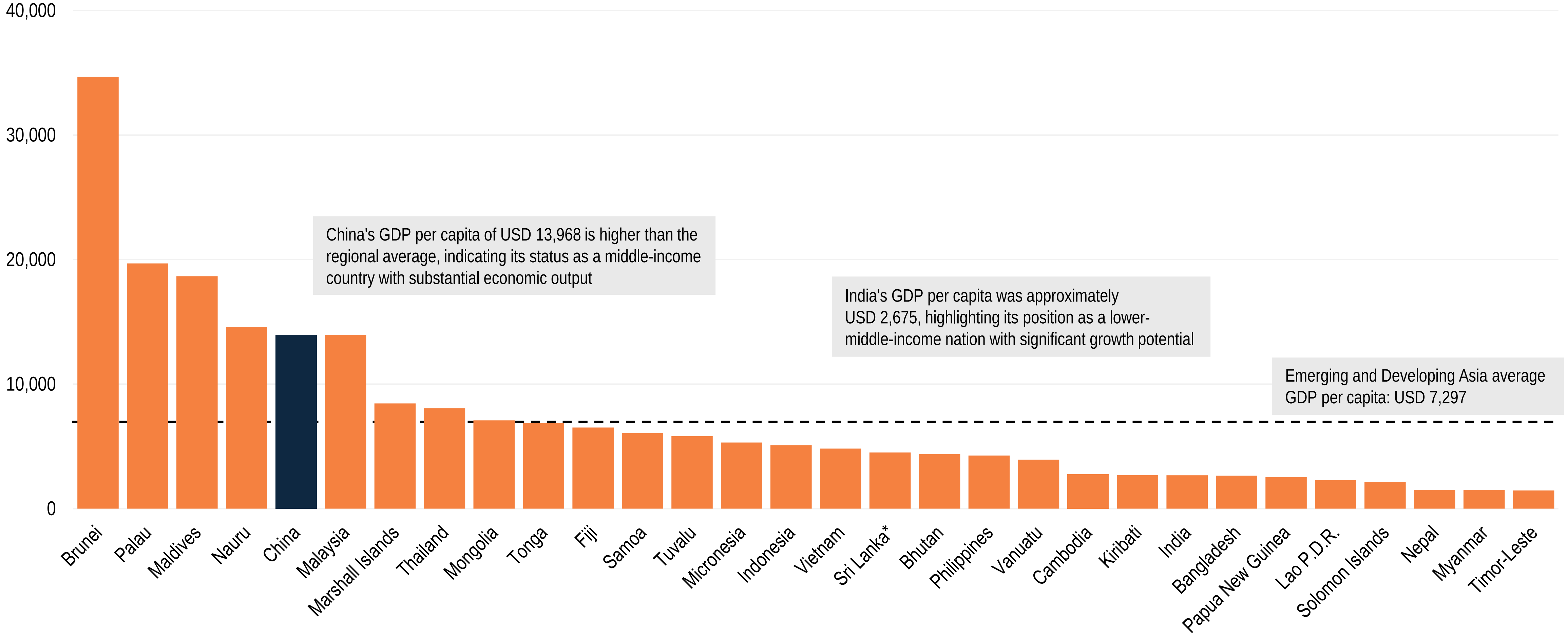
GDP Per Capita: Emerging & Developing Asia, USD (2025)

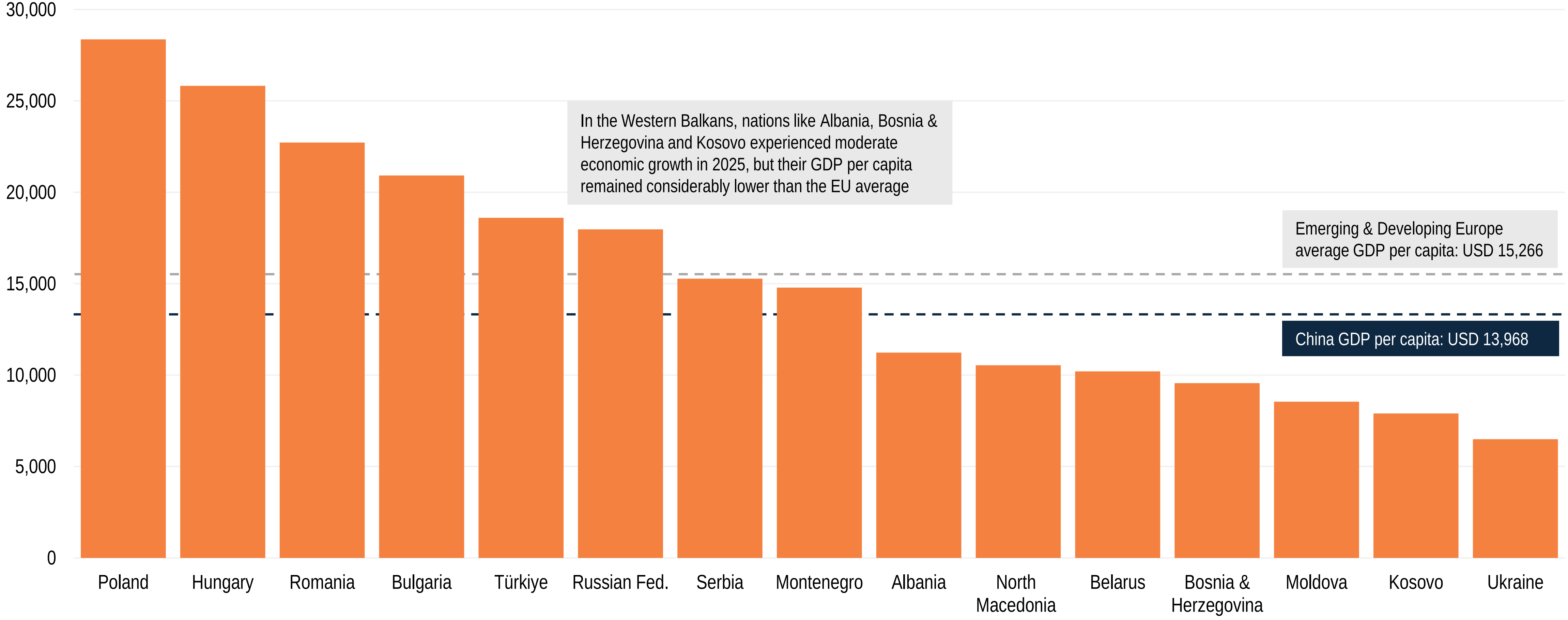


Note: Data for Sri Lanka is of 2024. Source: IMF, ANDAMAN PARTNERS Analysis

Some emerging European countries have made significant improvements in GDP per capita

Notably Hungary, Poland and Romania, although substantial disparities persist in the region, whose average (USD 15,266) is slightly higher than China's

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

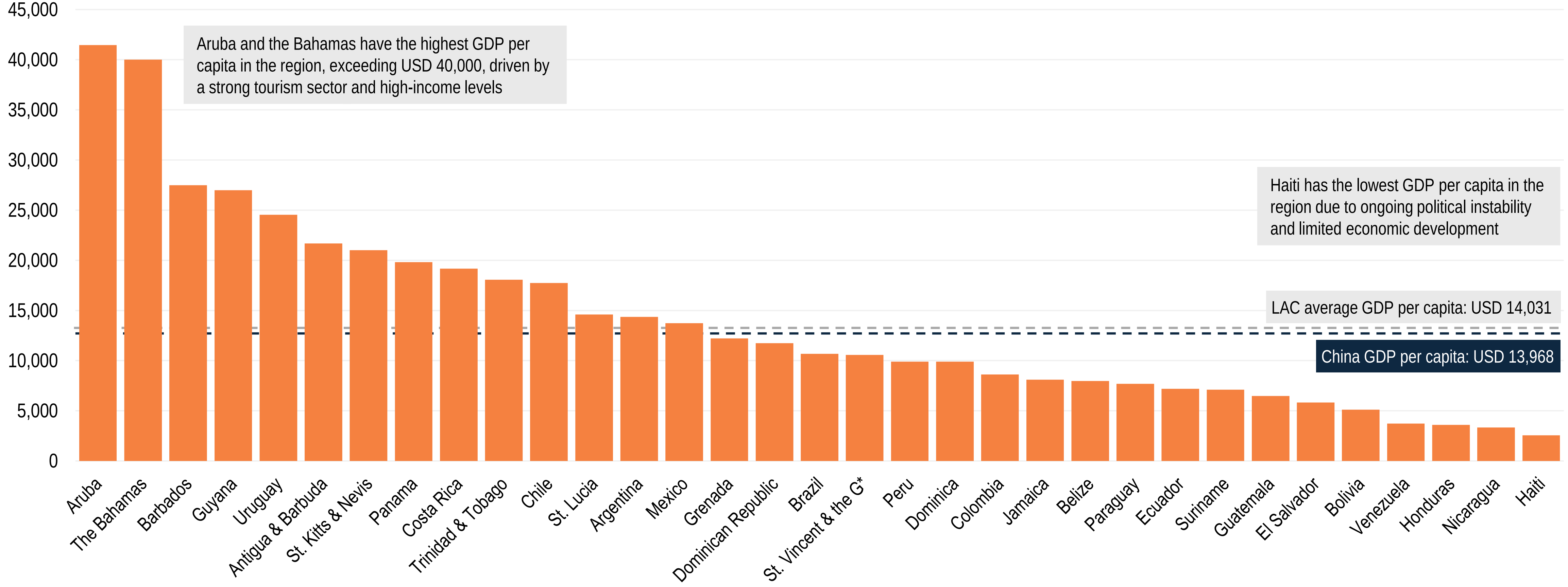


Source: IMF, ANDAMAN PARTNERS Analysis

Latin America & the Caribbean's average GDP per capita (USD 14,031) is just above China's

Reflecting a complex interplay of economic policy, political instability and reforms. Some countries in the region have considerably higher GDP per capita, but the region grapples with low growth and regional disparities

GDP Per Capita: Latin America & the Caribbean, USD (2025)

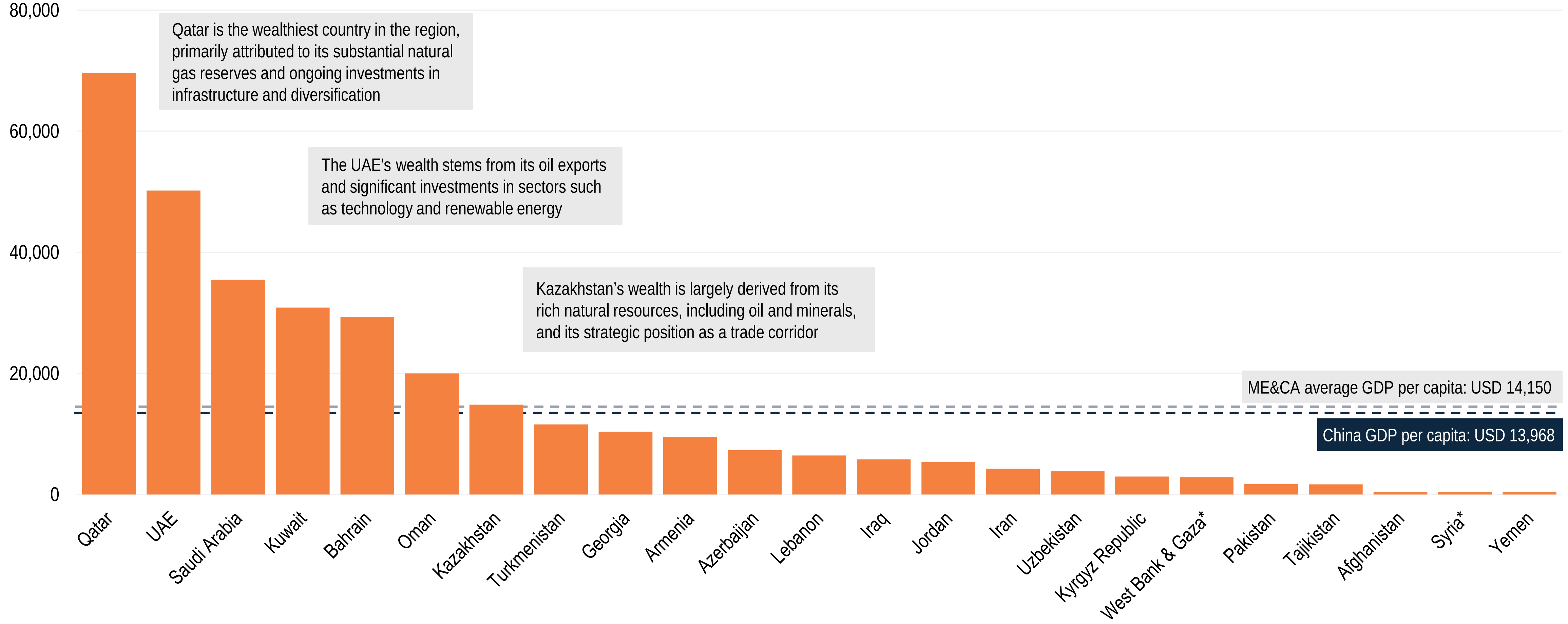


Note: *St. Vincent and the Grenadines. Source: IMF, ANDAMAN PARTNERS Analysis

As a collective region, the Middle East & Central Asia has significant disparities in GDP per capita

Reflecting diverse economic structures, resource endowments and levels of development. Overall, the region's collective average GDP per capita (USD 14,150) is higher than China's

GDP Per Capita: Middle East & Central Asia, USD (2025)

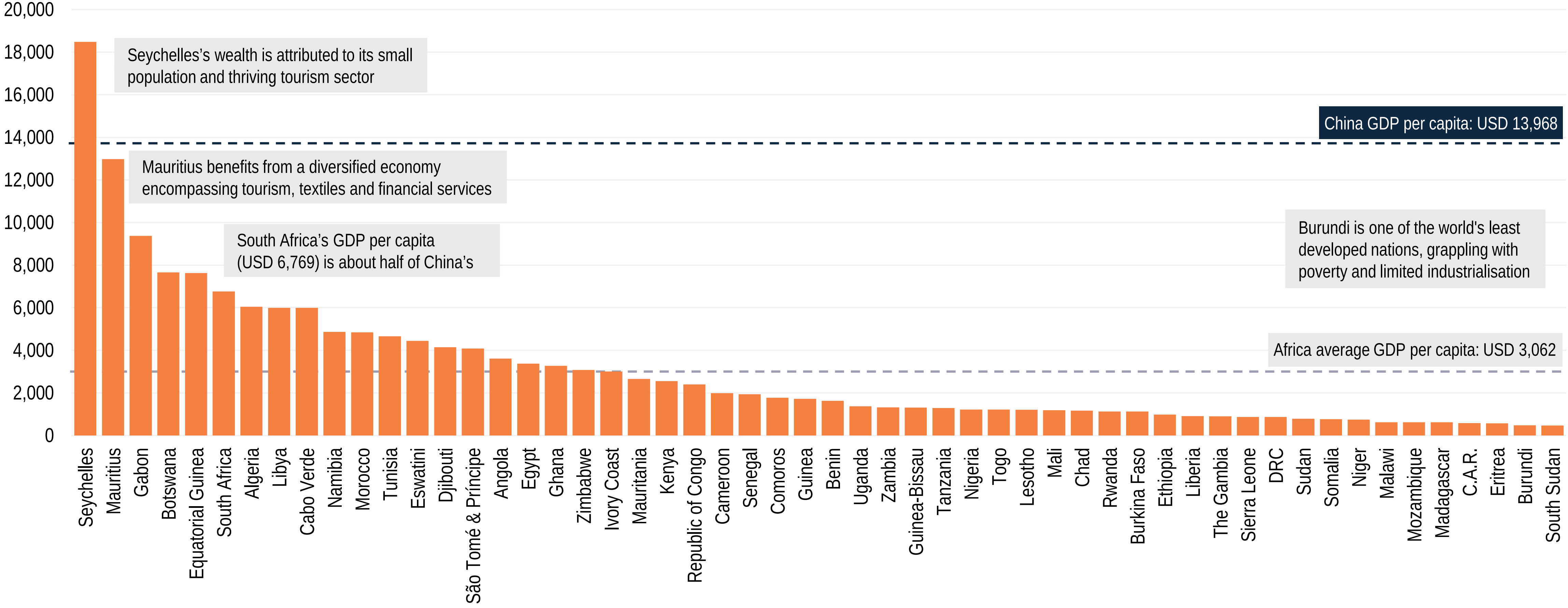


Note: Data for Syria is of 2021 and for West Bank & Gaza is of 2024. Source: IMF, ANDAMAN PARTNERS Analysis

Some African nations improved their GDP per capita, while many others face economic challenges

Improvements have occurred as a result of resource management, diversification and strategic investments, but overall, the region's average GDP per capita (USD 3,062) is well below China's

GDP Per Capita: Africa, USD (2025)

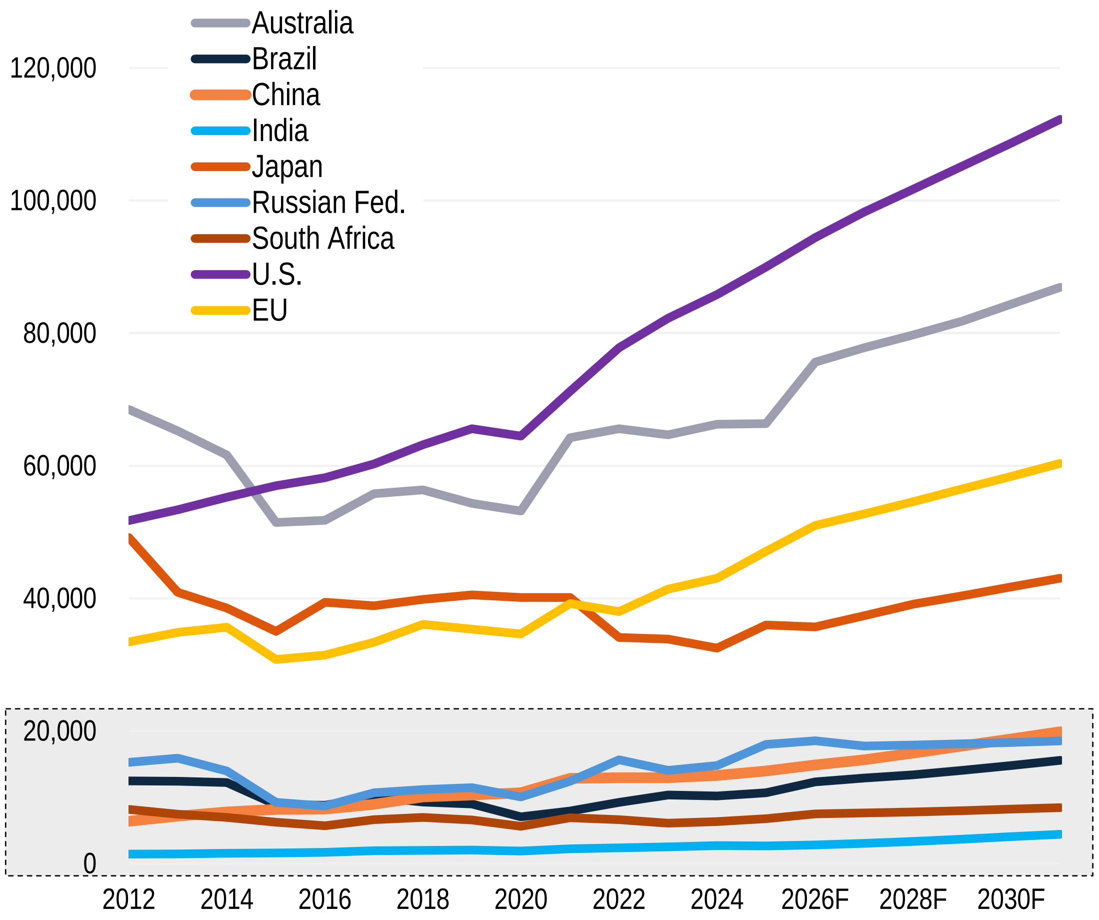


Note: Data for Eritrea is for 2019. C.A.R. – Central African Republic. Source: IMF, ANDAMAN PARTNERS Analysis

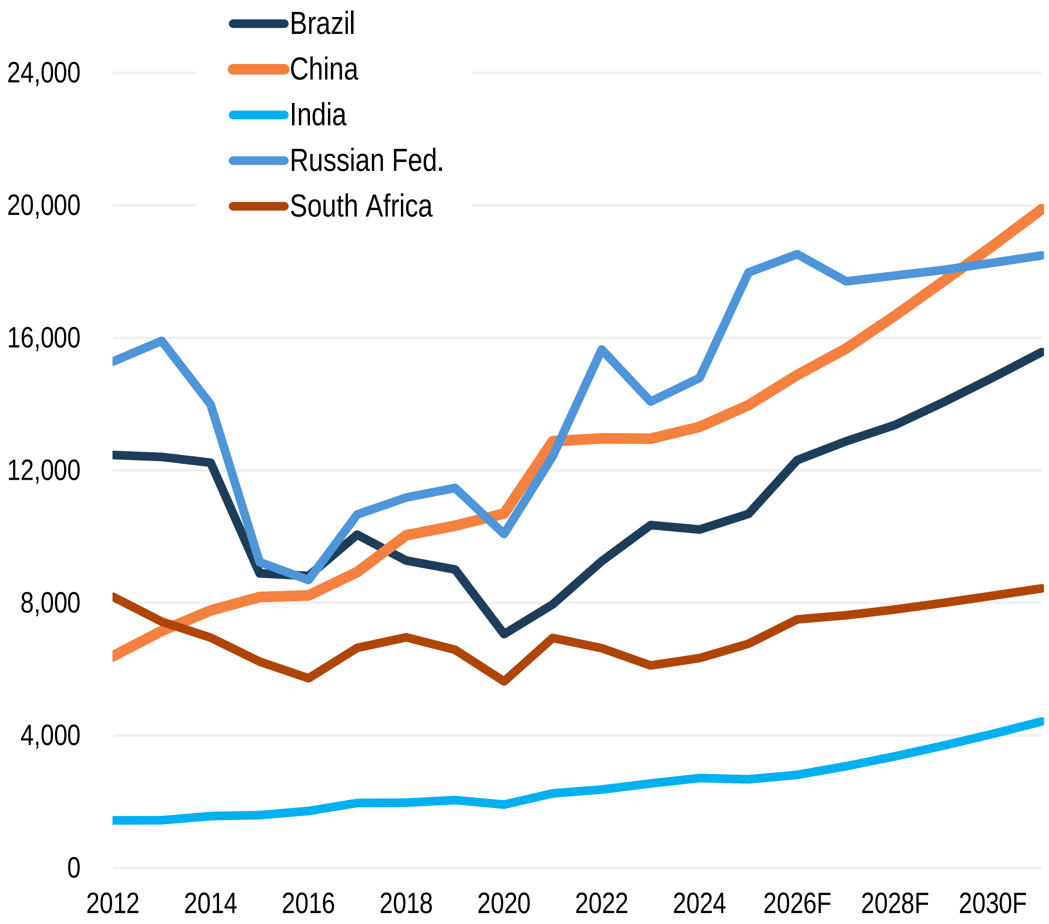
China's GDP per capita is comparable to BRICS, but will soon exceed all BRICS states

By 2030, China's GDP per capita could surpass USD 18,600, which would still be less than half the level of Japan

GDP Per Capita: BRICS and Selected Economies, USD (2012-2031F)



GDP Per Capita: BRICS, USD (2012-2031F)

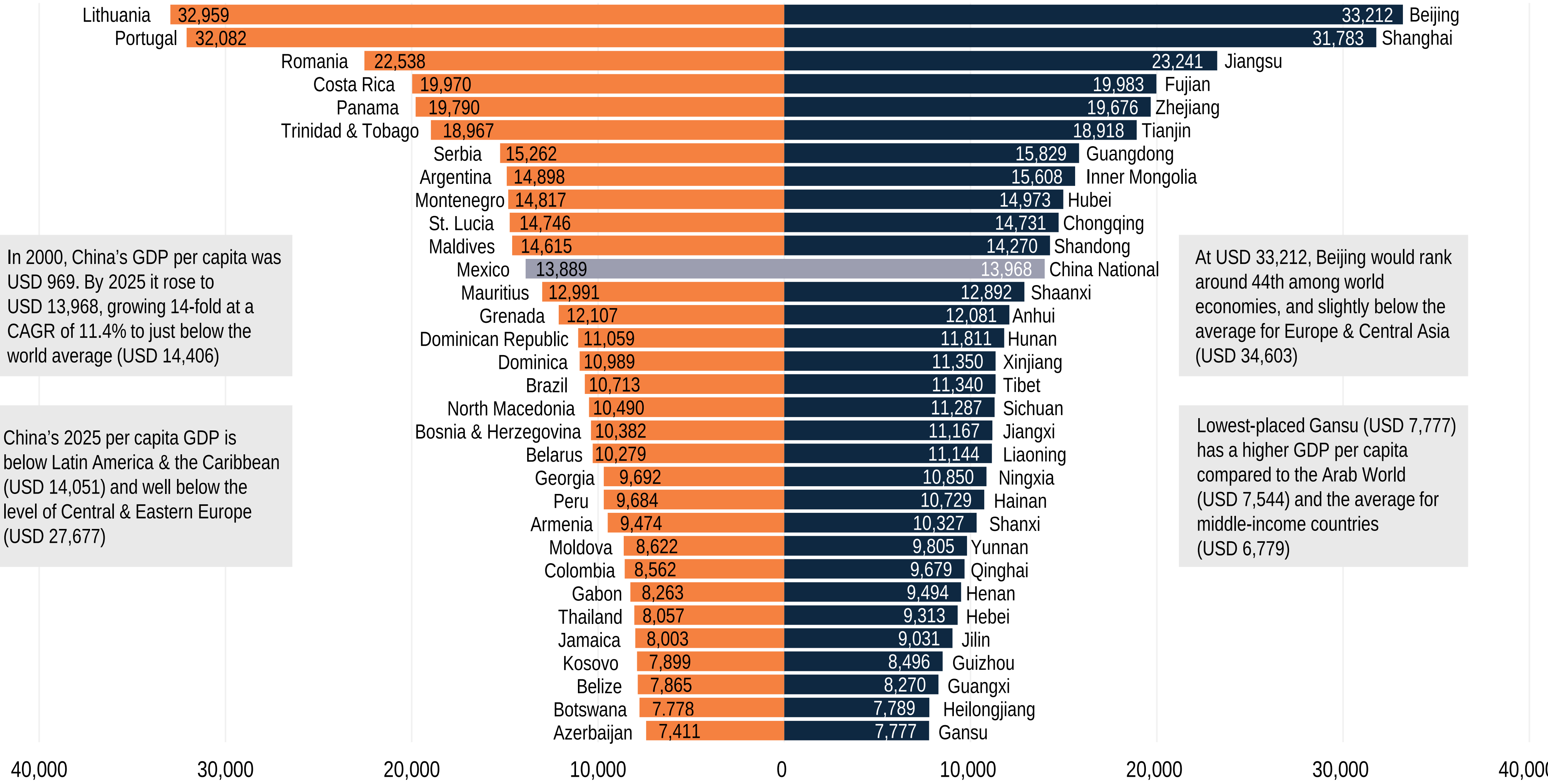


Source: IMF, ANDAMAN PARTNERS Analysis

Comparing GDP per capita of China's 31 provinces to world economies reveals a full spectrum

Ranging from advanced nation levels in coastal hubs to developing country levels in interior regions. With the highest GDP per capita in China, Beijing is comparable to Lithuania, and Shanghai to Portugal

GDP Per Capita: Mainland China's 31 Provinces/Regions and Comparable World Economies, USD (2025)



In 2000, China's GDP per capita was USD 969. By 2025 it rose to USD 13,968, growing 14-fold at a CAGR of 11.4% to just below the world average (USD 14,406)

China's 2025 per capita GDP is below Latin America & the Caribbean (USD 14,051) and well below the level of Central & Eastern Europe (USD 27,677)

At USD 33,212, Beijing would rank around 44th among world economies, and slightly below the average for Europe & Central Asia (USD 34,603)

Lowest-placed Gansu (USD 7,777) has a higher GDP per capita compared to the Arab World (USD 7,544) and the average for middle-income countries (USD 6,779)

Source: National Bureau of Statistics of China, World Bank, ANDAMAN PARTNERS Analysis

Manufacturing has declined in the U.S. and EU, but China has sustained it a relatively high level

China's manufacturing value-added share of nearly 25% has continued to anchor its central role in global production networks

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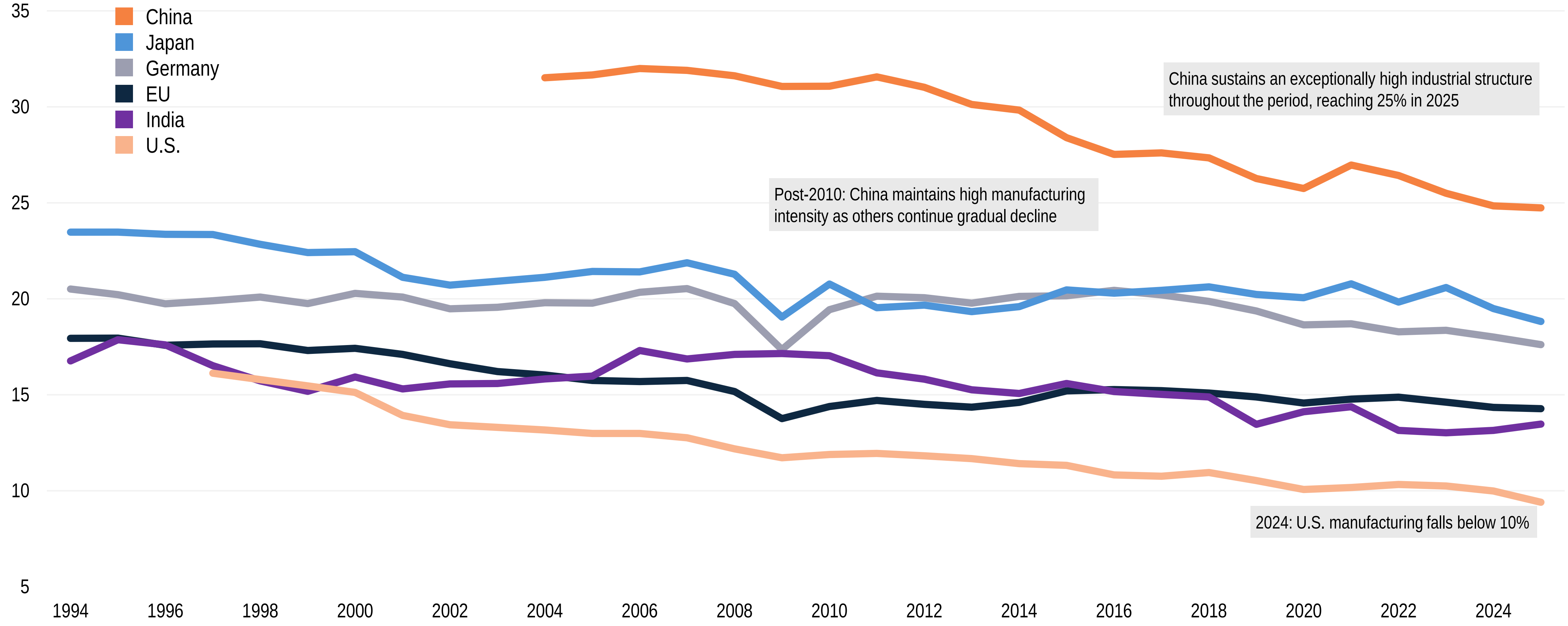
Manufacturing, Value Added, % of GDP: China, EU, Germany, India, Japan and the U.S. (1994-2025)

