

The Quiet Leap

Decoding the Evolution of Made in China

by

Jan Y. Yang

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A book about learning curves and compounding returns cannot be written alone. It accumulates over conversations, field trips, interviews, drafts, and the kind of patient reading that only people who genuinely care about the subject can provide.

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This book stands on the shoulders of two earlier book projects of mine. “Chinese M&A in Germany” (2019, co-authored with Lei Chen and Zheng Tang) opened the question of how Chinese firms build strategic presence in Western markets. “Chinese Electric Vehicle Trailblazers” (2023, co-authored with Yunyi Gu and Zi Ling Tan) deepened the inquiry into how one particular sector can move from catch-up to leadership in a single decade. The Quiet Leap is the due synthesis: an attempt to read the pattern behind both stories and put a framework in the hands of the executives who have to respond to it.

Primary research for this book drew on interviews, site visits, and conversations with senior executives across industries between 2019 and 2025. All interviewees spoke on background. Their insights are woven into the argument rather than attributed by name; I am grateful to each of them.

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Lastly, any errors of fact, judgment, or interpretation are mine alone.

About the Author

Jan Y. Yang is a consultant and China expert who divides his time between Germany and China. His work bridges academic research and executive practice, focusing on the strategic dynamics between Western and Chinese firms, including how Western companies navigate competition with Chinese counterparts and how Chinese firms scale and expand globally.

He is the author or co-author of several China-themed titles, including *Chinese Electric Vehicle Trailblazers* (Springer, 2023), *Chinese M&A in Germany* (Springer, 2019), and the Chinese edition of the global bestseller *Hidden Champions* (China Machine Press, 2019), co-authored with Hermann Simon.

Jan holds a PhD in Management and an MBA from WHU – Otto Beisheim School of Management, Germany. He advises boards and senior leadership teams on China strategy and commercial transformations, and speaks regularly at executive education programs and industry conferences across the world.

ORCID: <https://orcid.org/0009-0001-7207-6456> • Affiliation: PricingGoat (pricinggoat.com) • Contact: jan.yang@pricinggoat.com

Book abstract

“The Quiet Leap” decodes the structural forces behind China’s industrial rise and equips executives with a practical framework for responding. Drawing on six sectoral deep-dives, including electric vehicles, high-speed rail, renewables, drones, digital platforms, and artificial intelligence, complete with the Delivered Price–Performance (DPP) framework. It answers the question every Western board should be asking: should we compete, co-create, or carve out our own path?

Keywords

Made in China strategy, China industrial policy, EV competition, co-creation framework, China-West business strategy, DPP framework, supply chain China, the quiet leap.

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A Note on How to Use This Book

This book is designed as both a narrative and a toolkit, and it is not meant to be read cover to cover like a novel. It is structured for different needs and time horizons.

If you want the big picture, start with Part II for the framework that situates China's rise, and its limits, against historical parallels. If you want evidence, turn to Part III; each sectoral chapter offers concrete proof points and practitioner insights. If you want tools for action, go straight to Part IV, which distills patterns into strategic scenarios and decision frameworks designed for executives who must act under uncertainty.

Think of the book as a map with different scales: at one level, it shows the broad terrain of China's industrial rise; at another, it zooms into specific sectors; at yet another, it provides a compass for your own journey. A CEO might skim the framework, then jump to sectors that directly threaten or inspire their business. A strategist or policy analyst may work through the sector chapters in detail. An investor might use the scenarios in Part IV to stress-test portfolios or evaluate new opportunities. However you read it, the chapters are designed to be self-contained enough to stand alone.

There is a caveat: the sectoral evidence in Part III skews toward consumer-facing and infrastructure sectors: EVs, high-speed rail, solar, drones, platforms, and AI. Readers in B2B capital equipment, industrial automation, and precision manufacturing will find the framework fully applicable but will need to do some translation work to their specific context. Chapter 13 includes a note specifically for mid-market and *Mittelstand* firms navigating the same dynamics at smaller scale.

