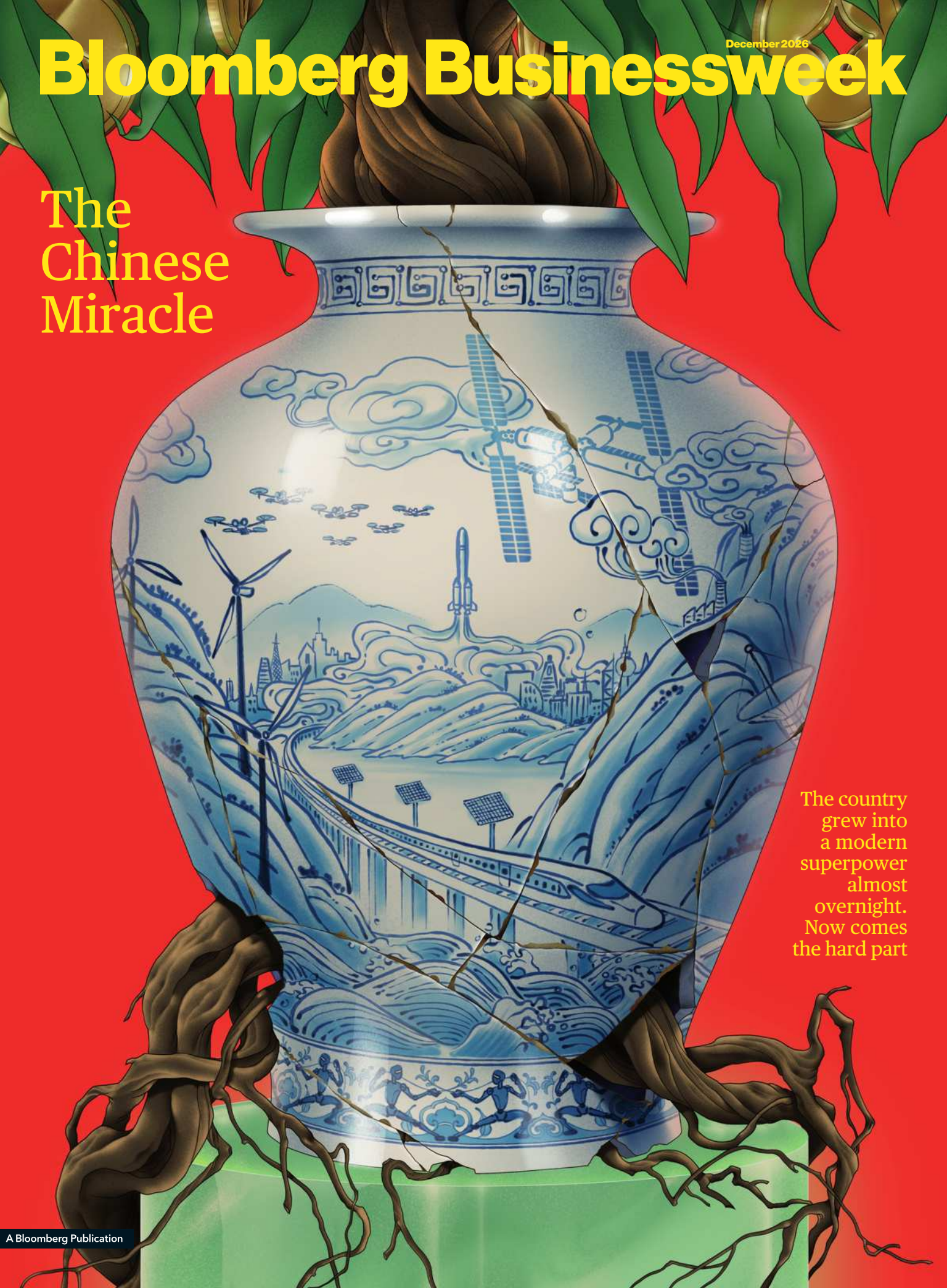
Bloomberg Businessweek
December 2026

The Chinese Miracle



The country grew into a modern superpower almost overnight. Now comes the hard part

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VACHERON CONSTANTIN
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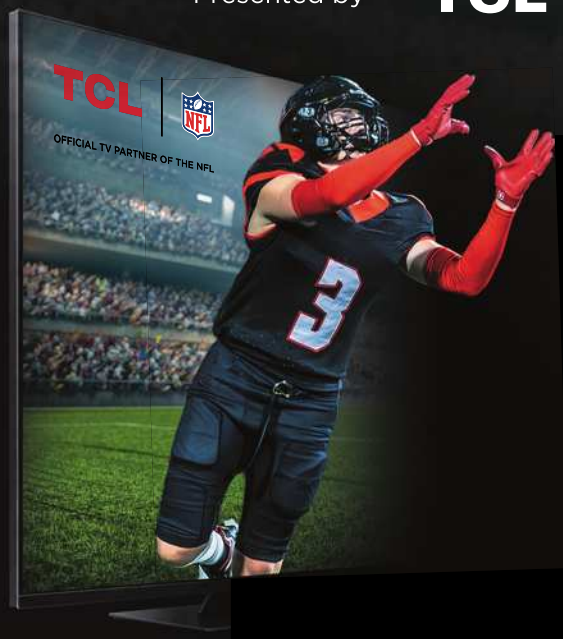


PUTTING TINY TECHNOLOGY AT THE HEART OF THE NEXT BIG SPORTING MOMENT

From gaming to game night, a game-changing new TV technology called SQD-Mini LED is bringing more immersive large-screen viewing experiences to homes

Relentless defense, a record-breaking five field goals, 135 rushing yards from a running back for an MVP crown, and a 45-yard interception return for a touchdown as the Seattle Seahawks claimed victory.

Add a halftime show that made a global megastar out of its headliner Bad Bunny, and Hollywood-star-studded commercials that are as hotly anticipated and discussed as the final game result, and there was no doubt Super Bowl LX was true cultural cinema.

Besides the 70,000 fans in the stadium, up to 137.8 million people watched it on screens — the highest Super Bowl peak viewership in history.

And there was no shortage of other great sporting moments this year, from the iconic NBA final to the buzz of a soccer World Cup, gluing Americans — and the world — to their TVs.

Watching sports on TV is, in fact, America's national pastime, with three-quarters of Americans watching some form of sport; over half of them watch NFL.

And it's not just sports; between streaming the latest shows, cable, other broadcast, and console gaming, Americans spend an average of 3.7 hours a day with their TVs.

TVs Go Big and Go Home

The Covid pandemic saw homes become the center of our entertainment world, and that trend has not reversed. At the heart of the cinematic viewing experience modern consumers seek at home is an ever-larger TV. In 2015, the most popular TV screen size was 32 inches; this has now nearly doubled.

According to Bloomberg Intelligence, the 65-inch and above category is projected to form a quarter of the total mix in 2026.

At TCL — the world's second-largest TV maker, and set to take the world's top spot next year — the shipment share of 65-inch-and-larger TVs rose 4.9% YoY to 32.6%, according to TCL Electronics' Q1 2026 financial report.

TVs in the 75 to 100-inch range were once prohibitively expensive, or the preserve of commercial use. Now, advances in technology are making these so-called 'ultra-large' TVs perfect for homes, with better picture quality than ever creating the immersive experiences befitting big-game moments and blockbuster buzz.

How Picture Quality Keeps Pace

Getting to these screen sizes and keeping image quality clean, crisp and bright enough to deliver a premium viewing experience is no easy feat.

At the core of the challenge is how the TV's display panel (the LCD, or liquid crystal display) is backlit. In conventional LCD TVs, the backlighting is uniformly controlled, limiting the ability to deepen dark areas and brighten highlights.

Mini LED technology addresses this by using much smaller light-emitting diodes in a high-density backlight array, divided into independently-controlled local dimming zones. By dimming or brightening individual zones, the darker or lighter areas in the picture being displayed can be rendered with great precision.

As demand for larger screens grows, so does the need for more backlight zones. Modern Mini LED technology allows scaling up to thousands of LED zones, allowing a superior level of image control.

On an 85-inch screen, when Mini LED backlighting reaches 2,000 zones, the overall picture quality can match that of OLED (the benchmark technology, which uses expensive organic LEDs that can be individually switched on or off). At 5,000 zones, it can outperform OLED.

Going Smaller for Bigger Impact

Now, a breakthrough technology offers even greater advances in picture quality, especially color and brightness: SQD-Mini LED. Developed by TCL, it is the latest step in the company's long-term focus on advancing Mini LED technology and large-screen viewing experiences.

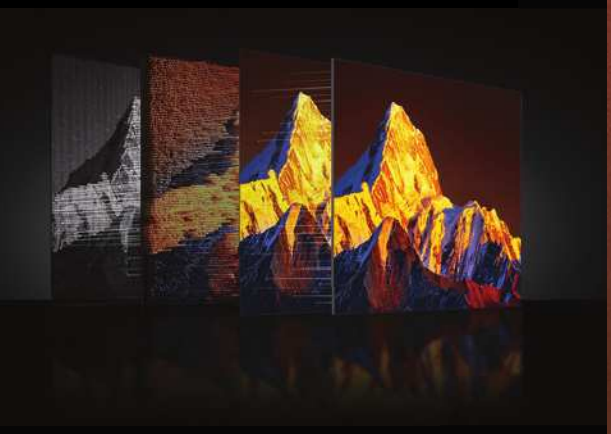
It enables over 20,000 zones, with one LED per zone, for incredibly precise physical dimming control. The light-emitting chips themselves, each a



fraction of a millimeter in size, are up to 20 times smaller than conventional LEDs, more powerful than previous generation designs, and are arranged in higher-density arrays.

SQD technology enhances the nanometric crystal particles, or quantum dots, that effectively turn the emitted light into color. Smaller and structurally adjusted for purer RGB light transmission, these Super Quantum Dot crystals allow a wider color gamut, which enhances the depth and range of displayed colors.

TCL has combined these with advancements in panel technology that allow wide viewing angles. The overall result? Far superior color performance, no blooming, higher peak



brightness, and longer service life.

The first model to debut this technology is TCL's flagship X11L, launched in North America at CES 2026, in sizes from 75 to 98 inches, to wide critical acclaim.

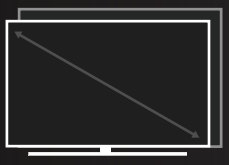
At maximum settings, it achieves a groundbreaking 100% of the BT.2020 color gamut, and has been certified by TÜV Rheinland as the richest in perception color volume rating.

With powerful AI processing for better color, contrast, clarity, motion and sound, all in a sleek 0.8-inch completely flat back panel for flush mounting, it raises the bar in Mini LED TV technology.

Whatever Super Bowl LXI may bring, with SQD-Mini LED technology, the keen sports fan and home entertainment enthusiast is in for a winning experience.

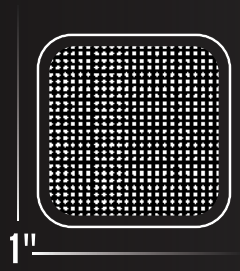
Color By Numbers

65+



TVs with screens sized 65 inches and above accounted for almost one in every three TVs sold globally by TV manufacturer TCL. That's over 20 times larger than this magazine page.

20,736



The number of LED zones in TCL's new SQD-Mini LED flagship TV, the 98-inch X11L. That means every square inch of the screen — like this — has more than five zones, achieving ultra precise dimming control.

10,000



Maximum brightness, measured in nits, achievable by the X11L. That's as much as an outdoor LED billboard in Times Square, designed to cut through the brightest daylight.

0.8



The X11L is ultra-large — with screens from 75 to 98 inches — but is surprisingly thin, at just 0.8 inches: the size of this band. And the back is perfectly flat, too.



China's past, present and future come together in Chongqing

■ JIANGXIANG QI

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Contents

● Remarks

Covering China's remarkably fast rise to power 9

● The Past 25 Years

How China—and the world—changed after Dec. 11, 2001 10
China's entry in the WTO hasn't gone as the US hoped 13
Meet two of the negotiators behind the trade deal 16
Xi, the man, is more unknowable than ever 18
Chinese automakers race to conquer the world 22
Debt weighs on borrowers—and those trying to collect 24
The chemical supply chain fueling the US opioid crisis 28
Missing from China's economic rise: a middle class 36
What surprises foreign CEOs about business in China 39

● A Day in the Life

From Shanghai's financial district to the citrus groves of Guangxi, see what a day in the life looks like for a slice of China's 1.4 billion citizens 41

● The Next 25 Years

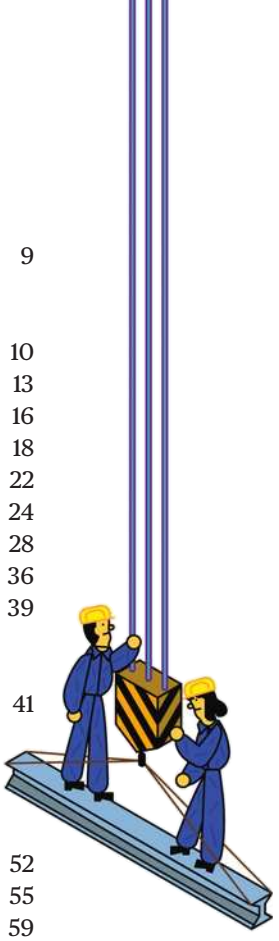
Some big challenges lie on the path ahead 52
A very different superpower playbook 55
Will the next Pfizer be a Chinese company? 59
China is mass-producing one-person AI companies 62
Integration threatens the fuel for Hong Kong's revival 68
Retirees could boost the country's sluggish economy 70
US Gen Zers wake up and smell China's soft power 71
To build in the US, you may need to import a factory 74
China's AI founders find greener pastures at home 82
Patience may be Beijing's best strategy with Taiwan 84
The "spirited lads and girls" left out of China's success 86
How will Xi handle his succession? 90
The US isn't prepared for China shock 2.0 93

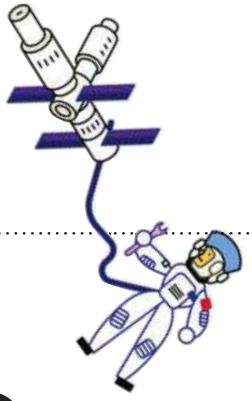
● Pursuits

Our 2026 Gift Guide offers exceptional choices for all on your list—fashionistas to foodies to horophiles to techies. Plus, ideas for the more adventurous sort 95

● On Books

Business leaders' picks for the the year's best reads 104





Contributors

■ *Bloomberg Businessweek* Editor **Brad Stone** spent two weeks working on stories in China this fall. ▷ 9

■ Bloomberg News journalists across mainland China contributed to this special issue, reporting from Beijing, Hangzhou and Shanghai. ▷ 10

■ New York illustrator **Ard Su** used conceptual imagery to interpret the essays on China from different perspectives. ▷ 13

■ *Businessweek* reporter **Matthew Campbell** was stunned to find out how openly Chinese labs advertised illicit chemicals online. ▷ 28

■ Photographer **Raul Ariano** says that following people's daily routines helped reveal the complexity of China's social fabric. ▷ 41

■ **Daniel Ten Kate,** who oversees economics and government coverage in Asia for Bloomberg News, learned that a Sri Lankan king taken hostage by Chinese forces in the early 1400s was eventually pardoned. ▷ 55

■ Tracking the evolution of Welly's Pittsburgh factory gave Bloomberg News senior writer **Shawn Donnan** a deeper understanding of America's relations with China. ▷ 74

Cover



The art directors wanted to develop a visual that reflects China's history, present and future. This vase depicts a contemporary subject in a traditional illustration style. It's intentionally ambiguous, suggesting miraculously fast growth or something less sustainable.

■ ILLUSTRATIONS BY SHIWEN SVEN WANG

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An Era of Transformation

The world is in the midst of a Global Industrial Renaissance, with capital needs across infrastructure, power, next-generation manufacturing and other critical industries expected to surpass $90 trillion.

In an era of increasing capital intensity, companies need more creative financing solutions to address larger and more complex capital needs. As a leading provider of flexible, large-scale capital solutions, Apollo Global Management is helping companies finance this next era of growth alongside leading partners like Wells Fargo.

“We sit at the intersection of First and Main. On one side, we have companies around the globe that are looking for financing solutions, and on the other side, we have investors looking for retirement solutions. We are the bridge in between,” says Jim Zelter, President, Apollo.

Delivering tailored solutions requires access to the full breadth of the capital markets. Apollo and Wells Fargo bring together complementary capabilities across public and private markets. Together, the two organizations are creating comprehensive financing strategies for clients.

“That partnership between Wells Fargo and Apollo is especially important when we’re going down roads that none of us have been down before together. It means that we’re able to get to answers more quickly,” says Tim O’Hara, Head of Banking, Wells Fargo.



Jim Zelter
President
Apollo Global Management

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Corporate & Investment Banking

An Extraordinary Path to Power

■ By Brad Stone

Businessweek was Chinamaxxing long before it was fashionable. "China is not demonic, and it is not monolithic. But it is poised to move up the technology ladder at a pace unprecedented among nations," we wrote presciently in a 2002 cover story, "High Tech in China: Is it a threat to Silicon Valley?"[1] Asking "Can China Be Fixed"[2] on our cover in 2007, we questioned whether its path to prosperity might be derailed by the Communist Party's seeming inability to police unsafe products and corruption. During the financial crisis in 2009, we reported in "China Goes Shopping"[3] that the world's fastest-growing major economy was quietly building up its stock of natural resources like rare earths and other critical minerals to fuel its industrial growth. More recently with "Fragile China"[4] in 2020, we observed how an authoritarian regime risked a political backlash over its early response to the Covid-19 pandemic.

You can think of these covers and many others from the past few decades as chapters in a single story: of a developing country that became a global superpower faster than any other in history. That remarkable tale really begins on Dec. 11, 2001—25 years ago—when China entered the World Trade Organization. In a moment once notable only to trade wonks, the tectonic plates of the global order slipped and began to rumble. China opened its domestic market to international companies and ramped up exports, putting it on a path to becoming the "world's factory," the largest exporter of goods on the planet.

Nothing would be the same. Western companies like Walmart, Nike and Microsoft expanded rapidly, opening factories and stores while accelerating the decline of manufacturing hubs in the US and Europe, and eventually roiling their politics. Inside China, a dynamic ecology of private enterprises and startups emerged, guided by the government's periodic five-year plans, which set unifying long-term goals in areas such as manufacturing, energy and housing. It was industrial policy on a seismic scale, fueled by the careful study of not only Western companies (and, occasionally, the copying of their intellectual property) but also the recent economic transformations in Asia and the developing world. "The biggest surprise over the past 25 years is that China became a much better student than everybody thought, including we Chinese," says Li Daokui, professor of finance at Tsinghua University in Beijing, one of the country's most elite schools. "We learned very fast."

Spending time in China these days, as I did this fall, can feel like visiting another planet. Delivery robots ramble down sidewalks. Electric vehicles, equipped with lidar sensors above the windshield and turquoise lights on side mirrors indicating when self-driving systems are engaged, crowd city streets and highways. Hustle culture doesn't begin to describe life there. Employees at Chinese companies work an average of 48.3 hours per week, according to China's National Bureau of Statistics, compared with 34.4 hours per week for workers in the US. The overarching sentiment I heard from executives and investors was voraciously capitalist. A sticker in Chinese on the back of a smartphone owned by Lin Xiaozhe, chief executive officer of a car-parts subsidiary of Geely Automobile Holdings Ltd., reads: "Make money."

There's also more optimism about the artificial intelligence-enabled future, with little public hand-wringing about job loss, AI slop or doomerism. "The West is in its *Black Mirror* phase; China is still in its Star Trek phase," says Kaiser Kuo, the Beijing-based host of the *Sinica Podcast*. One prominent venture capitalist told me that Chinese don't fear being replaced by AI because they think the government will step in to prevent widespread unemployment. Gig-economy companies like the ride-hailing operator Didi Global Inc. and food delivery service Meituan, supposedly susceptible to self-driving cars and bipedal robots, provide work for about 84 million who might otherwise join the group of young people said to be "lying flat," or feeling that the country's stunning transformation has left them behind.

This special issue of *Bloomberg Businessweek* has three parts. The first looks back at the most compressed and successful modernization ever. Then we visit with a few of China's 1.4 billion people—among them, a hedge fund chairman, a citrus farmer and an online influencer—as they go about their daily lives. The final section peers ahead at China's emergence as a high-income economy, as classified by the World Bank, and looming questions like who will succeed 73-year-old President Xi Jinping. I doubt it will be the last time China is on our cover. Ⓑ



1



2



3



4

躺平
tǎng píng

Slang for young people dropping out of the professional rat race



After more than a decade of negotiations, China entered the World Trade Organization on Dec. 11, 2001. Western companies got access to a surging market of more than 1 billion people. The deal also paved the way for China to become “the world’s factory” and, eventually, a technological superpower.

■ ILLUSTRATION BY SHIWEN SVEN WANG

STAY SOVEREIGN

Palantir

OWNING YOUR DATA, LOGIC, MODELS, ACTIONS AND SECURITY IS WHAT KEEPS YOU SOVEREIGN.

PLTR: EST. 2003—USA



WTO Membership Changed China, Just Not in the Ways Anyone Expected

■ By Tom Orlik



■ ILLUSTRATION BY ARD SU

In 2001, as the US welcomed China into the World Trade Organization, concluding a negotiation process that stretched over 15 years, Americans were sold a vision of a country that would be transformed by trade (page 17). Opening to imports and competing on exports would be the first step to China's economic liberalization went the argument. Whisper it quietly, but more expansive human and political rights might not be too far behind.

A quarter of a century on, membership in the WTO has made China richer and more powerful. In 2000 its gross domestic product was less than 12% of the US's. In 2021, before a period of deflation in China and galloping inflation in the US changed the trajectory, it neared 77%. China's share of global manufacturing output has risen from just over 6% to almost 30%.

But the much anticipated reforms haven't arrived. State ownership of banks and industry—the commanding heights of the economy—remains the status quo. Private companies, including tech giants such as Alibaba, ByteDance and Tencent, have thrived, but fealty to the ruling Chinese Communist Party is part of their license to operate. With President Xi Jinping in the midst of his third term and likely eyeing a fourth, moves in the direction of democracy aren't on the agenda.

Those eager for evidence that trade can be an engine of change needn't be entirely disappointed. Economic and political changes have occurred, just not in the place, or the direction, they were expected. In the US, and in no small part in reaction to China's rise, the not-so-invisible hand of the state is more and more evident, whether it's seesawing tariffs or experiments in state capitalism. No need to whisper it quietly: Political shifts—not the good kind—are also underway.

This, it's fair to say, isn't how America thought it would turn out. "Bringing China into the WTO doesn't guarantee that it will choose political reform," US President Bill Clinton said in 2000. But, he added, it would "make the imperative for the right choice stronger." His Treasury secretary, Larry Summers, was even more optimistic: "It is difficult to discern any disadvantage to the US" in stronger trade relations with China, he told Congress.

Even as Clinton and Summers were hinting that trade would eventually nudge China toward liberalization, the country's leaders were listening attentively and putting plans in place to realize the economic benefits, while staving off the political risks. As Deng Xiaoping said all the way back in 1985, "Open the windows, breathe the fresh air, and at the same time fight the flies and insects" that get in.

China did open the windows, but what it allowed through remained strictly in line with the CCP's priorities. Exports swelled from $249 billion in 2000 to $3.8 trillion in 2025. Imports also rose, but not by nearly as much, climbing from $225 billion to $2.6 trillion over the same period. Foreign companies were welcomed when they had technology to share—or copy. But they were barred from strategically sensitive sectors, such as finance, communications and certain other industries, that China viewed as crucial to national security.

One area where China swatted away an entire swarm of flies was the digital economy. "Now there's no question China has been trying to crack down on the internet," Clinton said in ▶

"The view in the US was that WTO membership would empower a class of business owners who, as they'd done in Europe centuries earlier, would demand a political voice"

◀ 2000. "Good luck," he added. "That's sort of like trying to nail Jell-O to the wall." The US view was that the internet was a decentralized technology, impossible to control and inherently democratic. Recognizing the risks, China's leaders built a Great Firewall to separate their internet from the rest of the world's. Inside it they created a digital panopticon, with speech, location, payments and social connections all tracked.

US tech champions—virtually all outside the wall—expended considerable energy trying to get in. Google's Project Dragonfly aimed to build a search engine that critics said would enable state surveillance and block sensitive terms like "human rights" and "democracy." Accounts from a Facebook whistleblower revealed the company offered censorship tools to Beijing. Far from being the seed bearers of democratic values, these companies appeared ready to abandon those values as the price of entry to the China market. It made no difference: In the end, Beijing slammed the door shut.



▲ A Beijing billboard from 2001 proclaims China's entry into the WTO. Jiang greets Clinton at an Asia-Pacific summit in 1999

On political reform the trajectory has been the opposite of what the US desired. The Tiananmen Square protests of 1989 raised hopes that China contained hidden wellsprings of democratic yearning. The collapse of the Soviet Union, democratic transitions in Taiwan and South Korea, and the widespread acceptance of modernization theory—which held that rising prosperity naturally resulted in demands for greater freedom and political rights—all pointed to the same inevitable conclusion: China would be next.

Nothing of the sort has occurred. The view in the US was that WTO membership would empower a class of business owners who, as they'd done in Europe centuries earlier, would demand a political voice. But on the eve of China's entry, President Jiang Zemin moved to co-opt exactly that group into the Chinese Communist Party structure via "the three represents," a change to the country's constitution that legitimized the admission of entrepreneurs into a CCP previously dominated by workers and farmers.

Under Xi the pendulum has swung even further away from democracy. The civil-rights lawyers, muckraking journalists and land-rights activists who were allowed to make some noise under predecessor Hu Jintao have been silenced. Another change to the constitution in 2018 removed the two-term limit for presidents, which raises the prospect that Xi will remain in office for life. China's propagandists call it "whole-process people's democracy." Arguably a more accurate description would be Leninism lite.

In the US the consequences from China's rise weren't what had been advertised either. In a seminal paper from 2016, economists David Autor, David Dorn and Gordon Hanson coined the term "China shock" to describe how import competition decimated entire American industries, including apparel, electronics and furnishings (page 93). US manufacturing employment has dropped from more than 17 million in 2000 to fewer than 13 million, according to the latest data. Strikingly, Autor and his co-authors found that when Chinese imports wiped out manufacturing jobs, employment in adjacent industries also fell. Killing factory jobs killed factory towns.

For American businesses that rushed to offshore production to take advantage of China's lower labor costs, the good times didn't last long. In the 2010s, US companies discovered that Chinese rivals had rapidly upgraded their capabilities, chasing them out of one market after another—first China, then overseas, and finally their own backyard. Perhaps they expected that would happen all along. As one visiting executive told me back in 2010: "I know we only have 10 years of profits. I'm retiring in nine."

Grasping for leverage on an increasingly powerful rival, US policymakers have jettisoned American values. Washington was once the guardian of the free-trade system; now it's guarding its own companies and technologies behind protectionist barriers. (The average effective tariff rate—less than 2% when US President Donald Trump started his first term—is now 11%.) The country once welcomed the world's best and brightest; now only those with the right passports need apply (page 82).

The Trump administration has taken a sweeping view of national security, barring exports of advanced semiconductors

■ PHOTOS: CLOCKWISE FROM BOTTOM LEFT: AFP/GETTY IMAGES (2); LONG TAO/VCG/GETTY IMAGES ■ DATA: OECD TRADE IN VALUE ADDED DATABASE, 2025 EDITION; V-DEM INSTITUTE, LIBERAL DEMOCRACY INDEX RANKINGS EXCLUDE BAHRAIN, SOUTH SUDAN AND PALESTINE/GAZA BECAUSE INDEX DATA FOR THEM WERE NOT AVAILABLE FOR ALL YEARS SHOWN

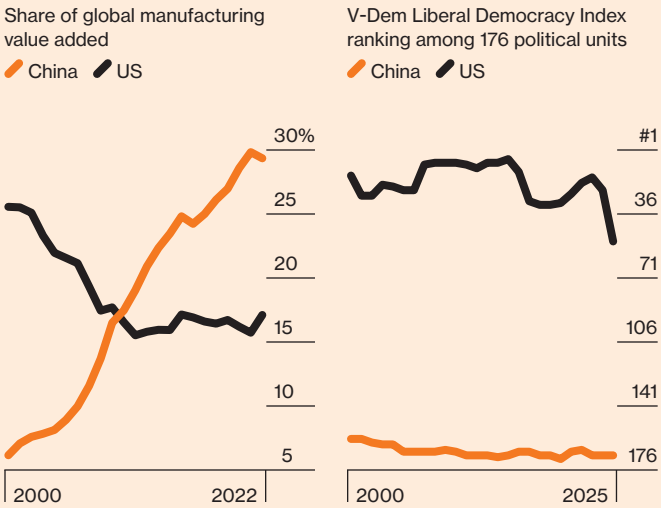


▲ Wind turbines loaded onto a ship in Qinzhou. China's share of global manufacturing output has climbed to almost 30%

to China and increasing scrutiny of Chinese investments stateside. In January, some 17 years after China gave Facebook the boot, ByteDance Ltd., the Chinese creator of TikTok, was forced to sell American investors an 80% stake in the US operation. In a replay of earlier Reds-under-the-bed scares, Chinese Ph.D.s who once played a prominent role in US labs face barriers to entry, along with suspicions of their loyalty.

The path from China's rise to a realignment in US politics is harder to trace. Still, it's striking that the period after China's WTO entry has been one of democratic backsliding. Survey results from V-Dem, a research institute at the University of Gothenburg, show the US dropping from 15th in the liberal-democracy rankings in 2000 to 51st in 2025. Trump's expansive theory of executive power, a supine Congress—at least until the midterm results take effect—and a Supreme Court whose partisan supermajority has shown extraordinary deference to the White House explain why.

China's Economy Rises, With Little Political Reform



It is, of course, important not to overdo it. The US remains the world's biggest economy with the most powerful military. Americans are, on average, six times better off than their Chinese counterparts. The Chinese economy, for all its advances, is hobbled by debt and industrial overcapacity, raising questions about its growth prospects. The direction of US economic policy is toward more state intervention. But it remains a much more free-market system than China. Signs of America's democratic decline are real and troubling. But in only one of the world's two great powers do citizens have a chance to boot out the rascals—and it's not in China.

Nevertheless, a quarter-century after China joined the WTO, it's a moment to reflect on what was promised and what was delivered. Returning to Deng's evocative phrase, it might have been China that opened the window, but it's the US that's fighting the flies. Ⓑ *—With Nicole Gorton-Caratelli and Martin Quick*

A Deal for the Ages: Recollections of Two Trade Negotiators

Zhang Xiangchen was a member of China's negotiating team. He is currently the deputy director-general of the WTO

In the 1990s, when the WTO was new and China wanted to become a member, I was fortunate to serve as a main assistant to China's chief trade negotiators, including Long Yongtu. The assignment gave me a close-up view of the historic talks that would transform China—and the world.

At the start of the negotiations, we had limited knowledge of what joining the WTO would mean for China's economic development. There was pressure within China to embrace reform and lower barriers to doing business with the rest of the world. In the 1980s a Chinese company that wanted to engage in trade had to go to the ministry and get approval. We wanted to change the system.

Even the language of global trade was new. There were many WTO terms for which we had no corresponding Chinese words, including "market access" and "judicial review." We had to invent them as we went along.

There were fears inside China that global integration would ruin important industries. Automakers were especially skeptical. China was worried that its own auto industry, which was protected by high tariffs, might not survive foreign competition. In the negotiations with the US, China ultimately agreed to reduce automobile tariffs from as high as 100% to 25%.

In April 1999, Premier Zhu Rongji visited the US. A final deal was not reached during that trip. But we negotiated the terms of critical economic sectors, including agriculture. Those were long days and nights, and the Americans joked that the Chinese delegation ate all the candies on the table.

President Bill Clinton asked Zhu whether the Chinese delegation could remain in Washington to continue negotiating. Zhu answered, "You can send your delegation to Beijing." Clinton agreed, and Charlene Barshefsky and her team traveled to China in November 1999 for six days and nights of negotiations.

I will never forget when Zhu unexpectedly appeared at the Ministry of Foreign Trade and Economic Cooperation on the final day of the talks. He wanted to participate. We were shocked, because it was unprecedented. "President Jiang Zemin asked me to come," he said. We understood then that there was a desire—and political will—at the highest levels to get the deal done.

When China finally signed its WTO accession documents in Doha in November 2001, I was the person who handed the pen to Trade Minister Shi Guangsheng. I still have the pen today. People have asked me how I felt at that signing ceremony. To be frank, no one was super happy. We strongly believed China could benefit from membership in the WTO, but there were serious concerns. American scholars I met thought China's state-owned enterprises would suffer if the country faithfully implemented its commitments. Some people even said China's economy would collapse.

No one could have predicted the surge in exports and economic growth that followed. Integration into the global economy combined with domestic institutional reform released the enormous energy embedded in millions of Chinese enterprises.

There was an initial honeymoon period between China and the US after WTO accession, but following the 2008 global financial crisis, frictions grew. Some countries complained that China failed to live up to some of its obligations, especially regarding state-owned enterprises and government subsidies to industries. Unlike tariff levels, these commitments are not black-and-white and are open to interpretation.

In my view, subsidies are not necessarily bad. They can help products supporting the green-energy transition, for example. Some WTO members disagree, just as they disagree about China's views on state-owned enterprises. It's time for the WTO to revisit these and other questions causing tensions among members, and to update its rulebook. It won't be easy. But China welcomes this debate.

It is a difficult time for the multilateral trading system. But I still think that it is valuable. We can reform it for the benefit of China, the US and the rest of the world. B —*As told to Brad Stone and Yujing Liu*



ZHANG: DENISE BALIBOUSE/REUTERS. BARSHEFSKY: PHOTOGRAPH BY CAROLINE GUTMAN FOR BLOOMBERG BUSINESSWEEK

Charlene Barshefsky was the lead US negotiator in talks laying out the terms of China's accession

China was a very different country in 1995, when it was seeking to join the newly formed WTO. A nuclear power with more than a billion people and a rapidly growing economy, China was still quite poor overall and somewhat disconnected from the West. Its leaders saw that 128 countries were in this big new WTO club, and they wanted to be part of it too.

By the '90s, China was already years into a program of economic reform begun by Deng Xiaoping and continued under his successor, Jiang Zemin. They recognized if their nation was ever to modernize, it had to adapt to the requirements of the Western economic model. But it quickly became clear that Chinese officials didn't grasp just how much economic reform and openness they'd have to agree to for WTO membership. They appeared to believe the negotiations were a political formality.

My staff at the Office of the US Trade Representative got to work writing a detailed document intended to disabuse them of this misconception. It spelled out each step of the lengthy negotiating process and what would be required of China: It would have to agree to abide by tariff rules, open up its agriculture market and nascent service sector, and submit to an import regime that was transparent and monitorable. This paper went on and on and on.

My senior counterpart in the negotiations was China's premier, Zhu Rongji. He didn't play games. He was direct, intellectually probing and tough. I liked that. He was also well versed in the free-market system. He didn't necessarily agree with it, but he believed it was critical for China's development to participate in it. I also developed close working relationships with Trade Minister Wu Yi and Long Yongtu, China's lead WTO negotiator. In the years that followed, we and our teams of subject-matter experts engaged in long, intense negotiations to define rules spanning goods and services of every kind: automobiles and telecom, textiles and steel, dairy products and electronics.

It took until 1999 to settle the details. Zhu flew to Washington in April that year to meet with President Bill Clinton, my boss, in hopes of signing a crucial bilateral accord that would pave China's way into the WTO. But US labor unions and some members of Congress were wary of the agreement, and the president told Zhu he wasn't ready to sign. Zhu left town bitterly disappointed.



Within days, Clinton realized he'd made a mistake. He worried we'd lose the deal entirely and asked about bringing Zhu back. But Zhu was not about to turn around after being sent away empty-handed. I told the president I'd do everything I could to hold the deal together. I arranged a middle-of-the-night meeting at which I asked Long to initial each of the agreement's hundreds of pages as a show of faith that China was still serious about signing. He sat down and inked page after page.

But I also wanted to be sure that the White House wouldn't get cold feet again. I made the decision to make public an outline of what the US and China had agreed to. Not the details, but the main points. I concede my motives were completely Machiavellian. I knew that once the broad strokes were out in the open it would be harder for the US to back away a second time.

The WTO formally approved China's accession in November 2001. I look back on what's happened since with mixed feelings. We recognized at the time that China was on the verge of an export boom, and so we built in safeguards, lasting 12 years, allowing presidents to impose tariffs and other remedies to prevent China from flooding the US with cheap goods. But George W. Bush never invoked those powers, and Barack Obama did so only once.

The failure of the US to use these tools to restrain China was a huge mistake in my view and undermined trust in the WTO's ability to ensure orderly trade practices. At the same time, the WTO itself hasn't held up very well. It's often paralyzed by its own rules, and its process to settle disputes has had its failings.

When China first entered the WTO, some academics and government officials predicted that opening China's markets would eventually lead the country toward capitalism and democracy–I wasn't one of them. No one talks about open markets leading to open societies anymore. China under Xi Jinping is more top-down and locked down.

On the other hand, the economic development spurred by China's WTO accession helped lift hundreds of millions of people in China out of poverty, an extraordinary achievement. Many exporting countries, including the US, have benefited enormously from access to Chinese consumers. As flawed as the WTO is, I believe the world is better with it than without it. China's rise was inevitable whether it was a part of the WTO or not, and its participation put in place imperfect but important guardrails. It also meant China's high tariffs and economic walls built to keep the world out had to come down. I count that as a win. B

—As told to Wes Kosova

The Man Who Disappeared Into the State

Xi Jinping has amassed immense power while making himself increasingly impossible to know



▲ **1958** Xi with his younger brother and father, a high-ranking party official who was later purged

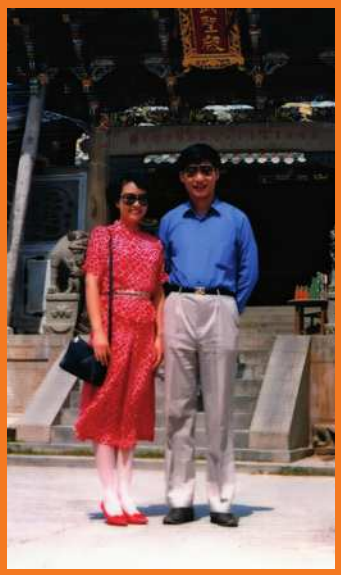


▲ **1983** Xi, then-secretary of the Zhengding County Committee, listening to the opinions of villagers



▲ **1985** Xi in front of San Francisco's Golden Gate Bridge during his maiden trip overseas





▲ **1987** Xi and his wife, Peng Liyuan. For a time, the professional soprano was more famous than her husband



▲ **1989** Xi (front), then a party secretary, participating in farmwork in Ningde during a tour of the countryside



Just before noon on Nov. 15, 2012, Xi Jinping walked onto a red-carpeted stage in Beijing's Great Hall of the People. He wore the uniform of China's political elite: dark suit, polished black shoes, white shirt and red tie. As usual, his thick black hair was swept back from his forehead.

