

WORLD GEOSTRATEGIC INSIGHTS

The Alternative of Unrestricted Chinese Trade, to the Wave of Protectionism



By Giancarlo Elia Valori

On the morning of March 28, 2025, at the Development High-level Forum in Beijing, President Xi Jinping met with representatives of the international business community, at the Great Hall of the People, expressing appreciation for their long-term commitment to cooperation with China.

Xi Jinping emphasized that in the 70 years since the founding of the People's Republic of China, and particularly in the last 40 years of reform and opening up,

the People's Republic of China has created the "two miracles" of rapid economic development and long-term social stability. This was possible thanks to the strong leadership of the Communist Party and the joint efforts of the Chinese people, but also through the contributions of foreign companies in China.

Thanks to the reforms and opening up, China has managed to quickly enter the world market and keep up with the times. One important way to achieve this has been to actively utilize foreign capital. Investment by foreign companies in China has stimulated the country's economic growth and job creation, promoted technological and management progress, and stimulated the country's reform and opening up.

Practice has shown that foreign-invested enterprises play an important role in China's modernization, reform, opening up, innovation and creation, as well as in connecting China with the world and integrating into economic globalization. In this process, foreign-invested enterprises have generally obtained generous returns, continued to grow and develop, achieved mutual benefits and win-win results, and formed a deep friendship with the Chinese people.

In the meeting with business representatives from around the world, Xi Jinping emphasized that for many years China has made a decisive contribution to the stability of global economic growth and is comprehensively pursuing modernization of the Chinese style.

Opening up to the outside world is China's fundamental national policy. Beijing is promoting a high-level opening up to the outside world and is constantly expanding institutional opening in terms of rules, regulations, management and standards. The door to opening up can only widen more and more and the policy of using foreign investment has not changed and will not change.

China is the second largest consumer market in the world, with the largest middle-income group in the world and an enormous potential for investment and consumption. It is committed to high-quality development, accelerating green, digital and intelligent transformation and strengthening its industrial support capabilities. It is the best application scenario for a new cycle of scientific and technological revolution and industrial transformation.

China has created a relatively solid system of laws, policies and initiatives to exploit foreign investments, has promoted the liberalization and facilitation of trade and investments and has actively created a first-rate, market-oriented, law-based and internationalized entrepreneurial environment. It has long maintained political and social stability and is recognized as one of the safest countries in the world.

The aforementioned data shows that China has a large entrepreneurial stage, broad market prospects, stable political expectations and a good security situation: all of which represent fertile ground for foreign-funded enterprises that want to invest and start entrepreneurial activities. China has been and is and will surely be an ideal, safe and promising destination for foreign investment: “to take the road of China means to travel with the best opportunities; to believe in China means to believe in tomorrow; to invest in China means to invest in the future”.

Xi Jinping emphasized that the third plenary session of the 20th Central Committee of the CPC (July 15-18, 2024) formulated a roadmap and a timetable to deepen the reform of the system of foreign investment management and outward investment. China will further expand its opening up, focusing on lowering market access thresholds; it will guarantee that foreign-invested enterprises in China enjoy equal treatment compared to Chinese citizens and

maintain fair competition in the market; the People's Republic will strengthen communication and exchanges with foreign entrepreneurs, ensure the maximum possible benefits for trade and investment and protect the legitimate rights and interests of foreign-invested enterprises in accordance with the law. At the same time, China will resolutely follow the path of peaceful development and will strive to create an external environment favorable to the development of foreign-invested enterprises.

The Chinese President emphasized that multilateralism is the inevitable choice for resolving the difficult challenges facing the world and that economic globalization is an unstoppable historical trend. China adheres to true multilateralism, promotes inclusive economic globalization that benefits everyone, participates actively in global economic governance and is committed to building an open world economy. Foreign-invested enterprises, especially multinationals, play an important role in maintaining the world economic order and also have important responsibilities. The multilateral trading system, the stability of the global industrial chain and supply, and an open and cooperative international environment must be maintained together, and economic globalization must be promoted in the right direction.

More than 40 company presidents, CEOs and representatives of business associations of foreign-funded enterprises attended the meeting with Xi Jinping, including the president of the FedEx group Martin Räsberg, the president of the Mercedes-Benz group Ola Källenius, the CEO of the Sanofi group Paul Hudson, the CEO of HSBC Holdings Tom Aiden, the president of Hitachi Ltd. Higashihara Toshiaki, the president of SK Hynix Kuo Luzheng, the president of Saudi Aramco Amin H. Nasser, etc.

The participating entrepreneurs and businessmen stated that under the leadership of President Xi Jinping, China has achieved stable economic growth, comprehensively deepening reforms and expanding high-level openness. From Made in China to new quality productivity, China is boosting industrial transformation and modernization through scientific and technological innovation, which will enable it to achieve higher quality and more sustainable development.