One last word of caution before we dive in. This book contains a substantial number of technical terms and acronyms. That is deliberate, not to signal expertise or to test your patience, but because the sectors we examine run on precise language. Battery chemistries, charging standards, signaling protocols, AI architectures: each has a name that carries meaning a general phrase would dilute. Fluency in this vocabulary is not a prerequisite for reading; it is something you will build as you go. Every term is explained the first time it appears, footnotes are there when a deeper gloss helps, and a full glossary is waiting in the appendix. Think of the terminology not as a barrier but as a lens. The more familiar it becomes, the more clearly you will see how technology is quietly, and profoundly, reshaping the world around us.

Part I, The Revelation: How Made in China has Evolved

Prelude: Why This Book, Why Now

For decades, the phrase *Made in China* carried a faintly dismissive undertone. It was shorthand for low-cost assembly, fast copies, and uneven quality. In executive suites and boardrooms, “China” often meant market opportunity rather than technological competition.

That perception is now alarmingly out of date. The transformation behind it is not accidental and not sudden: it is the cumulative product of what an ancient Chinese aphorism, to which we return at the book’s close, calls “Daily Renewal” (日新), the compounding of small, relentless improvements into something that looks, from the outside, like an overnight leap. Across multiple industries, from electric vehicles to renewables, drones, and digital platforms, Chinese firms have not only caught up but, in many cases, pulled ahead. They are no longer simply suppliers or fast followers; they are increasingly trailblazers, standard setters, and even cultural trend makers.

In 2000, China’s total merchandise trade was about US\$0.47 trillion, more than US\$1.5 trillion behind the United States (\approx US\$2.0 trillion). Fast forward 25 years, the roles had reversed: China’s goods trade reached approximately US\$6.5 trillion, surpassing the United States at approximately US\$5.9 trillion (General Administration of Customs of China, 2026; U.S. Census Bureau & Bureau of Economic Analysis, 2026). This shift is illustrated in Figure 1 below.

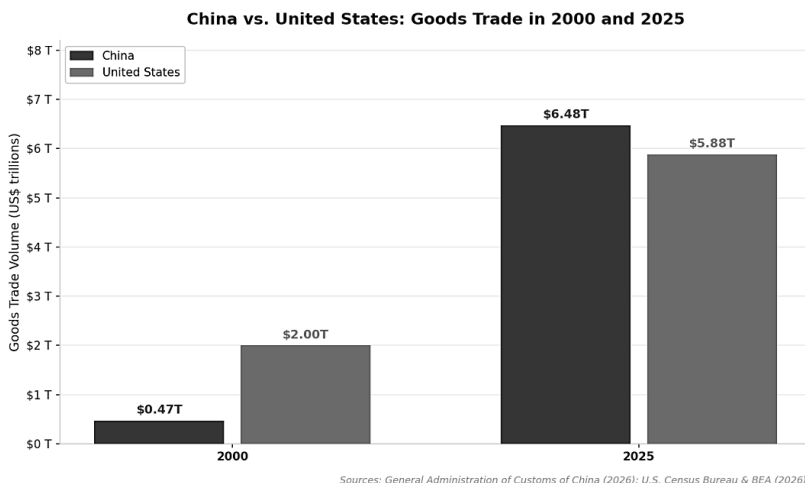


Figure 1: China vs. United States: goods trade 2000 and 2025 (US\$ trillions) – China’s rise as the world’s largest goods trading nation

Yet recognition of this shift lags behind reality. Many Western leaders still operate with assumptions forged in the 1990s and early 2000s. The gap between perception and reality creates strategic blind spots. Executives who still operate on 1990s-era mental models of what *Made in China* means will be surprised by what is coming.

This book offers that reset and a roadmap. The throughline is simple: credibility has replaced stigma, and the engine is scale joined to integration and speed. The pages ahead show where it runs fastest, where it stalls, and how to place capital accordingly.

Part I sets the reset in motion. Chapter 1 traces how China’s industrial dominance arrived quietly and then all at once. Chapter 2 lays out why the old narratives fail and how to use this book as your guide and toolkit. Together, they set up the deeper dive into the forces, proof points, and strategies that follow.

