CHINA

ECONOMIC SNAPSHOT

BROOKLYN CHAMBER OF COMMERCE

Key Takeaways

As U.S. China trade surpassed $582 billion in 2024, supply chain rebalancing and shifting sourcing patterns continue to open new investment opportunities across U.S. industries. China's real GDP grew by 4.8% in 2024, reaching $18.27 trillion, driven by high-tech and equipment manufacturing as well as services. According to China's National Bureau of Statistics, high-tech manufacturing surged by 9.1% YoY in early 2025, highlighting rapid industrial innovation and investment momentum.

Trade Analysis

China remains the U.S.'s largest source of imports, even though volumes fluctuated.

Source: U.S. Census Bureau - Foreign trade division

GDP - Current US $
(Q2 2024)

18.27 T
GDP
▲ **2.7% YoY**

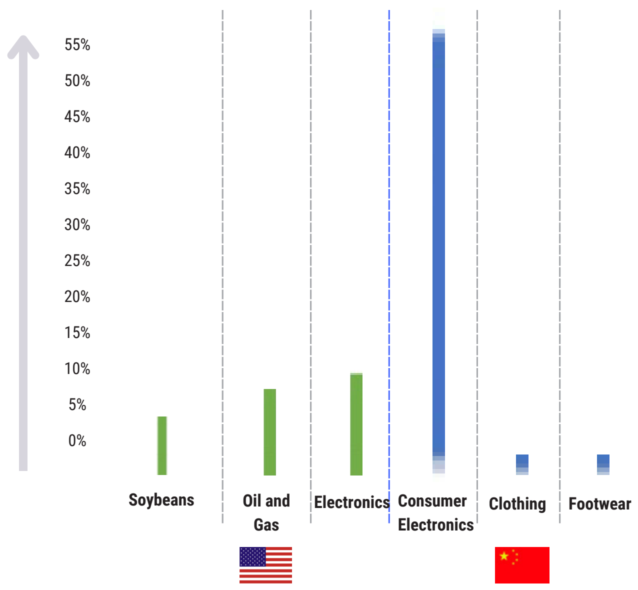
4.8%
GDP Growth
▼ 0.4 points

Source: World Bank

China's economy remained resilient with GDP rising to $18.27 trillion in 2024, up from $17.79 trillion in 2023. While GDP growth moderated to 4.8%, the steady expansion reflects China's pivot toward high-value industries and sustainable development, reinforcing its position as a stable destination for U.S. trade and investment.

A positive outlook on U.S.–China trade emerges from key provisions within the Phase One Agreement signed in January 2020, despite some ongoing challenges. Notably, China made substantial reforms in its agricultural import protocols, resulting in expanded access for U.S. meat, poultry, and seafood exports. These reforms signal China's openness to higher volumes of U.S. agricultural goods—a sector where demand continues to grow as Chinese consumer preferences shift toward high-quality, imported food product. The financial sector also presents a promising trajectory. China fulfilled major commitments to remove foreign equity caps in the securities, asset management, and futures sectors, and has begun approving licenses for wholly U.S.-owned firms.

Top Exports 2024 Percent Changes YoY
(Q2 2024 vs Q2 2023)



Phase One Agreement | 2020 trade deal between the United States and China in which China committed to increase purchases of U.S. goods and services, strengthen intellectual property protections, and improve transparency in currency and agricultural practices.

Source: United States Trade Representative 2025 NTE

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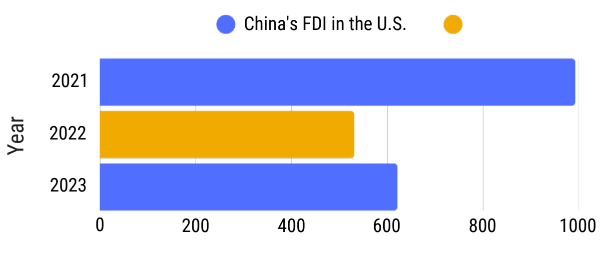
FDI

Counties with the Largest Percent Changes in Employment YoY
(June 2024 vs June 2023)



Source: U.S. Bureau of Economic Analysis; International Data

China's FDI into the U.S. remained steady between 2021 and 2023, with $621 million invested in 2023, signaling continued confidence despite geopolitical headwinds. Investment dipped in 2022 but rebounded the following year, reflecting a cautious but ongoing interest in the U.S. market. Much of the investment targeted high-value sectors like tech and logistics, reinforcing the U.S. as a reliable hub for long-term capital.