China's economic prospects are bright. Against a backdrop of rising protectionism and tariffs, China has continued to expand its openness, injecting stability into the global economy and becoming an oasis of certainty and a hotspot for investment and business. China's development is a fundamental driving force for the world economy and the country's great opportunities and margins for growth are exciting. The guests deeply appreciated the Chinese government's efforts to create a fair and favorable business environment for foreign-invested enterprises.

Foreign entrepreneurs are constantly expanding their investments and cooperation; deepening their presence in the Chinese market; actively participating in the country's modernization process; building bridges for exchange and cooperation between Beijing and foreign countries; supporting the opening of global markets; safeguarding international free trade; and contributing to the development of the world economy.

It is believed that the meeting between Xi Jinping and entrepreneurs from third countries will stabilize foreign investments and give vitality to the Chinese market and effectiveness to the authorities in relaunching consumption, and foreign companies will not run geopolitical risks by investing in the People's Republic of China.

Xi Jinping's various speeches during further meetings with representatives of the international business community show that the Chinese government continues to reinforce the importance and attractiveness of the Chinese market for foreign investment.

Since China lifted its anti-COVID policy in 2023, allowing free entry into the country and refocusing its attention on the economy, the authorities have discovered that restoring the vitality of the Chinese market and revitalizing the economy are inseparable from private enterprise and foreign capital, and have shifted the focus of economic work to promoting the development of the private economy and attracting foreign investment to China.

It must be said that the former has achieved results and that the confidence of private companies has to a certain extent grown again, while the latter is in a development phase, favored by the recent US closures to world trade. The reason is that the context of China's reopening has undergone profound changes. The clash between China and the United States of America goes on. The various restrictions imposed by Washington on Beijing, particularly those on technology and investments, continue to accumulate and strengthen.

The pace at which US companies, and other Western countries companies, following the directives from the White House, are withdrawing from the Chinese market is proceeding, but many companies, both Western and others, that want to enter China are also evaluating the favorable factors left in the spaces opened by the aforementioned withdrawals.

Xi Jinping promised the representatives of the international business community that investing in China means investing in the future. Data published by the

Chinese Ministry of Commerce showed that in 2024, 59,080 new foreign-invested enterprises were established, an increase of 9.9% over the previous year. This shows that China's policies and efforts to attract investment in recent years have progressed, which indirectly confirms that the current international context and geopolitics have a significant impact on the absorption of foreign investment by China.

For China, foreign investment not only plays an important role in improving the technological and managerial level of Chinese companies, but also represents a vote of confidence in the country. In this sense, stabilizing foreign investment means stabilizing confidence in the Chinese economy. Two figures provided by the former mayor of Chongqing, Huang Qifan, illustrate the situation. Last year, foreign companies accounted for 30% of Chinese manufacturing exports, and 50% of Chinese exports of high-tech, equipment-intensive, knowledge-intensive and technology-intensive products.

It is on the basis of this consideration that the authorities issued a twenty-point action plan at the beginning of the year to stabilize foreign investments, proposing to expand pilot opening in the telecommunications, medical assistance, education, etc. sectors; to accelerate and strengthen the complete work of expanding the opening of the national services sector, to further reduce the items on the negative list of market access, to continue to expand the institutional opening of rules, regulations, management, standards in the pilot free trade zones, and to improve the level of outward-oriented economic growth in the national economic and technological development zones.

Trump's second term in office has brought challenges and opportunities due to his tariff war, and has put pressure on the Chinese authorities to further open up, but it has also offered some additional opportunities.

Beijing expects the Trump administration to increase the pressure on China. Although the authorities seem more experienced and cautious after more than six years of trade war than when they first faced Trump's tariff war, the latter will also intensify the pressure on the Chinese economy. However, Trump also reserved an "unexpected surprise" for China. His domestic and foreign policy, particularly the tariff issues, territorial demands on his allies, and his attitude towards Ukraine, has caused dissatisfaction among the allies of the United States of America. Consequently, the diplomatic, economic and commercial globalization and multilateralism supported by China could be met with a response from several countries, including Western ones. To avoid risks, in the fourth quarter of 2024 Western capital, including US capital, began to withdraw from Wall Street and invest in the financial markets of China and Hong Kong.

Who will be the first to make concessions in the tariff war between China and the United States of America? It is also in this context that the number of foreign companies participating in the Boao Forum for Asia and the China Development High-Level Forum has increased compared to last year, which indicates that international capital's confidence in China is gradually recovering. It should be noted that US companies were the most numerous, representing about a third of those participating.