"Sorry to have kept you waiting," Xi said, appearing relaxed. After five years as China's presumed leader-in-waiting, the 59-year-old had emerged before the world's cameras as general secretary of the Chinese Communist Party, the country's top role.

There was remarkably little agreement about the temperament of the man taking charge. Foreign diplomats, academics and journalists had spent the years of his ascendancy parsing his provincial record and personal history for clues. Some saw a cautious pragmatist, even a reformer, pointing to the reputation of his father, a relatively open-minded party elder. Others saw a disciplined CCP loyalist and expected a careful defender of the system.

Xi's first remarks as leader offered little clarity on the matter. He spoke briefly about better jobs and schools, corruption and party discipline, and then left the stage after less than 20 minutes.

Some 1,200 miles south, a less orderly effort to explain Xi was taking place. Publishers in Hong Kong were churning out unauthorized books about China's incoming leader. Some books attempted serious biography, while others mixed reporting with rumor, intrigue, speculation and pure fiction. ▶

■ CLOCKWISE FROM TOP LEFT: ALAMY; XINHUA/ALAMY; IMAGO/XINHUA/ALAMY; LIAO PAN/COLOR CHINA PHOTO/AP PHOTO; KYODO NEWS STILLS/GETTY IMAGES; XINHUA/AP PHOTO; XINHUA/ZUMA PRESS; CHINE NOUVELLE/SIPA/SHUTTERSTOCK; IMAGO/XINHUA/ALAMY; LI HAN/XINHUA/ALAMY

▶ 1990s Xi pedaling a bicycle in Fujian with his only child, Mingze, perched behind him. Now 34, she is almost entirely absent from public view





▲ 2011 Xi and then-US Vice President Joe Biden attend a US-China business dialogue in Beijing



2012 ◀ Xi in Beijing's Great Hall of the People, flanked by members of the Politburo Standing Committee. After years as China's presumed leader-in-waiting, the then-59-year-old had just been announced as general secretary of the CCP

▼ 2013 Xi visiting with villagers in a cornfield after a strong earthquake hit Lushan county



▲ 2012 Xi visiting a home in Huanglong village in Shunde district, in China's Guangdong province











▲ **2012–16** Chinese political posters and merchandise place Xi in a line of continuity with the past, including with Mao. The posters' slogans also boast of "glorious new achievements"



◀ **2015** Xi having a pint in a choreographed casual moment with then-UK Prime Minister David Cameron



▲ **2022** After Xi won an unprecedented third term, much was made of the possible symbolism of his appearance with two cups of tea



▲ **2020** Xi reviewing poverty-alleviation work in a primary school in Ankang, Shaanxi province



▶ **2025** Xi inspecting members of the People's Liberation Army in Beijing's Tiananmen Square during a military parade to mark 80 years since Japan's defeat in World War II







▲ **2026** US President Donald Trump and Xi participating in a welcome ceremony in the Great Hall of the People

◀ Today these texts are all but impossible to find. What replaced them was not silence, though. Xi's published work runs to more than 100 titles in several languages. His speeches fill multiple volumes. His sayings are collected and studied. "Xi Jinping Thought" is written into the constitutions of both the party and the state, giving him a status that no other serving leader has enjoyed since Mao Zedong.

The collapsing distinction between the state and its leader is arguably the defining feature of this era of Chinese politics. Public appearances these days are intensely choreographed, and unscripted encounters are rare. The enormous amount of biographical material about Xi is just as meticulously controlled. The result is a peculiar achievement of modern political image-making: One of the world's most powerful leaders has also become one of its least knowable.

As a so-called princeling—a child of China's revolutionary aristocracy—Xi enjoyed a privileged early childhood. His father, Xi Zhongxun, was a Communist veteran who rose to vice premier. As a boy, the younger Xi attended elite schools for the children of senior cadres, with access to the leadership compound of Zhongnanhai, where he hosts world leaders today.

That relative calm ended when Xi was 9 and his father was purged and imprisoned for seven years. In 1966 the Cultural Revolution swept the country. Described by contemporaries as a bookish, shy teenager, Xi was targeted as the child of a "black gang" family, shorthand for his father's political disgrace. When Mao called on urban youth to go to the countryside in 1968, Xi volunteered to go to Yan'an in northern Shaanxi rather than face detention or worse.

According to his own accounts, toiling in Liangjiahe—first doing hard manual labor and later working as a bookkeeper and agricultural technician—was a transcendental moment. In a candid 2000 television interview, Xi described himself as a city boy who became infamous among the villagers for feeding stale bread to a dog. Eventually he won over the locals. That this remote village sits in Yan'an, the revolutionary heartland where Mao and the CCP established their base before taking national power, gives it a special political resonance in Xi's tale.

As he rose through the ranks in provincial politics in the wealthy southern province of Fujian, Xi kept a relatively low profile. But in the early 2000s, as he began the transition to national leader, he started sharing detailed accounts of those early years. In one lengthy interview, the then-47-year-old Fujian governor, who was still far less famous than his glamorous wife, the soprano Peng Liyuan, said he'd previously declined more than 100 requests for personal interviews, as well as proposals to write his biography.

Now Xi told his story. "I am a son of the Yellow Earth," he proclaimed in a 2002 autobiographical essay, invoking a familiar image of northern Shaanxi's landscape, associated with peasant hardship and the region's revolutionary past. In 2008, when he was elevated to vice president and emerged as the likely successor to China's leader, Hu Jintao, Xi called this period a turning point, proclaiming "Shaanxi is my roots, and Yan'an is my soul."

By the time he was ready to ascend to the top job, the machinery of the state was already sidelining unofficial narratives. Under Xi, the country's already formidable system of information control grew more sophisticated.

Initially, there was a push to paint him as a man of the people, in contrast to the stiff, scripted manner of his predecessor. On Xi's first domestic trip, roads remained open as his motorcade traveled through southern China alongside local buses and taxis. At a park in Shenzhen, some 200 residents unexpectedly found themselves face-to-face with him. And a mysterious new Weibo account provided his domestic audience with a ready supply of flattering close-up photographs that helped popularize "Xi Dada"—Uncle Xi—and "Peng Mama," his wife. In the UK in 2015, Xi drank a pint with then-Prime Minister David Cameron at a pub. In Manchester, footballer Sergio Agüero persuaded the two leaders to lean in for a selfie.

But over the decade that followed, glimpses of the private or unscripted Xi became rarer until he disappeared into the institutions he controlled. In 2016 the party formally designated him its core. The following year, presidential term limits were abolished, setting Xi up for an unprecedented third term. By 2019 insights into Xi were so scarce that even the grays appearing in his "Zhongnanhai black" hair—the dye job many senior officials had conformed to for years—became something to decode. (The change in color was variously read as confidence, a loosening of political convention or a rejection of superficial uniformity.)

During the pandemic, Xi also began appearing at major political gatherings with two cups of tea rather than just one. Some speculated it was a health precaution; others suggested it was a status symbol. Even Xi's gait is scrutinized closely for clues about his health, a state secret in China.

Xi has left behind an extraordinary archive: speeches, essays, books, photographs and an ideology bearing his name. But all this is a peculiar measure of how opaque he has become. After decades, those trying to understand the man can still find themselves reduced to studying the way he walks—or counting his cups of tea. B

—Rebecca Choong Wilkins

■ CLOCKWISE FROM TOP LEFT: COLLECTION CHINESE POSTERS/INTERNATIONAL INSTITUTE OF SOCIAL HISTORY, AMSTERDAM (3); KIRSTY WIGGLESWORTH/REUTERS; TINGSHU WANG/REUTERS; WHITE HOUSE; QILAI SHEN/BLOOMBERG; IMAGO/XINHUA/ALAMY; THOMAS PETER/REUTERS



The Making of An Automobile Superpower

While the US fell asleep at the wheel, China produced scores of affordable, high-tech electric-vehicle brands that are conquering markets around the globe

■ By Brad Stone

In the 1990s, negotiators working to secure China's entry into the World Trade Organization were anxious about the prospects of their domestic automakers in a globalized economy. They worried that an onslaught of Toyotas, BMWs and other imports would decimate state-owned car manufacturers, which produced mostly joyless, boxy gas-guzzlers. Industry advocates at the time floated the idea of placing huge tariffs on all foreign cars, as Beijing considered the automotive sector to be the most vulnerable, according to Long Yongtu, the lead WTO negotiator for China at the time. "Everybody worried: Once the market opened up and foreign capital enters China, would the country's auto industry be able to sustain the shock?" he said in a 2021 TV interview.

But that wasn't going to fly with a group of countries, including the US, that wanted unfettered access to the fastest-growing economy in the world. So Chinese deal-makers agreed to lower tariffs on imported cars gradually over five years, to 25%. Everyone thought the auto industry, which employed about 1.8 million Chinese, was doomed.

What a difference a quarter of a century makes. It is now western governments that are scrambling to protect their automakers from the growing threat of Chinese imports. China is home to scores of native car brands and hundreds of new and refreshed models, many of them EVs and plug-in hybrids, which constitute half of all car sales in the country—in the US, only 7.4% of new-car sales are electric or hybrids that plug in. To drive on

优胜劣汰
yōu shèng liè tài

Literally, "the superior prevail, the inferior are eliminated," conveying the ruthless nature of China's auto industry

■ ILLUSTRATION BY QIYUAN WEN ■ PHOTOS: COURTESY COMPANIES

Chinese roads today is to observe an astonishing display of innovation and choice that leaves the US and Europe looking like sanctioned economies that have been deprived of cutting-edge car tech for years. There are whisper-silent EVs of all shapes and sizes, packed with sensors for driver assistance and accident avoidance, and luxury SUVs with gesture-controlled doors, back-row massage chairs and entertainment systems that project movies outside the car. A new model from Shenzhen-based BYD Co., the largest seller of EVs in the world, is even equipped with a roof-mounted drone. It's perfect for—um, do you need a reason?

There are several reasons for China's sudden abundance, including all the various ways its government supports and subsidizes automakers. It's a constant bone of contention for countries like the US, which has banned Chinese auto imports. But a major factor is just the sheer size and cutthroat competitiveness of the country's car market, the world's largest since 2009, where both established giants and upstarts must constantly show improved mileage and new features to capture attention and sales. It's a brazenly capitalist dynamic. Zhang Guibing, executive vice president of automaker Chery Automobile Co., which makes a range of EVs, hybrids and gas-powered vehicles like the Jaecoo 7, also known as the "Temu Range Rover," describes the market with the Chinese expression for "survival of the fittest."

Domestic competition is so fierce, and the hard-pressed Chinese consumer is so reluctant to spend freely, that prices and profitability at many Chinese automakers are declining. As a result, they have little choice but to go for global domination, posing a significant challenge for struggling US and European automakers like Stellantis, VW and Ford. Chinese auto exports soared ninefold from 2016 to 2025, according to data compiled by Bloomberg, and companies including BYD, Chery, Geely and smartphone maker Xiaomi, a relative newcomer that started selling EVs in 2024, are all either planning or ramping up exports to Europe, Canada, Mexico and beyond. "I can't find a country outside the United States where I don't see Chinese cars," says Michael Dunne, an auto industry consultant and the author of *Car Wars*, a forthcoming book on China's auto industry. For carmakers in Japan, Europe and the US, "it's a five-alarm fire."

China's EV dominance is built on its expertise in manufacturing, batteries and robotics, and on the cluster of suppliers and factories concentrated outside Shenzhen, Shanghai, Chengdu and other cities. In Ningbo, a port city about 125 miles from Shanghai, the Zeekr 5G Intelligent Factory churns out about a thousand vehicles a day for Geely. They're mostly Zeekr electric sedans, minivans and SUVs, but also models from its Polestar and Volvo brands. Across a set of interlinked factory buildings, 885 reticulated industrial robotic arms lift and pirouette car doors and fenders in the air, welding them onto vehicles that pass through each station on motorized gantries. Only a handful of humans tend to the robots, with more people on lines devoted to customizing and detailing. Over the center of the floor, a prominent sign reads "hēi dēng gōng chǎng," or "dark factory," announcing proudly that the whole mechanical symphony is so automated that it can be performed with the lights out.

China's rise as an automobile superpower began in earnest a dozen years ago, when Tesla Inc. started selling to Chinese buyers, initially by shipping cars from California. BYD, which began as a battery manufacturer, had been selling EVs since 2009 with limited success. Teslas were popular in smog-choked cities like Beijing and Tianjin, particularly with wealthy families who, wanting good air quality for their kids, were attracted to the brand's cabin filters and zero tailpipe emissions. Then, in 2015, the Chinese government released "Made in China 2025," a 10-year plan that outlined an effort to upgrade its industrial sector and wean the country off what it viewed as an expensive and dangerous dependence on foreign oil. It set specific benchmarks for EV sales over the next decade and a broader goal of bringing the entire EV supply chain into the country, from batteries to motors to seat cushions.

The long-term plan was like a bat signal to the private and public sectors, sparking a frenzy of harmonized action. Chinese venture capitalists backed EV startups, banks offered them favorable loans, and provincial governments started clearing land and infilling bays, competing to offer tax incentives to attract the newest factories of companies like BYD and Geely Automobile Holdings Ltd., a former refrigerator-parts maker that entered the car business in '97. The 10-year plan "was why the supply chains all started moving in this direction," says Taylor Ogan, chief executive officer of Snowbull Capital, a Shenzhen-based backer of EV firms and suppliers. "That's part of the coordinated effort that you can't easily copy in the West."

Around that time, Lei Jun, founder and CEO of gadget maker Xiaomi and the 103rd wealthiest person in the world, according to the Bloomberg Billionaires Index, toured a California Tesla factory and bought a Model S. Then he wrote in a blog post that Musk was "doing things the rest of us could never imagine doing." Six years later, the first Trump administration blacklisted Xiaomi and other Chinese companies, barring Americans ▶

The Chinese EVs Ruling the Road



▲ Xiaomi SU7 sedan
Fast acceleration and race-car-like performance at an accessible price



▲ BYD Seagull
Starts at just under $10,000, with a range of up to 420 kms



▲ Zeekr 9X
The luxury SUV can charge its battery from 20% to 80% in under 10 minutes



▲ Nio ES9
Comes with technology that lets consumers swap a drained battery for a fully charged one in three minutes



▲ Xpeng Mona M03
Entry-level EV popular with young people, with a range of up to 640 kms

◀ from investing in them. (Courts quickly blocked the ban.) Worried that further sanctions could cut Xiaomi off from technology needed to make smartphones, Lei decided to diversify by getting into the car business. He publicly committed $10 billion to an automotive project that he said he would personally oversee.

On a rainy weeknight this fall, 3,600 Xiaomi customers, employees and journalists gathered at a convention hall in Beijing's Olympic Park to hear about the newest fruits of that decision. Lei, wearing a suit and tie, spoke for 45 minutes about Xiaomi's latest chips, tablets and foldable smartphones. Then he ditched the tie, shifted into an even higher gear of hype and spoke for another two hours about the SkyNomad, a family of large hybrid SUVs that start at 209,900 yuan, or around $31,500.

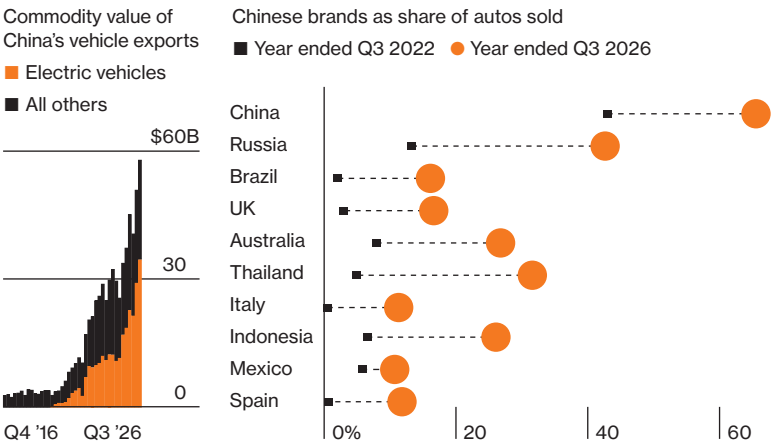
Lei's performance, and the exuberance of his followers, evoked a sunnier age in Silicon Valley. The audience roared for only-in-China features like an in-car AI agent that responds to voice commands with facial expressions on the vehicle display, a combined electric-gas range approaching 1,500 kilometers (more than 900 miles), and entertainment systems that seamlessly connect to the company's tablets, smartphones and home appliances. The biggest applause was for a model that has an extendable rooftop cabin, activated with the push of a button, that creates a window-lined living space atop the vehicle. To rapturous applause, Lei boasted, "Imagine sitting upstairs, feeling the breeze and gazing at the scenery—it's incredibly relaxing."

All of this poses a massive threat to western automakers, which have dramatically scaled back their EV plans amid tepid sales and willful resistance from the Trump administration. Politicians who need to preserve auto factory jobs can raise tariffs or block the sale of Chinese vehicles altogether. Or they can complain to now-weakened global trade authorities like the WTO about the Chinese Communist Party's "massive and pervasive—and often nontransparent—subsidization" of its carmakers, as US Deputy Trade Representative David Bisbee did in 2024. None of that is likely to hold back the tide of Chinese automobile innovation forever.

Another approach for western countries is to study China's EV ecosystem and try to duplicate it, much like Chinese companies have copied American technology innovation for decades. That will be challenging; batteries comprise about half the cost of an EV, and the two largest battery makers, CATL and BYD, are based in China.

But some auto execs are showing interest in understanding what makes China's auto industry hum. In 2024, Ford CEO Jim Farley started regular visits to Chinese auto factories. He also imported Xiaomi's electric sedan, under an exception for corporate research and evaluation, and later, onstage at a conference, called China's progress in EVs "the most humbling thing I have ever seen." It's no coincidence that Ford recently announced a four-door midsize electric pickup called the Fathom. Manufactured with what's purported to be a new type of assembly line and selling for a bargain $28,350, it seems the US auto giant is finally taking notes. Still, drivers who want to sample America's version of the Chinese automotive experience will have to wait until late 2027 to pull that new pickup into their driveway. Ⓑ —*With Linda Lew*

The Auto Boom That Came to Stay



■ DATA: CUSTOMS GENERAL ADMINISTRATION PRC, COMPILED BY BLOOMBERG; BLOOMBERG INTELLIGENCE. REPORTED SALES AS OF NOV. 9, 2026

On the Front Lines Of a Debt Crisis

Consumers owe tons of money. The loan collectors are suffering too

Ryan Hu can often be found in his office cubicle well past midnight. By then, the 24-year-old debt collector has made more than 300 phone calls, encountering some combination of frustration, desperation and, more often than not, verbal abuse. His job is tracking down people in China who've defaulted on their personal loans, a group that numbers as many as 100 million. ▶

FROM CHRONOGRAPHS TO CLASSIC CARS, CRAFTSMANSHIP ENDURES

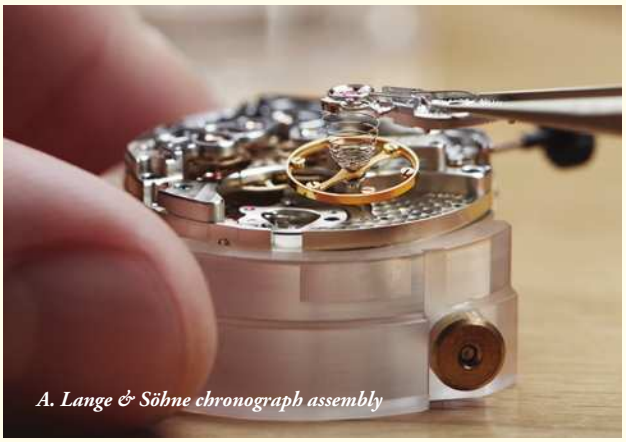
presented by

A. LANGE & SÖHNE
GLASHÜTTE I/SA



***Wilhelm Schmid**, CEO of A. Lange & Söhne*

At the annual Audrain Newport Concours & Motor Week, history is still very much in motion. Held every autumn in seaside Newport, Rhode Island, the world-class motoring event hosts thousands of collectors and enthusiasts. Vintage automobiles cruise along the coastal roads, their hoods and fenders glinting in the sun.



A. Lange & Söhne chronograph assembly

The setting is fitting for A. Lange & Söhne, the German watchmaking manufacture with a long and storied history of craftsmanship. Presenting partner of the Audrain Newport Concours d'Elegance — the week's centerpiece closing event — the manufacture sees the same values in the classic cars at Newport as it does in its own artistry: skillful handcraft, purposeful engineering, a clear design language and, perhaps most importantly, the creation of beautiful and durable objects built to be used, rather than simply admired.

Chronographs — complex watches with a stopwatch mechanism to measure intervals of time — are Lange's pièce de résistance, and an embodiment of its philosophy. "They only become alive when you wear them," says A. Lange & Söhne CEO Wilhelm Schmid. "Vintage cars have the same appeal: You drive them."

In an era of automation and technology designed to operate in the background, the demand for active participation is an essential charm of both automobiles and watches. "The chronograph does something because you want it to," Mr. Schmid says.

The interactive nature of timepieces has given Lange, as it is known by collectors, a canvas for some of its most ambitious watchmaking. In 1999, when the manufacture introduced the Datograph — a chronograph with the Lange-typical outsize date, a flyback function and a precisely jumping minute counter — the engineering of a chronograph had scarcely been touched by watchmakers for decades. The newly developed movement from a small German manufacture was a "wake-up call" for the industry, reflects Mr. Schmid.

I CALL IT THE IMPERFECTION OF BEAUTY

The company continues to push the boundaries of what a chronograph can do. In 2018, it released the Triple Split, the first and only chronograph in the world that can measure intermediate, comparative and total times of events that last as long as 12 hours.

Lange's instinct to take a good idea further simply because it's possible coexists with a distinctly German sensibility, Mr. Schmid explains. The manufacture's watches are designed to be "legible and robust" — qualities that aren't sacrificed even when it makes a complex timepiece more difficult to construct.

Nearly all Lange watches have transparent sapphire-crystal casebacks that display their elaborate movements and hand-finishing; turn one over, and their intricate mechanisms and designs are revealed. Hints of human artistry distinguish these objects. "I call it the imperfection of beauty," Mr. Schmid says. "Anything that's perfect is not manmade. It's the labor, the craftsmanship, A to Z."



Triple Split

This artistry is a quality that A. Lange & Söhne watches share with the timeless automobiles at Audrain: Both the automotive and horological trades require precision engineering that serves a functional purpose, while leaving room for beauty that heightens the experience and enhances the collector's unique engagement.

Whether creating timeless watches or classic cars, "You need very skilled hands to build them," says Mr. Schmid. Perhaps what allows both crafts to endure is the participation they continue to ask of us.

◀ From his office in Wuhan, Hu experiences the country's economic slowdown firsthand: dealing with the restaurant owner whose business never recovered from the Covid-19 pandemic, the couple who lost their jobs in the real estate downturn, the university graduates struggling to cover rent and living expenses after months of unsuccessful job hunting.

The stories of people across the country struggling with debt are agonizing. They also weigh on the workers assigned to recoup those loans, members of a profession that's been under a watchful eye after accusations of abusive behavior toward indebted clients arose. "My mental state has been so bad for the past six months that I've fallen on the verge of depression," says Hu, who himself graduated from college in 2024. "People simply have less capacity to repay than they did before. You can see the impact of the economy directly in the cases coming through."

The stress is far less visible in official banking data, which show that less than 3% of loans to households are delinquent, below the US delinquency rate of 4.7%. China's figures may not fully capture the extent of households' financial burdens, though, as distressed borrowers can remain on top of payments by applying for loan extensions, refinancing or getting support from family members. Unlike developed economies, which have dealt with plenty of debt crises, China has little experience managing large-scale consumer defaults and lacks a nationwide personal bankruptcy framework that would allow people to restructure or discharge debt.

The result is a growing shadow market for bad personal debt, one that's providing an unusually intimate view of households overburdened by credit card bills for daily expenses or student loans. Mortgages and car loans usually aren't included, because they're secured by property or vehicles; their recovery prospects are far better than for unsecured consumer debt, and they're less likely to be disposed of through the bad-debt market.

When China first allowed banks to package and sell nonperforming consumer loans in 2021, only 18.6 billion yuan ($2.8 billion) was transferred off banks' balance sheets and sold to distressed-asset managers by the end of that year. By the close of 2025, that figure had surged more than 20 times, to about 454 billion yuan, according to Ruiunion Credit Platform, a Shenzhen-based company that provides asset valuations.

"This isn't a story about reckless borrowing," says Huang Yuying, 32, the manager of a midsize debt-collection company in the eastern city of Hefei. "More often it's because of failed businesses, job losses or sharp drops in income."



As many as 100 million Chinese consumers are struggling to service personal debt, according to *Bloomberg Businessweek* estimates based on research by Gavekal Dragonomics. The debt overhang is weighing on an economy already grappling with weak consumer confidence and sluggish growth, with households channeling more of their income toward repayments and banks becoming increasingly cautious about extending fresh credit.

The situation deteriorated further this year, after China tightened oversight of consumer loans issued through online platforms. Regulators told such lenders to keep average interest rates on new loans below 20%, people familiar with the matter have said. This change reduced the credit available to borrowers who'd been using loans from multiple platforms to pay down other loans.

Buyers of China's delinquent consumer loans include state-backed asset managers and a growing pool of private distressed-debt investors. Banks and consumer-finance companies typically bundle thousands of overdue credit card balances and unsecured loans into portfolios, which are then sold through exchanges or state-supervised auctions at deep discounts.

For years, China's distressed-debt market was dominated by four state-owned asset-management companies, established in 1999 to clean up bad loans from the banking system. But the buyer base has broadened significantly since regulators' 2021 move to allow large-scale transfers of personal nonperforming loans.

Today some of the most active participants include nonstate banks such as China Renaissance Holdings Ltd., regional asset managers and a growing number of specialist distressed-debt funds. These investors really want to get the money back, which is why they employ armies of debt collectors. Rather than working primarily for giant state-owned asset managers, collection firms now deal with a far more diverse group of investors. In some cases the collection businesses will buy loan portfolios from state-owned companies, heightening their incentive to get a borrower to pay.

The business model is straightforward and risky. Whereas state-owned asset managers typically invest from their own balance sheets and enjoy relatively easy access to bank funding because of their government-backed status, private distressed-debt investors instead rely more heavily on shareholder capital, family offices, corporations and institutional investors, often supplementing those funds with borrowing. With backers expecting a strong return on their investment, these firms have to collect significantly more from borrowers than the deeply discounted price paid for the loans after accounting for legal expenses and operating costs.

In typical transactions, distressed-debt firms will pay 6% to 7% of the outstanding loan balance, and managers can extract about 30% of what a borrower owes. That leaves substantial room for profit—if people pay up.

That's where Huang, the debt-collection manager, enters the picture. Every percentage point promised in an investor presentation ultimately comes down to someone picking up the phone and persuading a stranger to repay. The job is difficult and emotionally draining. For Huang, it was a last resort. A programmer at an auto-financing startup, he saw his employer collapse during the pandemic as overdue loans surged. "So I switched careers and became a debt collector," he says.

Each month usually begins with a fresh batch of delinquent borrowers. Huang and his colleagues review spreadsheets containing thousands of overdue accounts, sorting cases by how likely they are to be repaid. Borrowers prone to answering the phone are flagged. WeChat profiles are tracked down. Emergency contacts, guarantors and family members are mapped out, helping collectors piece together who might still have the means—and the willingness—to pay. The most promising cases are distributed among the firm's collection agents. Their workday begins at 9 a.m. and often stretches late into the night. A collector may make 200 to 300 calls a day, cycling through a list of debtors who can be deeply apologetic or openly hostile. An entry-level role at a debt-collection firm earns about 4,000 yuan ($600) a month, an attractive salary in some lower-tier cities. The industry's elite—the veterans capable of persuading borrowers to repay after months of silence—can command 20,000 to 30,000 yuan a month and are frequently poached by rival firms. Within the industry they are known as "collection saints."

Much of the work is psychological. When Li Xingkai, 27, entered the profession six years ago, every insult felt personal. Debtors cursed at him, threatened him and occasionally wished misfortune on his family. He responded the way many newcomers do: by chain-smoking. Now, the moment a call turns abusive, Li hangs up.

Long associated with intimidation and harassment, debt collection has come under stricter government scrutiny in recent years. Regulations introduced this year prohibit collectors from threatening or humiliating borrowers. Chinese public-security authorities are actively examining collectors' activities, people familiar with the matter have said. This review has led to layoffs at some companies and slowed loan-recovery rates. The National Financial Regulatory Administration didn't respond to a request for comment.

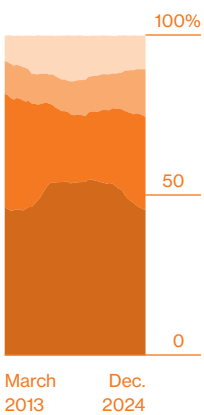
The best collectors aren't the most aggressive ones, Li says. They're the ones capable of remaining calm while absorbing a torrent of abuse.

Debt collectors do recognize, of course, that the other person on the line has it worse. The economic circumstances that can send a person into a financial spiral can have tragic consequences. Facing off against these people can take a deep emotional toll on workers, which helps explain why turnover rates can reach 20% in some months.

Because debt-collection agents skew young and the consumer debt crisis disproportionately affects younger people, it's easy for the workers to relate to the people they're pursuing. Youth unemployment remains elevated, at 18% in September, and AI advances threaten to squeeze the job market even further. For Hu, the debt collector in Wuhan, the work has caused him to reevaluate his own habits.

"The biggest effect this industry has had on me is it's turned me into a penny-pincher," he says. "Otherwise, I could easily have ended up on the debt collectors' call list myself." Ⓑ *—Lulu Chen and Zheng Li*

▼ China's household debt composition



■ ILLUSTRATION BY XUETING YANG ■ DATA: FITCH RATINGS, FITCH SOLUTIONS, PEOPLE'S BANK OF CHINA, CEIC



Fentanyl's Dark Chemistry

When China cracked down on the fentanyl export trade, companies pivoted to selling Mexican cartels the chemicals needed to make it. An undercover DEA operation brought down two of the salespeople

■ By Matthew Campbell
■ Photo illustration by Wenlu Guo

■ MODEL: CICI CHANG

It had been a long journey for Yiyi Chen and Qingzhou Wang. The pair had boarded a flight from Wuhan, the central Chinese city where they worked for a chemical company called Hubei Amarvel Biotech Co. After crossing much of the Pacific, they'd arrived on Viti Levu, Fiji's largest island. Neither Wang nor Chen, both in their 30s, had visited the country before, and they planned to combine a short business trip with some pleasure: dinner one evening at a picturesque harborside restaurant and, for Chen, a scuba-diving expedition in waters filled with docile sharks.

Their primary purpose was to hold their second in-person meeting with a promising new customer, a man they knew as Gilberto Flores. By the time Wang and Chen landed in Fiji in June 2023, they'd been in touch with him for over two months. That spring, he'd paid more than $40,000 to have 210 kilograms (463 pounds) of three obscure pharmaceutical chemicals delivered to California. Flores said they'd be used to produce as much as 55 kilograms of "the final product." Now, they were going to discuss further shipments to the US, potentially multiple tons per month.

The meeting was set for 8:30 a.m. on June 8 at La Parisienne, the lobby cafe of Fiji's Sofitel resort. Chen, who spoke reasonable English, would serve as interpreter. Dressed in polka-dot trousers and a white top, she took a seat to the right of Wang, who wore a light-blue short-sleeve shirt. After some amiable small talk, Flores came to the matter at hand. "So, everything is good in China?" he asked, stirring his cappuccino.

"For the products we are currently selling, there are no problems in China," Wang said in Chinese, with Chen standing by to translate.

"I want to buy three tons," Flores said. He asked Wang to provide details for a crypto wallet so he could send the payment. Wang agreed, but Chen added a word of warning: "We need to keep our private information for the safety reason."

"Yes, of course," Flores replied.

"Because recently American government seized some Mexican group and they follow the route to China," Chen explained. "It is also bad news for us."

Not long after this exchange, Flores stood up and began walking away. Suddenly, a group of casually dressed Fijian men approached the table and asked Wang and Chen to come with them. The men were plainclothes police officers, and they explained that they'd received a Red Notice from Interpol demanding the Chinese visitors' arrest. Wang and Chen's permission to visit Fiji had been revoked, and they would be expelled from the country immediately. A private jet sent by the US Drug Enforcement Administration was on the tarmac at the airport nearby, waiting to bring them to face federal narcotics-trafficking charges in New York. The next time they'd see Flores would be in court, testifying for the government.

The chemicals Wang and Chen's company sold were the building blocks for fentanyl and other powerful opiates—the root of a crisis that's killed hundreds of thousands of Americans. While illicit fentanyl is generally produced and distributed by Mexican cartels, the raw ingredients, known as precursors, come largely from China. US policymakers have long demanded that Beijing do more to interdict the trade, and for almost a decade American authorities have been trying to act against mainland suppliers. The task has been extremely difficult, since Chinese law enforcement agencies only sporadically cooperate with their American counterparts. Wang and Chen's arrests, the culmination of a complex undercover operation, were one of the biggest successes stemming from those efforts so far.

This account of the investigation into Amarvel Biotech is based on thousands of pages of legal filings as well as interviews with people involved, most of whom asked not to be identified describing law enforcement operations. Wang and Chen, along with a colleague who wasn't with them in Fiji and hasn't been arrested, were among the first Chinese nationals to be charged in the US for supplying fentanyl precursors; of those, only a tiny number have been successfully apprehended. The Amarvel case revealed the unique role China's chemical industry plays in a global illicit economy, with educated chemists in Hubei and Fujian providing an essential service to violent traffickers in Sinaloa and Jalisco.

It also underscored just how different the first part of this supply chain can be from the second. Amarvel Biotech, ▶

◀ itself indicted along with its three employees, was in most respects a normal Chinese company, outwardly indistinguishable from tens of thousands of others in the world's second-largest economy. Selling a huge range of products and staffed by middle-class strivers, it had a website, a marketing team and a tech-support service. It threw awkward Chinese New Year parties for staff and provided digital invoices, even for products essential to deadly narcotics.

But while the capture of Wang and Chen was undoubtedly a success for US law enforcement—and a source of anger for China, which called it a "well-planned entrapment operation"—its impact on the opiate supply chain was limited, at best. The pair were middle managers, not kingpins, and their work in Wuhan more resembled *The Office* than *Narcos*. Amarvel's owners, who didn't reply to requests for comment, remain in China, beyond the reach of the US Department of Justice. The same is true for the leaders and employees of what investigators estimate could be hundreds of precursor manufacturers operating on the mainland.

China's Ministry of Foreign Affairs said in a statement that the country has "consistently acted with the utmost goodwill and made the utmost effort to provide assistance to the US side in responding to the fentanyl crisis." In response to continued requests from the US, the Chinese government has in recent months tightened its regulations on the chemical industry, including restricting the export of certain compounds, some of which were central to the Amarvel case. But like much of China's vast private sector, its chemical companies are both brutally competitive and immensely adaptable. Shipments of precursors for fentanyl and new, equally dangerous synthetic opioids continue at large scale. "The operating model fundamentally remains," says John Wojcik, a senior analyst at TRM Labs, a US-based company that tracks criminal activity facilitated by cryptocurrency. "There are gaps, inherently, in every single government's system. These companies specialize in playing that game. They mask activity in legitimate business and use creative chemistry to stay one step ahead of the rules."

The tsunami of illicit fentanyl that reached the US in the mid-2010s confounded law enforcement. Compared with other opioids, fentanyl was stunningly potent, with as little as 2 milligrams—smaller than a pencil tip in volume—sufficient to cause a fatal overdose. And where heroin and cocaine were wholesale businesses, with supply chains that began with vast harvests from poppy and coca fields and led to large processing sites and then across the US border, fentanyl was entirely man-made, relying on ingredients that could be produced in a lab and passed along in small quantities. At first, that allowed the drug to be mail-ordered from China, where it was widely manufactured. With that option available, the number of deaths involving synthetic opioids in the US climbed dramatically, reaching almost 20,000 in 2016 and more than 28,000 the following year.

Chinese fentanyl supply was far from the only reason for these fatalities—unchecked painkiller prescriptions by







❶ A light moment at Chen and Wang's first in-person meeting with Flores, in Bangkok ❷ The pair talking to Flores on a videoconference ❸ In Fiji on the day of their arrest

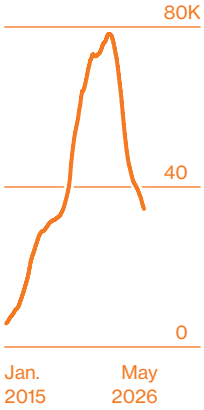
American doctors played a significant role in creating opioid demand. But for Donald Trump, who pledged during his first presidential campaign to reverse the decline of the American heartland, it was an obvious target. In a 2017 speech at the White House, he said the US Postal Service and the Department of Homeland Security were "strengthening the inspection of packages coming into our country, to hold back the flood of cheap and deadly fentanyl." But this was far from a comprehensive strategy. US citizens and businesses receive hundreds of millions of international parcels each year, most of

them perfectly legitimate. The only way to end the shipments was at the source, by persuading China to stop them.

In late 2018, Trump met with Chinese President Xi Jinping at the Group of 20 summit in Argentina. There, as part of a broad détente on trade disagreements, Xi indicated that he would adjust his country's rules. Four months later, China formally designated all fentanyl variants as controlled substances, effectively banning them. This didn't amount to accepting blame for the crisis. As one official put it: "We believe that the United States is the main cause of the problem of the abuse of fentanyl in the United States." And the updated rules didn't block the sale of most precursors, which could be combined elsewhere to produce the same market-ready narcotics.

