

The background of the top section is a photograph of the European Union flag, featuring a circle of twelve gold stars on a blue field, waving against a clear blue sky.

WELCOME TO BREAKFAST SEMINAR: UNVEILING THE EUCCC POSITION PAPER 2025/2026

08:00 AM-10:00 AM

Beijing Session

Organizers





European Union
Chamber of Commerce in China
中国欧盟商会

The state of trade and business outlook



April 2026 |

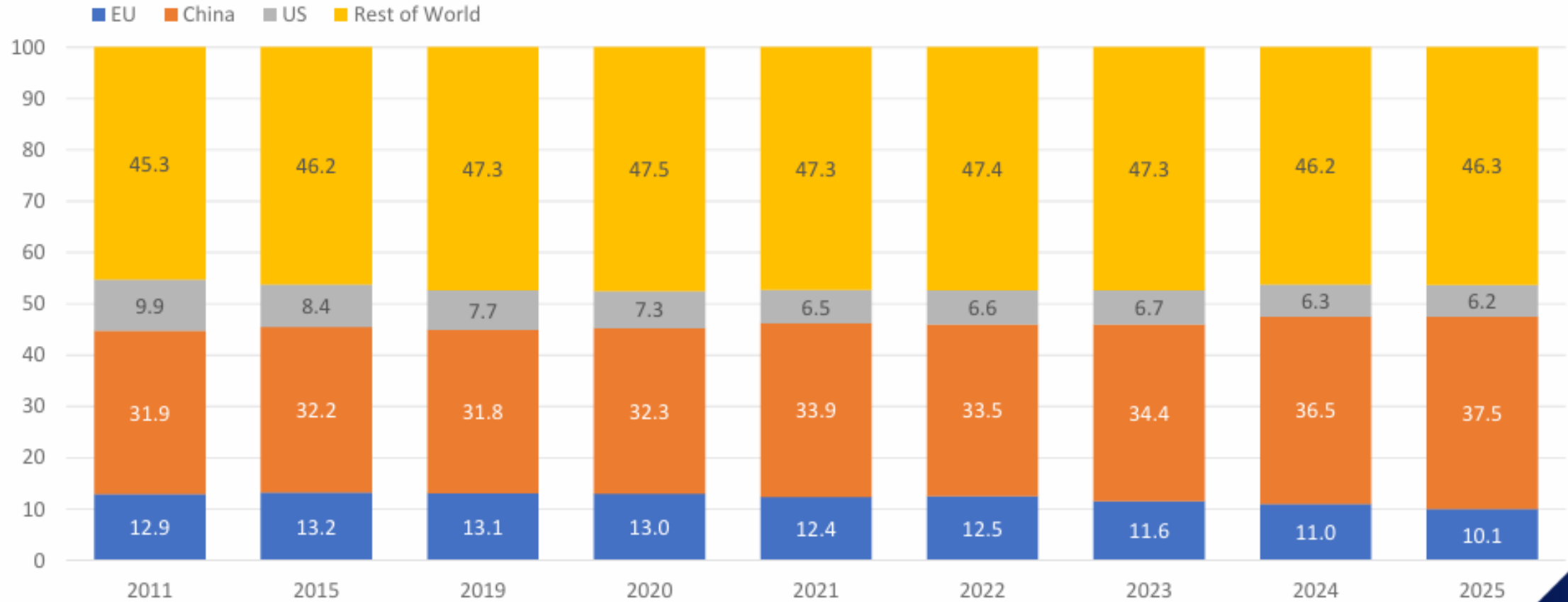
The China's rising share in export market shares came at the detriment of other exporters, including the EU