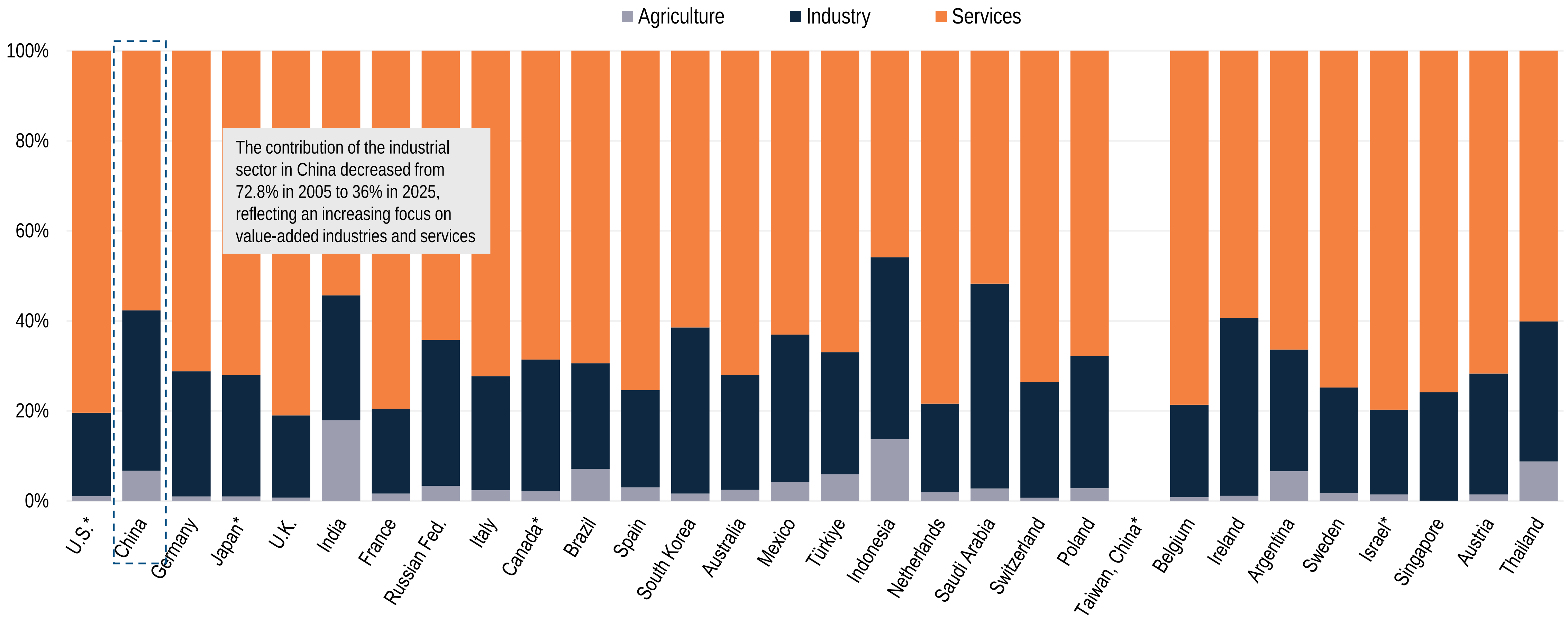


Note: China data only available from 2004; no 2024 data for Japan; no U.S. data for 1994-1996. Source: World Bank, World Development Indicators, ANDAMAN PARTNERS Analysis

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 (2025)



Note: No data for Taiwan (China). Data for U.S. is for 2021. Data for Canada is for 2022. Data for Japan and Israel is for 2024. Source: World Bank, ANDAMAN PARTNERS Analysis

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

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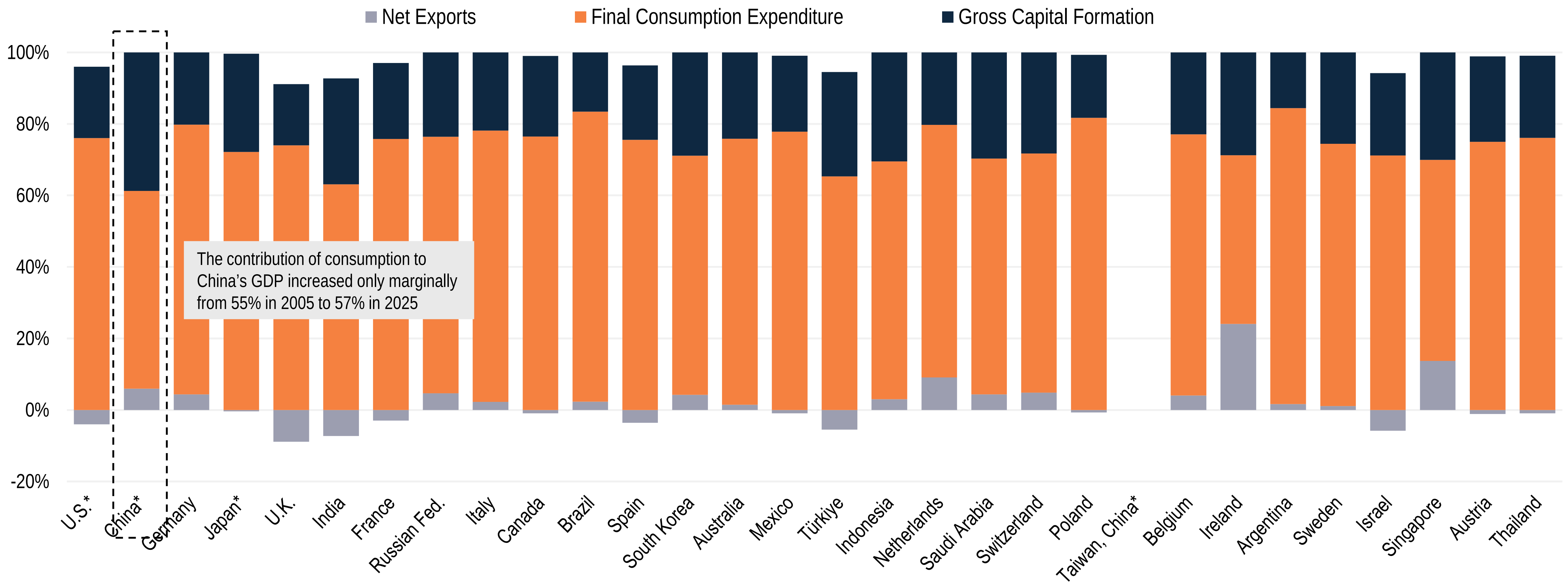
Composition of GDP, Expenditure Approach: Top 30 Global Economies by GDP, % Share (2025)

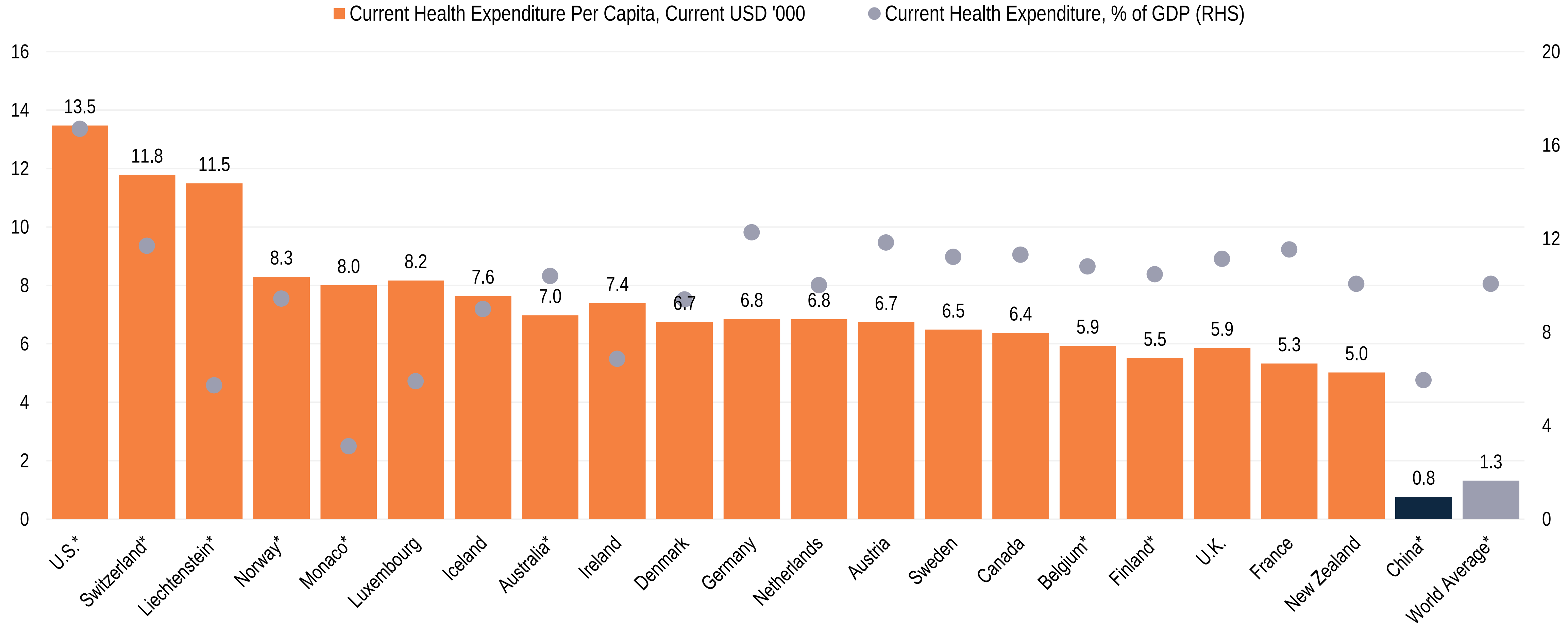


Note: Final Consumption Expenditure is the sum of Household Final Consumption Expenditure (private consumption) and Government Final Consumption Expenditure (general government consumption). Gross Capital Formation consists of outlays on additions to the economy's fixed assets plus net changes in the 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). U.S., China and Japan's Final Consumption Expenditure and Gross Capital Formation are for 2024. Source: World Bank, IMF World Economic Outlook April 2026, ANDAMAN PARTNERS Analysis

Among the world's major economies, China has the lowest annual health expenditure per capita

At USD 800, China is well below the world average (USD 1,300). The U.S. has the highest expenditure (USD 13,500), 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 (2024)



Source: World Bank, ANDAMAN PARTNERS Analysis

China officially became an upper-middle-income economy in 2010

Gross National Income (GNI) per capita reached USD 4,340 in 2010. 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

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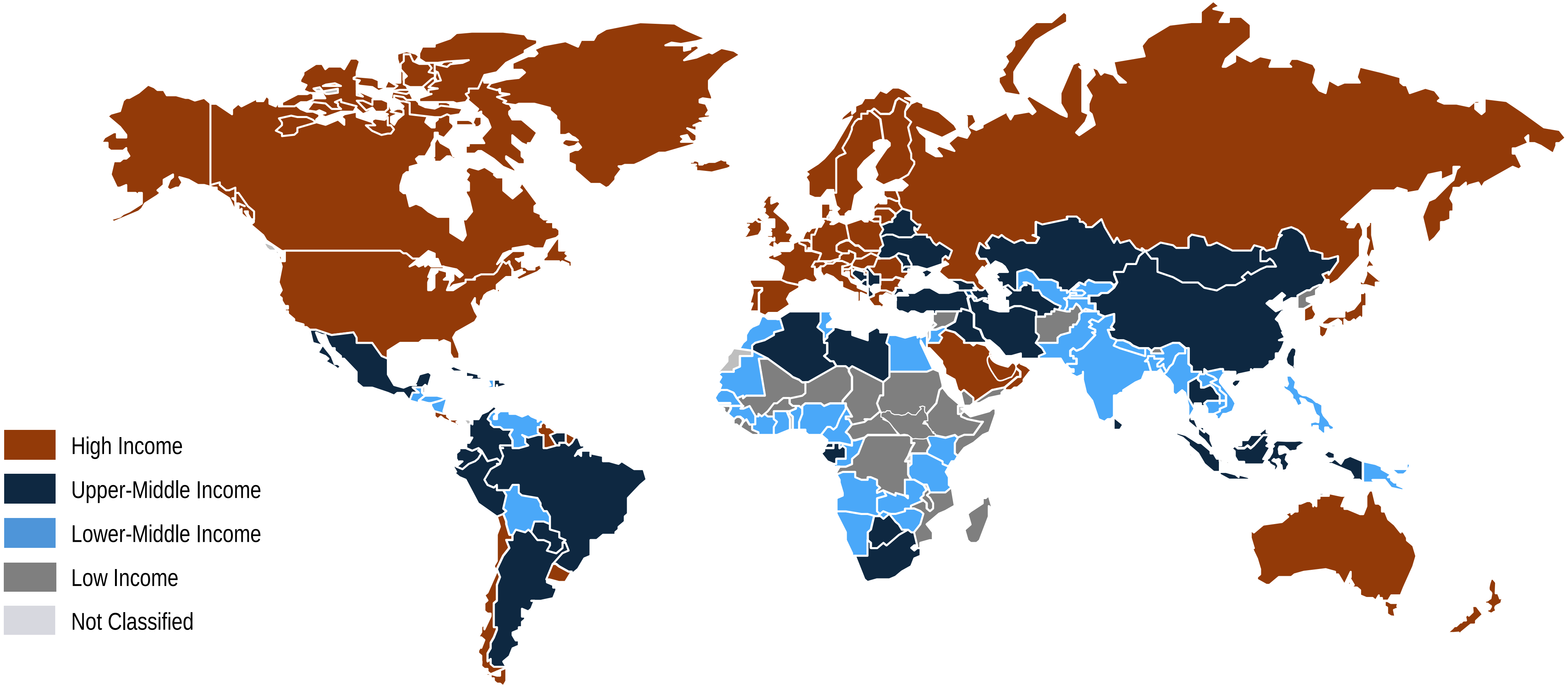
Country Classification by Income Level (2025)



Source: World Bank, ANDAMAN PARTNERS Analysis

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1. Prelude
2. China in Brief
3. China in Depth
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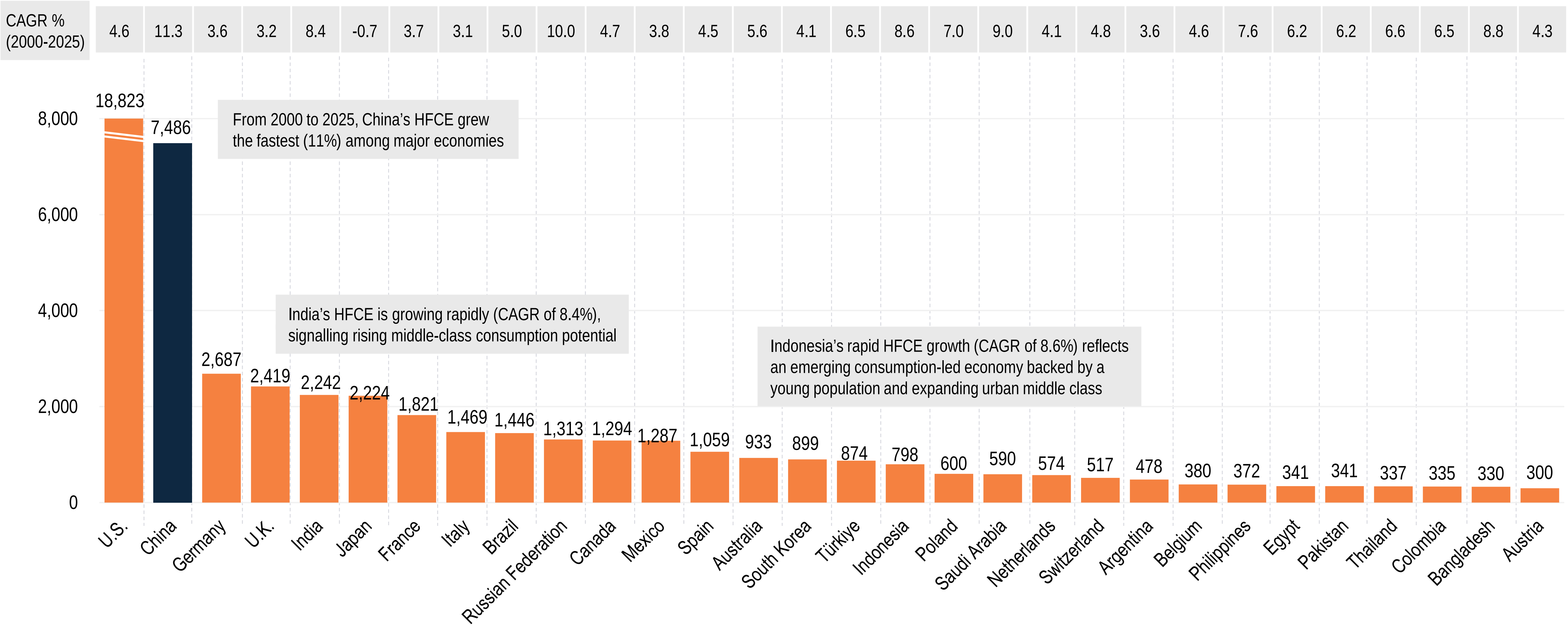
   - Financial Indicators
   - Social Indicators
   - Other Indicators
5. Conclusions, Implications and Recommendations

China's Household Final Consumption Expenditure surged by 11% from 2000 to 2025

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 (2025)

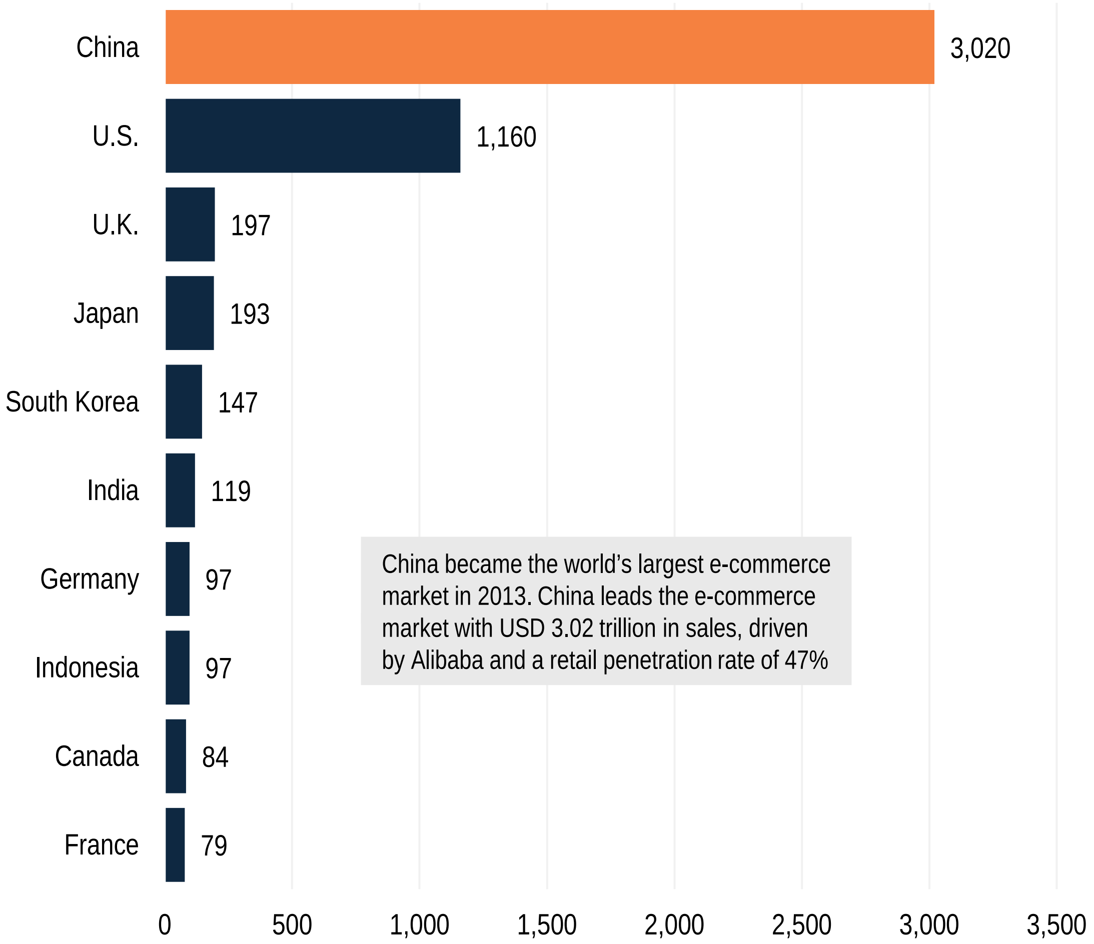


U.S., China and Japan's Household Final Consumption Expenditure are for 2024. Source: World Bank, ANDAMAN PARTNERS Analysis

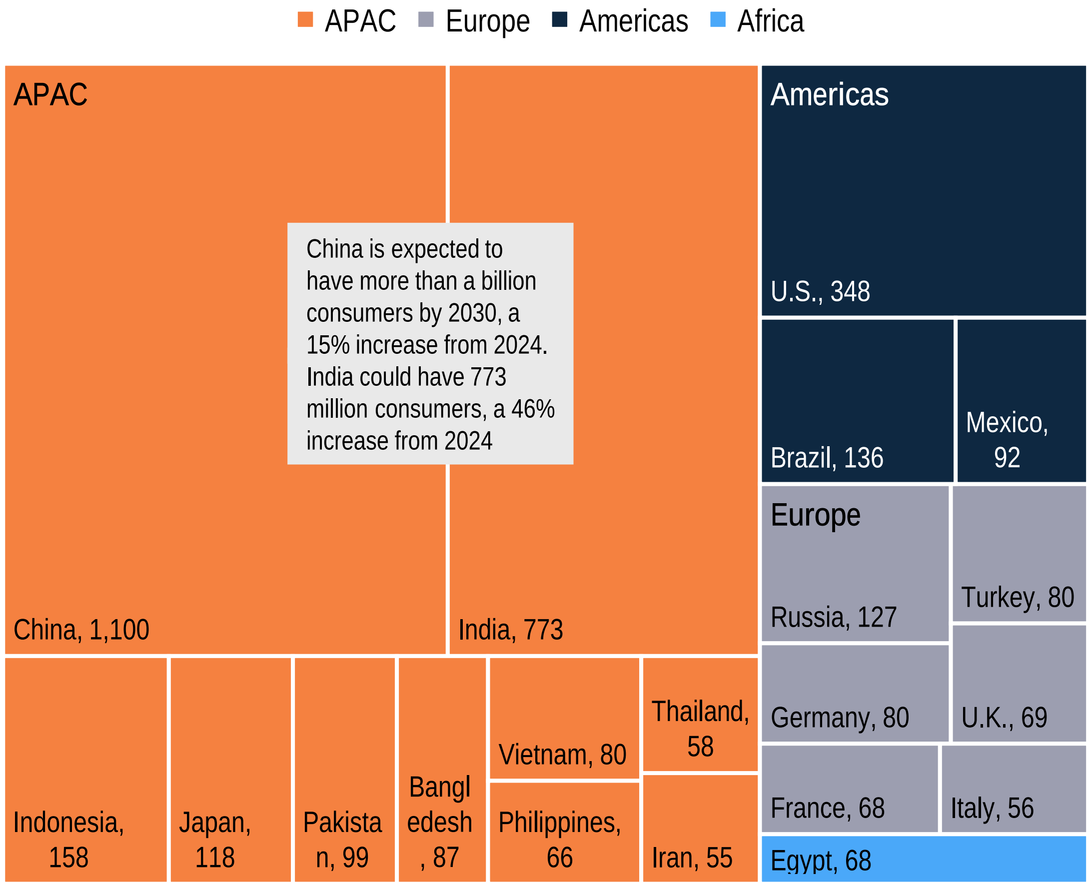
China has the world's largest e-commerce market, exceeding the U.S. market by almost USD 2 trillion

E-commerce sales in China exceeded USD 3 trillion in 2025. By 2030, China will have over a billion consumers

Top 10 Countries by E-Commerce Sales, USD bn (2025)



Largest Consumer Markets, Consumers mn (2030F)

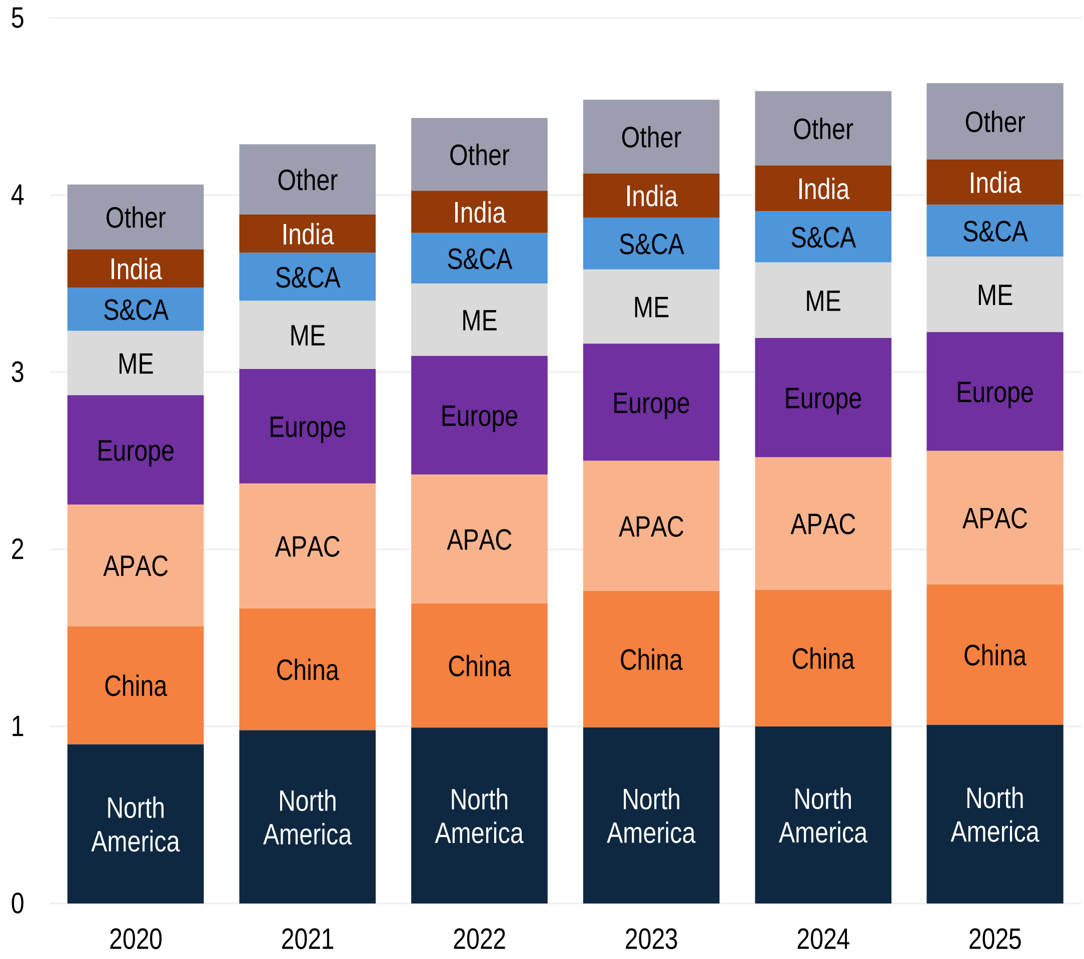


Note: APAC – Asia Pacific. A consumer is classified as a person spending more than USD 12 per day. Source: World Data Lab, ANDAMAN PARTNERS Analysis

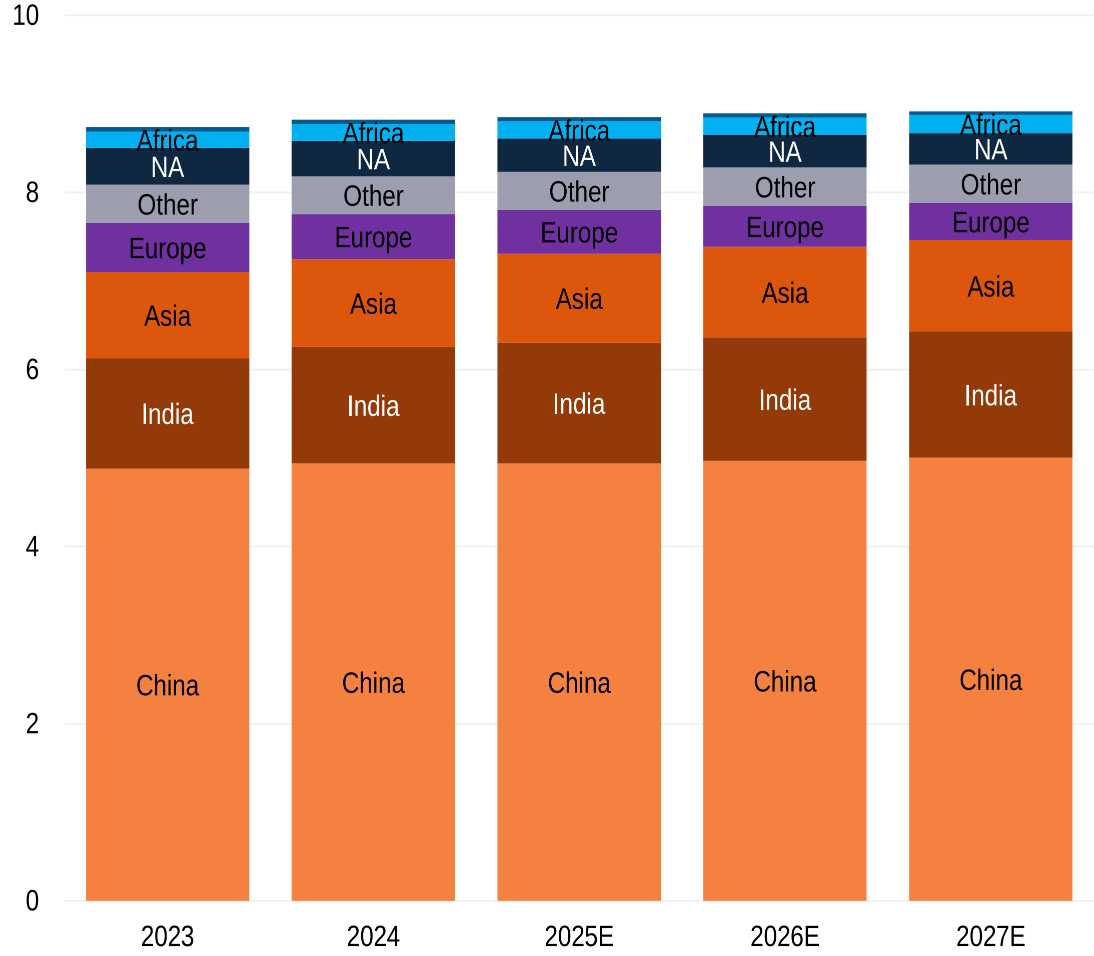
China is the largest consumer of fossil fuel-based energy

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, MT (2020-2025)



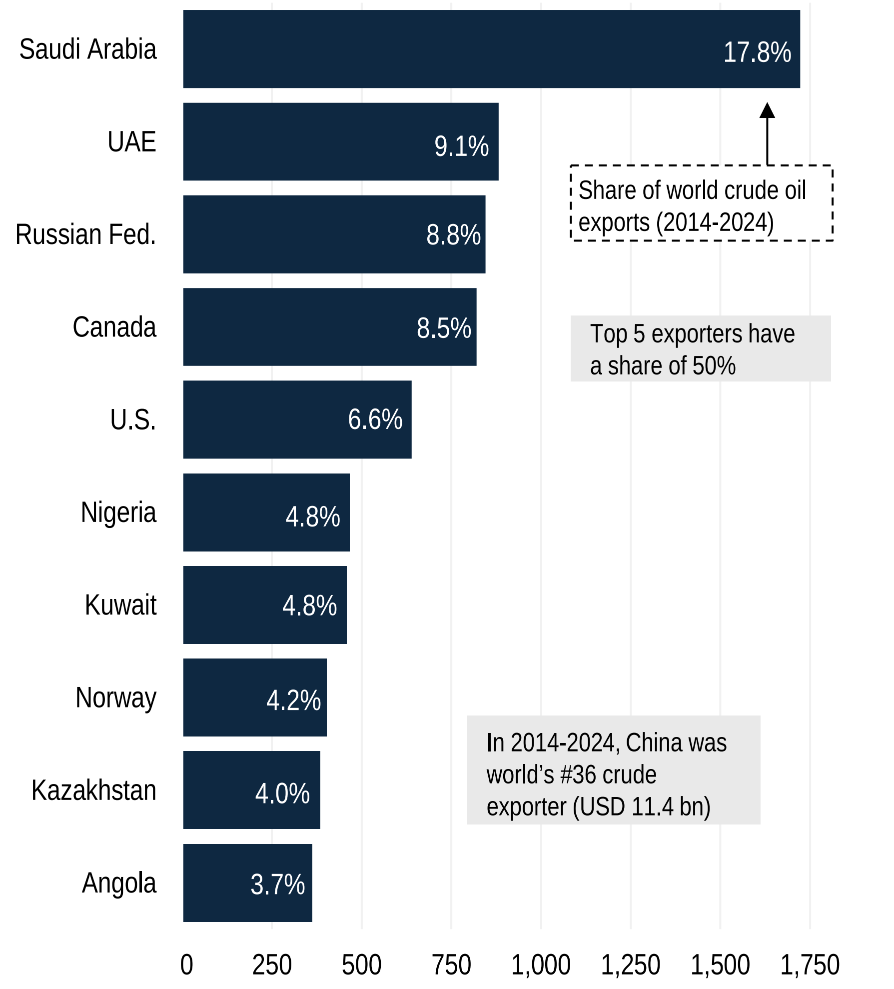
World Coal Consumption, MMT (2023-2027E)

