

**Your**  
China  
Strategy.

# **Winning in China:** Navigating China's push for self-sufficiency

Who  
We  
Are.

„Sinolytics is the leading strategy consultancy on China. We offer European and US companies in-depth analysis, customized strategies and recommendations for well-founded decisions. We bring together market and policy analysis.“

✓ Strategy consulting

✓ Policy monitoring

✓ Executive briefings

✓ Regulatory risk assessment

✓ Market intelligence & data

### GEOPOLITICS

- U.S.-China relations
- Supply chains
- Trade and investment policies
- EU-China relations
- Chinese competition abroad
- Split tech stack

### TECHNOLOGY & DIGITAL

- Artificial Intelligence
- Semiconductors
- Rare earths and raw materials
- Battery technology and new energy
- Smart manufacturing
- Robotics

### CHINA POLICY

- State-led economy
- Industrial policy
- Tech policy
- Competing in China
- Chinese politics
- Market access and FDI

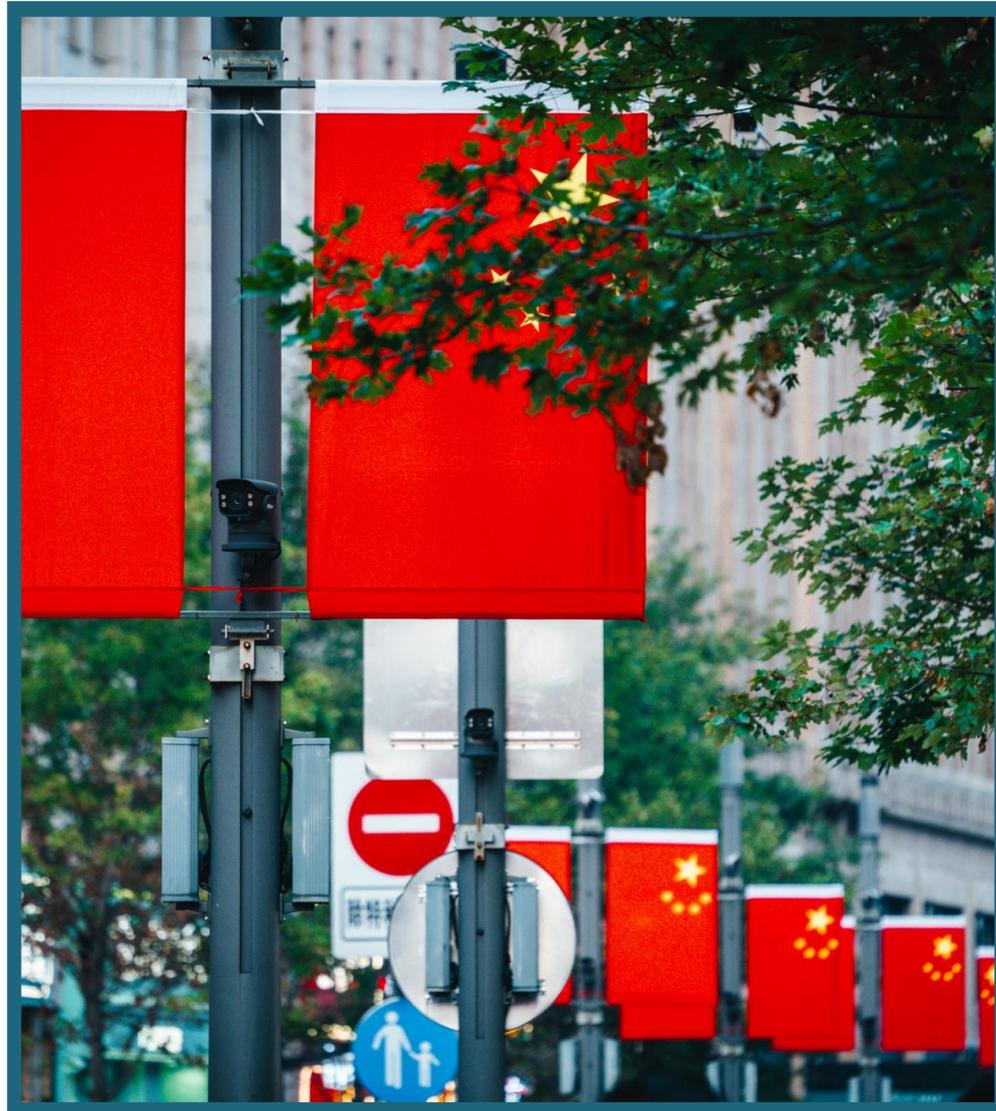
### CHINA BUSINESS

- China footprint
- Partnerships in China
- China4global
- R&D and IP in China
- Digital ecosystem
- Local-HQ alignment

### REGULATORY STRATEGY

- Data governance
- Cross-border data
- Cyber regulation
- Social credit system
- Green compliance
- AI regulations

## China is setting the pace: Innovation power meets self-sufficiency ambition



China is no longer closing the gap. In many fields, it is driving innovation and setting the speed of change. Local competitors match global technology levels and move faster with focused R&D, policy support, and an innovation system that rewards rapid iteration. At the same time, China's self-sufficiency agenda raises the bar for foreign firms that want continued market access and relevance.

