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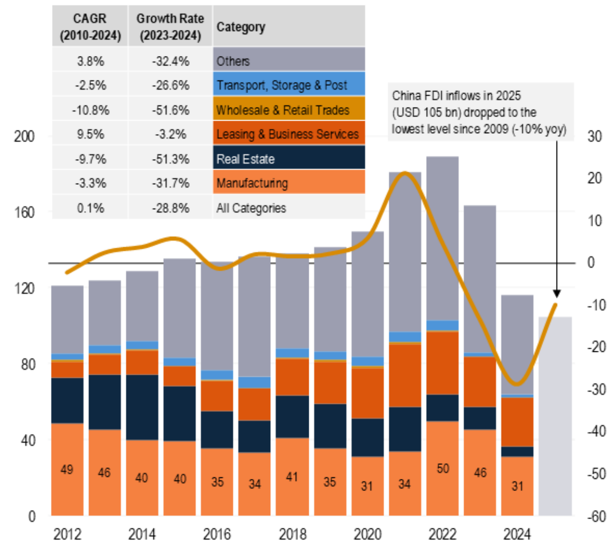
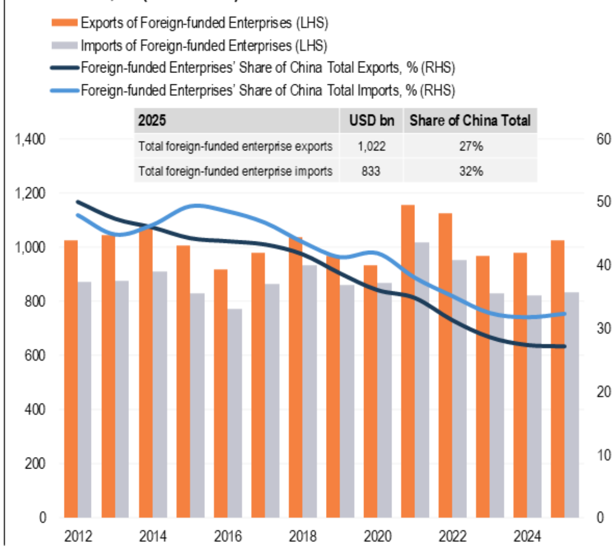
China's Foreign Investment Landscape Is Shifting, But Foreign Firms Retain a Major Trade Role

FDI inflows have moderated and the sector mix is evolving, while foreign-funded enterprises retain a substantial, though declining, share of China's trade.

China FDI Inflows by Sector, USD bn, and YoY Growth, % (RHS) (2012-2025)



China Trade of Foreign-Funded Enterprises, USD bn, and Share of Total Trade, % (2012-2025)



Note: No sectoral breakdown for 2025 FDI inflows. Source: National Bureau of Statistics of China, UN Comtrade, ANDAMAN PARTNERS Analysis

Foreign Direct Investment (FDI) inflows to China fell to USD 105 billion in 2025, down 10% year on year to the lowest level since 2009; manufacturing and several traditional sectors declined sharply. However, foreign-funded enterprises still exported more than USD 1 trillion of goods in 2025 and imported USD 833 billion; equivalent to 27% and 32% of China's total exports and imports, respectively.

Foreign firms once accounted for close to half of China's trade; today, Chinese companies increasingly occupy that space. For businesses, China is becoming less dependent on new foreign capital and foreign-owned exporters, but foreign companies remain deeply embedded in its industrial and trading system. The opportunity is therefore changing rather than simply shrinking, making where foreign capital is flowing (and how foreign firms fit into increasingly Chinese-led supply chains) more important than the headline FDI number alone.

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