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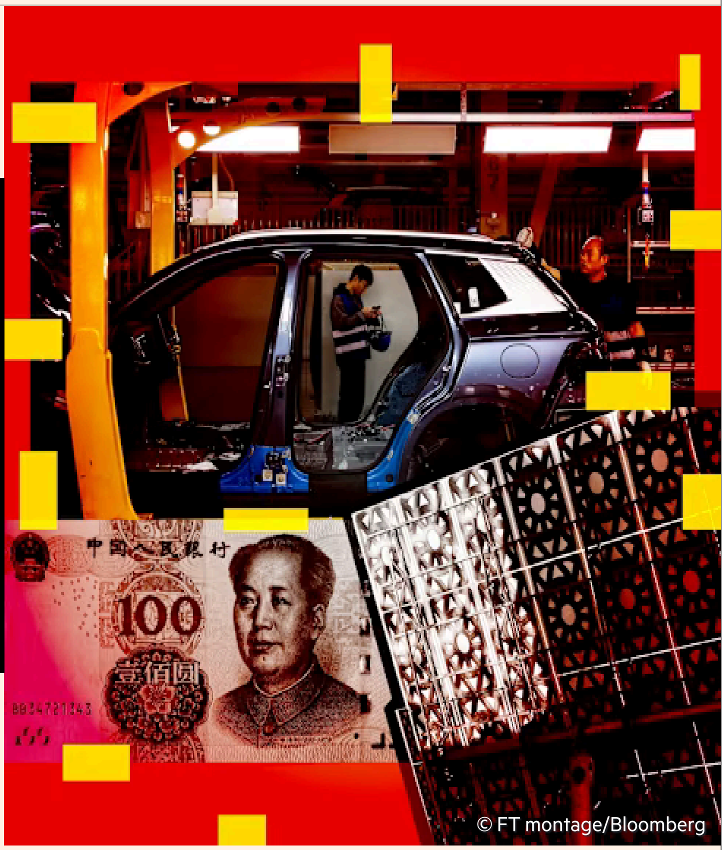
China shock 2.0: the flood of high-tech goods that will change the world

Impelled by furious competition, hefty subsidies and sheer scale, the country's companies are cutting a swath through the world's most advanced industries



© FT montage/Bloomberg

Ryan McMorrow in Shanghai, **Sam Fleming** and **Peter Foster** in London and **Joe Leahy** in Beijing

Published YESTERDAY

654

Huang Xian's product is about the size of his fist, a sensor that detects electrical current leakage and slots into electric vehicle chargers as a safety guard between the car and the grid.

The device is not just a symbol of the innovation and accomplishments of China's high-tech sector. It also reflects a trend eviscerating high-end manufacturing across the world, to the near despair of governments from Asia to Europe and beyond.

The EV boom has propelled Huang's sensor shipments to a projected 10mn units this year, up from about 20,000 in 2019, when his company Mega-Senway Electronic Technology entered the market. Back then it was still a niche product, supplied by a handful of German and Swiss groups that sold the sensors for roughly Rmb200 (around $30) — or more per unit.

Mega-Senway made its first sensors for about Rmb40 each and sold them for Rmb100, leaving Huang with a healthy margin. As Chinese competition poured in, prices started to fall. European groups gradually exited the market. Huang's Shanghai-based company now sells some sensors for as little as Rmb10 a pop. "We never thought the price decline would happen this fast," he says.

His company's trajectory is emblematic of the larger economic forces reshaping global industry and trade as extraordinarily competitive Chinese companies push into a variety of industries at dizzying speed.

Twenty years ago the global economy was shaken by a first "China shock" as a wave of low-cost goods destroyed the business models of manufacturers in advanced economies, displacing millions of workers and feeding discontent that fuelled populist politicians including US President Donald Trump.

Now a second shock is under way — one that is even more threatening to China's trading partners: an assault on high-end manufacturing.

Vicious domestic competition, coupled with vast industrial scale, ample pools of engineering talent and some of the highest subsidies in the world, has generated world-beating Chinese champions in EVs, solar panels, batteries, wind turbines and a lengthening list of advanced manufacturing sectors.

But the same forces that forge those companies also tend to generate overcapacity, crushing margins at home while flooding global markets and fuelling trade tensions. Aided by an undervalued exchange rate, Chinese groups are cutting a swath through the most advanced industries around the planet.

The China shock 2.0

"Companies that can survive in China are unbeatable anywhere else in the world," says Huang He, an investor in Mega-Senway and more than a dozen

This is the first in a series about the economic consequences of China's record trade surplus for the rest of the world

Part 1: The high-end Chinese products flooding the world
Part 2: Europe's 'embrace or repel' China dilemma
Part 3: South-east Asia's 'China squeeze'

other Chinese industrial groups. Chinese founders have to "use every possible means" to survive, he says, collectively creating the country's unmatchable competitiveness. "China is full of engineers — tech barriers last six months to a year at most."

For Huang of Mega-Senway it feels like a whirlpool sucking his company downwards. "This is not a healthy situation," he says. "There's malignant competition."

The outside world sees unstoppable Chinese champions selling quality products at impossible prices. After racking up a record trade surplus in goods that surpassed $1tn in 2025, China boosted exports by nearly 15 per cent year on year in the first three months of 2026.

In just one example, China's Jaecoo 7 SUV, with a starting price of £29,000, became the UK's best-selling car in March.

France's President Emmanuel Macron, one of several European leaders to visit Beijing in the past six months, did not mince his words on a threat he sees as existential. The surge of high-quality Chinese goods, he said, represented nothing less than a "question of life or death" for manufacturing on his continent.

In China, there is a word that has come to describe the phenomenon: *neijuan*, or involution — a term that has become shorthand for a competitive dynamic in which everyone runs harder and harder for diminishing returns.

It forces companies like Mega-Senway to move fast. Huang explains how they cut their own costs so dramatically over just a few years. First they acquired the factory that manufactured the sensors they designed. Then he visited nearby factories to study their best practices.

A worker testing their finished sensors initially did it one at a time, he says. Huang redesigned the testing jigs to test four at a time, then eight, with a worker constantly loading or unloading batches. Now he has replaced the workers with robotic arms.

“We would update our processes two or three times a year,” Huang says. “The pressure came that fast.”

The five-year product cycles with annual price negotiations that the auto industry once ran on have disappeared, he says. One large automaker has cut out all middlemen and puts out tenders each month directly to manufacturers up the supply chain such as Mega-Senway. They submit prices, are told if they are the lowest or not, and submit again — round after round, until no one will go lower.

Huang, in turn, has had to bring in more suppliers to pit against each other. “I’m being squeezed, so my only option is to pass my pressure on to them,” he says, noting even the automakers at the bottom of the supply chain are not immune to the price wars.

BYD, the world’s largest EV maker, saw its average selling price per car fall from Rmb143,100 in 2021 to Rmb119,223 last year. Nio, one of China’s premium EV brands, has lowered the price of its flagship ES8 SUV by about 20 per cent since its 2018 debut, despite packing much more technology into the car.

Chief executive William Li says cutting costs has been a focus as they have redesigned the car. “For the first-generation ES8, the vehicle structure used 97.4 per cent aluminium, which was very expensive,” he says. “Today, we can achieve the same strength with less aluminium.”

Li adds that the group has brought the manufacture of components such as semiconductors in-house and localised the sourcing of parts such as the air suspension, which was once imported from Germany.

“Since 2018, China’s whole supply chain has transformed — new EV sales are now a hundred times what they were back then, so costs across the entire supply chain, batteries and everything, have come down enormously,” he says.

Nio reported its first-ever quarterly profit in the December quarter. But, up the supply chain, Huang's gross margins are approaching zero on some orders and his customers keep demanding lower prices.

It is a similar story across Chinese industry, from chemicals to solar to the manufacturers providing components for the car and wind giants: volumes keep rising but profits are shrinking or negative.

This has spurred Huang and other Chinese entrepreneurs to consider larger questions such as supply and demand, government incentive structures and game theory as they try to find a way out of the unrelenting competition.

"Before you could just focus on making products," he says. "Now everyone is in a confused state, wondering what is actually happening, why have we been sucked into a downward spiral."

The problem of global imbalances is by no means confined to China.

The long-term stability of the world economy is equally menaced by the US's yawning current account deficit and the country's need to bring down its budget deficit, bolster national saving and reduce its reliance on foreign financing.

Such structural concerns are rising up the international economic agenda and will be a focus of the IMF/World Bank spring meetings in Washington DC this week.

But the fracturing of the western alliance triggered by Trump has left senior officials pessimistic about the prospects of any concerted attempt to address such structural economic issues.

And while the US president is set at a summit with President Xi Jinping next month to renew his country's longstanding calls for China to rebalance its economy, few hold out any hope of a volte-face by Beijing away from its dependence on exports.

"There is an ideological hardwiring at the top of the Chinese hierarchy to favour production over consumption," says Daleep Singh, a former White House adviser under Joe

Biden who is now chief global economist at PGIM, the asset management group.

"China will continue to rely on the rest of the world to absorb their excess production because the domestic political cost of empowering their own consumers is too high."

European economies including the UK, Germany and France are among those in the path of the wave of merchandise exports, since the continent's high energy prices and labour costs leave it particularly vulnerable to cheaper products from elsewhere.

By contrast, the first China shock had more mixed effects in Europe because Beijing's consumer electronics, furniture and appliances did not directly compete with core industries such as German auto manufacturing.

Now the sense of security has evaporated. The surge in Chinese exports in the first three months of 2026 was driven by shipments to the EU, up 21.1 per cent, and to south-east Asia, up 20.5 per cent year on year — even as exports to the US fell.

Alarmingly for governments across Europe, Asia and elsewhere, the political and economic factors fuelling the rise in China's trade surplus are intensifying.

The country's protracted property slump and weak social safety net have curbed consumer spending, resulting in zero inflation last year and an increasing reliance on external demand to prop up growth.

Chinese officials shrug off criticism of the country's economic strategy, indicating they have no immediate plans to change course.

"The so-called issue of 'China's overcapacity' does not really exist and should not be used as a pretext for political manipulation," Beijing's foreign affairs ministry said last month in response to renewed US efforts to increase tariffs on China.

Xi inaugurated a campaign against *neijuan*-style competition last year, seeking to curb price wars in sectors including high-tech and green energy.

But when Chinese leaders last month formally launched the country's five-year plan for 2026-30 they signed off on overwhelming state support for sectors ranging from biomanufacturing to robotics.

A further, critical factor is the Chinese currency. Lower inflation relative to Chinese trading partners has led to a real exchange rate devaluation in the past three years, helping boost net exports and the current account surplus, which stood at 3.7 per cent of GDP last year.

The IMF estimates the country's real effective exchange rate — which measures the real value of the currency against a basket of competitors — is undervalued by around 16 per cent, fuelling the competitive advantage enjoyed by Chinese exporters.

China has kept exports competitive by buying dollars and depreciating the currency, accumulating "shadow reserves" through a complex web of state-owned banks.

Then, crucially, there is Beijing's industrial policy.

China has a ream of policies to help companies get off the ground, with local governments in particular battling with each other to offer the best subsidies, cheap land, financing and tax breaks to lure in manufacturers and seed new industries on their turf.

The competition between localities can be so great that some businesses move from one place to the next as they chase subsidies and investment. They have become known as "migratory bird enterprises".

Among the hottest sectors is humanoid robotics, an area that in recent years has drawn a wave of venture capital and government funding, with so many start-ups entering the sector that even the government has warned about the risk of a bubble.

Li Chao, a spokesperson for China's state planner, recently told journalists there were more than 150 humanoid robot companies with the number still growing. "We must guard against the risks of highly duplicative products crowding into the market and squeezing the space for R&D," she said.

But Li's numbers may understate the scale. Corporate data provider Qichacha lists 1.2mn Chinese companies with "robot" in their name or business scope. Some have recently pivoted from fields like cosmetics, green energy or semiconductors.

The founder of a robotics company in western China ticked off the subsidies that have helped him get started: grants to help his customers purchase his robots, subsidies to expand his factory vertically instead of horizontally, money for rooftop solar panels and energy storage and a "smart factory" plaque from the provincial government with more attached benefits.

His competitors get the same benefits, he says, acknowledging it may have contributed to the onslaught of new rivals that has forced his prices down 10 per cent over the past year. "At the same time, we wouldn't be here without them," he says. "The benefits outweigh the downsides."

The system creates more and more companies fighting for the same piece of pie, says Huang He, whose group, Northern Light Venture Capital, is an investor in Mega-Senway. The problems arise when the government money for nurturing companies becomes what sustains them, he says.

"Local governments are reluctant to let their local companies fail," he says. "That's why overcapacity is so hard to fix."

The way the Chinese system works, local officials have every incentive to protect their companies.

Value added tax generates nearly 40 per cent of China's tax revenue, and the central government splits the receipts with the localities where products are made, giving them a direct stake in keeping factories running.

Adding local production capacity also creates the growth that officials are largely judged on, and any large-scale lay-off could threaten social stability, Beijing's overriding priority.