- China's innovation engine now drives, rather than follows, global trends
- Local R&D delivers speed, scale, and fast market translation
- Many local competitors are on par technologically — some move faster
- Self-sufficiency policies create higher participation standards for foreign firms
- Winning requires sharper differentiation and strategic responses to rising pressure

## Three cases: How multinationals respond to localization, innovation, and policy risk in China

A

“Which market segments in China can we still defend profitably — and how long will the window stay open?”

- Global manufacturer

B

“How do our Chinese competitors innovate so fast, and what exactly in their R&D setup allows them to shorten development cycles year after year?”

- Leading tech player

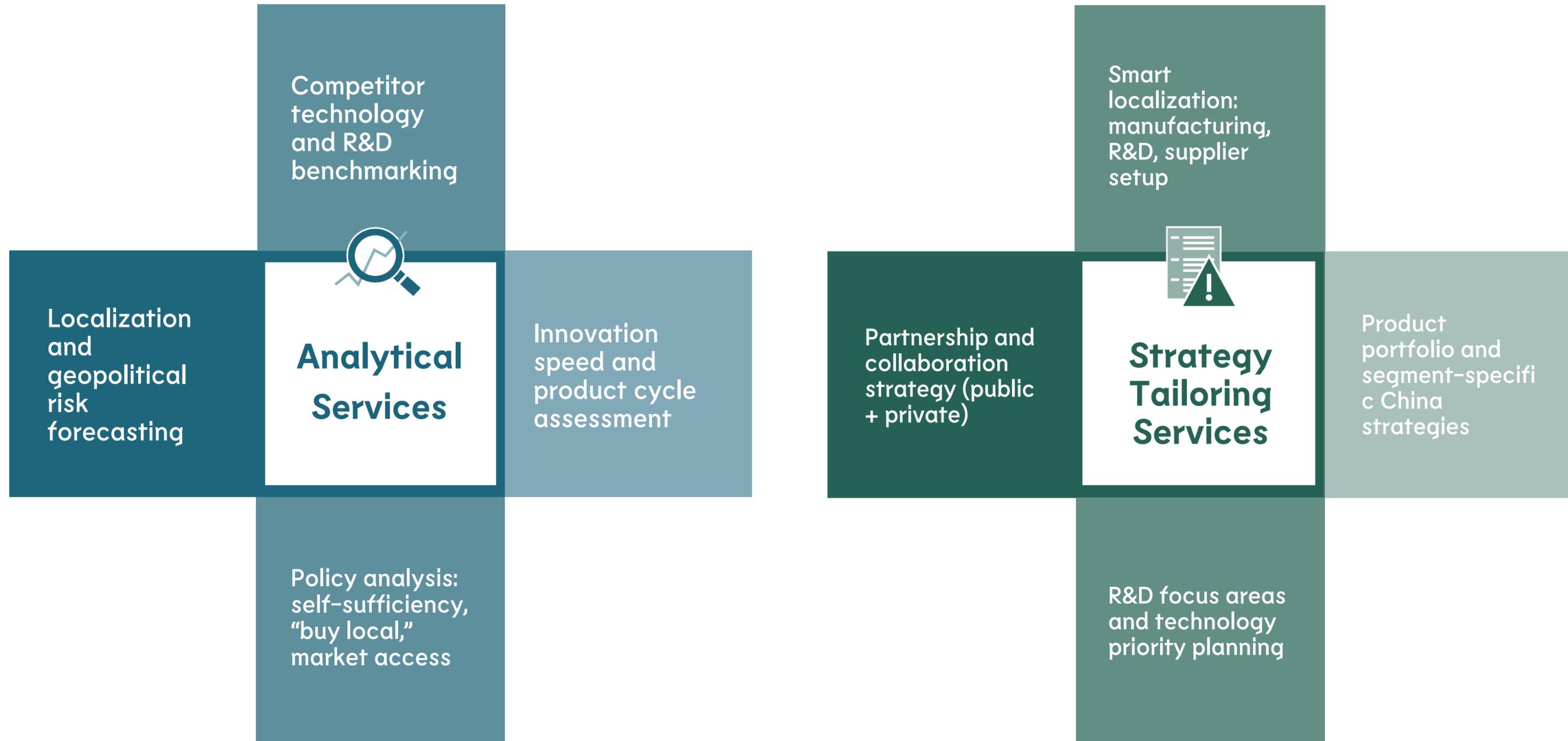
C

“As a company with a long China presence, should we focus on near-term gains before localization requirements tighten further, or invest in a deeper footprint to stay competitive long-term?”

- Industrial Equipment Company

What We Offer.

# Our Services: From insight to action



## Case 1: Where foreign players can still win – and for how long

A

“Which market segments in China can we still defend profitably – and how long will the window stay open?”

- Global manufacturer

### Approach:

- We assessed self-sufficiency and buy-local pressures,
- mapped technology gaps through detailed spec comparison,
- and evaluated market access risks across all product segments.