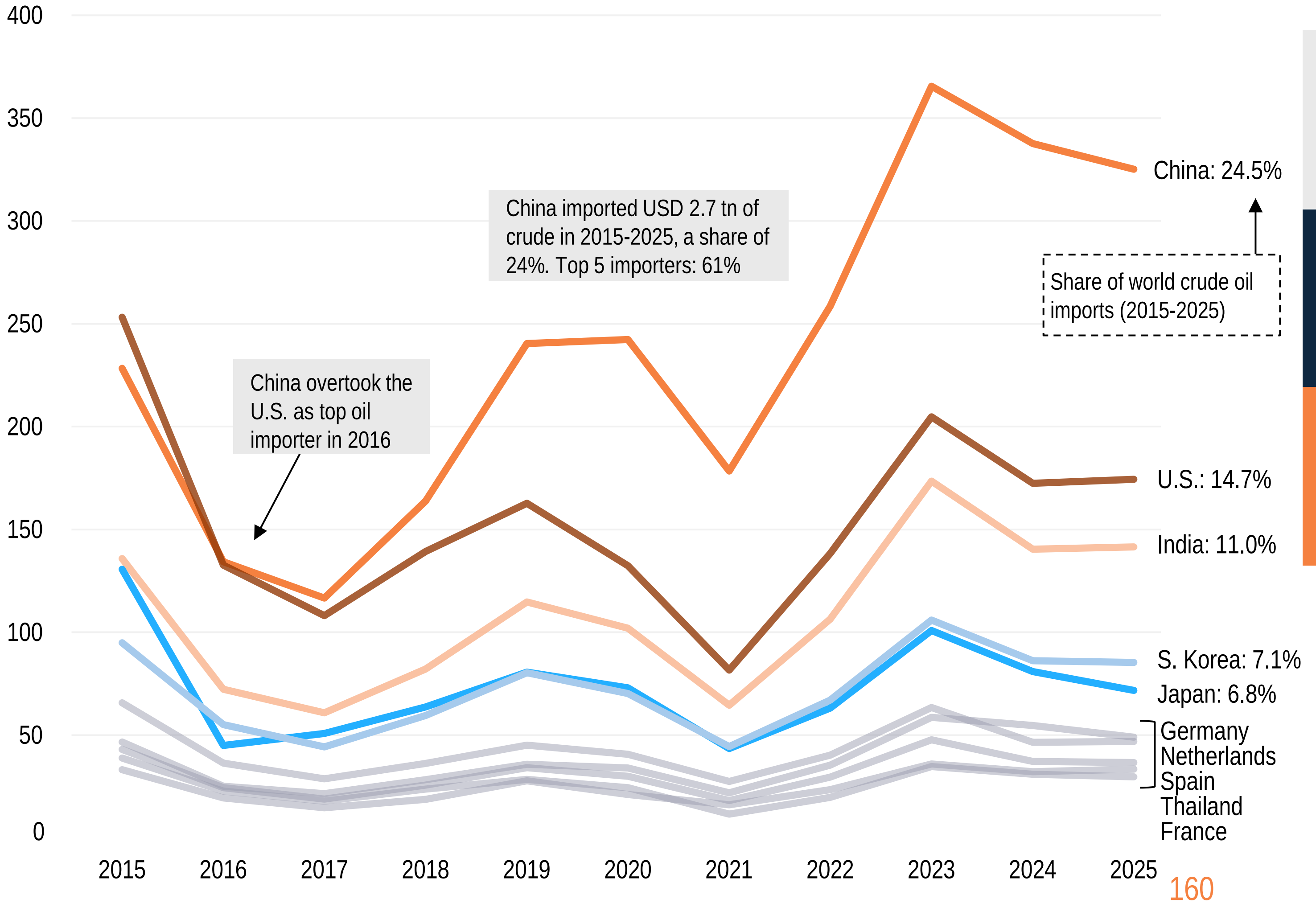


Note: MT – Million Tonnes. MMT – Million metric tonnes. S&CA – South & Central America, APAC – Asia Pacific (excl. China and India), ME – Middle East. Source: Statistical Review of World Energy, World Population Review, ANDAMAN PARTNERS Analysis

Trade data reflects concentrated crude oil supply from few exporters and surging Chinese demand

China alone accounts for a fifth of global imports, while supply remains concentrated in a handful of exporters





Source: UN Comtrade, ANDAMAN PARTNERS Analysis

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Gross Fixed Capital Formation in China has historically relied on large domestic investment

Like most developed economies – as opposed to most emerging economies where FDI typically finances large infrastructure and manufacturing projects

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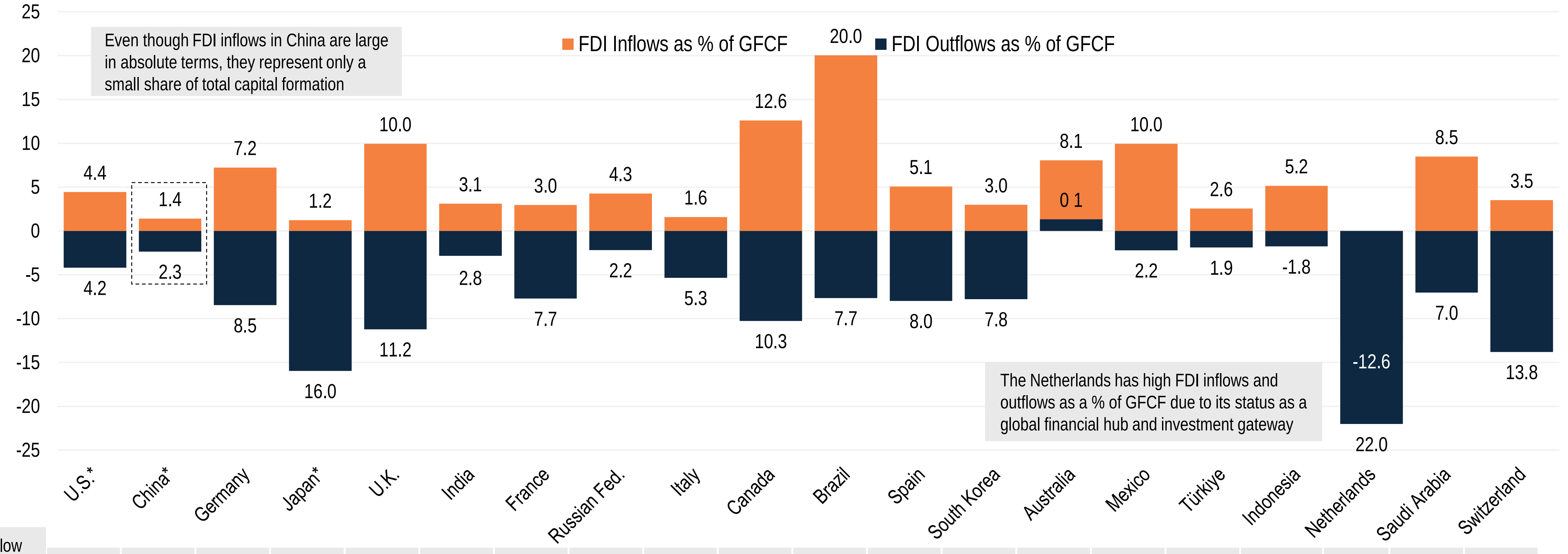
FDI Inflow/Outflow as a Percentage of Gross Fixed Capital Formation (GFCF) Among Top 20 Economies by GDP, % (2025)

FDI inflow growth (2024-2025)	-2%	-10%	256%	7%	358%	44%	-47%	1063%	-56%	0%	23%	-42%	23%	-31%	8%	14%	-14%	-471%	53%	-114%



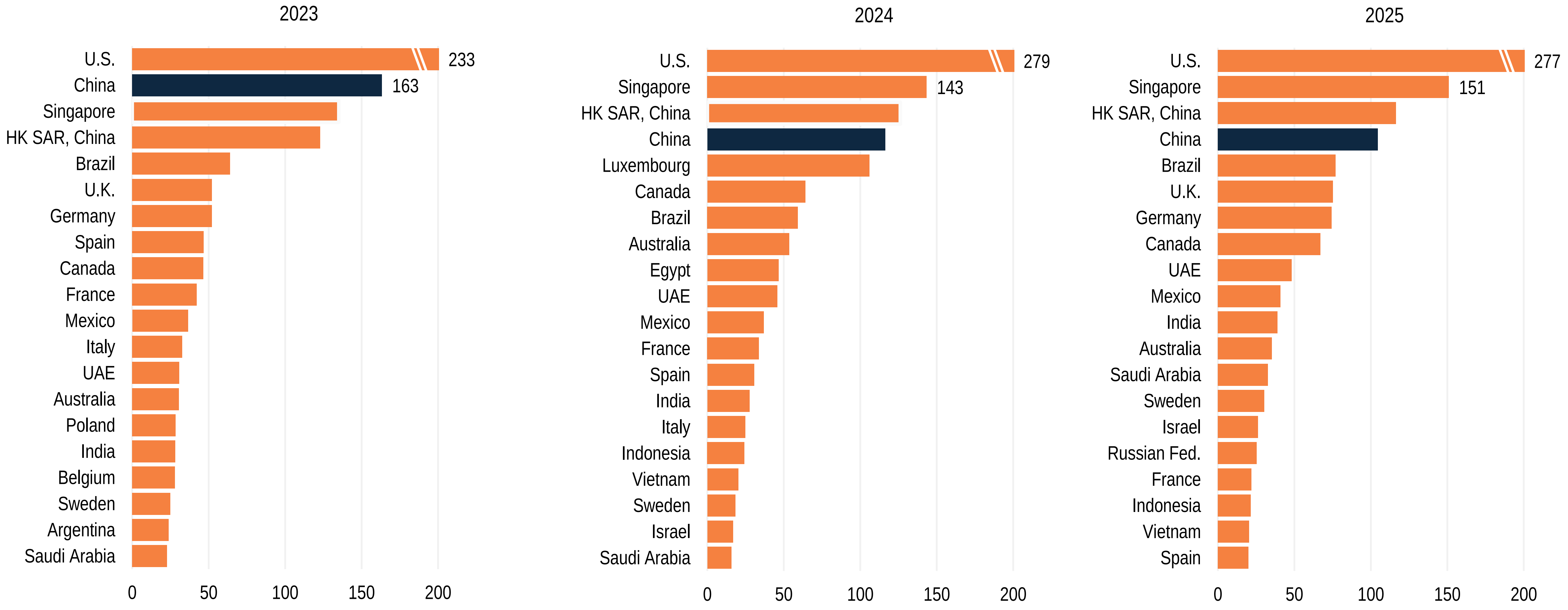
FDI outflow growth (2024-2025)	4%	-9%	90%	-9%	-299%	47%	34%	14%	-20%	-42%	98%	-49%	-17%	-149%	66%	56%	-18%	48%	-2	817%

Note: FDI inflows and outflows as a percentage of Gross Fixed Capital Formation (GFCF) illustrate the significance of foreign investment to a country's total investment. High FDI/GFCF shows openness to foreign capital and international integration. *U.S., China and Japan's FDI Inflows and Outflows as % of GFCF are for 2024. Source: National Bureau of Statistics of China, UNCTAD, IMF, ANDAMAN PARTNERS Analysis

In 2025, China was the world's fourth-largest recipient of FDI

Singapore and Hong Kong surpassed China in 2024. 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 (2023-2025)

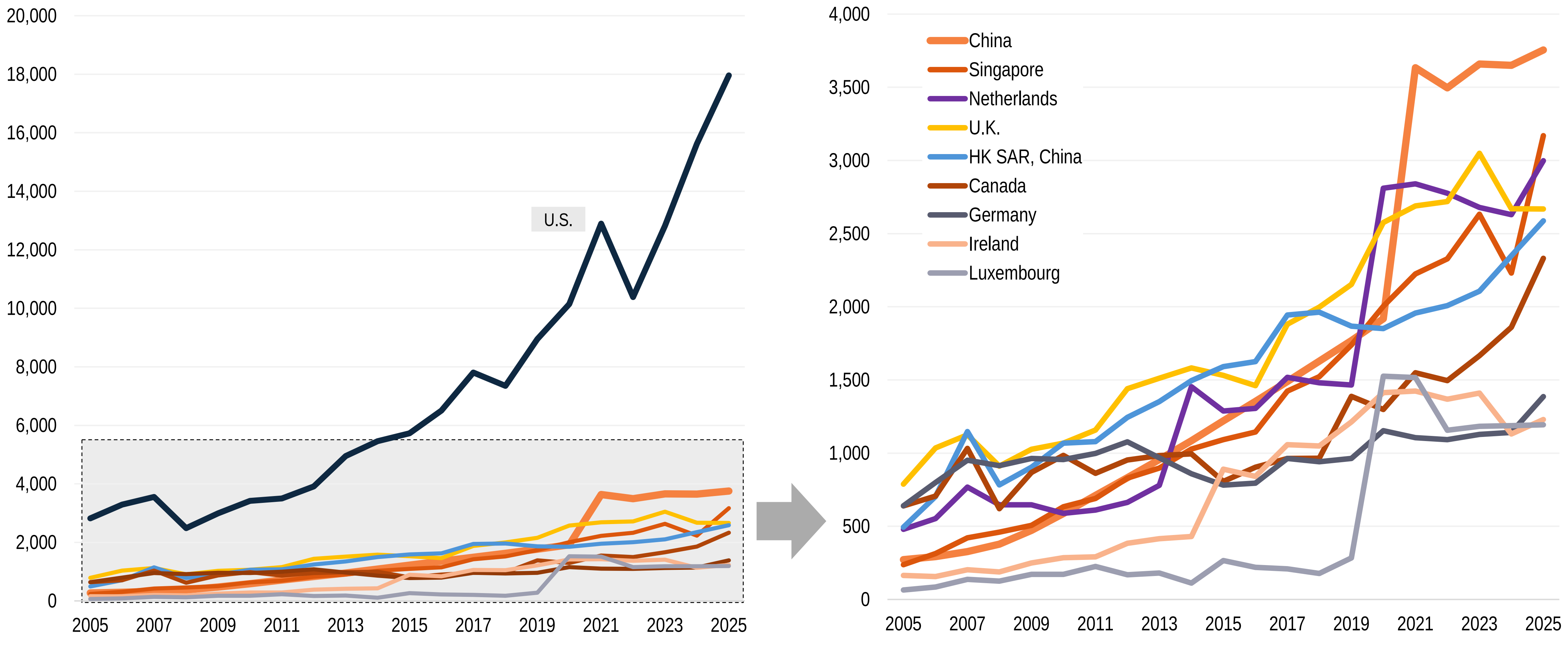


Note: British Virgin Islands and Cayman Islands are not included in the ranking because of their status as offshore financial centres (most FDI is in transit). Source: UNCTAD World Investment Report, ANDAMAN PARTNERS Analysis

In 2025, China ranked second overall for inward FDI stock at USD 3.66 trillion

The U.S. holds a commanding lead as the world's leading FDI destination, with a total stock of USD 17.96 trillion

Top 10 Countries by FDI Inward Stock, USD bn (2005-2025)

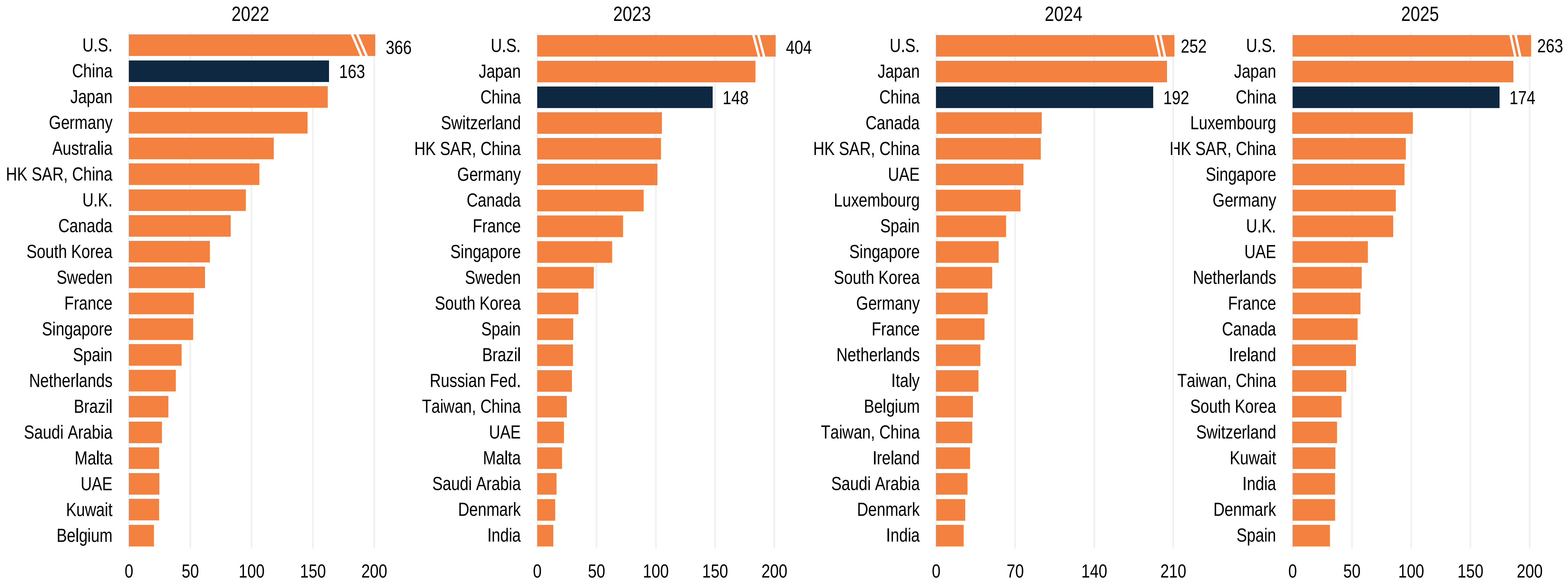


Source: IMF, UNCTAD, ANDAMAN PARTNERS Analysis

China is among the top three largest providers of global FDI, but is 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 (2022-2025)



Notes: 1. British Virgin Islands and Cayman Islands are not included in the ranking because they are offshore financial centres (most FDI is in transit). 2. To make international comparisons, this section uses China's FDI and OFDI figures from UNCTAD WIR instead of figures from China's Ministry of Commerce. Source: UNCTAD World Investment Report (WIR) 2026, ANDAMAN PARTNERS Analysis

China's outward FDI stock ranked third in the world in 2025, with a significant global footprint

China accounts for around 12% of total global outward FDI flows, behind the U.S. and the Netherlands

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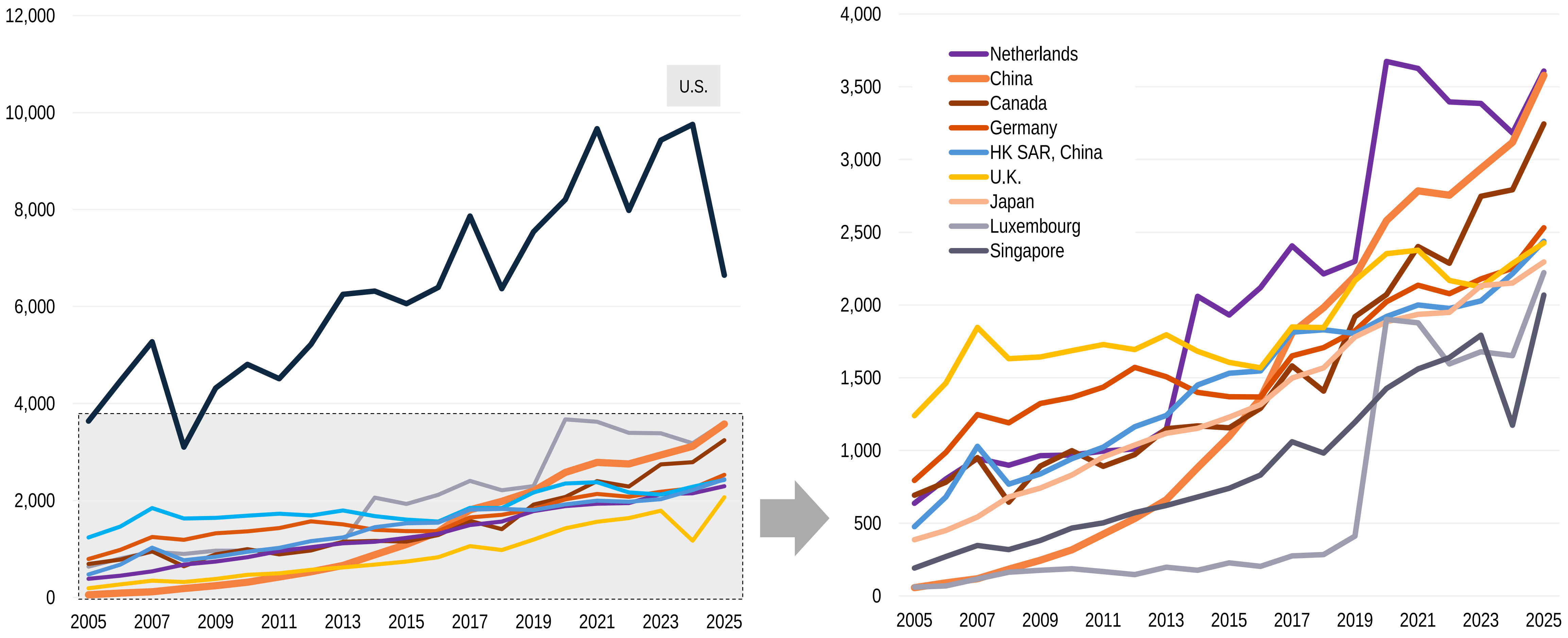
Top 10 Countries by FDI Outward Stock, USD bn (2005-2025)



Source: IMF, UNCTAD, ANDAMAN PARTNERS Analysis

China is the world's largest holder of foreign exchange reserves

China holds 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

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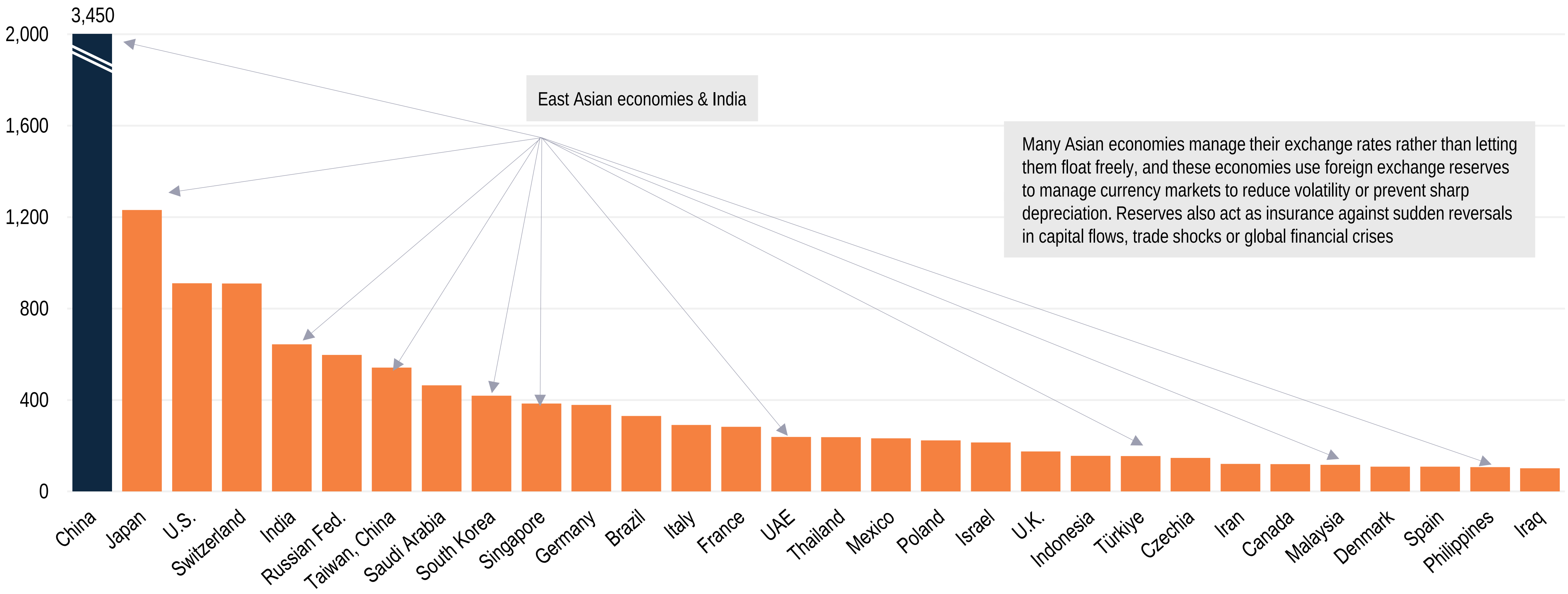
Top 30 Largest Holders of Foreign Exchange and Gold Reserves, USD bn (2025)



Source: Global Firepower, ANDAMAN PARTNERS Analysis

China has two non-commodity-focused wealth funds that rank among the world's top 3 funds

The largest fund is Norway's Government Pension Fund; many of the largest funds are commodity-based funds in the Middle East, particularly in oil-exporting nations

Top 20 Sovereign Wealth Funds, USD bn (2025)

Rank	Country/Region	Fund	Type	Assets Under Management (USD bn)
1	Norway	Government Pension Fund	Oil	2049.0
3	China	SAFE Investment Company	Non-Commodity	1,952.0
2	China	China Investment Corporation	Non-Commodity	1,567.3
4	UAE – Abu Dhabi	Abu Dhabi Investment Authority	Oil	1,128.8
5	Kuwait	Kuwait Investment Authority	Oil	1,072.0
6	Singapore	GIC Private Limited	Non-Commodity	936.0
7	Indonesia	Badan Pengelola Investasi Daya Anagata Nusantara	Commodity	900.0
8	Saudi Arabia	Public Investment Fund	Oil	900.0
9	Qatar	Qatar Investment Authority	Oil & Gas	600.0
10	China – Hong Kong	Hong Kong Monetary Authority Investment Portfolio	Non-Commodity	533.6
11	Singapore	Temasek Holdings	Non-Commodity	521.0
12	China	National Council for Social Security Fund	Non-Commodity	455.1
13	UAE – Dubai	Investment Corporation of Dubai	Non-Commodity	429.1
14	UAE – Abu Dhabi	Mubadala Investment Company	Oil	384.9
15	Türkiye	Türkiye Wealth Fund	Non-Commodity	360.0
16	UAE – Abu Dhabi	Abu Dhabi Developmental Holding Company	Non-Commodity	263.4
17	South Korea	Korea Investment Corporation	Non-Commodity	206.5
18	Australia	Australia Future Fund	Non-Commodity	179.2
19	Iran	National Development Fund of Iran	Oil	161.0
20	Canada	Alberta Investment Management Corporation	Oil	133.7

Source: Sovereign Wealth Fund Institute, ANDAMAN PARTNERS Analysis

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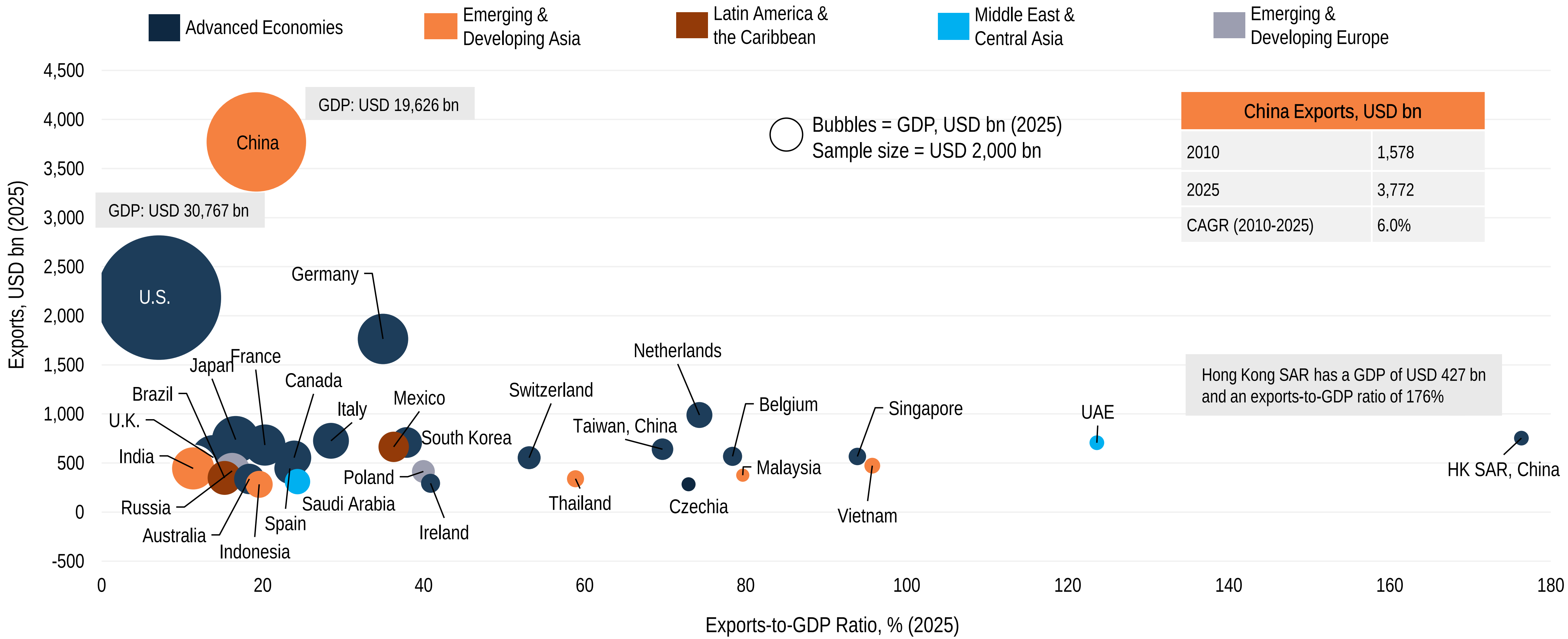
China is the largest exporter in the world, with total exports of USD 3.77 trillion in 2025

Exports account for 19% of the 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 (2025)



China Exports, USD bn	
2010	1,578
2025	3,772
CAGR (2010-2025)	6.0%

Note: Bubbles represent GDP, USD bn (2025). Source: IMF, Trade Map, ANDAMAN PARTNERS Analysis

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World exports are concentrated in major economies, led by China, the U.S. and Germany

But several 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 Russian Fed.

