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China and the Future of International Trade:
From “Made in China” to “Innovated in China”



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The picture of today's Chinese factories is very different from the one we used to see in the past few decades. In present-day Chinese factories, alongside workers, there are robots, automated production lines, engineers and software systems. This image makes one realize that China's role is not limited to being the world's factory anymore. It is undergoing significant transformation that tells a story of a forward-looking vision. Now, China is moving from simply manufacturing products designed elsewhere to developing the technologies, brands and ideas behind tomorrow's global economy.



There was a time when the words "Made in China" were associated with China's role as the world's manufacturing powerhouse. At that time, "Made in China" also represented a shift of China from merely a developing economy to a country widely known for mass production, affordable products and competitive prices. Whether it be clothes, toys, household goods or electronics, Chinese factories became an essential part of global supply chains. But China didn't stop there. China considered going through a new transition after realizing that the world's economic patterns were shifting and that new innovations and technologies were taking center stage. It was a change from merely producing goods for other people to developing its own technologies, brands, and business strategies.

It was not a small change. It made sure that future should not only be defined by "Made in China", but increasingly by **"Innovated in China"**.

China's journey of becoming the world trading powerhouse began in 2001 when it joined the World Trade Organization (WTO). Within just eight years, China became the world's largest exporter of goods. By 2013, it had taken the top position in total trade. Today, China's total



imports and exports are worth more than \$6 trillion. Its manufacturing strength has given companies around the world access to competitive products and has helped make global trade faster and more affordable. But the more interesting story today is what China is producing through its own innovation.

Electric vehicles (EV) industry is the best example that reflects this shift towards “Innovated in China”. In 1951, BYD was established as a domestic manufacturer. Over the years, BYD developed into a Chinese multinational company and the leader of the global EV industry. It is not just a manufacturer anymore but a company that makes its own ideas, develops its own technology and makes its own electric vehicles and batteries. It has created its footprint in global markets like South Asia, South East Asia, Europe, Latin America and other regions. Chinese electric cars are



now being recognized more for their battery tech, design, software and performance, and not just their price. China has also built a huge domestic market for electric vehicles, giving its companies an environment in which they can improve rapidly.

A similar change can be seen in renewable energy. China produces large number of solar panels, batteries, and other green technologies. All these steps make China a major driving force in clean energy industry. According to the International Energy Agency (IEA), China controls over 80% to 90% of every single key stage of the global solar supply chain, that makes it an undisputed global leader in solar photovoltaic (PV) manufacturing. This matters far beyond China. Lower-cost solar equipment has helped countries around the world expand renewable energy and pursue their climate goals.

China’s strength in batteries is particularly important. Batteries are the beating heart of electric vehicles, energy storage and, increasingly, modern electricity systems. The Chinese companies have poured money into research on batteries and into increasing production. Companies such as CATL have become key suppliers to international automobile manufacturers. In this sense, Chinese

innovation is no longer simply about producing a finished product; it is increasingly about supplying the technology that makes the next generation of global industries possible.

Another important example is high-speed rail. China has developed the world's largest high-speed railway network, connecting major cities across the country. Now, China's experience and expertise can be used internationally. Chinese companies have participated in railway projects and infrastructure development in different parts of the world. Under the Belt and Road Initiative, China has also increased economic connections through investment and infrastructure cooperation.

Digital technology is another area where China has moved from follower to innovator. Chinese companies have developed globally competitive platforms in e-commerce, digital payments, logistics and telecommunications. The widespread use of mobile payments in Chinese cities is a real-life example. Consumers can pay for food, transport and everyday purchases using their phones, while businesses can reach customers through sophisticated digital platforms.

This innovation is supported by a huge domestic market. With more than 1.4 billion people, China provides its companies with an enormous testing ground. A new product or service can reach millions of users quickly. Companies that succeed at home can then adapt their products for international markets. This combination of scale, manufacturing capacity, engineering talent and growing research investment gives China a unique position in global trade.



China's investment in research and development also reflects this shift. Data from the World Bank show that China's research and development spending has risen substantially over the past two decades. China is also among the world's leading countries in patent applications. The sheer number of patents is not a measure of quality of innovation, but of the scale of China's technological activity.

This could be a very significant change for international trade. Globalization, in future, will not only be dependent on large factories producing inexpensive goods. It will increasingly be about



technology, clean energy, AI, advance manufacturing, digital services and sophisticated supply chains. China is already very well positioned in many of these areas.

This does not mean China will replace every other manufacturing or technology center. International trade works best when countries specialize, compete and cooperate at the same time. China will continue to import raw materials, energy, technology and components while exporting finished products, machinery and increasingly sophisticated technologies. Its success will also create opportunities for businesses in developing countries that become part of Chinese-linked supply chains.

The biggest change, therefore, is psychological as much as economic. The phrase “Made in China” once suggested that China was mainly the workshop of the world. Today, that description is incomplete. China is increasingly becoming a place where products are designed, engineered, developed, manufactured and commercialized.

In this journey of “Innovated in China”, China will have to face a number of obstacles but, success comes to those who work for it. Dealing with these challenges require China to keep its markets open, work closely with other countries, protect its ideas and inventions and continue investing in innovation.

Yet the direction is clear. China is no longer simply competing on how cheaply it can make something. It is increasingly competing on how well it can invent, improve and scale it.

From electric vehicles and batteries to solar technology, high-speed rail and digital services, China’s economic story is entering a new chapter. The future of international trade will not simply ask, “Where was this product made?” It may increasingly ask, **“Where was this idea innovated?”**

And China is determined to make sure that the answer is increasingly: **China.**