The Chinese chemical sector quickly adapted to the new legal situation. "The fentanyl in the mail stopped overnight," says Donald Im, who served as a senior agent in the DEA's Special Operations Division. With that business cut off, "the Chinese chemical distributors realized it was better to sell to the Mexicans."

▼ Annual US deaths attributed to fentanyl overdoses*



Fentanyl can be manufactured in at least three different ways, using a multitude of chemical compounds, but a common requirement is a precursor containing a "piperidine ring," a structure that functions as a kind of scaffold for the fentanyl molecule. Some of these chemicals began arriving in Mexico almost immediately after the Chinese fentanyl ban went into force, with the Sinaloa cartel and the Jalisco New Generation cartel overhauling their operations to make use of them. Soon the cartels were producing vast quantities of fentanyl and using long-established smuggling methods to move it into the US.

Back then, Yiyi Chen had barely heard of fentanyl. She was focused on a common rite of passage for middle- and upper-class Chinese of her generation: studying overseas. The only child of prosperous parents in Wuhan, Chen went to Italy after finishing college and received a master's in communication from the University of Bologna. With good command of both Italian and English, she made the most of her time in Europe, traveling as far as Iceland. By 2019 she was working for an Italian company that sold fur to luxury brands. She'd come to love what she later called the "slow and careless style" of life in Italy and thought she might stay permanently.

Late that year, Chen booked a ticket to Wuhan, aiming to return to Europe in early 2020. But when Covid-19 travel restrictions kicked in, forcing her to stay indefinitely in China, she decided to seek a job there. After posting her résumé on a recruitment app, she heard from a chemical company called Wuhan Wingroup Pharmaceutical Co., which shared office space with a sister firm, Amarvel Biotech.

Chen was hired to assist with online marketing for Wuhan Wingroup and began what she would later describe to a judge as a normal white-collar existence, commuting on the Chinese equivalent of a Citibike and working from 9 to 5:30 in an open-plan office with a lake view and a snack bar. Corporate records show that Wuhan Wingroup was owned by a man named Guang Xia, though it was his father, Fengzhi Xia, who Chen understood to be in charge. She found the elder Xia to be a supportive boss who urged her to experiment with then-novel artificial intelligence tools. She recalled that she enjoyed being "in the forefront of the high-tech field absorbing fresh ideas."

> "The Chinese chemical distributors realized it was better to sell to the Mexicans"

Yet some of Chen's duties hinted at a darker purpose. One of her responsibilities was to maintain e-commerce websites for Wuhan Wingroup, Amarvel Biotech and other affiliated companies. Like many Chinese chemical concerns, this one did business under multiple brand names, with the same salespeople handling inquiries across them. The sites were frank about what the products were being used for, and not especially subtle about by whom. One page, advertising a compound it referred to as 1-N-Boc-4-(Phenylamino)piperidine, stated simply that it was "used for intermediate in the preparation of Fentanyl derivatives." Another, advertising 1-Boc-4-Piperidone, promised "100% safe delivery to Mexico," with screen grabs demonstrating tracking details for a successful shipment to Culiacán, the capital of Sinaloa state. It added that "we will use the normal names to make all import documents … such as engine oil, glue, paint."

Chen would later say that she knew of "neither [the] opioid problem nor fentanyl crisis" in the US. If so, she was unaware of an issue that was taking on seismic political importance. Amid the social dislocations of the pandemic, the number of annual deaths from synthetic opioid overdoses soared in 2021 to more than 70,000. Under pressure from the White House to take aggressive action, the DEA attempted to simultaneously target the Mexican cartels and their Chinese chemical suppliers.

Substantive law enforcement cooperation with Beijing was extremely rare, though. Often, American investigators would pass on information about a suspect company and never hear back. Things got even worse in the summer of 2022, after House Speaker Nancy Pelosi enraged Chinese Communist Party leaders by visiting Taiwan. Almost immediately, the few relationships the DEA maintained with China's Ministry of Public Security went cold.

If the US agency was going to make cases against chemical companies and their employees, it would have to do so without the Chinese government's help. And if it managed to bring charges, it would have to get the defendants out of the country to make an arrest. Still, senior agents put out a call to field offices around the US, asking for ideas on where to begin. ▶

■ SDNY (3) ■ *LAGGING PROVISIONAL 12-MONTH-ENDING COUNTS OF DEATHS FROM SYNTHETIC OPIOIDS OTHER THAN METHADONE. DATA: CDC NATIONAL CENTER FOR HEALTH STATISTICS

◀ As it happened, investigators already had a list of suspected precursor suppliers, many of whom were hiding in plain sight. Amarvel Biotech was one of them.

To initiate contact with Amarvel, the DEA turned to an old hand: a confidential source who'd been working more or less full time for the agency since 2009. Such sources operate in a liminal space between law enforcement and the underworld, handled and paid by the former but steeped in the procedures and folkways of the latter. This source, a Colombian who went by "Jose Lopez," had proven himself in some of the DEA's most complex and high-risk operations. For one trafficking investigation, he'd gone undercover in Honduras and secured key evidence contributing to the conviction of two nephews of Venezuelan dictator Nicolás Maduro and his wife.

This mission was considerably simpler for Lopez, initially involving nothing more than sending WhatsApp messages. "Hello I am interested in 125541-22-2," he wrote to an Amarvel Biotech saleswoman on Nov. 17, 2022. The digits were a Chemical Abstracts Service Registry Number, usually shorthanded as a CAS. They referred to 1-Boc-4-AP, which was heavily restricted in the US and which Lopez's DEA handlers had instructed him to request. Within a minute the saleswoman, who went by Anita, responded with a simple "okay." Then she pitched him on 1-Boc-4-Piperidone: "would you like to try 79099-07-3? Many of our customers are also very satisfied with this product."

They soon came to the question of payment. Anita suggested using Bitcoin, but Lopez declined: "You know I making fentanyl. Is not safe."

"I know," Anita replied.

"Cash is easy very easy for me. You have any one I can give cash in California or NY [?]"

"We can accept credit card payment," Anita added helpfully.

That wasn't going to work either, and they eventually settled on using the stablecoin Tether, which the DEA saw as a believable cryptocurrency for a trafficker to use. In early December, Lopez confirmed his order, providing a delivery address in Manhattan for the chemicals. For just under $1,200, sent to a crypto wallet Anita provided, he would buy 1 kilogram each of 1-Boc-4-AP, 1-Boc-4-Piperidone and methylamine, which can be used to produce crystal meth. Anita sent a blushing-face emoji: "It's been a pleasure working with you, Jose."

The shipment arrived the next month in New York, where it was picked up by the DEA. Lab tests confirmed that it contained the precursors Lopez had ordered. In the meantime, his handlers had instructed him to move his relationship with Amarvel to a new stage: an in-person meeting to discuss more and larger shipments. Anita was open to this, writing, "my boss agrees to go to Thailand or Malaysia to talk with you, but [you] need to pay 10% deposit" toward a further deal. They agreed on Bangkok, and the DEA transferred just under $5,000 in Tether.

Lopez had a family conflict and couldn't make the trip, so the agency lined up a different confidential source: Flores, the man who would later also go to Fiji. He would pose in Bangkok as Lopez's boss, though in reality the two didn't know each other. Anita was heavily pregnant and wouldn't be traveling either. Chen would go instead, told by Amarvel she was on temporary assignment to accompany Wang for a meeting with a new customer.

Although he was only a few years older than Chen, Wang had grown up with an utterly different experience of modern China. Born in rural Hebei in 1988, he'd been raised by a man he understood to be his grandfather. In fact, according to a later court filing, they weren't related. The man, who had no male children or grandchildren, had bought Wang from his biological mother for the equivalent of $400. Wang left school in the sixth grade, wanting to earn money rather than sit in class. As a teenager he joined the People's Liberation Army, eventually making his way to Beijing and finding jobs as a security guard and working in a bottle factory. He landed at Amarvel Biotech in Wuhan, got married and had a son. But while he thrived professionally, becoming a successful executive, he was provincial compared with Chen. The Bangkok trip would be his first time leaving China.

Chen and Wang flew to Thailand in mid-March 2023; in traditional Chinese corporate style, they brought a gift—green tea—for their counterpart. Ahead of the meeting, Chen and Flores chatted on WhatsApp, in a conversation laden with friendly banter and weeping-with-laughter emojis. The rendezvous would take place in a private dining room at the Royal Orchid Sheraton, on the eastern shore of the Chao Phraya River. Flores would be secretly recording on his phone, with American agents monitoring remotely. Bangkok was familiar territory for them; the DEA and FBI have a warm relationship with the Royal Thai Police and have staged dozens of undercover operations on their turf.

In the room, Flores took a seat across from Chen and Wang. As they spoke, he was blunt about his supposed business: "I make fentanyl, right?"

He then told them a story concocted for him by his handlers. After he'd produced a batch with the earlier Amarvel shipment, he said, "Several Americans, they died because it was too strong … cause Americans, y'know? Pshh." Wang and Chen said nothing to indicate dismay at Flores' remark, nor at a statement that he planned to open a fentanyl lab in New York. Complaining that "if my customers die, I won't be able to make money," Flores asked the pair for help with "the right amounts to balance a good product."

Wang explained his advice in Chinese, with Chen serving as translator. "It's better not to make the product too concentrated, that's the first thing," he said. "Add more excipients, or add a little bit more diluents." He added that he might be able to provide more detailed advice if Flores was interested in a long-term business relationship. "We know that Mexican clients are good clients and also big clients," Wang said.

Chen soon created a WhatsApp group called "Mexico project" for herself, Wang, Flores, Lopez and Anita, the initial Amarvel salesperson. A few days later, Flores wrote, "Need formula for Best fentanyl … As we discussed im Bangkok." This prompted Anita, in a rare attempt at discretion from an Amarvel employee, to send a direct message to Lopez,







Some of the precursor chemicals Amarvel Biotech shipped to the US

■ SDNY (3)

asking him to speak to Flores. "Please tell him the reason why we can't discuss openly in the group," she wrote. "It's dangerous for us." Even so, the group messages were clearly geared toward arranging a large chemical shipment.

In April, Flores, who'd largely taken over the Amarvel relationship from Lopez, joined a videoconference with Chen and Wang to go over the details of the proposed deal. Footage of the discussion shows him wearing a black shirt and a chunky silver necklace, his mustache neatly trimmed, as he called them on a laptop from a dimly lit room. As in Bangkok, he was solicitous and open, explaining that his goal was to make "the final product, the Big Mac," in large quantities. "No problem," Wang replied. Chen was friendly, joking that Flores should come visit her in China—though she was sufficiently unfamiliar with Latin American names that she pronounced "Jose," the first name of Flores' supposed underling, as "Joes."

The following day, Flores confirmed his order: 50 kilograms of 1-Boc-4-AP, 100 kilograms of propionyl chloride and 60 kilograms of (2-Bromoethyl)benzene, for a total price of $45,800. All three chemicals can be used to synthesize fentanyl. Anita then did something Flores had never encountered in a decade of assisting narcotics investigations: She sent an invoice. It listed the names and volumes of the chemicals, as well as Amarvel's Wuhan address and payment details. Days later, the DEA transferred more than $40,000 in crypto to Amarvel. The shipment arrived in late April in California, where a different DEA source picked it up.

Around this time, the agency began developing a plan to arrest Chen and Wang, which would mean persuading them to leave China a second time. Wary of raising suspicions, the DEA didn't want to suggest Bangkok again, so it turned to a novel option: Fiji. Police there had little track record of assisting US investigators, but they were eager to build one. And in the Fijian legal system, it would be possible to immediately deport foreign defendants into DEA custody rather than submitting to a lengthy extradition process. "It's important just for us to meet in Fiji," Flores told Chen and Wang, "so that way we can negotiate everything." The pair were willing to travel there, but once again Wang wanted a firm sign of commitment: another deposit toward future deliveries. The DEA duly transferred $20,000 more in crypto.

With the meeting on, DEA agents in the US and Asia began working on the legal and practical arrangements to bring the Amarvel employees into custody. An investigator in New York requested arrest warrants from a federal judge; once these were granted, the agency could seek a Red Notice from Interpol, which would provide a basis for a Fijian arrest.

Meanwhile, Chen and Wang began arranging their travel. "Where and when will we meet?" Chen asked Flores. "Because I'm planning to go scuba diving." Once again, Anita would be staying home; it would just be "Boss Wang and me," Chen said. The meeting was ultimately set for June 8.

A few days before that, a small DEA team led by a Chinese-speaking agent named Qiji Wang arrived in Fiji. Their role would be limited to advising and observing; the arrest itself was a matter for Fijian police. Plainclothes American and Fijian officers arrived at the Sofitel resort early on the appointed morning, fanning out through the lobby and keeping watch on the entrances and exits. Flores would carry a tiny, high-definition camera, aiming to get Chen and Wang to speak on the record, in specific terms, about past and future chemical ▶

◀ shipments to the US and ideally to acknowledge that they understood they were violating the law.

As Chen and Wang got into a taxi at their hotel, they suspected nothing. "Let me know once you are close by," Flores texted at 8:10 a.m. "We are almost there," Chen replied. From a short distance away, Qiji Wang watched as they walked into the Sofitel lobby, sat down with Flores and began to talk.

The arrests were polite, by the standards of such operations. Chen and Wang were white-collar employees on a business trip, and there was no real chance either had a weapon. Fijian police drove them straight to the nearby airport, where the DEA plane was waiting. The local force also passed their American counterparts the four phones Wang and Chen had been carrying, along with Chen's Apple laptop, which was decorated with jokey stickers. She was bewildered, and on the jet she asked Qiji Wang why she was being arrested. "I told her in general terms that she was charged with narcotics conspiracy in the United States," he said later.

Their ultimate destination was New York, but they landed first in Honolulu, where they were brought before a federal judge. From a detention facility, Chen was able to call her mother in Wuhan. "Hey mom, it's me," she later recalled saying. "Listen, I'm still alive and I'm safe right now. I'm at the prison of Hawaii." The older woman began to hyperventilate and found a chair so she could sit. "I'm OK," Chen said. "This jail has two Chinese people, they treat me good and help me a lot. You don't need to worry."

The indictment against Chen and Wang was unsealed on June 23, paving the way for their first court appearance in New York. Both were charged with conspiracy to traffic fentanyl—an offense that carries a maximum sentence of life in prison—and related charges including conspiracy to import fentanyl precursor chemicals. In a triumphant press release, Anne Milgram, the DEA administrator, declared that the charges were "a considerable step forward in our unrelenting fight against fentanyl, targeting the threat where it starts." Beijing swiftly fired back, with a foreign ministry spokesperson complaining that US law enforcement had "ensnared Chinese nationals" and violated their rights. The spokesperson also reiterated that the US was "shifting the blame" for its own addiction crisis to China.

Chen and Wang both pleaded not guilty and were ordered to remain in custody. Neither had ever been to the US, and for the foreseeable future their experience of the country would be limited to the Metropolitan Detention Center on the Brooklyn waterfront and the federal courthouse in Lower Manhattan. Meanwhile, their lawyers would be facing several problems in defending them against some of the gravest narcotics charges in the federal criminal code. The chemicals Lopez and Flores had ordered were undoubtedly sent to the US, and though one package had turned out to contain a substitute precursor for making a potent "fentanyl analogue," rather than fentanyl itself, the analogue could be treated at least as harshly under federal law. Nor was an entrapment defense likely to succeed, given that Amarvel had advertised the products on its website and boasted they could be sent around the world, before anyone working for the DEA had so much as sent its employees a text message.

"Those who market for profit the chemicals necessary to make this poison," the judge wrote, "must be severely punished"

Chen's and Wang's attorneys decided, in effect, to challenge prosecutors' attempts to demonstrate mens rea—that is, to establish that the pair knowingly engaged in behavior that violated US law. Since the chemicals Amarvel had sold were legal in China at the time, the defense lawyers would argue that neither Chen nor Wang had believed they were doing anything wrong. And while the invoice Anita had provided could be viewed as a flagrant violation of the Stringer Bell rule (based on the gangster's incredulous question on *The Wire*, "Is you taking notes on a criminal f---ing conspiracy?"), it could also be interpreted as evidence that Amarvel's salespeople viewed the transaction as aboveboard and routine.

To these lines of argument, Chen's lawyer Marlon Kirton added an additional claim. While Chen's title was "sales manager," in Bangkok and Fiji her primary role had been simply to translate for Wang and facilitate his conversations with a promising new customer. In the videos of those meetings, Chen turned repeatedly to her colleague for guidance and duly relayed his words to Flores. How could she be deemed responsible, Kirton intended to ask, for statements she was simply rendering into English and passing on?

The trial was scheduled for January 2025, some 19 months after Chen and Wang were taken into custody. Before it began, Wang's attorney Leo Aldridge approached the DOJ with a proposal: guilty pleas on three charges relating to precursor chemicals and one relating to money laundering, in exchange for dropping the fentanyl trafficking conspiracy charge. Since trafficking fentanyl itself was also a criminal offense in China, Wang feared that, if he admitted to it, he could never return home to his wife and son. Federal prosecutors listened politely as Aldridge presented the offer, which would likely still lead to a stiff sentence. Then they declined. If Wang wanted a deal, he would need to plead guilty to the most serious offense. (A spokesman for the US Attorney's Office for the Southern District of New York didn't reply to a request for comment.)

The trial opened on Jan. 15 in Manhattan. Across two weeks, prosecutors Alexander Li and Kevin Sullivan guided the jury through their narrative of the case, with both DEA sources testifying under pseudonyms. In addition to recounting their roles, the sources confirmed they'd been paid generously by

the DEA for their work, with Flores receiving about $193,000 and Lopez about $176,000.

Toward the end of the trial, Chen took the stand, a risky move for the defense. But she was well prepared, speaking crisply about her time working for Wuhan Wingroup and Amarvel Biotech. Prosecutors had sought to portray Chen as a critical node in precursor sales because of her role maintaining their websites; she insisted her responsibilities were technical, mostly limited to setting up the sites so others could upload content. Her internet history included a Voice of America article about US sanctions against Chinese precursor manufacturers, and Kirton asked what, if anything, she understood about America's fentanyl crisis. "I saw in an article that United States was accusing China and China fired back," she said. "It was very confusing."

For a woman on trial halfway around the world from her home country, it was a self-assured performance. But when Sullivan began to cross-examine her, he didn't resort to aggressive questioning that might knock her off-balance. Simply getting Chen to confirm the factual record was enough.

"In March 2023, you flew to Bangkok, right?" Sullivan asked.

"Yes."

"And you met a man named Gil Flores, right?"

"Yes."

"Gil said that he wanted to buy enough chemicals to make 50 to 55 kilograms of the final product, right?"

"Yes."

"Gil told you in Bangkok he was opening a lab in New York to make fentanyl, right?"

"Yes."

"And you met with Gil in Fiji?"

"Yes."

The jury returned its verdict the same week. Chen and Wang were found not guilty of the first charge, conspiracy to traffic fentanyl. But they were convicted on lesser conspiracy and narcotics charges, which carried heavy penalties of their own. Their lawyers pleaded for leniency, with Aldridge leaning heavily on Wang's difficult childhood and Kirton arguing that Chen's accommodating attitude reflected Chinese business culture. "The goal is not to tell the customer 'no,'" Kirton wrote.

The judge, Paul Gardephe, was unmoved. For Wang, he imposed a 25-year sentence, five years longer than prosecutors had requested. "Fentanyl is the number one most serious drug problem in the United States," he declared from the bench. "Those who market for profit the chemicals necessary to make this poison—when apprehended—must be severely punished." For Chen, Gardephe had slightly more sympathy. He conceded there was "a random aspect to her involvement," since "but for the Covid-19 pandemic and her inability to return to Italy, I suspect that she would never have got involved in this type of criminal activity." But she had gotten involved, and Gardephe was sentencing her to 15 years in federal prison.

Wang, who declined through his lawyer to be interviewed for this story, was sent to a low-security facility in Florida. Chen resides at FCI Aliceville, near the Alabama-Mississippi state line. Now in custody of one kind or another for more than three years, she's settled into a consistent routine, keeping in touch with her parents via video calls. From Monday to Friday, she works in a facility sewing sleeping bags; on weekends she teaches yoga and meditation classes for fellow inmates. "I'm happy to see them keep coming," she said by email, "because a good physical condition can impact mental health. This is very important for surviving in the prison."

It's unclear whether prosecutions like Chen and Wang's have contributed to the recent drop in US deaths from synthetic opioid overdoses, which fell to fewer than 40,000 in 2025, about half the record number reached in 2022. For investigations even to get so far is rare. The vast majority of cases like these are "paper indictments," with the targets still in China and unlikely ever to be arrested, as is the case for Anita. The broad availability of the opioid antagonist naloxone is probably a much larger factor, along with greater awareness of the risk that drugs like cocaine could be contaminated with fentanyl. Another, more depressing hypothesis is that many of the people most susceptible to opioid addiction have already died from overdoses, leaving a smaller pool of potential victims.

The Chinese government has also significantly, if imperfectly, tightened regulation of chemical exports and begun to cooperate with certain US investigations. Two key chemicals Lopez had Amarvel send to New York, 1-Boc-4-AP and 1-Boc-4-Piperidone, are both now restricted, though the analogue precursor the company shipped to California is not. More than a decade after Chinese labs began shipping fentanyl or its precursors to the US, some law enforcement veterans have a conspiratorial view of how long it took for Beijing to make these moves, suggesting that Communist Party officials have been happy to see their main geopolitical rival weakened by an addiction crisis.

The truth is probably more prosaic: that chemicals of all kinds are a major Chinese export industry, and policymakers had no pressing reason to restrict them in response to a problem occurring almost entirely overseas. Beijing has moved much faster to control shipments of a similarly dangerous class of synthetic opioids called nitazenes and another called orphines. In response, some Chinese labs appear to be establishing backup operations in Southeast Asia.

With scheduled release dates in 2035 and 2044, respectively, Chen and Wang will play no part in the industry's evolution. Chinese corporate records show that both Wuhan Wingroup and Amarvel Biotech have been deregistered as active companies. There's evidence, however, that people associated with them are continuing similar activities. Amarvel's websites, now removed from the internet, formerly listed several sales representatives with their mobile numbers. Searching the number associated with one of them, "Olivia," leads to a series of pages on an online retail portal, TradeFord.com, that lists products from a company called Wuhan Ruichi Technology Co. (Its salespeople didn't reply to requests for comment.) Among the listed offerings are precursors for more than a half-dozen drugs of abuse. According to registry data, the company remains in business. Ⓑ *—With Daniela Wei*

Rich Country, Poor Citizens

■ By Christopher Marquis



China's leadership will soon claim a milestone it's chased since Deng Xiaoping's 1978 landmark economic reforms: membership in the rich world. The nation's per capita income is nearing the World Bank's threshold for high-income countries and should cross it within a year or two of the 25th anniversary of its accession to the World Trade Organization. That 2001 deal turned a $1.3 trillion economy into one approaching $20 trillion, and exports have since multiplied roughly 13-fold, earning China the title of "factory for the world."

In 2021, President Xi Jinping triumphantly declared that the rising tide had lifted all boats—the Communist Party had won "complete victory" over absolute poverty—and pledged to pursue "common prosperity" for all. China does deserve credit: Since 1978 it's lifted almost 800 million people out of extreme poverty, three-quarters of the global total, according to the World Bank. But to claim that victory, the government used a poverty line of about $2.30 a day, which critics contend is too low.

共同富裕
gòng tóng fù yù

Used occasionally by Mao and Deng, the term has enjoyed a revival under Xi

Against the World Bank's $8.30-a-day poverty line for households in upper-middle-income countries (China's current group), more than one-fifth of its population remained poor as of 2022. Against the $30 a day that marks poverty in the rich-country cohort China will be joining, the average citizen falls well short. China, in other words, is becoming a high-income country whose people, by any rich-world measure, remain exceedingly poor.

Both sets of facts flow from the same political economy, and the tension between them will define China's next quarter century—turning less on whether the country grows rich, which by conventional measures it largely has, than on what it does about the millions left behind and the middle class it never allowed to form.

For the US and other Western powers that supported the country's entry into the WTO, the bet was that prosperity would beget a middle class that would demand a say. But China has spent two decades ensuring that constituency never takes shape, since time and time again history has shown that a secure, propertied population is where pressure for a political voice collects.

The evidence on social activism is instructive. In November 2022 a deadly apartment fire in remote Urumqi set off street protests against zero-Covid lockdowns that swelled into the "white paper revolution," named after the blank sheets of paper demonstrators held up in wordless dissent. Yet these protests erupted not on China's poor periphery but in its bourgeois core—along Urumqi Road in Shanghai, the country's wealthiest city, and across elite campuses such as Beijing's Tsinghua University. The demonstrations confirmed the Party's operating assumption: It's not hardship that's politically dangerous, but a comfortable middle class.

On the institutions that underpin a secure middle class—most important, a social safety net—China diverges sharply from its peers. Social spending sits near 10% of gross domestic product, roughly half the average for countries in the Organization for Economic Cooperation and Development. Xi

■ ILLUSTRATION BY ARD SU ■ DATA: NATIONAL BUREAU OF STATISTICS OF CHINA; WORLD INEQUALITY DATABASE; THE HOUSING PRICE INDEX IS THE NORMALIZED AVERAGE OF YEAR-ON-YEAR PRICE INDEXES FOR NEWLY BUILT COMMERCIAL HOUSING (EXCLUDING AFFORDABLE HOUSING) ACROSS CHINA'S 70 LARGE AND MEDIUM-SIZE CITIES; THE HOUSEHOLD DEPOSIT INDEX IS THE NORMALIZED YEAREND STOCK OF DOMESTIC HOUSEHOLD DEPOSITS HELD IN FINANCIAL INSTITUTIONS

often warns that welfare programs breed idleness, a surprising stance for an avowed Marxist. The underlying motivation is more likely that households forced to self-insure stay precarious and pliable.

A grinding property crisis has only heightened the sense of vulnerability. Chinese households hold about 47% of their assets in real estate, and prices have fallen roughly a fifth from their 2021 peak, erasing trillions of yuan in wealth. Because a family's home is often their only form of insurance, the loss of value has made people cling to cash all the more.

The exits for that cash, meanwhile, are being systematically sealed. In 2025, Hong Kong overtook Switzerland as the world's largest cross-border wealth center, with about $2.95 trillion in offshore financial assets booked there, much of it mainland money seeking escape. Beijing responded by tightening controls on outbound capital. A State Council regulation in force since July 2026 now governs overseas investment end to end, from first approval to final exit. For the first time, the rules apply to individuals as well as firms, and regulators have separately squeezed the brokerage channels that let mainlanders buy foreign stocks. Money that can be neither invested at home nor sent abroad pools in accounts at state-owned banks instead–a reservoir of funds that can support the government's industrial and infrastructure priorities.

Beijing has promised for years to rebalance the economy toward household consumption, so as to reduce the country's reliance on the twin growth engines of exports and investment. Yet after two decades of jawboning and half measures, consumption is stuck at about 40% of GDP, compared with 55% to 70% across the rich world. Households save at extraordinary rates–deposits have roughly doubled since 2019, to some 165 trillion yuan ($24.7 trillion)–not from thrift but because the state offers thin retirement pensions, patchy healthcare coverage and unemployment insurance that reaches barely a third of the workforce. Jobless benefits are pegged to the local minimum wage–not to what a worker earned–and is capped at 90% of that: roughly 2,000 yuan a month. This year the minimum rural pension has increased by just 20 yuan, to 163 yuan a month. A people who cannot count on the government to care for them when they are ill, jobless or elderly will not spend.

Youth unemployment tells the same story. The rate for 16- to 24-year-olds who are not in school now stands at 18%–an indicator so politically sensitive that Beijing suspended its publication in 2023, and then revised the methodology. A generation that coined the term *neijuan*, "involution," shorthand for running ever faster to stay in place, is not the confident spending cohort a middle class is built on.

The artificial intelligence boom deepens the divide between the government's industrial ambitions and household welfare. Beijing is pouring trillions of yuan into the development of more advanced chips and data centers to support AI, and that spending, for now, is what's powering growth. But it funds those technology investments by starving the basics: hospitals, schools and other elements of the already meager safety net in rural areas, while the rewards accrue to the coastal, educated sliver.

The resulting inequality would look familiar to any American. With the poor and middle held down, one group has been allowed to grow: the rich. China's richest 10% of the population holds about 68% of its national wealth, close to the US figure of 70%. In 2025 the 1,434 individuals worth at least 5 billion yuan saw their combined wealth soar 42% thanks to a powerful stock market rally, according to an annual list compiled by the Hurun Research Institute, a Shanghai-based firm that has tracked China's rich since 1999.

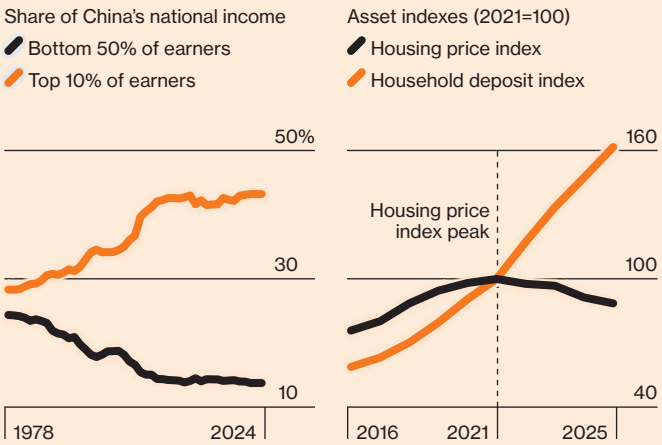
The Party has shown that a few thousand tycoons are easier to manage than a broad middle class. In 2020, when Alibaba Group Holding Ltd. founder Jack Ma criticized China's state-owned banks for having a "pawnshop mentality," financial regulators canceled the initial public offering for his digital payments platform. He subsequently disappeared from public view for several months–a reminder of how those who have accumulated vast private fortunes are disciplined when they stray.

The longer trajectory, measured by earnings rather than wealth, is even starker. In 1978 the top 10% of earners and the bottom half of the population each took home about a quarter of national income. Since then, the top decile's share has climbed to over 40%, while the bottom half's has slid to under 14%–two lines that began together, now forked into what the West calls a "K-shaped" chasm. Deng's founding promise for the reform era that some people would get rich first and the rest would follow increasingly looks like a plan that only ever had a first stage.

Follow these threads forward another quarter century, and the China that comes into view is not the one the WTO's architects imagined.

With savings high and consumption weak, Beijing keeps doubling down on the supply side–what it calls the "new productive forces." But a throttled home market cannot absorb what its state-of-the-art factories produce, so the surplus will continue to go abroad: China now churns out more than 70% of the world's electric vehicles, some 80% of its batteries and roughly 80% of its solar panels. ▶

Deng's Fork: Some Got Rich First. What About the Rest?



◀ Unlike in the early WTO years, however, the world is putting up walls with tariffs and trade blocs. And what China exports today is no longer toys and textiles but EVs, industrial robots and wind turbines—goods that compete with the crown jewels of advanced economies like Germany and Denmark, whose workers are among the best-paid and most organized anywhere. The higher China climbs up the value chain, the more directly it will encroach on industries that such countries most want to protect, so these tensions will only increase.

Common prosperity, Xi's supposed sequel to Deng's "let some get rich first," is turning out to mean shared restraint, not shared wealth: billionaires disciplined when convenient, the middle class asset-trapped, the poor pacified in 20-yuan increments. Everyone, in the end, is held equally in check.

The Party's central challenge in the coming decades is demographic. With an expected 400 million retirees by 2035, the state will be forced to spend far more on pensions and care. Economists Michael Pettis and David Daokui Li argue from different directions that Beijing will sooner or later have no choice but to put real money in households' pockets—Pettis because the investment-led growth model is exhausted, Li because the state owes a debt to the farmers who shouldered much of the burden for China's industrialization and it can afford to repay it. Li reckons that giving China's 130 million rural elderly a pension that they could actually live on would cost about 1.25 trillion yuan a year, which amounts to just 4% of government spending, and less than a fifth of what the US spends on Social Security.

But a quarter century of precedent suggests the Party will judge those costs as too high and too risky. Xi has applied this logic more rigidly than any of his reform-era predecessors. During 14 years in power, he's chosen control over household welfare at every turn, and for the fourth presidential term he's expected to claim in 2027, there's no reason to expect a change of course. So the likeliest path is welfare that grows but stays minimal and conditional: enough to keep the peace, and calibrated to sustain dependence rather than end it.

The West wagered in 2001 that trade would make China rich and wealth would make it liberal. It got the first half. Whether a great power can hold the rest together while keeping most of its citizens poor is, at best, a formula for grinding stagnation—at worst, a slow-burning fuse. Ⓑ

Marquis is a professor at the University of Cambridge Judge Business School and the co-author of Mao and Markets: The Communist Roots of Chinese Enterprise. *The views and opinions expressed here are those of the writer and do not necessarily reflect those of* Bloomberg Businessweek *or its owner, Bloomberg LP.*



▲ China's 130 million rural elderly, like these in Sichuan province, collect meager pensions

■ PHOTO: EMERIC FOHLEN/NURPHOTO/SHUTTERSTOCK ■ ILLUSTRATION BY SHUAI MA



What Surprises Foreign CEOs About Doing Business in China

For some, the biggest shock is the cultural norms; for others, it's the country's commitment to technology. But for almost everyone we interviewed, it's the sheer speed of innovation and execution in China that stands out the most. As Alexandre Ricard, chief executive officer of wine and spirits behemoth Pernod Ricard, puts it: "The pace at which they move is phenomenal." Responses have been edited for clarity and length. —*Matthew Boyle, Jennifer Creery, Kate Krader, Naomi Kresge, Coco Liu, Kristina Peterson, Yiqin Shen and Sonja Wind*

Kai Beckmann CEO of German science conglomerate Merck

"What stands out is how strongly Chinese companies work backward from the desired outcome. They ask: 'What do I want to achieve in the market? What do I need to get there? How do I gain access to the necessary technologies? How do I secure the supply of raw materials?' They think very systematically about the entire ecosystem that needs to be built, always starting with the end goal. The consistency with which they pursue that approach is genuinely impressive."

Mike Doustdar CEO of Danish pharmaceutical company Novo Nordisk

"Chinese biotech was very famous for making 'me-too' products. Now they're making 'me-better' products. And with the speed they're growing, they could make totally innovative products five years from now. They're also in the same race on AI, with token prices being much lower there than the rest of the world. We know that of course AI will be pivotal for research and maybe even the speed of development. So if they keep the edge or even accelerate where they are currently, then I would say you'll see an exponential speed on what will come out of that country."

Evan Kleinberg co-founder and partner at New York City boutique commercial real estate brokerage Cornelia Street Partners

"During a previous job in Asia, what surprised me most was the power of brands in China's finance industry. State-owned agencies wanted the clout of being in business with a global leader, and the private sector naturally followed the state-backed capital. I found navigating red tape as a foreign brand far more attainable than in other, more 'free-market' Asian countries."

Peter Bakker CEO of the World Business Council for Sustainable Development in Geneva

"In China, if you count the number of EV brands on the road–some state-owned enterprises, others private enterprises–it is unbelievable. The supply chain they have collectively formed makes this speed of change happen. It feels as if the transition is much more systemic, much more collective, than it is here, where it's driven by entrepreneurs. The link between the political choices and the industrial strategy is different in China than it is in the West. In China, it's a political decision to set the target, which then everybody, businesses included, says, 'OK, that's the target, and we're going to have to move toward there.' "

Noor Menai CEO of CTBC Bank USA

"In my almost 40 years of working in and out of the greater China region, there's a number of things that surprised me. One is the culture of how business is done. A lot of it is not done in conference rooms; it's through dinners and drinking together, which is as important a part of any deal as the boardroom meetings. If you're new to China, you think that that's a polite invitation, but it's not. Another is that their expectations around rank and hierarchy don't work with our egalitarian Yankee attitudes. During my time at Citigroup, our team once went to China to meet with Shanghai Pudong Development Bank, and they were expecting that our CEO would show up because their CEO was taking the meeting. When they met our team in the lobby, they said, 'Where's your CEO?' And we said, 'Well, he's back in New York, running a trillion-dollar bank.' They didn't say anything. Their smiles didn't drop. But we were then told in the lobby that the meeting was done. Protocol was very important to them."

Daniele Ferrero, executive chairman of Italian chocolatier Venchi

"When we launched our chocolate and gelato stores in China, we were introducing not just a new brand but also a new retail concept, combining chocolate and gelato under one roof. What surprised us most was how quickly Chinese consumers embraced it. In Western markets like Italy, the US or the UK, there are legacy habits among some people who'd either buy a casual treat or a packaged gift but not during the same visit; it took us years convincing consumers there to combine both. In China, customers walked out of the store with gelato cones in one hand and chocolate bags in the other from the very first week. It really speaks to how open they are to try new things. They are hyperdigital and don't have much prejudgment."

John Ghingo CEO of Hormel Foods, which owns Skippy peanut butter and Spam

"We manufacture in China for China, but increasingly China has become an innovation hub for us. We have a very agile team that's innovating quickly, and we also have seen some pretty advanced capabilities in terms of technology and e-commerce in the Chinese market. One of the opportunities we see going forward is to actually tap into some of those agile capabilities in China to see what we can learn in the US and other markets."

Jennifer Holmgren CEO of US biotech company LanzaTech

"No matter what you hear about China moving fast, you just don't get it until you work in China. The amount of time needed for going from a new idea to starting up production is shorter than anywhere else, and you can't appreciate it until you do a project in China."

Jacob Aarup-Andersen CEO of Danish multinational brewer Carlsberg

"China always has growth opportunities. People will stare themselves blindly at national numbers, but China is many 'countries' in one. There is no one approach to China; there is a very regional approach, and you need to understand China down to the details to become successful there. You have to be quite surgical in how you approach it."