"Officials are scared of missing their GDP targets. Nobody is scared of overcapacity," says another founder, who asks to remain unnamed. "As long as you're manufacturing, there's VAT revenue. Whether you sell [a product] or make a profit, that doesn't really affect them."

Beijing is aware of the problem. Yin Yanlin, a top government economic adviser, told Qiushi, the party's top theoretical journal, during parliamentary meetings last month that tax reforms were needed to shift VAT from being collected at the point of production to point of sale.

Qiushi published a widely read essay last July calling for an end to *neijuan*-style competition and accused local governments of stoking the problem by luring manufacturers with illegal tax breaks, subsidies and cheap land, as well as all piling into the same hot industries.

Huang of Mega-Senway suspects some of his competitors are losing money on every sensor they sell and are being sustained by investment from local government funds. "I know the costs, some of their prices don't make commercial sense," he says.

The result is that companies which should exit the market keep operating, sustained by government capital, especially China's politically favoured industries, such as solar, wind, batteries and EVs.

"Analysts often confuse the global competitiveness of Chinese manufacturing with manufacturing efficiency but these are two very different things," said Michael Pettis, a senior fellow at the Carnegie Endowment for International Peace.

"China's manufacturing competitiveness depends on an undervalued exchange rate, very cheap financing and very low wages relative to productivity."

Mega-Senway's production line used manual labour in 2020 © Mega Senway

The company is now nearly fully automated — workers control a software system © Mega Senway

Recent OECD analysis underscores the role of subsidies. Company-level analysis of Chinese industry by the 38-member organisation estimates that Chinese businesses are subsidised at between three and nine times the rate of their rich-world counterparts.

As well as grants and tax breaks, the OECD data finds that the biggest subsidies come in the form of loans from Chinese state banks offering below-market rates to Chinese companies that undercut international competition.

While such dynamics have helped Chinese groups dominate globally, profits are vanishing. In the solar industry, overcapacity has led to vast losses, which China's top six publicly traded solar groups indicated would cumulatively total Rmb43bn for 2025.

Yet the subsidies continue. One of those six companies, Jinko Solar, received Rmb1.3bn in subsidies in the first half of 2025 but still lost Rmb3bn in the period. Another, Trina Solar, received hundreds of millions of renminbi during the period.

Gao Jifan, chair and founder of Trina, tells the FT the government needs to help retire underutilised capacity and bring supply and demand in the sector back into balance.

He urges officials to monitor his competitors' prices. "The key to tackling *neijuan* is enforcing laws that penalise selling below cost," he says.

As Chinese factories rushed into solar, production capacity skyrocketed. The country has the ability to manufacture 1,200GW of solar panels annually, roughly double the 647GW installed worldwide last year, according to the China Photovoltaic Industry Association and energy think-tank Ember.

"Why was it possible to build capacity exceeding global demand by double in such a short time?" asked Li Dongsheng, the chair of television and solar conglomerate TCL. "The key reason is the distortion of resource allocation and inappropriate local government participation," he said in an interview with local media last month.

Li said he had watched as local governments poured money into building solar plants over the past five years, contributing more than 50 per cent of funding for many projects. "Almost none was built without local government capital involvement," he said, noting the central government had tried to restrain local officials from further investment.

"But they kept doing it, in various ways," he said. Expanding overseas could help gradually absorb China's overcapacity, he said, but "it's hard to achieve overnight".

Selling more abroad, where profit margins are healthier and competition less brutal, is top of many Chinese companies' priorities. Many car and battery makers, wind turbine groups and solar manufacturers are all working to expand their foreign sales.

China's vehicle exports were up 21 per cent to $142bn last year and lithium-ion battery shipments hit $77bn. For solar cells, export volumes jumped 73 per cent, but collapsing prices brought the total value of shipments down 8 per cent to $28bn.

John McLuskie, who leads the Asia business of Swiss current sensor maker LEM, says he is worried about his Chinese competitors pushing into global markets. "I think it would be strange not to be a bit concerned," he says, while adding that his group has been preparing for the contest.

LEM makes current sensors that are similar to Mega-Senway's, but are fitted directly into cars, batteries, solar panels and wind turbines. The Swiss-listed group's largest market is China but the brutal competition there has contributed to its net income margin falling from 19.4 per cent in the year to March 2022 to 2.7 per cent last year.

LEM has scrapped its dividend and worked to cut costs, particularly in Europe, but its shares are still down 84 per cent over the past four years. McLuskie said the company's only option was to become more like its Chinese competitors, including sourcing more from China's low-cost supply chain and hiring about 30 more R&D staff for Shanghai.

"We need to be close to our customers and work at their pace," he says. "We have to be able to make money and compete here." He says that LEM also stood to benefit as its many Chinese customers expanded abroad.

German automaker Volkswagen has reached similar conclusions. VW last year opened a new R&D headquarters in Hefei that now handles all engineering for new Chinese models, and which will gradually make more VW vehicles for the global south and the Middle East. The company sees it as its only way to compete with China's homegrown automakers.

In this instance, and countless others across the globe, the impact on manufacturers of the second China shock is only intensifying.

"We have to stop the Chinese steamroller or slow it down so our industry does not disappear overnight," says Jeromin Zettelmeyer, head of the Bruegel think-tank, referring to the manufacturing capacity of Europe and its partners.

While grants, tax breaks and subsidies have helped Chinese groups dominate globally, profits are vanishing and in the solar industry, overcapacity has led to vast losses © Bloomberg

“But we cannot do it in a way that is inconsistent with a long run where China will continue to be dominant in world manufacturing,” he adds. “We need a combination of softening the blow and adapting to the blow.”

Back at Mega-Senway, Huang is developing new products for

one gave him pointed advice: respect the local commercial rules.

“The subtext,” Huang says, “was please don’t bring that bottomless Chinese competition. Don’t come here and destroy our way of doi ess.”

I’m working through the budget. I’m asking how much can I squeeze out to invest in building something new.”

He says at trade shows he runs into his competitors, who k miserable. “One of them suggested ‘Can’t we all ease up a bit?’” he recalls. “I said I’d love to ease up too.”

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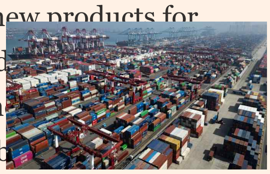

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"Then he turned around and undercut me on price," he says.

Data visualisation by Haohsiang Ko. Additional reporting by Edward White, Tina Hu and Cheng Leng

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Newest

J Flemming 6 MINUTES AGO

this article incorrectly assumes no other nations learned their lesson from nonstop chinese predatory behavior. truly insane to watch the EU destroy its world leading auto industry by letting chinese, govt subsidized and dumped, cars into their market.

Recommend Reply Share Report

Koln 23 MINUTES AGO

Hate him or love him, Trump was the first western politician to make this a front and center issue. He's completely wrong on trade with UK but completely right on trade with mercantilist nations. On this he makes the clever Oxford and LSE educated economics journalists look like fools.

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TT187 1 HOUR AGO

They will get old before they get rich......

Recommend 1 Reply Share Report

Bennnnji_T 2 HOURS AGO

Sounds like another form of enshittification

Recommend 1 Reply Share Report

np-hard 2 HOURS AGO

Maybe, just maybe, Trump was on to something

Recommend 1 Reply Share Report

ThunderbirdV 3 HOURS AGO

brilliant article. Must read for all UK and other European politicians!

Recommend 5 Reply Share Report

Luis2025 3 HOURS AGO

So much whining in the comments. Sure sounds strange for us in places that have been lectured for decades by the West on the virtues of seamless global market integration as the path to development. Cry harder I guess.

Recommend 3 Reply Share Report

Jimmy Nicola 3 HOURS AGO

A very scary article. However bet they can't hold a candle to us in terms of developing innovative ways of welfare payments. We must be in world leaders in that with a government proud of its achievements.

Recommend 2 Reply Share Report

Scott2 2 HOURS AGO

In reply to **Jimmy Nicola**

that's exactly is the place of the problem. they managed to lift 800 million people out of proverty. The have the philosophy of passing on the fishing skill will be better than giving people fish. They help people to find jobs, because of that, people move about, they are heavily criticized for "forced labor", unfortunately those laborers love that forced way to get a better life.

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muesli and tea 4 HOURS AGO

When is the EU Commission going to sit up and take notice? Strategic industries are sinking under the weight of subsidised Chinese imports. Try exporting from Europe to China and we are faced with inexplicable taxes and other obstacles. Are the politicians in Brussels beholden to their constituents or to Chinese interests?

Recommend 7 Reply Share Report

gkjames 1 HOUR AGO

In reply to **muesli and tea**

What, specifically, do you want the EU Commission to do?

Recommend Reply Share Report

muesli and tea 1 HOUR AGO

In reply to **gkjames**

Investigate the massive subsidies enjoyed by Chinese exporters and the unfair Chinese taxes and duties on EU exports, and develop a policy that shores up strategic industries within the EU.

Recommend Reply Share Report

Starmer's Prayer Mat 4 HOURS AGO

China doesn't have a problem with a welfare-dependent parasitic religion to deal with. Turns out the net fiscal drain of this is huge.

Recommend 3 Reply Share Report

Krysace 4 HOURS AGO

Meanwhile in America baby Donnie is playing Jesus...

Recommend 1 Reply Share Report

Kev C 4 HOURS AGO

Glad to see we're doing so well with er... Stone?

Recommend 2 Reply Share Report

Higher Ed 4 HOURS AGO

Fair enough. Tariffs it is then: we're not letting this lot immiserate us and hollow out the defence industries we will need to defend against them.

Recommend 5 Reply Share Report

sven. 4 HOURS AGO

In the late middle ages, China's ability to produce silk and other textiles led to the same type of financial trade drain. In the 1500s a decision to tax bureaucrats in silver led to the mines of Bolivia ending up in Bejing. It seems to be an inherent capacity of the nation.

Recommend 1 Reply Share Report

timeco 4 HOURS AGO

> Huang of Mega-Senway suspects some of his competitors are losing money on every sensor they sell and are being sustained by investment from local government funds.

The winner is not the entrepreneur with the better mousetrap but the one residing in a city with a rich local government.

Recommend 1 Reply Share Report

NaijaPro 4 HOURS AGO

> Recent OECD analysis underscores the role of subsidies. Company-level analysis of Chinese industry by the 38-member organisation estimates that Chinese businesses are subsidised at between three and nine times the rate of their rich-world counterparts.

It's going to be really tough for those of us designing and manufacturing goods in the EU. How the hell do we compete with this in the long term?

Recommend 1 Reply Share Report

xchaotic 4 HOURS AGO

In reply to **NaijaPro**

State owned companies can be forced to buy local and private companies can be persuaded for PR reasons and via incentives

Recommend Reply Share Report

— **Jerryjb** 5 HOURS AGO

So I suppose Trump was right . He might not have the answers but has pointed out the problem .

Recommend 4 Reply Share Report

— **bbbbbbbbbbb** 5 HOURS AGO

Can it be the workers in China are going to take pain up to a point when they get the English diseases and there come the new communist for big pay or strike ? FT loves not to show the large workers uprising growing in China in 2025 and how they put them down by Victorian way. It must be Marx's Das Kapital showing in the above article and we all can be a witness to it # don't look !

Recommend 5 Reply Share Report

— **Jerryjb** 5 HOURS AGO

In reply to **bbbbbbbbbbb**

The FT is a subsidiary of China Inc.

Recommend Reply Share Report

— **RHFie** 5 HOURS AGO

Excellent wake-up call against European complacency. The only question is: for how long will be the Chinese competitive strategies be sustainable.

Recommend 2 Reply Share Report

— **Bluedun** 5 HOURS AGO

Seems like the only practical way to combat the problem is for Europe to ramp up the use of quotas. Obviously there would be repercussions at home and from China. The price of a Chinese EV in the Europe would rise, quashing demand a bit, and making European EVs more competitive. No doubt China would go tit for tat, but what else can Europe do? Tarrifs? I think not.

Recommend Reply Share Report

— **kaxper** 5 HOURS AGO (Edited)

I think everyone is missing the bigger picture. Technically speaking, the Chinese are breaking their backs producing goods in exchange for pieces of paper the West prints. That sounds like the greatest Ponzi scam the West has ever concocted.

So what are the US and Europe really worried about? Stop complaining and milk it while you still can—i.e., accumulate productive assets while China still wants to sell to the West for paper money—because this itself will not last.

Recommend 3 Reply Share Report

— **xchaotic** 4 HOURS AGO

In reply to **kaxper**

What are these productive assets that you speak of? condos on Miami quicksand?

Recommend 1 Reply Share Report

— **kaxper** 2 HOURS AGO (Edited)

In reply to **xchaotic**

China happy to sell Europe solar panels, batteries and storage systems, wind turbines, electrical machinery (generators and transformers), electric vehicles, IT equipment, and industrial equipment (robots).

These are productive assets and form the national backbone of modern infrastructure, improving energy efficiency, industrial capacity, and long-term resilience. Stop buying those silly Labubu dolls!!

Recommend Reply Share Report

— **Jibs** 2 HOURS AGO

In reply to **kaxper**

It's a long game. If they kill industries everywhere else and become leaders in every sector, they can shift to profitability.