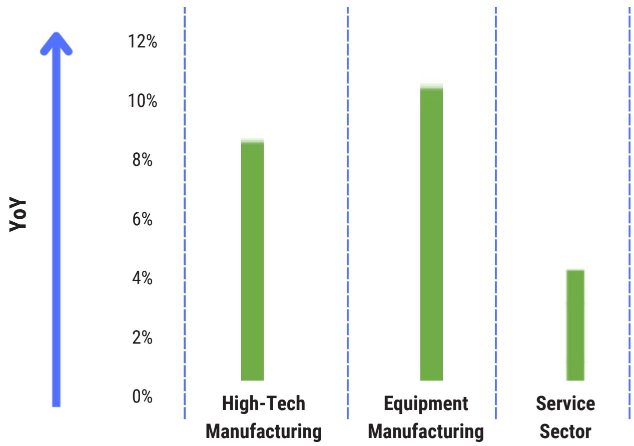
FDI China → US
(2021 - 2023)

992M	531M	621M
2021	2022	2023

Why the Gap? | The drop in Chinese FDI into the U.S. from 2021–2023 stemmed from heightened geopolitical tensions, tighter U.S. national security reviews, and China's own capital controls. COVID disruptions and tech decoupling further slowed investment, while Chinese firms shifted toward less scrutinized indirect or third-country investment channels.

Growing sectors

Top Growing Sectors
(Feb 2025)



Growth Rate
YoY

9.1%	10.6%	4.6%
High-Tech Manufacturing	Equipment Manufacturing	Service

China's Economic Pivot
From Factory Floor to Innovation Powerhouse

- China is rapidly shifting from low-cost manufacturing to high-value sectors like advanced **tech and services**.
- **High-tech manufacturing** is surging, with Chinese firms leading global production of electronics and telecom equipment. The digital economy is booming—China's e-commerce market now surpasses the U.S. and Europe combined. Growth in electric vehicles has been especially strong, with Chinese EV makers and battery producers expanding globally.
- **Services** now account for a larger share of GDP, driven by fintech, IT, and entertainment—China's box office is the largest in the world. Renewable energy is another standout, with China installing over half of global new solar and wind capacity in recent years. Strategic government initiatives like "Made in China 2025" and the 14th Five-Year Plan continue to guide and accelerate growth in these priority sectors.

Source: National Bureau of Statistics of China

Trade & Business Obstacles

Industrial Policy and Market Access

The "Made in China 2025" initiative and its successors (e.g., 14th Five-Year Plan, China Standards 2035) continue to prioritize Chinese firms in strategic sectors such as new energy vehicles, biotechnology, and AI. These policies use discriminatory licensing, subsidies, and regulatory preferences that favor domestic enterprises and limit U.S. firms' market access .

Export Restraints and Import Restrictions

China imposes export controls on raw materials such as rare earths and remanufactured goods, distorting global supply chains. Meanwhile, import licensing is used as a de facto market barrier, particularly for remanufactured goods and agricultural biotech. These restraints hurt U.S. competitiveness in industries like energy, electronics, and recycling.

Enforcement of Phase One Commitments

While China has taken steps to meet some Phase One commitments—such as allowing certain financial firms to operate—others remain unfulfilled, including obligations on IP enforcement, agricultural standards (like ractopamine acceptance), and technology transfer. Continued delays in approving licenses for U.S. firms (e.g., Visa) illustrate implementation gaps.

Phase One Agreement | 2020 trade deal between the United States and China in which China committed to increase purchases of U.S. goods and services, strengthen intellectual property protections, and improve transparency in currency and agricultural practices.

Contextual Summary

While the country remains a vital trading partner for the United States, systemic issues—such as preferential treatment for domestic firms under industrial policies like the "14th Five-Year Plan" and "China Standards 2035," limited transparency in licensing and approvals, and persistent concerns over forced technology transfer and intellectual property enforcement—pose significant market access concerns.

Nevertheless, China has taken incremental steps through its WTO commitments and the Phase One Agreement to open sectors such as finance and agriculture. The U.S. Trade Representative continues to engage Chinese authorities through bilateral dialogues and multilateral platforms, seeking more predictable rules and fair competition for U.S. exporters and investors.

Source: United States Trade Representative 2025 NTE