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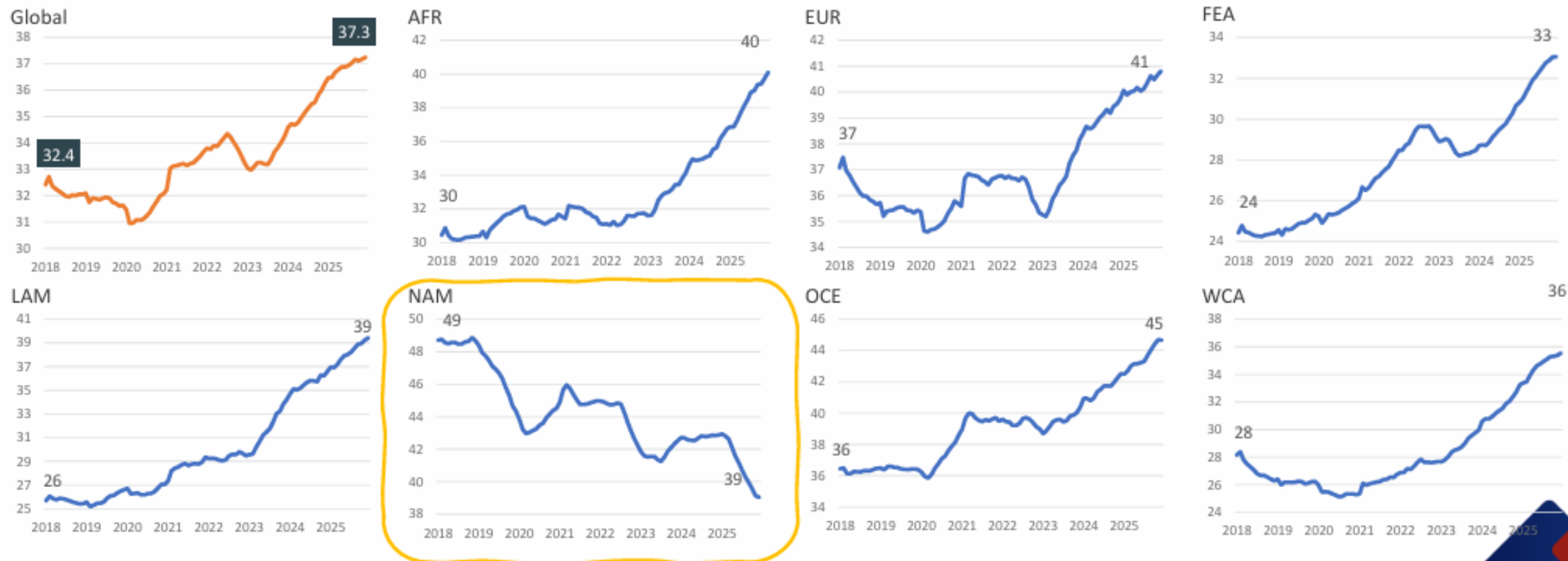


Regional share in global ocean container export, %



The Chinese share in global container exports increased in all import regions, except NAM, where until not too long ago it was close to 50%