Recommend Reply Share Report

— **Dairyfarmersdaughter** 6 HOURS AGO

Lots of comments about welfare in Europe, however the Chinese model also depends on welfare. The difference is the Chinese welfare model props up unprofitable companies, allowing them to stay in business even while selling below the cost of production. This unfair competition should beore squarely addressed by other nations. .These companies pay low wages, no benefits, require.long hours, no insurance, health care, etc and government heavily subsidizes them. It's basically impossible to complete against this.

Recommend 13 Reply Share Report

— **Marcus** 6 HOURS AGO

Entirely predictable and rooted in outsourcing - if you give companies the capability to build the most advanced goods do you really think that they aren't going to apply those capabilities on their own behalf?

The only way to deal with this is to make Chinese companies manufacture in the countries they are supplying. Maybe in this circumstance Trump's tariffs did have some sense in them, though I hate to say so.

Recommend 8 Reply Share Report

— **K. Muthu** 6 HOURS AGO

Nothing is stopping the OECD countries to match China's subsidies,

grants and tax breaks in critical industries. China runs on innovation competition while the US runs on rapacious profiteering and extraction. Soon China will sit atop the global value chain while the rest of the world will erect trade barriers, some of which are needed to protect their own market and industrial ecosystem.
Too bad the Chinese workers are cogs in their nationally created wheels of competition that suppresses firms' profits and their wages all for national pride at the expense of people's happiness.

Recommend 4 Reply Share Report

SR 6 HOURS AGO

Show me the incentive and I'll show you the outcome

Fascinating example of what happens when you incentivise economic growth.

National government, local government and the people all incentivised to work towards the same goal.

Recommend 7 Reply Share Report

> **Zerost** 6 HOURS AGO
> In reply to **SR**
>
> Great if overcapacity and currency manipulation is the goal.
>
> "tax reforms were needed to shift VAT from being collected at the point of production to point of sale.
>
> Nobody is scared of overcapacity," says another founder, who asks to remain unnamed. "As long as you're manufacturing, there's VAT revenue"
>
> Value added tax generates nearly 40 per cent of China's tax revenue
>
> The IMF estimates the country's real effective exchange rate — which measures the real value of the currency against a basket of competitors — is undervalued by around 16%
>
> Recommend Reply Share Report

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putuponlawyer 6 HOURS AGO

Joy!

Recommend Reply Share Report

Zerost 7 HOURS AGO

Deng opened to the world in 1979, renewed by the 1992 Southern Tours in the wake of the 1989 Tiananmen Square massacre.

We were told that China would become a liberal democracy - they would become more like us.

Admission into WTO 2001, even though it didn't qualify.

Inclusion into SDR in 2016 - again China didn't qualify.

The Chinese role today was achieved by design. Did the powers fail to understand China or were we all deceived?

Recommend 5 Reply Share Report

— **Einarbb** 6 HOURS AGO

In reply to **Zerost**

Some believed in democratization - I think the story on that is massively oversold. As it to my notice was merely a fringe opinion.
Mostly the notion on trade liberalization, was the hope China would moderate over time, not exactly that it would become a democracy.
Before Xi, moderation theory didn't look at all bad.

Recommend Reply Share Report

— **Zerost** 6 HOURS AGO

In reply to **Einarbb**

The key was consensus. There would be a leader but the leader would build consensus inside the Politburo. Each leader would serve two consecutive five-year terms. This pattern was followed by Jiang, Hu, and initially by Xi.

Xi broke the mold and has elevated himself to president for life. We now look forward to the chaos under Mao.

Recommend Reply Share Report

— **MG111** 2 HOURS AGO

In reply to **Einarbb**

There were probably a number of western shysters on Wall Street etc that saw big dollar bill signs in front of their eyes at the prospect of outsourcing, offshoring to China without a care for long-term domestic economic trends and their deleterious effects on home manufacturing etc. They probably acted like little virtue-signallers too disparaging the nay-sayers that pointed out the negative effects. We are told to be quiet when we criticise developing countries standards etc - understandable to some extent given imperialism, colonialism and other historical wrongs - but when these warnings are ignored for too long many of us outside the financial class are the ones that will be the ones to suffer.

Recommend Reply Share Report

— **The styler** 6 HOURS AGO

In reply to **Zerost**

When and who said China would become a liberal democracy? Sounds like a liberal middle class fantasy to justify buying lots of Chinese products

Recommend Reply Share Report

— **Zerost** 6 HOURS AGO

In reply to **The styler**

The awakening of the liberal glitterati to the reality of communist China is in full swing

Recommend 2 Reply Share Report

— **MG111** 2 HOURS AGO

In reply to **Zerost**

Itś only when these economic imperatives start coming for the middle classes that they wake up & start to give a sh*t!!

Recommend Reply Share Report

— **WSB** 7 HOURS AGO

> the country's companies are cutting a swath through the world's most advanced industries

Wait until you learn about the swath the Chinese fishing fleet is cutting through the worlds oceans!

Recommend 7 Reply Share Report

— **Chadwick** 5 HOURS AGO

In reply to **WSB**

Aye, usually visible on marine traffic off S America...

Recommend 1 Reply Share Report

— **Zerost** 8 HOURS AGO

China takes the economic gains, and stolen intellectual property, from interaction with the West but stays on the communist road.

Recommend 6 Reply Share Report

— **Rex_Rubicon** 8 HOURS AGO

"China will continue to rely on the rest of the world to absorb their excess production because the domestic political cost of empowering their own consumers is too high."

And exactly the opposite seems to be at play in the USA.

Two half-s of the same note?

Recommend 3 Reply Share Report

— **Folcsrede** 8 HOURS AGO (Edited)

>But the same forces that forge those companies also tend to generate overcapacity, crushing margins at home while flooding global markets and fuelling trade tensions.

You mean capitalism, the tendency of the profit rate to fall and

You mean capitalism, the tendency of the profit rate to fall and involution? This isn't new mor unexpected, its literally the logical endpoint of the contradiction of capitalism and markets, even those that are caged by the state as in Chiba

>“China will continue to rely on the rest of the world to absorb their excess production because the domestic political cost of empowering their own consumers is too high.”

Someone needs to read Marx and Deng. It should be an offense to comment on China's economy without referring to its political economy and theory.

>China has kept exports competitive by buying dollars and depreciating the currency, accumulating “shadow reserves” through a complex web of state-owned banks. Then, crucially, there is Beijing’s industrial policy.

Amazing things are possible when you put proletarian control of the commanding heights
of the economy as a priority and stay off the "free capital markets" leg of the forex trinity. Maybe instead of moaning we should nationalize our banks, out transport networks and our energy systems.

>“Analysts often confuse the global competitiveness of Chinese manufacturing with manufacturing efficiency but these are two very different things,” said Michael Pettis, a senior fellow at the Carnegie Endowment for International Peace. “China’s manufacturing competitiveness depends on an undervalued exchange rate, very cheap financing and very low wages relative to productivity.”

No comment on how the next paragraph on automation directly contradicts this puff quote from Pettis and his lib analysis?

Recommend 8 Reply Share Report

Adrian_Nantwich 7 HOURS AGO
In reply to **Folcsrede**
"This isn't new mor unexpected, its literally the logical endpoint of the contradiction of capitalism"

I've heard this claptrap for over fifty years.

'Someone needs to read Marx and Deng. It should be an offense to comment on China's economy without referring to its political economy and theory."

Some of us have - and written about him - and Marx's economics is full of contradictions.

Recommend Reply Share Report

Folcsrede 7 HOURS AGO
In reply to **Adrian_Nantwich**

Go on, explain what contradictions or claptrap have you found? And how would you like to explain involution, overcapacity and the inability of our societies to handle it?

Recommend Reply Share Report

— **For crying out loud** 8 HOURS AGO

Some good points in this article but it is quite long-winded

Recommend Reply Share Report

— **Transfer** 8 HOURS AGO

Europe decided these industries weren't compatible with the God of Net Zero and we didn't want them.
We've made energy so expensive that it would be impossible to compete.
We decided to force consumers to buy cars they don't want and we can't make competitively.
These are our choices.

Recommend 4 Reply Share Report

— **Flokarn** 8 HOURS AGO

In reply to **Transfer**

Did you read the article?

Recommend 2 Reply Share Report

— **Tom Pace** 9 HOURS AGO

The future is made in America and made in China.
Not sure where Europe fits in - maybe tourism and handbags.

Recommend 9 Reply Share Report

— **HP** 8 HOURS AGO

In reply to **Tom Pace**

And the handbags are made by Chinese expats in Italy.

Recommend 2 Reply Share Report

— **Kondado** 7 HOURS AGO

In reply to **Tom Pace**

Unfortunately I feel you're right. Since at least the 2000s the EU has been sleeping on any technological advances and instead peddles the cap attached to the bottle as the next big thing.

Recommend 4 Reply Share Report

— **xchaotic** 4 HOURS AGO

In reply to **Tom Pace**

Reminder that even the highest end handbags are still mostly made in China. Often it's just the final stitching that's done in Italy, done by the same Chinese workers with made in China machines

Recommend 2 Reply Share Report

— **DW1** 9 HOURS AGO (Edited)

Chinese culture will not let them realize they are destroying their customer. The EU and the US best hope is what is happening in the US. Apple is investing in a 100 billion dollar plant in Texas to move China manufactured product from China to the US. The plant will USE AI technology plus robots. The labor cost will be replaced by capital investment. However, one reason Apple can do this is because of the low energy cost in Texas from Natural gas generating plants. Notice the one export China did not have was oil and natural gas. Wind and solar can not supply the electrical needs of a plant like Apples because you will need tremendous amounts 24 hours per day every day of the year.

Recommend 7 Reply Share Report

— **Folcsrede** 8 HOURS AGO

In reply to **DW1**

Labor cost replaced by capital still means you're destroying in aggregate demand. You still havent escaped TPRF

Recommend 2 Reply Share Report

— **DW1** 6 HOURS AGO

In reply to **Folcsrede**

Good point. Maybe the productivity gains will allow US labor to work 4 days a week like France. If I was in the US I would feel better having the lowest cost of manufacturing and energy cost.

Recommend 1 Reply Share Report

— **Cynicall** 9 HOURS AGO (Edited)

Call me old fashioned but I like to elect and then criticize my own government without fear of being locked up without recourse to the law.

Recommend 11 Reply Share Report

— **Koln** 18 MINUTES AGO

In reply to **Cynicall**

Agree completely but would like our workers to be well off as well as free.

Recommend Reply Share Report

— **Cynicall** 9 HOURS AGO (Edited)

So who of all the commentators would want to live and work in China? Not me. No 996 for me.

Recommend 8 Reply Share Report

— **Station Wagon** 9 HOURS AGO

In reply to **Cynicall**

China is an economic marvel but I can't see beyond the downtrodden prisoners in Xinjiang. But as time passes will rights in the US and the West worsen?

Recommend 1 Reply Share Report

Ragingwave 9 HOURS AGO

So, Iran is not the only war-without-an-off-ramp that the USA is comprehensively losing...

Recommend 3 Reply Share Report

Bayesnet 10 HOURS AGO

And Krugman did not regard low wages as a comparative advantage??

Recommend 1 Reply Share Report

Pseudonym 10 HOURS AGO

The number if 14% not 16%, right?

> The IMF estimates the country's real effective exchange rate — which measures the real value of the currency against a basket of competitors — is undervalued by around 16 per cent, fuelling the competitive advantage enjoyed by Chinese exporters.

Recommend Reply Share Report

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morango 10 HOURS AGO

> there's VAT revenue. Whether you sell [a product] or make a profit, that doesn't really affect them

Then it isn't VAT at all, is it.

Recommend 3 Reply Share Report

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furetto78 10 HOURS AGO

Meanwhile Trump losing time in useless wars China increase its power. Make America Lose Again

Recommend 7 Reply Share Report

Tom Pace 9 HOURS AGO

In reply to **furetto78**

The American economy is doing very well. The future is AI and it's made in America. China strong too. Europe on the other hand...

Recommend 1 Reply Share Report

Strandline 10 HOURS AGO (Edited)

Play this logic through the next 20 years, say. As the productive capacity of some countries is destroyed, they will no longer have any earnings to buy this excess Chinese capacity. What then? Theyve produced all these subsidised goods but destroyed the economies of their markets. It wont end well, but I might not see it in my lifetime.

Recommend 6 Reply Share Report

— **Folcsrede** 8 HOURS AGO

In reply to **Strandline**

Karl Marx says the answer is proletarian revolution but Luxemborg and Gramsci say its more likely we get fascism as the western boug fearing outcompetition seize the state and use it to freeze the relations of production and build the biggest moat possible

Recommend Reply Share Report

— **Schrodinger'sCat** 10 HOURS AGO

Work hard, promote education, uplift the poorest, compete in whatever you choose.
That is the message.
Not sanctions, genocides, Opium, gunboats, colonization, slavery, ..., as in the past 500 years.
Glory be.
This is what global south has learned through this example and its spreading through belt and road and quiet conduct instead of lectures.

