

## Financial Times 번역요약본 ('25. 5/20)

### 1. How Xi sparked China's electricity revolution ('25. 5/12)

- 2012년 말 시진핑이 중국 공산당의 수석으로 취임했을 때, 중국은 일본을 제치고 세계 2위 경제 대국으로 도약했으며, 핵무장을 갖춘 미국의 주요 경쟁 상대로 부상하고 있었음. 하지만 14억 인구를 지닌 이 거대한 국가는 에너지의 상당 부분을 외국에 의존하고 있었으며, 이는 국가 안보의 취약점으로 인식되었음. 석유와 석탄 수입 의존도는 사상 최고치를 기록했으며, 이는 대만 해협과 남중국해, 말라카해협, 인도양에 이르는 무역 경로의 병목 현상에 따라 공급 중단 위험에 노출되었음. 그러나 오늘날, 트럼프 행정부의 무역 전쟁으로 세계가 흔들리는 가운데, 베이징 공산당 지도부의 시각은 확연히 달라졌음. 중국은 점점 더 많은 에너지를 전기로부터 얻고, 청정 기술 중심의 경제 구조로 전환하며 세계 최초의 '전기 국가 (electrostate)'로 나아가고 있으며, 이는 미국과의 무역 분리 및 지정학적 긴장 고조 속에서도 전략적 완충 역할을 하고 있음. 이제 중국은 에너지 자립을 향해 빠르게 나아갈 뿐만 아니라, 미래 기술을 뒷받침하는 자원 및 소재 시장에 대한 막대한 영향력을 행사하고 있음. 하지만 중국은 작년 지난 10년간 가장 많은 석탄화력발전소 건설을 시작하는 등 혼재된 화석연료 정책으로 모순을 보이고 있음. 전 세계 핵심 광물 확보에 막대한 자금을 투자하는 등 공급망 장악력을 무기로 활용하고 있으며, 이러한 중국의 녹색에너지 공급망 지배력 확대를 서방 국가들은 새로운 국가 안보 리스크로 인식하고 있음.

### 2. Vietnam faces the heat over Chinese tariff 'backdoor' to US ('25. 5/15)

- 지난 달 중국의 동남아 수출은 20% 이상 급증하며, 미중간 무역

감소분을 상쇄하였고, 이는 중국 제조업체들이 미국의 징벌적 관세를 피하기 위해 베트남, 인도네시아 등으로 우회 수출을 활용하고 있다는 미국 측 주장을 뒷받침하고 있음. 관계자들과 무역 전문가들은 이러한 '환적 (trans-shipment)' 방식이 현재 미국과의 무역 협상에서 중요한 이슈로 떠올랐으며, 미국은 관세 감면 조건으로 이들 국가에 단속 강화를 요구하고 있음. 많은 기업들이 중국산 부품을 동남아 제3국에서 조립하거나 일정 가치를 추가해 원산시를 합법적으로 변경하고 있지만, 일부는 가치 없이 라벨만 바꾸는 불법적인 방식도 사용하고 있음. 베트남은 미국의 집중 감시 대상이며, 미국 측은 베트남이 환적을 묵인했다고 지목하며 4월 초 46%의 고율 관세를 부과함 (이후 90일 유예 조치). 인도네시아, 태국, 말레이시아 등도 환적 단속 강화를 약속했지만, 이들 동남아 각국 정부는 중국 기업에 대한 직접 단속이 베이징의 반발을 불러올 수 있음을 우려하고 있음. 베트남을 비롯한 동남아 국가들은 정치적/경제적인 선택을 강요받고 있음.

### 3. Why China's cash-rich battery king needs a blockbuster share sale ('25. 5/15)

- 막대한 현금을 보유한 (24년 말 기준으로 약 420억 달러/한화 60조원)의 현금 자산과 110억 달러 이상의 순외화 자산을 보유) 배터리 제조업체 CATL이 홍콩에서 중국과 국제 투자자들로부터 약 46억 달러 (한화 약 6조 4천억원)를 조달할 예정이고, 이 주식 공모는 올해 전 세계에서 가장 큰 규모가 될 것으로 예상됨. 세계 최대 전기차 배터리 제조업체인 CATL의 이번 2차 상장은 해외 자본을 유치해 공격적인 글로벌 확장 계획을 추진하려는 노력의 일환으로 해석되고 있음. CATL은 독일 튀링겐에 18억 유로를 투자하여 공장을 보유하고 있으며, 인도네시아에서는 배터리 소재 공급망 구축을 진행 중임 (중국 내 11개 주요 제조 기지). 또한 헝가리 데브레첸에 73억 유로 규모의 공장을 건설 중이며 스페인에서는 스텔란티스와 41억 유로 규모의 합작 법인을 설립하였음. 홍콩을 통한 2차 상장은

중국의 자본 통제 때문에 해외 자금 조달을 위한 중요한 통로 역할을 하고 있으며, 글로벌 투자자들의 관심은 매우 높았지만, 미국 투자자 중 일부는 워싱턴 당국의 우려 때문에 공모 후 투자를 결정하기도 함. CATL은 배터리 셀 직접 제조나 수출 대신 미국 파트너에 기술 라이선스를 제공하는 전략을 펴고 있지만, 배터리 제조에 필요한 소재는 모두 중국산이라, 이 소재에 대한 관세가 핵심 변수로 작용할 것이라는 전망.

The Big Read Electric power

## How Xi sparked China's electricity revolution

Beijing's aggressive pursuit of energy self-sufficiency could give it the upper hand in the trade war with the US

**Nassos Stylianou** and **Jana Tauschinski** in London and **Edward White** in Shanghai

Published MAY 12 2025

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When Xi Jinping took over the leadership of the Chinese Communist party in late 2012 he quickly identified a national security vulnerability.

China had just leapfrogged Japan to become the world's second-biggest economy and was fast becoming America's chief rival nuclear-armed superpower. But the country of 1.4bn people was highly dependent on foreign nations for energy.

Reliance on oil and coal imports had surged to record highs, exposing China to potential supply disruptions via chokepoints in trade channels from the disputed waters of the Taiwan Strait and the South China Sea to the Strait of Malacca and the Indian Ocean.

Today, as the world is rocked by Donald Trump's trade war, the view from the CCP's leadership compound in Beijing's Zhongnanhai is starkly different.

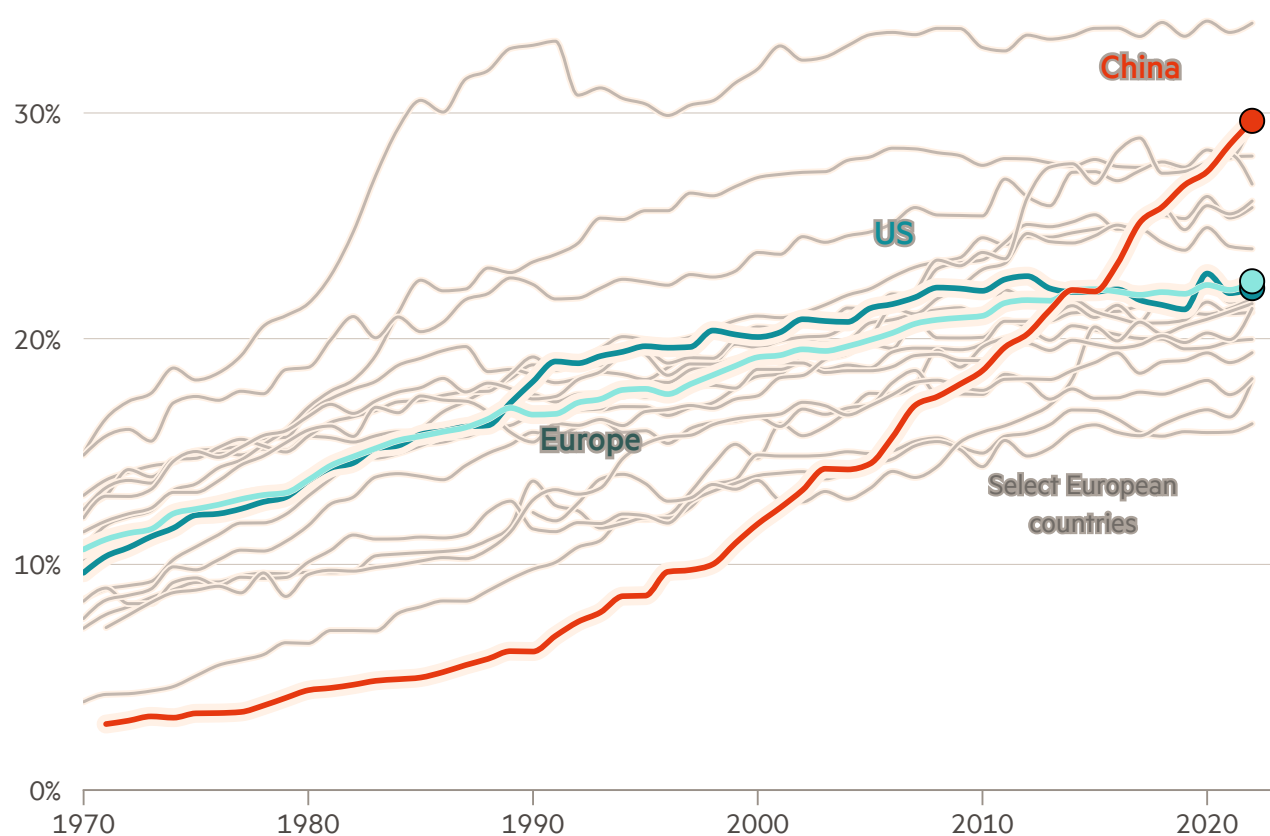
China is on its way to becoming the world's first "electrostate", with a growing share of its energy coming from electricity and an economy increasingly driven by clean technologies. It offers China a strategic buffer from trade decoupling and rising geopolitical tensions with the US.

The country is not only rapidly advancing towards self-sufficiency in energy from secure domestic sources, but also wields vast power over the markets for the resources and materials that underpin technologies of the future.

"Nobody had been seriously worrying about energy security or supply chains for armaments and critical industries and food because everyone thought that went with the cold war," says Andrew Gilholm, head of China analysis at consultancy Control Risks. "Meanwhile, China has been working on that for years."

## China paces ahead in electrification, while Europe and the US flatline

Electricity's share of final energy consumption



Source: RMI analysis of IEA data

Earlier industrial revolutions were led first by the UK and then by the US, including the so-called information age more recently. But it is China that now leads the latest global technology revolution in electrification and renewable energy, say analysts from US-based energy think-tank RMI and other independent research groups.

