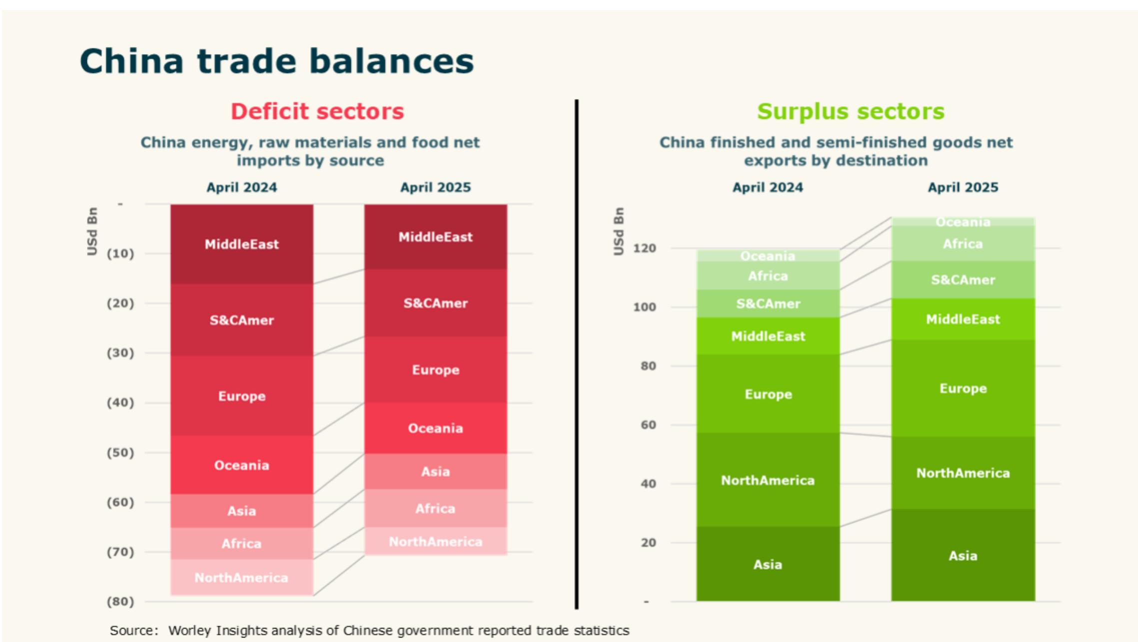
China's Trade Landscape: A Shifting Balance, Not a Crisis

Think China is struggling with a trade imbalance? It's time to reconsider. The nation's trade position has been evolving, strategically reducing dependency on key economic inputs—energy, materials, and food—while ramping up exports of semi-finished and finished goods.

China's manufacturing export model remains intact, even as domestic consumer spending plays a limited role in economic momentum due to demographics and debt, as I **noted** in the past.



Source: Worley Insights analysis of Chinese government reported trade statistics

Net Importer of Inputs

As China expands its downstream manufacturing industries, trade deficits are shifting toward upstream sectors—a pattern that will persist until domestic energy and mineral reserves define the limits.

Hydrocarbon energy, raw materials like minerals and wood, and food remain key trade deficits. Yet, self-sufficiency is growing, fueled by domestic investments and strategic offshore partnerships.

Australia dominates China's upstream supply, providing essential natural gas, iron ore, and bituminous coal.

Oil suppliers include Russia, Malaysia, and the Middle East. The US plays a crucial role in propane, ethane, and petroleum coke supply.

Top mineral net imports span iron ore, copper ore, copper, and aluminum ore.

Petrochemicals & polymers represent an area where China still has room to expand domestic production, with multiple joint ventures and new processing complexes under construction.

Agriculture is another key import sector, with China bringing in genetically modified

(GM) soybeans—primarily from the US and Brazil—for use in food, animal feed, biodiesel, pharmaceuticals, and cosmetics. That registered net imports $2.7 Bn in April alone.

China isn't just importing; it's actively reshaping supply chains. Infrastructure investments, like a port and rail system in Brazil, are being designed to streamline agricultural exports, increasing efficiency and reducing reliance on the US.

Net Exporter of Goods

China's outbound trade remains strong, with the US as the top destination for finished goods like electronics, toys, and plastic-based products—though demand has been slipping since January. Europe, Asia, and, to a lesser extent, Africa have taken a greater share as China's export markets.

For semi-finished goods, including lithium-ion batteries and electronic components, Vietnam has emerged as a growing trade hub, replacing some of the volume going to the US over the last four months.

Opportunities for Resource Companies

China's manufacturing engine keeps turning, adapting to shifting trade flows and geopolitical dynamics. For resource industries, the message is clear: serving the Asia market requires strategic positioning.

Petrochemical, minerals processing, and energy companies still hold immense growth potential, whether by feeding China's raw material demand from resource-rich nations or establishing conversion facilities closer to the consuming base.

Trade isn't about imbalance—it's about transition, adaptation, and strategic investment. Those who align with evolving needs of the US, China and other key regions will shape the next phase of global commerce.

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Paul leads Worley Insights' market analysis across energy, chemicals, and materials, helping clients understand structural shifts, investment risks, and supply-chain implications through data-driven models and industry research.