Recommend 5 Reply Share Report

— **Adrian_Nantwich** 10 HOURS AGO

In reply to **Schrodinger'sCat**

You need to factor institutions - see the work of the 2024 Nobel Memorial winners in economics.

Recommend Reply Share Report

— **Schrodinger'sCat** 10 HOURS AGO

In reply to **Adrian_Nantwich**

Economists are too trivial to my taste.
People who can solve 2nd order pdes think they know the solution to society's behavioral problems.
Complex open systems solved via excel spread sheets aka Rogoff with errors in the buried simple formulae so that for a decade plus the world followed a totally erroneous prescription.
China, even if their method is brittle, tells you how you move masses of people out of poverty and raise the globe together by focusing on the real serious issues of population, energy, movement, roof over one's head, raising family where all people get a chance instead of the top 10% only.
It needs people who can think three-dimensional chess and have a long term objective, not genocide-supporting syndrome.

Recommend 2 Reply Share Report

— **Einarbb** 6 HOURS AGO

In reply to **Schrodinger'sCat**

Belt and road: *what I've heard.* China proven inflexible on debt payments. When countries - get in payments trouble.

About wars: SE-Asia paid tribute to China, those ended when Qing empire lost the First Opium War - in that war, Britain destroyed China's fleet.
--Tributes system can't be maintained peacefully - some reason, Nam has recently sided with the West, despite past issues -- then further back in time China more than once occupied that country.

Incredibly naive post.

Recommend Reply Share Report

— **Schrodinger'sCat** 5 HOURS AGO

In reply to **Einarbb**

> instead of lectures.

Same old same old.

Recommend Reply Share Report

— **F2020** 10 HOURS AGO (Edited)

China making things cheap is great for the world.

The net zero enthusiasts often cited how fast the battery costs are falling - well, thanks to China and it had fallen by over 90% over the last 2 decades (also helped by collapsing Li price).

Now cheap Chinese EVs will speed up electricians - again, something net zero EU said they really wanted. And then the solar and the turbines. It has also managed to cut the price of LIDAR by over 90%.

Interesting time - the G2 world while EU keeps chanting "whatever it takes! Draghi report! Must do more!!" and at the same time, working hard on the next set of (International) super-regulations..

Recommend 5 Reply Share Report

— **lovernius** 10 HOURS AGO

> “We need a combination of softening the blow and adapting to the blow.”

Wise words.

Recommend 3 Reply Share Report

— **ccity88** 10 HOURS AGO

This is a great article. I'm not sure why western governments are complaining though. The Chinese govt are kind of right, there really is

no such thing as 'overcapacity'. China have figured out that they can centrally allocate production capacity, and then let market forces do the rest. They did this with housing and construction circa 2010-2018, and then there was a crisis and near collapse of the construction sector, the government stepped in and redirected capacity to solar and EV's. China does indeed interfere with market forces by heavily subsidising, as the article says, with local tax breaks, incentives, etc, but why is that a problem? This is what good government intervention looks like. We're complaining that it's 'unfair' but we gutted our manufacturing capacity decades ago, in favour of profit maxing labour replacement, offshoring, etc. We decided that the 'value chain' was upstream from manufacturing. They are playing by OUR rules, that WE created.
This really just goes to show that our 'free' markets are failing to compete with 'non-free' Chinese market. If we don't like it, we should heavily subsidise our own industries, direct manufacturing capacity to sectors we care about, provide tax breaks and grants for innovative companies, etc. But we won't do that obviously...

Recommend 21 Reply Share Report

— **F2020** 10 HOURS AGO

In reply to **ccity88**

The starting point would be China sees productive businesses as a useful part of the society.

UK sees them as a useful cash cow to be milked to fund you know what.

That would be the first step.

Recommend 4 Reply Share Report

— **Meldrew** 10 HOURS AGO

In reply to **ccity88**

The Chinese have used their version of the Wests capitalist economy to their advantage, by offering our manufacturers a way to increase their short term profit by importing from China and ridding themselves of expensive labour costs.
However in the long term those choosing that route will have no choice but to rely on China for their product supply.
China had a cunning plan and it succeded and the West is crying foul. Some of us in the shipping industry sore it coming when China first invested so heavily in the shipping industry, then was seen buying up all they could of the worlds essential raw materials and land.
A. farmer from NZ was complaing about the farms being sold to the Chinese a decade ago.
Long gone are the days of the little red book being waved and preached.
I have a lot of respect for the Chinese but I also fear what the future will hold now they are fully awake. I remember my father saying something that he said Churchill said.
"When China wakes the world will listen". Or something olong those lines.

Recommend 3 Reply Share Report

Recommend 2 Reply Share Report

Einarbb 9 HOURS AGO

In reply to **ccity88**

We shall tariff China.

Not directly subsidice.

I don't agree with you that China inc is superior:

- 1. China benefited like USA 100 years earlier, in having country with substantive under-utilized resources.
- 2. There was also the benefit, China was still rebuilding from Mao's final years craze - it came beneficiary, because China could side step entire technologies going for new.
- 3. China has also been unafraid to heavily subsidize economic build up that certainly speeded up development -- it copied Japan by starting exports as quickly as possible.
- 4. China like Japan, benefits thus from the effect of external competition forcing companies to, become competitive.
- 5. China is now at equivalent point of USA round 1930 -- rouring 20's had massively expanded exports of US industry, but it came at a cost of massive debt build up in USA.
- 6. Perceive the same thing in China now - massive build up of private debt - price competition between companies shrinking margins pushing increasing number of companies into the red.

Logical outcome of this massive debt build up - combined with ever worsening profitability of growing number of firms; is exactly the probability of similar -- collapse event that launched recession in USA.

Don't agree China is super clever.

It's created industries of scale beyond what market is for.

In doing so, massive mountain of debt also was created.

Combine that with - vorsening margins for great many firms:

- This is a classic recipe for enormous economic trouble down the road.
- As foreigners - won't tolerate China's attempt, to pass the cost on them.

When tariffs have been raised by enough countries.

The cost of the correction passes on China.

In what likely looks like very classic recession, the first genuine recession since China began it economic development.

Recommend Reply Share Report

Sensible woman 10 HOURS AGO

Time to reread Michael Porter's The Competitive Advantage of Nations?

Recommend 1 Reply Share Report

— **Wartenburg** 11 HOURS AGO

Thankfully China has nukes otherwise these European countries would start another war against China already.

Recommend 6 Reply Share Report

— **Strandline** 10 HOURS AGO

In reply to **Wartenburg**

Its not Western Europe starting the conflicts these days. We cant afford the military spend.

Recommend 2 Reply Share Report

— **BoltzmannBrain** 11 HOURS AGO

One of the (few) things Trump 1.0 got right was to get tough on China.

One of the (many) things Trump 2.0 got wrong was to bully previous US allies into China's arms.

Recommend 8 Reply Share Report

— **Strandline** 10 HOURS AGO

In reply to **BoltzmannBrain**

Did he get tough on China?

Recommend 2 Reply Share Report

— **BoltzmannBrain** 3 HOURS AGO

In reply to **Strandline**

As much as I dislike Trump, I think his first administration was the first to change the discourse towards China, that the status quo (just trade with China and China would democratize) was not working.

Recommend Reply Share Report

— **Orchardman** 11 HOURS AGO

Jaecoo 7 SUV - try getting spare parts if you have an accident in UK/Europe.

Recommend 1 Reply Share Report

— **Strandline** 10 HOURS AGO

In reply to **Orchardman**

Just buy another one?

Recommend 1 Reply Share Report

— **F2020** 10 HOURS AGO

In reply to **Orchardman**

Martins can probably help "you". And then the consumables are just the consumables - a tyre is a tyre.

https://www.martins.uk.com/jaecoo/pages/jaecooservicing/parts-and-accessories/

Recommend Reply Share Report

— **xchaotic** 4 HOURS AGO

In reply to **Orchardman**

Teething problems. And you can buy three such SUVs for the price of a single Porsche Cayenne

Recommend Reply Share Report

— **Ashok Das** 11 HOURS AGO

The world is a slave of Chinese goods. Every USA and Western office and household have more than 90% stuff made in China.

This is the result of laziness and not able to produce anything by Western population and businesses.

Recommend 2 Reply Share Report

— **Strandline** 11 HOURS AGO

In reply to **Ashok Das**

Laziness? Read the article.

Recommend 2 Reply Share Report

— **Einarbb** 11 HOURS AGO

Article makes clear, *massive scale adjustment is looming:*

- 1. China can be forced to take it, presuming tariffing China spreads becomes general use method of other industrial states.
- 2. Or, China can force the adjustment on everyone else currently industrialized.

Latter would ceal China's long term domination of the planet.
--The former through pushing China into a depression, would force China to readjust its economic model.

About free trade: *the model West bought cheap from China, thus raising own standards of living* can't work any more.
It worked only as long as West still had superior tech, could retreat up market into higher tech.
--It can't work any more, as China has matched fully our tech.

Thus instead - continuing the now no longer sustainable for us - previous model.
Would from here on *impowerish us.*
It would do that through, collapsing our industries, which would be followes with -- deep scale collapse of our standards of living.

Trading with China - can't work for us any more in the old way.
We've got no choice but to seek to subject China to adjustment.
--That happens if tarrifs render current massive scale overinvestment model unsustainable.
Which happens if enough nations tariff China, then China enters a depression, and has to rethink its industrial policy.

This is now a binary choice, let's protect ourselves.

Recommend 1 Reply Share Report

— **Folcsrede** 8 HOURS AGO

In reply to **Einarbb**

Theres a whole bunch of problems with that thesis not least that tarriffs at this poibt woukd cripple your own manufacturing base and consumer industries given how tightly wound china is with western supply chains. There isn't going to be a decoupling because if that was feasible, the past 8 years of trump I and biden would have managed to achieve results instead of simply shifting around final assembly

Recommend Reply Share Report

— **Pedro Anglais** 7 HOURS AGO

In reply to **Einarbb**

Biden was right about tariffs on China and using the funds to support US industry. Just tariffs on their own (like Donny) would simply cirpple our remaining industries.

Recommend Reply Share Report

— **Nothing but blue skies** 11 HOURS AGO

Great article. Where China has a genuine economic competitive advantage we should all benefit from their industry. What is not sustainable, because it is value destroying, is a massive misallocation of resources through government subsidies that generates over capacity. The Chinese people pay for these subsidies, and when the excess production of that over capacity seeks to clear in markets abroad, countries across the globe pay in terms of the impact on their own manufacturing base and employment. The article very well illustrates how quickly this can happen. Despite the flood of cheap product, I don't see how other countries can ultimately accept a continual erosion of their economies from this massive government scheme of misallocation of resources, and I don't see how it can ultimately benefit the Chinese population to continue down this path. Surely scope for a win/win accommodation through diplomacy and constructive dialogue (ie not what we have seen from the USA recently).

Recommend 3 Reply Share Report

— **Iovernius** 9 HOURS AGO (Edited)

In reply to **Nothing but blue skies**

> I don't see how it can ultimately benefit the Chinese population to continue down this path

Theoretically:
-> drive basically all global industries out of business with sustained undercutting/dumping
-> once the know-how to compete abroad is lost, increase your sales prices

-> the result is increasing prosperity at home, after temporary pain

That may be the grand plan. I don't know.

The big question mark in that model is the assumption that other countries will or even can continue to buy your products under these circumstances. China may overestimate the resilience of the economies of its customers.

Possible outcome: it hurts them, indeed it hurts them progressively more over time, but they do it anyway because:
-> in the early stages, it is just cheaper. These cheaper inputs support other industries, hold down consumer price inflation and support profitability for shareholders.
-> in the intermediate stages (ongoing), manufactures are both cheaper, and technically superior. Businesses now rationally will (must?) buy, unless prevented (i.e. state intervention / Trumpian diktats).
-> in the late stages (signs of this emerging), China has become the only supplier across a vast range of products and industries. International competition has fallen away. However, low pricing (and possibly high quality) may well be sustained, because a) internal competition remains extremely fierce and b) foreign buyers may be becoming poorer and fewer.

I don't know where it all ends of course. That's just one, partial scenario. Would be interested in your thoughts.

Recommend Reply Share Report

Nothing but blue skies 9 HOURS AGO

In reply to **lovernius**

I think you are likely to be right, thanks. With China's degree of control over their economy and ability to absorb pain for longer term gain, it's tempting to think they could manage the outcome of this approach much better than in messy Western capitalism. But the economic forces unleashed are huge and hard to control, full of unintended consequences, including geopolitical. If this is the plan, it's for very high stakes indeed and they may overestimate their ability to control the outcomes.

Recommend 1 Reply Share Report

raider 11 HOURS AGO

As a consumer, I love falling prices.

Recommend 5 Reply Share Report

@keep calm and carry on 11 HOURS AGO

In reply to **raider**

The German consumers of cheap Russian gas fell for the same ruse.

Recommend 3 Reply Share Report

— **Dont warren** 11 HOURS AGO

In reply to **raider**

Would you also love falling wages?

Recommend 2 Reply Share Report

— **Strandline** 11 HOURS AGO

In reply to **Dont warren**

You mean no wages. If it continues, no one in the west will have a job.