And just as oil and gas drive a petrostate's economy, clean energy technologies are making a significant contribution to Chinese growth.

This has been particularly welcome for Beijing in the context of a slowing economy. Clean energy sectors accounted for a record 10 per cent of the country's GDP and drove a quarter of its growth last year, according to analysis of official government statistics by the Helsinki-based Centre for Research on Energy and Clean Air.

Beyond energy security, electrification — the process of swapping processes and technologies reliant on fossil fuels with electrically powered alternatives — will play a critical role in efforts to tackle climate change.

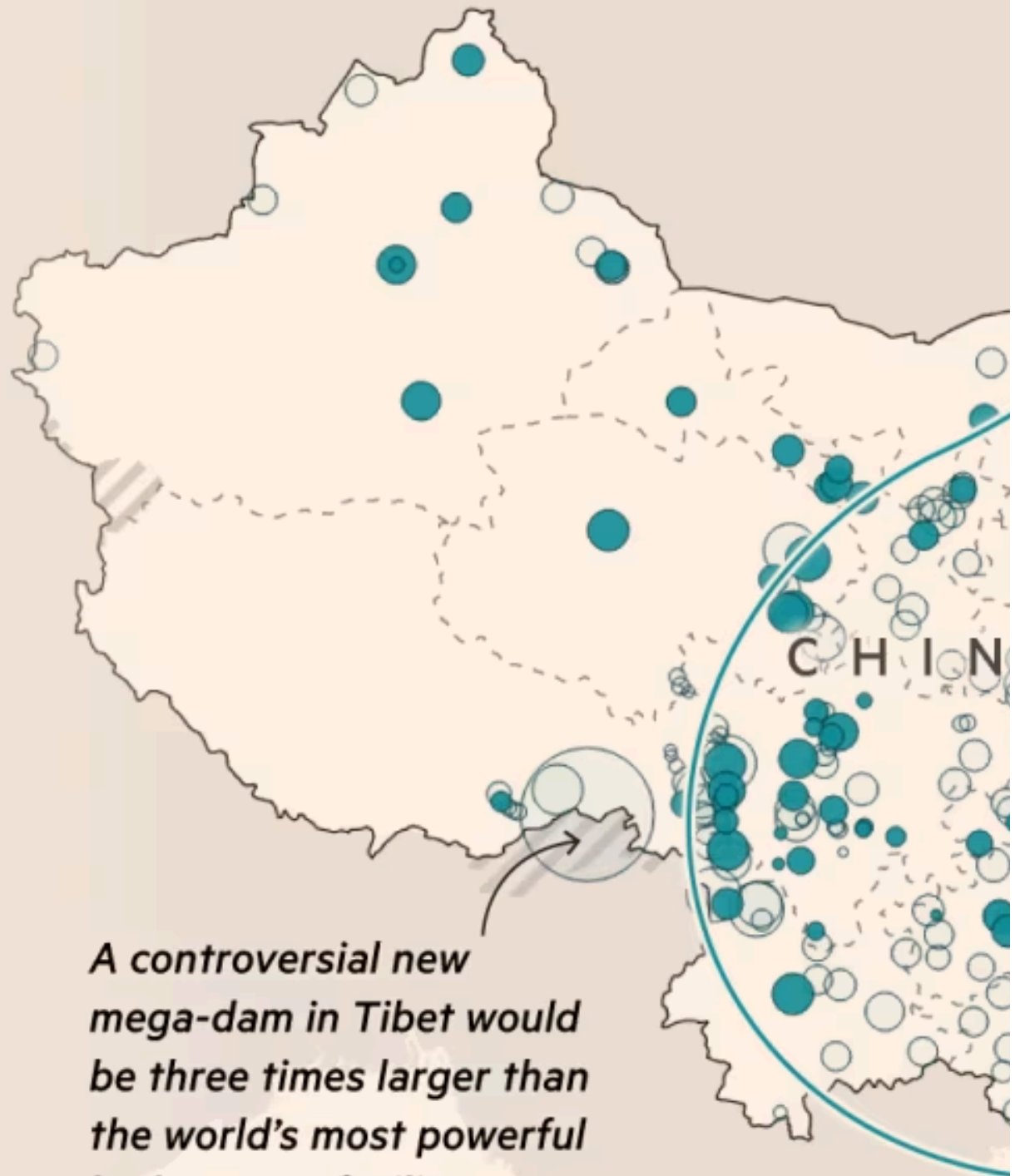
“We cannot see any way to a zero-carbon economy except through massive electrification,” says Lord Adair Turner, head of the Energy Transitions Commission, an alliance of global companies focused on net zero.

Electricity is “much more efficient in a number of applications”, adds Turner, particularly in road transport and residential heating.

China remains the world's biggest greenhouse gas producer and its power sector emissions reached a new high last year, driven by a rise in coal consumption. But the advances in electrification mean it stands to make significant progress in cutting emissions if it begins to phase out coal, still the dominant fuel in its electricity mix, despite a surge in renewable capacity additions.

# Planned hydro

- under construction: 171GW
- in development: 390GW



*A controversial new mega-dam in Tibet would be three times larger than the world's most powerful hydropower facility*

Source: Global Energy Monitor

Coal, solar, wind and hydropower make up the majority of China's total installed capacity — which grew by 15% to over 3,300GW in 2024 — and are spread across the country according to geographic suitability and power needs

China accounts for 80% of coal-fired power under construction globally, with additional plants set to come online near population centres and industrial hubs

With 70% of the world's utility-scale solar under construction in China, many of the most ambitious solar projects are clustered inland in regions such as Xinjiang and Inner Mongolia

Similarly, most wind power in construction is in the north, while offshore projects are dotted along the south-eastern coast

More than half of the world's planned hydropower is in China, with projects distributed across most of its central and eastern provinces

**Xi's first direct order** to “revolutionise” China’s energy system came in mid-2014, two years into his leadership.

According to state media at the time, Xi told leaders at a key internal party economic working group that China’s energy system suffered from “technological backwardness” and that the country must boost its energy security.

China’s journey to becoming an economic powerhouse had been underpinned by oil and coal. The country has accounted for more than half global oil demand growth for decades.

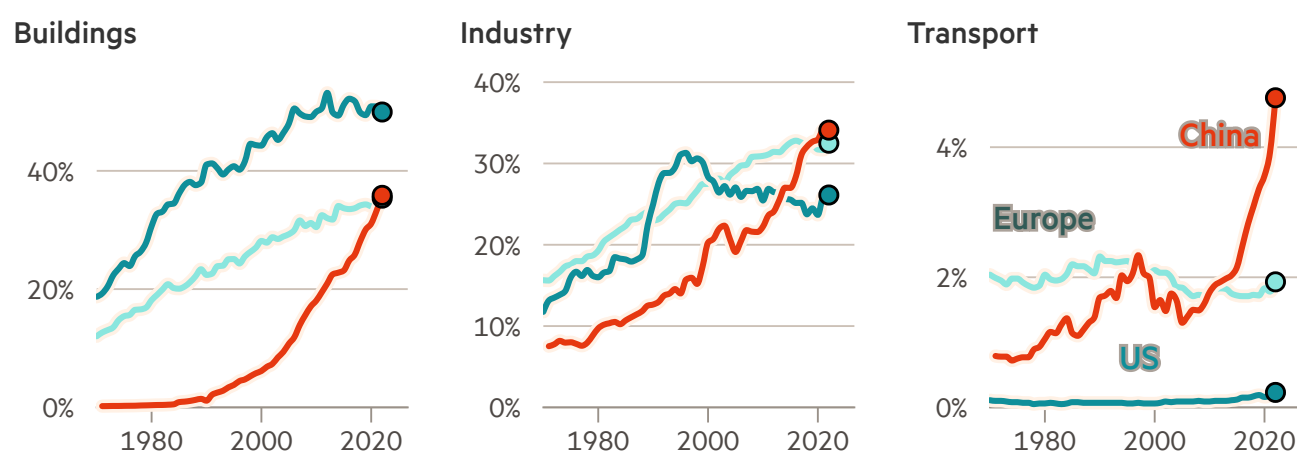
Yet even a decade ago, China’s rate of electrification was ahead of Europe and the US. Since then, those rival economies have seen electricity as a final share of energy plateau at around 22 per cent, while electrification in China has surged to 30 per cent.

“Many western countries are spending a lot of time and attention on decarbonising electricity generation but are lagging on wider system electrification,” says Marie Claire Brisbois, professor of energy policy at the University of Sussex.

Key requirements for electrification such as market adjustments, consumer behaviour changes and interventions in private purchasing decisions have proved easier for Beijing to accomplish, she adds.