Top 20 Global Exporters (2005, 2015, 2025)

Rank (2005)		Rank (2015)		Rank (2025)		Exports, USD bn (2025)	Global Share (2025)	CAGR (2015-2025)
1	Germany	1	China	1	China	3,772	14.4%	5.2%
2	U.S.	2	U.S.	2	U.S.	2,185	8.3%	3.8%
3	China	3	Germany	3	Germany	1,764	6.7%	2.9%
4	Japan	4	Japan	4	Netherlands	989	3.8%	4.7%
5	France	5	Netherlands	5	HK, China	754	2.9%	2.8%
6	Netherlands	6	South Korea	6	Japan	738	2.8%	3.4%
7	U.K.	7	HK, China	7	Italy	726	2.8%	3.6%
8	Italy	8	France	8	South Korea	709	2.7%	3.4%
9	Canada	9	U.K.	9	UAE	707	2.7%	4.3%
10	Belgium	10	Italy	10	France	683	2.6%	4.1%
11	HK, China	11	Canada	11	Mexico	665	2.5%	5.0%
12	South Korea	12	Belgium	12	Taiwan, China	641	2.4%	4.9%
13	Russian Fed.	13	Mexico	13	Belgium	568	2.2%	4.1%
14	Singapore	14	Singapore	14	Singapore	567	2.2%	4.9%
15	Mexico	15	Russian Fed.	15	U.K.	556	2.1%	5.0%
16	Taiwan, China	16	UAE	16	Canada	555	2.1%	6.3%
17	Spain	17	Switzerland	17	Switzerland	554	2.1%	6.7%
18	Saudi Arabia	18	Taiwan, China	18	Vietnam	473	1.8%	5.2%
19	Switzerland	19	Spain	19	India	445	1.7%	4.7%
20	Malaysia	20	India	20	Spain	445	1.7%	5.2%
					Top 20 Total	18,497	70.4%	4.4%
					Rest of World	7,760	29.6%	5.6%
					World	26,257	100.0%	4.7%

Source: WTO, ANDAMAN PARTNERS Analysis

China rose from 27th place in 1978 to become the world's leading exporter in 2009

China has increased its lead in the years since, reflecting its rapid and ongoing ascent in global trade, and now accounts for 14% of the world's exports

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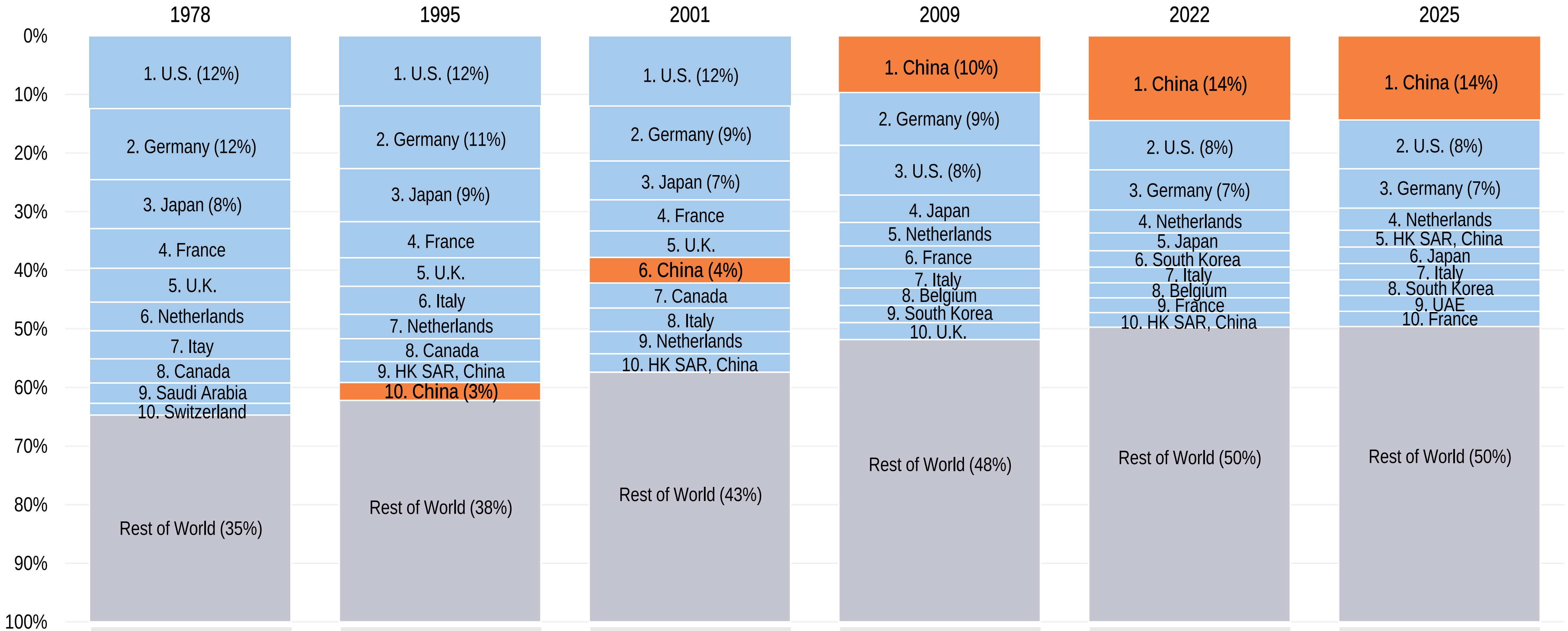
Rankings of Top 10 Global Exporters (% Share, 1978, 1995, 2001, 2009, 2022, 2025)



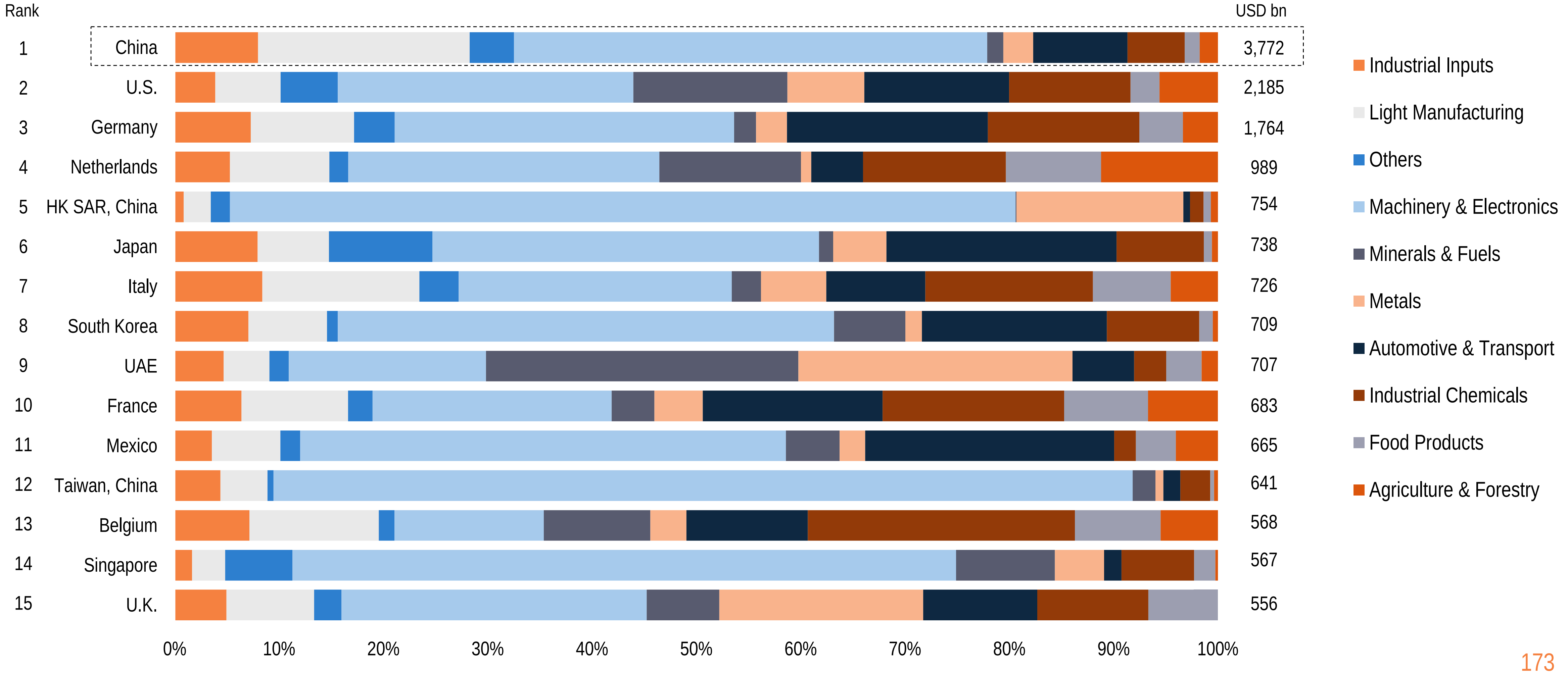
1978	1995	2001	2009	2022	2025
China exports: USD 10 bn (<1% of world exports)	China exports: USD 149 bn (1978-1995 CAGR: 17%)	China exports: USD 266 bn (1995-2001 CAGR: 10%)	China exports: USD 1,202 bn (2001-2009 CAGR: 21%)	China exports: USD 3,544 bn (2009-2022 CAGR: 9%)	China exports: USD 3,771 bn (1978-2025 CAGR: 13%)
Reform Era begins in China	China enters top 10 world exporters	China joins WTO	China becomes leading world exporter	Post-COVID rebound	China remains world's largest exporter (14% share)

Source: World Trade Organisation, ANDAMAN PARTNERS Analysis

Global exports are dominated by Metals and Electronics & Machinery

Consisting of various high-value tradable products at the heart of global production networks

Top 15 Global Exporters by Sector, % Composition and Value, USD bn (2025)

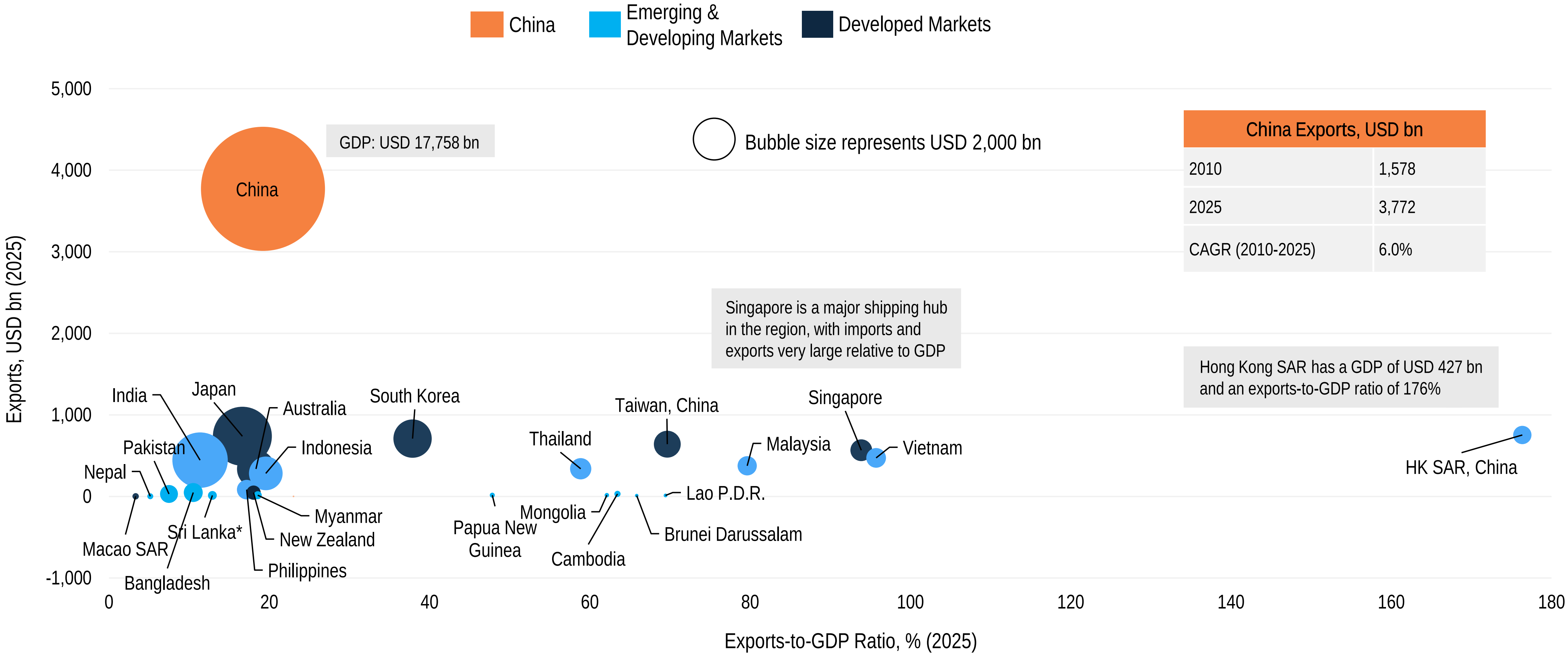


Note: UAE sectoral data is of 2024. Source: UN Comtrade, ANDAMAN PARTNERS Analysis

China dominates the exports of the Asia-Pacific region

Although smaller economies in the region have advanced with 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 (2025)



China Exports, USD bn	
2010	1,578
2025	3,772
CAGR (2010-2025)	6.0%

Note: Data for Sri Lanka is of 2024. Bubbles represent GDP, USD bn (2023). Source: IMF, UN Comtrade, ANDAMAN PARTNERS Analysis

Beyond China, export growth in emerging markets is centred on a group of mid-scale exporters

These exporters are outpacing global trade growth, led by Vietnam, the UAE, Mexico and Poland. From 2015 to 2025, Vietnam's exports grew at the fastest rate, increasing by 11%

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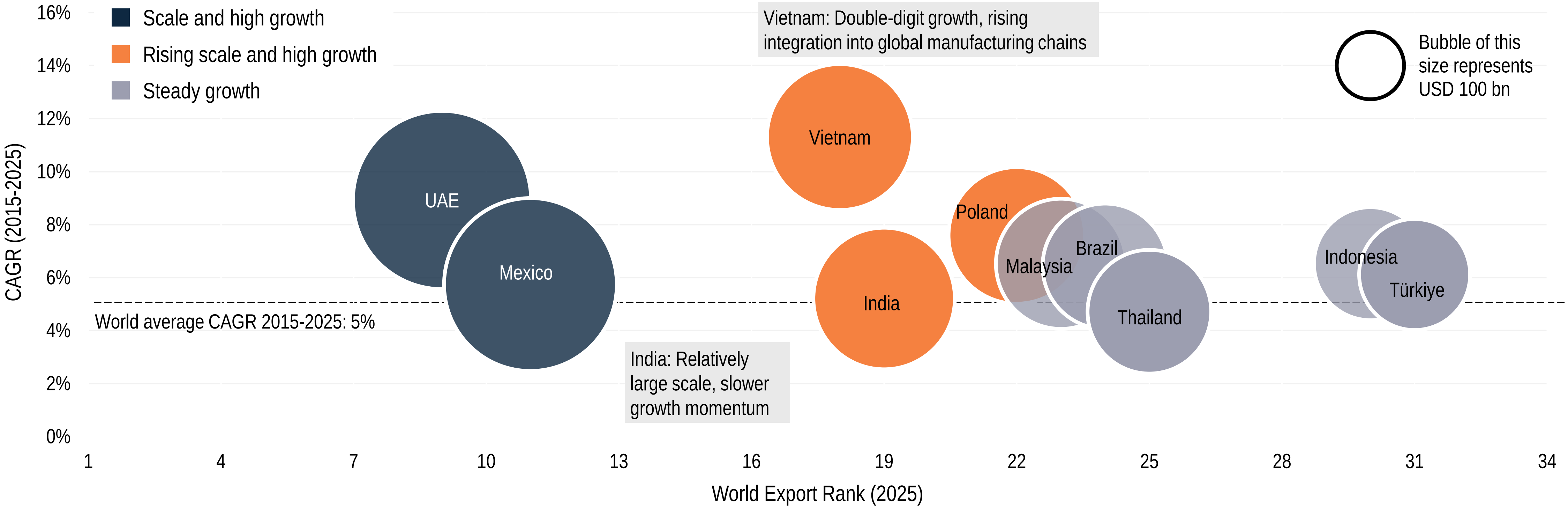
Top 10 Emerging Market Exporters (excl. China), USD bn (2025) and CAGR (2015-2025)



Country & Global Export Ranking (2025)	UAE (#9)	Mexico (#11)	Vietnam (#18)	India (#19)	Poland (#22)	Malaysia (#23)	Brazil (#24)	Thailand (#25)	Indonesia (#30)	Türkiye (#31)
Exports, USD bn (2025)	707	665	473	445	414	376	348	340	283	273
Exports Share of World, % (2025)	3%	3%	2%	2%	2%	1%	1%	1%	1%	1%
CAGR % (2015-2025)	9%	6%	11%	5%	8%	7%	6%	5%	7%	6%

Source: WTO, ANDAMAN PARTNERS Analysis

China leads high-tech exports, accounting for almost a quarter of the world's total

Asian economies feature prominently among the top ten exporters, and Singapore and Malaysia have emerged as high-tech export hubs

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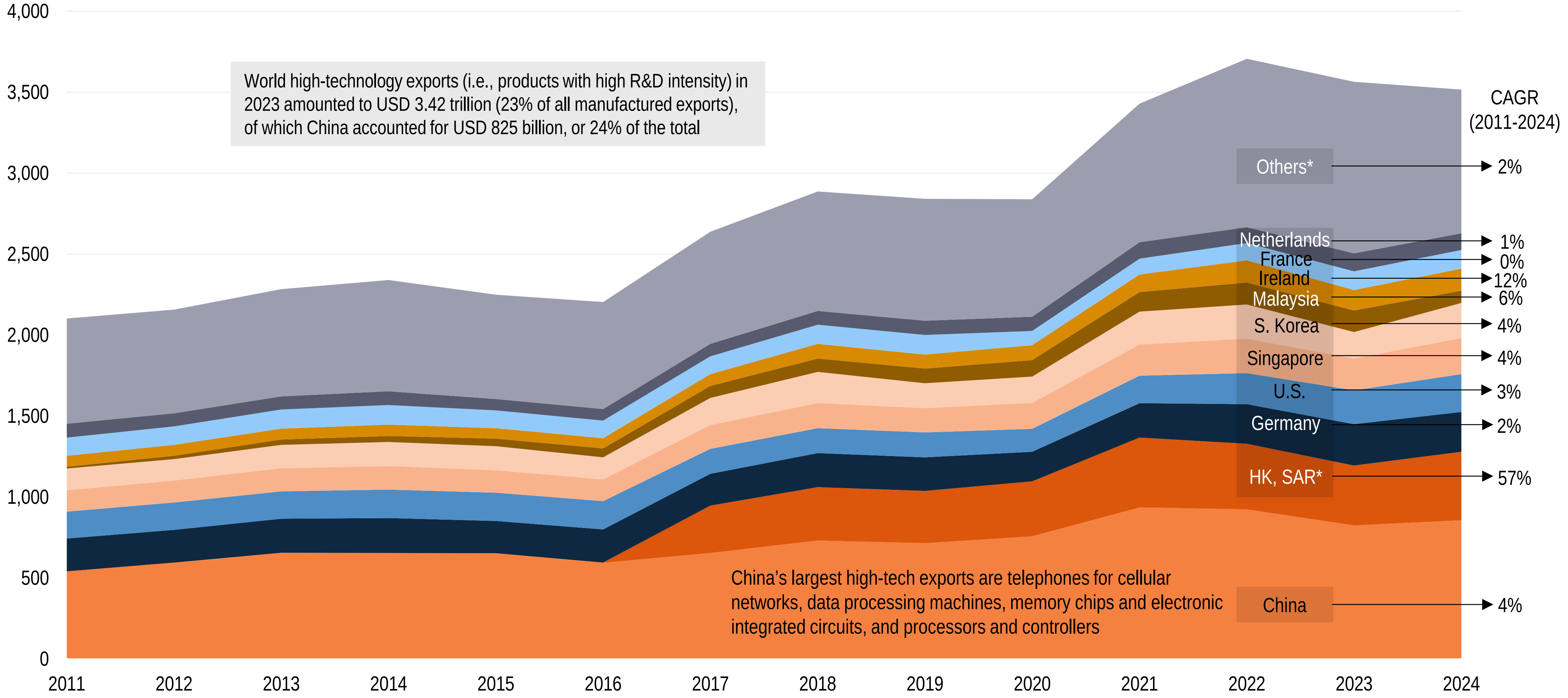
Top 10 High-Tech Exporters, USD bn (2011-2024)



Note: CAGR for Others is from 2011-2023. Hong Kong's post-2017 surge is driven by re-exports, not manufacturing. Source: World Bank, WIPO, ANDAMAN PARTNERS Analysis

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 2015 to 2025 are Vietnam (CAGR of 8%), India (6%), Mexico (5%) and the UAE (5%)

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Top 20 Global Importers (2005, 2015, 2025)

Rank (2005)		Rank (2015)		Rank (2025)		Imports, USD bn (2025)	Global Share (2025)	CAGR (2015-2025)
1	U.S.	1	U.S.	1	U.S.	3,507	13.2%	4.2%
2	Germany	2	China	2	China	2,583	9.7%	4.4%
3	China	3	Germany	3	Germany	1,543	5.8%	3.9%
4	U.K.	4	Japan	4	U.K.	949	3.6%	3.9%
5	Japan	5	U.K.	5	Netherlands	870	3.3%	3.3%
6	France	6	France	6	HK, China	832	3.1%	3.8%
7	Italy	7	HK, China	7	France	786	3.0%	3.5%
8	Netherlands	8	Netherlands	8	Japan	756	2.8%	4.0%
9	Canada	9	South Korea	9	India	753	2.8%	5.6%
10	Belgium	10	Canada	10	Mexico	683	2.6%	4.7%
11	HK, China	11	Italy	11	Italy	669	2.5%	5.0%
12	Spain	12	Mexico	12	South Korea	632	2.4%	4.5%
13	South Korea	13	India	13	UAE	619	2.3%	4.6%
14	Mexico	14	Belgium	14	Canada	577	2.2%	4.4%
15	Singapore	15	Spain	15	Belgium	538	2.0%	5.6%
16	Taiwan, China	16	Singapore	16	Spain	513	1.9%	5.6%
17	Switzerland	17	UAE	17	Switzerland	507	1.9%	6.8%
18	India	18	Switzerland	18	Singapore	506	1.9%	7.2%
19	Austria	19	Taiwan, China	19	Taiwan, China	494	1.9%	7.6%
20	Russian Fed.	20	Turkiye	20	Vietnam	454	1.7%	7.8%
					Top 20 Total	18,771	70.5%	4.6%
					Rest of World	7,837	29.5%	5.2%
					World	26,608	100.0%	4.8%

Source: UN Comtrade, Various, ANDAMAN PARTNERS Analysis

The U.S. is the world's largest importer (USD 3.50 trillion), followed by China (USD 2.58 trillion)

Certain Asian countries have very high imports-to-GDP ratios, notably Vietnam (92%), Singapore (84%) and Malaysia

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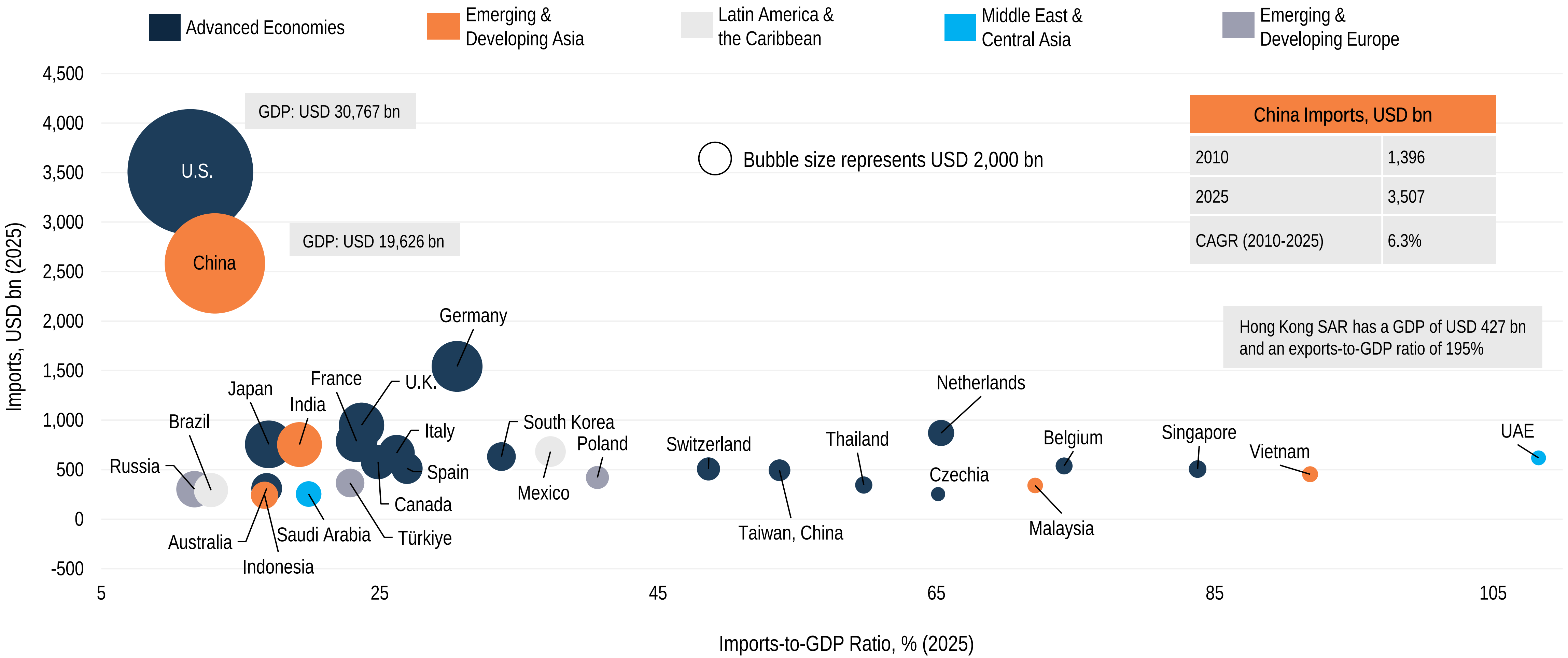
Major Global Importers: Imports, USD bn, Imports-to-GDP Ratio, % and GDP, USD bn (2025)



China Imports, USD bn	
2010	1,396
2025	3,507
CAGR (2010-2025)	6.3%

Note: Bubbles represent GDP, USD bn (2025). Source: IMF, Trade Map, ANDAMAN PARTNERS Analysis

China is the largest importer in the Asia-Pacific region

Singapore, Vietnam and Hong Kong are major shipping hubs in the region, with imports-to-GDP ratios of 84%, 88% and 172%, respectively

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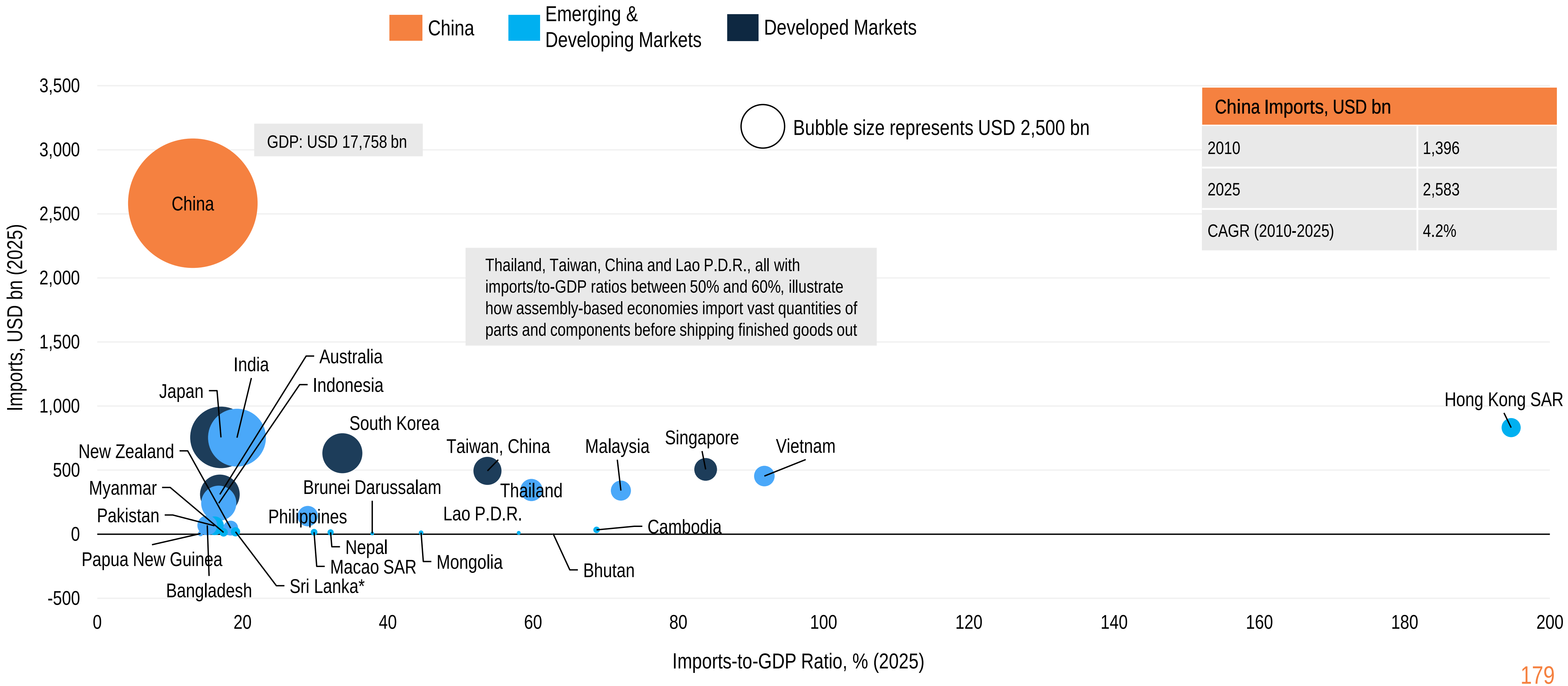
Major Asia Pacific Importers: Imports, USD bn, Imports-to-GDP Ratio, % and GDP, USD bn (2025)



China Imports, USD bn	
2010	1,396
2025	2,583
CAGR (2010-2025)	4.2%

Note: 2024 data was used for Sri Lanka. Source: IMF, UN Comtrade, ANDAMAN PARTNERS Analysis

Global imports are dominated by two categories: Machinery & Electronics and Minerals & Fuels

These categories accounted for over 50% of the total imports of most economies in 2025, and over 70% of China's imports

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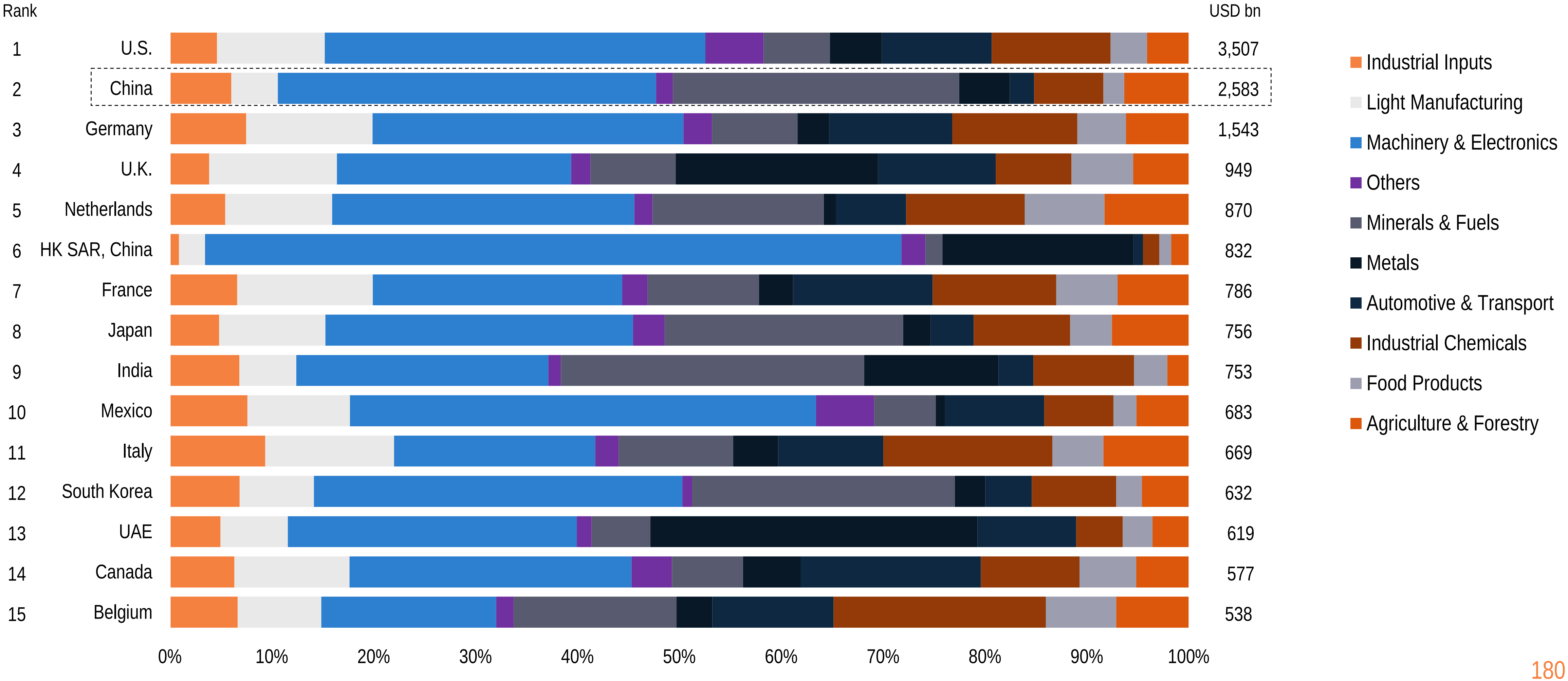
Top 15 Global Importers by Sector, % Composition and USD bn (2025)