Recommend 4 Reply Share Report

— **tdal1moe** 11 HOURS AGO

And China will win in AI too.

Recommend 4 Reply Share Report

— **Notlim** 11 HOURS AGO

"China is full of engineers". Yes, but in the enlightened UK, they were seen as a bit below the cost accountants. Which was great for our motor industry, steel industry, ...

Recommend 8 Reply Share Report

— **@keep calm and carry on** 11 HOURS AGO (Edited)

In reply to **Notlim**

The race to the bottom is forcing automation (as the piece details) which will generate unemployment, which will suppress domestic demand, which will force prices down. A dangerous spiral and the only release valves is exports. If the ROW refuses to sacrifice its industrial base then China may see an explosion of domestic unrest. The final release valve may be a great patriotic war - starting with Taiwan.

Historically autocrats with issues at home have often found an external focus for the frustrations of the domestic population.

Recommend 2 Reply Share Report

— **Gaysha** 11 HOURS AGO

Sounds like a giant forced labor camp with 24 hour surveillance. This is not a sustainable model. Something will give.

Recommend 4 Reply Share Report

— **xchaotic** 4 HOURS AGO

In reply to **Gaysha**

Surprisingly it might be the soft demand from Western countries or threat from automation that means no revolution for industrial workers

Recommend Reply Share Report

— **KDB** 12 HOURS AGO

- “China will continue to rely on the rest of the world to absorb their excess production because the domestic political cost of empowering their own consumers is too high.”

Wow I would have loved to actually understand what this meant in more detail. Sounds fascinating, but I guess we will never know.

Recommend 7 Reply Share Report

— **Sam** 11 HOURS AGO
In reply to **KDB**
Captain, it only means that higher consumption by the Chinese society could lead to unintended social consequences which will threaten the control of the Chinese Communist Party. They want ordinary Chinese to keep their nose to the grind.

Recommend 3 Reply Share Report

— **Tedious** 12 HOURS AGO
A country that subsidises western overconsumption through the sweat and bones of its people, to the benefit of the CCP and its elites. Happy to consume less knowing that.

Recommend 5 Reply Share Report

— **xchaotic** 4 HOURS AGO
In reply to **Tedious**
I’m in the opposite camp- as a Western consumer I am getting a great deal and it should be the country leaders role to solve the trade imbalances. Not mine.

Recommend Reply Share Report

— **Len** 12 HOURS AGO
Tariffs not mentioned once.

Recommend 2 Reply Share Report

— **Ojesten** 11 HOURS AGO
In reply to **Len**
“The so-called issue of ‘China’s overcapacity’ does not really exist and should not be used as a pretext for political manipulation,” Beijing’s foreign affairs ministry said last month in response to renewed US efforts to increase tariffs on China."

Recommend Reply Share Report

— **Allbarbank** 12 HOURS AGO
Excellent FT thank you

Recommend 3 Reply Share Report

— **Wondering** 12 HOURS AGO
How ironic the tendency of the rate of profit to fall theory is playing out in communist China of all places

Recommend 4 Reply Share Report

— **Adrian_Nantwich** 10 HOURS AGO

In reply to **Wondering**

You don't still believe in the Marxist version do you?

Recommend Reply Share Report

— **better self** 12 HOURS AGO

While we are focusing on other countries issues and continue to have internal fights, China is focusing on itself and makes its' people work hard than ever. It is hard for them not to dominate in the future and change the world...

Recommend Reply Share Report

— **Scaled** 12 HOURS AGO

In reply to **better self**

This process is why so many in China have decided it's better to not reproduce.

Recommend 2 Reply Share Report

— **Miamian** 12 HOURS AGO

Basic tenet of economics: no free lunch. So if Chinese government is massively subsidizing the production of below-cost items, where does the money come from? Chinese taxpayers. Meanwhile, there's massive poverty and income inequality---a subject of vocal dissatisfaction at the last meeting of the normally rubber-stamp National People's Congress---and unemployment. Don't believe Xi when he says poverty has been wiped out: Chinese citizens know better The rate of real economic growth, as opposed to party/government injections of liquidity, continues to decline. Will a day of reckoning come? Or will the west +Japan have collapsed first? We collectively remain paralyzed, deer in the headlights.

Recommend 4 Reply Share Report

— **F2020** 10 HOURS AGO (Edited)

In reply to **Miamian**

If the above subsidy chart was corrected, that was about 3% of the Chinese GDP @ c$60bn nominal (or maybe $120bn in PPP) - that is a drop in world's trade (c35T goods + services). It is not as if western countries don't subsidise via welfare, "free" school meals and healthcare.

While it is true that the inequality in China today is rather extreme (probably Victorian England like), >95% of the Chinese citizens are better off today, compared to where they were 30 years ago where having meat for a meal was a luxury.

So, it depends on which "picture" you want to focus on. Anyway, it is now one of the two world's superpowers - regardless of the focus.

Recommend 1 Reply Share Report

Recommend 1 Reply Share Report

— **SAVE_THE_WEST** 12 HOURS AGO

The CCP wants to be the producer for the world. It cheats to do so.

Once western production capabilities are gone, it will play that card and essentially try and control the world.

This playing field they built has to be destroyed.

Stop buying from China. stop investing in China.

Recommend 2 Reply Share Report

— **Quietly Confident** 12 HOURS AGO

The West exported its technological know how for free. Suicide.

Recommend 3 Reply Share Report

— **morango** 11 HOURS AGO

In reply to **Quietly Confident**

Myth. Most technological innovation comes from China, not from the West:
https://www.nature.com/articles/d41586-025-04048-7

Recommend 2 Reply Share Report

— **Dont warren** 11 HOURS AGO

In reply to **morango**

Please, can you sum it up
Don't have subscription

Recommend 1 Reply Share Report

— **morango** 10 HOURS AGO

In reply to **Dont warren**

You don't need a subscription, the gist of the article is not paywalled.

Recommend 1 Reply Share Report

— **profp** 13 HOURS AGO

This is going to crash, isn't it?

Recommend 12 Reply Share Report

— **Jamaida** 13 HOURS AGO (Edited)

So chinese citizens are subsidizing UK/EU citizens to buy cheaper electric cars? Is that necessarily bad?

Recommend 5 Reply Share Report

— **Password1234** 13 HOURS AGO

In reply to **Jamaida**

It is if those Europeans don't have jobs.

Recommend 8 Reply Share Report

— **@keep calm and carry on** 13 HOURS AGO

In reply to **Jamaida**

Russia was effectively subsidizing German industry with cheap gas - until it wasn't and the bill hit the mat. The CCP is not into welfare and there is no such thing as a free lunch.

Recommend 6 Reply Share Report

— **Strandline** 10 HOURS AGO

In reply to **@keep calm and carry on**

Its a bad analogy, its not as if Russian gas was competing with a healthy German gas industry.

Recommend 2 Reply Share Report

— **@keep calm and carry on** 10 HOURS AGO

In reply to **Strandline**

I see your point but ... somehow Germany's lead in clean energy was destroyed and they closed their nuclear power plants early. There is some evidence that Russian influence campaigns and money helped this process along. Still not a perfect analogy but both countries tried/are trying to create a strategic dependency.

Recommend 1 Reply Share Report

— **Strandline** 10 HOURS AGO

In reply to **@keep calm and carry on**

Well the closure of the nuclear plants was a massive own goal. Im unaware of any input from Russia in that decision process, but cant deny its plausibility.

Recommend 1 Reply Share Report

— **morango** 11 HOURS AGO

In reply to **Jamaida**

No, it isn't bad - though it isn't quite as simple as that. Chinese citizens are benefiting too; China is creating value, both for itself and for the rest of the world.

Recommend Reply Share Report

— **Pedro Anglais** 7 HOURS AGO

In reply to **Jamaida**

nope. Chinese carmakers sell the same car for high margins in EU (say, 10K RMB car in China gets sold for 20k RMB in EU). Its the EU customers subsidising chinese customers.

Recommend Reply Share Report

— **JAMGpie** 13 HOURS AGO

According to the data, Europe makes more china than china.

Recommend 4 Reply Share Report

— **Strandline** 10 HOURS AGO

In reply to **JAMGpie**

And eats more turkey than Turkey

Recommend Reply Share Report

— **@keep calm and carry on** 13 HOURS AGO

They are pinning a lot of hope on 'new productive forces' which include things like humanoid robots. I do wonder how popular Chinese made humanoid robots will be outside China. It's a question of trust. Will western governments even allow these machines to be imported in significant numbers - especially when they become extremely capable? Governments will need to make that decision quite soon judging by progress in the field.

Recommend 7 Reply Share Report

— **Claudius Donnelly** 13 HOURS AGO

In reply to **@keep calm and carry on**

Another FT report showed that there is little use for humanoid robotics. These companies will instead manufacture robots which can do the laundry and iron it, make the bed, run errands, etc. Actual useful stuff.

Recommend Reply Share Report

— **@keep calm and carry on** 12 HOURS AGO

In reply to **Claudius Donnelly**

Within our lifetime humanoid robots will be like smartphones. The price needs to drop but they will be so incredibly useful. It's going to be a revolution.

Recommend Reply Share Report

— **Claudius Donnelly** 12 HOURS AGO

In reply to **@keep calm and carry on**

What will humanoid robots do?

Recommend Reply Share Report

— **@keep calm and carry on** 12 HOURS AGO (Edited)

In reply to **Claudius Donnelly**

Fix my roof, wash my car, cut the lawn, take the dog for a walk when it's raining, drive me home from the pub when I'm legless, do the shopping, clean the windows, paint the fence, explain the theory of relativity to me as if I'm 10 years old (so I can understand it), teach me french, advise me and then show me how to fix the leak under the sink, clean the leaves out of the gutters, cut the hedge, put the bins out, sweep the chimney, paint put the bins out, sweep the chimney, paint the ceiling etc etc

Recommend 2 Reply Share Report

— **Tedious** 12 HOURS AGO

In reply to **@keep calm and carry on**

Or you could just do these things yourself like a normal human has done for 1000s of years.

Recommend Reply Share Report

— **@keep calm and carry on** 12 HOURS AGO

In reply to **Tedious**

I wonder if you grasped the irony of typing your comment on a smartphone or a laptop

Recommend 3 Reply Report Share

Tedious 11 HOURS AGO

In reply to **@keep calm and carry on**

What does that have to do with physically carrying out roles that a human does? I wonder if you have grasped the meaning of irony.

Recommend Reply Share Report

— **Claudius Donnelly** 11 HOURS AGO

In reply to **@keep calm and carry on**

I want one!

Recommend Reply Share Report

— **@keep calm and carry on** 11 HOURS AGO

In reply to **Claudius Donnelly**

Would you want one made by a Chinese owned and controlled company? I want one too, but I'd like to be sure and certain that I, as the owner, have the ultimate control of something that could easily do me harm or manipulate members of my family or even me. I would be inviting a very powerful AI into my home with all the potential danger that this could expose me to.
A friend of mine did a tour of China last year with his wife. They enjoyed it immensely but were a bit shocked by Xi's Cult of the Personality. He's portrayed as infallible

as infallible.

Recommend Reply Share Report

Man on Moon 12 HOURS AGO

In reply to **@keep calm and carry on**

Making humanoid robots is symbolic to show one's tech edges - the same reason why you send astronauts to space. It doesnt bring direct revenue but will inspire R&D in the process.

Recommend Reply Share Report

@keep calm and carry on 11 HOURS AGO

In reply to **Man on Moon**

Humanoid robots will be the single most useful product mankind has invented to date.

Recommend Reply Share Report

morango 11 HOURS AGO

In reply to **@keep calm and carry on**

"Will western governments even allow these machines to be imported"
You mean the government will tell me what I am allowed to buy and what I am not allowed to buy?
So much for the vaunted "freedom" we enjoy in the West ...

Recommend Reply Share Report

@keep calm and carry on 11 HOURS AGO

In reply to **morango**

Yes. For example Chinese 5G network equipment (primarily from vendors like Huawei and ZTE, designated as "high-risk") is effectively not allowed for use in the UK's 5G telecommunications infrastructure.

Recommend Reply Share Report

---

freshney 13 HOURS AGO

Letting the average person have a vote and participate in the governance of a country was an incredibly bad idea.

Recommend 5 Reply Share Report

@keep calm and carry on 13 HOURS AGO

In reply to **freshney**

There were discussions like this in the west during the 1930's. The image portrayed by Stalin's Russia and Hitler's Germany gave a totally false image of benign progress. Scratching the surface revealed a very sinister and disturbing regime in both cases. But the propaganda was excellent.

Recommend 5 Reply Share Report

Ececececr 13 HOURS AGO

In reply to **freshney**

Original plan for US avoided this issue.

Recommend 2 Reply Share Report

— **morango** 11 HOURS AGO

In reply to **freshney**

Chinese citizens have a vote. They don't vote for the General Secretary directly, but nor do Brits. They vote for the lower levels of government and the people they elect vote for the next level up. There are more levels than the UK has, but the population is several times bigger.

