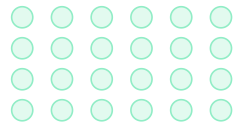


China's Economic Transformation 2025 - 2030



PART 01

Economic Growth: Speed-Oriented to Quality-Oriented Transformation

**China's
Economic
Transformation
(2025-2030)**

**Key Trends to
to Watch**



Quality-Oriented Transformation

Over the next five years, China's economic growth is expected to stabilize within a medium range of 4%-5%, with a noticeable trend towards structural optimization. International institutions generally predict that China's GDP growth rate will be around 4.8%-5% by 2025, potentially reaching the upper limit of 5% if policy effects are significant. This phase is characterized by a shift from the traditional reliance on investment and exports to a high-quality development model driven by technological innovation, green transformation, and consumption upgrading.



Quality-Oriented Transformation

Slowing Growth with Resilience

Despite challenges such as a sluggish real estate market, local debt pressures, and an aging population, the rise of new productive forces like artificial intelligence and high-end manufacturing will partially offset the weakening of traditional drivers. For instance, China's manufacturing sector already accounts for over 30% of the global total and is expected to deepen its transformation towards high-tech and green development.

The Rise of Services and Consumption

The share of the service sector continues to grow, with the added value of services expected to increase by 5.6% by 2025, becoming a stabilizer for the domestic economy. The consumption sector shows a significant disparity, with both cost-effective consumption and high-end services like health management and cultural tourism growing simultaneously. However, structural issues such as uneven income distribution and high savings rates need to be addressed.

PART 02

**New Drivers: Three Pillars of
Technological Innovation and
Industrial Upgrading**

**China's
Economic
Transformation
(2025-2030)**

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to Watch**



New Drivers

Deep Integration of AI and the Digital Economy

Generative AI technology will deeply empower various industries, forming intelligent solutions across the entire chain of research, production, supply, sales, and services. For example, large model technology is entering the era of 10,000 cards and trillions of parameters, driving efficiency revolutions in finance, healthcare, and urban governance. The data element market is expected to exceed 520 billion yuan by 2030, becoming a significant driver of economic growth.

Global Breakthroughs in New Energy and High-End Manufacturing

The NEV industry chain is accelerating its transition to the intelligent phase, with the installation rate of intelligent driving technology jumping from 45.6% in 2023 to 66.6% in 2024, potentially becoming a key node in global technological competition by 2025. Meanwhile, Chinese companies are further consolidating their dominant position in the global supply chain for photovoltaics and energy storage, enhancing supply chain resilience through overseas acquisitions of resources like lithium and nickel.

Emerging Sectors: Low-Altitude Economy and Humanoid Robots

The low-altitude economy is gradually forming commercial closed loops in logistics and cultural tourism, supported by policy reforms in airspace management, potentially becoming a trillion-yuan-level industry. Humanoid robots are entering their first year of mass production, with companies like Tesla and Zhiyuan driving costs down to the 100,000 yuan level, with broad application prospects in industrial and household scenarios.

PART 03

**Boosting Domestic Demand:
Breaking the High Savings-Low
Consumption Cycle**



**China's
Economic
Transformation
(2025-2030)**

**Key Trends to
to Watch**



Boosting Domestic Demand

Income Distribution Reform

By optimizing the personal income tax system and increasing the proportion of primary distribution, the size of the middle-income group will be expanded. For example, policies in 2025 may focus on increasing residents' disposable income and narrowing the urban-rural income gap.

Social Security and Consumer Confidence

Improving public services such as healthcare, elderly care, and childcare will reduce precautionary savings. For instance, the issuance of ultra-long-term government bonds and universal subsidies will unleash consumption potential.

Soft Landing in the Real Estate Market

Through three major projects—affordable housing, urban village renovation, and dual-use facilities for both peace and emergency—the traditional model of real estate development will be gradually replaced, while property tax pilot programs will be explored to stabilize market expectations.

PART 04

**External Challenges: Globalization
Changes and Trade Frictions
Normalization**

**China's
Economic
Transformation
(2025-2030)**

**Key Trends to
to Watch**



External Challenges

US Tariffs and Decoupling Pressures

The Trump administration's selective tariffs 2.0 could increase China's export costs to the US by 5%-7%, forcing a shift in export structures towards emerging markets like Southeast Asia and the Middle East.

Supply Chain Restructuring Challenges

Global industrial chains are becoming shorter and more regionalized. China needs to consolidate its advantages through technological autonomy (e.g., semiconductors) and regional cooperation (e.g., RCEP).

Geopolitical and Exchange Rate Volatility

The RMB exchange rate may experience periodic depreciation to hedge against external shocks, but a balance must be struck between financial stability and export competitiveness.

PART 05

Policy Regulation: Upgrading from Counter-Cyclical to Cross-Cyclical Paradigms

**China's
Economic
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Policy Regulation

Coordination of Fiscal and Monetary Policies

By 2025, the fiscal deficit ratio may exceed 3%, with ultra-long-term special government bonds supporting new infrastructure. Monetary policy will remain moderately loose, with the Loan Prime Rate (LPR) gradually declining to reduce financing costs for the real economy.

Financial Regulation and Risk Resolution

Under a comprehensive regulatory framework, the focus will be on preventing local debt and small bank risks, while mergers and acquisitions will increase the concentration of the securities and insurance industries.

Deepening Reform and Opening-Up

Opening up in the financial, education, and other service sectors and market-oriented reforms in data trading will be key to releasing institutional dividends.

Conclusion





Conclusion

The next five years are a critical stage for China's economy to cross the middle-income trap and move towards becoming a high-income country. Despite internal and external challenges, through technological innovation, unleashing domestic demand potential, and institutional opening-up, China's economy is expected to achieve a transformation from scale expansion to quality leapfrogging. In this process, policies must balance short-term growth stabilization with long-term structural reforms, while also focusing on the sense of gain among micro entities to achieve sustainable high-quality development.