

Chart of the Day

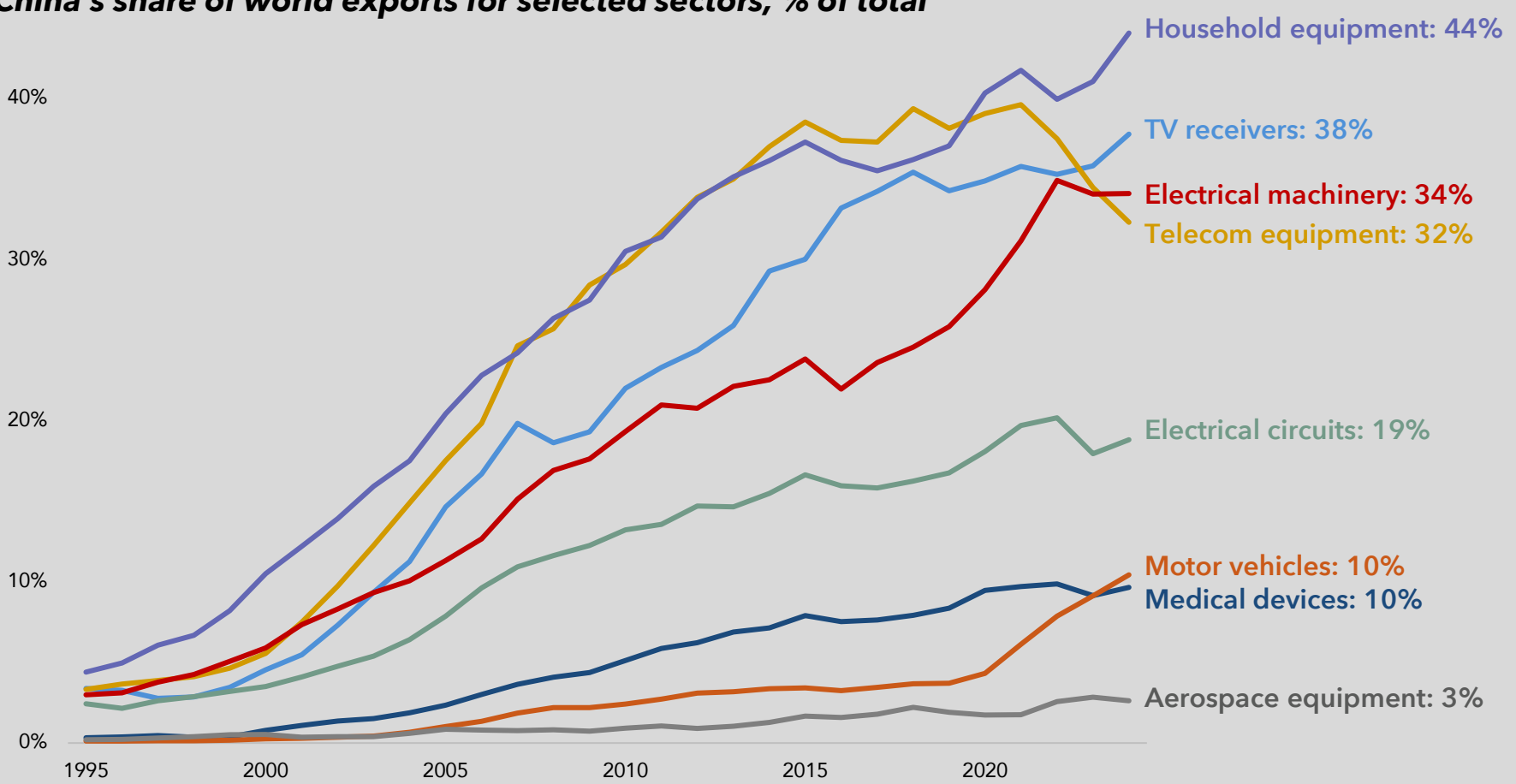


China Rapidly Climbing the Value Chain



Despite the largest trade war in a century, China's export volumes surged in 2025, including both high and lower value chain products. According to Oxford Economics, China is the world's largest exporter in nearly 60% of product categories, accounting for more than 20% of global export flows for industrial goods (up from 5% 25 years ago). This growth has been driven by China's rising strength in higher value-added sectors, including automotives, medical diagnostics, high-end equipment and electronics. However, even as China climbs the export value chain, it has sustained and even deepened its market penetration across many traditional, labor-intensive sectors, achieving dominance across a very broad industrial base ("climbing higher on the value chain without stepping off the lower rungs").

China's share of world exports for selected sectors, % of total



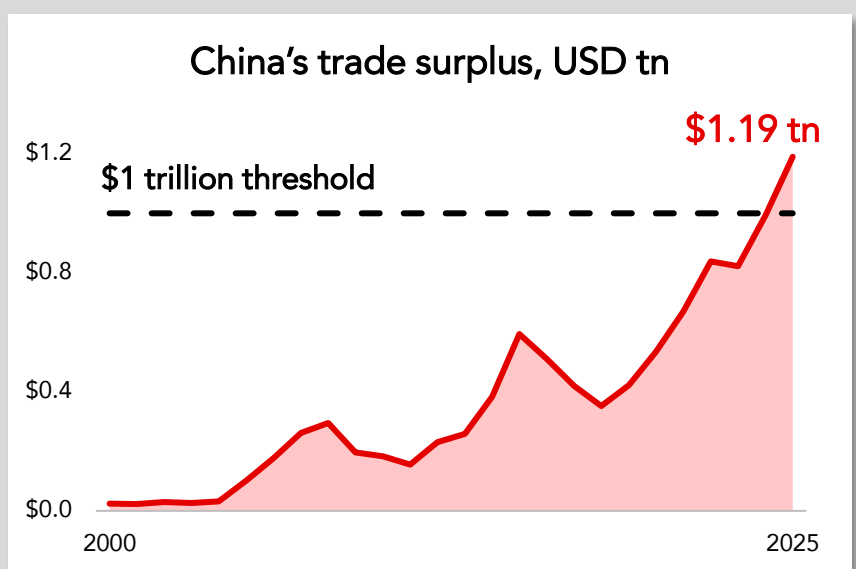
Source: (1) Oxford Economics, "China: Up the value chain and deeper into export markets". UNCTAD. Data through 2024.

China's Trade Surplus Surges Above \$1 Trillion



At over \$1 trillion, China's trade surplus is more than 4x larger than Germany's, the world's third largest economy, third largest exporter of goods, and second largest trade surplus. Despite US-China policy escalation, China's export market has surged in recent years, with its trade surplus rising above \$1 trillion in 2025 for the first time ever.

Largest global trade balances, USD bn



Source: (1) IMF. Trade surplus data for countries (ex-China) are 12-month trailing through September 2025. China trade surplus data is full year 2025. (2) Bloomberg, "Trump's Endless Trade War Will Damage US as Well as China" (Orlik). China's General Administration of Customs. Data through December 2025.

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"Macro stability isn't everything, but without it, you have nothing."