Chapter 1

Dominance Arrived Quietly

Keywords: Made in China, industrial upgrading, manufacturing quality, China EV market, perception vs. reality, economic transformation

Introduction

For decades, Chinese firms were seen as followers and latecomers. Few Western executives believed they could redefine industries, let alone set new global benchmarks. Yet while that old narrative lingered, a new reality took shape. Quietly, steadily, and often in places most outsiders never noticed, Made in China shifted from a mark of imitation to a signal of scale-driven innovation.

What makes this transformation remarkable is not just its speed but the subtlety with which it has unfolded. Unlike the United States, which often celebrates innovation with high-profile launches and media spectacle, or Germany, where engineering prestige is part of national identity, China's industrial rise has been incremental and cumulative. Its dominance arrived quietly until one day it became impossible to ignore.

A Holiday Surprise in Guizhou

In the summer of 2025, we spent a family holiday in Xingyi, a city tucked deep into the mountains of Guizhou Province. By Chinese standards, it is an unassuming place, a fifth- or even sixth-tier city, far from the booming hubs of Beijing, Shanghai, or Shenzhen. If anything,

I expected the journey to be a flash memoir of “old China”: slower, less connected, still on the margins of the country’s renaissance.

Most of those stereotypes seemed to hold, right up to the moment we ordered a taxi. Using Didi, the Chinese ride-hailing app that grew out of a fierce rivalry with Uber and many local competitors, we requested a ride from the hotel. Moments later, a dazzling golden Tesla Model Y pulled up. Behind the wheel was an unpretentious driver, ferrying passengers between the attractions in the mountainous town in what was once considered one of the most futuristic cars in the world.

It wasn’t just a one-off. Over the next few days, it became clear that nearly the entire taxi fleet in this small mountain city had gone electric. Teslas were sprinkled in, but the bulk of the cars bore badges like BYD and Geely, Chinese brands that, not long ago, Western executives regarded as minor players. A city most global investors have never heard of was already running on electric wheels. Meanwhile, policymakers and carmakers in the Western world were still debating whether electrification was necessary.

That realization lingered with me. If this was happening in Xingyi, what was unfolding across the rest of the country? By year-end 2024 and into 2025, the data made the answer unmistakable.

When the Numbers Speak

The statistics confirm that what I saw in Guizhou is part of a much larger shift. In 2024, global electric-car sales exceeded 17 million, over 20% of all new cars sold worldwide. China saw more than 11 million battery-electric cars sold (nearly 13 million including plug-in hybrids) and accounted for nearly two-thirds of global EV sales; domestically, almost half of new cars sold in China were electric, a share that rose to 47.9% across full-year 2025 and crossed 50% monthly from July 2025

onwards. Blue skies are returning to Chinese metropolises. Beijing's PM2.5 concentration fell by more than 60% between 2013 and 2024, marking the sharpest sustained air-quality improvement of any major city globally (Ministry of Ecology and Environment of the PRC, 2024). In a matter of several years, children growing up in Beijing may no longer even recognize the word "smog." Europe, by contrast, stalled around one in five in 2024, with growth resuming in early 2025 as sales there averaged roughly one in four in the first quarter (International Energy Agency [IEA], 2025a, 2025b).

Market leaders and innovators have emerged from this boom. BYD, a Shenzhen-based company that began as a humble battery manufacturer, overtook Tesla in combined sales of plug-in vehicles by mid-2022, and by 2025 had surpassed Tesla even in pure battery-electric vehicle sales: 2.26 million BEVs against Tesla's 1.64 million, marking a definitive shift in the global EV hierarchy. NIO doubled down on battery-swapping stations, allowing a driver to exchange a depleted battery for a full one in minutes. XPeng positioned itself at the forefront of smart, software-defined vehicles. Collectively, these companies have turned China into the most dynamic EV market in the world (Yang et al., 2023).