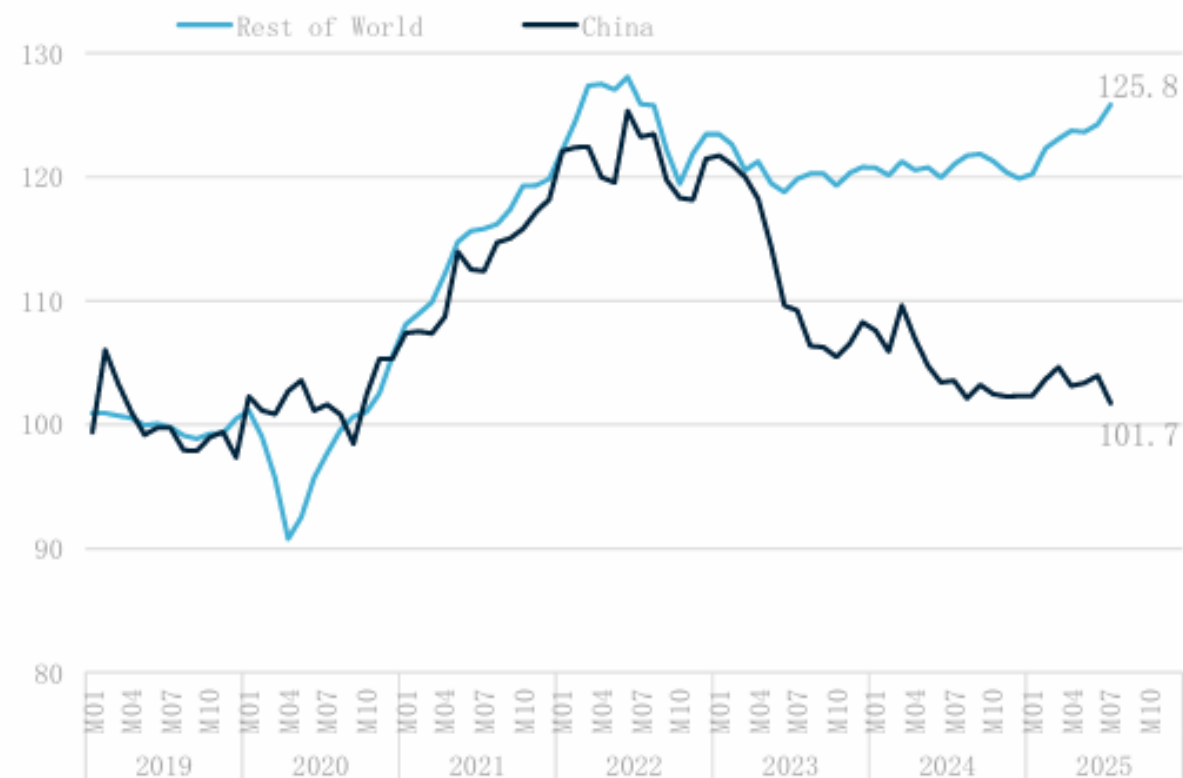
CHN Export Share split per Import Region, %, 12m moving average



Source: FBR (M202601)

Manufacturing overcapacity and a Renminbi devaluation has made Chinese export incredibly competitive, resulting in market share gains

Goods export prices, (2019 = 100)

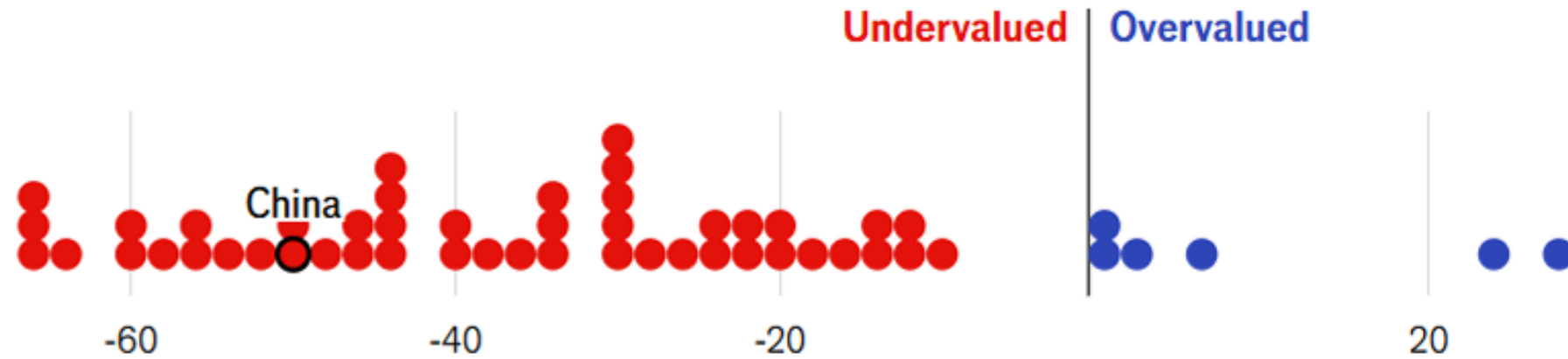


CHN Ocean Container Export Share split, %, 12m moving average



The Economist puts the overvaluation of the Euro even higher:

Jan 2026 | **The Chinese yuan is 48.1% undervalued against the Euro**



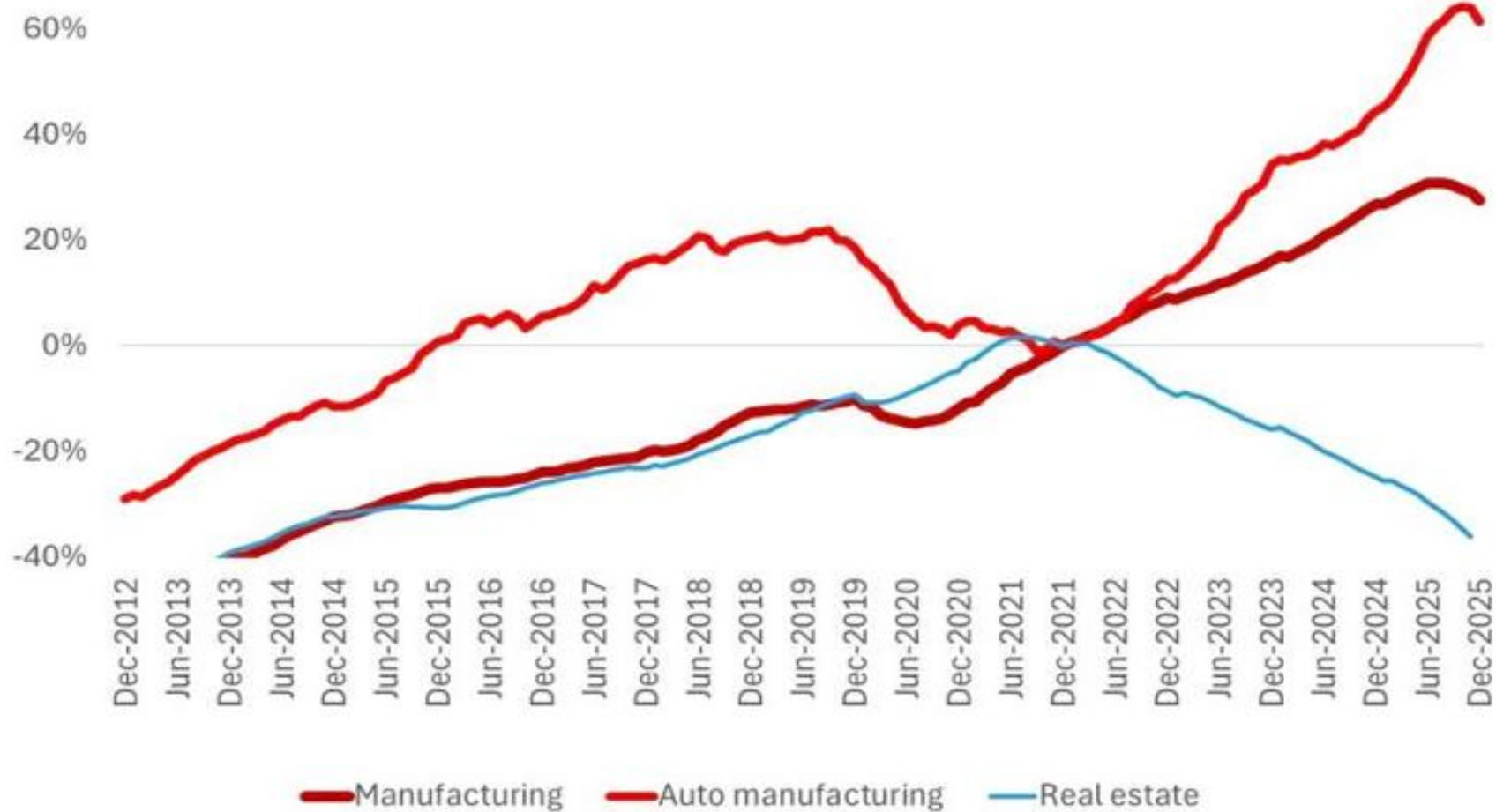
A Big Mac costs **25.50 yuan** in China and **€6.08** in **the Euro area**. The implied exchange rate is **4.19**. The difference between this and the actual exchange rate, **8.08**, suggests the Chinese yuan is **48.1% undervalued**.

