

Pulse of China



Trade-war? What trade-war?

While the on-again, off-again tariffs seem to be off for now, May data shows the China economy growing robustly and consumer spending at its highest growth rate in recent times

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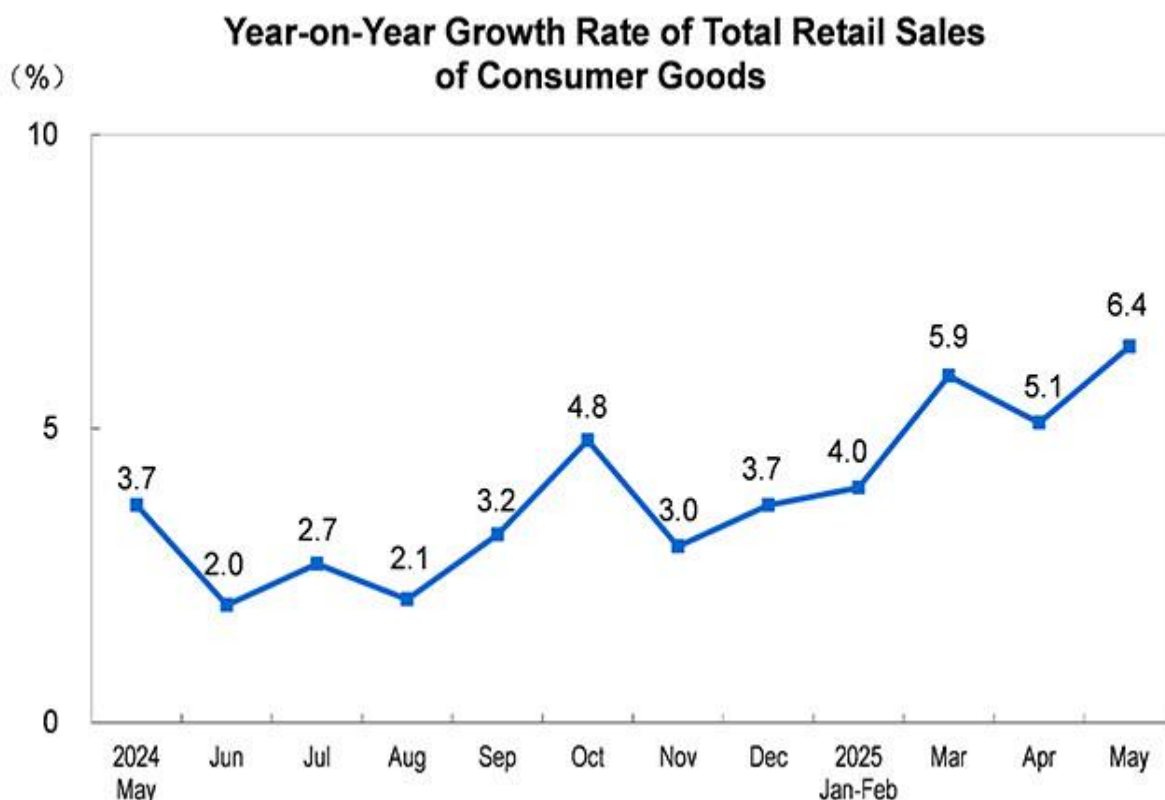
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Jun 2025

Trade War? What Trade War?

Our periodic look at economic data from China's National Bureau of Statistics reveals steady growth despite all the turmoil of the on-again, off-again tariffs through the month of April.

Despite tariffs and trade wars, the economy had it's best month in recent history. The total retail sales of consumer goods was up 6.4% year on year and over January-May, up a solid 5%.



We were curious about import and export numbers for May, given that the US tariffs were declared in April and there would be a delayed impact on trade. As a reminder, initially the US imposed 34% tariffs on imports from China, which then went up as China and the US imposing higher tariffs on each other's exports. While that eventually ended in a temporary reduction while waiting for a trade deal, May was a fairly good month to try and assess the impact of all this.

Imports in May clocked in at RMB 1533 billion – down 2.1% year on year. Exports were at 2277 billion, up 2.7%. However, this is part of a longer trend. If we look at corresponding figures for Jan-May 2025, exports are up 7.2% and imports down by 3.8% for the comparable period last year.

