



# ***Rodney's Take***

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## **Right on Time, China 2025**

China remains in the doldrums, its property market seemingly stuck in the mud. An estimated 26 million apartments in various stages of development sit empty, and local officials have no clients interested in buying more land, which funds provincial operations. Instead of emerging from the pandemic regulations, people hesitated. The timid spending pushed the economy into deflation. From the outside, it might look like the nation is slowly circling a really big drain, but that's not the case.

In 2015, Chinese President Xi presented a plan, Made in China 2025, which called for 70% of the contents of consumer goods to be sourced domestically, up from 40%. As the proclamation made its way around the world, leaders in Western countries said they were shocked (Shocked!) to find that such manipulation would be found in global markets. Right.

The furor died down, President Trump slapped tariffs on China, the pandemic scrambled supply chains, China totally failed in its pandemic response, and Western nations tried to put a noose around Russian energy imports. It's not ideal, but China is winning in the short term.

The Chinese leaders are celebrating their changing domestic consumption habits: iPhone sales dropped 24% in the first six weeks of this year compared to last year, and Huawei's sales jumped 64%, putting Apple in third place. The mobile phone leader is Vivo, a Chinese technology company. The Chinese electric vehicle (EV) company Build Your Dreams is the largest EV firm on the

planet, and Chinese tech firms are making more than the semiconductors for computing for mid-level goods. They don't have the know-how to make the best chips yet, and maybe they won't ever, but they're making a really good run of it.

I don't know the percentage of Chinese domestic goods contents that are made in country. It's probably not 70%, but it's more than 40%. They still need energy. But with their nationalist march, they are moving that direction and turning their backs on products from foreign shores. When the nation of 1.4 billion people that comprises the second largest economy on the planet shakes off the economic blues, they will turn stuff over for the "Made in China" tag. They might spend a little more to get a Chinese garment or, in technology, to get a bit less-sophisticated of a gadget, but their economy will be more independent than in the 2010s.

As you consider this, remember that Americans were among the first to follow this path. We created our own inflation to be able to see the tag "Made in the U.S.A." Trading cheaper goods for a higher standard of living didn't last here, but maybe the Chinese will be more committed to the cause—particularly when "the party" demands it.

Rodney

*Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com)*