Similar to subsidies, an undervalued currency supports exporters (at the expense of consumers)



China

Change in trailing 12m sum of fixed asset investment from end 2021



The ratio between Chinese exports and imports increased rapidly. The EU went from net exporter to net importer of containerised goods

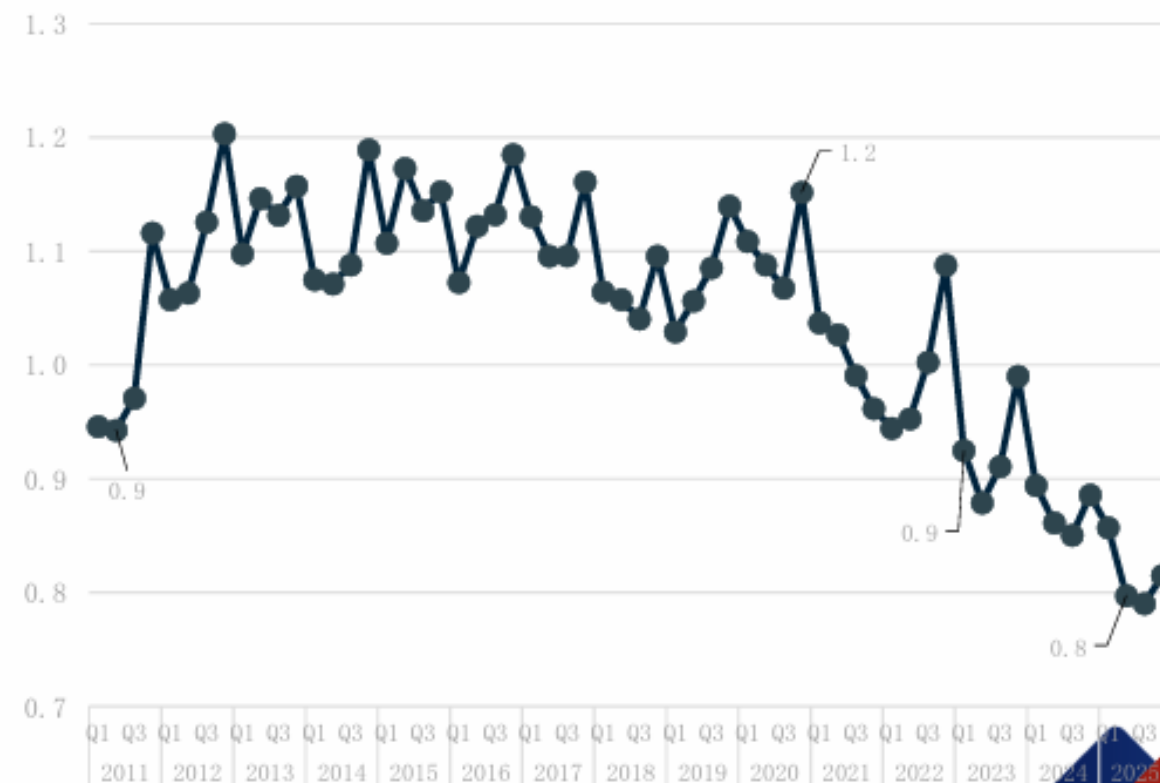


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China Ocean Exports to Imports, ratio (FFEs) - global



EU Ocean Exports to Imports, ratio (FFEs) - EUR



The 14th Five-Year Plan (2020-2025) focused on economic security, industrial resilience/self-reliance, vertically integrating value chains and upgrading industrial sectors

Goal: increase level of self-reliance and enhance tech leadership in key sectors

'Coordinate development and security'

Top-level policy priority aimed at balancing economic growth against national security concerns