Recommend 1 Reply Share Report

— **@keep calm and carry on** 11 HOURS AGO

In reply to **morango**

So they sort of vote for the 'rubber stamp' parliament members?
To try and argue that China, the one party state, is a kind of democracy is stretching your credibility to breaking point.

Recommend 2 Reply Share Report

— **morango** 10 HOURS AGO

In reply to **@keep calm and carry on**

No, it isn't a democracy. But nor is Britain. Most Brits can only vote for a backbench MP who votes in Parliament as his Party tells him/her, and since Labour and Conservative have identical policies on most important issues, it's also a stretch to describe such a system as "democracy". If you want to live in a democracy, Switzerland is about as near as you can get AFAIK.

Recommend 1 Reply Share Report

— **c0mm3nt3r** 9 HOURS AGO (Edited)

In reply to **morango**

Well yeah, but the candidates at the lower levels of government must all be approved by the CCP.

Recommend Reply Share Report

— **My_angst** 13 HOURS AGO

Just like Russia and Iran, china is at war with the west.

Stop acting that woke is important or you will be speaking Mandarin before you are buried

Recommend 6 Reply Share Report

— **profp** 13 HOURS AGO

In reply to **My_angst**

Nobody is acting like woke is that important.

Recommend 4 Reply Share Report

— **Din dan-che** 13 HOURS AGO

In reply to **My_angst**

The second part of your brief diatribe is actually a splendid idea. Spot on! Clever chap!

Recommend Reply Share Report

— **Truth bearer** 12 HOURS AGO

In reply to **My_angst**

Ni Hao, but aren't you being a bit paranoid and overly dramatic?

Recommend 3 Reply Share Report

— **My_angst** 13 HOURS AGO

It doesn't matter how you talk up China, they are playing an economic war, either get on the page or be reduced to poverty and then the loans they will offer to control us all.

Trump may be an orrible person but he has the support of democracy behind him..
Get in the game or lose, big time

Recommend 8 Reply Share Report

— **Strandline** 10 HOURS AGO (Edited)

In reply to **My_angst**

What does this really mean? Its kinda tough fighting talk, but what are you actually advocating?

Recommend Reply Share Report

— **8** 10 HOURS AGO

In reply to **My_angst**

Trump and democracy....hm

Recommend Reply Share Report

— **Bagholdersaywhat** 13 HOURS AGO

This article focused almost entirely on the car industry. I'm sure Europe can have advantages elsewhere and could have been competitive in others if they had a more thoughtful energy policy.

Recommend 2 Reply Share Report

— **xchaotic** 4 HOURS AGO

In reply to **Bagholdersaywhat**

Explain how the underlying forces are any different for any other industry? Elsewhere China can and does play the same game- undercutting prices, stealing IP where necessary etc

Recommend Reply Share Report

— **Michael8** 13 HOURS AGO

The main thing China has over the west is functional leadership. I don't mean good leadership, I just mean baseline competence that isn't constantly falling over itself.

The fact that we find that impressive is just a mark of how bad things have gotten.

Recommend 14 Reply Share Report

— **usanumba1** 13 HOURS AGO

The west is cooked

Recommend 4 Reply Share Report

— **MR. DICE** 13 HOURS AGO

Miss the days of Hu Jintao, who really made this all possible.

Recommend Reply Share Report

— **Dollar bills** 13 HOURS AGO

Robots - in the future there will be a dog and a human to manage the production line. the human is there to feed the dog and the dog is there to make sure the human doesnt touch the robots.

Recommend 20 Reply Share Report

— **mia92** 14 HOURS AGO

God willing, with Jesus-Trump blokade of Hour Mouse Straight, China will be brought to its knees before friday.

Recommend 6 Reply Share Report

— **Stalker** 14 HOURS AGO

What part of the sentence "China has beaten us at our own game" do you struggle to understand?

Recommend 6 Reply Share Report

> — **Strandline** 10 HOURS AGO
>
> In reply to **Stalker**
>
> Trite
>
> Recommend Reply Share Report

— **Man on Moon** 14 HOURS AGO (Edited)

Finally there's a piece bringing up the taxation topic in China: they charge VAT at the point of production rather than the point of sale. There have been a lot of debates in China around this now, on the more matured media platforms (not weibo / red notes etc.). Will there be a 3rd great leader to make a successful economic reformation? This will be very hard politically, but let's see.

Recommend Reply Share Report

— **Grump1111** 14 HOURS AGO

China is in a full self-destruct mode.

Recommend 5 Reply Share Report

— **mia92** 13 HOURS AGO

In reply to **Grump1111**

Thou may not have totally understood the world thou live in.

Recommend 3 Reply Share Report

— **@keep calm and carry on** 12 HOURS AGO

In reply to **mia92**

I suspect Xi doesn't understand economics, an excellent political operative granted, but economics not so much.

Recommend 1 Reply Share Report

— **Stalker** 13 HOURS AGO

In reply to **Grump1111**

Delusional if there is one country spiralling downwards into third world status - it's the UK. Incapable of building a single high speed rail line as China builds dozens

Recommend 2 Reply Share Report

— **@keep calm and carry on** 13 HOURS AGO

In reply to **Stalker**

The Chinese HSR network is a case study in how to spend ~$1 trillion on an asset that does not generate sufficient income to even service the debt interest.

Recommend 4 Reply Share Report

— **My_angst** 13 HOURS AGO

In reply to **Grump1111**

But will they drag us all down first

Recommend Reply Share Report

— **LizBennet** 14 HOURS AGO (Edited)

Excellent analysis - I particularly enjoyed the graphs! My only criticism is the tone of the article, and a lot of what we read in western media regarding China's rise to power. China has played the cards it was dealt: size of population, challenging demographics and developmental gaps, and a political system that has fuelled economic performance across multiple metrics. Western powers were sleeping at the wheel, and sadly still are.

Recommend 14 Reply Share Report

— **FinnBoyLondon** 14 HOURS AGO

Sounds like capitalism is doing well over there.

Recommend 5 Reply Share Report

— **Visvim** 13 HOURS AGO

In reply to **FinnBoyLondon**

Should we ask Jack Ma?

Recommend 1 Reply Share Report

— **Ruth S** 13 HOURS AGO

In reply to **Visvim**

If I have this right, Ma was using his financial heft to try to muscle in on political affairs, perhaps like all those corporate lobbyists do in the US. Those lobbyists appear to have more influence than voters more often than not. It's not something the Chinese would allow and frankly I find it difficult to criticise the Chinese leadership in this matter. I'm not too keen on the way the mega-rich in the West can influence governments. I mean it could be termed as corruption, don't you think?

Recommend 1 Reply Share Report

— **Borning** 14 HOURS AGO

Really multi-angles, in-depth article.
Why not have a look on the news business overall?
Free speech during this changes is interesting.
There must be comments/ideas like 'Don't blame on others eating your cheese but yourself'.
This is only partially true, the interesting and dangerous are what overlook the caused and results from wto acceptance, covid pandemic, handling of xijiang/Hong Kong and now Taiwan, etc without sufficient actions.
We all, in this system, including FT, contributing to this.

Recommend 1 Reply Share Report

— **Tryon** 14 HOURS AGO

Excellent article: Well researched, written, and superb graphics.

Recommend 8 Reply Share Report

— **Sabini (Marxist - RCI)** 14 HOURS AGO

Put the quiet bourgeois assumptions aside and this is great. It shows how the forces which generate China's balance of trade globally are expressed as the falling rate of profit domestically.

This should be counterposed with cheap labour costs, the factor which explained China's export-heavy economy twenty year ago. Chinese export at that time was characterised by masses of cheap, low-tech commodities. Today, the cost of labour-power in China is no longer as competitive as it was internationally, as the standard of living for Chinese workers has risen, thereby increasing its value.

Recommend 2 Reply Share Report

— **Chadwick556** 14 HOURS AGO

This will be amazing for small countries that don’t have manufacturing like New Zealand.

I’m not so sure about the UK

Recommend 2 Reply Share Report

— **xchaotic** 4 HOURS AGO

In reply to **Chadwick556**

How is this amazing for nz exactly? They have to import everything except sheep.

Recommend Reply Share Report

— **A.S.** 14 HOURS AGO

From a different perspective China is trading hard work, goods and materials for printed paper. We should make sure to import high value and quality goods, and pay them in Special China Dollars.

Recommend 2 Reply Share Report

— **xchaotic** 4 HOURS AGO

In reply to **A.S.**

Well if you flip the argument people in the West work to send those paper dollars in exchange for a one off product while China controls the means of production

Recommend Reply Share Report

— **Einarbb** 14 HOURS AGO

> “There is an ideological hardwiring at the top of the Chinese hierarchy to favour production over consumption,” says Daleep Singh, a former White House adviser under Joe Biden who is now chief global economist at PGIM, the asset management group. “China will continue to rely on the rest of the world to absorb their excess production because the domestic political cost of empowering their own consumers is too high.”

Which is why -- tariff's vs. China are going to be very salient feature of the future.
--The enormous subsidies other countries have no choice but to counter in that fashion.

> But when Chinese leaders last month formally launched the country’s five-year plan for 2026-30 they signed off on overwhelming state support for sectors ranging from biomanufacturing to robotics.

The article - acts like there are now down-sides to the enormous over-capacity that China is creating in every field.

- 1. State support - leading to enormous over-capacity.
- 2. Can't just be dance and roses - there must be equally enormous down-sides for China in this as well.

Think of enormous mis-allocation of resources.
As it's at state level and lower down at regional level, where CCP party level officials: are making these decisions.

--China is throwing enormous money at over-capacity.
--The world has no choice but to resist through ever growing tariffs vs. China.

In the end, there must be a -- huge down-side.
In the form of - massive numbers of empty factories.
And wreckage of entire cities and regions thrown on hard times.

Don't neglect, enormous mountain ranges of debt.
Are being created in China, along side this behavior.
Much of that debt, shall inevitably face - write-down.
I see a looming massive scale down-turn arriving.
As that's the logical end outcome of this scene.
So much money thrown into the dustbin.
Has to have consequences - not the least on scale with the share enormous size of the evidence misallocation of resources.

Western country behaving this way.
Would inevitably enter a depression at some point.
Hard to imagine how China avoids that fate ultimately.
It's the logical end outcome of throwing so much funds at overcapacity in literally every industrial type of endevour.

1. I don't see how this means China is taking over everything.
2. As the world shall inevitably defend itself.
Thus in the end enormous scale resources China is throwing into overcapacity must be lost in terms China ultimately shall have to account for in the logical fashion of suffering a classic depression.

That's what I see happening as logical outcome of what's described in the article. I don't see China having entirely different fate than everyone else in existence prior existing that suffered its punishment logically meted out by the universe for illogical behavior.

Recommend 5 Reply Share Report

— **JL** 14 HOURS AGO

Attributing China's progress mainly to subsidies and "unfairness" masks many other more important factors, either in China or in countries that compete against China. The wrong or partial diagnosis only leads to the wrong counter measures.

Recommend 3 Reply Share Report

— **@keep calm and carry on** 14 HOURS AGO
In reply to **JL**
The piece is not about China's progress - it's specifically about Chinese industrial overcapacity. For example they have enough passenger car manufacturing capacity to supply ~50% of the global car market - today they account for ~30% of the global car market. That extra ~20% that is currently idle is going to be exported because the domestic market is starting to contract. The automotive industry is a microcosm of what's happening throughout the Chinese economy and it's going to be devastating if it's not countered with tariffs. The longer these

tariffs are delayed the more damage will be done.

Recommend 1 Reply Share Report

— **JL** 14 HOURS AGO (Edited)

In reply to **@keep calm and carry on**

US, UK, Germany, Japan all have used the mercantilism to get industrialized and dominate the global economy, sometimes with extra help from colonialism. Lagging economies suffered from the same flood of many industrial goods for the leading countries and once a while overcapacity. This time, it's the same, except specific role changed a bit.

Recommend 1 Reply Share Report

— **Einarbb** 13 HOURS AGO

In reply to **JL**

> This time, it's the same, except specific role changed a bit.

China can't stop other countries tariffing.
That's what's changed -- 150 years ago, real lot of places were massively under-developed, hence easy take-over.
Now that's not the case, instead there exist large numbers of well organized countries -- capable of defending what they have.

That's why - China won't be able force large numbers of elsewhere into colonial status, as that being feasible is a water long flowed away.
1. If lets imagine we did nothing, then ultimately China's pressure would cave in our standards of living -- exactly what Britain did to India for instance, reduce us to dependencies status like India was for a time so reduced.
2. However, as the world has learned lessons about past colonialism, it's not going to allow it to repeat either -- hence the inevitable defensive measure shall spread, i.e. tariffs.
3. Hence ultimately, the world forces the adjustment on China, instead of the other way around -- hence China's overcapacity which massively is greater than that German you mentioned, inevitably along with enormous funds and debt losses, results logically in the classic end outcome: The depression - I mean, China's depression is coming.

Recommend 1 Reply Share Report

— **JL** 13 HOURS AGO

In reply to **Einarbb**

Tariff works if 1) a country has a massive domestic economy, and 2) it industrializes itself quickly. Let's see how many can this time.