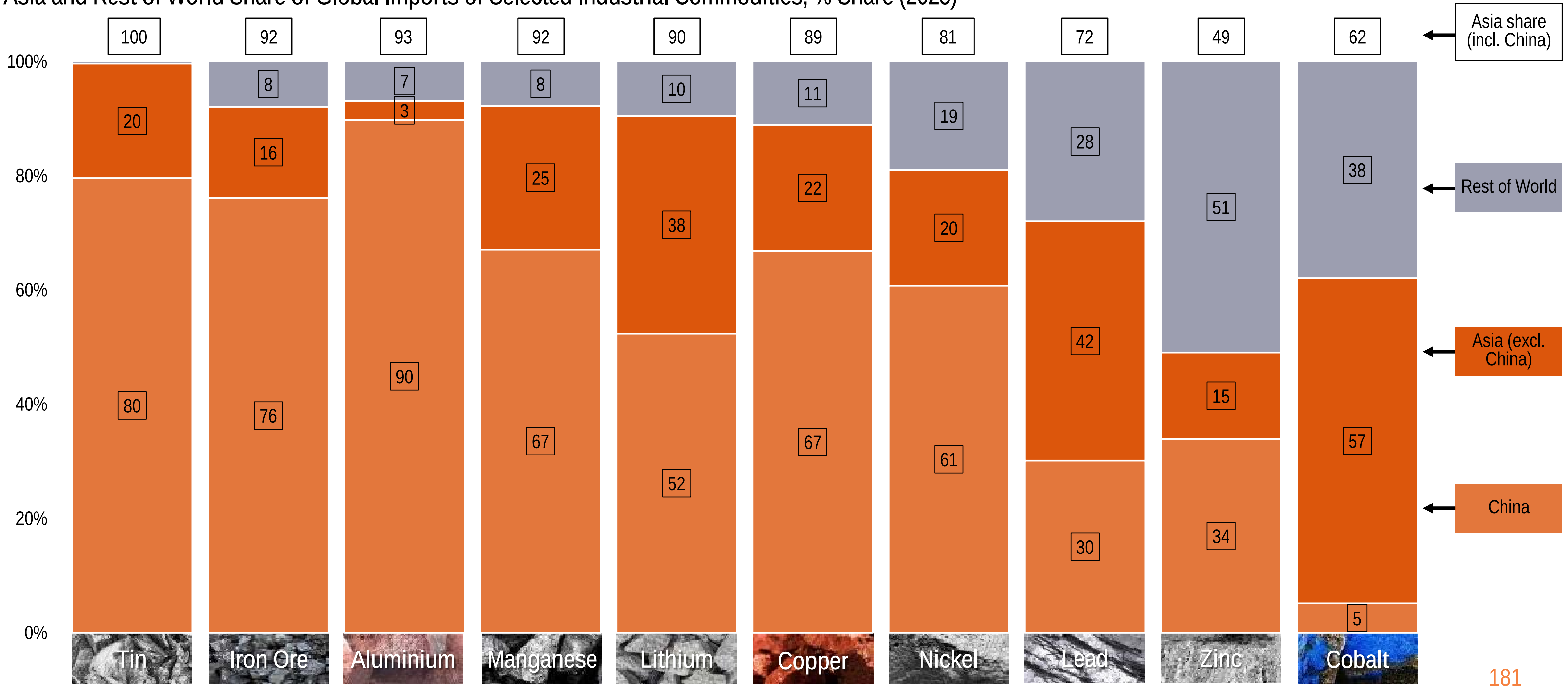


Note: UAE sectoral data is of 2024. Source: UN Comtrade, ANDAMAN PARTNERS Analysis

Asia now dominates global import demand across key industrial commodities

From iron ore to lithium and copper, China anchors regional consumption and shapes global supply chains

Asia and Rest of World Share of Global Imports of Selected Industrial Commodities, % Share (2025)



Source: UN Comtrade, ANDAMAN PARTNERS Analysis

In 2025, the global commercial services trade reached nearly USD 9.6 trillion

Led by a group of economies with deep capabilities in finance, digital services, business operations and R&D. China was the fifth-largest exporter (USD 506 billion) and second-largest importer (USD 621 billion)

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Top 20 Traders of Commercial Services, USD bn and % Share (2025)

Exporters

Rank	Country	Exports, USD bn	Share of World, %	YoY Growth, %
1	U.S.	1,212	12.6	7.7
2	U.K.	713	7.4	11.0
3	Ireland	565	5.9	8.1
4	Germany	512	5.3	6.8
5	China	506	5.3	13.9
6	France	427	4.4	6.4
7	Singapore	422	4.4	5.7
8	India	412	4.3	10.0
9	Netherlands	380	4.0	9.5
10	Spain	255	2.7	16.3
11	Japan	243	2.5	7.2
12	Switzerland	195	2.0	4.7
13	UAE	191	2.0	6.4
14	Canada	171	1.8	1.7
15	Italy	168	1.8	9.2
16	Luxembourg	166	1.7	10.8
17	Belgium	157	1.6	6.1
18	South Korea	149	1.6	5.8
19	Denmark	132	1.4	2.8
20	Poland	130	1.4	10.2
	Top 20	7,106	74.1	8.4
	World	9,594	100%	8.4

Importers

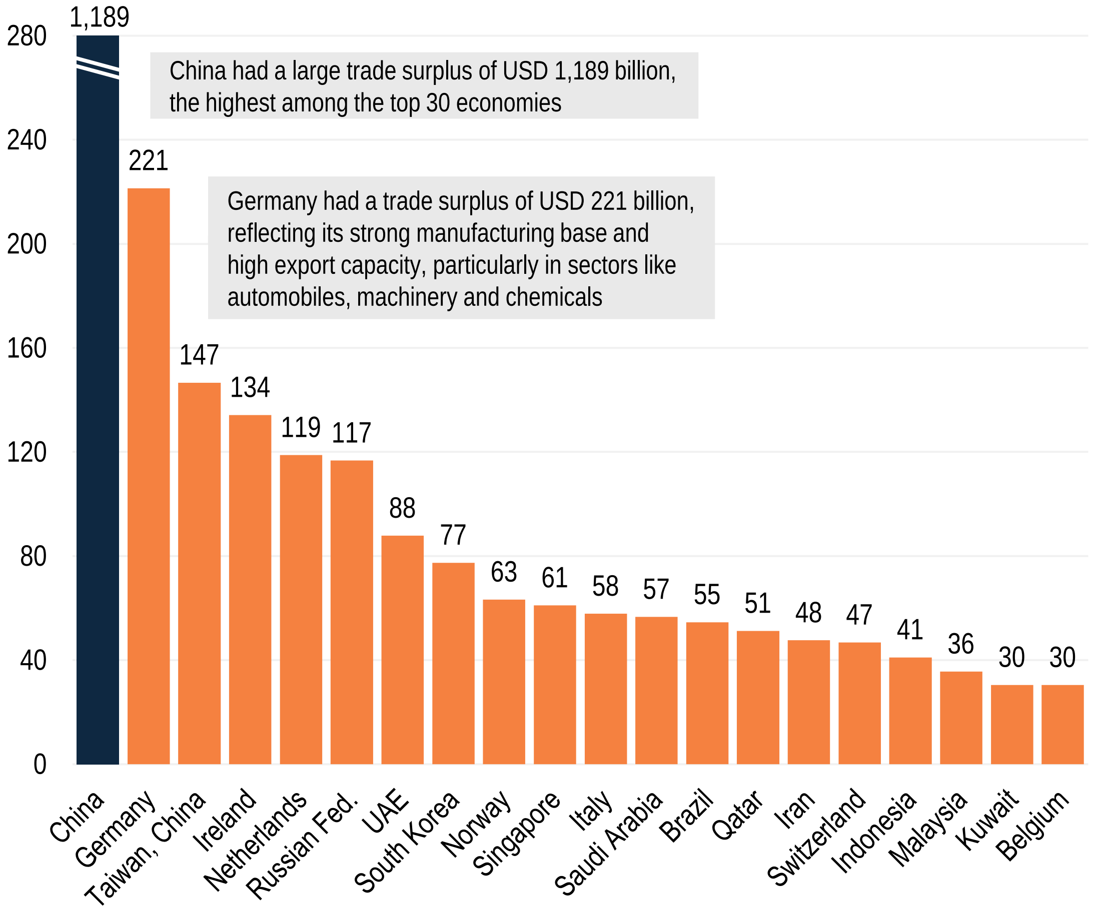
Rank	Country	Imports, USD bn	Share of World, %	YoY Growth, %
1	U.S.	885	10.2	10.1
2	China	621	7.1	2.1
3	Germany	597	6.8	6.6
4	Ireland	535	6.1	16.9
5	U.K.	445	5.1	8.8
6	Singapore	384	4.4	5.4
7	France	370	4.2	8.4
8	Netherlands	341	3.9	9.7
9	India	277	3.2	3.5
10	Japan	266	3.1	7.4
11	Switzerland	213	2.4	4.9
12	South Korea	183	2.1	7.7
13	Italy	176	2.0	10.7
14	Belgium	175	2.0	6.4
15	Canada	169	1.9	1.2
16	Sweden	146	1.7	15.9
17	Luxembourg	132	1.5	13.6
18	Denmark	129	1.5	2.7
19	Spain	126	1.4	13.8
20	Saudi Arabia	122	1.4	4.3
	Top 20	6,293	72.2	7.9
	World	8,716	100.0	7.9

Note: Commercial services represent roughly 95% of globally traded services and exclude Government Goods & Services n.i.e. Source: World Trade Organisation, ANDAMAN PARTNERS Analysis

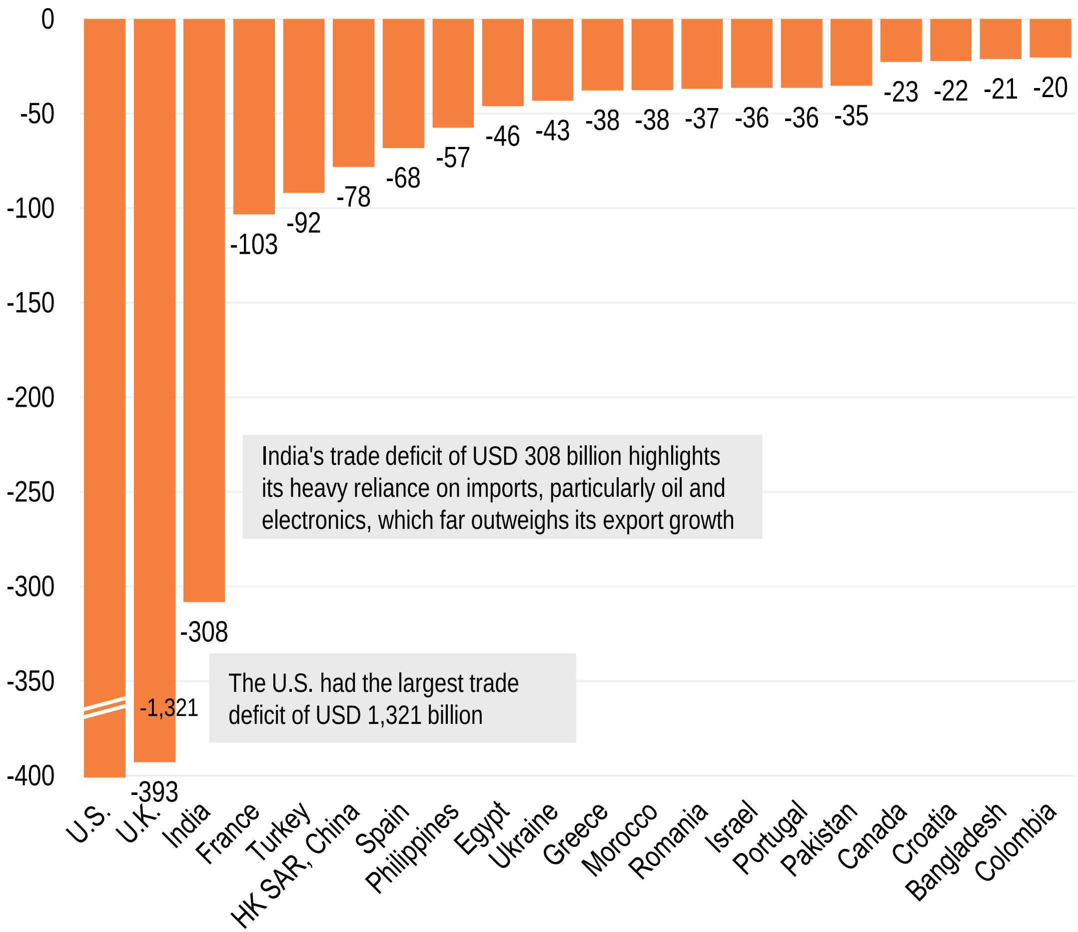
In 2025, trade balances exhibited significant disparities, with some economies recording large surpluses

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 (2025)



Top 20 Economies by Largest Trade Deficits, USD bn (2025)

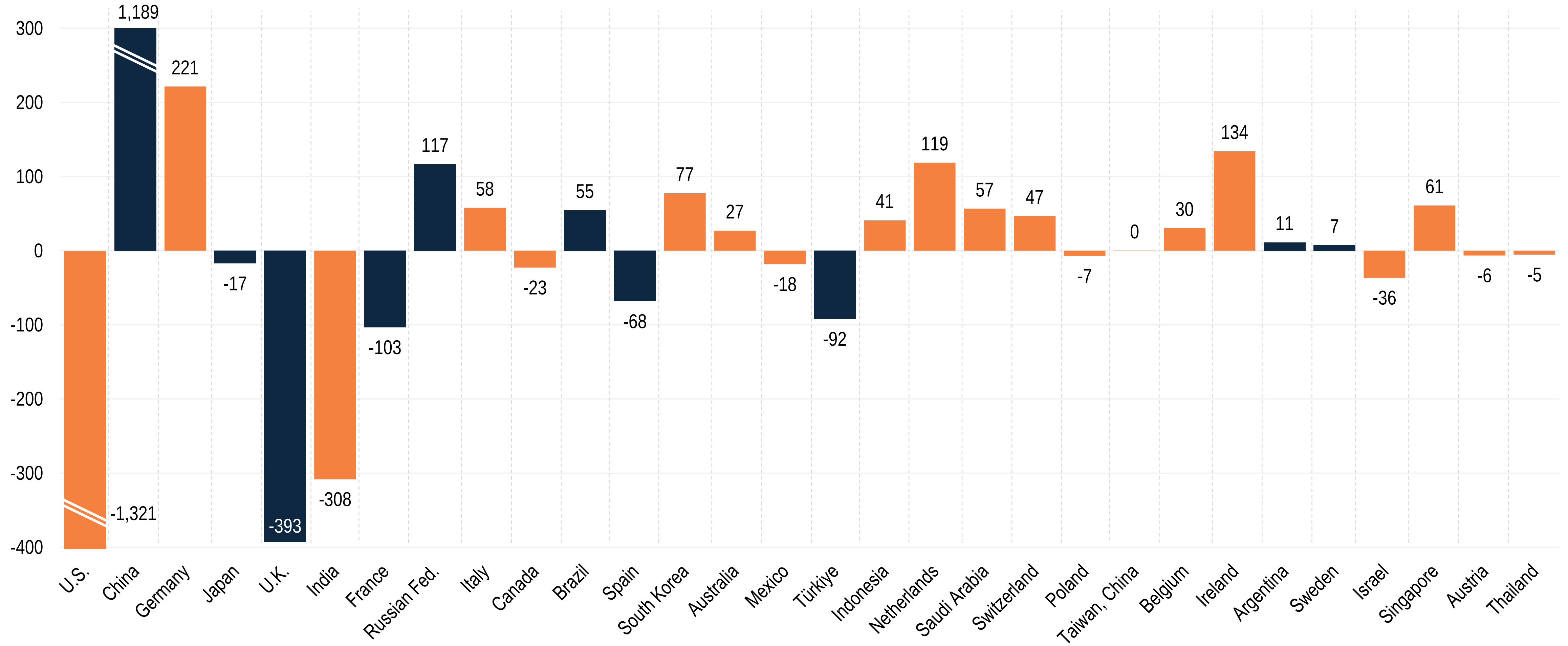


Source: Trade Map, ANDAMAN PARTNERS Analysis

The world's top 30 economies span different trade balance positions

From surplus countries with large manufacturing bases (China and Germany) to consumption-based deficit countries (the U.S. and U.K.). Global trade in 2025 was increasingly affected by protectionist policies

Trade Balances of the World's Top 30 Economies by GDP, USD bn (2025)



Source: Trade Map, ANDAMAN PARTNERS Analysis

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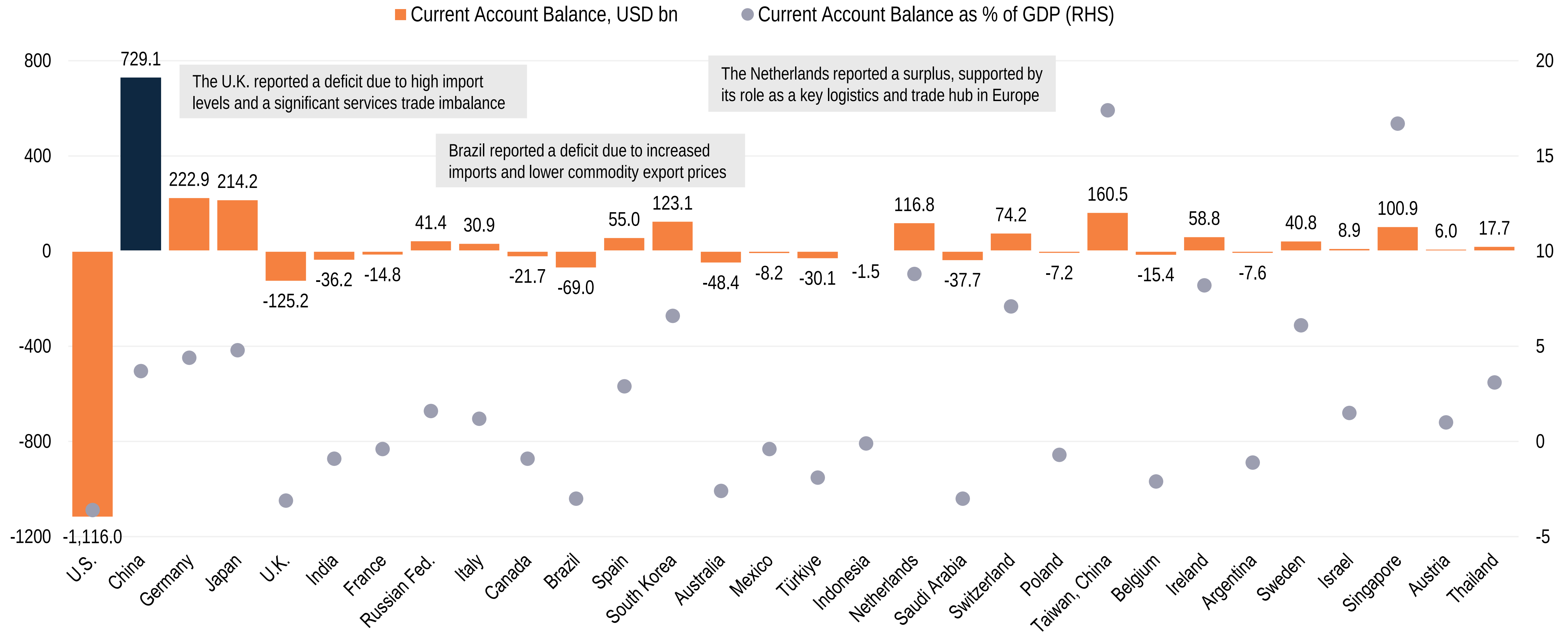
China reported a current account surplus in 2025, supported by strong export performance

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 (2025)

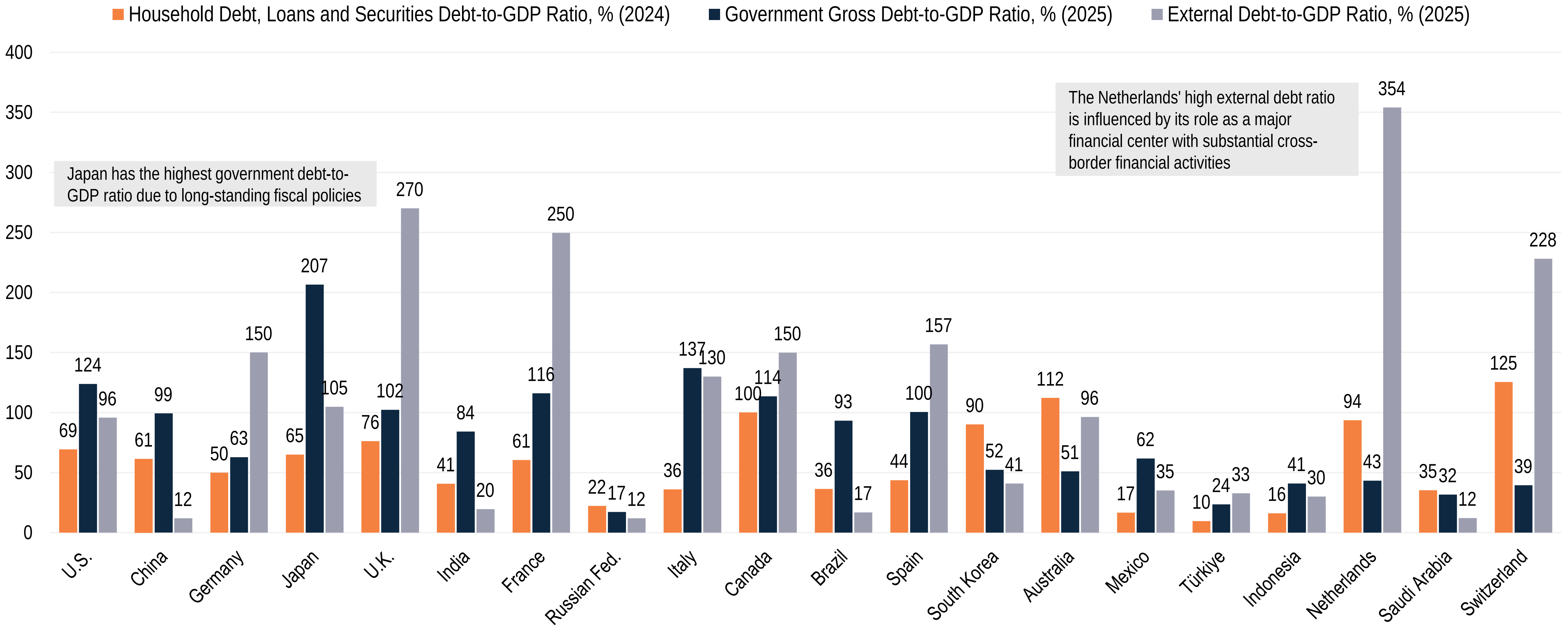


Source: IMF, ANDAMAN PARTNERS Analysis

Among the top 20 economies, China has average levels of household and gov. debt-to-GDP

And a relatively low external debt-to-GDP ratio (12%) compared to economies like the U.S. (96%) and Germany (150%), suggesting a more cautious approach to foreign borrowing

Debt of Top 20 Economies by GDP, % (2024 & 2025)

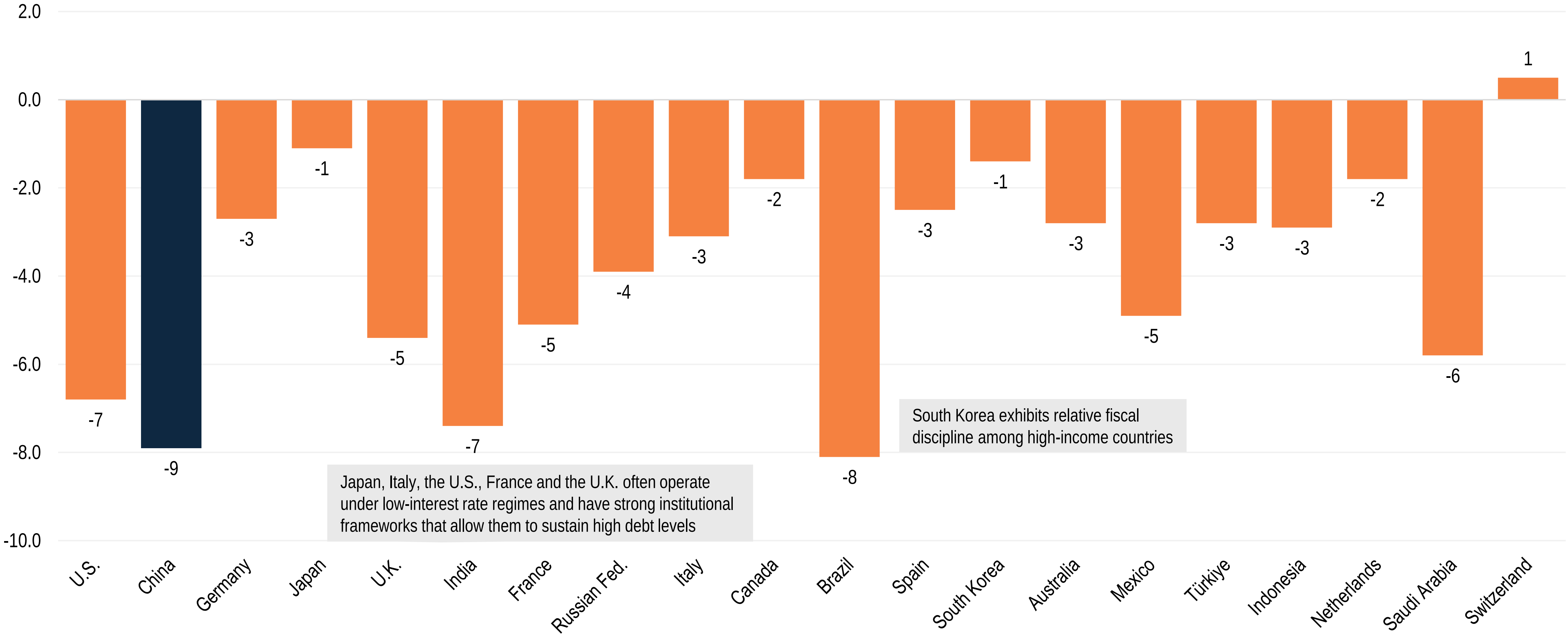


Note: 2024 data for external debt is up to September except for China (2024), Mexico (Jul. 2023), Saudi Arabia (2022), Brazil (Apr. 2023), Indonesia (Nov. 2024) and Russian Federation (2024). Source: World Bank, IMF, ANDAMAN PARTNERS Analysis

China recorded one of the largest general gov. fiscal deficits among major economies in 2025

The IMF estimates China's general government fiscal deficit at -8.7% of GDP in 2025, reflecting elevated fiscal support and a broader measure of government finances than the official headline budget deficit

General Government Net Lending/Borrowing, % of GDP, Top 20 Economies (2025)

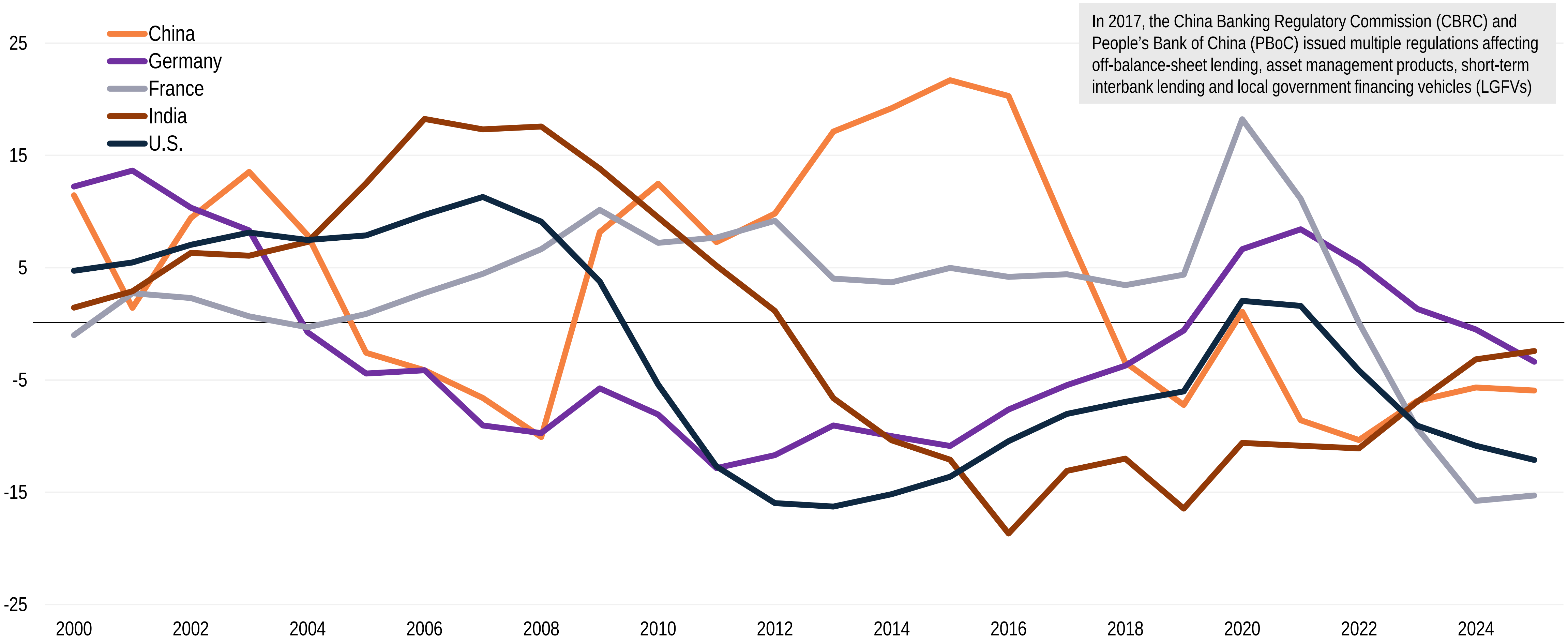


Source: IMF World Economic Outlook April 2026, ANDAMAN PARTNERS Analysis

In 2012-2017, China's credit-to-GDP gap was above 8%, prompting financial tightening in 2017

The gap was due to credit expansion, a debt-intensive investment model, shadow banking activities and slowing growth. By 2025, the gap had fallen to -6%

Credit-to-GDP Gaps (Actual-Trend) of Selected Economies, % of GDP (2000-2025)