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A Day in the Life

■ Photographs by Raul Ariano



With roughly 1.4 billion people across China, there are surely 1.4 billion different ways one could spend an average day. *Bloomberg Businessweek* sat down with a handful of people from a variety of cities, industries and generations to understand how they structure their waking hours. Most of them work—a lot—into evenings and weekends while juggling competing responsibilities at home and the office. Many feel immense pressure to take care of their families; others are trying to tuck away savings for their own futures in what's proving to be a challenging economy. But they also have time for fun: exercise, hobbies and, an indulgence enjoyed the world over, mindless TV. The interviews took place between August and October; for conversations conducted in Mandarin, quotes have been translated. —*Charlie Zhu, Allen Wan, Lulu Shen and Lin Zhu*

▲ Food delivery worker Jiang Hailong in Shanghai

Wang Qing
王庆

○ Shanghai
○ Hedge fund chair
○ 57 years old

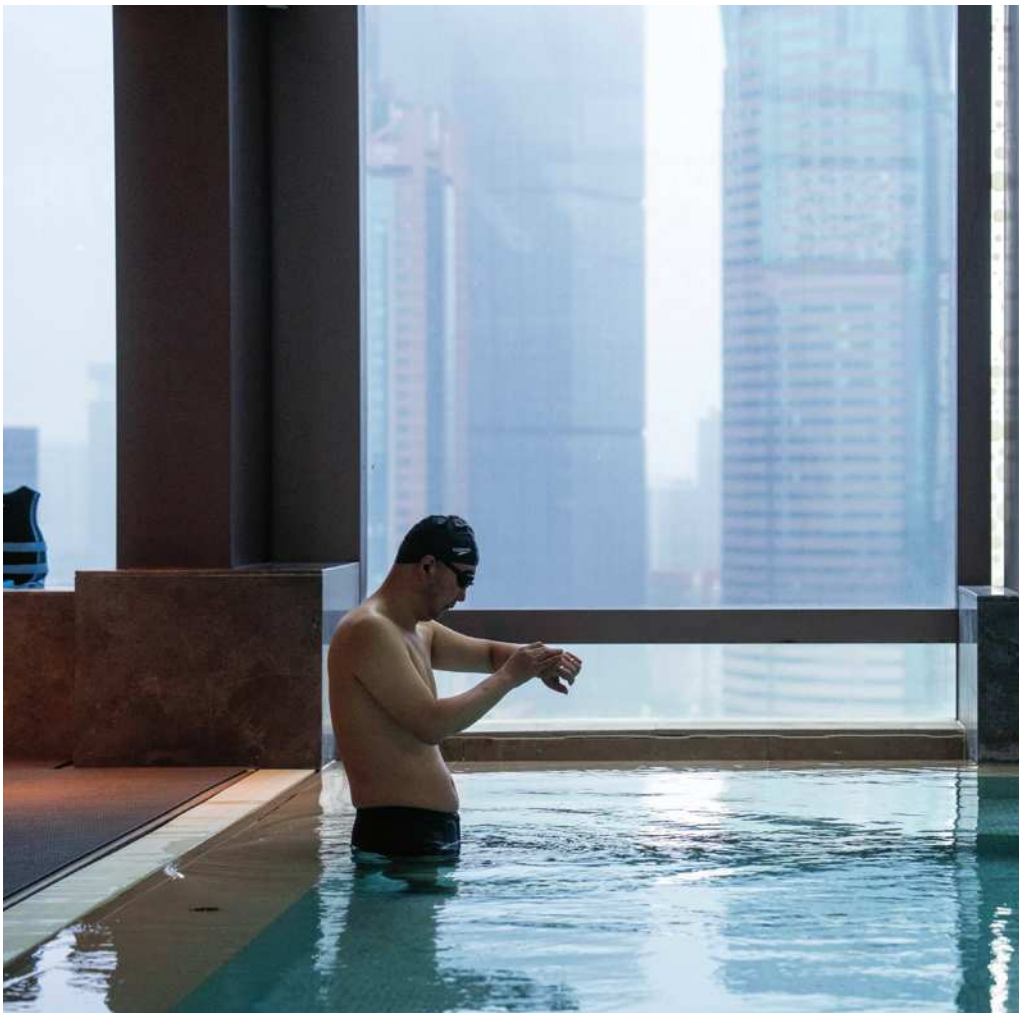
Wang Qing has a busy day ahead of him, but first he needs to get his laps in. Without fail, the chair at hedge fund Shanghai Chongyang Investment Management is in the pool by 6:45 a.m.—"It's the only time of day I can reliably set aside for exercise"—even on the 200 or more days a year he's on the road for work. Wang has held Diamond status at Shangri-La Hotels (where the pool consistently opens at 6 a.m.) for almost 20 years, though he longs to join the elite, invitation-only Polaris tier. Maybe soon: Last year, its China World Hotel in Beijing upgraded him to the Presidential Suite to celebrate his 100th stay there.

Swimming is an incredibly efficient workout, and that use-every-moment mentality bleeds into the rest of Wang's workday, which is fine-tuned down to the minute. He listens to a 15-minute Alpha Pai podcast summarizing the previous day's global news (it goes live at 7:05 a.m.), joins his fund's daily investment and research meeting (8:40 a.m.) and then gears up for the market's open (9:30 a.m.). Face time with sell-side research firms, high-level clients and business partners, plus internal management meetings, fill the day. "The time when I can truly sit down and focus without interruption is often after 5 p.m." Wang might squeeze in a light dinner with his wife, but then it's back to reading research reports before tuning in for the US market open at 9:30 p.m. It's not unusual to be on his phone at all hours, he says. "The boundary between work and personal life has become increasingly blurred. My family has long since become accustomed to it."

It's an especially busy time. The investment sector is undergoing a massive shift, thanks to the rise of generative artificial intelligence, and Chongyang wants to be a leader, says Wang. These days, when an analyst researching a new company or sector puts together an investment thesis, the company asks for two reports: a human-reported one and an AI-generated one. "We require both perspectives to be explained side by side," then they compare the two, says Wang, who got his Ph.D. in economics in the US. "If the human analysts' conclusions diverge meaningfully from the AI-generated analysis, those differences may represent genuine proprietary insights."

Does the high-pressure environment get old? "Honestly, I enjoy all of it," Wang says. It's "rewarding" and "intellectually stimulating" to constantly dive into new industries and companies. Chongyang has been around since 2001, so it's seen plenty of hedge fund rivals rise and fall while it's stayed the course. "There's a saying in English: 'Only the paranoid survive.' That mindset is very much part of our daily reality."

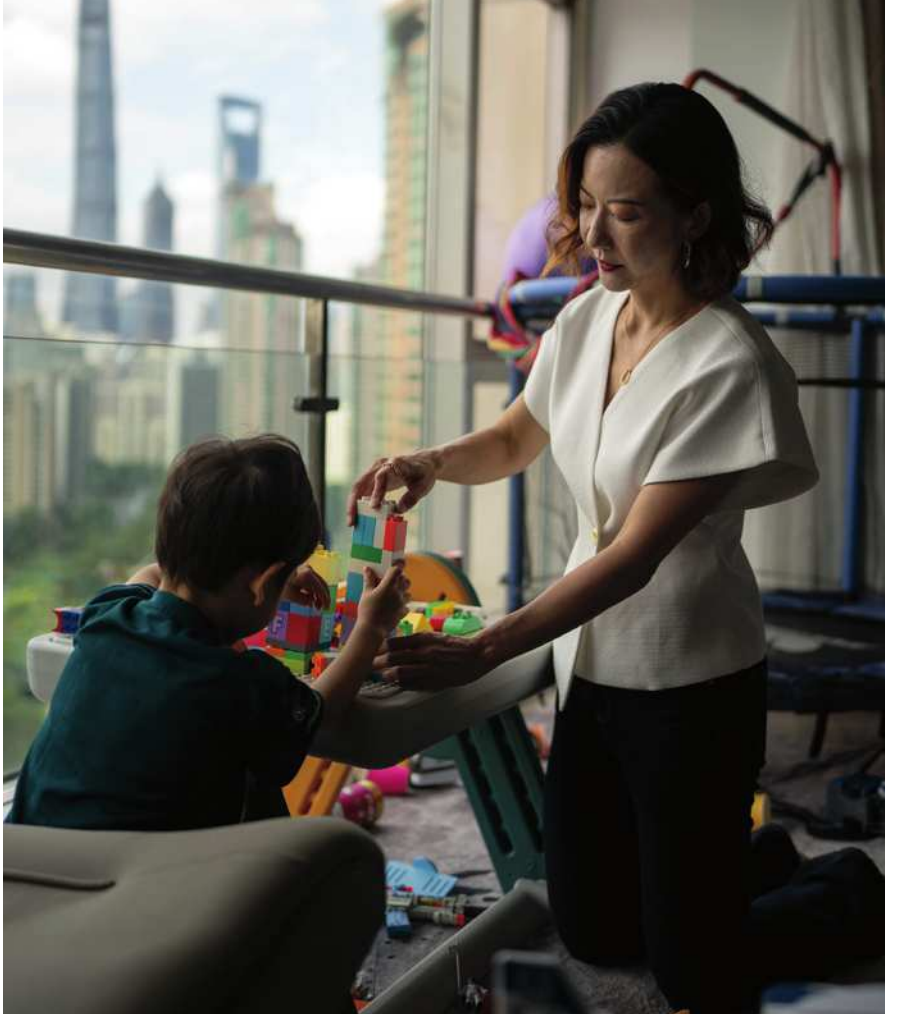








◄ Wang at his office in the IFC building in Shanghai ▼ Wang in the pool of his residence



Carol Zhou
周涛声

○ Shanghai
○ Beauty executive
○ 44 years old

The math doesn't quite make sense, even if it will feel intimately familiar to a lot of working parents: Carol Zhou is somehow giving 110% to her corporate job and 110% to her 4-year-old son. The senior vice president at Japanese makeup giant Shiseido Co.'s China division is always on the go at work—meeting with dermatologists and med spas interested in deploying Shiseido's products and devices, attending work dinners with vendors and clients, taking late-night calls with other regions—yet she still finds time to take her son to school, accompany him to swim and biking lessons, and put him to bed. Fortunately, Zhou's mother and a domestic helper are around to lend a hand with the cooking.

Zhou gets a little time to herself most nights around 11 p.m., but even then, work often sneaks in: She streams a mix of Chinese shows and Western ones to keep her finger on the pulse of what's hot. "Even if it's not my type of show, I keep myself in the know of what's on trend, especially in the consumer beauty business." She'll fall asleep by 1 a.m., and then it all starts over again a few hours later. "My life used to be much more glamorous, but now that my son's around, it's not like that anymore," Zhou says, chuckling about married life. More of her salary goes toward her son's education and extracurriculars than rent. At least when she's looking out the windows of her family's three-bedroom apartment in the financial district, she can see four of the city's iconic landmarks: the ►



◀ Oriental Pearl Tower, Shanghai Tower, Shanghai World Financial Center and Jin Mao Tower.

Charged with new business development and investments in China for a 154-year-old Japanese company, Zhou spends a lot of time translating the parent company's more conservative ethos to fast-charging employees on the ground. "China is a market that is so fast-moving, changing by the minute. I've been in China for Shiseido officially since 2019, and since then the whole market has changed at least three times," she says. "I'm trying to be the link between headquarters and China." The next big hurdle will be persuading Chinese consumers to keep paying for premium skin care from overseas when so many new homegrown brands are popping up at lower prices. "It's a very challenging time."

Every now and then, Zhou breaks from her nonstop routine to see friends. On a recent Friday, she took her son to watch one of them, Celine, sing at a local bar. "My son is obsessed with Celine Dion because he loves *Titanic* and the song 'My Heart Will Go On.' " He was disappointed to learn that the Celine they'd be seeing perform that night wasn't the five-time Grammy winner. Zhou persuaded him to give it a try anyway. "I was like, 'Well, you know, it's a different Celine.' "

◀ Previous page: Zhou playing with her son in her apartment before going to work
▲ Zhou at Yugo Grill in Shanghai for a friend's farewell party

Nie Dongyao
聂冬瑶

○ Shenzhen
○ Public-relations director
○ 32 years old

China's tech industry is known for its long hours and high-pressure churn, and that's certainly been Nie Dongyao's experience working for humanoid robotics company Zeroth. She frequently works more than 10 hours a day, including some weekends, with nightly calls that can push past midnight. Add an hourlong commute on the metro, and it becomes a very long day indeed. Fortunately, her company enforces something most US workers would kill for: a culturally accepted midday nap. "Especially in the tech industry, companies really pay attention to the nap. We turn off all the lights at 1 p.m., and everyone brings out their portable bed to lay down for half an hour," says Nie. It's rejuvenating but never quite enough to feel fully recharged. "By the time I leave the office, I usually feel tired and hardly have energy to do something else like go to the gym." About once a week, she'll drag herself to an hourlong yoga class before signing back on for more calls at home.

Every now and then, headhunters try to poach Nie for other jobs in the tech industry, luring her with the promise of equity or bonuses. She's not interested: "Cash is king, especially for my family situation. I need stable cash flow." She lives with her boyfriend and dog, but Nie is also financially responsible for her widowed mother (who takes home less than 5,000 yuan a month from her own job) and her 16-year-old brother, who attends boarding school. Whenever they need financial support,



"I just try my best to give it to them," she says. She's attempting to keep her brother motivated so she won't have to keep funding his life into adulthood. "I tell my brother that if you don't study well–if you don't get into a good college or university–I'm not going to have your back. I still need to prioritize myself over my family's needs."

Would she like kids herself one day? It's hard to imagine right now, she admits. "I don't have the willingness or courage to take care of a child. I don't even have enough time to take good care of myself." She knows China's falling marriage and pregnancy rates are exacerbating a demographic crisis, but she worries about how pregnancy could affect her career. "I know of female leaders who lost their management roles while on maternity leave. Even if their titles stayed the same, the scope of their work shrinks when they come back since someone else fills the gap while they're away. The career environment is just not safe enough to convince me to give birth right now."

Today, Nie's biggest expenses are rent (7,000 yuan a month, split with her boyfriend), pampering their dog with treats and toys, and ordering takeout or delivery. "I have to make sure I eat well enough to regain energy each day." When she has downtime, Nie tries to keep it simple, like reading novels or poetry, though she'll sometimes book a high-speed rail ticket to Hong Kong as an escape. She'll tour museums or sometimes just soak in the street life for the afternoon before heading home. "I usually get some energy back in Hong Kong."



▲ Nie with a Zeroth robot at the company's headquarters in Shenzhen ▼ Nie taking a nap under her desk at the office





Song Xianhe
宋显赫

○ Yantai
○ Freelancer and former teahouse operator
○ 36 years old

For years, Song Xianhe hustled to stay ahead in buzzing Beijing. Right out of college, she took a digital marketing job at a big data company, then launched her own business: a teahouse. It was fun, each week culminating in a friend-filled Friday night, when swarms of young people would gather at the shop to eat, drink and play cards. But it all recently fell apart, as China's rising youth unemployment and falling property prices together hit consumer spending. "The overall economic situation in Beijing is actually abnormal, with many young people leaving the city. Everyone's purchasing power is also declining. As for my teahouse, it's not a necessity in itself; it's not like eating," says Song. "My income was very poor in the last year, so I decided to cut my losses." She closed the shop after eight years and relocated to the coastal city of Yantai, a more than seven-hour drive away, to figure out her next steps.

The pace here is slower for sure, and her days are noticeably lonelier. She wakes up around 8 a.m., feeds her three cats, exercises, does a few hours of freelance work—a mix of selling tea online, producing video content and providing concierge-like services for local hotels—makes dinner and watches a movie before bed. "I have only been in Yantai for a month, so there are no friends to gather with," she says. She brings in just 4,000 to 5,000 yuan a month from freelance work, but at least she doesn't have a 30,000-yuan-a-month teashop rent to pay anymore. Here, her rent for the sunny, big-windowed apartment that doubles as her workspace costs only 2,000 yuan a month. It's spacious, with sweeping cityscape and mountain views and ample room for an extravagant, multilevel cat playground. She's converted one bedroom into a tearoom and gets around in her BYD electric car.

Careerwise, Song's trying to figure out the "most promising direction" to go in next. A higher income would be nice ("Although I have some savings, earning more would certainly make my life easier"), though not if it means restarting the rat race she left behind in Beijing. "I definitely won't join a company again. I would be willing to open another store or try more freelance," she says. Right now her work offers a lot of flexibility, with no mandatory output. "The things I'm currently working on make me very happy."

▲ Song preparing red tea at her apartment in Yantai ► Song out exploring her new city



Liu Yinan
刘依楠

○ Hangzhou
○ Influencer
○ 29 years old

Liu Yinan streams business advice, content-creation tips and other self-help tutorials to more than 310,000 followers on social network Xiaohongshu, known outside China as RedNote, with the help of two full-time employees and three part-time ones. When her clients reach out to tell her how her videos have personally helped them, it "gives me incredible motivation," she says. Unfortunately, not everyone is so satisfied. Some followers "will inevitably criticize you. They'll say your content is useless or complain, 'I followed your advice, so why didn't it work for me?'" Liu has been meeting with a therapist to help her accept the idea that she can't please everyone—especially on the internet. She's also trying to tame her "data anxiety," that constant fear content creators experience that perhaps their user growth has stalled.

Influencing has its perks: Liu works mostly from home from her two bedroom, two bathroom apartment with a balcony and can arrange her own schedule to make time for weekly date nights with her boyfriend. But some livestreaming gigs last until 2 a.m., meaning she might not go to sleep until the sun's nearly up again, and she has to spend 3,000 to 5,000 yuan a month on new outfits "to maintain a fresh, ever-changing look" on camera. Her other major expenses are rent (5,000 yuan a month) and travel (as much as 100,000 yuan a year), but her grocery bill is cheap, less than 30 yuan a day. Except when her boyfriend orders takeout or treats her to a meal at a Michelin-starred restaurant, she says, "I'm very indifferent when it comes to food and basically view eating as just a way to maintain vital signs." She doesn't drive, opting for taxis when she needs to get around.

When Liu isn't on the screen herself, she's often looking at one. "I'm a huge gamer—I play for about two hours every single day." *The Legend of Zelda* on Nintendo Switch is a current favorite, and she reaches Gold rank each year in PC game *League of Legends*, signifying she's a competitive and experienced player. Her other guilty pleasure is idol dramas—"mindlessly sweet, feel-good romances"—or what Americans might call trash TV. "Watching idol dramas is an absolute must for me every night before going to sleep," she says. "It allows my brain to quickly wind down. Otherwise, my mind just keeps racing with work stuff."

▼ Liu shopping for clothes in a boutique in Hangzhou; Liu livestreaming from her apartment











Jiang Hailong
蒋海龙

○ Shanghai
○ Food delivery worker
○ 28 years old



A self-described introvert who likes to make his own hours, Jiang Hailong thinks he may have stumbled into his dream job: delivering food on his electric scooter. Jiang, who's been doing it for about nine years, logs onto the Meituan delivery platform every day before the lunch rush starts at 10 a.m., then works until 8 or 9 p.m., breaking for lunch inside an air-conditioned shopping mall in the early afternoon. He used to handle as many as 100 orders a day, but it's now about half that since he took on additional responsibilities managing 50 other drivers.

In 2022, Jiang was selected to participate in a program sponsored by Meituan and the Open University of China to send delivery drivers to college; he graduated last year with a degree in logistics. But he's not itching to leave his current position anytime soon. "What I like most about this job is the sense of reward that comes from getting paid based on how much I work," Jiang says. "If I want to earn more, I can simply take on more orders." Even when it's hot out, which it frequently is during the summer months, he likes what he's doing–especially with the wind in his face–and he's the only driver he knows who slathers on sunscreen before spending the whole day on the road. "I think it's important to take good care of myself."

Jiang earns about 10,000 yuan a month, a big chunk of which goes to paying his share of monthly rent–400 yuan–for the two rooms he leases with his parents and 36-year-old brother in a shared three-story house in a remote village on the outskirts of Shanghai. There's peeling paint and a crack on the bedroom wall, and not enough room in the cramped bookshelf to contain his teetering tower of reading material. Beyond maintenance for his electric scooter, his income goes mostly toward buying workout equipment and protein powder, fish oil and creatine–a male Gen Z favorite the world over–plus daily lunch on the road. It's hard to save much, but he's trying to tuck away money for a car (ideally a BYD Han hybrid sedan, which he hopes he'll be able to afford next year) and, someday, maybe even a house of his own. "When I was in a relationship, my expenses were quite a bit higher," he says.

For now, he's content to live with his family, even if it means bunking with his brother. And his parents certainly don't mind having him around–he is, after all, the best cook in the family, perhaps because he spends so much time around restaurants. "Sometimes my parents will deliberately wait for me to get off work and ask me to do the cooking, because my dishes are more flavorful than theirs," Jiang says, citing beef hotpot as a dish he's mastered. "They'll even go ahead and prep the ingredients beforehand, just waiting for me to come home and take over."

▲ Clockwise from left: Jiang preparing for a shift; Jiang on the stairs of his apartment in Shanghai's Baoshan district; Jiang eating breakfast at a local restaurant


财源茂
福寿丰

Ren Shanbin
任善斌

○ Hezhou
○ Farmer
○ 73 years old



There were a couple of years when Ren Shanbin, who started farming as a 12-year-old, thought he might do something else as a career. When he was 19, a railway project in Guizhou province needed construction workers, and he spent several years away from the fields. It didn't last. "Once the project was finished, we were all laid off, so I had no choice but to return to the village," he says. "It's not that I chose this career specifically, but as I've gotten older, others don't want to hire me for labor jobs anymore." Still, selling his fruit—while hard work—is easier than it used to be, in large part because he no longer has to physically haul his crop to street markets or fairs thanks to an internet shop his children helped him set up. Customers can buy Ren's oranges through links shared on social media or WeChat; a daughter in Shanghai compiles the orders, and then he packs the boxes for shipping. "The online sales have increased my income." Between the fruit and medicinal herbs he sells, plus additional money he brings in by renting out some of his land, Ren earns about 10,000 yuan a year. He owns his own 2½-story house, so there's no rent to pay; the income instead goes toward daily needs like fertilizer, pesticides, electricity and gas.

A widower whose four adult children have moved away, Ren spends a lot of time alone: "No one else needs my care." He tries to stay social, though, sometimes joining other elderly villagers who meet up under the shade of the town's biggest trees during the hottest part of the day to play cards, chat or watch the news together until the sun gets a little lower in the sky. July is particularly brutal for the farmer, who's in the fields by 5 a.m. to get ahead of the heat.

Ren has seen a lot of changes during his seven-plus decades in rural China. One challenging period was the so-called collective era, when the government abolished private property and had farmworkers pool their labor. "We worked for points and exchanged tickets for food. Now, since the reform and opening-up era, life is much better," Ren says. "We have enough to eat, and we can buy beef and various vegetables at the market every few days." B



◀ Ren cleaning freshly picked oranges to be sold online ▲ From top: Ren drives a tractor to his trees in Guangxi; Ren picks fruit from a tree in his orchard



To America and its allies, China is an indomitable rival in the race for AI supremacy and global influence. But over the next quarter-century, it must deal with challenges including an aging population, a listless younger generation and the critical question of who will succeed President Xi Jinping.

■ ILLUSTRATION BY SHIMEN SVEN WANG

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China's Vision for The Future

■ By Daniel Ten Kate



■ ILLUSTRATION BY ARD SU

Listening to politicians and technology executives in the West, it's hard to know which poses a bigger threat to humanity: rogue AI agents or the Chinese Communist Party. In September, US Treasury Secretary Scott Bessent warned "there is no day after tomorrow if China wins." Anthropic PBC's Dario Amodei said a Chinese lead in artificial intelligence would pose a "grave danger" and put Beijing "in a position to militarily dominate democracies"—particularly with drones. Defense officials in NATO, the UK and Australia have issued similar calls for democracies to stay ahead of China. And President Donald Trump, although less alarmist, has also repeatedly invoked China in imploring the US to lead the world in AI.

The statements, all rejected outright by Beijing, imagine China as a crouching tiger waiting for the chance to attack and subjugate Western democracies. They assume China will follow the US superpower playbook with military interventions in global hot spots to keep competing powers in check and topple unfriendly regimes.

But China's vision for the world is fundamentally more inward-looking. Shaped by the Century of Humiliation, when the UK, Japan, Russia and other foreign powers seized swaths of Chinese territory in the 1800s, the Communist Party is focused on securing disputed territory, safeguarding the nation's economic interests and eliminating any challenges to its grip on power. While that philosophy poses an imminent threat to Taiwan and neighbors with competing territorial claims, it makes Beijing risk-averse when it comes to open military conflict, even as it invests heavily in modern weaponry and forcefully expands operations that fall just short of the threshold of all-out war.

Chinese leaders prefer incremental moves that safeguard their political interests without triggering retaliation. This was on display in 2022, when then-US House Speaker Nancy Pelosi visited Taiwan, a self-ruled democracy Beijing claims as its own. When China conducted military exercises in the wake of her trip, the West characterized the moves as aggressive. In China, they were seen as defensive. Beijing worried a tepid response would put President Xi Jinping's push for national rejuvenation at risk and saw Pelosi's trip as an act of hostility that would encourage advocates of Taiwan independence.

Since ancient times, China has shown little interest in committing blood and treasure to far-flung regions, preferring instead to turn neighbors into tributaries and establish protective buffer zones to keep threats at bay. When it does play a role in faraway conflicts, its actions are calibrated to secure longer-term geopolitical interests at an acceptable diplomatic cost. Its economic support for Russia's war in Ukraine, for instance, buys a security partner in case China ever faces off against the US over Taiwan.

Despite all their differences, China's global posture looks a lot like the US's in the early 20th century. It aims to satisfy the country's expanding economic interests while minimizing direct engagements in great-power military conflicts—mostly to prevent backlashes at home. China, which has a small but growing number of overseas bases, hasn't fought a war in nearly 50 years. It's an open question how long that can last as China's economic ▶

◀ and military footprint expands, particularly if its citizens or assets come under attack. For now, Beijing's focus is centered on Taiwan, its 14 neighboring countries and faraway nations with competing territorial claims in adjacent seas. Apart from military interventions in Sri Lanka and other Indian Ocean kingdoms some 600 years ago, China has rarely projected force outside its periphery.

Setting aside the apocalyptic scenarios envisioned in the West, a likelier danger of Chinese supremacy is a slower, quieter and more methodical push by the Communist Party to pressure the world to align with its interests, making the world safer for one-party authoritarianism.



▲ A pro-democracy protest in Hong Kong in 2019, a revival of the Umbrella Movement

Visiting Hong Kong in 2022 for the first time since pro-democracy protests rocked the city three years earlier, Xi declared that the former British colony had moved "from chaos to order." The words carry deep meaning in China, where for millennia imperial rulers had sought to demonstrate they held the Mandate of Heaven by bringing order out of chaos. The dynamic has persisted even after Mao Zedong's Communist Party established the People's Republic of China in 1949 and upended many dynastic traditions.

Although Mao restored order in a broad sense by ending China's civil war and an era of foreign intrusion, later in his 27-year rule he weaponized chaos in the Cultural Revolution to bring about what he called an "excellent situation." That led to social destruction and economic ruin, prompting subsequent leaders to again prioritize maintaining stability.

Xi has sought to impose order through a mix of Marxist ideals that ensure a level of equality, Confucian moral authority achieved through a "shared future for mankind" and a renewed emphasis on Legalism, an ancient strain of Chinese political thought that advocates exercising state power through strict laws with harsh penalties—effectively rule by law. That approach was evident in Hong Kong in 2019 when Beijing's tactics stood in stark contrast to Deng Xiaoping's deadly military crackdown at Tiananmen Square some three decades earlier, even though the ultimate goal in both cases was essentially the same.

In Xi's version of restoring order, Chinese soldiers stationed in a barracks in the heart of Hong Kong's financial district stayed indoors as demonstrators closed highways, vandalized subway stations and sparred with police for months. When the protests lost momentum the following year, in part due to the Covid-19 outbreak, Xi then imposed a national security law that criminalized nearly all forms of dissent. Alleged offenders such as media mogul Jimmy Lai face long jail sentences over loosely defined statutes related to subverting state power or colluding with foreign forces.

Xi has similarly sought to avoid bloody scenes to extinguish dissent in once-restive areas of China, displaying a preference for vague security laws and legions of police using AI-driven surveillance. In China's far west region of Xinjiang, Beijing is accused of a form of genocide against predominantly Muslim ethnic Uyghurs that is distinct from the mass killings that took place in Germany or Rwanda. Rather, the allegations are rooted in Communist Party efforts to forcibly align Uyghur identity with mainstream Chinese culture through reeducation camps, forced birth control and intrusive state directives banning long beards and public prayer.

For China, which vigorously denies the genocide claims, the crackdown in Xinjiang is all about restoring order after a spate of terrorist attacks in Beijing and other major cities in the early 2010s. In a 2023 visit to the region, Xi emphasized that order had yet to be fully restored, calling for more efforts to promote the "Sinicization of Islam" and the adoption of Mandarin. Xi has deployed the same methods in Tibet and Inner Mongolia, passing an ethnic unity law this year that codified the prioritization of Mandarin and the primacy of a unified national identity over local autonomy.

For Xi, however, the ultimate remaining source of chaos within China's orbit remains Taiwan. And his quest to bring about order is currently the biggest source of anxiety in global politics.

As Pelosi headed to Taipei escorted by US fighter jets in late 2022, Chinese nationalism was reaching a fever pitch. Hu Xijin, a prominent former editor of the Communist Party-owned tabloid *Global Times*, likened the convoy to an invasion and said the People's Liberation Army had the right to shoot down her plane. When her trip went ahead as planned, many Chinese were discouraged that the government was unable to stop her, and it triggered a round of soul-searching. Responding to questions about the disappointment, Foreign Ministry spokeswoman Hua Chunying said the Chinese people were "rational patriots."

While China went on to conduct those extraordinary military demonstrations around Taiwan, the episode also demonstrated Beijing's preference for an incremental pressure campaign. American military planners who once expected Xi would act against Taiwan in 2027 now see no fixed timeline for unification.

治 乱
zhì and luàn

This same construct is also used to describe the treatment of illnesses, by restoring order to internal chaos

■ PHOTO: KIN CHEUNG/AP PHOTO. ■ DATA: PEW RESEARCH CENTER. FOR AUSTRALIA, RESPONDENTS WERE SURVEYED OVER THE PHONE IN 2016 AND PRIMARILY ONLINE IN 2026. FOR GREECE, HUNGARY, ITALY AND POLAND, RESPONDENTS WERE SURVEYED FACE-TO-FACE IN 2016 AND OVER THE PHONE IN 2026. ALL OTHER NATIONS' RESPONDENTS WERE SURVEYED USING THE SAME METHOD IN BOTH YEARS

The focus is instead turning to 2049, the 100-year anniversary of the People's Republic of China—a date Xi has targeted to achieve national rejuvenation. Reaching that goal is impossible as long as Taiwan remains outside Beijing's control. For Communist Party leaders, the island represents the intersection of two historical grievances: the unfinished business of the Chinese civil war and an enduring symbol of the Century of Humiliation. While there's also a national security incentive to capture the island, Xi's government framed the dilemma in a 2022 white paper in terms of restoring order from chaos: "The Taiwan question arose as a result of weakness and chaos in our nation, and it will be resolved as national rejuvenation becomes a reality."

Quagmires for Russia in Ukraine and the US in Iran have only amplified concerns in China that a war in Taiwan would unleash greater chaos. While Beijing continues to reinforce its military prowess, it has increasingly used lawfare and gray-zone tactics, asserting sovereignty over the Taiwan Strait and directing its Coast Guard to require commercial vessels to identify themselves—a move to prepare for a less bloody maritime quarantine.

China is concurrently raising the cost for countries to engage with Taiwan, including by pushing them to avoid recognizing Taiwanese passports. Xi has ramped up pressure on the US to halt weapons sales to Taipei and forbid its president, Lai Ching-te, from making even brief transit stops on American soil. While US policy remains unchanged and arms transfers have continued, China has managed to get key political figures from both US parties questioning the value of defending the island democracy—including Trump himself.

Asked about Taiwan in May after a meeting with Xi in Beijing, the US president reiterated his long-held skepticism: "The last thing we need right now is a war that's 9,500 miles away."

It's rare to see Xi unscripted and annoyed. That's what made his spat with former Canadian leader Justin Trudeau in 2022 so memorable. Speaking through an interpreter at the Group of 20 summit in Indonesia, Xi scolded Trudeau for "leaking" a sensitive diplomatic conversation they'd had over election integrity. Trudeau responded by saying that Canada believes in "free and open and frank dialogue." Raising both hands with his palms out for emphasis, Xi got the last word: "Let's create the conditions first."

That phrase exemplifies how China wants to run the world. To Beijing, global governance is an extension of domestic order, aimed at building a controlled environment free of the instability that comes with things like free speech or universal human rights. Warm relations demand a respect for China's core interests and restraint from public critiques that could embarrass the Communist Party or threaten its grip on power.

China's signature blueprints for international cooperation—including a foreign policy framework known as the Global Governance Initiative to build an "equal and orderly multipolar world"—all reinforce the Communist Party's conviction that legitimacy comes through a strong state focused on improving people's lives and not through democratic consensus or individual liberties. By welcoming all nations as participants and providing them with economic benefits, China has bought goodwill with dozens of smaller economies often overlooked in the West.

Unlike the US, Beijing has little interest in changing any country's political system, even if it prefers China-friendly leaders. Whether a democracy or dictatorship, China's primary demands are compliance on Taiwan and support in eliminating risks to the Communist Party, including by silencing dissidents and facilitating its economic rise. By these measures, China has already made significant gains under Trump—politically, economically and in the crucial race for AI leadership.

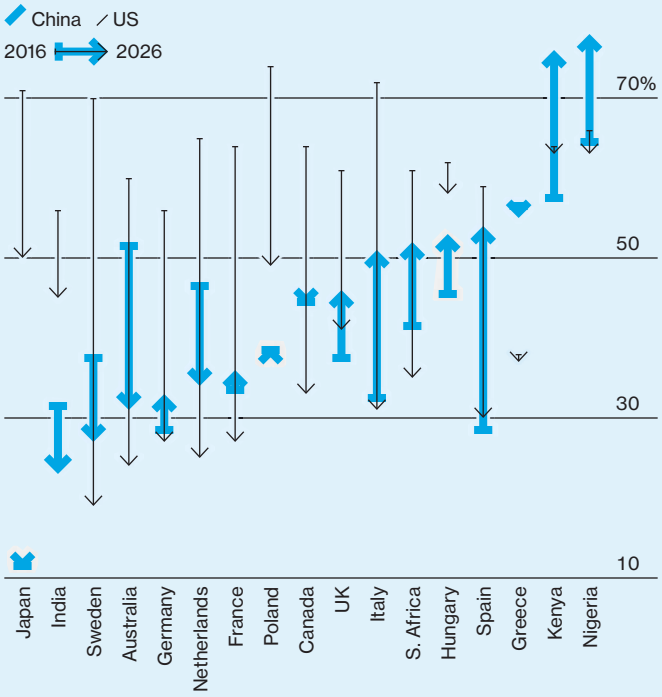
First, most countries already respect Beijing's wishes on Taiwan, and they view China more positively than the US. A Pew survey this year found that the US had a worse image than China in most of the 36 nations surveyed, with a subset of middle-income countries saying that Beijing is a more reliable partner than Washington.

Second, the same fears of blowback that restrain the Communist Party from extreme action on Taiwan also apply to AI. In a September article on the "orderly development" of the technology, China's top intelligence official put "political security" as the main risk of AI, showing the party will take swift action if it feels threatened. China is already slowing itself down by seeking to develop its own high-end chips rather than purchasing large orders of Nvidia Corp. products.

Perhaps the biggest reason any China fearmongering falls flat is simply because the US itself is already embracing key aspects of Chinese behavior that it once denounced. Trump's frequent use of economic coercion and military threats, coupled with an erosion of democratic norms, has undermined the post-World War II order. In that sense, the day after tomorrow is already here. B

Shifting Sentiment

Share of respondents who have a favorable opinion of the US or China, change from 2016 to 2026



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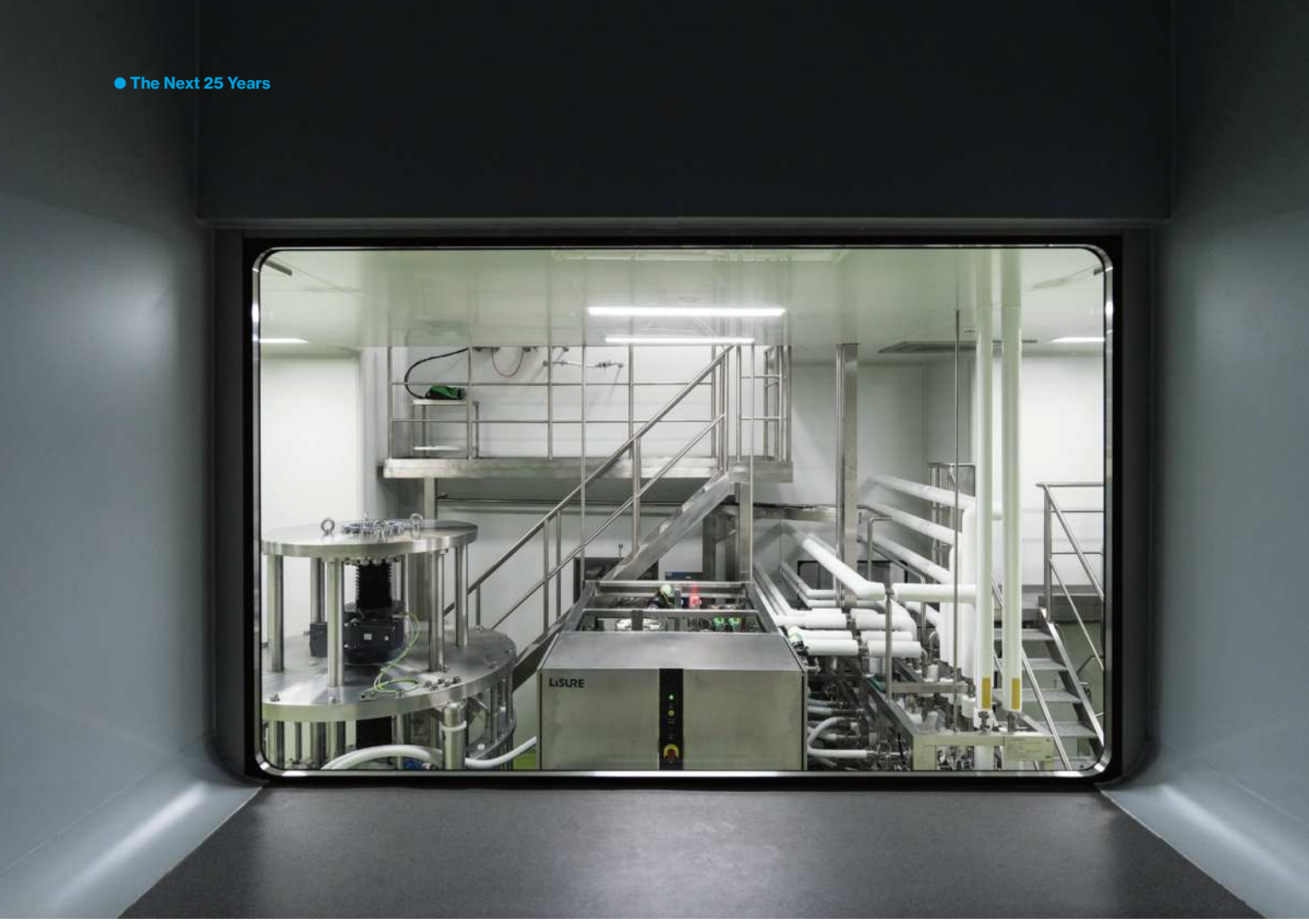


▲ A production area at Akeso's campus in Zhongshan

A DeepSeek Moment for Biotech

Akeso's lung cancer treatment shows there's more going on with Chinese drugmakers than outsiders may realize

■ By Amber Tong

■ PHOTOGRAPH BY QILAI SHEN FOR BLOOMBERG BUSINESSWEEK

For years, Chinese drugmakers played the same role as Chinese manufacturers did in other sectors: churning out reliable, low-cost copies of old staples invented elsewhere. But following the trajectory of electric vehicles and clean energy in the country, its drugmakers have transformed themselves from fast followers into true innovators, and now industry analysts are asking: Will the next Pfizer be Chinese?

