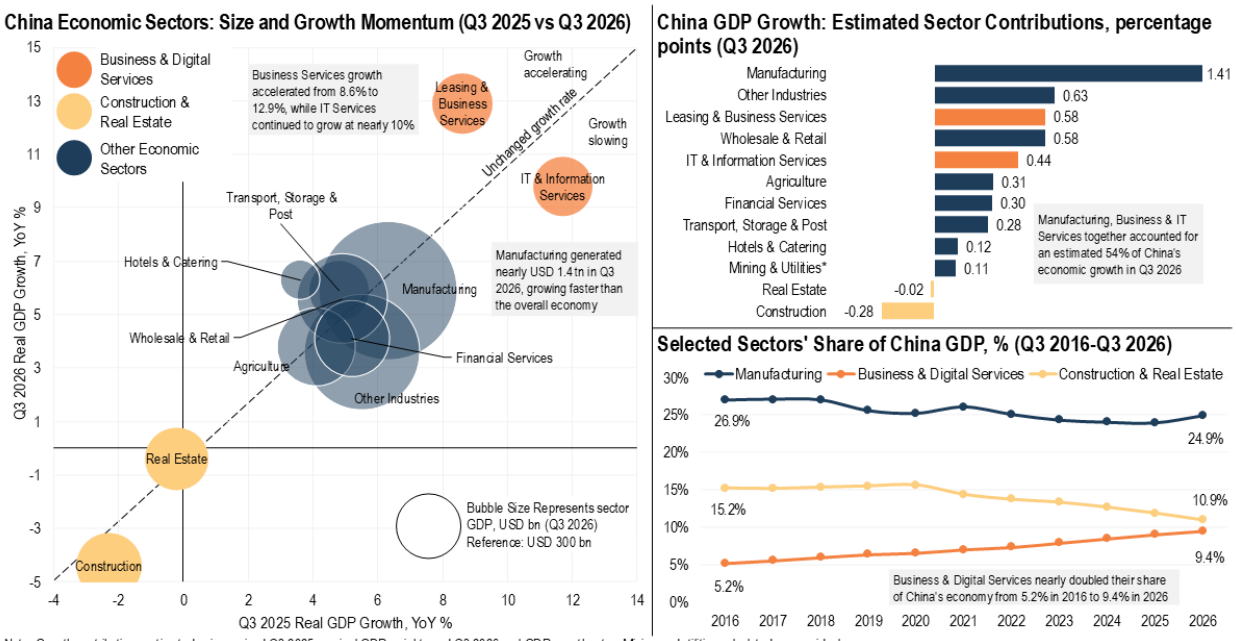
Mapping China's Growth Engines: Manufacturing and the Rise of Modern Services

Manufacturing remains a major driver of China's economic growth, while Business & Digital Services are becoming increasingly important as Construction & Real Estate lose ground



Note: Growth contributions estimated using revised Q3 2025 nominal GDP weights and Q3 2026 real GDP growth rates. Mining and utilities calculated as a residual.
Source: China National Bureau of Statistics, ANDAMAN PARTNERS Analysis

China's economic growth is increasingly being driven by a combination of established industrial strengths and rapidly expanding modern services.

Manufacturing remains central to this story. Accounting for approximately a quarter of China's economy, the sector generated nearly USD 1.4 trillion in value added in Q3 2026 and grew by 5.9% year-on-year, outpacing overall economic growth.

Some of the strongest growth in China's economy is occurring in business-support services and the digital economy. Leasing & Business Services growth accelerated from 8.6% in Q3 2025 to 12.9% in Q3 2026, while IT Services expanded by 9.8%. Together with Manufacturing, these sectors accounted for an estimated 54% of China's economic growth in Q3 2026.

This reflects a broader transformation. Over the past decade, Business & Digital Services have nearly doubled their share of China's economy from 5.2% to 9.4%, while the combined share of Construction & Real Estate has declined from 15.2% to 10.9%.

For international businesses, the significance lies not in China moving away from manufacturing, but in the emergence of an increasingly sophisticated economy in which industrial production, technology and business services are becoming more closely intertwined.

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