

# WEEKLY ANALYSIS

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## CHINA EMERGES AS A NEW GLOBAL TECHNOLOGY LEADER (PART 1)

The trade war is accelerating China's emancipation. China has become a major technological power. Chinese leadership in an increasing number of key sectors. Chinese stocks are attractive and underrepresented.

### Key points



- The trade war is accelerating China's emancipation
- China has become a major technological power
- A clear and confident government commitment
- GDP resilience despite the trade war
- A worrying deflationary situation
- Accommodative monetary policy, low interest rates, and a strong yuan
- Chinese equities are attractive and underrepresented

Regional trade agreements such as the RCEP (Regional Comprehensive Economic Partnership) have also played an important role in this strategy. But domestically, China has also advanced its domestic market, consumption, and investment.

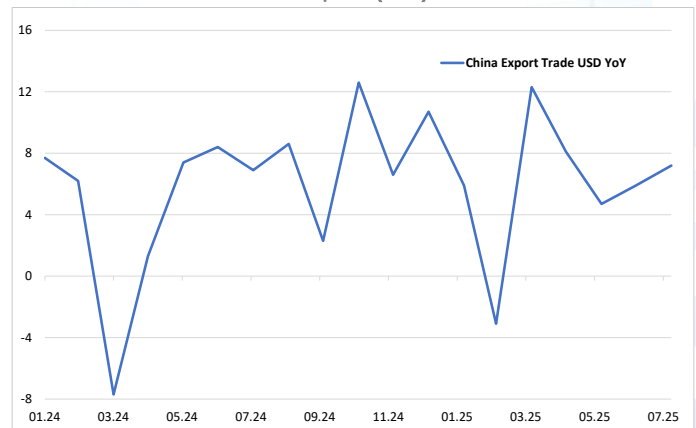
It has thus strengthened its national value chains by seeking to become more self-sufficient in the production of key goods and technologies, thereby reducing its vulnerability to external disruptions. In 2025, it is clear that the pressure exerted by Trump in terms of tariffs did not cause the Chinese authorities to panic. They remained relatively firm in negotiations, discreetly using various levers to protect their interests. In the current context, a complete separation between the two economies would undoubtedly be more difficult for the US than for China, which is certainly biding its time, knowing that in the long run, this market could be denied to it, regardless of the difficult cost to the US. For the time being, the US will remain a significant export market for certain Chinese products, but China is certainly preparing for the worst and the potential end of its direct exports. China is also rapidly freeing itself from its dependence on the West, a development that has been accelerated by the impressive growth of its technological and industrial capabilities.

### The trade war is accelerating China's emancipation

The trade war between the United States and China has only just begun, but a question arises in the broader medium-term context: will China still need trade with the United States by 2030? Historically, this trade has even been a major driver of Chinese economic growth. The US has accounted for a significant share of Chinese exports, which has gradually declined from 21% in 2000 to 15% in 2023. China is still a key supplier of consumer goods and intermediate products to the US, and US companies have been heavily dependent on Chinese supply chains for decades. For some time now, there has also been a growing awareness that these production chains in key sectors such as defense, aerospace, and technology have a critical need for metals and rare earths, of which China is the largest producer and exporter. China did not wait for the emergence of recent trade tensions and the tariffs imposed by Trump to diversify its economic partners and reduce the importance of the United States.

Externally, China has shifted its focus to other markets, particularly ASEAN countries, Africa, and the European Union.

China exports (USD) YoY



Sources: Bloomberg, BBGI Group SA