Sponsored by the Development Research Center of the State Council and hosted by the China Development Research Foundation, since its foundation in 2000, the China Development High-Level Forum has become an important bridge for promoting dialogue and cooperation between China and the world.

At the China Development High-Level Forum 2025, the sectors involved included healthcare, manufacturing, finance, energy, retail, technology, automobiles and

consumer goods. Obviously, the participating companies and their industrial sectors were carefully selected by the Chinese authorities, with the aim of demonstrating the attractiveness and importance of the Chinese market for foreign capital and foreign companies, as well as the confidence of foreign capital and foreign companies in China.

The Chinese President's speech was structured around three main points: first, repositioning foreign companies and increasing their status in China. In his opinion, foreign companies play an important role in the modernization of China, in its reform, opening up, innovation and continuous development, as well as in connecting China with the rest of the world and integrating it into economic globalization.

Although the three main points are a description of the facts, in the past they had never been expressed in this way. Now that the emphasis has been raised to this level, it obviously shows the importance of foreign investment. Secondly, to boost the confidence of foreign companies, Xi said that China has been, is and will certainly be an ideal, safe and promising destination for investment by foreign entrepreneurs.

The aim is to dispel doubts and threats from third parties towards foreign companies regarding investments in China, strengthen their confidence and allow them to go to China to develop with confidence and share in China's development opportunities.

Regarding the measures to be adopted for foreign companies in the next phase, Xi said that China will further expand its openness and focus on resolving the specific problem in market access; ensure that foreign-funded enterprises obtain production factors fairly and in accordance with the law; and ensure that

products made by foreign-funded enterprises in China participate fairly in government procurement in accordance with the law; strengthen service guarantees; listen to the needs of enterprises; and help solve practical problems.

It is expected that Trump will continue to be tough on China and that the economies and technologies of the United States of America and China will continue to separate. This trend is difficult to reverse in the short term, unless Washington and Beijing really reach a great agreement.

Ultimately, we should remember Xi Jinping's reflections that history is not chronology but a synthesis of the present: thanks to reforms and opening up, China has managed to quickly enter the world market and keep up with the times. One important way to achieve this has been to actively utilize foreign capital.

In 1979, China enacted the Sino-foreign joint venture law, gradually opening the door to investment from other countries.

In 1992, China decided to establish a socialist market economic system, and foreign investment in China accelerated across the board.

In 2001, China officially joined the World Trade Organization and more and more foreign investors arrived in China.

After the 18th National Congress of the CPC (November 8-15, 2012), China entered a new phase of high-level opening up and made new progress in utilizing foreign capital. Currently, foreign investment in China involves 20 sectors and 115 major industries, with a total of 1.24 million companies established and an investment of almost three trillion dollars (3^{18} m).

In conclusion, foreign investment in China has played an important role in the country's development. Foreign-funded enterprises contribute one-third of China's imports and exports, one-quarter of industrial added value and one-seventh of taxes, and have created over 30 million jobs.

The advanced technology and management experience brought by foreign-funded enterprises have had a positive impact on the development of Chinese enterprises and the training of talents. Over the past decade, R&D investment by large-scale foreign-funded industrial enterprises in China has increased by 86.4%, and the number of valid invention patents has increased by 336%.

Investments have promoted China's reforms and opening up; they have favored China's deep participation in the global division of labor, actively connecting with high-level international economic and commercial regulations and promoting institutional reforms and mechanisms in many aspects such as economics, science, technology and ecology. Foreign-invested enterprises have also actively participated in China's poverty alleviation campaign and other social welfare undertakings.

Xi Jinping emphasizes that unlocking internal circulation is the basis, but this does not mean building behind closed doors. Instead, it means providing solid support for a higher level of openness to the outside world, stimulating the potential of demand and building a strong internal market.

In a context of globalization crisis and rising protectionism, China's role and position as a major economic and commercial power in the world are crucial. Xi Jinping has undoubtedly conveyed the positive will of the People's Republic of

China to maintain the stability of the global trading system and to promote the construction of an open world economy.

The Chinese President reiterated China's firm support for the multilateral trading system with the World Trade Organization at its center, and opposition to unilateralism and trade barriers, demonstrating the attitude of a responsible great power.

At the same time, China is committed to maintaining the resilience and stability of the industrial chain and the global supply chain as not only a necessity for its own development, but also a contribution to the world. This is to demonstrate to the international community that China is a promoter of openness and global cooperation, not a risk taker, and is willing to work with other countries to jointly respond to challenges and share development opportunities.

The national and international business community will certainly pay close attention to how these commitments translate into concrete actions and tangible results. But in any case, Xi Jinping's speech set the tone for China's economic policies and social expectations for the period ahead, and its profound implications deserve continued attention and interpretation by all parties. It doesn't just concern China's development, but also has a profound impact on the direction and model of the global economy.

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