Few companies encapsulate the seismic shift better than Akeso Inc. The biotechnology firm jolted the global pharma industry in 2024 by reporting that its lung cancer treatment beat Merck & Co.'s Keytruda, then the world's top-selling medicine, in a late-stage clinical trial in China. The announcement revealed there's a lot more going on in the Chinese industry than outside observers may realize. The country, accounting for at least a third of the world's pipeline of innovative drugs in development, runs more clinical trials than anyplace else. But China-originated novel treatments have yet to reach overseas markets at scale.

Michelle Xia, Akeso's co-founder and chief executive officer, says there's no reason her company's already approved treatments for cancer and autoimmune conditions, which have been prescribed to hundreds of thousands of patients across China, shouldn't be available internationally. "We aim to go global, because the healthcare industry is a global one," she says. "When you create medicines, you are creating them for humanity."

For now, Akeso and other Chinese drugmakers with global ambitions pursue them primarily through partnerships. In late 2022, Akeso ▶

◀ announced it would grant US-based Summit Therapeutics Inc. rights to develop and commercialize its flagship cancer drug, ivonescimab, in the US and several other countries, in a deal worth as much as $5 billion. In September, AstraZeneca Plc said it would invest $2 billion in Summit to collaborate on the drug and combine it with other medicines.

Since then such deals have grown bigger and more common. In 2025, Chinese companies were involved in 48% of global licensing agreements by value, up from 17% just three years earlier, according to investment bank Locust Walk. In the first half of 2026, their share jumped to 60%. AstraZeneca's $18.5 billion deal with China's CSPC Pharmaceutical centered on weight management therapies; Bristol Myers Squibb's $15.2 billion collaboration with Jiangsu Hengrui Pharmaceuticals spanned treatments for cancer, blood conditions and immune disorders, and Pfizer promised Innovent Biologics as much as $10.5 billion to find new cancer drugs.

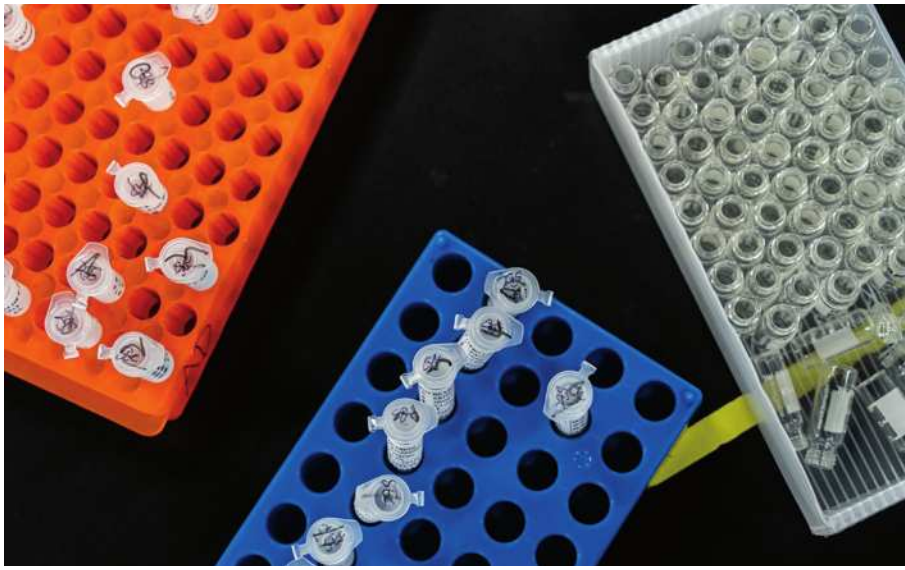
Such deals could bring a windfall to an industry that's an increasingly important part of China's national strategy. Typically under these agreements, the Western partner takes charge of late-stage development and eventual sales of the drugs outside China. For Chinese biotechs, overseas approvals and commercialization can unlock attractive new sources of revenue.

Some lawmakers in the US have called for restrictions on partnerships with Chinese companies, but industry analysts say the business momentum is too strong to break. "Ten years ago the question was whether China could innovate," says Kevin Chang, head of Bain & Co.'s Greater China healthcare and life sciences practice. "But today the question is whether any global pharma company can afford to ignore Chinese innovation."

Akeso co-founder Xia, who lived and worked in Kentucky and California for more than a decade after earning a Ph.D. in the UK, returned to China in 2008 to lead the expansion of a US contract research company that provided drug discovery services to biotech and pharmaceutical clients. Three years later she set out to start her own company with three other internationally educated scientists, and she was invited to visit Zhongshan by local economic development officials.

Zhongshan was known for traditional industries such as household appliances, furniture and textiles. But local investors liked the idea of overseas-trained scientists pursuing high-end healthcare technology and believed in them enough to fund the startup with $3 million. Xia and her partners discussed the English name first—she wanted it to start with the letter "A" so the company would be at the top of alphabetical lists of participants at industry events—and settled on Akeso, the Greek goddess of healing. Starting out from a 20-square-meter (215-square-foot) office, Akeso soon set up its own laboratories in a government-backed incubator outfitted with basic equipment. Over the next three years it would grow to more than 50 people.

Today the company's headquarters, spread over nine buildings on an island overlooking nearby Shenzhen, houses about 900 of Akeso's 4,500 employees. Screens in the lobby show a globe highlighting the company's international footprint, as well as inspirational messaging from Chinese President Xi Jinping. Staffers, many in their 20s and 30s, can take all three meals in the canteen, which serves Cantonese specialties including double-boiled hairy fig stewed with pork bones.





▲ Researchers at work in the company's cell culture lab, where products are grown in small quantities for testing and verification

At the time of Akeso's founding, in 2012, the global oncology landscape was on the cusp of a new era. Bristol Myers Squibb Co. had just introduced Yervoy, a first-of-its-kind treatment that works by unleashing the immune system against cancer. There was palpable excitement about immunotherapy, but also worries about the potential for serious side effects. Akeso began developing its own versions of the leading immunotherapy drugs. It also tried something riskier: combining multiple versions of those drugs into one treatment.

Ivonescimab, for example, effectively mimics two existing antibody therapies, one that tackles the PD-1 receptor, which acts as an off switch for immune cells, and another aimed at VEGF, a growth factor that stimulates blood vessel formation. While traditional antibody therapies are Y-shaped proteins, it looks more like a lobster, with the claws and tail binding to different targets. Akeso theorized that such a drug, known as a bispecific antibody, would make for a more targeted treatment, with fewer side effects.

A major challenge to nurturing a startup like Akeso, Xia says, was that "China didn't have the soil for innovation." It wasn't until 2015, when the country began to overhaul its drug regulatory system, that the tide started to turn. The reforms cleared a massive backlog, streamlined reviews, enforced data quality standards and improved transparency. That same year, Beijing named biotechnology as one of 10 priority sectors in its "Made in China 2025" plan, spurring a flurry of investments. Soon after, Hong Kong's stock exchange began allowing listings from pre-revenue biotech companies, opening the door for Akeso to go public in 2020 before launching its first commercial product. Reforms in the national insurance system expanded coverage for innovative medicines while reducing incentives to develop generic drugs.

Even then, changes took time. It was so difficult to run early-stage clinical trials in China that Akeso went to Australia for its first human study, in 2017. The industry experienced a pandemic-fueled investment boom followed by a chilling capital winter, from which it's now emerging with new strength.

The Chinese trial where Akeso showed that ivonescimab helped keep lung cancer at bay longer than Keytruda proved to be a breakthrough. Earlier this year the American Society of Clinical Oncology showcased another Akeso trial at its annual meeting's plenary session, a distinction reserved for research with practice-changing potential. This marked the first time in the organization's 61-year history that a trial conducted only in China had received such recognition.

Akeso's US partner, Summit, has released data from a global Phase III trial that, according to the companies, show ivonescimab's positive results could be replicated outside China, though skepticism has hammered both companies' stock performance this year. In new studies, Summit continues to investigate whether ivonescimab can outperform Keytruda in bigger trials that include US and European patients. As of early November, the US Food and Drug Administration was considering whether to approve the drug for a type of lung cancer. Still, no other Chinese company has shown consistent results across Chinese and global studies for a major disease treatment, according to Cui Cui, Jefferies Financial Group Inc.'s head of Asia healthcare research. "Akeso was the first in that regard," she says. "It serves as a significant benchmark."

Xia says Akeso's prospects don't rely solely on ivonescimab's success. The company's research, development and manufacturing capabilities are now world-class—on par, she says, with the likes of prominent American biotech companies such as Vertex Pharmaceuticals Inc. and Regeneron Pharmaceuticals Inc. In Akeso's early days, local Chinese investors often asked Xia if the company had R&D teams in the US. "Nobody asks that kind of question anymore," she says.

"Ten years ago the question was whether China could innovate. Today the question is whether any global pharma company can afford to ignore Chinese innovation"

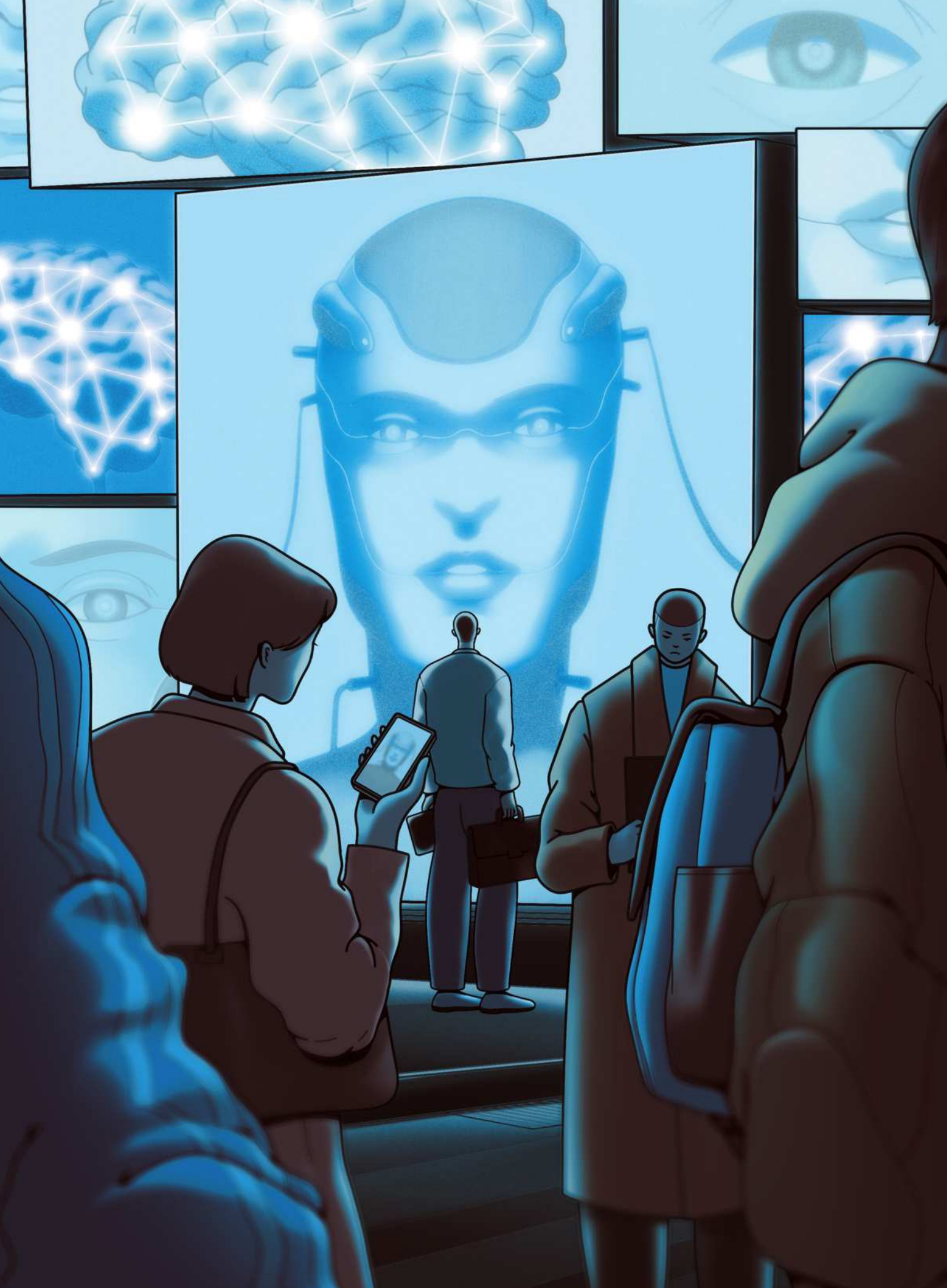
Today, Akeso has eight treatments on the market in China, mostly focused on cancer, but some aiming to address cholesterol levels and inflammatory diseases. Its 2025 revenue exceeded 3 billion yuan (about $400 million). The company has more than 50 other drugs in the pipeline to tackle cancer, autoimmune diseases, inflammation, metabolic disorders and more. Xia regularly visits physicians at hospitals across China running the 100-plus clinical trials for Akeso's drugs, keeping close tabs on every detail.

Akeso still has to develop its plans to sell more than ivonescimab in the US, the world's largest and most profitable pharmaceutical market. When it comes to how Akeso's drugs are sold internationally, Xia is open to commercial partnerships or acquisitions.

She does acknowledge that Akeso needs to improve its capacity for overseas clinical trials, which require intimate local knowledge and relationships and are crucial to market access. The company has set up an office in Fremont, California, and hired a small US team to oversee some of its international trials, an approach Xia describes as running fast but taking short strides. "I am taking it step by step, but I want to make sure each step is firm and steady," she says. "I don't want to just go sprinting off wildly." B

—With Lulu Shen

■ PHOTOGRAPHS BY QILAI SHEN FOR BLOOMBERG BUSINESSWEEK



Inside The AI Startup Frenzy

Across China, people are being urged to create AI-driven "one-person companies," and the competition is fierce

■ By Christopher Beam

In a harshly lit conference room in Hangzhou, three judges sat listening while a young entrepreneur pitched his idea for an artificial intelligence-driven retail business. Wearing a medical mask, he stood before a slide deck display that described his core product in flowery terms. "Born in fire," it was "a talisman of love, fortune and cosmic energy," nothing less than "a wearable cosmos." He passed a sample around for the judges to scrutinize: a small glass ball with swirling colors inside.

The business sounded intriguing, said one of the judges, Duke Wang. Another wondered, "Where exactly does AI fit into this?" The entrepreneur snapped back that he was using AI to make promotional videos and write marketing copy—including, presumably, the company's English-language slogan, "Wear the cosmos, wrapped in love." The judges passed.

It was pitch day at I Have a Demo, an incubator program dedicated to fostering AI-related businesses and talent in the Chinese city. Entrepreneurs who get in enjoy free workspace, subsidized AI tools and access to investors. The program is part of an effort by the local government to boost Hangzhou's already hefty tech credentials: It's home to e-commerce giant Alibaba Group Holding Ltd. and AI trailblazer DeepSeek.

That day's pitches didn't exactly showcase the cutting edge of AI. Besides the cosmos ball, there was a marketing platform for small businesses in Europe (not sufficiently China-based, Wang said), a marketing platform for Chinese factories (not attentive enough to customers' needs), a marketing platform for companies looking to sell overseas (not ambitious enough) and a marketing platform for everyone (too ambitious). After the presentations, Wang told me the incubator would accept the latter two applicants, which he described as promising despite his quibbles. He acknowledged, however, that the number of companies it accepts that turn out to be worthy of investment is low, only about 0.5%.

Scenes like this are playing out across China, the fruition of a national plan to reorient the economy around AI. Local governments are spinning up incubators and tech parks. Investment firms are hosting hackathons, and tech companies are organizing competitions to promote their tools. There's even a series on state-run CCTV-2 called *Win in AI+*, in which founders pitch their companies to investors—essentially *Shark Tank* for AI.

China laid out its vision for artificial intelligence in 2017, when the State Council declared that the country would become the world leader in AI by 2030. The drive accelerated in 2025 when the government released its "AI+" plan to integrate the technology into all corners of society. The road map focused not only on industrial and scientific applications—incorporating robots into production processes, testing self-driving cars, using AI in healthcare—but also on spreading the technology into education, entertainment and day-to-day workflows. Ever eager to follow central government mandates, local governments have jumped in, building AI-focused office developments and providing subsidies for AI-fueled "one-person companies."

There are structural reasons for the push. China's economic growth is slowing, and AI could increase efficiency. Its workforce is aging too, which means the economy could depend on automation to fill jobs in the future. And the more China controls its own AI ecosystem, the less it depends on US models and Taiwanese-made microprocessors.

Pushing AI on individuals makes sense as well, from both a policy and optics perspective. Unemployment is high, especially among young people. And though AI might take your job, it also lowers the bar to create your own. AI represents a double opportunity: for the government to look as if it's addressing the problem, and for individuals to feel as if they have control over their lives. Unemployed youth? Excuse me, these are "solopreneurs."

But the lower bar for entry has also driven manic competition. In recent years the Chinese economy has been characterized by "involution"—intense rivalry within industries that drives down prices. This dynamic makes exports cheaper but kills off firms and shaves profits to the bone. AI is creating a similar dynamic for individuals, an impetus to rush in and extract as much value from the technology as possible, as quickly as possible.

Polls suggest that whereas Americans are pessimistic about AI, Chinese are optimistic. Part of that owes to China's overwhelmingly positive messaging. Ads for AI products such as Alibaba Cloud and Tencent Holdings Ltd.'s WorkBuddy greet visitors at the major airports. Transportation and delivery apps barrage you with AI features, and service (or, frequently, out-of-service) robots abound. AI-generated video appears on billboards and in TV commercials and online dramas. Any stigma associated with "slop" is reserved for aesthetes. ▶

■ ILLUSTRATION BY MOJO WANG

◀ Indeed, most of the people I spoke with on a recent trip to Shanghai, Hangzhou, Suzhou and Beijing expressed positive views about the technology. But underlying that optimism were more complicated feelings. Some shared concerns that AI might be eroding their mental sharpness or detracting from fundamental human experiences. More prominently, though, people expressed fear that only some will enjoy the financial benefits of AI, and anxiety about how fast they must adopt the technology to become one of them. The vibe, I found, wasn't exactly optimism so much as profound FOMO.

"It's definitely like, 'Hey, there's this wave of a lifetime,' " says Rui Ma, an investor and writer who covers Chinese startups. "You need to get on it or else it's just going to leave you so far behind."

China has had two watershed moments in consumer AI over the past couple of years. The first came in January 2025, when DeepSeek released its R1 reasoning model, whose capabilities rivaled those of ChatGPT and Claude despite being cheaper and trained on less-advanced chips. Since then, Chinese models from DeepSeek and Moonshot AI have substantially narrowed the gap with their US counterparts.

The second was the craze, in early 2026, over OpenClaw, an open-source AI agent developed by a programmer in Austria. Suddenly armed with the ability to automate tasks like sending emails and making phone calls, fans around China held coding parties and spoke affectionately of "raising lobsters," in reference to the OpenClaw logo. Stories circulated of people programming their agents to help them trade stocks or chat with prospective dates. Enthusiasm for OpenClaw fizzled when its limitations became apparent, highlighted by horror stories about deleted files and surprise credit card charges. But it opened the door for vibe coding to enter China's mainstream—and its lexicon.

Hoping to get a glimpse of the vibe coding scene, I visited Genesis Academy, a community space on the top floors of a curvy modern building in Beijing's Wudaokou neighborhood. It's located across the street from tech powerhouse Tsinghua University, renowned large language model maker Z.ai and China's Y Combinator spinoff.

Genesis Academy was hosting a weekly gathering called Crazy Thursday, organized by a group called VibeFriends. This particular Thursday was less crazy than usual, because many people were on vacation. Still, the host, an earnest entrepreneur and former ByteDance employee named Jiang Bian, showed me around. The ceilings were high, he noted, to foster creative work and open exchange. A bar offered AI-themed cocktails with names such as Deepdrink and Prompt Jailbreak.

Jiang left ByteDance in early 2025 and started VibeFriends soon after. The community is "what we hope the future looks like," he said. Instead of belonging to big companies, it "belongs to independent individuals."

That afternoon, a couple of presenters were discussing their works in progress. One person was building a website for flower shops that generated bouquet designs based on available inventory. The other was developing an AI workspace for content creators who want a team of agents to help run their operations.

Simon Liu, an energetic 47-year-old who looks more like a personal trainer than a programmer, told me he'd been working in crypto for years before trying vibe coding in January. "I know nothing about code," he said. "It turned out to be very exciting." He'd started off by making an app for English learners, which simplified any paragraph. Later he created a program that helped players of the video game *StarCraft* cheat.

To demonstrate his newest project, he pulled out his phone and took a selfie with me. The photo appeared onscreen, and a chatbot asked him out loud in English, "Who are you with here, and what brought you together that day?" Liu explained that he'd met a reporter from Bloomberg at an AI meetup. "It's very exciting to meet him, and I'm doing an interview, and we're about to make friends," he said. The voice responded, "It sounds like this was the start of a great connection." Liu said that the app would save all this information and incorporate it into a larger story about his activities and our ongoing friendship.

Like many people in the vibe coding scene, Liu considers himself a one-person company, or OPC, another English term Chinese speakers have adopted. The concept was popularized by a 2019 book by Canadian designer and writer Paul Jarvis, but the AI surge has given it new life, in China as in North America. The thinking now is that, thanks to AI, it takes only one person to build a business. No need to hire teams for sales, marketing, engineering or operations. That's what AI agents are for. You might not even need to raise an angel round anymore—just skip straight to the prototype. OpenAI's Sam Altman predicted in 2024 that a $1 billion OPC "will happen." Late the next year, Suzhou, a city near Shanghai, set up a program to support one-person companies; clusters have since sprouted in dozens of Chinese cities, and "OPC" has become a national buzzword.

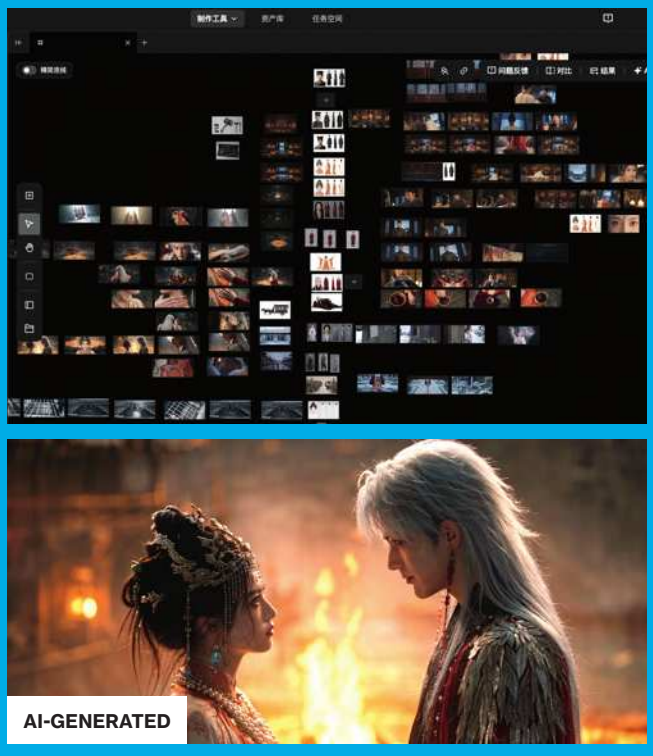
For China, they're a new iteration of an old idea. In the late 1970s, after the government declared an end to the Cultural Revolution and began reforming the economy, millions of young people who'd been sent to the countryside returned to the cities, resulting in high unemployment. The government encouraged them to set up *getihu*, or sole proprietorships—itself a revolutionary idea after decades of central economic planning. OPCs are basically getihu for the AI era.

The ideal OPC offers a product or service that's too niche for the big AI companies to bother developing. While visiting MoShu OPC Community on the outskirts of Beijing, I passed two guys—most OPCs actually have more than one person—tinkering

"They imagine that just because they've mastered an AI tool, they can launch a startup. But there's still a huge gap between that and actually commercializing a product"

with a robot dog built by Unitree Robotics in Hangzhou. They'd designed an attachment for the dog that would detect gas leaks. Nearby, another man showed off a kids' toy that resembled a cute alarm clock with cartoony eyes. Similar to a Yoto player, it read stories out loud from a memory card; if children got bored, they could push a button to start a different story.

Some of the OPCs at MoShu, which is operated by a nonprofit called WaytoAGI, appeared to be thriving. Jason Zhang runs Toonflow, an open-source platform that provides AI video creation tools. He and his co-founders told me they had tens of thousands of users and were pulling in $40,000 a month from sponsorships, custom work for drama studios and a token-resale business, in addition to government subsidies. Li Xiangrui, who works as a "forward-deployed engineer"—a buzzy term in the OPC world that means someone who helps companies integrate AI into their workflow—said he makes about $15,000 a month. According to Jane Zhuang, who runs the MoShu space, most of the companies there generate revenue.



▲ Production process and still shot for an AI-generated fantasy series made by Luna Wang

■ COURTESY LUNA WANG (2)

But the challenges of starting and maintaining an AI OPC can be daunting. Even if you have a sound idea, AI makes it easy to fool yourself into thinking you're building a viable business, said Ma Liqing, who started one of China's first OPC communities, in Suzhou. He described this phenomenon as "hallucination," except it's the human operator's delusion rather than the AI's fabrication. "They imagine that just because they've mastered an AI tool, they can launch a startup," Ma said when we met in Suzhou. "But there's still a huge gap between that and actually commercializing a product."

If you get to the point of having that product, you then have to find customers. And because AI lowers the barrier to entry, any decent idea is likely to have fierce competition. Jiang, the VibeFriends host, suggested that developers should spend 20% of their time building the product and 80% of their time promoting it, mainly on social media sites such as RedNote.

If you do get a foothold in a market, you then have to maintain it. That means keeping up with the latest AI tools and constantly tweaking the product. Manage *that* and, well, the next version of DeepSeek or Moonshot's Kimi or Anthropic's Claude could simply eat your product. "Your application may look like it has a moat now," said Yang Hangqin, an entrepreneur in Shanghai who recently started a company that helps people's agents connect with each other. "But after the models iterate, it may have no value."

Another risk: getting copied. Many people wouldn't tell me about their AI products on the record, for fear someone would lift their idea. That made it harder than I expected to find clear instances of OPC success. Whenever I asked someone for examples, they'd initially go silent or get philosophical about the definition of success.

But then they'd usually come up with one, almost always from a sector where Chinese AI companies are the undisputed champions: slop.

In 2024, Emma Wang decided to start writing microdramas—soap operas for phones, a Chinese phenomenon that was starting to boom globally. But she didn't know how it was done, so she asked AI. She tapped ChatGPT, Claude, DeepSeek, Doubao, Gemini and Grok, tools that helped her with everything from idea generation to plot structure and dialogue. She calls the programs her "council of elders."

"Each one of them would give me different advice," she told me. "When their opinions conflicted, I'd have them debate each other."

To come up with a story, Emma surveys the top series on the big microdrama platforms and picks one to use as a reference. Then she asks AI to help her find a twist. With one popular series, about a powerful businesswoman whose husband cheats on her and whose daughter sides with the mistress, she recast the businesswoman as a male ancient Roman emperor. "We also considered whether to do a mermaid world or a werewolf world or a dragon world," Emma said. But the council of elders argued that ancient Rome would have better opportunities for striking visuals and character design, and would therefore be more popular.

Once Emma has a premise, she has AI write a first draft, then critiques it herself. She finds that, though AI is bad at generating ideas whole cloth, it excels at imitating other series and integrating concepts from other writers and thinkers. At first, she ▶



❶ An entrepreneur presents his project at a Genesis Academy Crazy Thursday event ❷ A robot bartender at AGI Bar Shanghai ❸ An OpenClaw coding event at Tencent's Beijing offices in April

◀ didn't disclose to her customers that she was using AI to write. She was careful to remove possible AI identifiers from her scripts, such as em dashes and "not X but Y" formulations. But now that it's become the industry norm, she's open about it. "We all take it for granted that everyone uses AI," she said.

As the microdrama industry has boomed (its revenue in China surpassed the domestic box office for full-length films in 2024), Emma has pulled in several thousand dollars a month from writing scripts. She also makes money teaching her methodology online, then helps her students sell their scripts in exchange for a cut of their fees.

Luna Wang, who studied film in the UK before working as a producer for a midsize AI video company in Shanghai, told me she makes a modest living thanks to artificial intelligence. She also prefers the AI production process to chaotic live-action shoots, and the availability of AI tools means she can make her own dramas on the side. She recently produced a "BL" series (shorthand for a genre known as "boys' love") about romantically entangled stepbrothers. She points out that China doesn't allow production of live-action BL series—even though they generally don't contain nudity, the government has banned them as immoral—so AI helps her work around that limitation.

Perhaps the vanguard of Chinese AI video entrepreneurs, however, is the pornographers. A few people I spoke with about generative AI in China joked that I should talk to someone who makes "yellow fruit" videos—a term derived from ByteDance's video platform Hongguo, which means "Red Fruit." (The Mandarin word for "yellow" can also mean pornographic.) In fact, several websites turned out to use the name Huangguo, or "Yellow Fruit." The founder of one of the most popular, HuangguoAI, told me the business is "developing well." The platform started in August, and its videos—a series is usually about 10 episodes of 10 minutes or less—have already racked up hundreds of millions of views worldwide, according to the founder, who asked to be identified by her internet name, March, because her platform's content is illegal in mainland China.

When I reached her on the phone, March told me her company's creative process is different from those of traditional AI microdramas. The scripts tend to be human-created ("Our current writers prefer original writing, so they use AI relatively little"), but they're then sent to a producer, who generates the entire series using AI. They typically use Grok to write prompts, as its permission settings allow pornographic content, before having a proprietary model of their own generate the video.

The producing job pays well—according to March, almost $3,000 a month, plus a bonus for making a hit—and it affords room for "creativity." Many of her employees used to work on mainstream AI microdramas, she said, and whereas conventional microdrama studios break up tasks into an assembly line, at HuangguoAI each creator can realize their own personal vision. One producer, who goes by the name Chen Lin online and said he's based in mainland China, recently made a parody of *Squid Game* in which contestants have to resist various erotic stimuli. When I asked him whether the job of adult AI filmmaking requires creativity, he scoffed: "Without creativity, you can't do it at all. Nobody will watch what you make."

■ CRAZY THURSDAY: VIBEFRIENDS. ROBOT: COURTESY AGI BAR. OPENCLAW: KEVIN FRAYER/GETTY IMAGES

But even the booming AI video sector isn't immune to involution. Emma has seen her per-script fee decline by almost half since last year, as more writers use AI. (She now gets more jobs, though, so her overall income has increased.) Luna said the price of video production services is declining too: The major microdrama platforms used to pay as much as $300 for a minute of video; now it's $150 to $200. She also worries that AI's rapid improvement means it will soon be able to do her job. She imagines the AI video industry becoming increasingly polarized, with solo creators (one-person studios, you might say) at one end and big production companies at the other. "I want to make good content myself, not rely on a company," she said.

Chen said he makes decent money producing adult AI videos—"definitely better" than people who make traditional AI microdramas. But with a house and two kids, he still feels economic pressure. "I hope my family is healthy, that's enough," he said. "I don't have any other dreams, just financial stability."

I was chatting with a group of young men at Genesis Academy's Crazy Thursday vibe coding event in Beijing when Simon Liu, the entrepreneur with the photo memory app, addressed them bluntly: "You guys don't have jobs, do you?"

I asked if they were unemployed or OPCs.

"Same thing," he said.

The following week, I attended a meeting for AI's lost generation at a community center on the northern edge of Beijing. When it began, people stood up one by one to introduce themselves. A middle-aged man named Yang He said his consulting business had been struggling and he needed a software engineer to help upgrade his processes. "And if anyone likes tennis, we can arrange to play," he said.

A woman named Georgia said she'd left her position in human resources and was now training to be a psychoanalyst, a job she hoped would still be relevant in a world dominated by chatbots. "But really, I came today to find a place with a human touch, because I've been alone too much recently."

"Right," someone replied. "A living-person feeling." This term comes up a lot in conversations about AI in China. The implication is that people need a new way of expressing humanity beyond the world of screens and bots.

It was the 12th session of the Tech Career Gap Support Group, a gathering of people who were "gapping," a euphemism for being unemployed. The meeting was taking place in Huilongguan, a neighborhood near some of the biggest tech companies. After introductions, the host, Raymond Xu, used AI to split people into groups based on their interests: overseas e-commerce, cultural content creation, robots for the elderly. During breakout sessions, people discussed their own projects, as well as the challenges of going it alone. One person brought in a medicine-dispensing robot he was working on; it whirred on the table while fellow engineers provided feedback.

The goal, Xu told me in impassioned English—he'd lived in Australia for more than a decade before moving back to be near his parents—was to foster community for those trying to navigate the new AI landscape. "I'm helping people to get confidence," he said. Humanity matters more than ever, he added. "Everybody now can make a movie, right? Everybody can make an app. That's not sexy anymore.... What's really sexy is, how are you going to deal with people?"

This was a common refrain: The more people are immersed in AI, the more they'll need community. That was partly what motivated Demian Zheng, a former tech worker, to start spending time in Dali, a bucolic mountain retreat in Yunnan province. After getting laid off in 2022, he'd traveled around China and Southeast Asia and discovered commune-style living along the way. Now, in Dali, he was leading group activities that involve building things by hand, including woodworking and making gadgets—with the help of AI but without ceding creative decisions to it. He told me he's skeptical that AI will lead to a better world and said he finds the constant barrage of new tools and terms exhausting. "It wears people out," he said. "It hasn't actually freed up more time for people to express their own creativity."

That fatigue extends even to AI enthusiasts. Jessie Shiyuan Zhang, a 36-year-old in Hangzhou who was working on an app to help people improve their English pronunciation, told me she feels spent after a day interacting with AI. Part of it is that the tools operate quickly and leave her racing to catch up, even as she has to monitor them for errors. She also found herself craving human interaction: the pace, the mutuality, the embodiedness.

Others' concerns were more practical than existential. Colin Xue, a doctoral student in computer engineering at Peking University who's building an emotional companion robot for the elderly, said more people in China are worried about job losses than runaway artificial general intelligence. The latter fear "mainly happens in the Western world, in America, maybe because you've watched too many movies in the past and kind of freak out."

Xu, the gapping meetup organizer, told me the disparity owes to his country's volatile history. "China suffered a lot," he said. "They've seen a lot of emperors change." Over the generations, he said, people grew fixated on survival: "The reality is they want to feed their belly tomorrow."

For all Xu's talk of human connection, he too wanted to seize the AI moment. After another of his events, he showed me a device attached to his phone that records many of his conversations throughout the day. He feeds this data into an algorithm that rates everyone he meets on a scale of 1 to 5, based on how "valuable" they are to him. "I need to know who's going to become a person that's valid to invest" in, he said. His system filters for qualities such as resilience, good communication, determination and punctuality. (I'd shown up 20 minutes late to the event, which made me "not worth" investing in.)

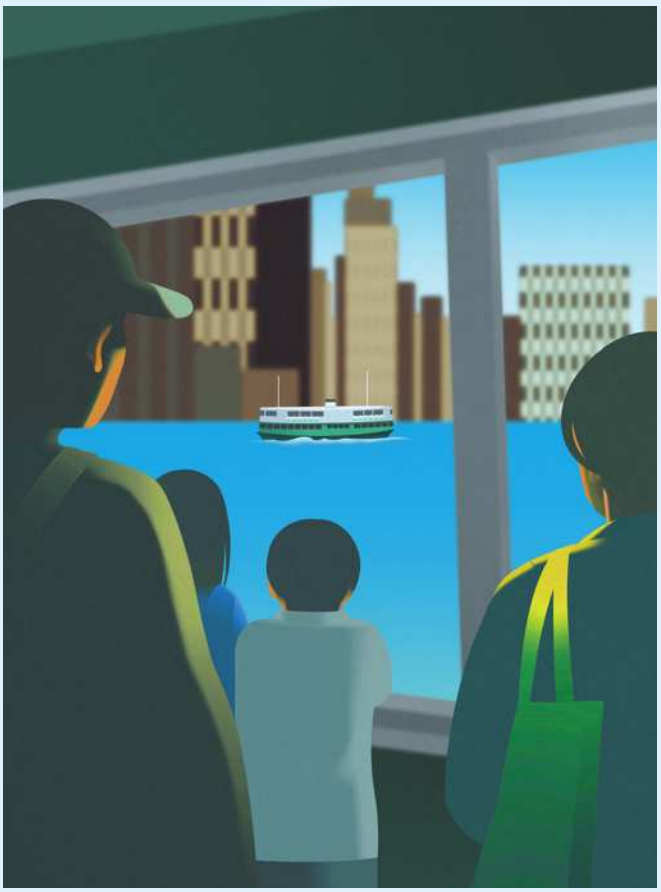
The approach had already paid off, Xu said. At one event, he'd met a designer of online games and connected him with another attendee who wanted to invest in the sector, in exchange for a finder's fee. For Xu, AI created a thrilling sense of possibility. "Here in Beijing, I can do everything," he said. "AI is so quick, the rules, the policy cannot catch up." Even if the future is blurry, he said, "I like blurry things, because it makes it very beautiful. ... You need the imagination." B

—With Zheping Huang and Lulu Shen

活人感
huórén gǎn
Slang term for "humanness in a tech-driven age"

The Future of Hong Kong Is Its Past

■ By Juliana Liu



Every Sunday, as many as 800 people flock to St. Andrew's, a capacious Anglican church in the heart of Hong Kong's densely packed Kowloon district. They're not there to worship. Instead, they're learning Cantonese, the notoriously difficult default language of the former British colony.