And it's not just assembling vehicles. China today accounts for nearly 85% of global lithium-ion battery cell manufacturing capacity (a figure that refers to installed production capacity by volume; by value of high-energy-density cells for premium applications, the share is somewhat lower, reflecting the continued relevance of Japanese and Korean producers at the premium tier) and processes over 90% of the world's graphite used for anodes; it also dominates cathode active materials, with ~87% of global capacity in 2024 (International Energy Agency [IEA], 2024; U.S. Energy Information Administration [EIA], 2025; Benchmark Mineral Intelligence, 2025, as cited in Green Car

Congress, 2025). By the end of 2024, China had 12.82 million total charging poles nationwide, including about 3.58 million public ones, meaning nearly 18× the ~204,000 public and publicly accessible workplace chargers in the United States (Xinhua, 2025; Pierce, 2025).

The build-out extends deep into interior provinces. As an example, by October 2023, Xinhua reported that charging piles were available in every township in Guizhou, and the province has since continued to expand public EV fleets (100% of new/upgraded buses and 97.4% of taxis in 2023 were NEVs) (Xinhua, 2023; People’s Daily Online, 2024). For readers unfamiliar with China, Guizhou is a landlocked, mountainous province on the Yunnan–Guizhou Plateau (see Figure 2 below), so achieving township-level coverage across such rugged terrain underscores the scale and difficulty of this build-out.

Map of Guizhou Province, China (highlighted)



Source: Standard cartographic data. Guizhou highlighted for illustrative purposes.

Figure 2: Map of Guizhou Province

Beyond Cars: A Quiet Redrawing of the Map

Electric mobility is just one piece of a broader picture. China has also built the world's largest high-speed rail network, developed global leadership in solar and wind manufacturing, and pioneered super-app ecosystems like WeChat and Alipay that integrate social media, payments, and commerce.

Drones, once a niche hobby, are now dominated by DJI, a Shenzhen-based firm that commands approximately 70% of the global civilian drone market by revenue, a figure cited consistently across analyst sources since 2019, though the precise methodology (units, revenue, or commercial segment) varies by source (Financial Times, 2025). TikTok, the international sibling of Beijing's Douyin, has reshaped global consumer culture, influencing not just entertainment but also politics and advertising (Montag, Yang, & Elhai, 2021a).

These successes rarely arrive with grand declarations. They simply accumulate until the weight of evidence becomes undeniable. That shift carries a personal resonance. I grew up in Shanghai in the 1980s, when China's reform and opening were still fresh and visible in everyday life. Our family's first refrigerator was a Toshiba. Our first color television was a National Panasonic. Those appliances were not simply home appliances. They were symbolic of reliability, modernity, and a sense of hope that the country was catching up with the world. Japanese brands, and later Korean ones, were part of how Chinese households learned what a modern lifestyle looked like.

In May 2026, Samsung announced it would stop selling home appliances in mainland China, withdrawing televisions, refrigerators, and washing machines from retail channels while retaining its semiconductor and smartphone operations. From a distance, it looked like another entry in a growing list of multinationals "leaving China."

From inside China, it marks the quiet closing of that earlier chapter: the one in which foreign appliances taught Chinese households what modern life looked like. The teaching is finished. The student has become the master.

Historical Parallels: Misreading the Quiet Challenger

Western business history offers precedents for this kind of surprise, and the pattern is consistent: incumbents fixate on price gaps and product defects while challengers quietly build systems that compound learning. In late-19th-century Europe, Britain's Merchandise Marks Act (1887) turned "*Made in Germany*" into a warning label; within a generation, the same mark signaled excellence in chemicals, optics, and machine tools, an outcome rooted less in any one product than in Germany's dense web of technical education, early standard-setting, and export-oriented *Mittelstand* firms that learned in global niches and scaled at home (Simon, 2012).

In the 1970s–80s, Japan's electronics and autos were initially dismissed as cheap imitations; the real disruption came from a production system, just-in-time logistics, supplier integration, and statistical quality control, which collapsed defects and cycle times. U.S. and European automakers responded as if they faced a cost or model-year problem, not a system advantage; by the time market share had moved, restructuring arrived late and under duress (Cusumano, 1985; Womack, Jones, & Roos, 1990).