## Rapid electrification across various sectors in **China**

Electricity’s share of final energy consumption



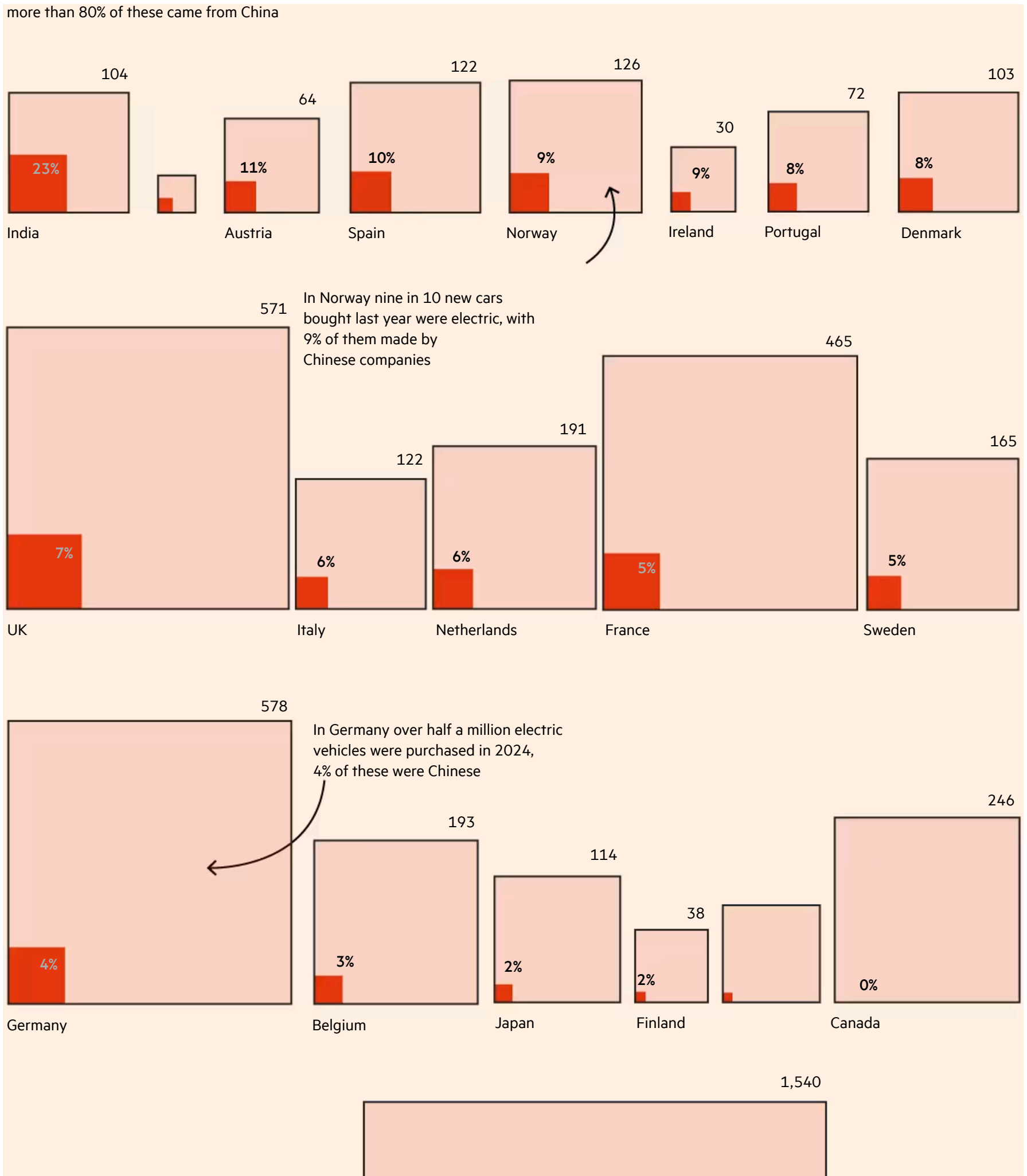
Source: RMI analysis of IEA data

China’s advances reflect a hydra of policies aimed at fulfilling Xi’s call for an energy revolution.

Beijing has poured hundreds of billions of dollars into the clean tech sector, both to state-owned developers and the private sector, almost five times as much as the US and 15 times Japan.

This sparked a new phase of rapid growth of companies manufacturing wind turbines, solar panels and batteries and those developing green power projects, and turbocharging the electrification of the country’s fleet of cars, trucks, trains, ships and factories.

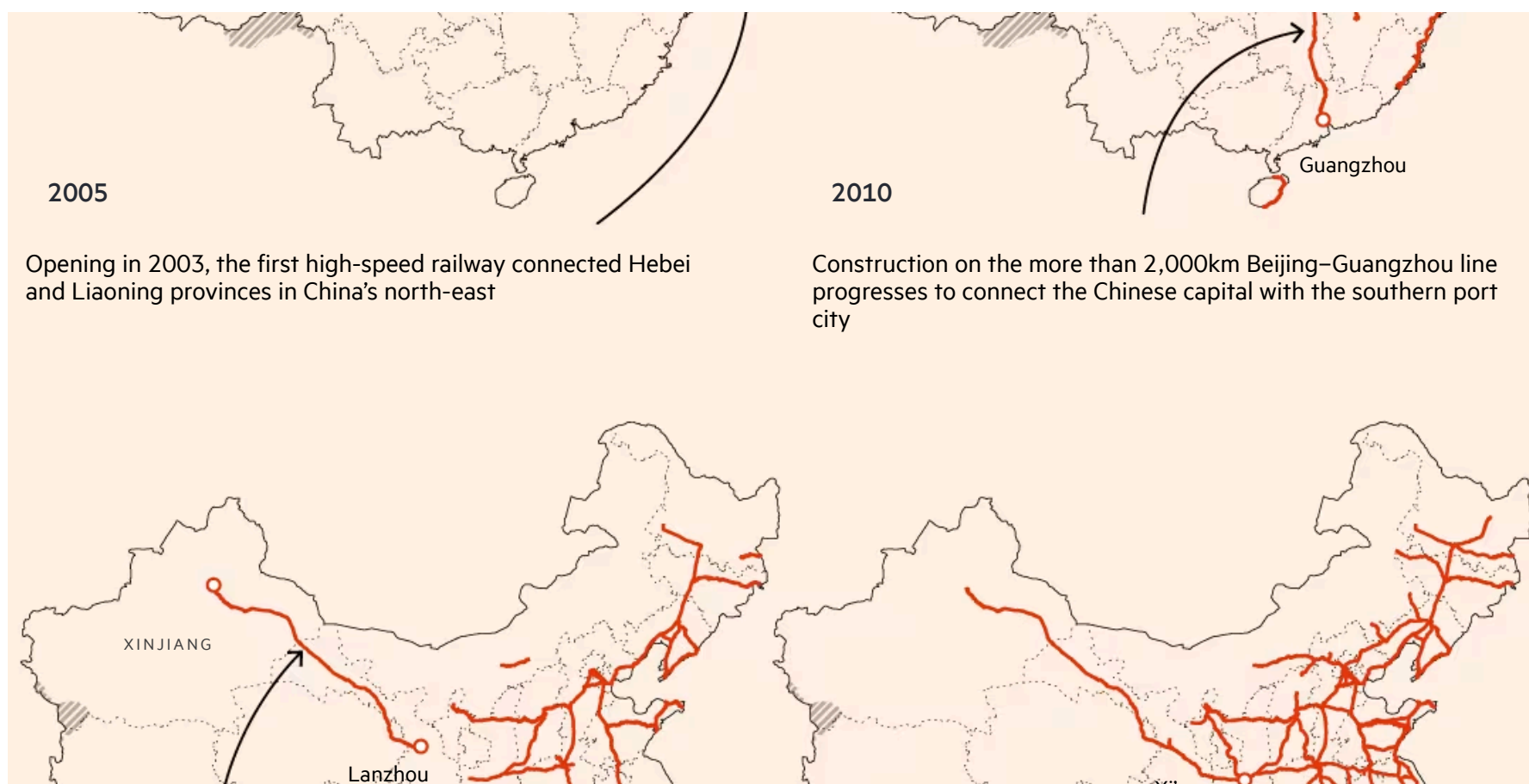
The most obvious manifestation of this growth is [China’s electric vehicle boom](#). This year domestic EV sales — including pure battery cars and plug-in hybrids — will hit about 12.5mn, more than double that of 2022. This would mark the first time EVs outsell cars with internal combustion engines in a major auto market.



The path to electrification has also been supercharged by the rapid expansion of the country's modern rail network.

According to official data China's railways handled more than 4bn passenger trips last year, a record high. The network of high-speed rail spans 45,000km — five times the size of the EU's — and is forecast to expand to about 60,000km by 2030.

This year, the state rail group expects to complete more than \$80bn in rail infrastructure investments.



But perhaps the central pillar of China's electrification plans is its decades-long plan to upgrade and expand China's electricity grid. The country is forecast to spend as much as \$800bn by 2030 upgrading the system's hardware and software.

Electricity infrastructure spending in many countries tracks economic growth. However, Ken Liu, head of China renewables, utilities and energy research at UBS, forecasts overall grid capex in China as high as 10 per cent this year.

Grid spending will continue at a compound annual growth rate of about 5 per cent through to 2030, significantly faster than forecast economic growth "due to the trend of electrification", he says.



Workers upgrading transmission lines in eastern China © Costfoto/NurPhoto



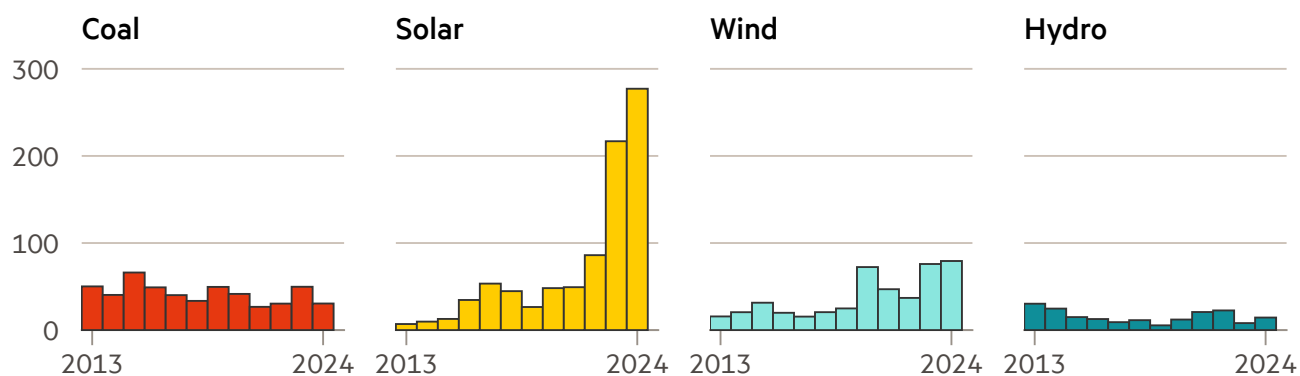
The improvements to the network are part of ambitious government plans to expand the country's electricity grid © Costfoto/NurPhoto

A big chunk of that planned spending on the grid, around Rmb100bn (\$13.8bn) this year and Rmb110bn in the years following is expected for ultra-high-voltage lines, according to UBS. China has more than 40 such lines, which means solar and wind electricity generated in the western deserts of Xinjiang and Gansu can be delivered to the factory hubs in southern and eastern China where it is needed.

Supported by these long-term state investments in the power grid, China is on course to source 50 per cent of its power from low-carbon energy including hydro, solar, wind, nuclear and battery storage systems by 2028. About 10 years later combined solar and wind capacity are on track to reach a historic inflection point, exceeding coal-fired power generation for the first time.

## China is adding many different power sources, with solar dominating

Annual power capacity additions by source, in gigawatts (GW)



Source: China Electricity Council, Centre for Research on Energy and Clean Air, Global Energy Monitor • Coal, solar, wind and hydro make up around 90% of China's total installed capacity

The push to electrify has shaped the country's industrial policy. A handful of leading Chinese solar groups are pouring billions of dollars each year into research and development spending.

This includes a pivot away from the polysilicon needed for solar panels — where China already dominates 80 per cent of the market — into potentially groundbreaking new materials, such as perovskite cells, which are up to 20 times thinner.

Similarly, in wind, a clutch of rival Chinese companies are vying to produce ever bigger turbines at a lower cost.

Last September, Guangdong-based Ming Yang Wind Power Group announced what it claimed will be the world's largest offshore wind turbine, at 20MW, near the resort island of Hainan, marking a more than doubling in size from then world-beating projects developed by European and American engineers just 10 years ago. A month later, Chengdu's Dongfang Electric said it had built an even bigger turbine, at a factory in Fujian, in the country's south-east.