'Dual circulation'

Now part of the CPC constitution

- Reduce dependencies on third markets in critical areas (food, energy, technology)
- Increase resilience by boosting domestic innovation, high-tech manufacturing capabilities and domestic consumption

Internal circulation

- Focus on domestic market
- Increase self-reliance / technological capabilities

External circulation

- Define China's role in global markets
- Carefully manage the role global markets can play in China's domestic economy

The 14th Five-Year Plan has delivered significant results but has also further exacerbated pain points in the Chinese economy. On balance, it is seen as a significant success and has inspired the 15th Five-Year Plan



Upgrading of China's manufacturing base

China's share of global manufacturing more than Germany + US + Japan + South Korea combined

Technological innovation

Increased focus on basic research



Resource misallocation, market inefficiencies

Heavy reliance on government subsidies

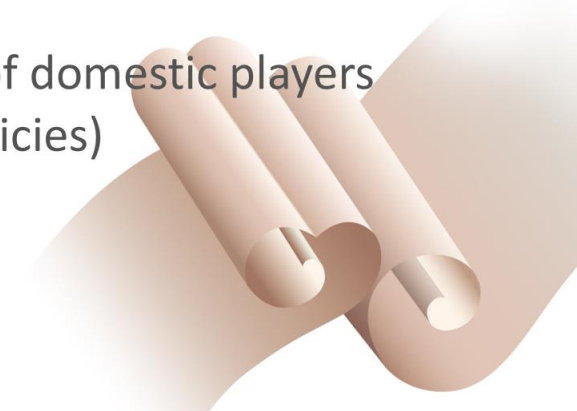
Disproportionate focus on supply-side support

Slower consumption growth relative to increase in production capacity

Unhealthy competition (involution)

Decrease in FDI

As playing field tilted in favour of domestic players (A&C guidelines, 'buy China' policies)



China's 15th Five-Year Plan (2026–2030): Key Directions

- A high degree of continuation relative to the 14th Five-Year Plan
- 'High-quality development' over pure GDP growth
- Modernization of manufacturing and new quality productive forces
- Innovation-driven growth and technological self-reliance
- Stronger domestic demand (though short on policy prescriptions)
- Green transition and carbon reduction
- Improved public well-being and social services
- Economic security and supply-chain resilience

European business will come under increased pressure

Priority Industries in China's 15th Five-Year Plan

Beijing wants to raise traditional industries' "competitiveness in the global division of labor," expand emerging industries, promote future industries as new growth drivers, and "adopt extraordinary measures" to achieve "decisive breakthroughs" in key core technologies. AI gets its own section, as it will "empower all industries in an all-round way."

Traditional Industries	Emerging Industries	Future Industries	Key Core Technologies for Decisive Breakthroughs
Mining	New Energy	Quantum Technology	Integrated Circuits
Metallurgy	New Materials	Biomanufacturing	Industrial Machine Tools
Chemicals	Aerospace	Hydrogen Energy	High-End Instruments
Light Industry	Low-Altitude Economy	Nuclear Fusion Energy	Foundational Software
Textiles		Brain-Computer Interfaces	Advanced Materials
Machinery		Embodied Intelligence	Biomanufacturing
Shipping		6G Mobile Communications	
Construction			

As suggested in the "Proposals" issued by the Communist Party's Fourth Plenum in October 2025.

Table: ASPI Center for China Analysis • Created with Datawrapper

Implications

- Manufacturing upgrades will support Chinese competitiveness
- Continued pressure to export as China is likely to continue suffering from overcapacity and low margins domestically
- Trade remains policy-supported. Absent protectionism, China is likely to continue to take global export market share
- Modest RMB appreciation, but not likely to meaningfully exceed inflation differentials
- Dual circulation/self-reliance/overcapacity will remain a drag on imports, imbalances will persist
- Policy support for Chinese companies going abroad
- Green leadership/transition reinforces demand for green tech, low-carbon fuels, and emissions transparency

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Thank you!