### Solution:

A clear picture of defendable segments, realistic time horizons, and targeted strategy options helped the client focus investments and protect profitable positions.

**China's government procurement:**  sinolytics  
New definition raises bar for “Domestic Product”

**NOTICE NO. 34 (2025)** EFFECTIVE DATE 2026-01-01

ISSUING BODY	DOMESTIC PRODUCT CRITERIA	PRICE INCENTIVE
<b>STATE COUNCIL GENERAL OFFICE</b>	<ul style="list-style-type: none"> <li>Produced within China</li> <li>Component cost ratio threshold</li> <li>Key components/ processes localized</li> </ul>	<b>20 %</b> deduction for domestic products in bid evaluations
<b>TRANSITION PERIOD</b>		3-5 year grace period per product category

Source: State Council Notice on government procurement standards (Oct. 2025)

## Case 2: Why local competitors innovate so fast

B

“How do our Chinese competitors innovate so fast, and what exactly in their R&D setup allows them to shorten development cycles year after year?”

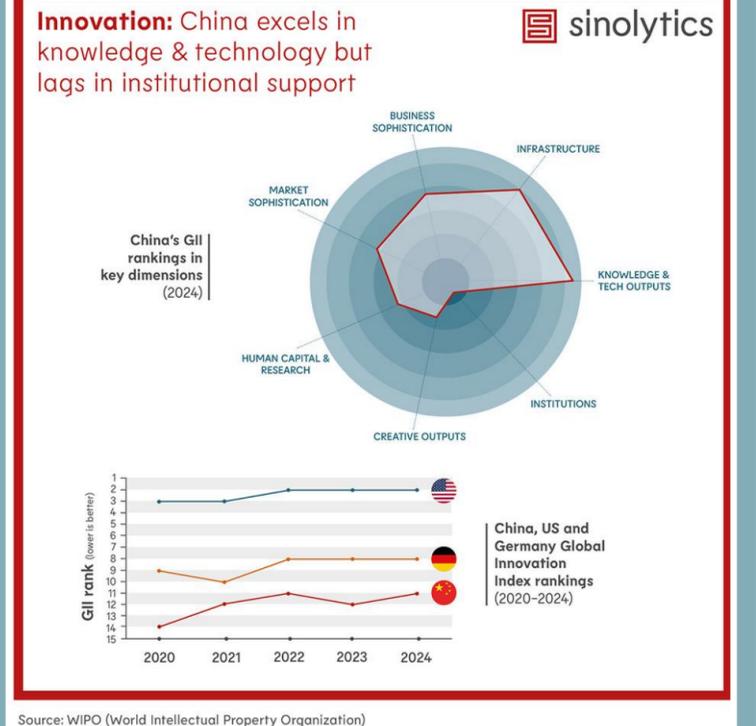
- Leading tech player

### Approach:

- We analyzed local competitors' innovation strategies,
- R&D structures,
- talent pipelines,
- and policy-supported business models to understand what enables their rapid development cycles.

### Solution:

Clients gained a precise view of local innovation drivers and actionable levers to adjust their own R&D setups, partnerships, and China footprint.



## Case 3: Closing time window or long-term presence?

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“As a company with a long China presence, should we focus on near-term gains before localization requirements tighten further, or invest in a deeper footprint to stay competitive long-term?”

– Industrial Equipment Company

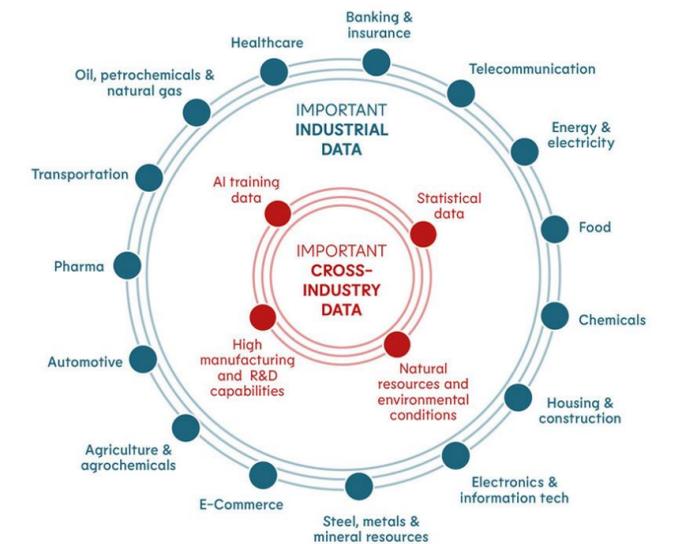
### Approach

- We benchmarked strategic response options,
- assessed pros and cons,
- and evaluated partnerships that could accelerate localization or reduce risk.

### Solution

The client received a clear decision map showing when to defend, localize, partner, or exit — and the expected value of each path.

Easing data localization: FTZ negative lists signal China's future data transfer restrictions 



Source: FTZ negative lists for cross-border data transfer published between 5/2024 and 4/2025 (Beijing, Hainan, Shanghai, Tianjin, Zhejiang)

Let's  
find  
solutions.



**Got curious?**

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