This competition has driven down the cost of offshore wind projects, on a dollar per megawatt-hour basis, from \$95 in 2020 to \$55 last year, implying a lower cost of production than conventional coal, data from Wood Mackenzie, a consultancy, shows.

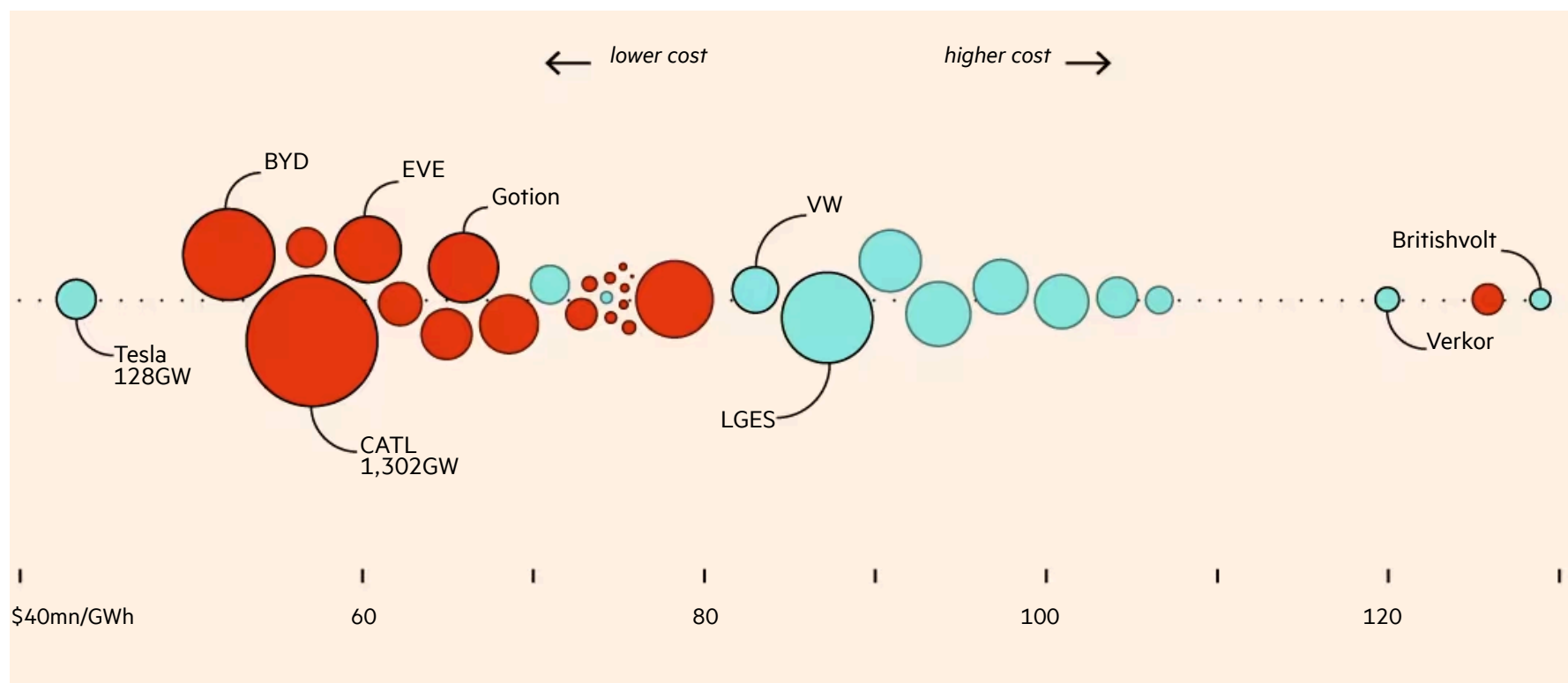


Wind turbine towers being assembled at a factory in China's eastern Jiangsu province © 2025 VCG

It is a similar story with energy storage. China's two biggest battery groups, CATL and BYD, each channel about 5 per cent of their annual revenues — \$50bn and \$100bn last year, respectively — towards efforts targeted at incremental gains in cutting-edge materials, chemistry and manufacturing processes, as well as longer-term foundational research.

Their tech gains coupled with expansive economies of scale benefits have led to steep reductions in the cost of lithium batteries for both EVs and battery storage for supporting wind and solar use in China.

Weighted-average battery plant cost by company (\$mn/GWh) based on current and planned projects  
Circles scaled by total battery capacity



These successful policies are being supported by the establishment of a market-based system for dispatching electricity across China's regions. In a landmark move, Beijing has decided that from June this year new renewable projects will be subject to market pricing.

The policy is expected to lead to some short-term hit to some large-scale wind, solar and battery developments, as new prices are factored into investment plans. But the introduction of competitive electricity markets — putting fossil fuels and renewables in direct price competition — is viewed as a necessary step in the gradual reduction of electricity fuelled by coal and gas over coming decades.

China's commitment to fossil fuels is a mixed picture. On the one hand, there are signs that the country is [on the cusp of hitting peak oil](#) after imports last year swung into decline for the first time in decades, excluding the pandemic.

Analysts at the International Energy Agency have noted that combustion uses of petroleum fuel in China have plateaued with “very limited” potential for future growth, a trend driven largely by the adoption of EVs in the transport sector and the country's gradual shift from manufacturing to more services-based growth.

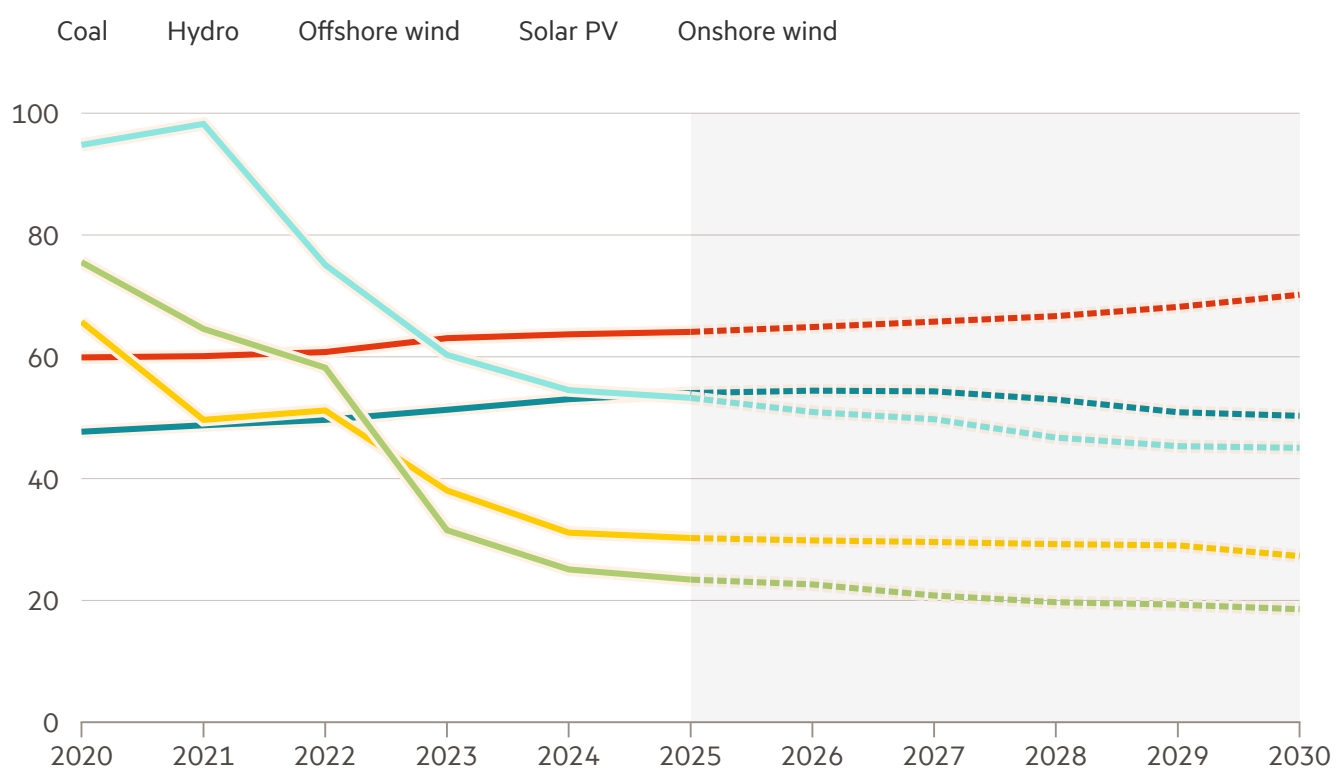
But, in the same year, China started construction on the highest number of coal-fired plants in a decade, according to Global Energy Monitor and the country continues to finance coal projects abroad despite a 2021 pledge from Xi that it would stop.

Yet following Xi's dual pledges that China's carbon emissions would peak before 2030 and the country would achieve carbon neutrality by 2060, the fuel is expected to over time be used more and more as a back up for a renewables-dominated electricity system.

“The world has underestimated how much the cost of renewable energy has come down in China,” says Yanmei Xie, an independent expert on Chinese industrial policy. “They actually opened renewable energy to market pricing, confident that it was cost-competitive with traditional energy.”

## Renewables have become cheaper than coal power in China

Average levelised cost of electricity (LCOE) in China, dollar per megawatt-hour (\$/MWh)



Source: Wood Mackenzie • LCOE is a standard power industry metric used to evaluate the total cost of power generation over a project's lifetime

According to RMI's research, low electricity prices are also essential to electrification, as has been the case in China where low prices have increased usage. Its analysis shows that countries that fail to reduce prices struggle to electrify.

"It's very simple economics 101. If the price of something is high, you are going to use less of it," says Daan Walter, one of the authors of the RMI report, now with Ember climate think-tank.