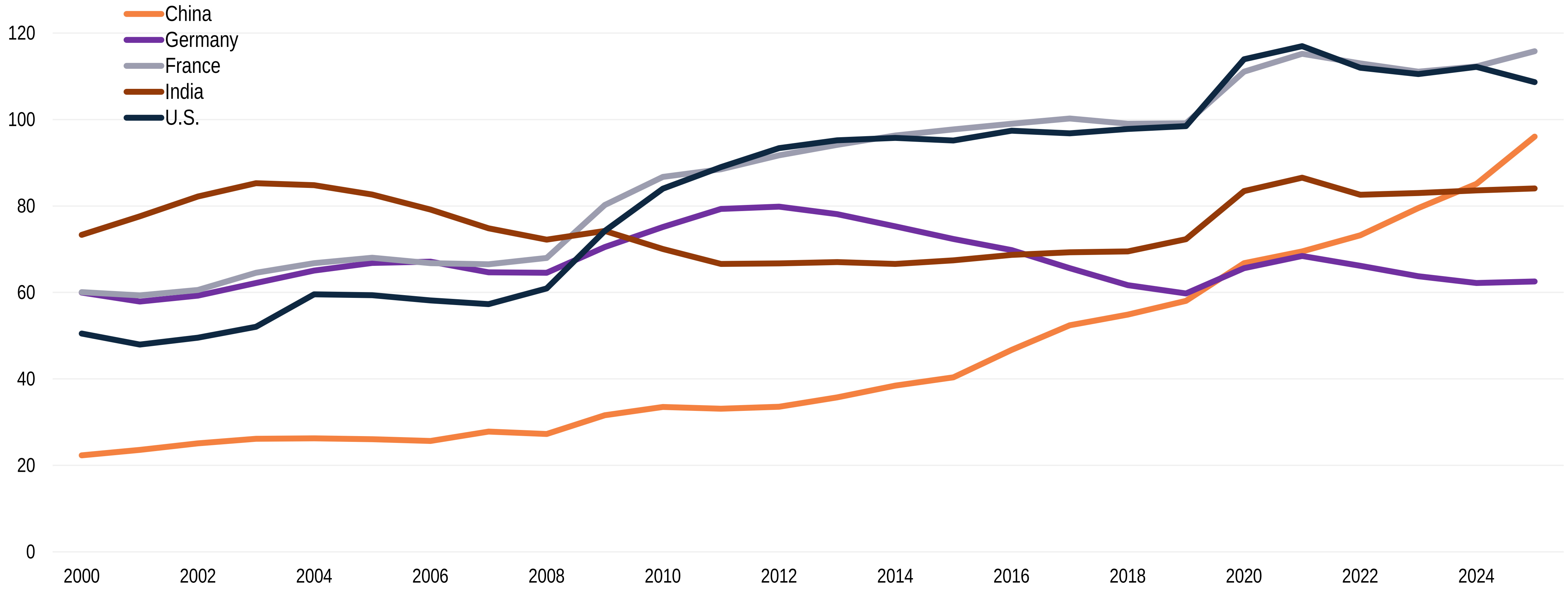


Note: Credit-to-GDP Gaps (Actual-Trend), % of GDP measures the difference between a country's current credit-to-GDP ratio and its long-term trend, and is used to assess potential financial imbalances or credit bubbles in an economy.
Source: BIS, ANDAMAN PARTNERS Analysis

Bank credit extended to non-financial sector as % of GDP grew from 22% in 2000 to 96% in 2025

As an indication of debt accumulation and leverage within an economy, bank credit as a % of GDP reflected expansion of the banking system and financial inclusion in China, but also risks of over-leveraging

Credit From All Sectors to General Government of Selected Economies, % of GDP (2000-2025)



Source: BIS, ANDAMAN PARTNERS Analysis

China’s financial system remains exceptionally reliant on bank credit

Bank credit to the private non-financial sector reached USD 39.7 trillion in Q4 2025, by far the largest stock among major economies and equivalent to around 200% of GDP

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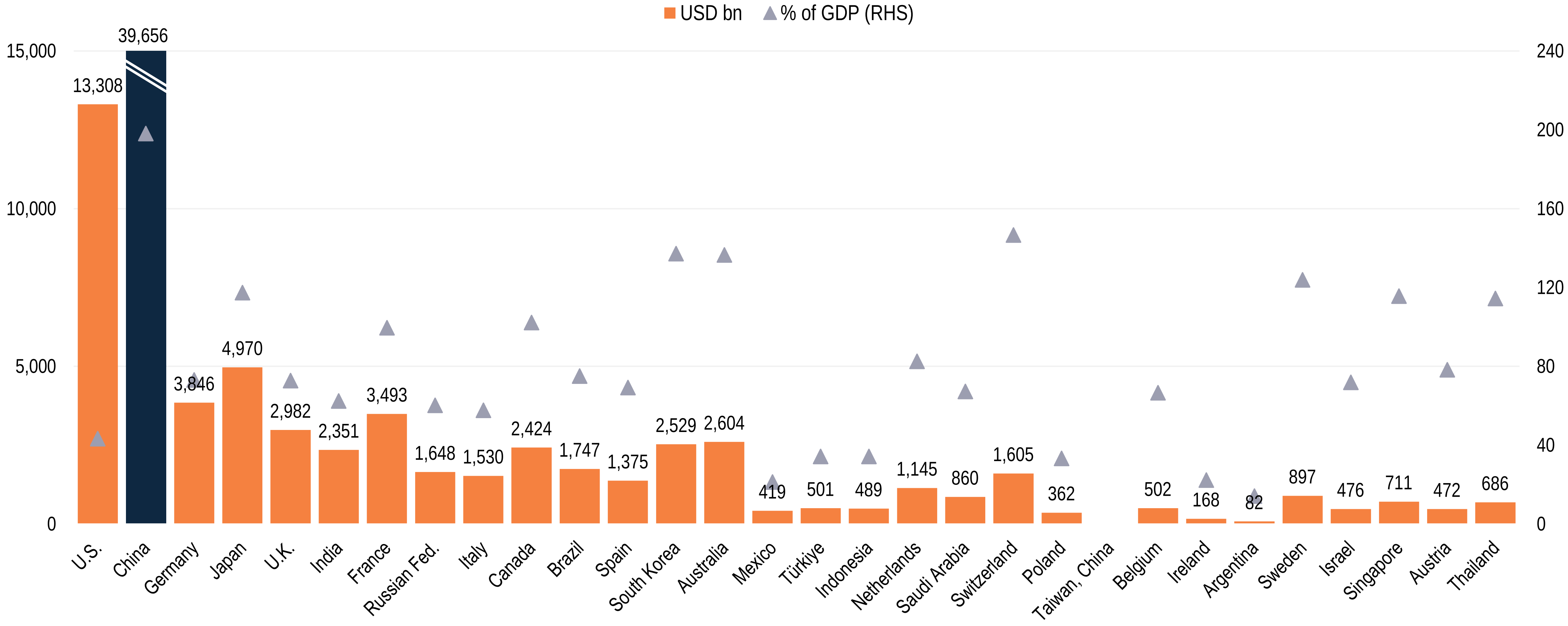
Domestic Bank Credit to the Private Non-Financial Sector at Market Value of Top 30 Economies by GDP, USD Billion (Q4 2025)

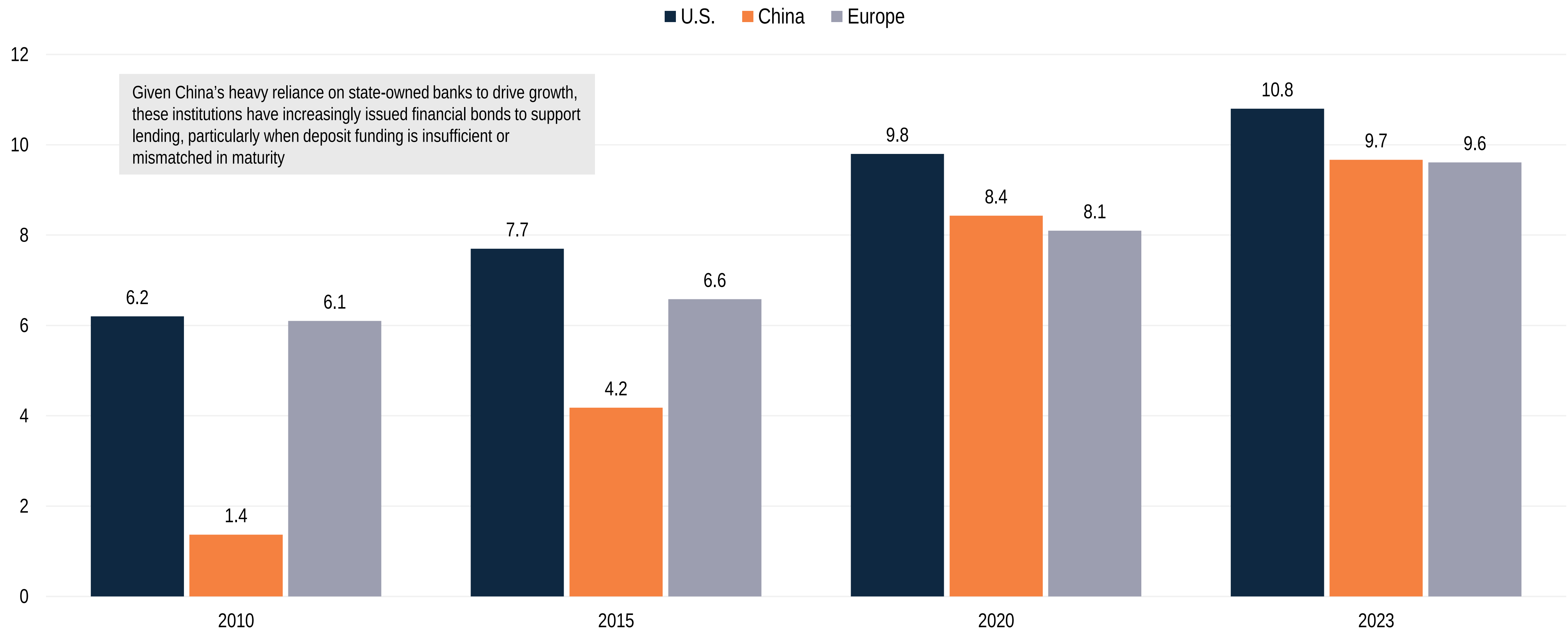


Note: No data available for Taiwan (China). Bank credit includes only loans from deposit-taking institutions, excluding bonds, shadow finance and credit from non-bank entities. Source: BIS, ANDAMAN PARTNERS Analysis

China's bond market has expanded rapidly to become the second-largest in the world

The growth of China's bond markets has been driven primarily by the growth of financial bonds. The U.S. dominates global sovereign bond markets, holding a large share of outstanding gov. debt

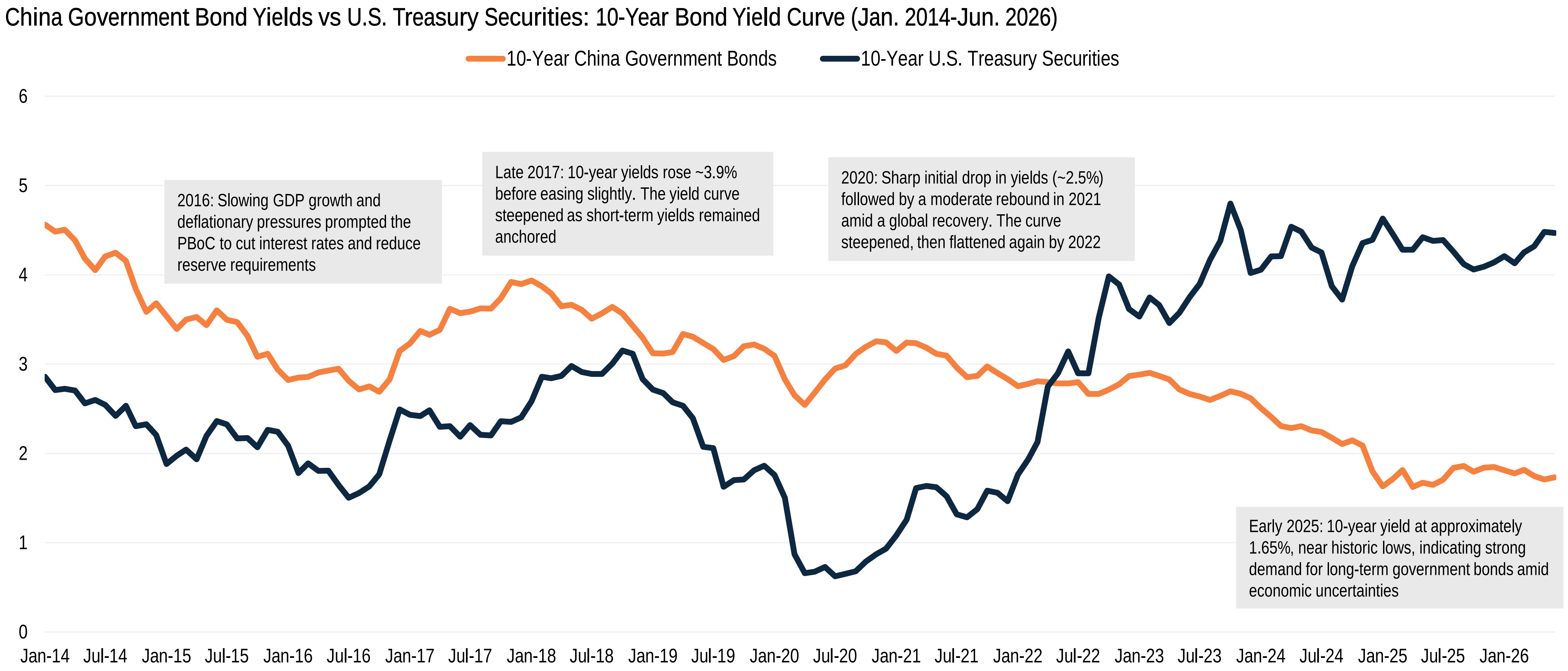
Domestic Financial and Non-Financial Bonds Outstanding: U.S., China and Europe, USD tn (2010, 2015, 2020, 2023)



Note: Includes bonds with tenures longer than one year; excludes government and local government bonds, but includes bonds issued by agencies. Source: S&P Global, ANDAMAN PARTNERS Analysis

China's 10-year gov. bond yield has recently been 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



Source: PBoC, FRED, ANDAMAN PARTNERS Analysis

The Shanghai and Shenzhen stock markets have faced persistent investor uncertainty in recent years

Driven by weak sentiment, regulatory interventions and a slowing economy, despite ranking as the world's third- and sixth-largest exchanges by market capitalisation

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Top 10 Stock Exchanges by Market Capitalisation, USD mn (2010 & 2025)

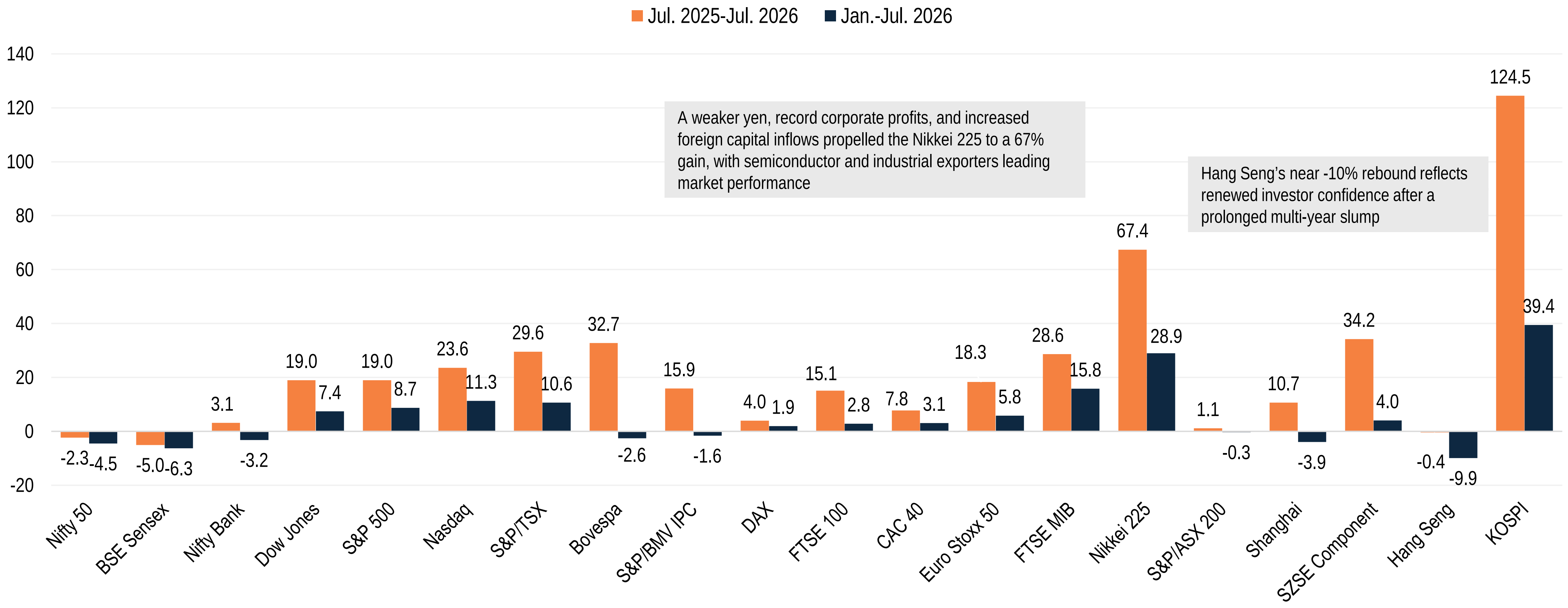
Rank	Stock Exchange	Country/Region	Market Capitalisation, USD mn (2010)	Market Capitalisation, USD mn (2025)	CAGR (2010-2025)
1	NASDAQ	U.S.	3,889,370	37,536,206	16.3%
2	New York Stock Exchange (NYSE)	U.S.	13,394,082	31,401,660	5.8%
3	Shanghai Stock Exchange (SSE)	China	2,716,470	9,269,763	8.5%
4	Euronext	Pan-European	2,930,072	7,880,216	6.8%
5	Japan Exchange Group (Tokyo Stock Exchange)	Japan	3,827,774	7,610,544	4.7%
6	Shenzhen Stock Exchange (SZSE)	China	1,311,370	6,187,870	10.9%
7	Hong Kong Exchanges and Clearing (HKEX)	Hong Kong	2,711,316	6,089,227	5.5%
8	BSE India Limited	India	1,631,830	5,289,687	8.2%
9	National Stock Exchange of India (NSE)	India	1,596,625	5,269,894	8.3%
10	TSX (Toronto Stock Exchange)	Canada	2,170,433	4,606,445	5.1%

Source: WFE, ANDAMAN PARTNERS Analysis

China's equity markets lagged strong gains across several major Asian markets in 2026

South Korea's KOSPI gained 39.4% and Japan's Nikkei 28.9% in the first seven months of 2026, compared with a 4.0% rise in Shenzhen and a 3.9% decline in Shanghai

Global Selected Stock Indices Returns, % (Jul. 2025-Jul. 2026 and Jan.-Jul. 2026)



Source: Investing, ANDAMAN PARTNERS Analysis

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

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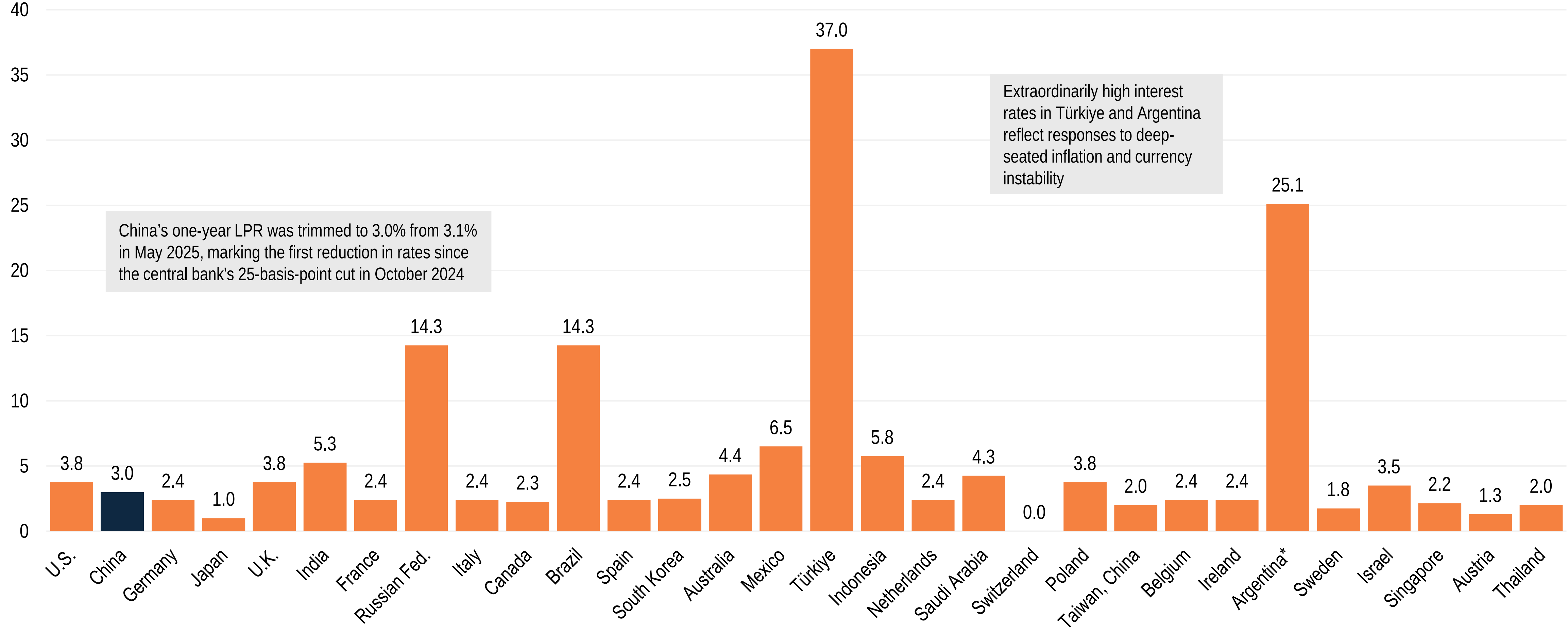
Central Bank Interest Rates of Top 30 Economies by GDP, % (2026)

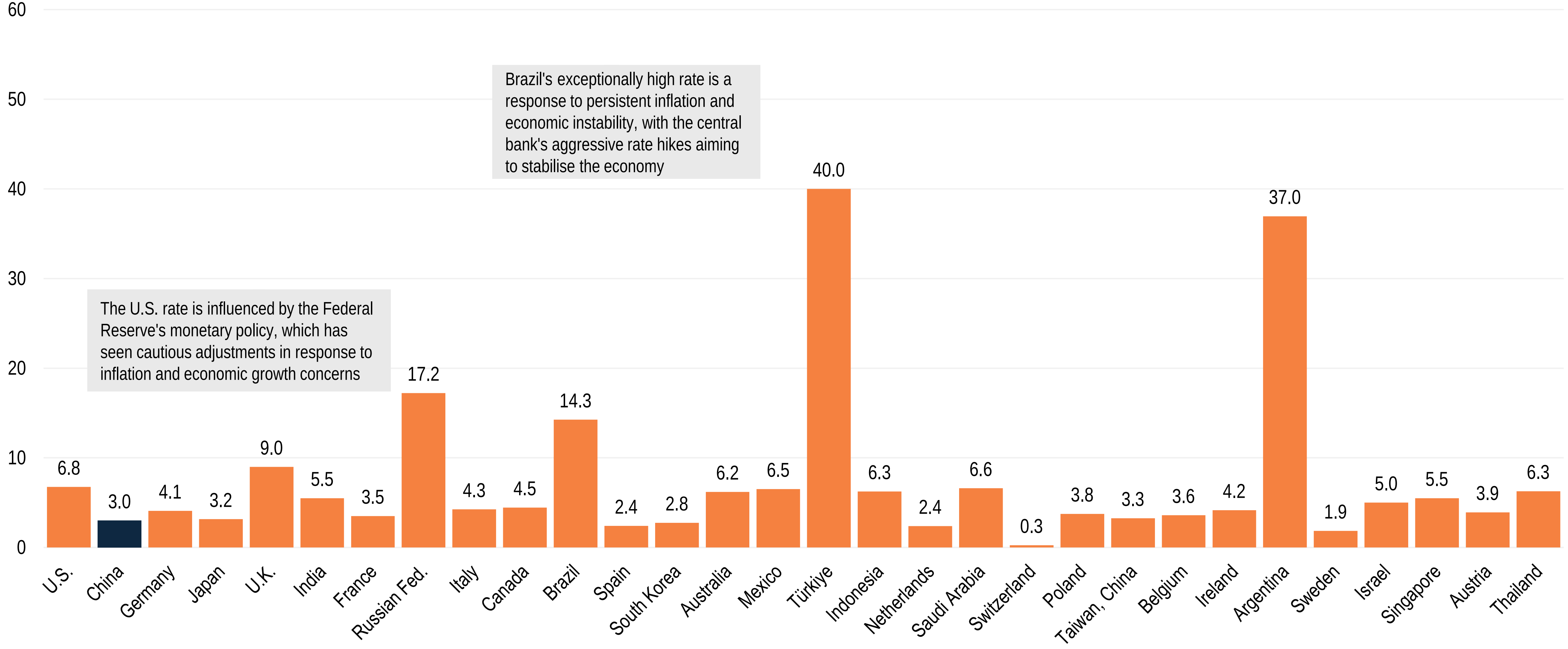


Note: Data as of July 2026. Since Argentina changed its monetary policy framework, the traditional policy rate has been replaced. The TAMAR (average wholesale fixed-term deposit rate), currently 22.19% (nominal annual rate), serves as the key monetary reference rate published by the BCRA. Source: CB Rates, ANDAMAN PARTNERS Analysis

Sweden and Switzerland maintain the lowest prime lending rates among major economies

Reflecting subdued inflation and stable macroeconomic conditions. Argentina 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, % (Jul. 2026)



Note: Data as of July 2026. Source: World Population Review, IMF, Various, ANDAMAN PARTNERS Analysis

China ranks 8th among the top 20 least affordable countries on housing price-to-income ratios

Reflecting persistently high urban property prices relative to household income and underscoring the structural challenges in China's housing market

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Top 20 Countries by Affordable Housing Price-to-Income Ratio, % (2025)

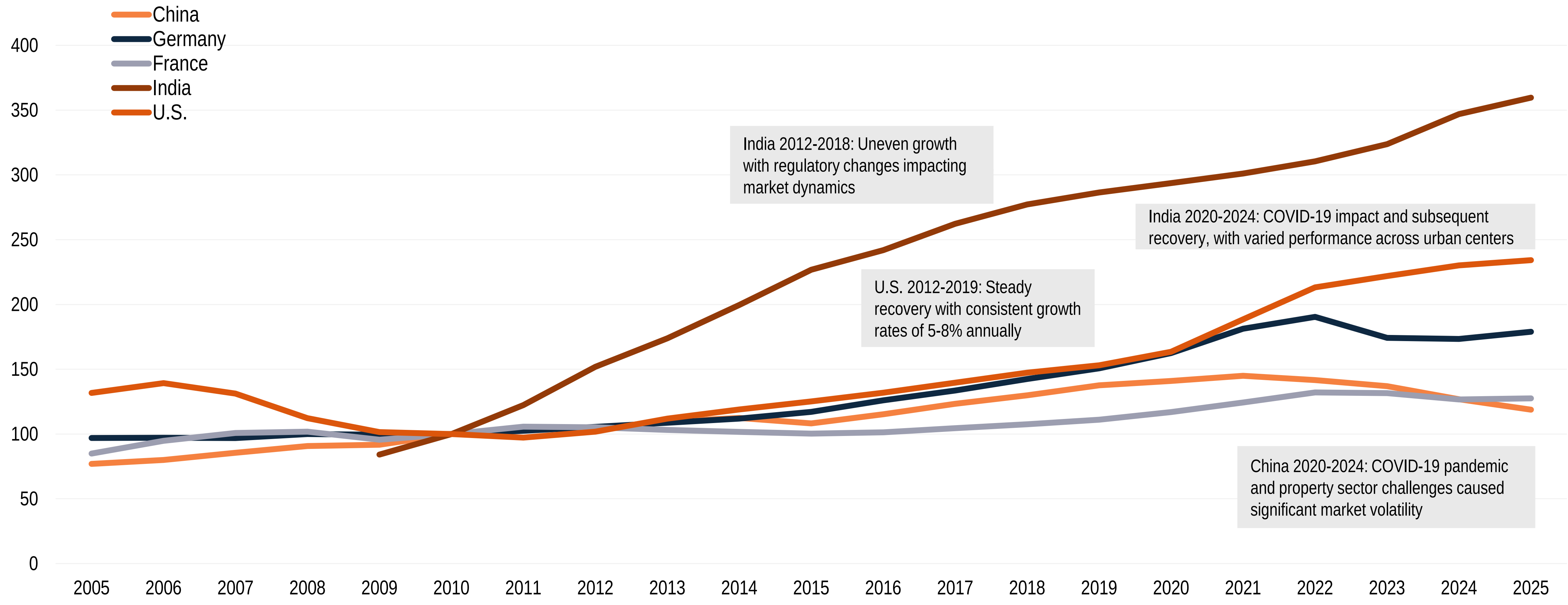
A price-to-income ratio of 29% suggests that housing in China remains highly unaffordable, despite several years of declining home sales and prices in many Chinese cities. This would suggest that the market correction has not yet restored affordability for average households, particularly in Tier 1 and Tier 2 cities, where prices remain elevated relative to income

Source: World Population Review, ANDAMAN PARTNERS Analysis

Global housing markets surged after 2021, but China experienced a sharp slowdown

Markets surged amid ultra-low interest rates and stimulus. By contrast, China experienced a decline, driven by domestic policy tightening, developer restrictions and deeper structural imbalances

Residential Nominal Property Prices in China, Germany, France, India and the U.S., % YoY Change (2005-2025)



Note: India data only available from 2009. Source: BIS, ANDAMAN PARTNERS Analysis

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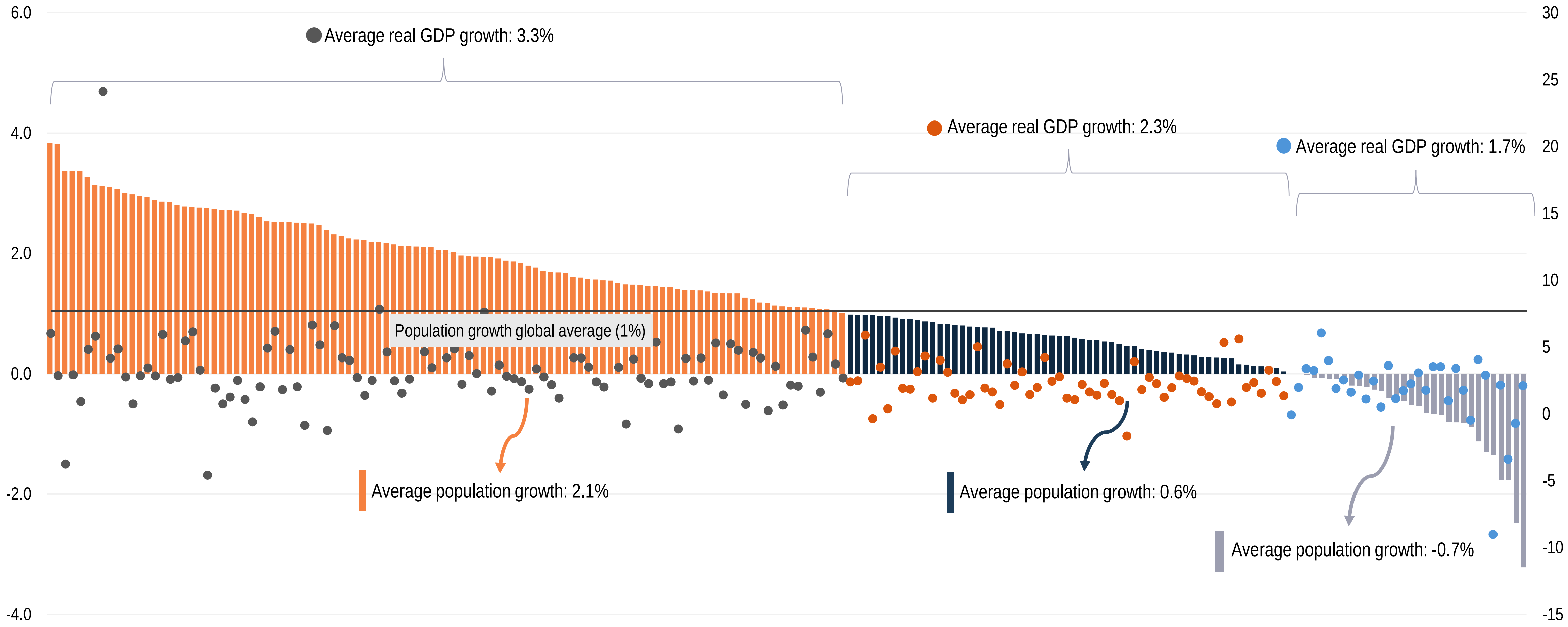
There is a correlation between population growth and economic growth