Recommend Reply Share Report

— **@keep calm and carry on** 13 HOURS AGO

In reply to **JL**

It depends how tariffs are applied. If they are gradually implemented and ratcheted up and the income is used to nurture industries and supply chains at home they can be very effective.
Trump has a poor understanding of tariffs and a very short attention span.
Not a good example I'm afraid.

Recommend Reply Share Report

— **Einarbb** 13 HOURS AGO

In reply to **@keep calm and carry on**

> going to be devastating if it's not countered with tariffs.

Absolutely - the world has no choice but to force the adjustment on China, instead of accepting -- the else massive living standards losses the flip side choice would result for other countries in that alternative scenario.

Recommend 1 Reply Share Report

— **xchaotic** 4 HOURS AGO

In reply to **JL**

Elaborate please?

Recommend Reply Share Report

— **Ian** 14 HOURS AGO

The quote from Daleep Singh the White House adviser under Biden caught my eye.

"China will continue to rely on the rest of the world to absorb their excess production because the domestic political cost of empowering their own consumers is too high."

This seems a very interesting and very significant remark but but there was no explanation about what it means. Could the authors or those with knowledge of China explain?

Recommend 12 Reply Share Report

— **@keep calm and carry on** 14 HOURS AGO

In reply to **Ian**

The CCP is afraid of its own people. They spend more on internal security than external security. Last year a friend of mine did a tour of China and sent me a photo of the main square in Chongqing There was an armored car parked in the center of the square with several uniformed soldiers around it. There were about 10-15 police stationed on the corners and patrolling the square.

Recommend Reply Share Report

— **Guesst** 14 HOURS AGO

In reply to **Ian**

> “There is an ideological hardwiring at the top of the Chinese hierarchy to favour production over consumption,” says Daleep Singh, a former White House adviser under Joe Biden who is now chief global economist at PGIM, the asset management group.
>
> “China will continue to rely on the rest of the world to absorb their excess production because the domestic political cost of empowering their own consumers is too high.”

To oversimplify the argument: the Chinese system is grounded in Marx-Lenin thought which advocates for the eradication of "mechanistic work". Capitalism describes "consumption" with communism describing "material needs".

They position themselves as a communist society of 'upper-stage economic development', where the elimination of "mechanistic work" depends upon the developments of high technology that improve the means of production and the means of distribution. The state uses a planned economy to co-ordinate the means of production and of distribution to supply and deliver the goods and services required throughout society and the national economy.

The Chinese system does not see its citizens as 'consumers', so they cannot be 'empowered'.

Recommend 2 Reply Share Report

— **8** 10 HOURS AGO

In reply to **Ian**

They don't want them to realise how poor they are compared to everyone else or they might turn against the CCP

Recommend Reply Share Report

— **Wartenburg** 7 HOURS AGO

In reply to **Ian**

the usual "china bad" brain gymnastics

Recommend 1 Reply Share Report

— **DCPhaedrus** 14 HOURS AGO

Really great research

Recommend 3 Reply Share Report

NewcastlePaddy 14 HOURS AGO

the biggest note from the article:

In the UK:
CEOs's come from marketing and sales backgrounds. UK investors are primarily interested in how to write off their investments from their tax.

In China:
CEO's come from an engineering background, as do many of the investment houses (+ state sector). The focus is razor sharp on how to make the product desireable and the cost low!

Recommend 12 Reply Share Report

Sensiblequestions 14 HOURS AGO (Edited)

This is why the whole debate about the EU is a total side show.

Taking a country like the UK with virtually the highest energy costs, employment costs, employment and business taxes and business regulation costs in the world and joining it up with the EU is not going to produce "growth" of any meaningful amount - and is more likely to lead to UK manufacturing being decimated by EU as well as Chinese/Asian capacity.

We need to wake up, fast.

Recommend 9 Reply Share Report

@keep calm and carry on 14 HOURS AGO (Edited)

In reply to **Sensiblequestions**

Ask anybody with a business except for the chap who runs Wetherspoons - Brexit was a disaster. The world is forming up into blocs, the USA, India, China, Europe. The small countries outside these blocs will have no leverage whatsoever. When Starmer went to visit Xi in Beijing he came back with nothing. He was shunted off for a site seeing tour after the photo shoot with Xi. Once he'd signed up to the new Chinese embassy in London they were not interested.

Recommend 4 Reply Share Report

Steve2020 13 HOURS AGO

In reply to **@keep calm and carry on**

If your not at the table you are on the menu

Recommend 2 Reply Share Report

Sensiblequestions 12 HOURS AGO

In reply to **@keep calm and carry on**

You are missing the point completely - of the places you mention only Europe is a not a country - it has no common currency, tax system, government, minimum wages, energy costs etc etc

You cannot compete if you import regulation from the EU without massively reducing costs.

The biggest barriers to exporting are price - no one cares about tariffs etc if the end price is still less.

The UK and the EU simply cannot compete on price and in the future will struggle to compete with China on quality.

Recommend Reply Share Report

— **@keep calm and carry on** 10 HOURS AGO

In reply to **Sensiblequestions**

I'm paid in euros. Have you heard of them?

Recommend 1 Reply Share Report

— **unomas** 14 HOURS AGO

This sounds like perfect competition capitalism: zero margin, maximum benefit to consumers.
Huge contrast with US capitalism based on near-monopolies and enshittification.

Recommend 13 Reply Share Report

— **NewcastlePaddy** 14 HOURS AGO (Edited)

In reply to **unomas**

There is also enshittificaiton in China! It happens everywhere monopolies start to form! In china's case, Alipay and Baidu are a good examples.

Recommend 2 Reply Share Report

— **AnthonyB** 14 HOURS AGO

If you like music and Hifi you will have noted the quality of Chinese amplifiers, DACs etc is now equal to the most famous Western manufacturers. This for a fraction of what we are used to paying for these higher end devices.

Recommend 5 Reply Share Report

— **MaxLeverage** 14 HOURS AGO

In reply to **AnthonyB**

Any recommendations?

Recommend Reply Share Report

— **AnthonyB** 12 HOURS AGO

In reply to **MaxLeverage**

Topping, SMSL, Fiio and more.

Recommend Reply Share Report

— **ex scientist** 13 HOURS AGO

In reply to **AnthonyB**

Hi fi quality maxed out decades ago in technical terms.

Recommend Reply Share Report

— **Swiss no longer in London** 15 HOURS AGO

Is the entire world just going to roll over and let itself deindustrialise by China?

Recommend 2 Reply Share Report

— **ex scientist** 13 HOURS AGO

In reply to **Swiss no longer in London**

Well if they want to do all the work whilst we sit on the beach can it be a bad idea?

Recommend Reply Share Report

— **Swiss no longer in London** 12 HOURS AGO

In reply to **ex scientist**

What money do we pay them with for their wares?

Recommend Reply Share Report

— **PB** 15 HOURS AGO

May be for the wrong reasons, but I can't help being glad someone is throwing billions in subsidies at solar panels.

Recommend 11 Reply Share Report

— **jfkfc** 15 HOURS AGO

China: subsidizes industry.

UK: subsidizes pensioners.

The rest follows.

Recommend 5 Reply Share Report

— **The Bald Brown Bloke from Australia** 15 HOURS AGO

In reply to **jfkfc**

Inc UK: subsidies all union members- especially miners and transport

Recommend 2 Reply Share Report

— **Mr. Whistle** 15 HOURS AGO

It's well past-time for the G-7 to slam on the brakes on China's systematic sacking of the world's economy through import barriers, reverse engineering and state capitalism.

Recommend 2 Reply Share Report

— **T1m0thy** 12 HOURS AGO

In reply to **Mr. Whistle**

Not at all convinced about the 'reversed engineering' part of your comment. They seem to be creating world beating tech all on their own.

Recommend 2 Reply Share Report

— **Mr. Whistle** 12 HOURS AGO

In reply to **T1m0thy**

Tell that to Boeing, Airbus, Tesla, Apple, volkswagen etc. You're sipping Xi Ping's tea.

Recommend Reply Share Report

— **morango** 11 HOURS AGO

In reply to **T1m0thy**

Correct. See:
https://www.nature.com/articles/d41586-025-04048-7

Recommend Reply Share Report

— **xjpc** 15 HOURS AGO

Just close trade with China. They kill our economy, innovation and the environment with their subsidies.

Recommend 1 Reply Share Report

— **C_S_R** 14 HOURS AGO

In reply to **xjpc**

On the contrary. We should take advantage of their cheaper-than-actual-cost goods in every field where the UK / EU isn't really positioned to be a real competitor anyway. And right now, we should be buying cheap electric cars like never before. It is an incredible opportunity to get some real weight behind the electrification of things.

Recommend 2 Reply Share Report

— **@keep calm and carry on** 14 HOURS AGO

In reply to **C_S_R**

The Nazis tried to destroy our industry through aerial bombing. The CCP is achieving much better results through massive subsidies. The end result will be devastating - there are plenty of post industrial wastelands in cities in Europe. Grim places indeed.

Recommend Reply Share Report

— **8** 10 HOURS AGO

In reply to **@keep calm and carry on**

And Detroit

Recommend Reply Share Report

— **8** 10 HOURS AGO

In reply to **C_S_R**

Its all good until you realise that you have no jobs anymore because it has been taken over and you can't compete. What then?

Recommend Reply Share Report

— **@LS** 15 HOURS AGO

Readers should review the difference between free trade and mercantilism. Mercantilism is a no-limits strategy to dominate others for their own benefit. China has a huge population and the government has set up approximately 25 different provinces to fiercely compete against each other, and the world, to win economically. China must do this to get over its demographic disaster. That is why there are 25-30 or more competitors in just about everything.Free trade is great until it destroys your own economy. ASEAN, Europe, and North America , in that order, take note.

Recommend 3 Reply Share Report

— **LondonFool** 15 HOURS AGO

“China will continue to rely on the rest of the world to absorb their excess production because the domestic political cost of empowering their own consumers is too high.”

I wish the author would have expanded on this. What is the domestic cost of empowering one’s own consumers (in China)?

Recommend 3 Reply Share Report

— **The Bald Brown Bloke from Australia** 15 HOURS AGO

In reply to **LondonFool**

Domestic cost is riots by the Chinese people

Recommend 2 Reply Share Report

— **Kcampbell** 15 HOURS AGO (Edited)

In reply to **LondonFool**

Political liberalization and the weakening of the communist party.

Recommend 3 Reply Share Report

— **Guesst** 14 HOURS AGO

In reply to **Kcampbell**

"Stop being communist"?

Recommend Reply Share Report

— **Self reliance** 15 HOURS AGO

Surely technology driven deflation is the natural state of a competitive market - I can get my better/ faster/ cheaper goods to customers better than you -

In a tech driven deflationary world [as opposed to an economic collapse deflationary world], then everyone's money goes further - people get the more of their needs fulfilled for less money, opening up the possibility of restructuring the economy as AI displaces jobs, whilst still meeting everyones needs....

It's just that when governments are structured on a debt Ponzi [the whole western world] then inflation is encouraged - we end with less for more, which makes no economic sense......[except for inflating debt away]

Recommend 4 Reply Share Report

— **GLC** 15 HOURS AGO

“China will continue to rely on the rest of the world to absorb their excess production because the domestic political cost of empowering their own consumers is too high.”
This is the key point. It all depends on the political system: in communist ideology only producers matter, since the government can decide what, when, where and how much to produce, whereas moving to a consumer-led economy would require people to freely decide what, when, where and how much to consume, without much say from the government/political apparatus. [Incidentally: same ideology backs all mercantilistic theory, ie. "government - be it the king, a dictator or an oligarchy - knows better"]
Still mercantilism is doomed to fail: Chinese are supporting exports by selling goods below their costs and are using the surplus assets they earn from trade in a wasteful manner, just as it has happened in the past to Japanese and German (both countries running a huge trade surplus to GDP, who invested, both inside and outside their country in the most wasteful way: recall the Japanese real estate boom and the German purchase of rotten ABS and mortgage debt from US before 2009?)

Recommend 8 Reply Share Report

— **LondonFool** 15 HOURS AGO

In reply to **GLC**

Thanks. You answered the question I just posted.

Recommend Reply Share Report

— **Coastal Eddy** 14 HOURS AGO

In reply to **GLC**

Excellent analysis, thank you for clearing this up for me.

Recommend Reply Share Report

— **x** 15 HOURS AGO

excellent article - thank you

Recommend Reply Share Report

— **Caledon Haar** 15 HOURS AGO

Enter the Dragon.

Recommend Reply Share Report

— **Tom_Paris** 15 HOURS AGO

Where is all the money coming from for the government to pay these massive subsidies?

massive subsidies?

Recommend 1 Reply Share Report

— **Western Double Standards** 15 HOURS AGO

In reply to **Tom_Paris**

From the imagination of the west.

Recommend 1 Reply Share Report

— **@keep calm and carry on** 15 HOURS AGO

In reply to **Tom_Paris**

Debt, which is growing faster than GDP. Curiously the tax take is declining. It's difficult to square that circle.