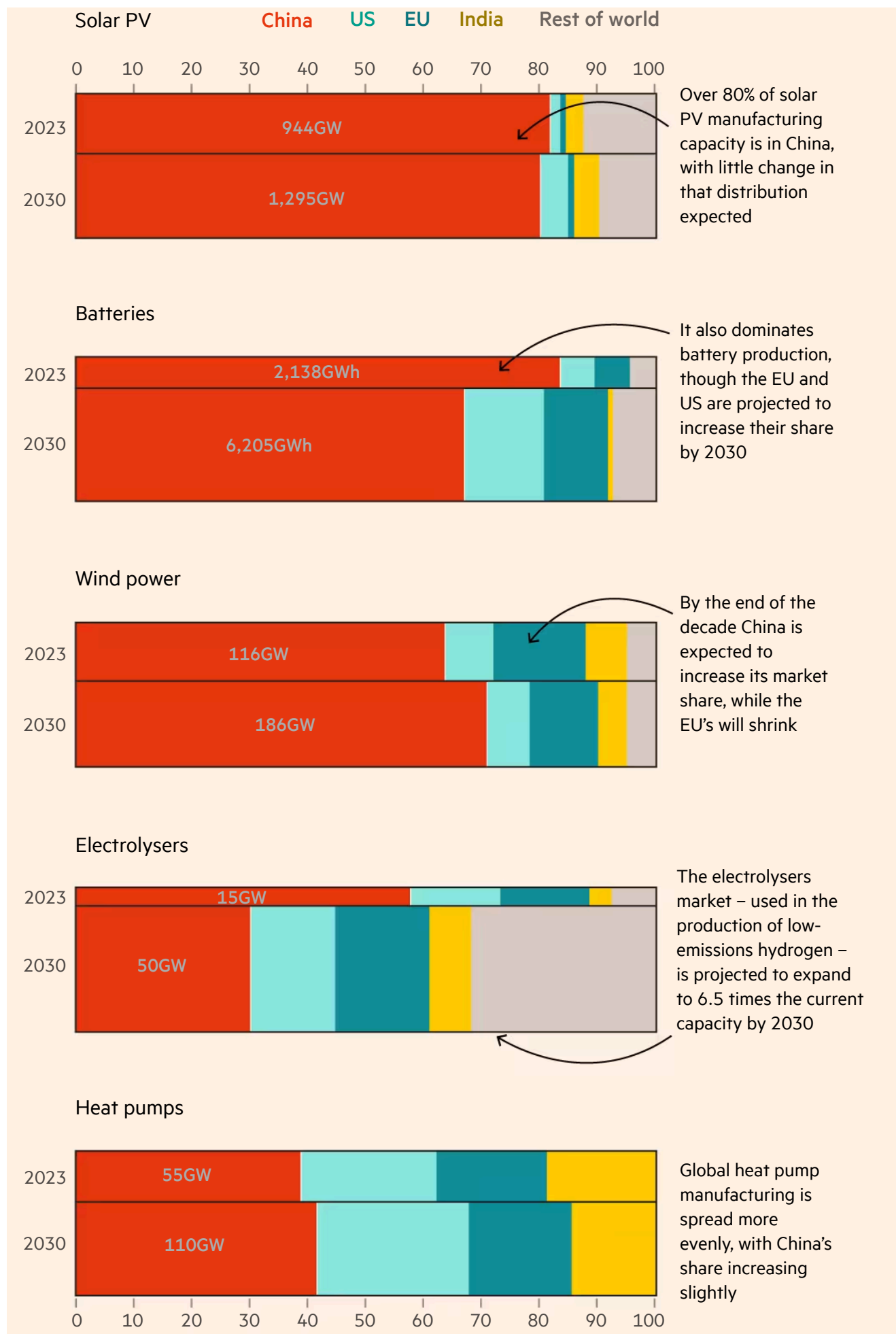
**While China's industrial policy** is boosting energy and resource security, it has also led to overcapacity, hammered countless foreign rivals and contributed to an overwhelming trade imbalance.

The country's cleantech manufacturing capacity massively outstrips domestic demand, according to data from Wood Mackenzie. This has led to stunning price falls but also sparked allegations from Washington and Brussels that Beijing has violated international trade rules through years of unfair state support.

## China dominates cleantech production

Global manufacturing capacity by country for select clean energy technologies

↓ Height of bars indicates relative size of capacity for each technology, 2023 vs 2030



Source: IEA • Capacity at year-end. 2030 manufacturing capacity includes existing and planned capacity based on project announcements.

Immense supply gluts in solar, for example, have led to warehouses overflowing and low-grade Chinese-made panels being used for fencing in Europe.

The dichotomy — that industrial policy can be immensely wasteful and lead to successful strategic outcomes — is not lost on policymakers in Beijing.

Elisa Hoerhager, the Beijing-based chief representative in China for the Federation of German Industries, known as BDI, expects the Chinese state's economic planners to intensify efforts to tackle "this disconnect" between innovation and efficiency of industry in their next five-year plan, which is expected to be unveiled in early 2026.

“This is going to be one of the major challenges that they’re going to try to address: to connect ‘fostering innovation’ and ‘raising productivity’ with each other,” she says.

Among western policymakers, there is a dawning realisation that matching China’s cleantech supply chains may be impossible.

China spent decades securing access to the world’s critical resources, building out the processing and refining infrastructure, and subsidising local manufacturing and consumption. It now dominates all stages of the supply chain, from mines to factories.

According to research published this year by AidData, at the College of William & Mary in the US, Chinese entities issued loans worth nearly \$57bn from 2000 to 2021 to secure access to critical minerals such as copper, cobalt, nickel, lithium and rare earths across the developing world.

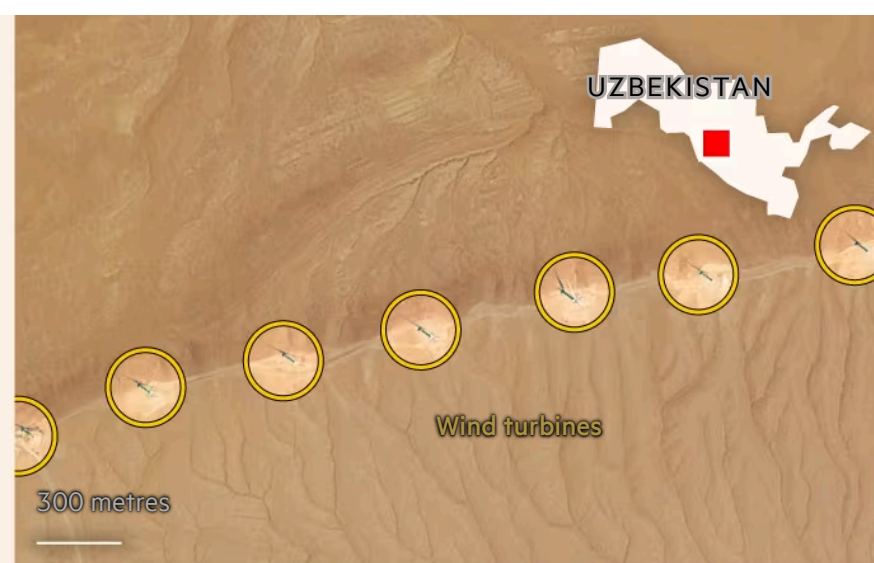
Now, the country is leveraging that dominance. China is increasingly exporting its clean technology, engineering, supply chain and financing capacities.

Beijing is also increasingly using its green energy success to claim a moral high ground over western rivals. “Since I announced China’s goals for carbon peaking and carbon neutrality five years ago, we have built the world’s largest and fastest-growing renewable energy system as well as the largest and most complete new energy industrial chain,” Xi told a UN-convened virtual meeting of world leaders in late April.

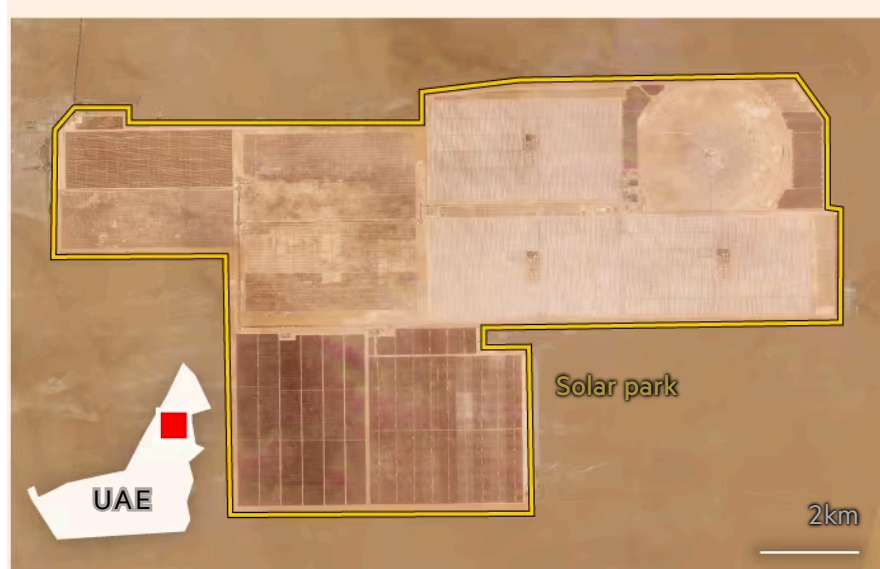
## China is investing billions in clean energy projects abroad



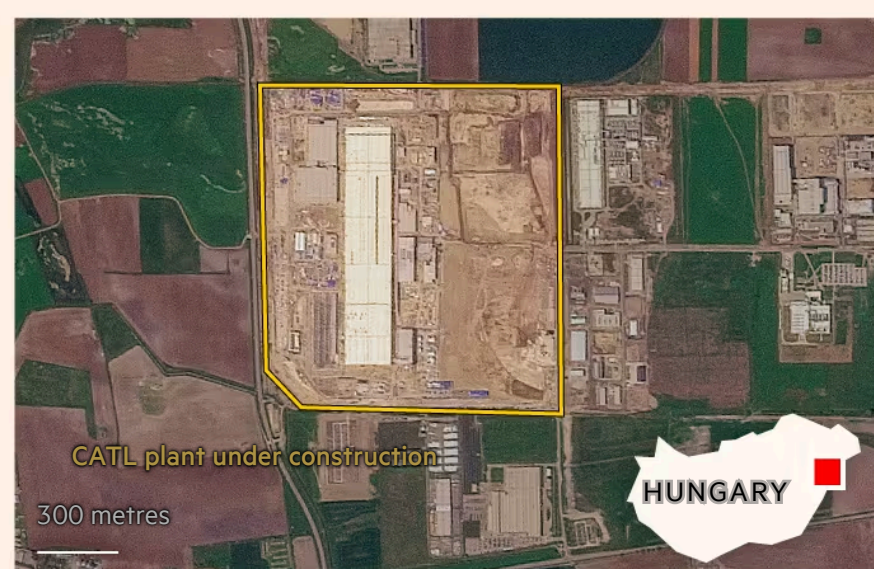
Companies from China supplied the equipment and installed most of the units at the 2.1 gigawatt (GW) **Julius Nyerere hydroelectric power plant** in eastern Tanzania. The facility will double the African country's power generation capacity.



