Weekly China Insight

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China's marriage rate hits 44-year low, deepening demographic challenges

On 8 February, China's Ministry of Civil Affairs reported that only 6.1 million couples registered for marriage in 2024, marking a 20.5% decline from 2023 and the lowest level since 1980. The number of marriages has been falling for over a decade, down more than 50% from the peak of 13.5 million in 2013. China also saw 2.6 million divorces in 2024, a slight increase from 2023.

The rapid decline in marriages underscores China's worsening demographic outlook, with serious long-term economic implications. Fewer marriages mean fewer births, accelerating population aging and shrinking the future labor force. Unlike previous birth rate declines in China caused by policy restrictions, this trend reflects deep-rooted societal and economic shifts, making it far harder to reverse. Rising education and housing costs, weak job prospects for young people, shifting social attitudes, and the long-term impact of the one-child policy have all contributed to the sharp drop in marriages and birthrates. While the government has attempted to simplify marriage registration processes and promote family-friendly policies, these initiatives have yet to reverse the trend.

Premier moves to attract foreign investment, boost consumption, and address industrial structural challenges

On 10 February, a State Council executive meeting approved an action plan for further attracting foreign investment. To be publicly released later, it envisages further removal of foreign ownership restrictions in key sectors, streamlined M&A rules, and ensures equal treatment for foreign and domestic firms in government procurement and financing.

Premier Li Qiang also urged increased efforts to boost consumption by increasing household incomes through wage growth and diversified asset-based earnings, upgrading consumption in high-growth sectors, and expanding service consumption, particularly in elderly and childcare services, tourism, and cultural activities.

To resolve the weak demand of some key industries, the premier called for phasing out inefficient production, consolidating industries, and increasing high-end manufacturing capacity.

These policy measures reflect a shift toward more targeted interventions in consumption, foreign investment, and supply-side reforms, but their effectiveness will depend on the details of the forthcoming plans and applications.

China transitions renewable energy pricing to a more market-based system

On 9 February, China's macro-planning super agency (NDRC) and the National Energy Administration (NEA) jointly issued a directive to end the country's feed-in tariff (FIT) system and transition wind and solar power pricing to a fully market-driven model by June this year. Under the new system, all renewably sourced power will be sold through market transactions, with prices determined by supply and demand rather than government-set tariffs. Existing wind and solar power generation projects will undergo a gradual adjustment through a price-difference settlement mechanism, while newly built projects will have pricing set through competitive bidding based on regional renewable energy consumption targets. Additionally, local governments will be given more flexibility in managing new renewable energy generation projects based on grid capacity and power demand.

This is a major policy shift that marks China's most significant market-based reform in renewable energy pricing since 2018 and reflects Beijing's confidence that wind and solar power can now compete evenly with coal power without government subsidies. It also eases pressure on the grid operator, shifting their role from a sole buyer to an intermediary or platform operator.

Forecast: January credit growth slows but government bond issuance grows

On 11 February, a survey by Caixin, China's leading investigative business publication, found that economists expect China's new RMB loans in January 2025 to reach an average of RMB 4.13 trillion, down 16% from RMB 4.92 trillion a year earlier. The slowdown is likely due to weak credit demand, tighter bank liquidity, and regulatory pressure on loan pacing. Amid the slowdown in bank lending, government bond issuance rose significantly, with net financing reaching RMB 929 billion, nearly triple the RMB 335 billion issued a year earlier.

It appears the government is ramping up spending to offset the weak spending by businesses and individuals if the estimates are accurate.