Recommend 2 Reply Share Report

— **Fistofgod** 15 HOURS AGO

Good article. Subsidies should be countered by equivalent tariffs. That part of the Trump logic was fine, except he chickened out when China countered and ended up with tariffs on friends....

Recommend 1 Reply Share Report

— **Western Double Standards** 15 HOURS AGO

In reply to **Fistofgod**

Freeloading "friends". That part of the Trump logic is excellent.

Recommend Reply Share Report

— **A.S.** 14 HOURS AGO

In reply to **Western Double Standards**

The US is freeloading on the world via their companies like Visa, Mastercard, Microsoft, Facebook, Google, as well as all their global banks and insurers. Europe should put tariffs on those freeloaders.

Recommend Reply Share Report

— **Life is complicated** 15 HOURS AGO

Would like to see a companion article on the social and environmental impacts of this dynamic in China.

Recommend 2 Reply Share Report

— **Western Double Standards** 15 HOURS AGO

In reply to **Life is complicated**

You can buy a ticket and fly there and see for yourself, instead of reading anti-china propaganda.

Recommend 4 Reply Share Report

— **Blobb786** 15 HOURS AGO

Great article, I have to admit that I thought that Chinese were just more efficient and hat better production tech. I'm sure that is the case as well, but looks like their whole system is unsustainable.. Or maybe it's a system where some super efficient low cost production methods will emerge, making China dominate production even more?

I think the solution for EU is, to invest more into power production/distribution and even more into automated factories and better 3d printing tech.. only way to compete imo

Recommend 1 Reply Share Report

Midas 14 HOURS AGO

In reply to **Blobb786**

Eventually you have to slap tariffs on China unless you want severe political unrest. The EU/US really should have created a wall around Chinese goods but that kind of cooperation doesn’t exist anymore.

Recommend 1 Reply Share Report

morango 10 HOURS AGO

In reply to **Blobb786**

You see the right problem, but propose the wrong solution. The solution isn't to shuffle investments around differently, it's to innovate more. See:
https://www.nature.com/articles/d41586-025-04048-7
Of course that involves giving bright young people more incentive to become scientists and engineers, instead of bean-counters, lawyers, and MBAs. I don't see that happening in the UK in my lifetime.

Recommend Reply Share Report

8 10 HOURS AGO

In reply to **morango**

As someone wanting to be an engineer, no point in being one in the UK if they pay less than half of EU countries, US and China. Bye bye UK

Recommend Reply Share Report

Ft comments are peak comedy 15 HOURS AGO

Thanks for this. Great article.

Recommend 4 Reply Share Report

Meldrew 15 HOURS AGO

A very good and I believe accurate presentation of the problems China has deliberately placed at our manufacturers door.
When China opened the door to trade with the west, I was keen to join in, as I could see the potential benefits to my shipping and forwarding business. I however underestimated the homework they had done on the margins we would earn on the import traffic they would put our way. They told us what we would charge and the reduced margin we would receive. I told them to take a hike.
Since shipping the first car plant to China back in the 90s or early 2000 to their position in the market place now, it is clear to me that China is using our profit based capitalist system to destroy our

China is using our profit based capitalist system to destroy our manufacting sector. Those in business will know only to well that if you control the market, you control the price, or the country in the case of China.
Trump was right to call China out although that is the only positive for him in my opinion.
The oppression of the people and workers without revolt must be a concern to those in control in China and the longer the West refuses to accept the carrot, the greater the risk of the stick being required on the Chinese workers.
I just think we should never underestimate the inscrutable Chinese.

Recommend 4 Reply Share Report

— **Western Double Standards** 15 HOURS AGO
In reply to **Meldrew**
Boohooo......the class bully fails in the exams and now accuse others of cheating. No one asked you to trade with China. China did not force any countries to trade with them or to make things in their country. If all China needs to do is to use their profit to destroy your manufacturing, then surely you can do the same, and even cure world hunger. So why aren't you guys doing it? Sorry your business couldn't compete. But that's what happens to mediocre ones.

Recommend Reply Share Report

— **Meldrew** 15 HOURS AGO
In reply to **Western Double Standards**
I made a good living without the need to bow to China, but thank you for confirming the ultimate aim of China.
You are however correct, China has played the wests need for greed, at the expence of a large section of its own people.
China has created the market instability it set out to do in our western world without the need for war.
Now we all have to face the consequenses of the new unstable world run by unstable minds.
Have a nice day.

Recommend 3 Reply Share Report

— **Aleesus** 15 HOURS AGO
Subsidies.
The West, misguided by its Ivy League economists, is obsessed with the chimera of deficits and debt, preventing a sensible response to China.
It's doomed to defeat.

Recommend 2 Reply Share Report

— **@LS** 15 HOURS AGO
In reply to **Aleesus**
Explain?

Recommend 1 Reply Share Report

— **Aleesus** 13 HOURS AGO

In reply to **@LS**

China practises Keynesian economics without knowing it- Govt subsidies boost the economy (agreed its vast trade surpluses enable).
The West has rejected Keynes,suffers.

Recommend Reply Share Report

— **CBP** 15 HOURS AGO

If you found this interesting, look up Breakneck by Dan Wang on a similar topic.

Recommend Reply Share Report

— **Aleesus** 16 HOURS AGO

The best newspaper in the world.
Thanks for this most insightful piece.

Recommend 11 Reply Share Report

— **Self reliance** 15 HOURS AGO

In reply to **Aleesus**

Calm down - this is the newspaper that advocating for the current Labour Party which is driving the UK economy further into the ground on the high altar of welfarism......

Recommend 1 Reply Share Report

— **@keep calm and carry on** 13 HOURS AGO

In reply to **Self reliance**

There was a lot of hope that Starmer would be effective. He had a big enough majority to make some major changes and get growth going but he failed so early in his mandate that it's still astonishing. You can't blame the FT for a politicians ineptitude.

Recommend 1 Reply Share Report

— **PTP** 16 HOURS AGO (Edited)

Easiest way for America to counter this is to nuke the global economy. It would create all sorts of issues for China. That is what the Iran war is seemingly about, seems nuts to say it but the cap fits.

My other thought is that AI might be able to replicate that fast industrial micro evolution and hence replicate what China has in this aspect.

Recommend Reply Share Report

— **Meldrew** 15 HOURS AGO

In reply to **PTP**

I regret China is much further advanced in AI and robotics than we are.

Recommend Reply Share Report

— **PTP** 12 HOURS AGO

In reply to **Meldrew**

Yes agreed, however I'm wondering if that advantage may be levelled quicker than thought. Most technology follows an S-curve. So once the gains are rapidly made, progress becomes harder, until the base knowledge is expanded. That and it's hard to do something the first time round, and easier the second. Pole position is hard to maintain.

Recommend Reply Share Report

— **Western Double Standards** 15 HOURS AGO

In reply to **PTP**

You don't even understand who is more advanced in AI and computing and electrical power. Not sure when FT started giving subscription to people with special needs.

Recommend Reply Share Report

— **Grobian** 15 HOURS AGO

In reply to **Western Double Standards**

Apparently on or sometime before March 27, 2022

Recommend 1 Reply Share Report

— **PTP** 13 HOURS AGO

In reply to **Western Double Standards**

Why would how advanced you are with the AI impact this? Why is just good enough not sufficient to play catch up? Why do you think researchers are now looking at world models rather than straight LLM's? Why do you assume that this technology isn't going to follow an S-curve like previous technologies? Special needs indeed.

Recommend Reply Share Report

— **morango** 10 HOURS AGO

In reply to **PTP**

"Easiest way for America to counter this is to nuke the global economy."

Mr Trump is working on that, prodded along by Mr Netanyahu and with grudging support from people like Mr Starmer. But if he succeeds, we're going to need another planet to live on.

Recommend Reply Share Report

— **Fair is foul, foul is fair** 16 HOURS AGO

I bought a Patek Philippe made in China for less than £10. Apart from the hour hand which is limp, I'm amazed how they do it.

Recommend 2 Reply Share Report

— **Purpose** 16 HOURS AGO

Great title!

https://www.lionstrategy.com/blog/the-china-shock

Recommend Reply Share Report

— **HP** 16 HOURS AGO

How dare they supply quality goods at low prices, this is an outrage!

Recommend 15 Reply Share Report

— **@keep calm and carry on** 16 HOURS AGO (Edited)

In reply to **HP**

So just shutdown European industries? About 40 million jobs in manufacturing and supply chains in Europe gone? That's the price.

Recommend 5 Reply Share Report

— **HP** 16 HOURS AGO (Edited)

In reply to **@keep calm and carry on**

If it's that important, we could block the imports and have our own factories making our 2020s-2030s version of the Lada, Trabant and so on. It's just the cold war situation again, but this time we are the communists. Such things have a habit of collapsing though.

Recommend 2 Reply Share Report

— **@keep calm and carry on** 15 HOURS AGO

In reply to **HP**

To level up the playing field we need tariffs on Chinese imports or we shutdown our industries one by one.

Recommend 3 Reply Share Report

— **HP** 15 HOURS AGO

In reply to **@keep calm and carry on**

Or- we subsidise our own industries. I'd prefer that option.

Recommend 1 Reply Share Report

— **@keep calm and carry on** 15 HOURS AGO

In reply to **HP**

And devalue our currency and ban trade unions to enable wages to be slashed? We need tariffs

Recommend 3 Reply Share Report

— **Manokent** 16 HOURS AGO

A great, informative article. Thank you. The key problems here in the

West generally and Europe in particular include: our education systems are nowhere close to the discipline of those in China; our populations are less inclined to work hard for proper hours; red tape has tied us all hand and foot; and we do not value anywhere close enough degrees in science, engineering and industrial design. It is inevitable the difference in our cultures will get worse and with it our politicians will claim that China is trading unfairly. In reality it is trading on our incompetencies.

Recommend 25 Reply Share Report

— **@keep calm and carry on** 16 HOURS AGO

In reply to **Manokent**

> The key problems here ...

Is the Chinese central government setting a mandated target for GDP growth which results in huge manufacturing overcapacity.

Recommend Reply Share Report

— **Robert** 16 HOURS AGO

In reply to **Manokent**

That is a big part of what the story tells us but the other, and very significant, element, is massive and poorly controlled subsidies. So this is red in tooth and claw capitalism on government funded steroids.

Recommend 2 Reply Share Report

— **Einarbb** 14 HOURS AGO

In reply to **Manokent**

> In reality it is trading on our incompetencies.

No, it's counting upon -- other countries allowing China to render 'em into resource colonies.
As that's literally the outcome everywhere where everywhere to be de-industrialized, they'd be reduced to -- 100 years ago standards of living and selling primarily materials dug out of the ground.

That's why, tariffs are now a certainty.
As countries aren't truly that dumb as China's arrogant leadership dreams that they are.

Recommend Reply Share Report

— **What a mad world** 16 HOURS AGO

Don't worry, Rachel has the right economic plan to deal with this. Tax everything she can and spend it on welfare.

Recommend 7 Reply Share Report

— **Gurb** 16 HOURS AGO

In reply to **What a mad world**

In reply to What a mad world

Are you that bloke that was talking to me in the pub the other day?

Recommend 4 Reply Share Report

— **Grumpy old man** 16 HOURS AGO

The exchange rate should have risen to take into account increase in productivity. This is classic dumping

Recommend 2 Reply Share Report

— **Western Double Standards** 15 HOURS AGO

In reply to **Grumpy old man**

Take it to the WTO then. Don't buy Chinese goods. Simple solutions yet too complicated for the intellectually challenged.

Recommend Reply Share Report

— **Arden8** 16 HOURS AGO

But the approach can't be sustainable and so what happens when global markets are satiated and there are no more efficacies to be made?

How far can subsidies take them beyond that?

And what's happening to all the workers who are being replaced by the automation - are they moving to new jobs or being left unemployed?

Recommend 1 Reply Share Report

— **@keep calm and carry on** 16 HOURS AGO

In reply to **Arden8**

Some are lying flat, some are going back to their villages in the interior and taking up subsistence farming, some are taking up delivery work (but that is being automated).

Recommend 2 Reply Share Report

— **Coleridgegilltony** 16 HOURS AGO

Excellent, well argued article summarising where we are now. How ironic that we are suffering from the CCP's conversion to tooth and claw capitalism and the overcapacity it brings in its train.

Recommend 1 Reply Share Report

— **Arden8** 16 HOURS AGO

In reply to **Coleridgegilltony**

Capitalism, but heavily distorted by subsidy - so not exactly free market capitalism.

Recommend 2 Reply Share Report

— **HP** 16 HOURS AGO

In reply to **Arden8**

It's a nice contrast to our version where businesses are bled dry at every step of the way.

Recommend 1 Reply Share Report

— **Aleesus** 15 HOURS AGO

In reply to **Arden8**

Or oligarchic capitalism?

Recommend Reply Share Report

— **Western Double Standards** 15 HOURS AGO

In reply to **Coleridgegilltony**

Suffering? I'm enjoying it. Since you guys love paying more for less, you'll be getting your wishes soon enough with inflation. Thanks to the US, your chrismas gift of inflation will come early this year!

Recommend Reply Share Report

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