The students are Mandarin speakers from mainland China, largely professionals who have powered Hong Kong's comeback since an exodus triggered by political turmoil and strict pandemic controls in recent years. Volunteers at the church tutor students in the local vocabulary, the lyrics of Cantopop classics like Sammi Cheng's "Beautiful Life," and the six tones (two more than in Mandarin, and all of them quite different) that Cantonese requires.

終身美麗
Zung san mei lai

The theme for a 2001 romantic comedy starring singer and actor Andy Lau

These people are emblematic of the changing demographic of Hong Kong's white-collar workforce. Last year, almost 90,000 mainlanders got visas through various programs designed to attract skilled employees to the city, a fivefold increase from 2015. "I'd heard people were leaving Hong Kong, and I thought it was a great opportunity," says Leo Liu, a 43-year-old native of Tianjin who arrived with his family two years ago. "This is the best city in the world for a Chinese professional."

The influx marks a departure from previous waves of professional migration. Western expatriates—police officers, civil servants, bankers, lawyers, doctors and more—were a familiar sight during the colonial period before 1997. Following the handover from Britain, native Hong Kongers who had fled in anticipation of an uncertain future under Chinese rule slowly returned.

But in 2020, in the wake of sometimes-violent antigovernment protests, Beijing imposed a national security law that criminalized offenses such as advocating secession and collusion with foreign powers. The population began to fall, declining by about 160,000, to 7.35 million, between 2019 and 2022.

The population has since stabilized, and mainlanders have made up the difference. In the past three years, about three-quarters of approvals for talent visas have come from the mainland. Young professionals with a working command of English and Mandarin are especially sought after. While the latter is increasingly in demand for the kinds of jobs these people want (particularly in finance), when they're out on the town they'll get better service if they speak Cantonese.

It's tempting—especially if you're a member of the Chinese Communist Party—to see this demographic transformation as yet another sign that Hong Kong is becoming indistinguishable from the rest of China. After all, much has changed in the 15 years since I arrived here to work as a journalist. The freedoms that made this one of Asia's most boisterous centers of political activism have been sharply curtailed. Critical voices that used to be just a short tram ride away are either in prison or newly released and cautious about talking with strangers.

But instead of shunning the mainland, Hong Kongers now pour across the border to Shenzhen to shop, dine or sometimes move in for good. And many Chinese transplants who come to Hong Kong do so precisely because it's not like the

■ PHOTO: SAWAYASU TSUJI/GETTY IMAGES ■ DATA: WORLD BANK; HONG KONG CENSUS AND STATISTICS DEPARTMENT; BLOOMBERG. POPULATION DATA SHOWN ARE MIDYEAR ESTIMATES OF ALL RESIDENTS REGARDLESS OF LEGAL STATUS OR CITIZENSHIP



▲ Hong Kong's Basic Law guarantees freedom of speech and assembly, but critics say those rights are being eroded

mainland: They want the personal freedoms, rule of law and cosmopolitanism that have survived despite the national security legislation.

One newcomer I know, Huan (he asked me to use only one of his names, for fear of harassment from the authorities), arrived on a talent visa. Previously a consultant working for a major Western firm, he quickly found a job as a logistics specialist. While Hong Kong salaries aren't much better than back home, he says he "wanted to be free," especially to consume books and other media not available in the mainland.

The family of one of my son's best friends came from Shanghai after the trauma of the Covid-19 lockdowns. While Hong Kong wasn't exactly a picnic during the pandemic, Shanghai was far worse, and the family vowed never to live in a place where they could be confined to their home by official fiat.

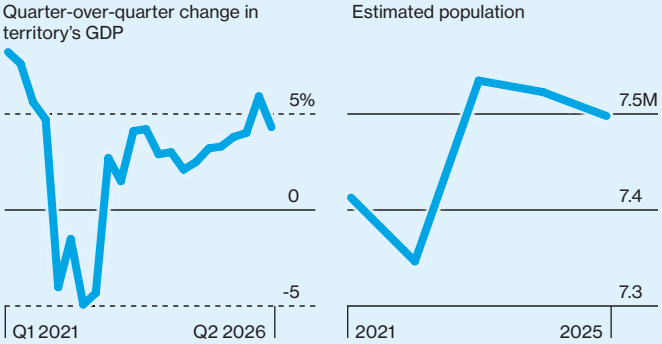
But with the opposition in Hong Kong largely silenced and few demonstrations to attend, the freedoms that make the enclave attractive to these people are dependent on the goodwill of the establishment. Increasingly, those in power appear to be targeting anything that might lead to—or even resemble—street protests.

Pink Dot, a joyous LGBT carnival, was canceled in May for the second year in a row after the organizer failed to secure permission, and activists say getting approval for large-scale public assemblies has gotten more difficult since the antigovernment marches of 2019. By contrast, Singapore, a rival business hub that has long been considered more socially conservative, continues to host the event annually.

That raises an awkward question for Hong Kong's establishment: If the checks and balances from strong opposition parties and an independent media that once constrained the city's government have weakened, who will safeguard the freedoms that make the place appealing to worldly, credentialed professionals? While the city's Basic Law, the equivalent of a constitution, guarantees freedom of speech and assembly, critics say those rights are steadily being eroded. Dominic Lee, a lawmaker with the pro-establishment New People's Party, insists there's nothing to worry about. "Those values are being very well protected under the Basic Law and especially with judicial independence," he told me in his office at the Legislative Council, the city's parliament.

The people gathering at St. Andrew's for language classes offer a reminder of what's at stake. They're learning Cantonese at a church that enjoys religious freedoms far surpassing those across the border. It's one of the many privileges Hong Kong has been able to hold on to despite Beijing's increasing control. Preserving them will require protecting the freedoms that have attracted many mainland professionals. B

Hong Kong Bounces Back



立法會 Laap faat wui

Founded under colonial rule as an advisory board. In 2021, Beijing began requiring "patriots only" for the unicameral legislature

Mining the 'Silver Economy'

A surge in pension recipients with ample resources can boost growth, but they're just a fraction of the country's millions of retirees

At 62, Li Hongmiao is embracing retirement as a time for self-fulfillment. While the former nurse enjoys the grandkids—she lives with her daughter's family in Shanghai—she's taken up photography, has made trips to France, Spain and South Korea (posh hotels only, please), and spends freely on clothing and high-end cosmetics. "Retirement feels like a second youth to me," says Li, who's divorced and receives roughly 15,000 yuan ($2,250) a month from her pension and investments and from renting out an apartment she owns in Guangzhou. "I have plenty of time, no financial pressure, and I'm still healthy. I can do anything I want."

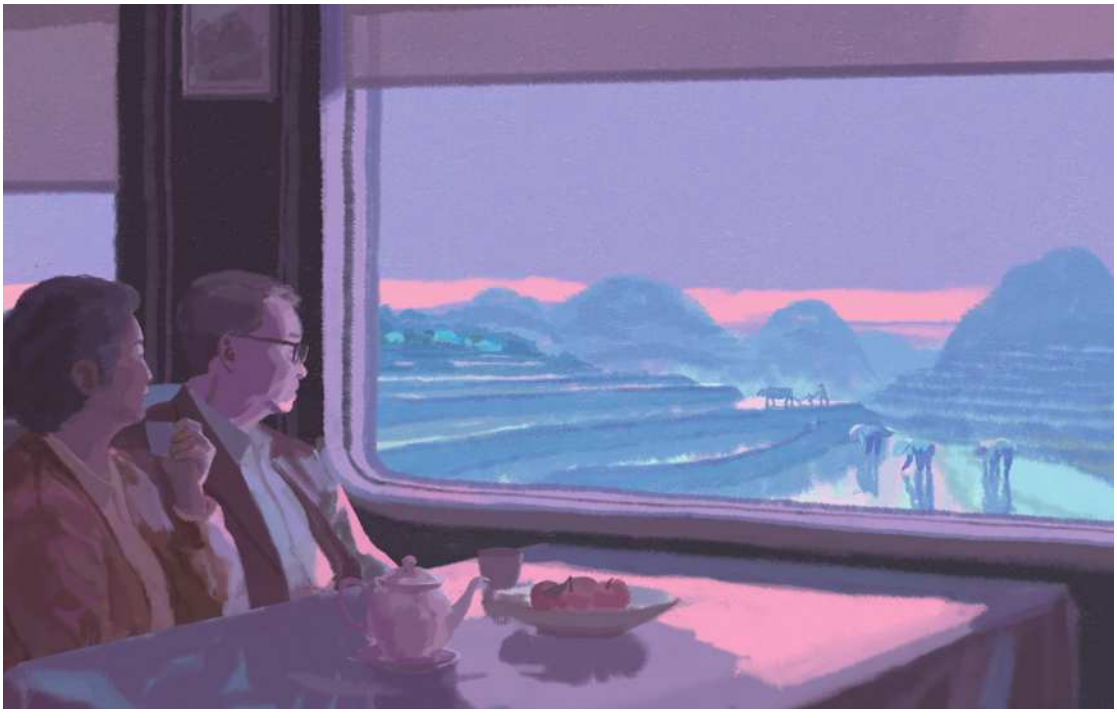
Li belongs to a generation of affluent older Chinese consumers fueling what policymakers call the "silver economy." About 360 million people were born during a population surge between 1962 and 1975, a generation that benefited from globalization, China's two-decade real estate boom and economic growth supercharged by this new thing called the internet.

The wealthiest among them are now entering retirement with financial means and a desire to have fun, and by 2035 the silver economy could account for 10% of China's gross domestic product. As younger people struggle with rising unemployment in a slowing economy, companies are counting on wealthy retirees to boost profits, and governments see their spending as a way to jump-start growth. "This generation values quality, with a strong sense of personal taste, and they're increasingly willing to spend on themselves," says Wang Wenbo, a professor at the Hong Kong University of Science and Technology.

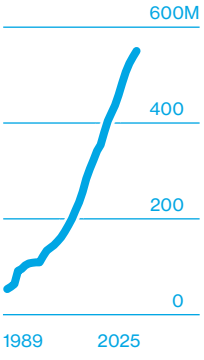
These big spenders, though, make up just a fraction of China's retirees, with people in rural areas largely left out. While pensions in Beijing and Shanghai can top 10,000 yuan per month, some people get as little as 163 yuan ($24), a figure that was raised by a meager 20 yuan in January. Access to healthcare and recreational facilities in the countryside or smaller towns, meanwhile, typically lags far behind the growing range of offerings—from hospitals to public dining halls to deliveries of low-cost meals—available to residents of prosperous megacities. "China has made great efforts to equalize pensions across regions and groups, yet the differences remain vast," says Nie Riming, a researcher at the Shanghai Institute of Finance and Law.

银发经济
yínfà jīngjì

An increasingly common term in official media describing spending for or by the elderly



▼ Retirees in China



Tourism is a particular focus of the wealthier retirees. China State Railway Group Co. in 2024 operated almost 1,900 specialized train excursions aimed at tourists, with seniors accounting for 80% of the 1 million-plus passengers. By 2027 the company aims to run more than 2,500 of what it's calling "silver-hair tourist trains," featuring activities such as karaoke and card games, easy-to-digest meals (think pumpkin congee and scrambled eggs) and doctors onboard for emergencies.

While many excursions last just a few days and cost as little as 2,000 yuan, some luxury packages can top 130,000 yuan, for instance a 17-day round-trip journey between Xining (a city in northwestern China considered the gateway to the Tibetan plateau) and Kashgar (a Silk Road trading hub for two millennia). The trains are akin to cruise ships, with cabins that include private bathrooms, sumptuous meals served in opulent dining cars and frequent stopovers where guests can tour the sights.

In 2024, Trip.com Group Ltd., China's biggest travel booking platform, launched a "Friends Club" for people over 50, offering everything from local social excursions and visits to health spas to customized trips to destinations worldwide. The company says it has attracted more than 5 million members, up 25% this year. Xinxin Wang, who heads the Friends Club unit, says the silver generation has "transformative potential" for the industry, with "spending power triple that of younger travelers."

Provincial governments are jumping in too, seeking to attract vacationing retirees. The tropical island of Hainan is adding programs that offer traditional Chinese medicine therapies for older visitors. The mountainous province of Jilin has earmarked 300 million yuan to support health-focused tourism over the three years to 2030. Senior visitors drive hospitality revenue, says Wang Yue, a researcher at the Pangoal Institution, a Beijing think tank, "boosting healthcare and transit and generating steady local employment."

With recent retirees prioritizing health and fitness, food manufacturers are introducing products to serve them. Dairy giants Yili, Mengniu, Danone and Nestlé have begun selling milk-based drink powders to address diabetes, gut immunity, and bone and joint health. Snack maker Want Want China Holdings Ltd. offers low-sugar black-sesame-walnut cookies and rice crackers fortified with traditional Chinese herbal medicines. And the 150 Shanghai locations of Laoxiangji have begun giving seniors 15% discounts (which is unusual in China).

Housing is another opportunity, with insurance companies increasingly selling life insurance policies and annuities that give buyers preferred access to pricey retirement developments. In Shenzhen, insurer Ping An will soon open a "Zhen Living" community with a swimming pool and hot tubs, yoga and dance studios, and spacious lounges that can be reserved for visits from kids and grandkids. There will be concerts and literature lectures on-site, plus dining in a rooftop restaurant with views of the city's skyline. When needed, there's a helipad from which residents can be airlifted to a nearby hospital.

"This generation values quality, with a strong sense of personal taste, and they're increasingly willing to spend on themselves"

Taikang Insurance Group Inc. has more than 24,000 residents in its 35 facilities across the country, with a dozen more in the works. These complexes are full of amenities such as lounges, workout rooms and on-site rehabilitation hospitals. They can be expensive, with monthly rent ranging from about 7,000 yuan for simple accommodations in smaller cities to almost 40,000 yuan for tonier digs in Beijing or Suzhou. "We should enjoy life while we still can, instead of waiting until we can't move around anymore," says Wang Yun, 69, who lives in a Taikang community in Shanghai with her 92-year-old mother. "And the medical care here gives us a solid safety net." B —*Charlie Zhu and Lulu Shen*

When Soft Power Smells Like Coffee

Gen Zers in New York and LA are flocking to Chinese beverage chains like Heytea, Luckin and Mixue. Will the rest of America follow?

In May 2025 there were exactly zero Luckin Coffee stores in the US. The Chinese chain opened its first New York storefront the following month and now counts more than 20 locations across Manhattan. Cotti Coffee, which first dipped its toes in the American market in 2024 with a Honolulu outpost, today has more than two dozen stateside locations, many within NYC's five boroughs. And it's not just coffee: Tea-centric Chinese chains like Chagee, Heytea and Mixue are also popping up in US cities at a frenetic pace, giving consumers the Instagram-ready drinks they crave, at prices they can live with, all ordered and quickly retrieved through app-based transactions in a way many homegrown American competitors haven't yet mastered. ▶

■ ILLUSTRATION BY XIAO HUA YANG ■ DATA: NATIONAL BUREAU OF STATISTICS OF CHINA; MINISTRY OF CIVIL AFFAIRS AND NATIONAL OFFICE ON AGING. PEOPLE REGISTERED AS RETIREES IN THE URBAN EMPLOYEE BASIC PENSION SYSTEM AT YEAREND

◀ While New Yorkers might be taken aback by what feels like an overnight invasion of Chinese beverage chains, China watchers are anything but. Over the past five years, China's premium-drinks companies exploded in their home market. In 2021 only 4 out of 10 of the biggest restaurant chains in the country by location count were Chinese-owned, but today 9 out of 10 are, according to market research firm Technomic. The companies learned a lot about customer service, viral social media moments and consumer whims catering to the country's 1.4 billion people, and when their own cities got saturated, the chains naturally turned their attention abroad. Many have set up shop in Singapore, Thailand and other Asian countries. Globally, Mixue has surpassed McDonald's as the biggest restaurant chain by number of locations.

Coming to the US was a natural next step. That it happened at the same time the "Chinamaxxing" trend was taking over social media feeds seems to have been a happy coincidence for the chains and their US consumers. Older generations might associate Chinese culture with the cheap imported goods of the 1990s or Americanized food that hardly reflects the nation's diverse regional cuisine, but on social media, Gen Zers across the US have taken to TikTok to declare themselves to be in "a very Chinese time" in their lives. That might mean donning house slippers, wearing Chinese-inspired fashion or trading their iced coffee for hot tea. And, if they live in a major coastal city, stopping by one of the country's ubiquitous beverage chains, which seem to have magically appeared overnight. "These chains are riding a soft power wave they didn't create and aren't paying for," says Shaoyu Yuan, an assistant professor of global affairs at New York University.

The chains have differentiated themselves from established US brands in part with their tech-as-default approach. At Starbucks, counter ordering via a human is the standard and phones are a "tech-based alternative," says Aaron Jourden, senior director of international research and insights at Technomic. But at the Chinese chains proliferating across New York City, there might not be a human taking orders at all. Instead, shoppers can order a drink in advance on the companies' various apps, often with a coupon pushed straight to their phone, find the beverage ready and waiting when they arrive, and quickly get on with their day without even having to speak to another person. (App-less customers can order at a kiosk screen.)

Innovative flavors are also an appeal. By now, boba teas are old news, so these chains are introducing a seemingly endless array of options: the Pink Sunrise Refresher (a vibrant coconut-mango drink with a bubble-gum-pink strawberry cold foam) at Luckin, for instance, or Heytea's oolong tea topped with its signature "cheese cloud" (made of cream cheese, not Gorgonzola). And they're often offered at prices that appeal to cash-strapped diners who still feel OK treating themselves to permissible small indulgences. Mixue sells a soft-serve ice cream cone, priced in New York at $1.19 for plain and 50¢ more for the matcha flavor. An orange juice Americano at Cotti may be too bitter for some American palates, but at $3.26 with tax, thanks to a grand opening special, it's hard to feel much regret. The layered orange and dark brown colors are perfect for Instagram either way.

"These chains are riding a soft power wave they didn't create and aren't paying for"

Merch, from limited-edition stuffies to World Cup-themed magnets, lures in customers too. Cotti's collectible pins caught the attention of Toni Davis, a construction worker in New York and self-proclaimed "Starbucks head." While grabbing a pin, she decided she might as well try a drink. She got the grapefruit and white jasmine tea with a little strawberry syrup added in. "I love to try something new," she says, adding that she plans to try another flavor next time she's in the neighborhood. "If they have a peach one, I'm definitely coming in here, because I'm a peach head too."

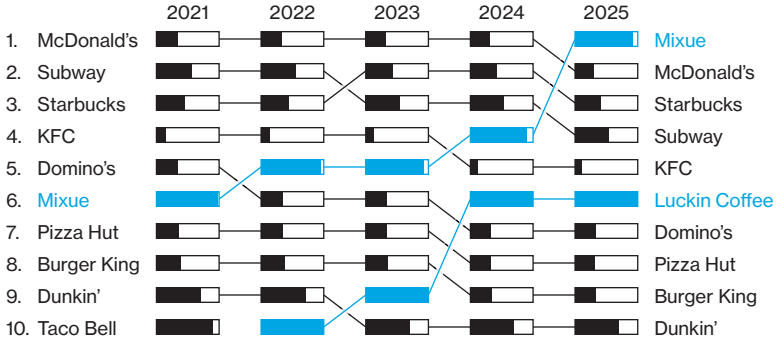
After decades of America exporting its culture to China, the momentum seems to be going in the other direction. While US sales generate a small fraction of the companies' total revenue–Technomic estimates Luckin did $5.1 million in the US in 2025, out of global revenue of about $7 billion–they also have plenty of room to grow. The chains have largely focused on areas where they'll find excited, willing customers, like New York and Los Angeles, where populations of Chinese expats and young, novelty-seeking Americans converge. That leaves most of the country wide open. Only 23% of Americans age 13 to 74 have visited any tea or coffee chain originally from

Rising in the Ranks

Top 10 restaurant chains by number of locations worldwide

Country of headquarters: ■ US ■ China

Share of locations in country of headquarters: 50%



mainland China or Taiwan, including boba spots, according to research conducted for *Bloomberg Businessweek* in August by consumer insights firm Langston Co. Unsurprisingly, Gen Z, driven by social media, is the largest customer base—but even among them, only 38% said they've tried any of them.

In response to questions from *Businessweek*, spokespeople from Chagee, Cotti, Heytea, Luckin and Mixue—some of the biggest-name Chinese competitors growing in the US—gave largely open-ended but optimistic responses about their US expansion plans. "We'll scale as the market validates our model," a Luckin spokesperson says. Heytea calls the US one of its "most important overseas markets" and says the company is investing in local sourcing and supply chain infrastructure. (In mid-October, it opened a location in New York's Union Square with a "Gelato Lab.") Chagee's spokesperson says it sees the US as an "important part" of its "vision" to reach 100 countries; it's currently in nine, including China. Cotti says it wants to go beyond New York and LA, with plans to use low prices "to break into the local market." Mixue says its US presence, 10 stores in New York and California, is "still in the early stages."

Of course, nothing is guaranteed, cautions Sandy Lim, S&P Global Ratings' lead analyst for China retail. She noted that Mixue had to curtail its aggressive expansion plans in Japan after finding the country's high labor and rental costs wouldn't work with the chain's cheap prices. Other chains have faced similar constraints. With high labor costs and still-elevated inflation in the US, what's to prevent the same problem from cropping up here? "At this stage, these chains have a lot to prove," Lim says.

Still, US companies would do well to pay attention—an interesting turn, considering the Chinese chains learned in the first place by modeling Starbucks, says Stanley Rosen, a professor of political science and international relations with a specialty in Chinese society at the University of Southern California. Starbucks Corp. sold its version of luxury to the Chinese, including a constant stream of new products, drink customization, mobile ordering and the idea that having multiple shops all over a single city meant consistency, dependability and convenience, not redundancy. But now, Rosen says, "the Chinese brands have gone beyond Starbucks." Their ordering is faster, their drinks are more innovative, and, crucially for Americans on a budget, their prices are usually lower. (At a Starbucks location in New York's Penn Station, the seasonal favorite pumpkin spice latte in a 16-oz cup goes for $7.45; the newly opened Luckin half a block away offered a pumpkin pie latte this fall for the same price, but a new user on the app could snag it for $1.99.)



■ PHOTOGRAPH BY JENNY HUANG FOR BLOOMBERG BUSINESSWEEK; PROP STYLIST: SEAN DOOLEY ■ DATA: TECHNOMIC. LOCATION COUNTS AS OF YEAREND OR CLOSEST DATE AVAILABLE. MIXUE FIGURES ARE FOR MIXUE ICE CREAM & TEA

Asked about the pack of new rivals, a spokesperson for Starbucks emphasized the "daily ritual rooted in human connection" that its stores offer, as well as the chain's deep relationships with customers. Indeed, many of the Chinese chains are not designed to be a "third place" for people to hang out; some don't even have seating. But even as Starbucks makes strides in improving its own app-ordering experience, it may be too late for some would-be customers who've found another option more suitable to their busy lives.

On a recent morning, Andre Brown, a banker in Midtown Manhattan, exits a Luckin holding his caramelized coffee. He says he likes the convenience of the app, the low prices, the variety, the speed and the taste. "I used to go to Starbucks all the time." B

—Deena Shanker and Lulu Shen, with Yiqin Shen





To Make in America, You Need A Chinese Factory

Ben Kander hatched a plan to reshore production of his Welly water bottles. He never dreamed it would be this hard

■ By Shawn Donnan
■ Photographs by Ross Mantle

The 25-foot-tall flag hanging from the rafters is the Stars and Stripes, but inside this factory building near Pittsburgh, the man leading the conversation is speaking Mandarin. Wearing a brown baseball cap emblazoned with "ALL WE HAVE IS NOW," a Chinese engineer named Fane Hu is training two US technicians from drinkware maker Welly on the intricacies of a machine that looks like an elaborate reel-to-reel tape player. "Everything will be automatic," Hu explains through an interpreter. "This is how you can test every component individually and at different speeds as well."

From the outside, Building 18 at Leetsdale Industrial Park looks unremarkable: an 80,000-square-foot, almost entirely windowless white box with a ribbon of blue around it. But it contains a small but daring experiment in reindustrialization. If the project succeeds, it will mark at least one small win for efforts to bring back to the US the sort of production that long ago went overseas. If it fails, it won't just make a poor man out of Welly founder Ben Kander, it will also illustrate ▶

◀ just how hard it is to make things in America nowadays.

In 2020, frustrated with pandemic-induced supply chain snarls, Kander began plotting to shift production of Welly's insulated metal water bottles and coffee mugs from Yongkang City in China to Pittsburgh, his hometown. He knew it wouldn't be easy or cheap. Six years later, the 36-year-old entrepreneur admits he never anticipated many of the obstacles that lay in his path.

There were months spent scouring the US for an alternative to the Chinese machinery he needed, and several more driving around Pittsburgh scouting potential sites for the new factory. Beyond the constant fundraising conversations with his investors were the capital-sapping twists and turns of President Donald Trump's tariff and immigration policies. Then followed some sleepless nights as he and his crew raced to start production in what amounts to an imported Chinese factory.

"There's a story of China and America and manufacturing and so much of that manufacturing leaving America. We're trying to bring it back," Kander told me during one of our many conversations over the span of nearly two years. "And what's funny here is we're relying on the Chinese to build our factory." He paused for a beat, registering what he'd just said. "What an irony."

This isn't a story about a strategic industry or a geopolitical choke point. Welly makes the kind of insulated steel flasks and coffee mugs that have become the hydration accessory of choice for Americans of every age and socioeconomic class. And the business commands just a tiny slice of the $3 billion US market dominated by American brands like Yeti, Stanley and Owala.

Kander's gambit is more unusual than you might think. Outside of the data center building boom, the story of America's reindustrialization is still very much a work in progress. During the Covid-19 pandemic, shortages of everything from face masks to automotive chips strengthened the case for repatriating production of critical goods. To nudge the process along, President Joe Biden, with Congress' blessing, handed out hundreds of billions of dollars in subsidies for new semiconductor fabs and plants making electric vehicles and batteries. Trump, in his second term, has deployed more tariffs and also tax cuts to encourage manufacturers to build new factories.

You wouldn't know it from the boasts of Trump and his cabinet, but private investment in the construction of factories has fallen since 2024 after surging during the Biden years. A "Reshoring Index" created by consulting firm Kearney has spent 8 of the past 11 years in negative territory. Even after a rebound that started under Biden, the country's manufacturing capacity still sits below where it was a decade ago. On the employment side, the data also disappoints. Ten years after Trump's first election in November 2016, there are roughly 370,000 more people working in US factories. But that amounts to a gain of 3% over a decade in a US job market that has grown by almost 10%.

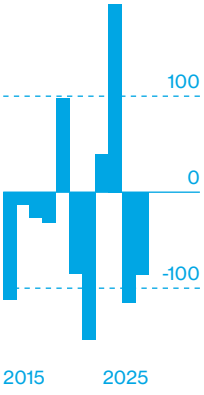


▲ Kander

American politicians may want to make more things in the US, but doing so, it turns out, is very hard. "It feels like you just get hit by wave after wave," Kander told me as this story was getting ready to go to press and he was mulling all the challenges he'd faced along the way. "You're in the ocean getting knocked down. You get up, you get knocked down. But then you start learning how to swim."

Welly's creation story is like those of many scrappy startups born in recent decades. Kander launched the business in 2015 with $150,000 of his money plus $64,000 from a Kickstarter campaign and a business plan that relied on making his product at low cost in the factory of the world: China. The brand name is a portmanteau of "water" and "Elly," his mother's name. Her death from cancer when Kander was 22 was a "life is fragile" spur to pursue his entrepreneurial dreams, he said.

▼ Kearney Reshoring Index



Kander founded the company in Brooklyn, New York, while working for the Cumberland Packing Corp., the owners of Sweet'N Low. (Cumberland's chief executive officer is one of Welly's original investors.) But within a few years he and his wife moved back to Pittsburgh, where he'd grown up in a tight-knit extended family of overachievers. (Bari Weiss, the conservative commentator and CBS News editor-in-chief, is a cousin.)

During the pandemic, Welly ran into the same issues that were bedeviling companies big and small. Orders were stuck in China or canceled altogether. Suddenly, making insulated, stainless-steel bottles halfway across the world felt like a vulnerability. Having them shipped to Pittsburgh also just felt wrong. "Bringing a product that was made out of steel back to the Steel City. That was like, 'What are we doing here?' " Kander says.

So he hatched a plan to shift from his "designed in country X, made in country Y" business model into completely new territory: manufacturing domestically. Some of his original investors initially balked. "My view was, 'Hey, what you're describing, it's extremely ambitious. But it's also incredibly hard,' " recalls Vijay Kedar, a high school best friend and early Welly backer who is the founder and CEO of Tomorrow Health, a company that supplies hospitals with medical equipment, much of it made in China.

Part of Kander's pitch was that the pandemic's shipping delays and Chinese factory closures had revived interest in Made in America, and not just for business-critical items like semiconductors or rare-earth magnets, but also for quotidian goods like his Welly bottles. Kander and his staff began looking for an American manufacturer of the machinery they needed, at a price that would pencil out. They discovered that the country that has come to dominate manufacturing of

■ TUMBLER: WELLY ■ DATA: KEARNEY 2026 RESHORING INDEX REPORT. POSITIVE NUMBER INDICATES NET RESHORING, NEGATIVE NUMBER INDICATES NET OFFSHORING

everything from toys to iPhones has also cornered the market for many types of industrial equipment.

After months of inquiries, one quote eventually came in, but it was five times the cost of Chinese alternatives and involved designing the equipment from scratch with an untested supplier. So Kander traveled to China to meet with other vendors, and by late 2024 he was ready to place an order. And then Trump landed back in the Oval Office.

Kander had spent months trying to secure a waiver on the 25% tariff on Chinese machinery Trump imposed during his first term, via a program the Biden administration created in October 2024 to support businesses building or expanding factories in the US. By the time the application window closed as scheduled at the end of March 2025, some 1,100 applications had been lodged by 180 companies including leviathans like Ford, Hitachi and Tesla and minnows like Welly, which filed 31 different requests for exclusions.

None of them secured any relief. Instead, within weeks of returning to office in January 2025, Trump added a new 10% tax on imports from China to punish the country for trafficking fentanyl into the US, then doubled it a month later. The administration announced a raft of additional tariffs on April 2, which it called "Liberation Day." The tit-for-tat escalation that followed between Washington and Beijing at one point had Kander confronting a 150% tax bill on his new production line.

For Welly, Trump's rising tariff wall might ultimately be a boon. In a conversation just days after Liberation Day, Kander ran through his pitch to investors. The new levies might just be enough to cause a big customer like Walmart or REI to turn to Welly instead of a Chinese supplier. "We are getting some major interest from retailers. I'm trying to show to investors, 'Hey, we've just got to take this initial hit, but then look at what's in front of us,' " he said.



▲ A 32-oz Welly cup

In the short term, though, the tariffs were a barrier to overcome. To fund the new duties on the machinery, Kander had to go back to his investors to raise more money. He also delayed shipment of the last of his Chinese-made inventory, even though he needed something to sell to keep cash rolling in to help pay for his reshoring plan.

The effort of trying to game out Trump's import duties wore Kander down over time. "I've grown numb to the tariffs, to be honest," he said when I reached out to gauge his reaction after the Supreme Court threw out the majority of Trump's tariffs in a decision this February. "They go up. They go down. I've tried to overbudget for it. I'm not going to ride the emotional roller coaster of tariffs anymore."

Tariffs weren't Kander's only hurdle. As the summer of 2025 approached and he cajoled existing backers into doubling down on his already-delayed venture and courted new ones, including former NFL star and Pittsburgh native Aaron Donald, he was still looking for a factory. Many of the buildings he'd inspected were wired to be distribution centers or warehouses and didn't have the electrical capacity for Welly's power-hungry production line. Upgrading one of those spaces wasn't out of the question, but with the US in the middle of a data center building boom, electrical gear was in short supply. The local power company could take a year or more to fill an order for a simple transformer. Even refurbished ones were hard to find. Acquiring one usually involved a conversation that began with "I know a guy who knows a guy…." It all also highlighted one big advantage manufacturers have in China, which has added more electricity generation capacity in the past four years than the US has in total.

Kander needed to sign a lease on a space that would be move-in ready by the summer to allow enough time to fit it out before his equipment was scheduled to arrive in October. He was feeling hopeful on the day in April of last year when he and his chief operations officer, Patrick Curry, met at an industrial park in Leetsdale, northwest of Pittsburgh. Building 18 was vacant and available. After touring the space, Kander stepped outside and walked over to where Curry and a group of men were standing around a manhole cover.

Curry looked up with a frown on his face. "I don't have enough power," he said. "No! Get outta here," Kander shot back.

Curry is a gruff bulldog of a man with a decades-long career in manufacturing that began when he persuaded a high school friend's father to give him a job in his machine shop. After putting himself through college, he worked at a string of companies making a disparate array of products like tools and umbrellas all over North America. At almost every one, his career trajectory seemed to follow a similar path. He'd be overseeing a production line, but sooner or later would find himself managing distribution centers instead. "We designed everything, and we threw it over the wall to China," he said.

So in 2024, when Kander posted an ad looking for someone to help bring a factory from China to the US, Curry was intrigued. He was in his 50s and mulling retirement but wasn't ready just yet. "Getting to do this as the last hurrah is fantastic."

After learning that the building in Leetsdale didn't have enough power, Curry and his boss resumed scouting in the Pittsburgh area. Kander was negotiating a lease on another location in early July when he got an email from that landlord laying out the final conditions, which included Welly's owner having to personally guarantee five years of rent—a deal-breaker. Then he got a text from a colleague. "Check your email," it said. The local utility had finally responded to an inquiry from Welly, saying that if the power supply going into Building 18 was carefully distributed everything would work out. So Kander went ahead and signed a lease that took effect on Oct. 6, 2025.

The search for a site had consumed the entire summer. His goal of starting production in the first quarter of 2026 now looked out of reach. But at least things were moving forward again.

The story of the decline of American manufacturing is often presented as a cautionary tale involving a predatory Chinese state that has lied, cheated and stolen its ▶

◀ way to industrial glory. To which there is plenty of truth. But whatever the cause, the fundamental problem now confronting anyone wanting to bring production back to the US is an economic one: It's still cheaper to manufacture in China than just about anywhere else.

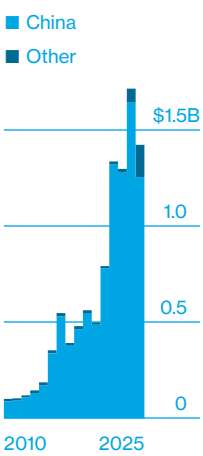
The argument for tariffs is that they level the playing field for domestic producers. Yet there's plenty of economic research showing that protection for one industry can inflict pain on others. Put a 50% tax on imported steel, as Trump did in 2025 when he doubled his first-term duties, and one consequence is higher prices for domestic steel as local producers take advantage and hike their prices. Which, if your business model calls for making things like insulated coffee mugs with US-sourced steel, can make competing with even pricier imported alternatives more difficult. (Studies have repeatedly shown that the benefits of tariffs are narrow and their costs more widespread than advertised.)

There's also a question of priorities. Reshoring production of semiconductors makes sense if you are betting the future of your economy on artificial intelligence. But insulated steel water bottles? The market for steel drinkware in the US has exploded over the past decade, thanks to a confluence of two societal trends—Americans' obsession with staying hydrated and a growing rejection of single-use plastics. Annual sales totaled around $3 billion in 2025, with imports accounting for almost all of that. Which means there's room for a relative newcomer like Welly to grow.

Before Kander launched his plan to start manufacturing stateside, Welly was recording about $2 million in annual sales working out of an old industrial loft in Pittsburgh that served as its office and warehouse. He's hoping that'll climb to $10 million to $12 million in the first year of full production.

The ultimate success of his American factory will depend on whether Welly can deliver a product that's cheap enough to compete with the daunting array of imports. Kander is convinced it can. Once all the production kinks have been ironed out, Kander thinks his US operation can be more efficient than Chinese competitors. "Twenty years ago, we wouldn't have been able to make it here, because of how labor-intensive it was," he said. "We're still bringing a lot of jobs. But the automation that we're bringing in reduces that labor as a percentage of the whole." (If all goes to plan, the Welly factory will eventually employ as many as three dozen people.)

▼ US imports of steel vacuum flasks



One key is reducing waste. During visits to China, both Kander and Curry had seen that at some drinkware factories as much as a quarter of production was discarded because of faults. To succeed, Welly needs to bring that rate down to 1% to 2%, Curry explained during a conversation in May. By then the equipment imported from China had been unpacked and assembled, and training was just getting started. The manufacturing veteran looked stressed. He'd been pleading with Kander and Welly's marketing crew not to rush to sign up new customers until the production line was operating smoothly. Otherwise, "it'll be a Chinese fire drill every day," Curry said. "And we can't operate that way. You can't keep people that way."

One of Curry's first hires was Braydon Albright, a tall, skinny 22-year-old. Growing up in a rural county outside Pittsburgh, Albright liked tinkering with engines. After high school he enrolled in a robotics program at a nearby community college, which is what caught Curry's eye. Turns out Albright knew how to operate the very robotic arms Welly planned to install on its assembly line.