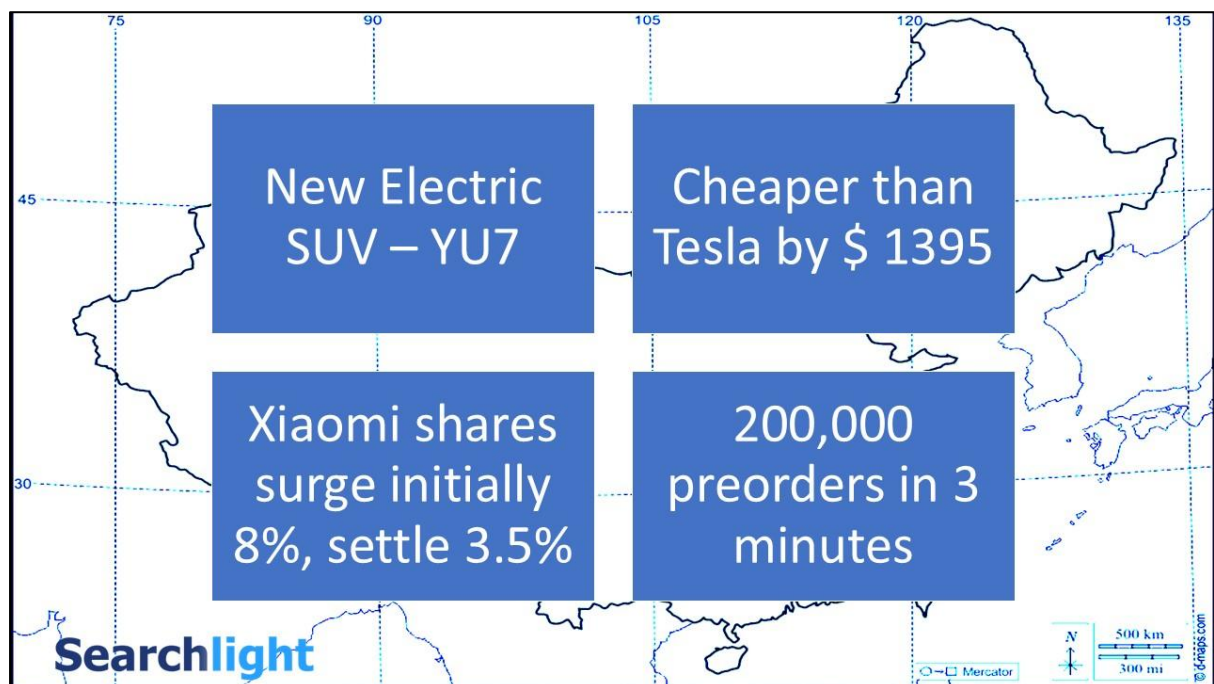
It looks like, in general, China was growing exports and shrinking imports anyway – the rate of growth of exports has dropped in May relative to previous months but they are still growing.

Xiaomi YU7 opens to a resounding reception

If we needed any sign that consumers were feeling good about the economy, how about this? Xiaomi announced the launch of a new electric SUV, the YU7. It's priced to compete with Tesla, with an advantage of about 1300 USD on pricing. A pre-booking event for the YU7 yielded 200,000 bookings in just 3 minutes, which over the course of the next 57 minutes went on to 290,000 bookings. As an outcome of that, Xiaomi's share price shot up by 8% before settling 3.5% higher than the previous day.

Now, the monthly retail sales numbers from the National Bureau of Statistics always split out automobile sales separately. If we go back to the May number of an overall 6.4% YOY growth, after excluding automobile sales that growth percentage goes to 7%, which suggests that automobile sales were growing slower than other categories of consumer spend. Set against, that Xiaomi's pre-booking performance for the YU7 is truly remarkable.

It's also interesting to note how Xiaomi, until recently not a carmaker brand at all, has managed to establish itself in that industry very quickly. In our last issue of Pulse, we talked about how China consumers, by and large, are very functional in their approach to a brand and evaluate all the options in a category (familiar and unfamiliar) before making a choice based on very functional criteria. Xiaomi's clear comparison with Tesla and the price advantage of 1300 USD plays to that and underlines the fundamentally different approach of Chinese brands winning consumers by presenting a better value proposition.





Set up in early 2020, Searchlight is a boutique management consulting firm headquartered in Shanghai. We focus on helping brands understand and prioritize their opportunities and overcome their barriers to growth. We do this by working closely with our client teams over an extended period of time, facilitating their process of decision-making, building capability by guiding and training their teams, and also helping with organization redesign if necessary. Our team of 14 associates covers a wide range of specialist areas: business management, brand management, marketing, communication, media, HR, CRM, sales management, technology, and. Each of us has at least 20 years of work experience, a large part of that in China.

We coach and assist client teams to make quality decisions for the business. We also assist the design of organizational processes and financial models, especially building internal and external capabilities for strategy implementation.

We've worked with both international and local brands, startups and public listed companies like J&J, Hollister Medical and Pandora as well as SUNNER Foods (a listed company that focuses on food processing category and became one of the fastest growing B2C brand now) and startups like Little Ondine, LeBunna and Youxin coffee. For more about us visit

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