Beijing is investing in several renewable energy projects in central Asia, such as China Southern Power Grid's stake in Uzbekistan's **Bash and Dzhanakeldy wind farms**. The 1GW project, located in the Kyzylkum desert, is the largest wind power facility in the region.



Chinese companies are playing a growing role in clean energy developments in the Gulf region, including at the **Mohammed Bin Rashid Al Maktoum solar park** in Dubai. The megaproject is one of the largest solar farms in the world, with a planned capacity of 7.2GW by 2030.



**Battery giant CATL** expects to start production at its €7.3bn plant in Debrecen, Hungary, this year. The project is the largest-ever greenfield foreign direct investment in the country and is set to become the biggest battery 'gigafactory' in Europe.

Source: Climate Energy Finance, Janes, FT research; Planet Labs, all satellite images from April-May 2025

According to corporate announcements and financial statements compiled by Climate Energy Finance, a Sydney-based research group, Chinese companies have, since the start of 2023, committed \$156bn in outbound foreign direct investment across more than 200 clean technology transactions.

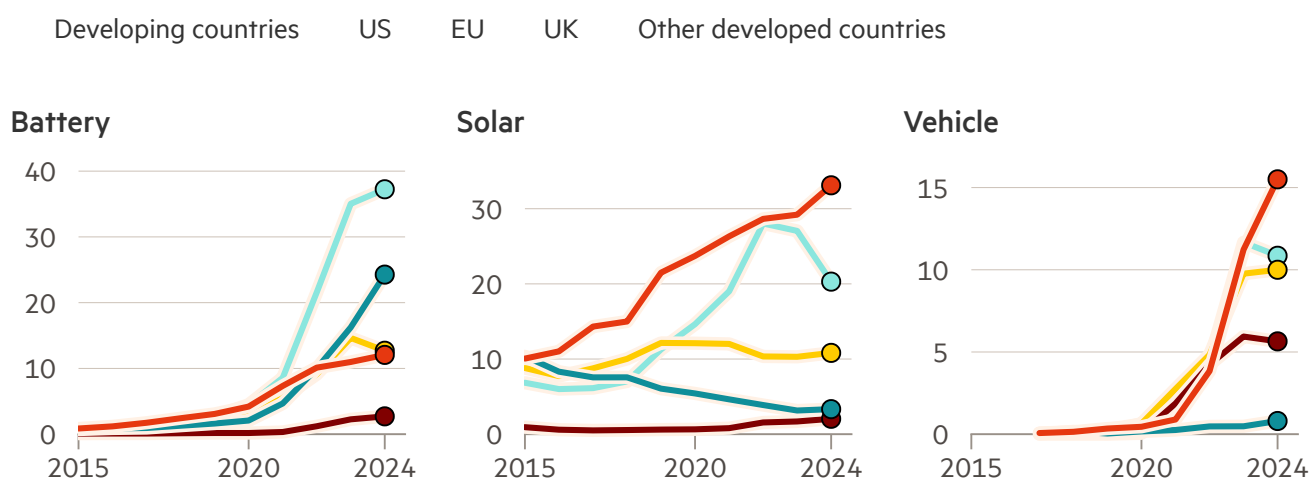
This effort is expanding Beijing's political and economic influence globally just as the Trump administration pursues a hard decoupling from Chinese supply chains and roils global trade.

"This trade war has really emphasised the whole point of energy security and electrification because one of the most-traded commodities in the world is fossil fuels," says Tim Buckley, director of CEF.

"Countries around the world are going to be thinking very much the same way [as China]," Buckley adds. "Obviously China is very well positioned to aid them in that, and come out of this geopolitical shitshow with a strategic trade weapon: collaborating with anyone that wants to work on energy security and decarbonisation."

## The majority of China's rising green tech exports are now going to developing countries

Value of green tech exports from China, in \$bn



Source: Centre for Research on Energy and Clean Air analysis of Comtrade data • Value of imports shown at constant 2022 prices, based on averaged unit costs

While Beijing is betting on clean technologies to boost its exports, Washington is pursuing a very different approach. The White House is insisting countries increase imports of American gas to reduce their trade surpluses with the US and secure favourable trade terms.

For many countries weighing up the costs of Trump's trade war, the choice between American liquefied natural gas and Chinese clean power technologies could be a defining one both financially and for decarbonisation, according to Kingsmill Bond, an energy strategist at Ember.

"Building on Chinese electrification technologies is going to be cheaper than trying to sustain the old fossil fuel system," Bond says. "Solar beats LNG on cost and that is a boon for the climate. Basically \$1 spent on importing solar panels would save \$1 annually in gas imports while generating the same amount of electricity."

But western analysts and officials have also identified an emerging national security risk in China's rising dominance over green energy supply chains and technology, citing potential risks from economic dependence as well as espionage and military threats.

Ultimately, experts say that China's success in electrification leaves Xi and his administration far more able to handle the sort of supply chain and trade shocks that now loom large in Trump's second term.

Ironically, the tariffs may provide the "unintentional incentive" of strengthening China's energy transition, says Yao Yi, Beijing-based project lead at Greenpeace.

As of last year China's energy storage systems capacity was above 73GW, more than 20 times higher than four years ago but still far short of the more than 500GW of storage the country is expected to need to fully support its renewable roll out.

Switching focus from exports to the US back to the domestic market may help "local governments and industries achieve goals around energy security", says Yao.

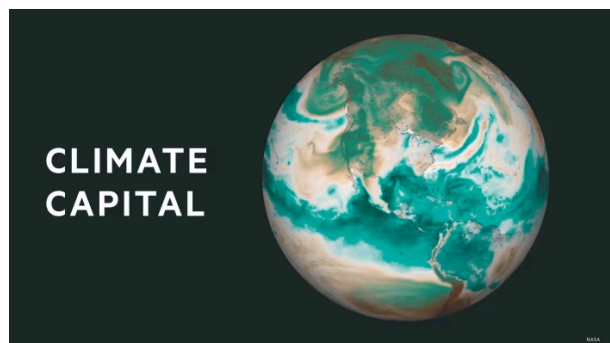
And while both sides have weaknesses and choke points across their industrial supply chains, many experts believe that Trump and his cast of close advisers have miscalculated the extent of Beijing's preparation for this crisis.

"To the extent any country can minimise its exposure relative to where they were years ago, China is in a much stronger position," says Gilholm of Control Risks.

"Nobody calls it neo-Maoist or autarkic now; China was just way ahead on de-risking and resilience."

## Climate Capital

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Where climate change meets business, markets and politics. [Explore the FT's coverage here.](#)

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## Trump tariffs

### Vietnam faces the heat over Chinese tariff 'backdoor' to US

Chinese exports to south-east Asia surge as producers reroute shipments to avoid Donald Trump's levies



Vietnam has been singled out repeatedly by US officials for allowing trans-shipment of Chinese goods © Linh Pham/Bloomberg

**A. Anantha Lakshmi** in Jakarta

Published 4 HOURS AGO

Vietnam, Indonesia and other countries in south-east Asia are caught in the crossfire of US President Donald Trump's trade war with Beijing, with the region coming under mounting pressure to clamp down on the rerouting of Chinese goods as it heads into tariff negotiations with the US.

Chinese exports to the region jumped more than 20 per cent last month, offsetting a plunge in [US-China trade](#) and underscoring accusations from the Trump administration that countries in south-east Asia were helping Chinese manufacturers avoid punitive tariffs.

Officials and trade experts said this practice, known as trans-shipment, has become a critical issue in negotiations with the US, with the Trump administration demanding countries in the region crack down to secure relief from some of the highest levies imposed on America's trading partners.

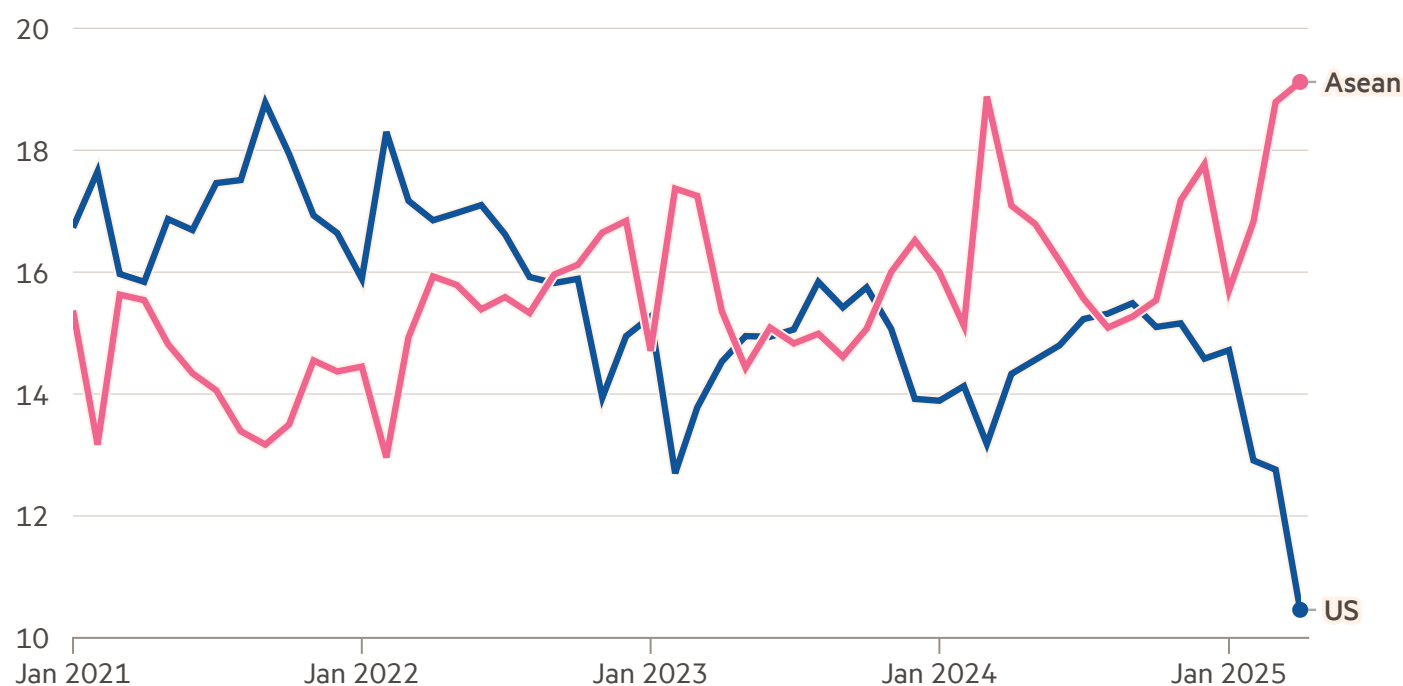
"South-east Asia is coming under more pressure than other regions in the world . . . because of origin-washing," said Sharon Seah, co-ordinator of the Asean studies centre at Singapore's Iseas-Yusof Ishak Institute.