Countries with higher population growth rates had higher real GDP growth, and conversely, lower population growth meant lower economic growth

All Countries Average Population Growth (LHS) and Average Real GDP Growth (RHS), % (2016-2025)

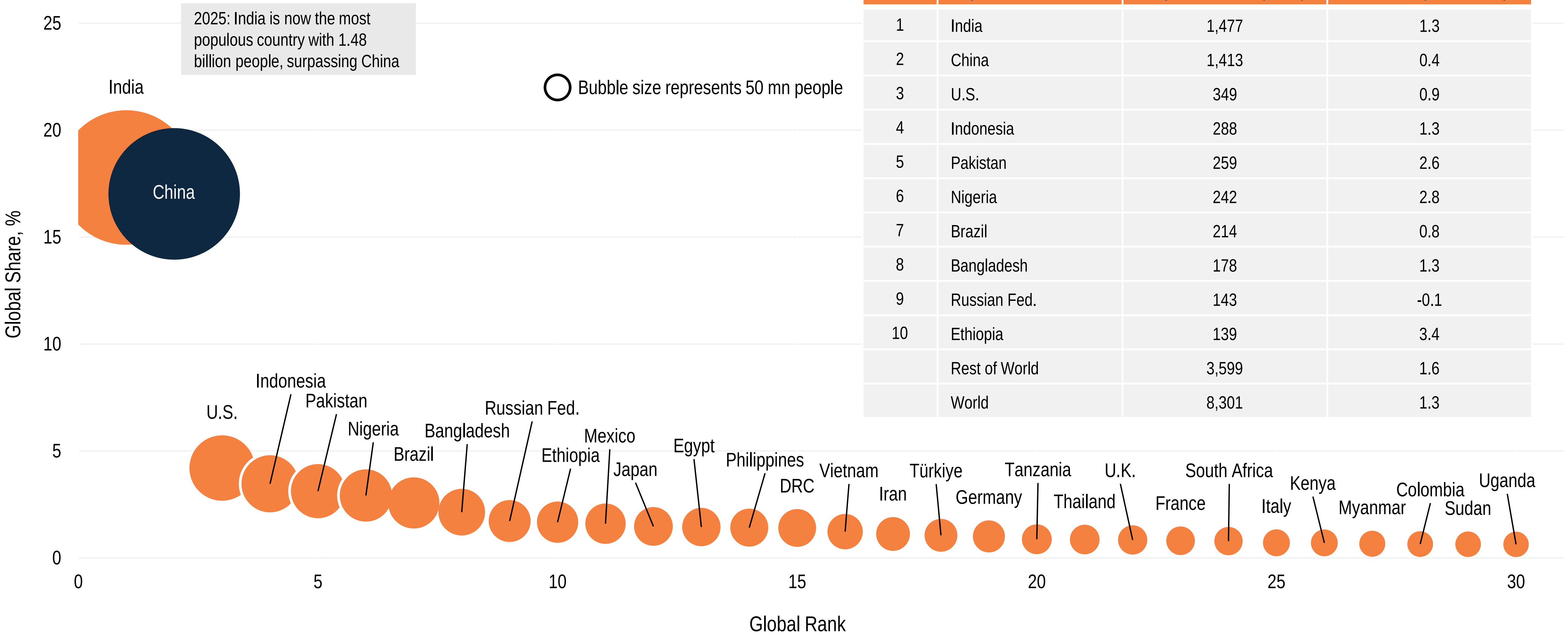


Source: IMF World Economic Outlook April 2026, ANDAMAN PARTNERS Analysis

China's population growth has stagnated, growing at a CAGR of only 0.4% from 2000 to 2025

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 (2025)



Rank	Top Ten Countries	Population mn (2025)	CAGR % (2000-2025)
1	India	1,477	1.3
2	China	1,413	0.4
3	U.S.	349	0.9
4	Indonesia	288	1.3
5	Pakistan	259	2.6
6	Nigeria	242	2.8
7	Brazil	214	0.8
8	Bangladesh	178	1.3
9	Russian Fed.	143	-0.1
10	Ethiopia	139	3.4
	Rest of World	3,599	1.6
	World	8,301	1.3

Source: Statistics Times, ANDAMAN PARTNERS Analysis

China's urban population (66%) is still much smaller than other large economies

But China has one of the fastest urbanisation rates at 2.43% per year. By current estimates, China could reach close to an 80% urbanisation rate by around 2045

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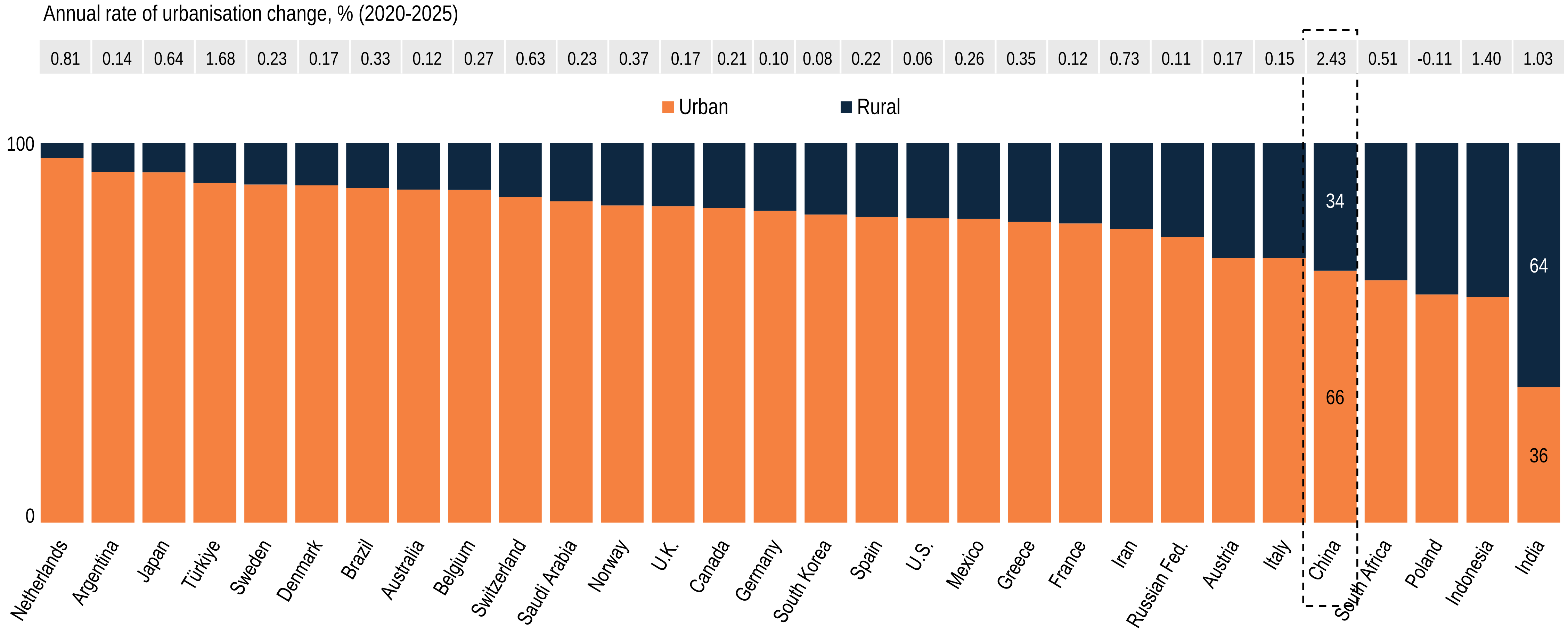
Ratio of Urban and Rural Populations of Selected Economies, % (2025)

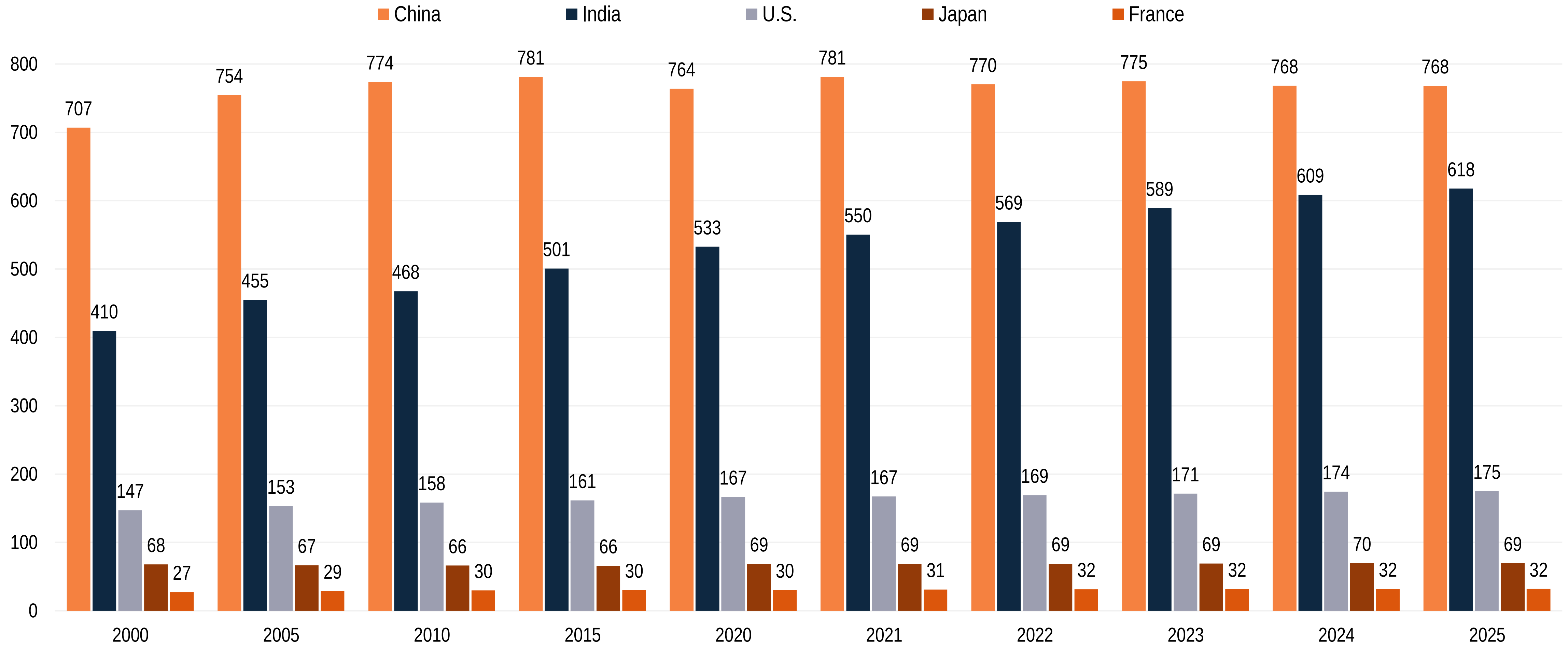


Source: CIA World Factbook, World Bank, ANDAMAN PARTNERS Analysis

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, 2020-2025)

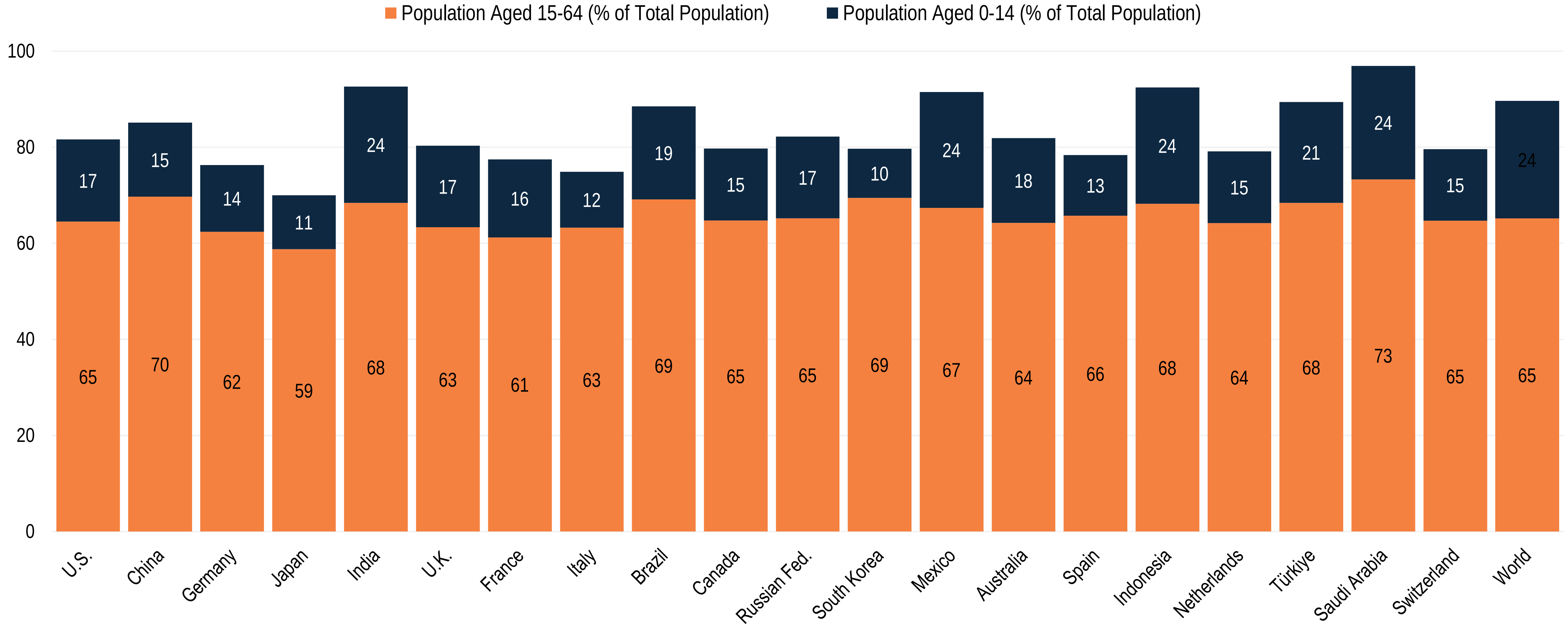


Source: World Bank, ANDAMAN PARTNERS Analysis

China's population is ageing quickly due to low birth rates and longer life expectancy

China’s working-age population peaked around 2011 and has been in long-term decline. By 2035, the country’s labour force could shrink by over 100 million people

Populations Aged 0-14 and 15-64, % of Total Population in Selected Countries (2025)

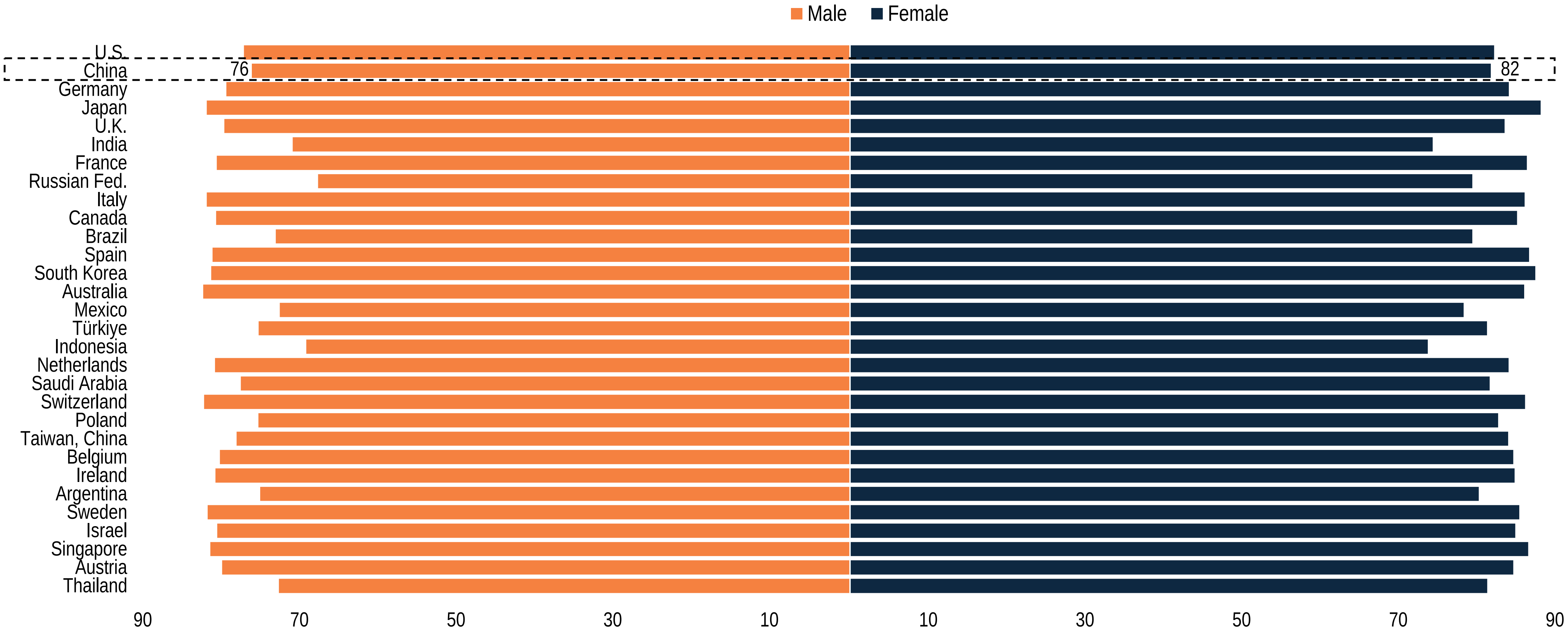


Source: World Bank, ANDAMAN PARTNERS Analysis

The average life expectancy in China is higher than that in other large developing economies

China’s average for both male and female (79) 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 (2025)

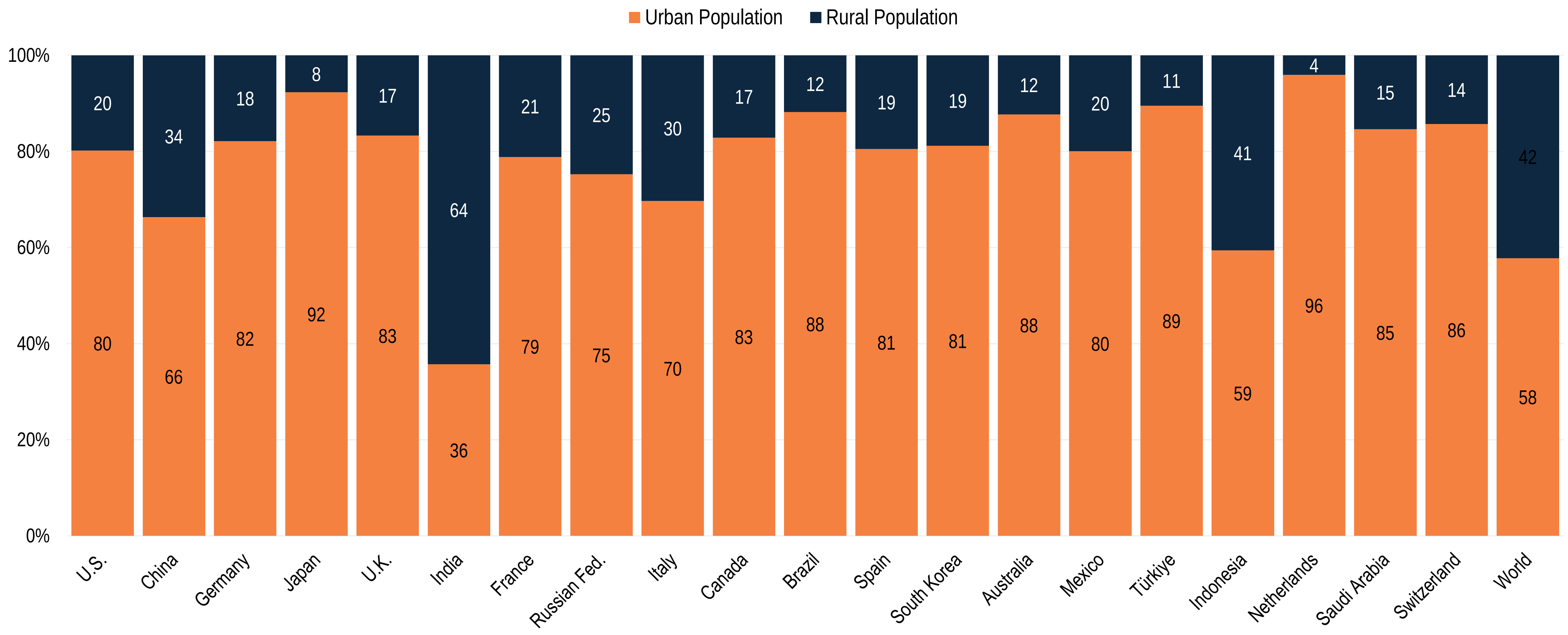


Source: Worldometers, World Bank, ANDAMAN PARTNERS Analysis

Around 58% of the world's population live in urban areas; China's urban population stands at 65%

The world's urban population is steadily increasing due to urbanisation, with many people moving to cities for economic opportunities. China's rate is above the global average but well below developed economies

Ratio of Urban and Rural Populations of Top 20 Economies by GDP, % of Total Population (2025)

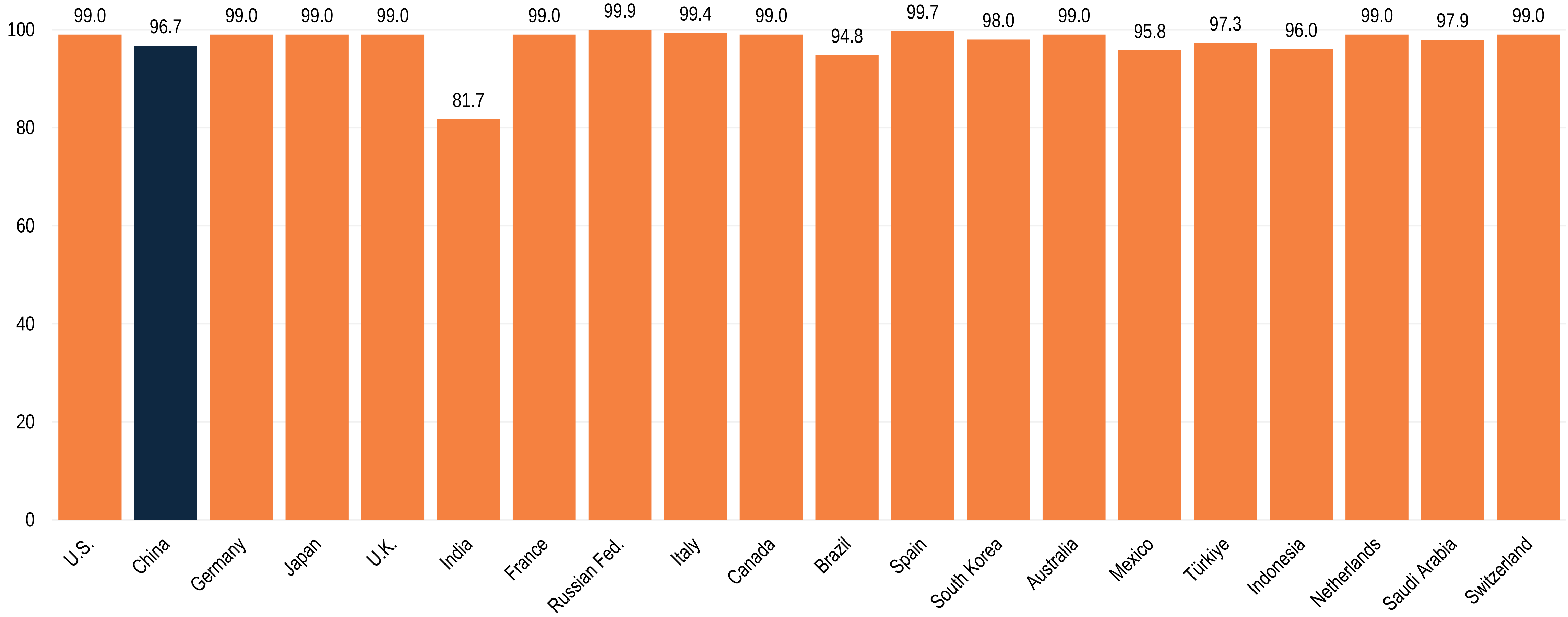


Source: World Bank, ANDAMAN PARTNERS Analysis

China's literacy rate stands at 97%, reflecting the country's substantial investment in education

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)



Source: World Population Review, ANDAMAN PARTNERS Analysis

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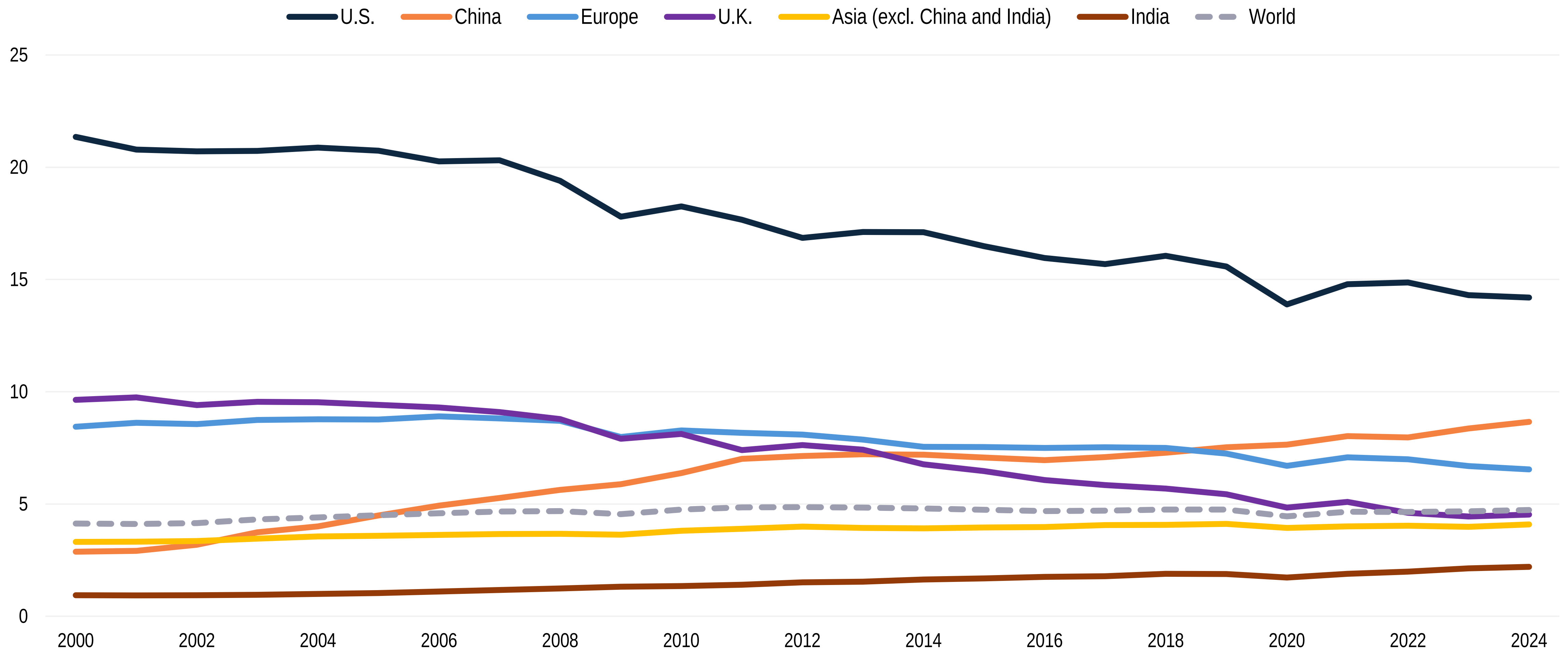
China's per capita CO_2 emissions surpassed the global avg. in 2004 and have continued rising

Reflecting rapid industrial expansion. In 2024, China's per capita emissions (8.66 tons) were nearly 87% higher than the global average but lower than the U.S. (14.20 tons)

CO_2 Emissions Per Capita from Fossil Fuels & Industry: Selected Economies, tons (2000-2024)

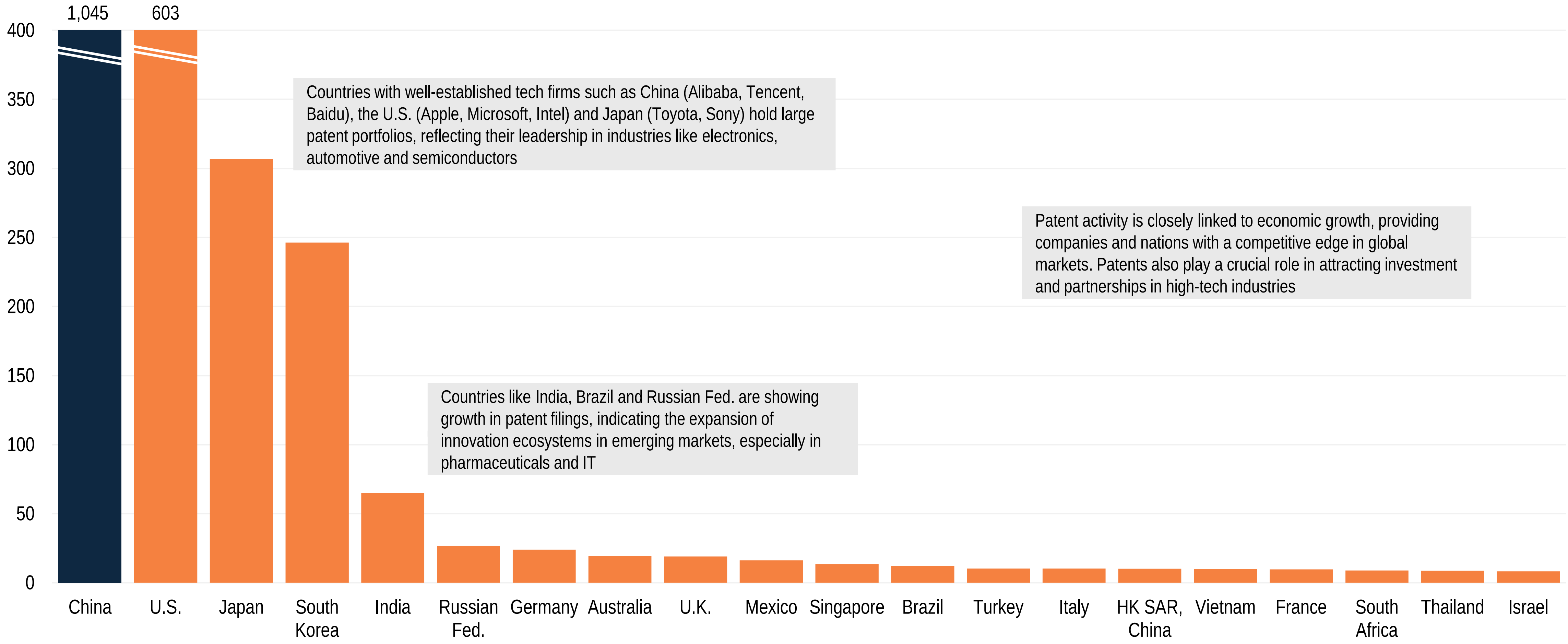


Source: Our World in Data, ANDAMAN PARTNERS Analysis

China leads the global patent landscape

Reflecting its importance for technological innovation and manufacturing capabilities. In 2024, China's patent grants (1,045,000) were 70% more than those of the U.S. (603,194)

Top 20 Countries by Total Patent Grants, '000 Number of Grants (2024)