The two met for lunch at a Panera in August 2025, and when Curry offered him a job then and there, Albright quickly accepted. "I had my interview, and then he is like, 'Yeah, you got the job, and you're coming to China with me,' " he recalled. Within weeks, Albright, who'd never had a passport, was on his way with Curry and another new hire to China, where they would spend nearly a month in Guangzhou and Yongkang training on the rest of the equipment. "My mom was a nervous wreck," he said. "She was like, 'I don't know if I can let my baby go out of the country without me!' "

While they were away, Kander flew to Seattle for an important meeting with one of his biggest potential clients: Starbucks Corp. The timing wasn't great. He landed a few days after the coffee chain announced it was closing stores around the country. Still, he managed to secure a verbal commitment for a future order. (The Chinese-made Welly bottles had already been sold at Starbucks Reserve stores.)

Kander had also met with buyers at Whole Foods and Dick's Sporting Goods, and they too had been receptive, he said. Everyone was looking for a way to avoid Trump's tariffs, and Welly's owner had an answer. At each encounter he touted other advantages over Chinese rivals: Welly could turn around orders faster and handle smaller minimum orders. "We basically solve all those problems for them," Kander told me as he raced back to the Seattle airport for his return flight. "They love the differentiator of 'Made America' and the story and also our ceramic lining." Shifting seamlessly back into his sales shtick, he went on: "You know, if you ever put coffee into a steel mug, you'll notice after a while it starts to stain the bottom. And there's that metallic taste."

The first of the 42 shipping containers carrying the factory equipment from China began arriving in January of this year. Inside Building 18, contractors used a remote-control forklift to maneuver the heavy machinery into place as Albright and other members of Curry's team unpacked the crates with crowbars. Over the subsequent weeks electricians showed up to wire everything together as other contractors fitted out the rest of the factory.

Getting the assembly line in place was only half the job, though. Kander needed to bring a team of Chinese engineers to Pittsburgh to fire up the machines and train his employees on how to operate them. When US immigration officials refused to grant Welly as many visas as it needed and took their time

■ DATA: US INTERNATIONAL TRADE COMMISSION

processing the applications, Kander reached out to his congressman and senators for help. What Welly was trying to do was engineer a knowledge transfer that would result in new American jobs, he argued. But immigration authorities did not budge and granted only a limited number of visas.

On a Monday evening in January, while Kander watched his beloved Pittsburgh Steelers lose in the NFL playoffs, Curry drove out to the airport to pick up five Chinese engineers and take them to an Airbnb the company had rented for them. What began the next day was a complicated multicultural dance. One technician billed as an English speaker turned out not to be as fluent as advertised. Very quickly, Kander realized he needed an interpreter.

Something else was lost in translation. The equipment arrived from China without much documentation. "They make a good product, but they don't grasp the sense of a training manual or a maintenance manual and having all that detail," Curry grumbled during one of our conversations.



▲ Albright with visiting Chinese engineer Cheng Xinhuai

Every Welly bottle or mug starts the same way, with a coil of steel that's shaped into a tube whose seam is then welded shut by a laser. The tube is inserted into a hydroforming machine that uses highly pressurized water to force the metal against a mold, shaping it into what will eventually become either the inside or outside of two bottles.

During a visit to the factory in May, Kander called me over to watch as one of the Chinese engineers stood at the controls of the hydroforming machine. For the first time, tubes that had been produced by Welly's American trainees were moving along the line, and Kander was eager to celebrate the milestone. The tubes went in. The gates came down. The pressure built. And then the weld busted, sending water everywhere.

It was a small incident. Yet it was hard not to notice the mild tension in the air that spring day. The Chinese engineers on-site, who were putting in long hours and getting few days off, seemed perfectly aware they were effectively training Americans to replace Chinese workers. At one point during that morning's session with Hu, the Chinese engineer leading the training on the ceramic line, Phillip Tamborello, a 35-year-old recent transplant from the Pacific Northwest with a neatly trimmed goatee, asked an earnest question: If he manually adjusted the settings on the sanding machine, would they default back when the robots went back to work again? The interpreter posed the question to Hu and relayed his response. "That's good," Tamborello said. "And we will get copies of all of those settings as well? Like all the different specifications for everything?"

"Yes, you will have a list of these settings even after he leaves," the interpreter said as Hu, who was getting annoyed at the interruptions, paused. "OK, I understand. Forgive me for jumping in," said a contrite Tamborello.

If tempers were occasionally fraying, it was because pressure was building to start production. Welly's sales team was eager to tell customers they were ready to take orders for the all-important holiday season. But Curry was adamant that delaying orders was better than burning goodwill with shoddy products or missed deliveries. During a meeting of Welly's executive team the day before, the sales director had enthused about a prospective customer. "He's going, 'This guy is really excited.' This guy, this guy, this guy…" Curry trailed off. "That's a good problem to have. But we've just got to be careful," he said.

The plan then was for production to begin in earnest in June so the business could build an inventory and be ready for a brand relaunch in July, at which Welly would preview a thicker, bolder logo, a new product line and a new slogan: "Made right. Here."

But through the summer the schedule kept slipping. Kander hired an additional interpreter, Hu and the other Chinese engineers extended their stay, and Welly's own factory hands got tablets so they could take notes during training sessions, which would eventually be assembled into something resembling manuals.

Welly's relaunch started to gain steam in August with the debut of a slick new website that touted the company's status as the first domestic producer of insulated drinkware and highlighted an American supply chain that ran from the powder coating sourced from Grand Haven, Michigan, to the BPA-free straws procured from Skowhegan, Maine. ▶

◀ But well into the autumn a banner at the top of the landing page read: "Launching Soon—Pre-order Now." Try purchasing a $38 30-oz bottle, and the small type offered only a vague promise of a future ship date.

On Sept. 17, Kander texted me a photo of a steel tumbler that had come off the line and been signed in Sharpie by all of the team involved. "The first bottle to be fully metal formed on our own, without help from the Chinese!" he wrote, saying he planned to display the trophy on a shelf in the factory's lobby.

The next day, though, he was more downbeat when we spoke by phone. That morning his production crew had struggled to start the machines on the metal-forming line. "Things just weren't booting up the same, and then the weld that was running all week—it wasn't holding as much," he said.

The Chinese trainers had returned home at the end of July, but Welly's employees could still reach out with questions. Except now they were communicating over WeChat, the Chinese instant messaging app, and dealing with the tyranny of time zones. On the day the machinery wouldn't start, the solution was closer at hand. The team FaceTimed Albright, who was enjoying a rare day off, and he walked them through resetting the line.

Kander was confronting new dependencies. "You know when you buy an iPhone, you own the iPhone but the [operating system] is still owned by Apple," he said. "That's how it is with our machinery. We own the machinery. But the programs are still owned by the Chinese." It wasn't just the software. "The molds that go on these machines are still very much the specialty and knowledge of the Chinese," he explained. Kander had discovered that you can move a factory from China to Pittsburgh but there's no real way of quitting China.

By the end of October two Chinese engineers were on their way to Pittsburgh to help iron out issues with the machinery. But their arrival did not avert what for Kander was a painful decision. Production had fallen behind, and Welly would not be able to ship out 6,000 bottles Dick's had ordered as a test by the end of the month, so they'd hit store shelves in time for the holiday shopping season. Calling executives at the retailer to say Welly couldn't meet the deadline felt "terrible," Kander said. Not everything was lost. The folks at Dick's said they could be flexible, and Welly shifted its plan to a spring 2027 launch. There was also a promising Whole Foods order taking shape for flasks in four custom colors—basil, butter, tomato and oat—with plans for a March 2027 release and discussions about a fall line as well. Though both the Dick's and Whole Foods orders were provisional and depended on the company being able to work out its production issues.

Even as he courted big customers, Kander decided the business needed to make a quick buck by targeting the corporate swag market. If his crew could just turn out 250 20-oz containers a day—a conservative estimate for a line that had a notional capacity of up to 3,200—he'd have 10,000 to 12,000 by the end of the year that he could sell for $35 apiece. "Let's just get some cash in the door," he said in October. At the time, he told me he'd started taking melatonin to sleep at night. His wife had also called him out for being irritable around his kids, who are 4, 6 and 8.

Following the Supreme Court decision that ruled the bulk of Trump's initial tariffs were illegal, Welly had been refunded almost $360,000, a welcome injection of capital. But Kander had a fresh reason to worry about how Trump's trade policies would affect his business. A few days after Chinese leader Xi Jinping visited Washington in late September, the administration published a list of 77 different categories of imports from China that it was considering reducing tariffs on as part of broader negotiations. The last two items on the list were two sizes of "vacuum flasks and vessels." Suddenly it looked as if the protectionist wall that was supposed to help Kander grow his business was going to come down.



▲ Outfitting the Welly factory in Leetsdale, Pennsylvania

One of my last conversations with Kander came as he was driving home on a Friday in late October after a long week. He was still wrestling with his buggy equipment and stressing over cash flow. He was also starting to plot an expansion. Maybe he could get a big retailer like Walmart to fund the expense of adding another production line to turn out a bespoke drinkware range.

The previous 18 months had not snuffed out Kander's Made-in-America dream. He'd just learned to embrace the grind. "One of the reasons I love golf is there's just so much failure. You just fail all the time, and you just fail a little bit better," he mused philosophically that day. "And if you can't take failure, don't even think about manufacturing." Ⓑ

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Why China's AI Builders Are Coming Home

■ By Grace Shao



When Moonshot AI's Kimi K3 emerged as one of the strongest Chinese challengers to American artificial intelligence models, one question kept coming up: Why hadn't its founder, Yang Zhilin, stayed in the US to build his startup?

Yang earned his Ph.D. at Carnegie Mellon University, worked at Facebook AI Research and Google Brain, and co-authored two papers that were influential in the development of large language models. Apple wanted him badly enough that when his doctoral adviser, Russ Salakhutdinov, told a senior executive at the company that Yang was returning to China, the person suggested he could work from its Beijing office. Instead, Yang started Moonshot, which shook US AI companies when it released a low-cost model in July that approached the performance of the leading American-made frontier models. After raising money this summer at a $35 billion valuation, the firm has filed for an initial public offering in Hong Kong.

For two decades, China has been one of the US's most important foreign sources of scientific talent. Many Chinese graduating from American universities choose to stay to work in commercial fields, because the country has the world's deepest startup and venture capital ecosystem. While Silicon Valley still exerts enormous pull on Chinese technologists, decisions like Yang's are not as unusual as they once were. Stanford University researchers have documented a sharp rise in departures of China-born, US-based scientists since 2018. Chinese Ministry of Education data tell the story of these so-called sea turtles from the other side: In 2025, 570,600 Chinese students went abroad to study, while 535,600 returned after completing their education.

For many aspiring founders, the decision is pragmatic. The opportunities to fundraise are better in China, where a résumé that may seem run-of-the-mill in California could well carry real weight with investors, local governments, prospective employees and customers. (This may not matter to the small number of people with credentials as exceptional as Yang's, who could likely raise money anywhere.)

Describing his decision to return to China, Guo Yichen cites an old Chinese saying: Better to be the head of a chicken than the tail of a phoenix. Guo earned a bachelor's in statistics (machine learning) from the University of California at Berkeley and an MBA from Harvard Business School. Just over three years ago, he moved to Singapore, where he started CapGo, which uses AI to create thousands of websites for its clients, with the intention of increasing their visibility on search engines and chatbots. He spends half his time in Beijing. Fundraising isn't necessarily easy in China, Guo says, but he stands out to investors there in a way he never would in Silicon Valley.

Venture capital also isn't the only way in. Local governments actively compete for returning entrepreneurs with dedicated funding and talent programs. Techno-futuristic cities like Shenzhen and Hangzhou have introduced financial and incubation support, with Shenzhen awarding grants of as much as 1 million yuan (about $150,000) to qualifying entrepreneurs. Beijing's Yizhuang district, a distant suburb, is courting returnees with offers of living quarters, office space and the promise of capital.

宁做鸡头, 不做凤尾 Nìng zuò jītóu, bù zuò fèngwěi

A traditional Chinese saying, effectively extolling the joys of being a big fish in a small pond

In general, the current generation of Chinese entrepreneurs is growing up with a sense of greater abundance than its predecessors knew. Students like Guo, who come from families wealthy enough to shoulder the tuition and boarding costs at a premier US university, have the luxury to dream in the way Mark Zuckerberg or Bill Gates once did. The maturation of the Chinese economy means those who return home have a bigger chance of hitting it big compared with their predecessors, and that has inspired a sense of confidence that failure won't necessarily lead to the hardship past generations of Chinese tech entrepreneurs faced.

JD.com's founder, Liu Qiangdong, was the first in his town to attend a top university, and famously lost his first love due to financial struggles before his success. Jack Ma failed his college entrance exam twice and was finally admitted to Hangzhou Normal University. Upon graduation, he worked as an English teacher, earning a meager $15 a month. Both men founded their companies just before the turn of the century, when China was much poorer than it is now. China's gross domestic product per capita in 1995 was about $612, according to the World Bank. By 2015 it had increased thirteenfold, to $8,175.

For some Chinese scientists and founders, the US has increasingly become an uncomfortable place to live and work. In 2018 the first Trump administration started the China Initiative, which targeted scientists and academics of Chinese descent who were suspected of economic espionage. The program ended in 2022, but the chill has lingered. Espionage accusations, export controls and suspicion around Chinese-linked technology companies have made nationality more salient in laboratories, boardrooms and funding conversations. A 2026 Stanford study shows that more than 90% of Chinese nationals who earned US science and engineering doctorates in the early 2000s were still in the States five years later. By 2023 that number had dropped to 83%.

For many, the heated anti-immigrant rhetoric of the Trump era has added to the discomfort. But the sense of unease predates him. Research published in the *Journal of Applied Psychology* in 2013 found that US-based entrepreneurs with non-native accents were less likely to receive funding than otherwise similar peers, in part because listeners inferred lower "political skill," the perceived ability to persuade and lead.

In Beijing or Shanghai, a foreign accent does not impede founders' courtship of investors. Cultural references likely come more naturally, and the social networks are denser. Chinese-born founders understand what investors mean even when they don't quite say it explicitly. They know how etiquette at networking dinners works and can call old classmates when they need professional introductions.

Beyond that, there's an obvious comfort in being closer to family. One researcher who lived apart from his wife while studying at the Massachusetts Institute of Technology before coming back to Beijing for a position at Z.ai, one of China's leading frontier labs, says: "I returned to China for my wife."

Guo made much the same calculation. After more than a decade abroad, he wanted to go home and be with his family. He says he knew that running a business between China and Singapore might leave him with fewer exit options than if he remained in the US, but the familial comfort and quality of life offered in a first-tier city in China is something he's willing to trade that for.

The startup life is as brutal in Beijing as it is in San Francisco. Guo says some of his peers have given up, deciding that joining a large technology company, with a steady salary and abundant computing power, is a better outcome than holding on to a startup. But he's going to keep building–at home. B

Independent analyst Grace Shao is the founder of AI Proem, where she covers the AI industry in China and the Asia-Pacific region. The views expressed here are hers and do not necessarily reflect those of Bloomberg Businessweek *or its owner, Bloomberg LP.*





▲ Qingshanhu Science and Technology City in Hangzhou; the Beijing Innovation Center of Humanoid Robotics

■ ILLUSTRATION BY ARD SU ■ HANGZHOU: COSTFOTO/NURPHOTO/SHUTTERSTOCK. ROBOTS: WANG JINGQIANG/XINHUA/GETTY IMAGES

Beijing Doesn't Need to Invade Taiwan to Change It

Years of military and political pressure have strained the island's beliefs about its future

■ By Rebecca Choong Wilkins and Yian Lee

On a Wednesday evening in Taipei's central district of Zhongshan, more than 100 people slowly file into a brightly lit auditorium. The crowd of mostly older Taiwanese has come to attend a lecture on personal finance. But tonight's program is unusual: It's focused on how to protect one's money during a war.

At the front of the room, Liu Yu-hsi, a Shih Hsin University professor and member of the Whole-of-Society Defense Resilience Committee under the Presidential Office, wears pink-rimmed glasses with her hair pinned back into a bun. She's trying to make the prospect sound almost ordinary. "You need to treat it like a car accident, a typhoon or unemployment. ... It won't necessarily happen," she says. "You buy insurance, but does that mean you think you'll definitely get cancer?"

Her practical advice: Keep six months of living expenses handy, including some Taiwanese and foreign currency in cash; spread savings across several banks in case a cyberattack knocks one offline; and consider making plans to rebuild a life overseas.

Taiwanese are coming to grips with the growing risk that Beijing poses to the status quo and quietly preparing for an invasion, according to interviews with two dozen individuals from different walks of life, ranging from an excavator operator to a diplomat. Paradoxically, this possibility is often coupled with the inability to imagine it might actually happen.

Almost eight decades after Chiang Kai-shek's Kuomintang lost the civil war to the Chinese Communist Party and relocated the Republic of China's government to Taipei in 1949, Beijing says Taiwan is destined to come under Chinese control one day. And it refuses to rule out using force to do so, despite never having governed the island.

For Taiwan's 23 million inhabitants, the risk of a Chinese invasion is real—not some abstract threat, such as a nuclear or artificial intelligence Armageddon. China's warplanes cross the median line of the Taiwan Strait, navy ships maneuver around the island, and its military, the People's Liberation Army (PLA), periodically stages exercises simulating blockades. Still, open warfare has been an unappealing prospect for China, even before Russia got bogged down in its grinding, almost five-year war with Ukraine. In Beijing's eyes, a more attractive alternative is using a mixture of intimidation, coercion and persuasion to ultimately convince the Taiwanese people that resistance is futile.

"It is useless to worry about China's invasion. If it happens, then it happens"

Tsai, who declined to use his full name so he could discuss politically sensitive subjects, works at Taiwan Semiconductor Manufacturing Co.'s corporate headquarters in Hsinchu. He has learned to largely tune out the conflict. His company, TSMC, is the world's biggest chip foundry, making Taiwan a critical choke point in supply chains for everything from smartphones to data centers. That dependence has long been seen as a form of protection, a "silicon shield."

The 29-year-old engineer worries that TSMC's



▲ Soldiers drive a tank through the streets of Hualien in August as part of a military exercise

recent overseas expansion may be weakening the so-called shield. At the urging of governments seeking to diversify chip supplies, the company has been building fabs in Germany, Japan and the US. But Tsai has resigned himself to the island's political predicament. He worries more about home prices than geopolitics. "It is useless to worry about China's invasion," he says. "If it happens, then it happens."

A small number of Taiwanese are focused on improving civilian preparedness for a potential conflict. Civil defense groups in local districts across the island routinely practice drills and emergency first aid. At the National Chengchi University, perched on a scenic mountainside in southern Taipei, 27-year-old Huang Ching-tsung set up the Drone and Defense Industry Research club, the first of its kind, earlier this year. About 30 members, all students, get hands-on drone flight training and network with defense companies to help secure internships and jobs after graduation. Drawing lessons from Ukraine's drone operators, who've stalled Russia's advance, Taiwanese defense scholars argue that cultivating young tech-savvy pilots is the island's most practical path to asymmetrical deterrence.

Since President Lai Ching-te took office in 2024 with a pledge to significantly increase defense spending, military exercises have undergone a major overhaul. This year, during annual drills that simulate invasion, the government slowed mobile internet speeds for the first time so the public would experience potential telecommunications disruptions, for example.

Men who completed refresher military training in recent months observe that exercises are more rigorous and tactical, according to five interviews with reservists. But they also complain of apathy, describing peers who frequently complained or slept through security lectures. More realistic drills also risk backfiring, some say. "If war really broke out one day, I might actually think about deserting," says Mike Chen, a 28-year-old architectural designer. "I know that in wartime they would send me back to the place where I trained—and I know there would be very little chance of surviving there."

Beijing also relies on information warfare to weaken public trust. The PLA has posted videos on social media of military exercises that depict drones appearing to fly by recognizable Taiwanese landmarks, suggesting its forces operate close to the main island. Meanwhile, Chinese state media and pro-Beijing social media posts are designed to sow doubts about US willingness to come to Taiwan's aid.

Lu Jie has made countering that sort of propaganda part of his job. Having spent 20 years as a star "cram school" educator in Taiwan before becoming a YouTuber and TV host, he boasts roughly 1.8 million followers combined across social platforms and more than 110 million views on YouTube. Over hot pot in Taipei's iconic 101 skyscraper, Lu is occasionally interrupted by fans. He says he sees himself as a promoter of "pure facts."

Lu is a fierce advocate for democracy. Taiwanese people are as "tough as nails" and withstood decades of CCP threats, he says, as he wipes makeup off his face from a TV appearance earlier that day. But "if Taiwanese people don't tell their own story, they let China tell it for them."

On the other side of this ideological debate is Chen Chih-han, a tattooed former marine known as Guan Zhang ("gym boss"), one of Taiwan's biggest online personalities. Millions of people have watched Chen's livestreams of his weeklong visit to China last year, which he said was intended to challenge the rhetoric of Taiwan's ruling Democratic Progressive Party (DPP) on China. In January, Chen was indicted on intimidation charges over comments made in another video, which appears to have had parts of its audio removed since it first aired. "If we're being frank, why bother holding elections? Let's just reunify by force—no need to vote in 2027," prosecutors allege he said. "Leave no one behind, carry out precision strikes and decapitation [strikes]." Chen didn't respond to a request for comment.

Countering the influence of the United Front—the CCP network that cultivates people for its propaganda efforts—is all the more difficult because of Taiwan's democratic system, according to Lee Deng-ker, a former diplomat and professor at National Chengchi University. "The CCP's current strategy toward Taiwan is precisely this: Avoid waging an actual war, and gradually shift Taiwan's internal national identity," Lee says. "Then China can say, 'Look, we have so many of our political parties here, and the electorate has voted for unification,' and then, just like that, we are unified." (Taiwan has a few small political parties that publicly embrace unification, but they hold no seats in the island's legislature.)

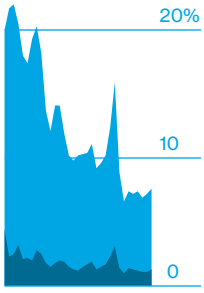
Taiwan indicted 73 people in Chinese espionage cases in the first 10 months of this year, up from six in 2020. Active-duty and retired military personnel accounted for more than half of those indicted, including a staffer in Lai's office and other aides in the ruling party. (Some of the convicted have been former members of Taiwan's DPP.)

For some Taiwanese, the future is all about contingency planning. After a day of work, 32-year-old equities trader CT scrolls his phone in bed checking US stock prices. It's a ritual he's adopted as part of a push to diversify his assets. The goal is to hit ▶

▼ Share of survey respondents in Taiwan who say they prefer unification as soon as possible or moving toward it in the future

■ Unification as soon as possible

■ Maintain the status quo and move toward unification in the future



意外
yìwài

Translating as "outside expectation," yìwài can mean both "unexpected" and "an accident"—something unforeseen that can nevertheless be planned for

■ PHOTO: AN RONG XU/BLOOMBERG. ■ DATA: ELECTION STUDY CENTER AT NATIONAL CHENGCHI UNIVERSITY. SURVEY RESPONDENTS ARE ADULTS 20 OR OLDER IN THE TAIWAN AREA, EXCLUDING KINMEN AND MATSU. RESULTS ARE WEIGHTED BY AGE, SEX, EDUCATION AND GEOGRAPHIC LOCATION. SURVEYS ARE CONDUCTED MULTIPLE TIMES A YEAR AND THE DATA ARE COMBINED ANNUALLY

◀ $4 million, the amount he'd need to generate sufficient returns to provide for his family if he has to relocate, the only viable Plan B in his estimation. "I don't hate Chinese people. I hate the Communist Party," says CT, who asked to be identified by his nickname while discussing sensitive political topics. "We don't share the same values. We've never shared the same values."

Even for those who ardently resist Beijing's influence, this type of financial planning ultimately creates a way out for those unwilling to remain and fight. In 2025 the number of Taiwanese moving household registration abroad reached 64,249, the highest level since 1997 not counting the pandemic years. Worse, Taiwan's birth rate is among the lowest in the world, prompting Lai to announce a task force in May to tackle the population decline. Taiwan headed into local elections on Nov. 28 that could potentially reshape the political landscape in the runup to its 2028 presidential election.

Taiwan has become remarkably rich living under the threat of invasion. Its population holds about $5 trillion in financial assets, and its net financial wealth measured per person ranks fifth in the world, ahead of Japan, Germany and Canada. The island's elite have long recognized the value of diversifying their assets overseas—both as a hedge against geopolitical risks and as a way to increase their fortunes. That's accelerated as the AI boom creates a fast-growing expanding class of newly wealthy individuals. A March report by E.Sun Bank and KPMG showed that assets held by the island's high-net-worth individuals jumped more than 50%, to $1.34 trillion, in 2025. The wealthier the individual, the greater the tendency to allocate assets abroad.

Risking what decades of peace have allowed to flourish seems impossible to contemplate for Sam Lam, founder of Mesh, a venture capital firm that invests in US tech and defense startups. "If you ask Taiwanese people, I would say the majority are not that afraid, because to live in a different world is harder to imagine," he says, sitting across a wide boardroom table in a conference room at his 12th-floor office in downtown Taipei.

Lam, whose father founded one of the largest contract manufacturers of computers and AI servers, is part of a second generation whose parents flourished during the industrial boom of the 1990s, which established the island as an electronics manufacturing powerhouse. The 45-year-old doesn't have a contingency plan for a potential conflict, and he anticipates hiring four or five more people in Taiwan as he builds out his investor base. "I'm just an ordinary citizen. I don't hold a strong view. I'm just status quo: Everyone's happy, it's good," he says. When his mobile blares to alert him of a magnitude 6.6 earthquake about 270 kilometers (168 miles) from the city, he remains perfectly unflustered. "But if anything happens—hopefully not by force—but if it's a mutual understanding, both sides eventually, after many years, they become culturally fit, good chemistry, and then unified." Lam pauses for a second, then shrugs. B

Workaholism Doesn't Always Work

China's have-nots are starting to look like a lost generation

On a breezy September evening in Shenyang, a city of 9.3 million people in China's northeastern rust belt, 19-year-old Bai Yongguang is keeping still while a tattoo artist goes to work. As the electric needle begins etching the red face of a Japanese hannya mask on his left forearm, the first part of a full-body piece that will include a Chinese dragon and a tiger, Bai is using his free hand to chain-smoke Lucky Strikes. To Bai, ink and tobacco are two non-negotiable expenses. The stinging pain and hum of the needle ground him, and smoking offers a brief escape from the precarity that awaits him beyond the walls of the shop.

Bai grew up in a small village two hours away by high-speed rail, where his mother raises cattle and his father drives trucks selling animal feed, dreaming of a simple life close to nature. After dropping out of high school (he says he couldn't take the full-time, military-style dorm life), he drifted through factory gigs in a series of Chinese manufacturing hubs until an overdose of cough medicine left him with permanent nerve damage. When he clenches his fists, his arms shake uncontrollably, ruling out any more heavy manual labor. At Mixue, a well-known bubble tea chain, he serves as many as 1,000 cups of iced tea per shift for 3,800 yuan ($569) a month. To stretch his paycheck, he eats a single meal each day.

"When I run out of money, my girlfriend and I just share one slice of bread," he says. "We just live for today. Who can predict tomorrow?"

Bai is part of an emerging subculture in China called spirited lads and spirited girls who feel the

精神小伙
jīngshén xiǎohuǒ

精神小妹
jīngshén xiǎomèi

This aesthetic signals working poor in China who are "lying flat"—giving up on the idea that they can make a better living so long as they work from 9 a.m. to 9 p.m., six days a week

country's transformation into an economic superpower has left them behind. These young men and women are struggling to pay their bills and see few paths for advancement as the economy cools, dragged down by a prolonged property downturn, sluggish household consumption and swelling local government debt. Their ranks include small-town dropouts, migrant youth on urban fringes and marginalized teens estranged from their parents. Many are living without steady work or are caught in cycles of substance abuse.



Although it's difficult to say how many people identify as spirited lads or girls, the nationwide urban unemployment rate for 16- to 24-year-olds surged to a one-year high of 19% in August, and posts tagged with the term have racked up 17 billion views on Kuaishou, a popular TikTok look-alike. These posts often feature tales of quiet desperation: spirited lads begging WeChat contacts for a little cash, sniffing hot-pot gas canisters, shoplifting unattended takeout meals.

In Shenyang, a faded industrial powerhouse that's still a regional magnet for some 1.6 million migrants, the spirited have come to favor certain aesthetics. Spirited lads have embraced full-body tattoos, golden-dyed bowl cuts with straight bangs, and skintight shirts and cropped trousers plastered with knockoff luxury logos. Spirited girls gravitate toward leg tattoos, heavy bangs, exaggerated eyelashes and slip-on shoes. With relatively few opportunities for financial security through workaholism, some try to project a different kind of bravado. "I only go for guys with money," spirited girl Xia Xinqi tells her 100,000 followers on Kuaishou in one viral clip. "If they're broke, I won't date them." But swagger can also fade quickly on streets like Shenyang's. This is the view from what's starting to look like China's lost generation.

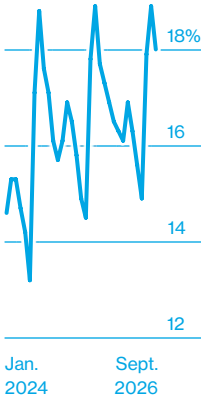
Like America's Midwestern Rust Belt, China's industrial heartland has suffered from the downsides of deindustrialization for decades. Starting in the late 1990s, state enterprise reforms dismantled the region's hidebound arms and infrastructure manufacturers and, with them, the government-run system of guaranteed housing, healthcare and lifetime employment known as the "iron rice bowl." Mass layoffs followed, and the local safety net disintegrated. These days, Shenyang is home to a smattering of biomedical firms, a remarkably fancy luxury mall and BMW Group's largest global plant, but the city's gross domestic product grew just 2% last year, well below the nationwide target of 5%. Here and there, aging apartment blocks have been halfway demolished. At busy intersections, many of Shenyang's iconic bathhouses, symbols of local social culture, sit shuttered.

"We just live for today. Who can predict tomorrow?"

Taiyuan Street, the neighborhood where Bai is getting his latest tattoo, used to be a bustling shopping district. Nowadays, its budget hostels, pool halls and e-sports lounges offer affordable sanctuaries for spirited lads who'd otherwise be sleeping on the street. Across the three 31-story commercial buildings that define the area, business is bad. Ma Panpan, who runs a hostel in one of the towers, says things feel worse than they did during Covid-19 lockdowns. Ma is renting weekend rooms that once fetched 150 yuan for about 100 yuan, or as little as 40 yuan on weekdays after booking platforms such as Meituan take their cut—meaning she's losing money on the deal. She's downsized from 10 rooms to five and is looking to get out of the business entirely.

On a day that Ma ends with one room to spare, 17-year-old Wang Bairan expects to end his night, per usual, at a 24-hour billiard parlor. Wang is the tallest among a group of nine teens wandering aimlessly through an underground shopping plaza on Taiyuan Street, periodically shouting, play-shoving one another and drawing a fair bit of side-eye. He's wearing an all-black outfit: baseball cap, hoodie and sweatpants, all emblazoned with what appear to ▶

▼ Unemployment in China among urban youth age 16 to 24



■ ILLUSTRATION BY HUANHUAN WANG ■ DATA: NATIONAL BUREAU OF STATISTICS OF CHINA



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◀ be knockoff Adidas logos. He says he's penniless, having recently spent eight months in juvenile detention for fighting on the street, and hasn't eaten in three days. His sole belongings are an iPhone X and a power bank.

Wang says his parents live in Tongliao in neighboring Inner Mongolia, rarely stay in touch and provide no financial support. He doesn't blame them. "If I had a son like this, I'd regret it completely," he says. "What a total waste of effort."

Of the nine spirited teens, Wang Sisi (no relation) is one of two girls in the group, and the only one who still has homework to worry about. She studies makeup at a vocational school, hoping it leads to work after graduation. She says that her boyfriend paid for her 1,000-yuan braces and that she scavenged her pink hoodie from a recycling station.

When his iPhone X is charged, Wang Bairan occasionally makes some money from viewers on Kuaishou, where he livestreams himself performing the signature spirited lad dances called "social shakes." And tiny measures of online fame can help spirited lads support themselves, for a while at least. Many with a knack for self-deprecating humor seek a boost from the cabaret scene that's long shaped the nightlife of Shenyang and its environs. At Super Red, an old-school disco hall a 20-minute drive from Taiyuan Street, an emcee banters with the evening's entertainers, who range from balladeers to acrobats. Early in the evening, affluent older patrons sit at reserved tables that come with a 500-yuan minimum. After 11 p.m., the atmosphere shifts as performers in tight outfits take the stage to dance to Western electronic music.

Xiao Wen, 21, is among those waiting for the late-night crowd. He and six other spirited lads strip off their T-shirts, revealing full-body tattoos, and pack onto a narrow runway between tables to do some social shakes of their own, hoping to go viral on Kuaishou. Before the music had changed, Xiao didn't have the cash to book a table, so he loitered near the restrooms. He has no steady job and says he burns through whatever cash lands in his pocket from Kuaishou stunts, selling vape cartridges laced with veterinary anesthetics or extorting people on Blued, a gay dating app. On Blued, he says, he uses fake profiles to meet up with other men, then flashes a fake underage ID and threatens to call the police. Usually, he says, this scam nets him 1,000 yuan to 2,000 yuan.

"It's an endless cycle between feeling flush and being totally broke," Xiao says. "Once you're in it, trying to get out and settle down is pretty hard."

China has yet to see mass layoffs driven by artificial intelligence, and its enormous gig economy can help cushion job-hunters for a time. (Most notably, there's DiDi's ride-hailing network and Meituan's delivery service.) But for China's working poor more broadly, long-term prospects seem dim. The upward mobility promised by the country's top colleges is waning along with the job postings, and the idea of breaking through simply by working harder has grown less persuasive. In lieu of a 72-hour workweek, many young Chinese are choosing, as one popular meme puts it, "lying flat"—opting out of the endless grind. Wary of what this might mean for population growth and the economy, several Chinese provinces are offering vouchers for newlyweds and cash payouts for new parents.

Li Jinyang, the tattoo artist inking Bai's forearm, says he's proof that being a spirited lad isn't a life sentence. After dropping out of high school, he moved to Shenyang with a single suitcase and wound up sleeping in a park storage shed. One morning at 4 a.m., as the first patrons of the day arrived at a nearby market, he and two friends staggered out of the shed, pretending to be drunk to hide their homelessness. "Spirited lads care deeply about saving face," Li says. "That was the most humiliating moment of my life." Now, at the advanced age of 21, he's still spending a great deal of his time with spirited lads, but they're his customers. He's stopped bleaching his hair and says it's been a while since his last street fight.

To accommodate cash-strapped clients, Li charges a flexible daily rate of 400 yuan for seven hours of work, letting them complete pieces step by step as their funds allow. He says his bestselling tattoos are the intimidating kind: hannya masks, Chinese dragons, gods of war. He tries to talk young couples out of inking each other's names, but many ignore him. Bai did much the same at a different shop, having the last Chinese character of his girlfriend's name, Han, tattooed near his heart. "I want to give her a sense of security," he says. "She's suffered too much with me."

For Bai, the job at Mixue marks a step toward a measure of stability. His parents recently visited him and his girlfriend in Shenyang, where their one-bedroom apartment costs 1,400 yuan a month, making it tough for them to save money. Reassured by his steady work, his mom and dad bought him an e-bike, remembering how he used to love riding a dirt bike across his hometown desert, cruising for hours with nothing in sight. As Bai rides through city streets, his nerve-damaged hands trembling on the handlebars, he can appreciate the luxury. But the new bike doesn't spark the same sense of freedom, or any particularly warm feelings about the future. B

—*Charlie Zhu and Zheping Huang*

❶ Li Jinyang in his tattoo shop. Li, 21, is doing his best to serve as a mentor figure for other spirited youth, though he's not great at talking them out of ill-considered tattoos

❷ Friends of one of Li's latest clients waiting in the shop for the ink session to end

■ PHOTOGRAPHS BY GILLES SABRIE FOR BLOOMBERG BUSINESSWEEK

Xi's Succession Dilemma

■ By Minxin Pei



In the next six years, Xi Jinping, the general secretary of the Chinese Communist Party, who also serves as the country's president (a largely symbolic foreign-facing post), has two momentous decisions to make. His choices at each juncture will not only determine the durability of his legacy and the stability of the country's nominally communist regime, but also reverberate economically and politically around the world.

The first—and immediate—one is whether to initiate a succession process. Xi's most likely course of action is to procrastinate. When the next party congress convenes in 2027, all he has to do to forestall an eventual changing of the guard is to use the same playbook that secured his unprecedented third five-year term. Technically this would mean packing the seven-member Standing Committee, the traditional route to the highest office in the land, with cadres who would be judged as too old to step into Xi's shoes by the time of the following Congress, in 2032. (Xi was 59 when he became party leader, as was his predecessor.)

By delaying the succession process, Xi can avoid becoming a lame duck and keep his options open. Given his total dominance of the party, such maneuvering is unlikely to meet with any overt opposition.

The next decision, which Xi will have to make ahead of the party congress in 2032, will be much tougher. By then he'll be approaching 80, and his health as well as his record over two decades in power will be more closely scrutinized. An already palpable "Xi fatigue," the sentiment that the Chinese leader has overstayed his welcome, will have become pervasive. Against this backdrop, the Chinese leader will have to choose between two equally unpalatable options: holding on to all his positions, or retiring as party chief and filling the slot with a younger leader he may not know well or trust enough.

Although aging autocrats can resort to the rule of fear to stay in office, they must weigh the difficult trade-offs between hanging on at all costs and preserving their legacy. Few regimes can transfer power peacefully, because their rulers are paranoid that their successors, even though handpicked, may amass too much power and conspire against them. For most strongmen, the simplest solution is not to have an heir apparent at all.

Joseph Stalin, the late Soviet dictator, had no successor. Mao Zedong, who purged two successors during the Cultural Revolution (1966-76), also died in office without a clear replacement. Stalin and Mao personally benefited from open-ended rule, retaining power until their death. But this option isn't cost-free. For starters, the time and energy required to run a sprawling government bureaucracy can severely tax an aging autocrat's already frail health and could accelerate their physical decline. Even more important, dying without a trusted successor risks undermining regime stability and their political legacy.

Stalin's death in 1953 immediately triggered a vicious power struggle. The eventual victor, Nikita Khrushchev, would denounce his predecessor's despotic rule in an hourslong speech at a party congress three years later and launch a campaign of de-Stalinization shortly after.