South Korea in the 1990s repeated the pathway: family-controlled industrial conglomerates such as Samsung and Hyundai (also known as chaebol, or 財閥) climbed the capability ladder from OEM assembly to design, key components, and eventually frontier R&D. Western rivals often read the shift as "cheap labor + state credit," missing the deliberate latecomer playbook of imitation-to-innovation, fast-

follower learning, and focused bets on scale-intensive platforms like semiconductors and autos (Amsden, 1989; Kim, 1997; Hobday, 1995).

What incumbents misread in each wave was not the challenger's starting point but its learning speed. Three forces recur. First, scale as a teacher: large home markets compress price–performance curves because every unit shipped throws off operational and user data that feed improvement. Second, systems over products: advantage accrues to architectures, whether supply chains, standards, or software-plus-service bundles, that lock in reliability and learning across product generations. Third, crises as catalysts: oil shocks, exchange-rate swings, and trade rules forced operational discipline on latecomers, and the habits stuck long after the shocks faded (Cusumano, 1985; Womack et al., 1990; Amsden, 1989).

The world missed China's shift for the same reasons, in magnified form. Western decision-makers suffered a perception lag: as late as 2018, surveys of European executives still associated "Made in China" with low quality despite evidence of global leadership in EVs, telecoms, and renewables (PwC, 2018). Even into 2023–2024, trust and quality perceptions lag reality: on the Anholt–Ipsos Nation Brands Index, the new 'I trust the products that are made in this country' item ranked Japan #1 and Germany #2, while China placed 31st overall out of 60 nations; European consumer research by GfK finds 45% associate Chinese cars with low quality (only 11% call them technologically advanced and 2% 'high quality/comfortable/prestigious'); yet inside China the picture has shifted faster: the AHK 2024/25 survey found 55% of German firms expecting Chinese competitors to become innovation leaders within five years and 8% saying they already are; by the 2025/26 survey that share had risen to around two in three. Separately, European consumer willingness to consider a Chinese car rose from 31% to 47% between 2024 and 2025, driven primarily by

price sensitivity rather than a change in quality perception (Ipsos, 2023; GfK, 2023; AHK, 2024; AHK, 2025; Escalent, 2025).

Visibility was also fragmented: many Chinese breakthroughs first appear in provincial cities or even remote townships, places Western analysts barely know of. So, by the time they are obvious in Beijing or Shanghai they have already scaled nationwide. And narrative inertia did heavy lifting: media and boardrooms continued to frame China as a fast follower long after firms like Huawei and BYD had demonstrated trailblazing capability, reinforcing outdated mental models inside multinationals (Breznitz & Murphree, 2011).

A note on Breznitz and Murphree's thesis: their thesis in *Run of the Red Queen* is more cautious than a simple success narrative. They were skeptical that China's "second-generation innovation" (iterative improvement of designs developed elsewhere) would translate to first-mover, frontier-defining leadership. This book's argument partly departs from theirs: in EVs, solar, and AI, Chinese firms have moved beyond second-generation iteration to system-level innovation at the architecture and cost-curve level. But in commercial aviation, advanced semiconductors, and frontier pharma (the sectors examined in the "Where the Levers Have Not Delivered" section of Chapter 12), Breznitz and Murphree's more cautious analysis remains largely correct, yet. The framework here specifies the domain in which iteration-driven advantage operates powerfully, and acknowledges the domains in which it does not.

Many leaders therefore framed the contest as product-versus-product when history already warned it is system-versus-system: once learning flywheels (that is, self-reinforcing loops) start turning at national scale, quality catch-up accelerates, architectures harden, and the surprise is not that the challenger closes the gap, but how quickly it sets the next benchmark.

Why the Shift Felt Sudden When It Wasn't

For many observers, China's recent industrial and technological ascent appeared abrupt. One moment, Chinese firms were perceived as fast followers, efficient, cost-driven, but ultimately derivative. The next, they were setting price points, redefining speed benchmarks, and competing credibly in domains long assumed to be the preserve of advanced industrial economies. This apparent discontinuity has fueled narratives of sudden breakthroughs, hidden state subsidies, or singular national ambition. Yet none of these explanations, on their own, adequately account for what actually unfolded.