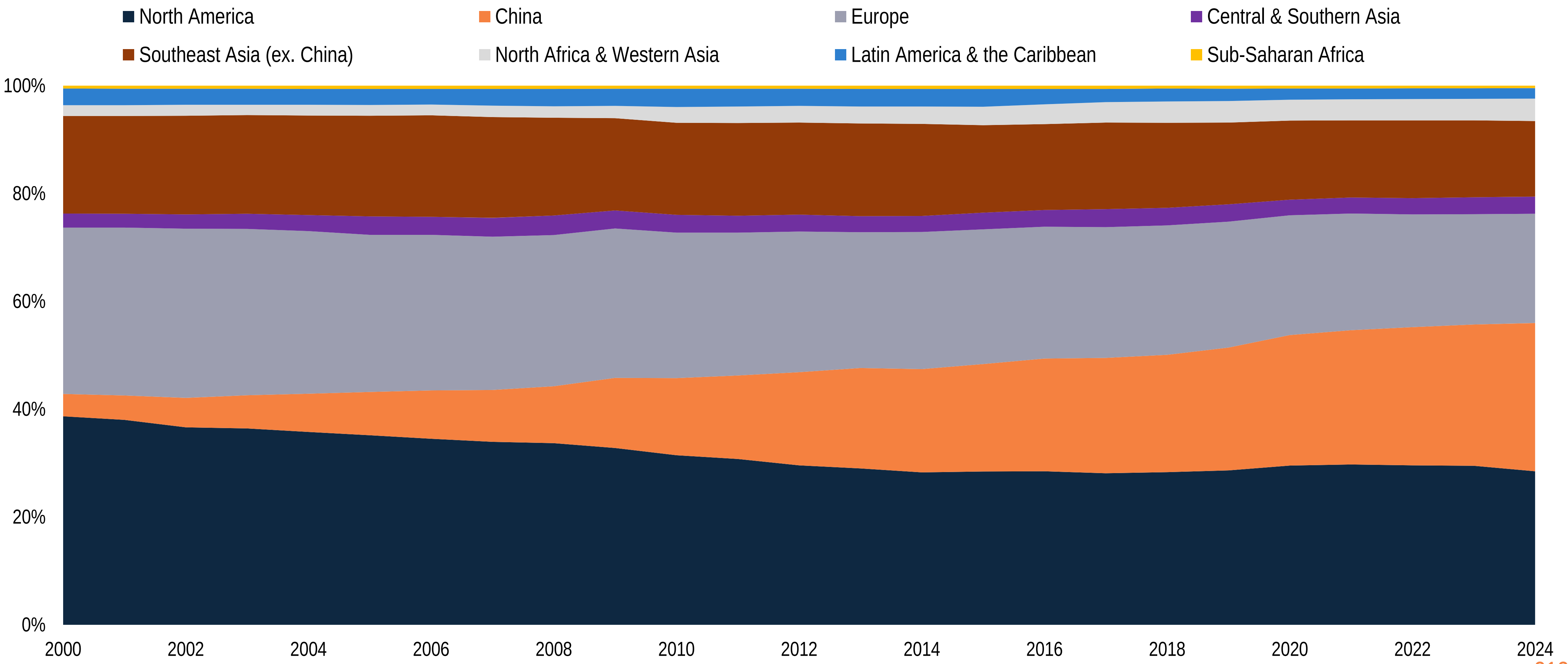


Source: World Population Review, ANDAMAN PARTNERS Analysis

China's share of global R&D spending increased from 4% in 2000 to 27% in 2024

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

Regional Shares of Global R&D Spending, % (2000-2024)

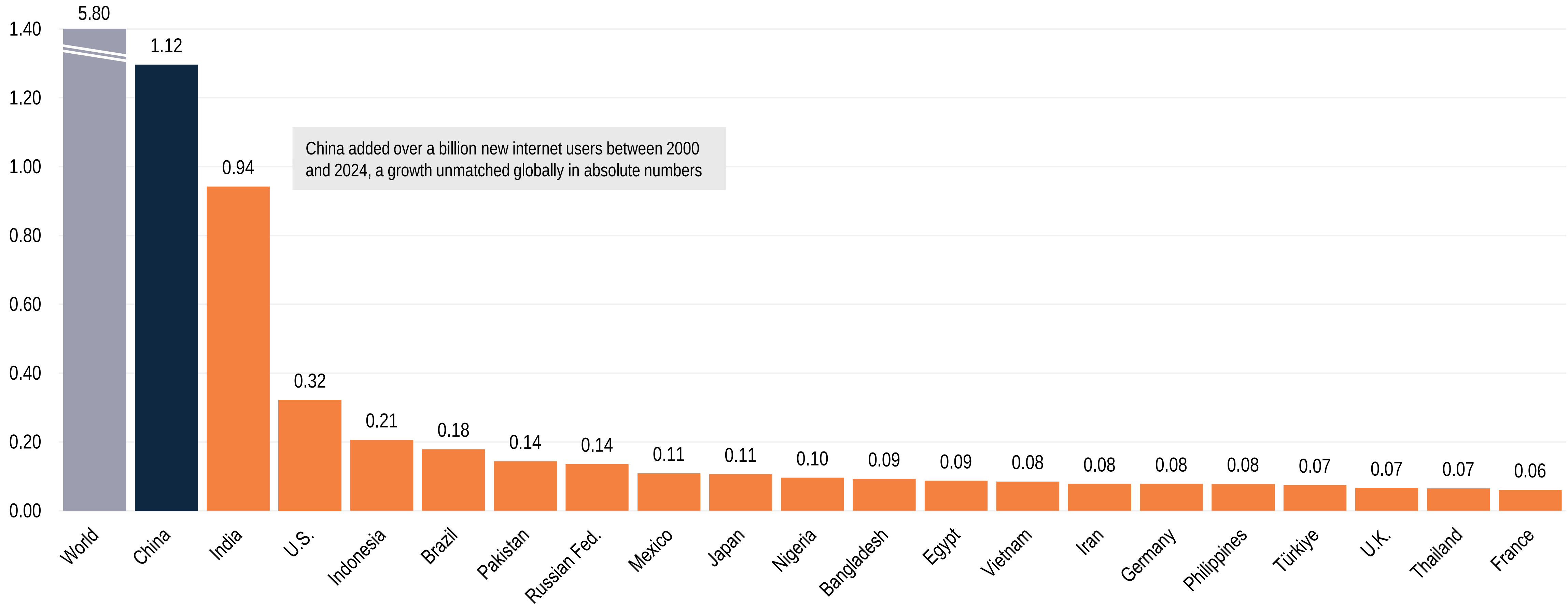


Source: WIPO, ANDAMAN PARTNERS Analysis

China has the world's largest internet population, with more than 1.1 billion users

Internet penetration reached 80.1% in 2025, up from 78.6% in 2024, leaving further room for digital adoption despite China's already enormous online population

Top 20 Countries by Number of Internet Users, bn (2024)

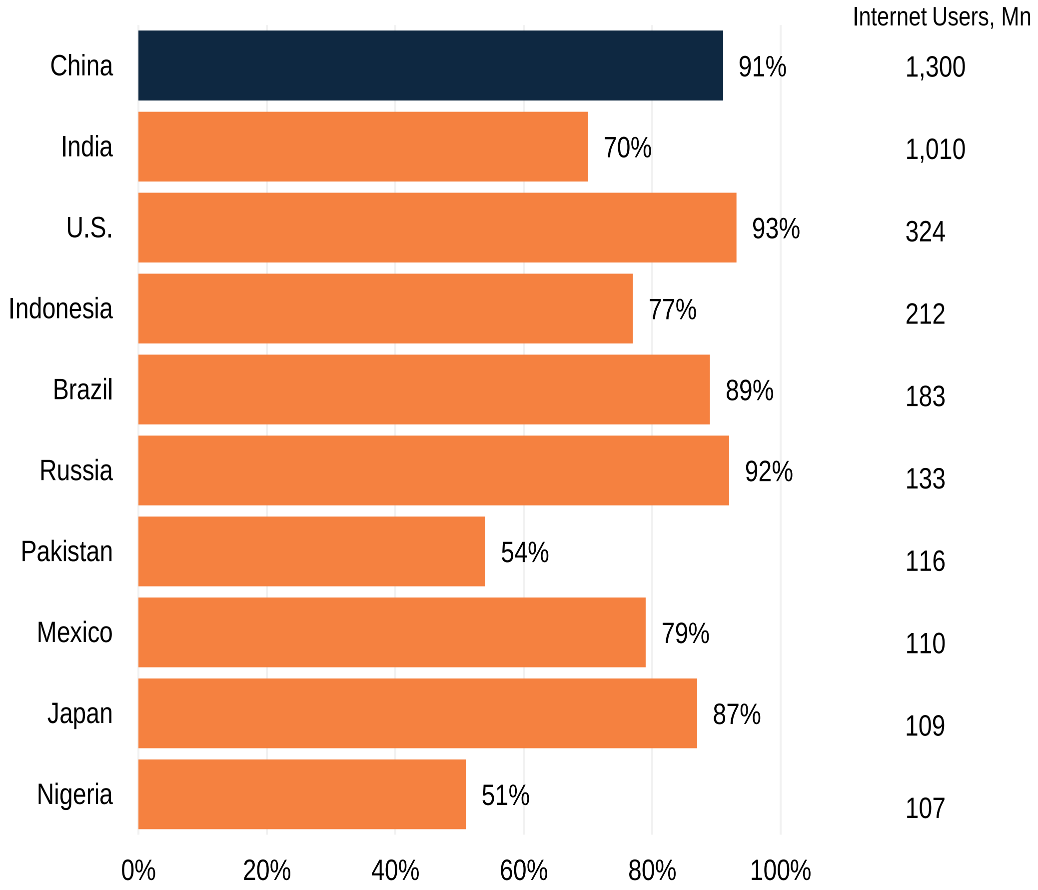


Source: World Bank, ANDAMAN PARTNERS Analysis

China’s fintech industry has established itself as a global leader

Through the use of cutting-edge technologies, China’s fintech industry has revolutionised financial services and the way people interact with money on the internet

User Penetration Rate* of Top 10 Countries by Internet User Count, % (2025)



Major Players in China’s Fintech Sector (2026)

Alipay, Ant's flagship product, still serves over 1.3 billion users globally, making it the largest mobile payment platform globally

Focus: Digital payments, wealth management, insurance, lending

Tencent Holdings is China's most valuable public company. Its fintech operations, anchored by WeChat Pay, forming China's mobile payment duopoly alongside Alipay.

Focus: Digital payments and social finance

JD Technology, formerly JD Digits, operates as the financial services arm of JD.com, one of China's largest e-commerce platforms.

Focus: Payment processing, loans and financial management

WeBank, backed by Tencent, was China's first digital-only bank, serving over 300 million individual customers through its mobile app.

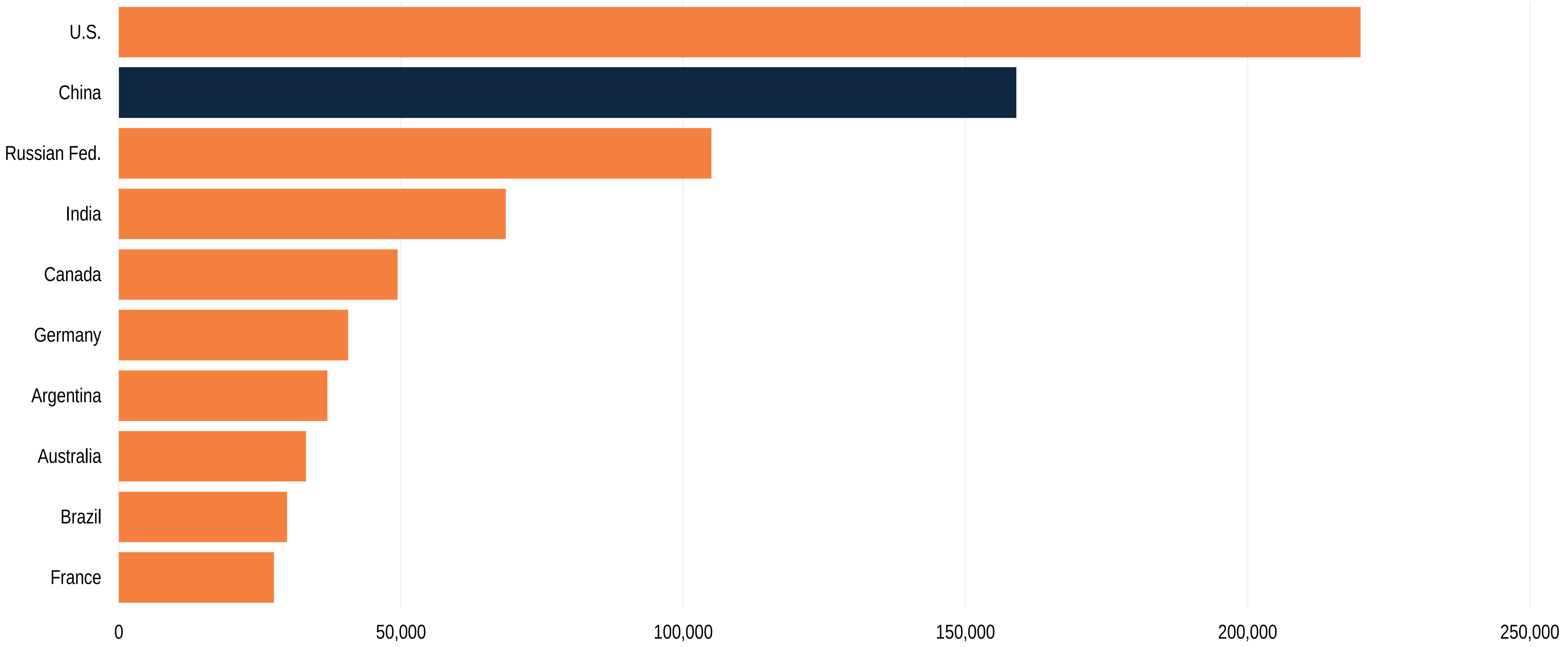
Focus: Wealth management and personal loans, payment solution and banking business

Note: “User penetration rate” refers to the percentage of the total population that is actively using mobile point-of-sale systems. Source: ITU, Alibaba Group, Tencent, JD.com, WeBank, ANDAMAN PARTNERS Analysis

Only the U.S. now has a larger rail network than China

China has emphasised high-speed rail development in recent years with massive government-driven infrastructure investments and a rapid increase in total network length

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

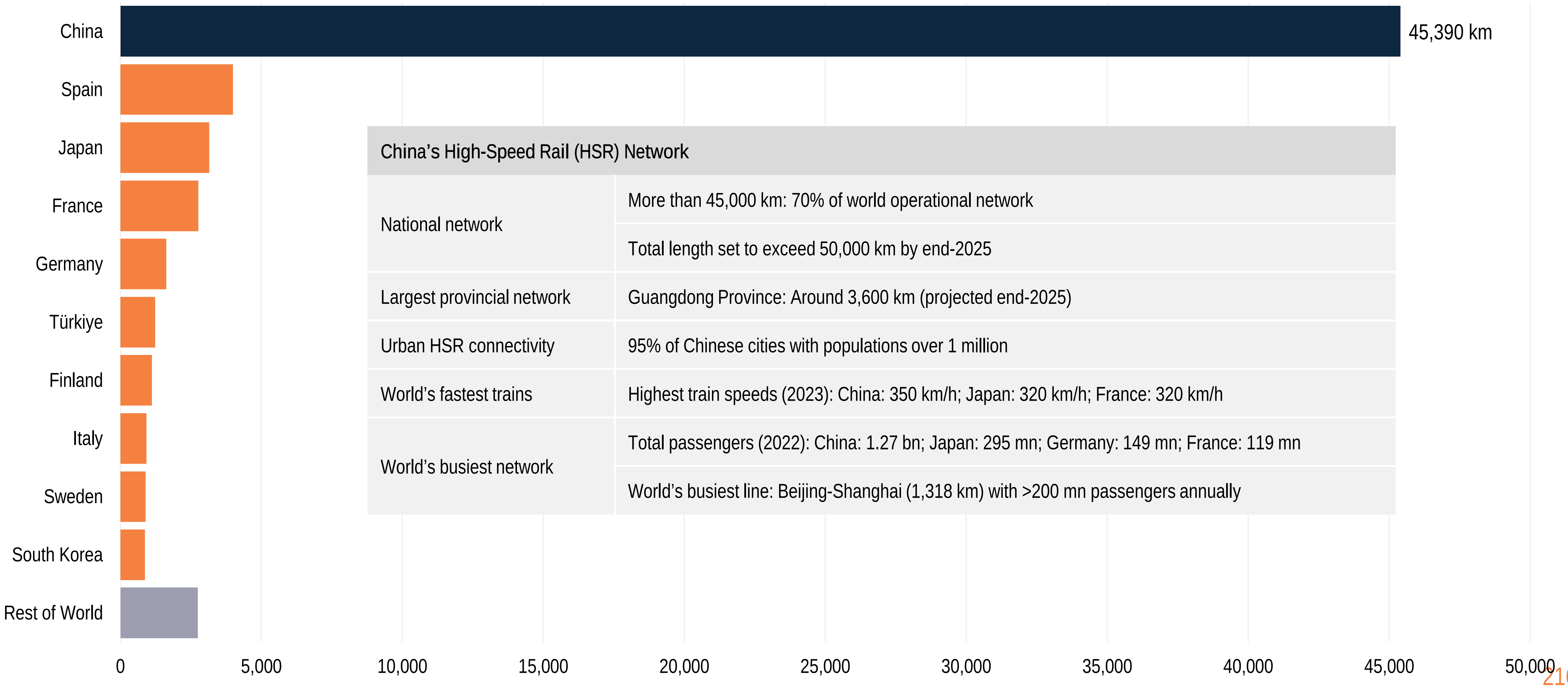


Source: Worldostats, ANDAMAN PARTNERS Analysis

China is the global leader in high-speed rail, with the world's largest network

China's high-speed network spans over 45,000 km of operational tracks as of 2024, along with the world's fastest trains, with speeds of over 350 km/h

Length of High-Speed Rail Network in Commercial Operation by Country, km (2024)



China's High-Speed Rail (HSR) Network	
National network	More than 45,000 km: 70% of world operational network
	Total length set to exceed 50,000 km by end-2025
Largest provincial network	Guangdong Province: Around 3,600 km (projected end-2025)
Urban HSR connectivity	95% of Chinese cities with populations over 1 million
World's fastest trains	Highest train speeds (2023): China: 350 km/h; Japan: 320 km/h; France: 320 km/h
World's busiest network	Total passengers (2022): China: 1.27 bn; Japan: 295 mn; Germany: 149 mn; France: 119 mn
	World's busiest line: Beijing-Shanghai (1,318 km) with >200 mn passengers annually

Source: World Population Review, ANDAMAN PARTNERS Analysis

Two of China's tech firms (JD.com and Alibaba) featured among the 2026 top tech firms

Signalling China's growing global influence despite lower market valuations in recent years

World Top 15 Tech Companies by Revenue (2026)

Rank	Company	Revenue, USD bn (Q2 2025 - Q1 2026)	Market Cap, USD tn (Jul. 2026)	Country/Region
1	Amazon	743	2.5	U.S.
2	Apple	451	5.0	U.S.
3	Alphabet	422	4.1	U.S.
4	Microsoft	318	2.9	U.S.
5	Samsung	271	0.9	South Korea
6	Foxconn	261	0.1	Taiwan, China
7	Nvidia	253	4.8	U.S.
8	Meta Platforms	215	1.5	U.S.
9	JD.com	188	0.04	China
10	Alibaba	145	0.3	China
11	Dell	134	0.3	U.S.
12	TSMC	122	2.0	Taiwan, China
13	Tesla	98	1.2	U.S.
14	SK Hynix	92	0.7	South Korea
15	Micron Technology	90	0.9	U.S.

Source: Companies Market Capitalisation, ANDAMAN PARTNERS Analysis

China dominates steel production with 53% of global output

China has also reasserted its presence in global trade, accounting for nearly 1 in 5 dollars of steel exported in 2024

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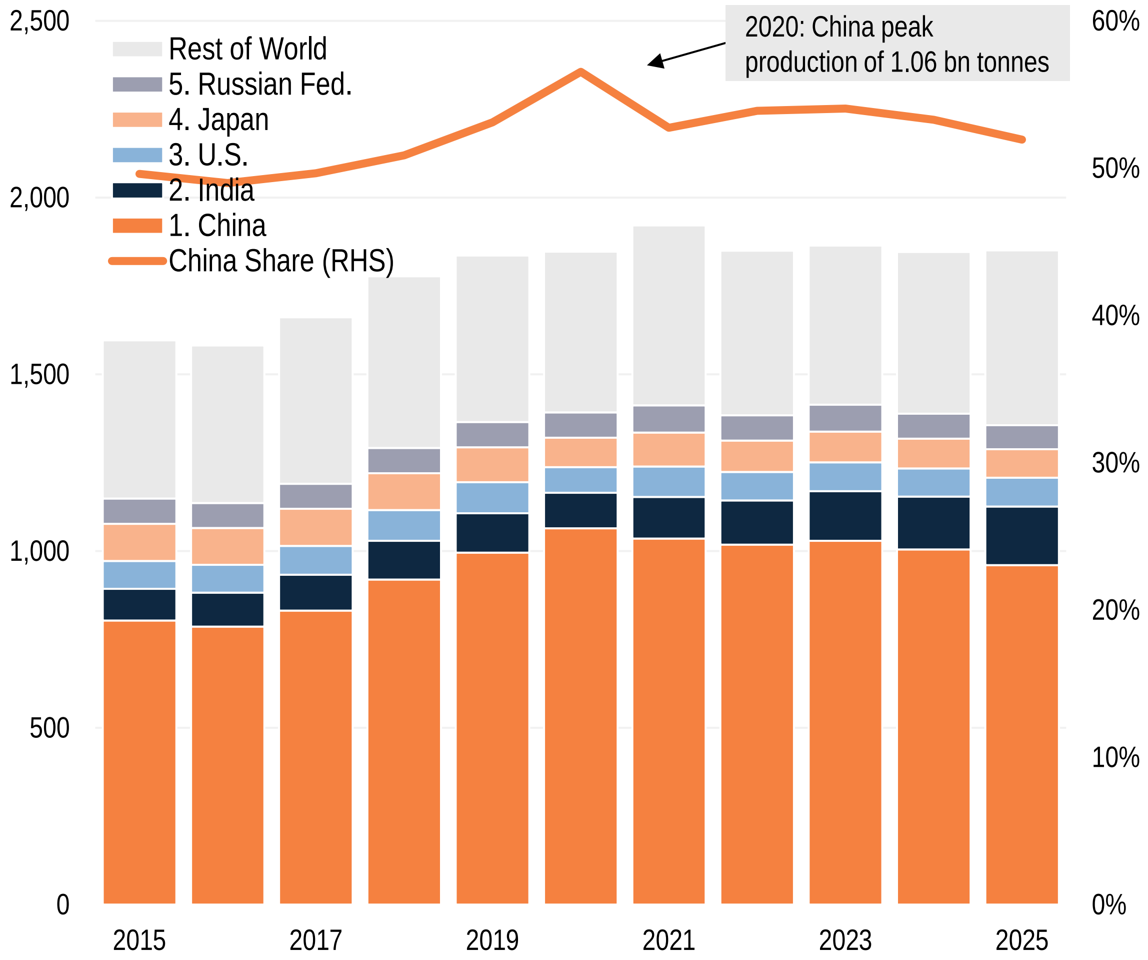
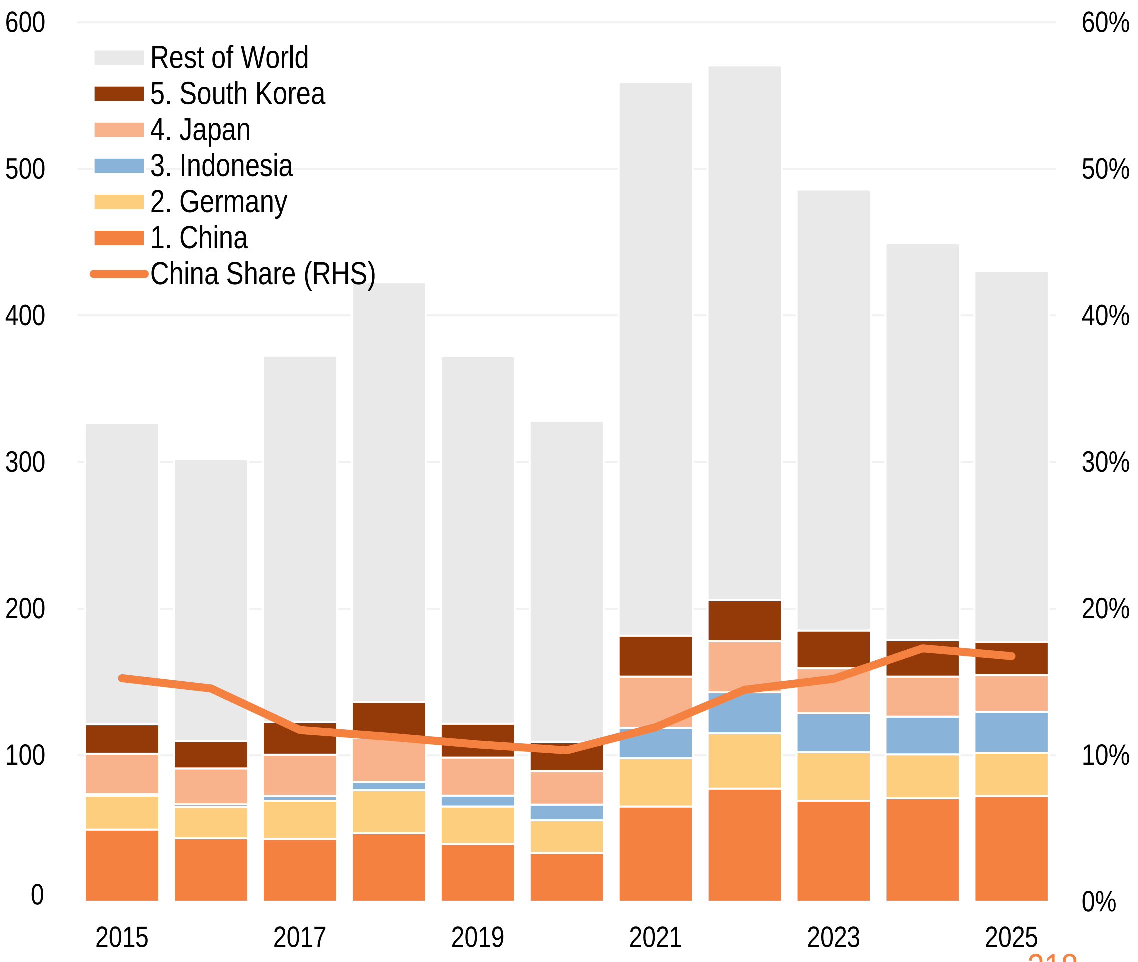
Global Crude Steel Production: China vs Top 2-5 Producers and Rest of World, Mn Metric Tonnes (2015-2025)



Global Steel* Trade: China vs Top 2-5 Exporters and Rest of World, USD bn (2015-2025)

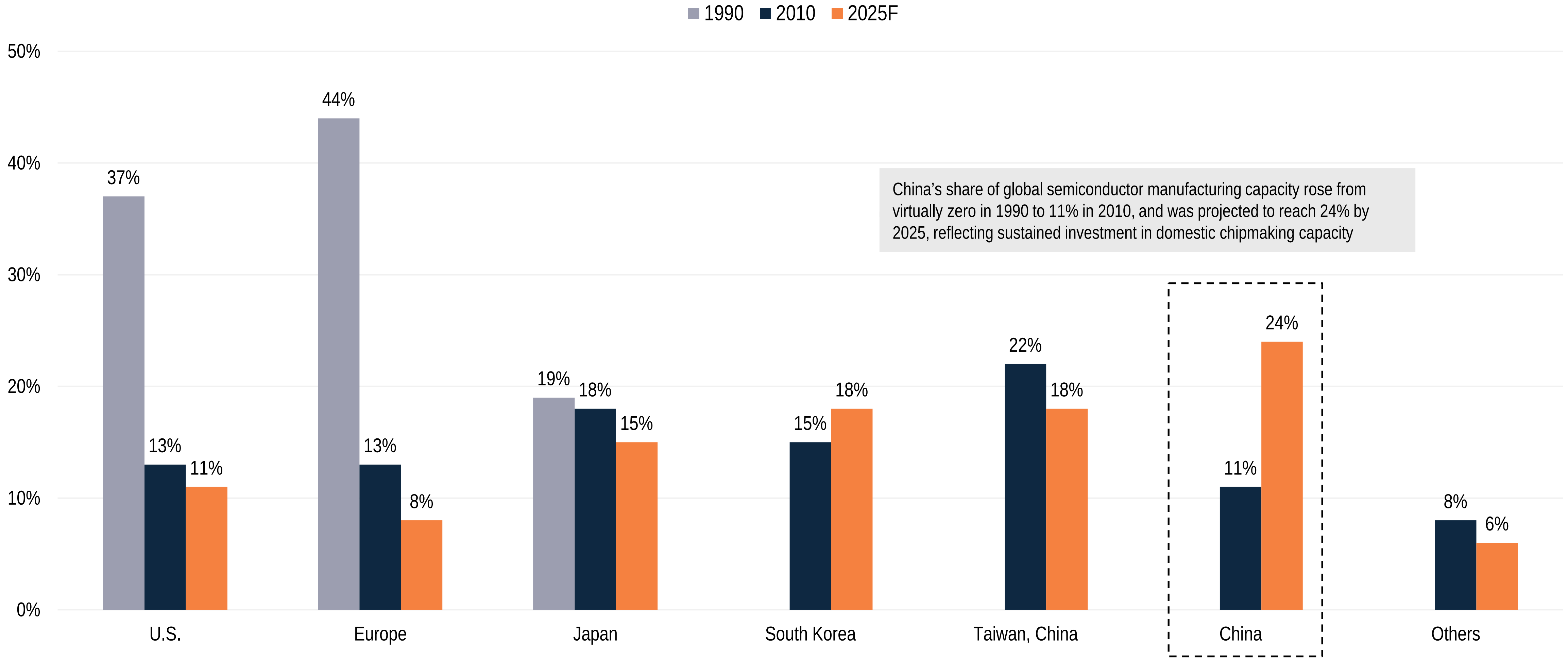


Note: Top five producers and exporters based on cumulative data 2015-2024. *Steel trade refers to UN Comtrade HS72 (Iron & Steel), measured in USD (FOB), encompassing a wide range of materials from primary forms to finished products, e.g., pig iron, ferro-alloys, ferrous waste and scrap, and various semi-finished and finished steel products. Source: UN Comtrade, World Steel Association, ANDAMAN PARTNERS Analysis

China has emerged as the world's largest semiconductor manufacturing base by capacity

China's share of global semiconductor manufacturing capacity was projected to reach 24% in 2025, up from 11% in 2010 and virtually zero in 1990

Semiconductor Manufacturing Capacity by Region, Share of World, % (1990, 2010, 2025F)



Source: VLSI Research, SEMI, BCG, J.P. Morgan Asset Management, ANDAMAN PARTNERS Analysis

Agenda

1. Prelude
2. China in Brief
3. China in Depth
4. China in the World
5. Conclusions, Implications and Recommendations

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 is emerging, but is the world ready for it?

- China's growth is slowing and becoming less investment- and export-led, but is not yet sustainably consumption-led. Even so, China's economic transformation is already broad-based, yielding 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: It is now emerging as an 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 2026 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 its 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 risk 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 no longer just about scaling up in a globalising world, but rather about adapting to a superpower economy that is strategically reasserting control over whom it allows to participate, how and on what terms

Source: ANDAMAN PARTNERS Analysis

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"

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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 onerous. 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 as part of a global ecosystem, it cannot be avoided

- China is still among the world's largest producers of natural resources and 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, a new cohort of local businesses has reinvented itself and developed a 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 specific 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 the emerging Chinese 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 these shifts 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

Source: ANDAMAN PARTNERS Analysis

Recommendations

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

1 Find "hot" growth sectors Refocus and re-engage, get the strategy right	• Confirm the relevant "hot sectors" for your business. Agriculture, agri-processing, food and beverage products, advanced machinery and healthcare are among the critical areas for international brands in China. Develop RTM with the right partners that add value; identify the right partners in all dealings through through 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 and 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 international sourcing (2020) and even full-scale global sourcing (2026). 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 outbound capital flows and pursue China as a capital partner; recognise changing dynamics in sector/regional focus areas, deal structures and regulation • Three keys to China capital: Adopt an appropriate process, articulate investment opportunities and 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

Source: ANDAMAN PARTNERS Analysis

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