"The US thinks that the Chinese will use [the region] as a backdoor to continue exporting to the US markets."

Countries in the region are hoping for further talks with US Trade representative Jamieson Greer at the Asia-Pacific Economic Cooperation meeting of trade envoys in South Korea this week, after Washington and Beijing [announced a temporary truce](#) in their trade war on Monday.

## Asean accounted for nearly one-fifth of China's exports in April, while the US share dropped to 10.5%

Share of China's total exports (%)



Source: China's General Administration of Customs • Asean countries include Vietnam, Indonesia, Malaysia, Thailand, Singapore, Philippines, Myanmar, Laos, Brunei and Cambodia

Many companies assemble components manufactured in China in third countries in south-east Asia, or add enough value to the products to [legally change their place of origin](#). However, some merely relabel their products without any added value, a practice that is illegal but difficult to trace.

Vietnam has come under the most scrutiny. The country, which has the [third-largest trade surplus](#) with the US after China and Mexico, has emerged as a manufacturing powerhouse in the years since Trump's first term as production shifted away from China.

It has been singled out repeatedly by US officials for allowing trans-shipment, and was hit with 46 per cent tariffs on Trump's "liberation day" salvo in early April, before being given a 90-day reprieve.

Prime Minister Pham Minh Chinh told US executives in a meeting this week that Washington had stressed trans-shipment in tariff negotiations, according to Adam Sitkoff, executive director of the American Chamber of Commerce in Hanoi.

"The top priority for the US side in these trade talks seems to be the trans-shipment issue," said Sitkoff. Vietnam was already stepping up efforts to crack down on illegal trans-shipment, he added.

Since Trump's "reciprocal" tariff announcement, Indonesia, Thailand and Malaysia have also promised to increase scrutiny of trans-shipments.



Vietnam's Prime Minister Pham Minh Chinh at the World Economic Forum in Davos. He told US executives this week that Washington had stressed trans-shipment in tariff negotiations © Fabrice Coffrini/AFP/Getty Images

Vietnam, Indonesia and Thailand have held initial trade talks with the US and have vowed to increase purchases of American goods and reduce non-tariff barriers.

Those concerns were highlighted last week when Chinese customs data for April showed Beijing's exports to south-east Asia [increased 21 per cent](#), about the same amount that those to the US had declined.

The sharpest rises were to Vietnam, Indonesia and Thailand, which analysts said reflected Chinese companies channelling US-bound goods through third countries.

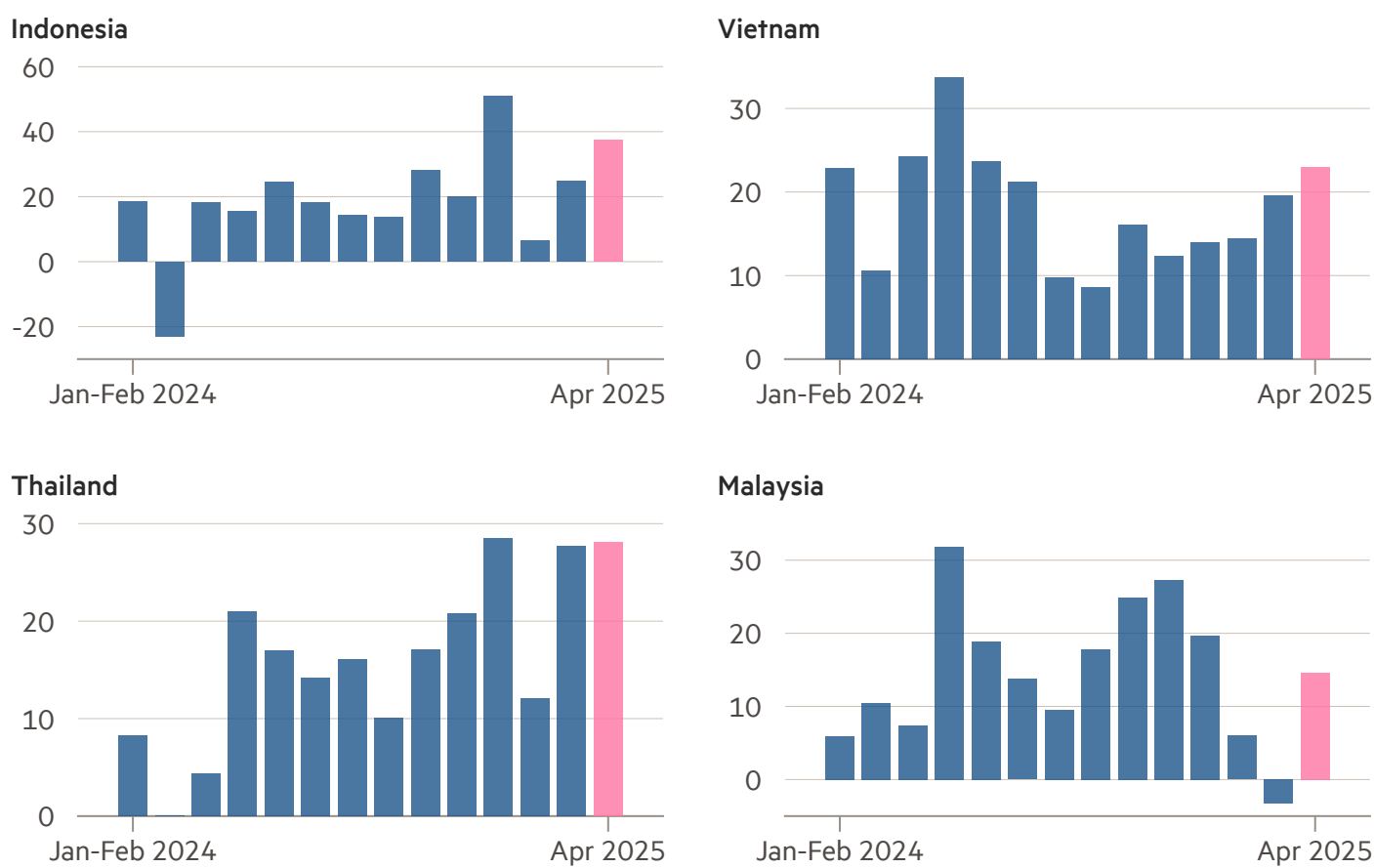
While the US agreed to lower its additional tariffs on China to about 30 per cent for 90 days under the deal announced this week, its remaining levies are much higher than the 10 per cent rate currently in place on south-east Asian countries until July.

One senior south-east Asian government official who asked to remain anonymous said the US had made it clear in tariff negotiations that they would not accept "any other country piggybacking" on bilateral deals.

"Rules of origin is a big deal for the US," said the official, who is involved in talks with Washington.

## China's exports to Indonesia, Vietnam and Malaysia surged on the back of US tariffs

Year-on-year change in China's exports (%), by trading partner



Source: China's General Administration of Customs, FT calculations • Data for January and February are combined

But governments in the region will be wary of taking direct action against Chinese companies for fear of angering Beijing, the official added. China is the largest trade partner and investor for most south-east Asian countries, which would seek to avoid [being forced to choose](#) between Washington and Beijing.

Vietnam and Indonesia have both prided themselves on maintaining a nonaligned foreign policy — which the former refers to as [“bamboo diplomacy”](#) — that has allowed them to balance close ties with the US and China.

But some countries were “bound to have to make choices”, said the official.

Iseas’ Seah said south-east Asian countries would seek to project neutrality rather than “take sides, but where a particular industry is worth protecting for their own national interest, they may have to”.

Deborah Elms, head of trade policy at the Hinrich Foundation, noted any push by the Trump administration to cut Chinese content out of goods originating in south-east Asia would be difficult because supply chains in the region were also closely integrated.

“If you are being asked to squeeze down or out Chinese content, and apply very stringent rules of origin, that’s going to get complicated. Governments are going to have to make a political calculation and an economic one,” she said.

“If the US is going to go down this particular path, then [it is] asking them to explicitly choose.”

*Data visualisation by Haohsiang Ko in Hong Kong*



CATL

## Why China's cash-rich battery king needs a blockbuster share sale

CATL's Hong Kong secondary listing set to raise \$4.6bn and would be world's biggest so far this year

Edward White in Shanghai, Cheng Leng and Gloria Li in Hong Kong and Arjun Neil Alim in Singapore

Published YESTERDAY

China's battery giant CATL is set to raise \$4.6bn from Chinese and international investors in Hong Kong, after bankers closed its deal book on Wednesday with an offer price understood to be a top-of-the-range HK\$263 (US\$33.70) a share.

[The share sale](#) will be the biggest of its kind globally so far this year, in a boon for the territory after a dearth of Chinese corporate listings in recent years. Order books were oversubscribed by about 115 times, said one banker who participated in the bookbuilding.

For [Robin Zeng](#), founder of the world's biggest electric vehicle battery group, the secondary listing marks the culmination of a years-long effort to access foreign capital to fund plans for aggressive overseas expansion.

### Why does CATL need more foreign investment?

CATL has a €1.8bn factory in Thuringia, Germany, and is building out its battery materials supply chain in Indonesia, complementing its 11 major manufacturing bases in China.

The group, based in Ningde in the south-eastern province of Fujian, is now constructing a [€7.3bn factory](#) in Debrecen, Hungary, and has launched a €4.1bn joint venture with Stellantis in Spain.

The company says the cash raised in Hong Kong will be used to fund its Hungarian manufacturing base, even though it had Rmb304bn (\$42bn) in cash as of the end of last year, including \$11bn in net foreign assets. Analysts said improving the company's valuation was probably a more significant motivation.