A more instructive interpretation is that the outcomes became visible long before the conditions that made them possible were widely recognized.

In complex systems, results often surface at the very end of a long causal chain. By the time products dominate export markets, platforms reshape consumer behavior, or firms compress innovation cycles to a fraction of global norms, the foundational work has already been done, quietly, incrementally, and often outside the traditional field of vision of analysts and executives. What looks like a sudden leap is, more accurately, the moment when accumulated capabilities cross a threshold and become impossible to ignore.

This dynamic is well documented in the literature on technological change and industrial development. Scholars of innovation have long emphasized that visible breakthroughs tend to obscure the slower, less glamorous buildup of complementary assets: infrastructure, skills, institutions, and routines that enable performance at scale (Teece, 1986; Rosenberg, 1994). Similarly, research on national innovation systems highlights that competitive advantage rarely emerges from isolated policies or singular firms, but from the

coherence of conditions that allow experimentation, learning, and diffusion to reinforce one another over time (Freeman, 1987; Nelson, 1993).

China's trajectory fits squarely within this pattern. Long before Chinese electric vehicles appeared on European roads, a dense domestic charging infrastructure was already in place. Before digital platforms reached hundreds of millions of users, identity systems, payment rails, and logistics networks had been standardized and interconnected. Before industrial firms could iterate at unprecedented speed, supplier ecosystems had learned how to absorb volatility, frequent redesigns, and compressed delivery cycles. None of these elements, taken individually, guaranteed success. Together, they formed an environment in which scale translated into learning, and learning translated into competitive advantage.

The difficulty for external observers was that many of these enabling conditions were either invisible or dismissed as secondary. Western analysis has traditionally focused on firm-level indicators, such as margins, patents, brand strength, governance structures, while underweighting system-level variables such as feedback density, iteration authority, or the speed at which market signals propagate through supply networks. As a result, China's progress often appeared puzzling when assessed through familiar lenses, even as it was increasingly legible from within the system itself.

This mismatch between observable outcomes and unobserved preconditions helps explain why the rise felt "quiet." It was not quiet because nothing was happening. It was quiet because the most consequential developments were structural rather than spectacular. They unfolded in standards committees rather than product launches, in procurement rules rather than advertising campaigns, and in organizational routines rather than visionary announcements. By the

time global markets noticed the results, the underlying architecture had already matured.

Recognizing this temporal asymmetry, between when conditions are assembled and when outcomes become visible, is essential for understanding what follows in this book. The chapters ahead do not argue that China's success was inevitable, nor that it can be replicated wholesale elsewhere. Instead, they seek to make explicit the often-overlooked prerequisites that allowed specific strategic levers to compound at scale. Only by understanding these conditions can we move beyond surprise and attribution, toward a more precise assessment of what such a model actually requires.

Chapter Summary

What appeared as a sudden leap was, in reality, the delayed visibility of conditions that had been assembling over years.

A taxi ride in a mountain city, Xingyi, Guizhou, turns out not to be a quaint anomaly but a clue: if EVs are already standard there, the learning flywheel has been spinning nationwide. The data confirm it. What changed is not a single "hero product" but a system: scale that teaches, supply chains that click into place, platforms that move demand and data, and a state that turns pilots into defaults. This is why China's price-performance frontier now resets faster than most Western planning cycles, and why many incumbents misread the shift, fixating on unit cost or quality anecdotes while the real contest became system-versus-system.

The pattern repeats across sectors: EVs, rail, renewables, drones, digital platforms, AI, arriving without fanfare and then all at once. Perception lags persist, especially outside of Tier-1 cities, but the operating reality has flipped: Chinese firms are no longer just fast

followers; they are trailblazers, standard setters, and ecosystem builders. For leaders, the implication is immediate: stop benchmarking products in isolation and start mapping the levers your rivals are pulling. The rest of the book does exactly that.

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