

Weekly China Insight

Beijing, 11 July 2025

US lifts export restrictions on chip software, ethane, and plane engine to China

On 3 July, the United States lifted export restrictions on chip design software and ethane shipments to China, signaling a de-escalation in trade tensions following China's softening stance on rare earths exports to US firms. Top electronic design automation (EDA) software firms, including Synopsys, Cadence, and Siemens, confirmed they had received US government authorization to resume exports to Chinese customers, regaining access to a market where they control over 70% of the market share. Concurrently, the US rescinded a licensing requirement imposed in May and June on ethane exports, a key input for China's growing petrochemical industry. The US export relaxation also extends to the aviation industry, with GE Aerospace resuming plane engine exports for China's domestically-made aircraft and Boeing restarting plane deliveries to Chinese carriers. This positive development follows a bilateral agreement in June, where Beijing committed to expediting the review of rare earths export applications, while Washington pledged to cancel certain restrictive measures.

China's commerce ministry (MofCom) responded positively, claiming these steps are part of the efforts to implement the consensus reached during the June 5 call between Chinese President Xi and US President Trump (see 6 June Weekly China Insight).

Although these rollbacks are a positive signal and may help keep tensions between Beijing and Washington subdued in the near term, the underlying trade war truce remains fragile, with core disputes over technology, strategic industries, and trade imbalance still unresolved.

China unveils expansive employment support package as graduate numbers hit record high

On 9 July, the general office of the State Council released a sweeping new policy package to stabilize employment and boost job creation, timed to coincide with a record 12.22 million college graduates entering the labor market this month. The policy introduces measures across seven areas, including expanded government subsidies for employers, organized skill training, and targeted support for youth and vulnerable groups.

Key initiatives include increasing unemployment insurance rebates for firms retaining workers, up to 90% for small firms and 50% for large companies, and offering a RMB 1,500 one-time subsidy to employers hiring unemployed youth aged 16–24. Employers in key sectors hiring fresh college graduates will also receive a subsidy equivalent to 25% of the employees' social insurance contributions, which must be passed on to the employees. Companies facing financial hardship are also allowed to defer payments to social insurance programs without penalty.

While the package reflects Beijing's proactive stance on preventing a surge in youth unemployment, implementation challenges, such as administrative complexity and weak employer incentives, may hinder its ultimate effect.

China unveils nationwide plan to build affordable childcare service network

On 8 July, the Chinese health ministry (NHC), the macro planner (NDRC), the education ministry (MoE), the finance ministry (MoF), along with three other government agencies jointly issued a new directive to accelerate the development of a universal, affordable childcare service system, marking a major step in supporting families to boost birthrates. The directive mandates that all prefecture-level cities create embedded community childcare networks offering full-day, half-day, temporary, and hourly services, with government-funded or low-cost options meeting people's basic needs.

The calls of local governments to integrate multiple formats of childcare services, including public and private daycare centers, nursery classes within kindergartens, employer-based daycare, and home-based care points. Employers are encouraged to set up childcare facilities using welfare funds and union budgets, while public utilities such as water and electricity for childcare providers will be billed at residential rates. Local governments are urged to subsidize operating costs, reduce rental fees, and support training programs and insurance schemes for childcare workers. The target set by the directive is to provide 4.5 childcare slots per 1,000 residents under the age of three by 2025, adding 660,000 new affordable slots nationwide.

The directive aims to tackle one of the core bottlenecks in China's efforts to address its shrinking population – affordable and accessible childcare. It signals a government shift toward embedding early childhood services into urban planning, employer responsibility, and local governance. However, policy implementation still hinges on funding, enforcement, and cross-sector collaboration.

China expands marriage registration access with on-site services at music festivals

On 8 July, state-media Xinhua reported that multiple cities in China have begun offering on-site marriage registration services at music festivals, following the implementation of a revised Marriage Registration Regulation on 10 May that allows nationwide marriage registration regardless of household registration location. Under the new regulations, citizens can apply for marriage registration at any authorized local civil affairs bureau without needing to provide a household registration booklet.

Local governments have seized on this policy shift to creatively engage with young couples. In Urumqi, Xinjiang, the local civil affairs office will set up a temporary marriage registration booth at the 2025 Strawberry Music Festival on 13 July, allowing couples to legally marry amidst the live music experience. Similar initiatives have taken place in Chengdu and Ningbo, where local authorities used high-traffic music festivals to stage events such as group weddings.

By integrating marriage registration with popular cultural events, authorities are seeking to renew interest in marriage and family formation among younger generations. Authorities' new

efforts not only enhance the visibility of public services, but also align national efforts to raise birthrates with contemporary youth culture and lifestyle preferences.