In Mao's case, succession was settled only with a military-backed coup four weeks after his death in September 1976.

■ ILLUSTRATION BY ARD SU ■ PHOTO: IAIN MASTERTON/ALAMY



▲ Deng—commemorated here in a Shenzhen mural—picked heirs who could be trusted to deepen his policies

The coup leader and victor, Hua Guofeng, lacked gravitas, and scarcely two years later he'd lose a power struggle against Deng Xiaoping. Convinced he could gain support by improving the livelihoods of the Chinese people, Deng launched a program of "Reform and Opening Up" that would erase most of Mao's legacy, including agricultural collectivization and self-imposed economic isolation.

An autocrat who prioritizes the protection of his legacy over perpetuating himself in power should find a carefully choreographed succession process more attractive than a tumultuous and improvised changing of the guard. To be sure, a seamless transition is no easy thing to pull off in any authoritarian regime. Picking a competent successor who's also ideologically aligned with the leader's vision—an all-too-rare combination—requires an uncanny ability to spot talent in a sea of sycophants. Sometimes it comes down to luck.

Even Deng, an exceptionally gifted leader, had great trouble managing his own succession. In the 1980s he was content to wield power from the sidelines, abdicating all titles except the one that mattered: chairman of the Central Military Commission, equivalent to commander-in-chief. He delegated the day-to-day running of the government to two talented reformers, Hu Yaobang and Zhao Ziyang, who he initially thought could be his successors. Though the duo helped Deng get his modernization drive off the ground, he couldn't tolerate their liberal leanings and later dismissed both.

Picking a competent successor who's also ideologically aligned with the leader's vision—an all-too-rare combination—requires an uncanny ability to spot talent in a sea of sycophants

Jiang Zemin, a compromise candidate Deng and hard-liners picked to replace Zhao during the Tiananmen crisis, wasn't an ideal choice either. Both a technocrat and a political opportunist, Jiang hedged his bets after he became party chief in 1989. By early 1992, Deng was so fed up with Jiang's fence-sitting that he reportedly wanted to sack him. Only the alleged intervention of a veteran revolutionary saved Jiang's job.

Fortunately for Deng, Jiang's near-death political experience turned him into a committed Dengist: someone firmly convinced that China could modernize only via a combination of capitalism and one-party rule. Lacking confidence in Jiang's economic acumen, Deng promoted Zhu Rongji, a truly talented technocrat, to assume the role of China's economic czar at the pivotal party congress in the fall of 1992. ▶

改革开放 gǎigé kāifàng

A momentous program of social and economic reforms set in motion toward the end of 1978



▲ Mao, still watching over the Forbidden City, failed to pick a successor, endangering his legacy

◀ Concerns that Jiang would refuse to quit after two terms prompted Deng to do something no other Chinese strongman had done before or has done since: He designated a successor to his own successor. His elevation of Hu Jintao in 1992, then a spry 49-year-old with a thin résumé, was a bold gamble that eventually paid off.

Over the course of the following two decades (1992-2012), Jiang, Zhu and Hu all faithfully executed Deng's authoritarian modernization strategy. The Chinese economy boomed, thanks in good part to an explosion in private enterprise, even as one-party rule was maintained.

Versed in the histories of the CCP and the former Soviet Union, Xi must be familiar with the trade-offs between the two models of succession in a communist regime. In relative terms, Deng obviously did better than either Stalin or Mao. Throughout his rule he exercised power indirectly, interfering only when his successors deviated from his strategic direction. This also may have enabled him to live longer. (Deng passed away in 1997 at the age of 93; Stalin expired at 74 and Mao at 82.) Paradoxically, by giving up executive power, Deng held sway until the very end, having eventually found successors competent enough to carry on his policies.

From Xi's perspective, however, the Deng model is likely unappealing. For one thing, it was a close call: Had he not been threatened with dismissal in 1992, Jiang would likely have become just another time-serving apparatchik and done little to advance Deng's agenda after his death. Choosing Hu as Jiang's successor was a brilliant Machiavellian move, but it was also a desperate throw of the dice, because Deng knew little about Hu's talent and capacity to govern.

Even more daunting for Xi, the Deng model would require him to identify a talented successor early and delegate sufficient executive power to ready him for the eventual takeover. In addition, when a clear heir is named, the clock for Xi's exit from power starts ticking.

Even if Xi were amenable, picking a trustworthy successor under age 55 today (so he can assume the reins in 2032) would be difficult. Because the party imposes fewer restrictions on socialization among local officials than on senior leaders, top Chinese leaders form bonds of friendship and trust when they serve in midlevel positions in cities and provinces. Case in point: The members of Xi's inner circle, which includes Li Qiang, the premier; Cai Qi, his chief of staff; and He Lifeng, the vice premier responsible for foreign trade and finance, were all his immediate subordinates during his years serving in provincial government roles in Fujian and Zhejiang.

But after Xi was elevated into the Standing Committee in 2007, setting him on a path to replace Hu, the opportunities to bond with midlevel officials or other colleagues in relaxed social settings, such as dinners and karaoke outings, dwindled. Once he became ensconced in Beijing, breaking free of the rigid protocols that dominate all official interaction within the CCP would have been difficult, complicating the task of ascertaining the loyalty of most of his new subordinates.

Even if he spots the perfect candidate as a successor in the next few years, he'll face the challenge familiar to all strongmen: how much power to delegate. Unlike Deng, Xi likes to micromanage, as evidenced by his decision to chair no fewer than seven specialized central commissions and policymaking groups.

Judging by Xi's political maneuvers to date, most notably his success in keeping much younger leaders out of the inner sanctum of the CCP, he's evidently signaled his preference for the Stalin-Mao model of a no-successor succession. This means Xi will have no trusted disciple to safeguard and extend his legacy. One could imagine a scenario akin to the one that played out following Mao's death: Hundreds and thousands of victims of Xi's purges would be politically rehabilitated, his statist economic policies reversed and his personality cult quietly dismantled.

In Xi's mind, this is a risk worth taking. Strongmen believe that guaranteed open-ended rule is far more valuable than the promise of lasting glory. That is why they are seldom missed when they are gone. B

Minxin Pei is a professor of government at Claremont McKenna College. His latest book is The Broken China Dream: How Reform Revived Totalitarianism. *The views expressed here are his own and do not necessarily reflect those of* Bloomberg Businessweek *or its owner, Bloomberg LP.*

■ UNIVERSAL IMAGES GROUP/ALAMY

David Autor Says the New China Shock Looks Worse Than the Last

The MIT economist has spent a good portion of his career documenting the impact of rising Chinese imports on US manufacturing communities

In 2013 my colleagues David Dorn, Gordon Hanson and I published research showing the rapid increase of imports from China had led to the loss of more than 1.5 million manufacturing jobs in the US from 1990 to 2007. We also documented how what became known as the "China shock" hit some communities particularly hard and led to not just rising unemployment but also a surge in applications for disability benefits. In later papers we identified how it led to political polarization and declining marriage prospects for young men.

What we faced with China in the early 2000s looks much easier than this China shock 2.0 we have now. We are in a pitched battle for the 21st century, and on so many fronts we are giving up ground really quickly. During the first China shock, we lost textiles, toys, apparel and footwear. That's unfortunate for the people who lost those jobs. But it wasn't a strategic loss. The battle now is about the frontier sectors of the world economy. These are where the innovation happens. We care that Apple's an American company. We care that we have Boeing. If we lost all our auto manufacturers, that would be bad for innovation. And then of course at this point, the line between military and civilian technology has never been smaller. We are really in peril if we are not prepared to defend ourselves or defend our allies.



■ SOURCE: DAVID AUTOR

China is playing a really good long game. A lot of the problem with how we implement US policy like subsidies or tariffs is that even if it weren't shortsighted, it's short-lived. You could say the Biden administration, which threw lots of money at the semiconductor and EV industries, had a long-sighted policy that was short-lived. And the Trump administration is putting in short-sighted policies like tariffs and curbs on immigration that I also hope will be short-lived.

Because of our political system, we just don't have the discipline to deliver effective long-term economic policies. Neither does Europe—and at this point they're experiencing a more extreme China shock than what we saw because it's hitting more of their core sectors. If Germany's car industry contracts by 40%, that's huge.

Our original China shock work has been less constructive when it comes to influencing the US policy debate than I would have hoped. Our work didn't have policy lessons per se, but it said our previous policies, like allowing Chinese imports to surge into the US without using any of the available safeguards to slow down the impact, were way off. You need to be prepared to help people adjust, but also you need to think strategically about how fast these things occur.

Trump's tariffs have just been a blunderbuss, a shotgun mostly pointed at ourselves and our allies, which has been, if anything, helpful to China. I really have to believe that Xi Jinping thinks Trump is a great gift to him. The immigration curbs enacted by the administration are just really counterproductive. America's great secret since World War II is that we are a magnet for the best and brightest from around the world. These days we're making them feel unwelcome. To say we're eating our seed corn would be a generous overstatement. We're just burning it.

We should encourage Chinese investment in the US via joint ventures. That's what they did with us and how they did so much of their learning. Though it depends what we're speaking of. Should they be building plants in the US alongside TSMC to make the semiconductors at the heart of artificial intelligence? No. But solar cells? Batteries? Cars? The car thing is difficult because they're also rolling computers. But we could learn a lot from the way they are making cars.

I was in China this summer for the first time in more than a decade. I was amazed by the progress, the safety, the low pollution, the quiet in the cities because all the cars are electric. The political repression is pretty apparent. I saw it when I tried to share a podcast with people I met. They said, "Oh, just AirDrop the link to our private phones. Do not send an email."

Their human-rights record is abysmal, and they're totally hypocritical in international affairs. But there's every reason to think their model is on the rise. On the flip side, I worry a lot about the long-term trajectory of the US and the implications it has for the rest of the world. If someone in Washington were to propose the Marshall Plan today and making a big investment in other parts of the world so that in the long run they'll be allied with us, people would be like, "Get outta here, you snowflake." Ⓑ *—As told to Shawn Donnan*

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PURSUITS

GIFTS FOR THE AGES

By Paula Lee
Photographs by David Chow
Prop styling by Rachel Mannello



FASHION & BEAU

Guest in Residence the Wild Rag
The humble scarf continues its quiet takeover as accessory du jour. A $245 reversible cashmere iteration of the workwear bandanna will be the piece your loved one reaches for all winter.

Balenciaga Hourglass Avenue Bag
Riffing off the brand's heritage hourglass silhouette that premiered in 1943, new creative director Pierpaolo Piccioli conceptualizes a sculptural top-handle bag ($2,690) in shiny lipstick-red calfskin.

Celisse QuickCoat
Give someone's at-home manicure routine a major glow-up, whether you opt for the single-coat, quick-dry polish ($24) or a curated nail set (starting at $116) from this up-and-coming brand.

Liffner Pushlock Clutch
The runways have spoken, and the day clutch is back. Make their load lighter with this $495 croc-embossed number in lively chartreuse.

Vilhelm Parfumerie Room Service
Notes of crisp bamboo, mandarin and black amber were packaged in this heavy, low-slung bottle to evoke the idea of frequent guest Greta Garbo diving into luxe bedsheets at New York City's Carlyle Hotel ($295 for 100 milliliters).

La Bonne Brosse N. 01 the Shine & Care Hair Brush
Designed to be admired on the vanity (and, at $198, in a gift box), this handmade French hairbrush comes in an assortment of candy colors. Boar bristles detangle and volumize the tresses.

Aunu Mānuka Mask
Mānuka honey is garnering attention again in skincare, and its benefits are on full display in this $76 single-ingredient mask. The medical-grade nectar, harvested in New Zealand, targets dryness and inflammation.

NYC Ferry "The People's Yacht" Dockside Cap
No yacht, no problem. This cheeky broken-in baseball cap ($40) from New York City's beloved ferry line is the merch they didn't know they needed.

TY

Previous Spread
Clockwise from top right: **Leica Q3 43 Formula 1 Edition** $9,950; **Loewe Small Flamenco Flap Bag** $3,800; **L'Objet White Swan Bowl** $395 for medium (shown); $1,200 for large; **Holcomb Studio Wedge Cheese Knives** $40; **Throwing Doubles Monaco Leather Playing Card Set** $135; **Chanel Mules** $1,375; **Ginori 1735 Fortunae Dice Cup** $155; **Ilém Rose & Matcha Olive Oil Flavor Set** $225; **Trove Mini Trunk** $759; **Khepri Diamond Tile Ring** $9,500; **Christina Puchi Carved Stone Ring** $4,110; **Arielle Ratner Bobina Ring** $6,900; **Vacheron Constantin Overseas Self-Winding Watch** $26,600; **Jade Ruzzo Lady Comb Necklace** $19,400; **Lucy Delius Chaos Long Pearl Necklace** $5,400

Freja Elodie Bag
Eco-conscious or style-savvy, the recipient of this vegan ultrafiber-leather shoulder bag in burgundy ($328) will appreciate the minimal '90s vibe.

Brunello Cucinelli Nubuck and Suede Runners
Before loafers make a full comeback, upgrade his sneaker game with this luxurious goes-with-everything pair ($1,400) that nods to retro running styles.

Fara Homidi Essential Lip Compact
Give them lip service, literally. This $88 refillable lacquered compact contains a hydrating primer balm and velvety matte lip color available in five flattering shades.

Alex Mill Park Striped Polo
Polos have graduated yet again from prep school staples to trending status, and this buttery-soft cashmere pullover is a $328 case in point.

Kindred Black Scents
Pick their potion: From a lush jasmine oil to a honeyed orange blossom salve, each small-batch botanical perfume (starting at $145) is housed in a handblown, refillable glass vessel.

JEWE



Etiq Club Bracelet
An homage to the heritage of Indian jewelry, this bracelet (price on request) casts hand-cut gemstones including rubellite and tanzanite through a modernist lens for a piece destined for heirloom status.

Audemars Piguet Royal Oak Selfwinding Chronograph "Serena Williams" Limited Edition
Bright white ceramic watches are the latest flex. The women's tennis GOAT brings her flair to this $95,900 iteration of the AP icon by way of a pink mother-of-pearl dial.

Chopard Happy Sport the First
Seen as radical in 1993, this stainless-steel watch (starting at $6,660) with Chopard's signature floating diamonds enjoys a recent reissue with a more joyful reception.

Fernando Jorge Fluid Suspended Gold Earrings
A gilded and gem-free take on the chandelier earring, this 18k gold pair ($13,500) celebrates the organic shape of feminine curves.

Hart Ribbed Vesta Case Necklace
Slip a sweet note or keepsake in this 18k gold-plated vessel ($470) for an alternative take on the locket.

Cartier Roadster Watch, Large Model
This distinctive stainless-steel timepiece ($10,200) was first introduced in 2002 and returns now with new proportions and automotive-inspired details, including a dial that nods to a speedometer and a headlight-shaped date magnifier.

Jia Jia Oracle Blue Lace Agate Large Gemstone Necklace
Beaded necklaces are no longer just summer fare. Hand-strung with iridescent blue lace agate stones, this $1,200 choker nods to the trend and can be styled year-round.

Anastasio Home Shell Catch
Equal parts useful and sculptural, these $175 hand-carved shells of natural stone give rings and keys a surprisingly grand landing spot.

Van Cleef & Arpels Vintage Alhambra Necklace, 10 Motifs
The jewelry maison's iconic clover motif evolves after years of research. Crafted in enamel for the first time, this $10,700 necklace gets its translucent pink hue from embedded fine gold particles and precise composition.

Hernán-Herdez Colada Cocktail Ring
Bad Bunny is in on Puerto Rican designer Melissa Hernández, whose decade-old label is breaking through. This $498 ring pairs citrine and blue topaz on recycled sterling silver.

LRY & WATCHES



Universal Genève the Cabriolet
A 1933 art deco design is reincarnated in this $44,245 shiny rose-gold and black-dial pairing. Its signature innovation: a reversible case that flips to show off the movement in action.

Patek Philippe
Ref. 5227G-015 Calatrava
The newest Calatrava revisits Patek's quintessential design. It's distinguished by the handsome rose-gilt opaline dial, white-gold case and alligator-strap combination ($47,262).

Donut Watch Co. Jelly Donut
From some of the team behind Malaysian brand Ming comes this playful automatic watch ($649) with webbed nylon strap. Although inspired by the sugary breakfast treat, the precise construction and mechanics are legit.

Katkim Emerald Crescendo Flare Earring
It's an ear cuff! Wait, it's a stud! The eye-catching design ($3,900 each) highlights a shimmery row of baguette diamonds that hug the lobe, punctuated with the illusion of a floating emerald.

Renato Cipullo Splendente Letter Ring
Initial here: Graphic and bold, these 18k gold unisex rings ($5,800 each) feature the jeweler's original font and add a personal expression to gift-giving.

Rolex Datejust 36
Achieved by spraying black lacquer over green in concentric circles, this standout ombré dial brings a vibrant energy to the endlessly versatile Datejust ($10,100).

Toledano & Chan the B/1 Dazzle
The indie watchmaker shakes up its brutalist-coded design with an eye-popping geometric pattern in contrasting layers of titanium ($7,700) inspired by World War I naval camouflage.

Sophie Ratner Pinky Rings
Who said solitaires were only for the ring finger? Featuring lab-grown diamonds—which, yes, are "real"—these petite sparklers start at $1,100 and are intended for tinier digits.

HOME & FOOD

Yoshi Matcha Liqueur
We're calling it now: The matcha-tini is the new espresso martini. Get mixing with this green tea liqueur ($40) made with oat milk, which gives it a plush texture and creamy pour.

Figlia No. 002 Sole Non-Alcoholic Aperitivo
A next-gen take on zero-proof, this $43 sophisticated sipper includes peach, Meyer lemon and elderflower, plus a waft of fresh basil. It's ideal as a summery spritz as winter sets in.

Empirical Olive
A boundary-breaking spirit with the essence of Gordal and Manzanilla olives. It's a $35 savory (but not briny) fast track to building the ultimate dirty martini.



Breville Spiral Luxe Auto Pour Over
For serious coffee lovers short on time, Breville has automated the art of manual pour-over coffee with a $600 machine that grinds beans and mimics a barista's spiral technique. Customizable brewing settings and a programmable morning start time sweeten the deal.

Tip Top Proper Cocktails Tia Mia
From a brand that celebrates bartenders, here's a deep cut. The limited-release canned cocktail (four for $24) spotlights the tia mia, a mezcal-kissed riff on the mai tai created by bar pro Ivy Mix.

Ola Ōkolehao Spirit
Two centuries ago, okolehao ("oh-KOLAY-how") was reserved for Hawaiian royalty. Now your king or queen can sip on this earthy $59 bottling (for 375ml; 50ml taster shown) made from oak-aged kī (ti leaf) root distillate. It sits on the palate somewhere between joven tequila and rhum agricole.

Champagne Barons de Rothschild Les Maladries 2021
The three wings of the historic Rothschild wine clan have teamed up for their first single-plot cuvées: This one (€200, or $225) is all chardonnay, superluxurious with intense but delicate pastry aromas and sophisticated flavors of salted fresh lemons.

Sophie Lou Jacobsen Bell Pot
Brighten someone's mornings with the belle epoque curves and curlicue handles of this $195 borosilicate glass coffeepot-slash-teapot. Also available in green and clear.

Blackberry Farm Cheese Club
If you can't send your food lover to Tennessee, then, for $225 a quarter, you can have the luxury resort bring the cheese cave and accompaniments to them. A full year is $825.

Nina Campbell Swirl Bonbon Bowl
Delightfully decorative when empty, but go the extra mile and gift this $114 glass vessel filled.

Arquiste Art Deco Velvet Scented Candle
A 1930 London cocktail bar inspires the popular Architects Club fragrance—juniper and lavender mingling with scents of blond tobacco, vanilla and polished woods—now in $70 candle form.

Melissa Coppel Bonbons
Think hand-painted plated desserts in ganache form: cassis with vanilla custard, soursop with lychee, brown butter rum with brioche crunch (24-piece box for $98).

East Fork Dinner Plate Set *Nu bleu I-IV*
Henri Matisse's famed ultramarine nude cut-outs make these crafted-in-America ceramic dinner plates ($360 for set of four) from the artist's great grandson easy conversation starters, whether they're used to serve or as decorative wall art.

Hudson Grace Small Oak Wood Serving Board Bowl With Mezzaluna Blade
Part cutting board, part shallow bowl, all $176 reclaimed-oak showpiece.

Rocky's Matcha Essential Tea Kit
Give the gift of ritual. For $68, Rocky's one-box matcha setup includes a whisk, stand, sifter, measuring spoon and handsome 20-gram (0.7-ounce) tin of Osada Ceremonial Blend from Japan.

Fatto a Mano by Riedel Tumblers Piccolo
An Austrian take on Venetian glass, each $90 hand-finished crystal tumbler comes in nine shades, including pink, mint and, new this year, dragon red.

Our Place Wonder Oven Pro
Colorful countertop cute, now in a larger size. The $325 air-fryer-slash-toaster-oven has eight cooking modes, a steam infusion option and room for a holiday roast.

Crow Canyon Splatter Cake Stand
The classic confectionery pedestal ($58) is rendered in festive, trendy enamelware.

Bittman's Starter Box
Baking expert and cookbook author Mark Bittman's new mail-order box of boules, ciabatta, baguette, croissants and cinnamon-walnut-raisin sourdough has a suitably indulgent price tag: $109 for the carb superfans in your life.

The 10PM Deck
Foreplay, dealt: This $30 intimacy deck of cards from Soho House's former head of vibes gives couples 60 prompts divided into Today, Tonight and Tomorrow, with an un-cringe design they don't have to hide.

Artifaqt Heirloom Tomato Beeswax Candle
Candle or $28 dose of whimsy? Tomato, tomahto.

Pearle Caviar Gift Box
Fish-free caviar? Pearle's blends kombu seaweed, tamari and tomato for briny, umami-rich plant-based pearls with a soft pop. The $98 gift set also includes a serving shell and mother-of-pearl spoon.

TECHNOLOGY



Jolie Filtered Handheld Showerhead
Good hair and skin days ahead. Jolie brings its filtering tech—which reduces damaging contaminants, heavy metals and chlorine—to a $189 handheld version with attractive aesthetics.

Sonos Play
For the house already set up with Sonos, here's a midsize speaker for everywhere else. The $299 waterproof Play runs on a 24-hour charge and can be linked together without Wi-Fi.

Nothing Headphone (1) Pro
Already an IYKYK phone brand for tech geeks who sniff at Samsung and Apple devices, Nothing joins the hi-fi headphone arms race with $399 triple-driver cans, including a tiny solid-state tweeter.

Fujifilm Instax Square 2
All the fun of Instax camera (in misty white, slate blue or brick red; $120), now with built-in warm and cool lens filters for a little analog mood-setting.

Bodum Electric Kettle
This $49 MoMA Design Store exclusive updates the 1988 Studio Sottsass Associati icon in hard-to-ignore neon orange with pops of teal contrast.

Ray-Ban Meta Audio Burbank Smart Glasses
For tech heads that fear looking like a jerk, five camera-free frame options (starting at $349) deliver open-ear audio and hands-free Meta AI integration with 12 hours of battery life.

Capillus EyeLift
Let the eyes have it. These $149 glasses that look right out of the Matrix conceal red-light therapy that promises to gently smooth, brighten and rejuvenate the under-eye area in 10 minutes.

AlphaTheta DDJ-FLX2
This $189 DJ controller is light and portable, letting beginners connect to streaming subscriptions (Spotify, Tidal) and start mixing via a phone or tablet.

Lego Pokémon Smart Play Set
Build, train, battle. Lego's near-field communication Smart Brick technology adds reactive interactivity when paired with this $35 Sprigatito, Fuecoco and Quaxly set of next-gen Pokémon.

& EXPERIENCES



▲ Belmond British Pullman
Starting at £535 ($720), day trips aboard elegantly restored 1920s and '30s train carriages from London Victoria station call on vineyards and seaside towns–and may even include a murder mystery. Belmond has also tapped *Moulin Rouge!* director Baz Luhrmann and production and costume designer Catherine Martin to redesign a 12-seat carriage named Celia, with its own bar, lounge and kitchen; it goes for £15,000 for private charter and offers the definitive cosplay for the golden age of rail glamour. *belmond.com/trains*

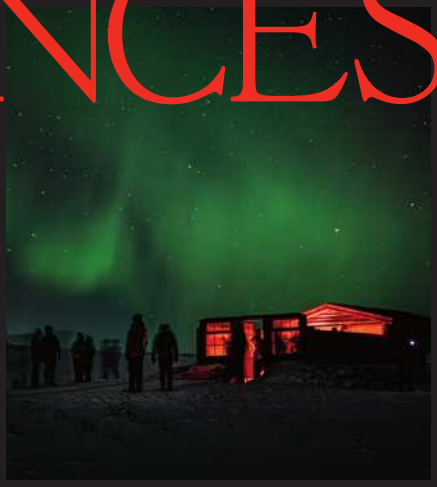
Pensionat Furuhem
Got a loved one with fine-dining fatigue? Celebrated Swedish chef Magnus Nilsson traded his remote, two-Michelin-starred Fäviken for a "perfectly ordinary" restaurant at a casual inn in the popular resort town of Båstad. From around $360 for two people, you can give a night's stay accompanied by a three-course meal for two; guests will wake up to already famous fresh cinnamon buns. *furuhem.com*

Sundance Film Festival Passes
The storied showcase for indie cinema moves from Park City, Utah, to Colorado's Front Range this January. Boulder's food, drink and outdoor scenery are three more reasons to go. Festival passes from $4,500, with $37 tickets on sale Jan. 8. *festival.sundance.org*

Château Troplong Mondot Vigneron for a Day
Next fall this acclaimed organic St.-Émilion estate offers a half-day escape (€950 per couple) of picking grapes and tasting fermenting wine, plus a convivial lunch with the winery team. Splash out about €840 more to extend the harvest experience overnight and wake up to birdsong at the tranquil Vineyard House following a dinner for two, including pairings, at Michelin-starred Les Belles Perdrix (duck tartare, heavenly). *troplong-mondot.com*

LRS Formula 1 Driving Laps
For motorsports fans who won't be satisfied merely attending a Grand Prix. Guests race authentic F1 vehicles at tracks in Barcelona or Magny-Cours, France, starting at €1,980. (It helps to train on a simulator first.) *lrs-formula.com*

Elcielo Cocktail Omakase
Multicourse cocktail and food pairings are on the ascent. The most interesting ones have a distinct point of view–like the Colombian-inspired option at Elcielo restaurant in New York ($99 per person), which would make a great surprise for any visit to the Big Apple. A lineup of three drinks and three small dishes might include the Don Angel (thyme-infused Colombian aguardiente and soursop) matched with pork arepas. *elcielo.com.co*



▲ Hotel Rangá Ultimate Starbath
For the stargazer who wants more than a Northern Lights wake-up call, Hotel Rangá's four-night package combines a private astronomy lesson and personalized star map with Champagne, a three-course dinner and geothermally heated outdoor tubs under Iceland's winter sky. From €2,600 for two, through March 31. *hotelranga.is*

Casa Jacaranda Mexico City Cooking Class
For skills over another souvenir, $225 buys a market tour with Casa Jacaranda's chefs, followed by hands-on instruction for a four-course feast of family recipes, taught with verve in its new home, a 19th century Juárez mansion. Wine, tequila and mezcal will flow. *casajacaranda.mx*

Ladies Who Lit Reading Retreat
BookTok and burnout have turned reading retreats into a bona fide travel trend. For the reader craving uninterrupted chapters, Ladies Who Lit in the UK offers four nights at Yorkshire's Wood Hall Hotel & Spa, with meals, cozy corners and sister book lovers. Solo rooms start at £2,000. Brontë weather not guaranteed. *ladieswholit.co.uk*



▲ Xanterra National Park Adventures
With national parks crowded from more than 323 million visits last year, finding solitude in America's great outdoors can take some planning. Enlist Xanterra, which runs concessions inside the parks, to help: Ride Glacier's vintage Red Jammers buses (from $64), search Yellowstone's Lamar Valley for wildlife at dawn ($136), take a Grand Canyon mule ride ($193) or saddle up horses in Death Valley (starting at $100). *xanterra.com*



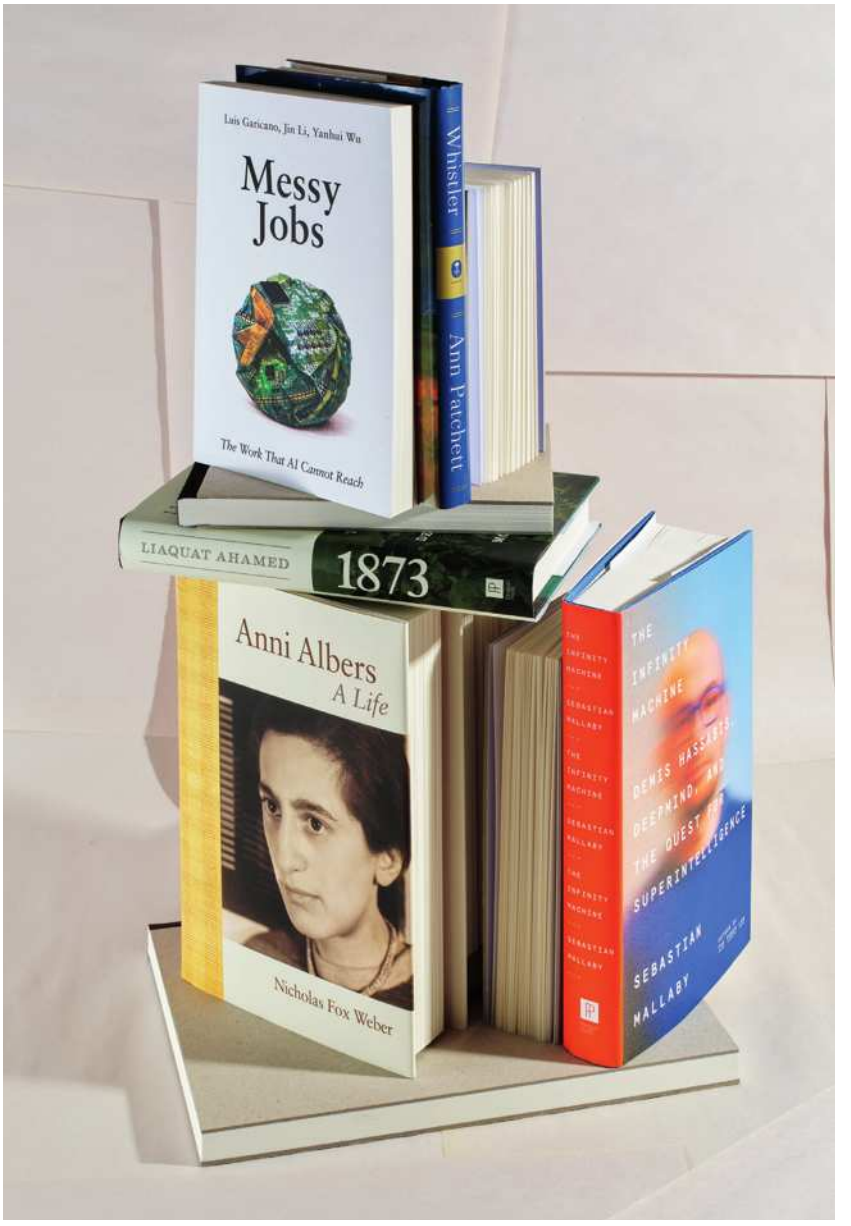
▲ Maana Atelier Tea Dye Workshops
In Kyoto's old textile district, Maana applies traditional Japanese craft to contemporary designs inside a restored machiya (wooden town house). Gift two hours of respite away from the temple circuit crowds: Attendees learn shibori (tie) dyeing (¥38,000, or $245) and take home two hand-dyed bags. Koji fermentation and botanical tea workshops (each ¥18,000) also use the same hands-on approach. *maana.jp*

Remedy Place Day Pass
For the wellness maximalist in New York City; West Hollywood, California; or Boston, $350 covers three hours of assisted foam rolling, cryotherapy and hyperbaric oxygen, then a private infrared sauna and guided ice bath. Couples can keep it cute together for $499, swapping in side-by-side lymphatic compression alongside cryo, a sauna and a cold plunge. *remedyplace.com*

■ PHOTOS: BELMOND; HOTEL RANGÁ; MAANA ATELIER; XANTERRA TRAVEL COLLECTION

THE YEAR'S BEST BOOKS

Business leaders have chosen their favorite new books of 2026. Visit bloomberg.com/bestbooks for the full list of 50 recommendations



Messy Jobs: The Work that AI Cannot Reach by Luis Garicano, Jin Li and Yanhui Wu

This book provides the most insightful analytical framework I've seen for understanding the likely effects of AI on jobs and companies. It underscores the importance of the autonomy threshold (the point at which AI can undertake the entire task) and that jobs are bundles of different tasks with different such thresholds. Some tasks involve complex conflicts and issues that involve conflicting interests and are hard to predict; these "messy" tasks have the highest autonomy threshold. Jobs with more messy tasks or where the messy part can't be separated from other tasks are the most likely to persist. If you want to have a rigorous way of understanding the biggest innovation affecting business today, read this. —***Peter Orszag, chairman and CEO, Lazard***

Whistler: A Novel by Ann Patchett

The story deftly interweaves characters' past and present lives to paint a nuanced and rich picture of their loves and losses. As a new grandmother to twin boys whose personalities and approaches to the world are just beginning to emerge, I was especially drawn to the examination of the impact adults can have on children and how even small moments that may seem inconsequential at the time can reverberate throughout one's life. At a moment in time when it can feel as if we are drifting further apart from one another, Patchett's ultimately hopeful story reminds us of the power of humanity and the enduring relationships that ground our lives. —***Sally Kornbluth, president, Massachusetts Institute of Technology***

Anni Albers: A Life by Nicholas Fox Weber

Albers' creativity, intellectual curiosity, and unwavering commitment to her work were deeply inspiring. As design continues to grow as an increasingly important part of our business, I was eager to learn more about her extraordinary contributions to a field I have long admired. Reading about her life reminded me that the most enduring influence is often built quietly, through persistence, innovation and the courage to see the world in a different way. —***Bonnie Brennan, CEO, Christie's***

1873: The Rothschilds, the First Great Depression, and the Making of the Modern World by Liaquat Ahamed

I always look for lessons in economic history, and Ahamed's book is full of colorful–and tragic–lessons. By telling the story of the rapid financing of railroads, he offers corporate leaders and investors today a cautionary tale about the investment risks during technological transitions. He reinforces that during times of rapid change, leaders must focus on risk management and follow durable, cycle-tested strategies. —***John Waldron, president and COO, Goldman Sachs Group***

The Infinity Machine: Demis Hassabis, DeepMind, and the Quest for Superintelligence by Sebastian Mallaby

The Infinity Machine captures a key element of the AI origin story: how Demis Hassabis and a small team pursued a bold idea for years before the rest of the world understood its significance. Their scientific breakthroughs at DeepMind illustrate how brilliant people with long-term thinking and extraordinary conviction can create something truly transformative. —***Jon Gray, president and COO, Blackstone***

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The New Rules of Building Cultural **Capital**



Image courtesy of Capella Hotel Group

Cultural capital today is broader than knowing the right artist, restaurant or reference. It's the ability to understand why something matters, read unfamiliar contexts, and recognize shifts in taste and behavior.

Across art, hospitality, sport and global business, nine leaders share practical ways to build – and apply – cultural capital.

1 Keep expanding your perspective.

Turn differences into common ground.



Ivan Brehm
Chef-Owner of Nouri and Appetite

Most of what we consider differences are opportunities for translation. When I moved to Singapore, I found flavors in Malay food that felt deeply familiar to my Brazilian heritage. The connections between cultures are everywhere.

Train your eye on what has survived scrutiny.



Phyllis Kao
Vice President of Luxury and Auctioneer at Sotheby's

Go to museums. Look at objects that curators and art communities have deemed among the best our civilization has made. It's a great way to educate and hone your eye.

Revisit something you once disliked.



Manav Futnani
Global Head of Export Finance at HSBC

Taste isn't a permanent record of what you liked when you were 25. Occasionally retest your old dislikes: go back to the gallery that did nothing for you years ago. Perhaps it has changed, but perhaps you have too.

2 Let the local context lead.

Ask for favorites, not recommendations.



Lisa Green
Managing Director of Content at The 50

Don't ask locals where you should go. Ask where they spend a day off or celebrate with friends and family. Those questions reveal places that are genuinely part of local life, rather than places visitors are expected to see.

Look for the history already there.



Roland Fasel
President of Capella Hotel Group

If a place cherishes something, our job is to respect it. At Capella Shanghai, reproductions of *Shen Pao*, a newspaper that helped shape the city more than a century ago, give a place depth without turning it into a history lesson.

Challenge your first read of the room.



Noor Adhami
Global Head of Network Banking at HSBC

In a new environment, I try not to immediately form an opinion. Take time to observe, ask questions and test assumptions with local voices. With familiarity and shared experiences, deeper conversations become possible.

3 Act on what you learn.

Find the right way in.



Alan Gilpin
Chief Executive Officer of World Rugby

You can't assume audiences will discover you in the same ways they once did. Cultural relevance means understanding where people already spend their attention, then adapting how you reach them rather than expecting them to come to you.

Question the default.



Maggie Ng
Chief Executive Officer of HSBC Hong Kong

In Hong Kong, meetings would sometimes default to Cantonese, even when not everyone in the room could understand it. That made me realize how easily we slip into our own comfort zones. Cultural blind spots often hide in ordinary behaviors, so ask whose perspectives might be excluded.

Match your time on the ground to your ambition.



Judy Liu
Co-Founder of Trinity Asia

You cannot understand a market like China from global headquarters. If you want a market to account for 20% of your business, think about whether you're prepared to spend a comparable share of your time on the ground understanding it.

Building cultural capital isn't about erasing difference or simply knowing more. It's about understanding local contexts well enough to challenge your own perspectives and look more closely.

Thinking Capital, a partnership between Bloomberg Media Studios and HSBC, explores the modern pursuit of capital in all its forms: cultural, intellectual, social and financial. Discover the series at https://sponsored.bloomberg.com/immersive/hsbc/thinking-capital

PATEK PHILIPPE
GENEVE

I AM.

I WEAR.



GONDOLO LADIES FIRST