# 17.8x

Forward 12-month price-to-earnings ratio

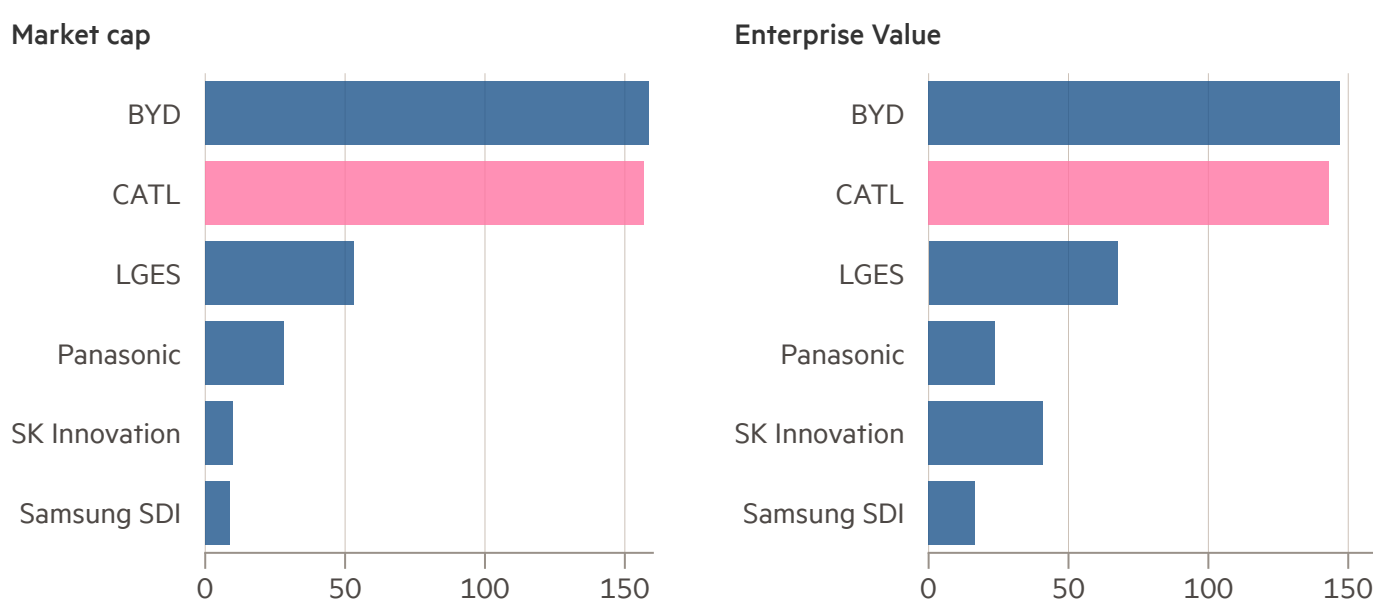
“It is something they’ve wanted to do for some time: diversifying the shareholder base, bringing in foreign international institutions because they’re going to become a much more globally relevant firm,” said Neil Beveridge, who leads Bernstein’s energy research in Hong Kong.

A person close to the company said that despite having a market capitalisation of more than Rmb1tn, bringing in international investors to help establish an offshore financing platform remained “necessary”.

This is because Beijing, wary of the country’s financial sector being destabilised by a surge in renminbi outflows, has strict capital controls.

## CATL leads most of its peers in market and enterprise valuation

Market cap and enterprise value (\$bn)



Source: Bloomberg, Bernstein

Citi analysts have noted that obtaining Beijing’s approval for outbound investment risks a months-long bureaucratic process. Beyond possible delays derailing overseas investment plans, transferring cash from China into foreign currencies also bears a high cost.

Over recent years, plans to raise funds through a [Swiss secondary listing](#) and tapping sovereign wealth funds have been unsuccessful.

## How have investors reacted?

Demand to be “cornerstone investors” listed in the prospectus has been strong, according to one banker working on the deal. Lead bankers on the deal are state-backed China International Capital Corporation and China Securities, as well as Bank of America and JPMorgan.

Chinese oil company Sinopec, the Kuwait Investment Authority sovereign wealth fund and Asian fund Hillhouse Investment led the cornerstone group, which also included US-owned Oaktree Capital Management and Lingotto, an investment vehicle backed by the Italian industrialist Agnelli family, and units of two Chinese state-owned groups, Postal Savings Bank of China and insurer Taikang Life.

Some US investors, wary of scrutiny in Washington, opted to invest after the prospectus release, the person added.

# 21.1%

Return on equity in 2024

CATL's issuance is under Regulation S and not 144A of the US securities law. This means American institutions must take part through offshore accounts and exempts CATL from some US

disclosure obligations.

That is being perceived as an effort by CATL to limit its exposure to US investors, said a Chinese initial public offering banker. "A Reg S [only] offering is not rare, but usually it is adopted by small ticket issuers who expect no major investments from the US."

Bernstein's Beveridge added that based on the group's recent marketing in Europe and incoming calls, investor interest from overseas had been "high", with investors attracted by its technology and dominant sales position.

## Should investors be worried about US restrictions?

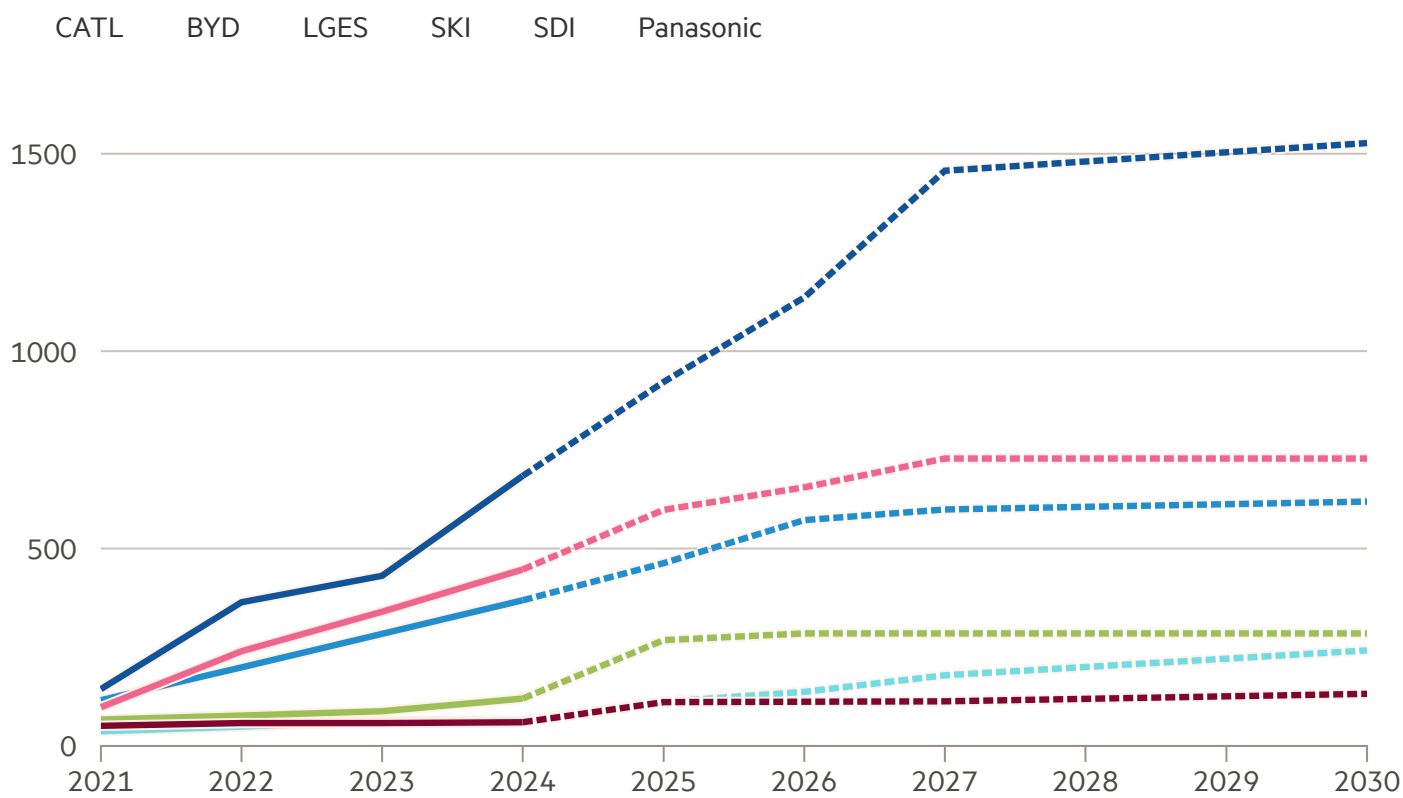
CATL holds a market share of about 37 per cent in the world's EV and energy storage battery markets. However, of the company's \$50bn in revenues last year, only about 30 per cent came from outside China, primarily from Europe.

The US automotive and energy markets are prized, and CATL has been shipping a growing number of utility-scale batteries there for energy storage, while working with Tesla and [Ford](#) to license its battery manufacturing technology for factories on American soil.

This leaves the group exposed to looming Trump administration decisions over tariffs on Chinese exports, as well as uncertainty over Biden-era tax credits for clean energy and possible US government action over national security.

### CATL forecast to cement domination of global battery market

Plant capacity (GWh), by company



Source: Bernstein • Estimates from 2025 onwards

UBS analyst Tim Bush said any changes to the advanced manufacturing production credit would "directly determine" the competitiveness of American battery manufacturing, relative to importing from China.

And CATL's plan to license technology to US partners, rather than manufacturing or exporting battery cells, does not insulate it from the threat of tariffs.

"All of the materials that are needed to make these batteries come from China," Bush added. "So the issue becomes, what are the tariff levels on these materials."

Despite CATL's denials of [Pentagon allegations](#) of security risks and links to the Chinese military, one Asia-based analyst said its batteries were part of systems that had the potential to be compromised.

"It's not like the battery itself is going to be carrying malicious code into the grid, but the batteries are housed in a system that does include software and that does communicate with the grid," the person said.

## Will more Chinese companies follow suit?

Listing volumes in Hong Kong at the end of April were at their highest level since 2021, according to Dealogic data. EV maker BYD also tapped investors for \$5.6bn in Hong Kong in March in a follow-on equity raise.

CATL's share sale implies Beijing's approval and comes amid other signs that Xi Jinping's administration is turning to the private sector to help shore up slowing growth in the world's second-biggest economy.

Amid worsening US-China relations, there is uncertainty over the future of Chinese listings on Wall Street. Earlier this month, Chinese carmaker Geely said it planned to [delist its EV unit Zeekr](#) less than a year after the marque's float in New York.



The world's biggest supplier of EV batteries is based in Ningde, a city in south-eastern China © VCG/Getty Images

James Peng, chief executive of Chinese robotaxi start-up Pony.ai, said in a recent interview with the Financial Times that it was ["contemplating"](#) a secondary listing less than six months after its US IPO, with Hong Kong a possible option.

"The long-term trend will be for Chinese companies to increasingly depend on the country's own ecosystem and capital markets for development," said an executive at another Chinese EV maker, adding that Hong Kong still had "unique advantages" in helping domestic businesses secure offshore funding.

However, Tim Buckley, director of Climate Energy Finance, a Sydney think-tank, noted that few Chinese cleantech companies would be as attractive to international investors.

“CATL is an exception; even as they’ve delivered very strong growth, they’ve also delivered good profit margins,” he said. “For the solar, wind and lithium companies . . . profit is one of the least important drivers.”

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