

Weekly China Insight

Beijing, 10 October 2025

China unveils sweeping export controls on rare earths, EV materials, and advanced technologies

On 9 October, the Chinese commerce ministry (MofCOM), alongside the General Administration of Customs, released six coordinated export control measures targeting a broad range of rare earth materials, battery components, processing technologies, and ultra-hard materials. These policies represent a comprehensive escalation of China's export control regime, invoking national security, dual-use concerns, and reciprocal pressure against foreign technology restrictions.

One of the most consequential policies introduces a China-style "foreign direct product rule" (FDPR). The policy requires foreign companies to obtain a Chinese license before re-exporting items that either contain more than 0.1% of China-originated rare earths or were produced using Chinese rare earth technologies. In addition, military-related exports, as well as exports for advanced semiconductors and AI with military applications, are tightly restricted or banned outright.

Another policy imposes controls on rare earth processing technologies, including mining, refining, and magnet manufacturing methods, even when transferred through intangible means like R&D collaborations or consulting. It extends jurisdiction to offshore activities and prohibits indirect technical support for foreign rare earth production unless licensed.

Other policies focus on tightening restrictions on strategic industrial materials, including the exports of high-density lithium-ion batteries, phosphate and ternary cathode materials, graphite anodes, holmium, erbium, thulium, europium, ytterbium, magnetics, extraction machinery, smelting kilns, refining tanks, and synthetic diamond micropowder.

These policies reflect China's strategic shift from defensive compliance to proactive leverage, asserting dominance over supply chain chokepoints in response to US semiconductor controls. By mirroring US-style extraterritorial rules, these moves are intended to extend China's regulatory reach while signaling readiness to retaliate economically against countries supporting US tech containment.

China expands bond repo access to foreign investors in an attempt to boost market liquidity and RMB internationalization

On 26 September, China's top financial regulators, including the central bank (PBoC), the securities regulator (CSRC), and the foreign exchange regulator (SAFE), jointly announced that all qualified foreign institutions can now participate in onshore bond repurchase (repo)

transactions. The change lifts prior restrictions that limited repo access to select entities such as central banks and sovereign wealth funds.

The expanded policy applies to all foreign institutions active in China's interbank bond market, including commercial banks, insurers, asset managers, and pension funds. It also permits ownership transfer of repo collateral, allowing for re-hypothecation – a common practice in developed markets that lets financial institutions reuse the same bond in multiple transactions to improve capital efficiency.

As of the end of August 2025, 1,170 foreign institutions from 80 jurisdictions held more than RMB 4 trillion (USD 550 billion) in Chinese bonds. This bond repo access expansion responds to rising demand from offshore investors for enhanced liquidity tools, particularly those accessing the market via China's Bond Connect. More broadly, this move aligns China's bond market infrastructure with international norms, improves liquidity management for global investors, and advances Beijing's strategic goal of RMB internationalization, at a time when China seeks to position its currency as a credible reserve currency alternative to the US dollar.

China's Golden Week holiday sees record travel and steady consumption, but spending per capita remains subdued

On 8 October, China concluded its extended National Day–Mid-Autumn “Golden Week” holiday with record-setting travel activity and steady y/y growth in consumption. Domestic tourism reached 888 million trips (a 16% y/y growth), generating RMB 809 billion in revenue (a 15.4% y/y growth). Average daily sales in consumption-related industries rose 4.5% y/y, supported by a 7.6% y/y increase in service consumption and a 3.9% y/y rise in goods consumption, particularly in digital products and automobiles. However, average spending per domestic tourist declined slightly to RMB 911, down 0.55% y/y from 2024 and nearly 3% y/y below pre-pandemic 2019 levels. Box office revenues during the holiday reached RMB 1.83 billion, down 12.8% y/y.

The holiday also saw a significant rebound in inbound tourism, with 1.43 million cross-border entries (a 21.6% y/y growth), bolstered by visa-free policies and diversified payment options for foreigners. Meanwhile, outbound tourism surged, with Alipay and WeChat Pay reporting increased transactions in Japan, South Korea, and Southeast Asia. Smaller cities and rural destinations saw rapid tourism growth, driven by young and self-driving travellers. More than 2.4 billion total trips were recorded across all transport modes nationwide during the eight-day holiday period.

Despite impressive travel volumes and service consumption growth, weak per-capita spending underscores persistent household caution and intense price competition in sectors like hospitality, highlighting continued pressure on the recovery of China's domestic demand.

China launches K visa to attract young foreign tech talent amid global talent race

On 1 October, China officially launched its new K visa, a policy aimed at attracting young science and technology professionals from around the world, particularly in STEM (science,

technology, engineering, and mathematics) fields (see 15 August Weekly China Insight). Announced by the Ministry of Foreign Affairs in August, the K visa does not require employer sponsorship and allows for multiple entries, longer stays, and broader flexibility – features intended to lower barriers for early-career global talents. Applicants must hold a bachelor's degree or above from a recognized domestic or foreign university, or be engaged in research or teaching at such institutions.

The visa's rollout, however, has sparked fierce backlash within China, where youth unemployment hovers near 19% and public discontent is rising over job scarcity for domestic graduates. Many on Chinese social media expressed concern that the new policy could increase competition in an already saturated labor market* questioning whether foreign degree holders should receive preferential treatment. Others voiced nationalist or xenophobic sentiments, particularly aimed at Indian applicants, who dominate the US H-1B visa system and are seen as likely K visa candidates.

The K visa underscores Beijing's ambition to position itself as a global tech talent hub amid intensifying US-China competition, but the domestic backlash reveals a widening disconnect between national policy goals and local economic anxieties, especially among China's underemployed youth. The success of the program will hinge not only on regulatory clarity but also on how China balances openness with social consensus.

China sets October date for key Party meeting to chart the next five-year plan

On 29 September, the Chinese Communist Party (CCP) Politburo announced that its 20th Central Committee's fourth plenary session (the fourth plenum) will take place from 20 to 23 October in Beijing. The meeting will focus on reviewing and finalizing the 15th Five-Year Plan, which sets China's strategic blueprint for economic, social, and political development from 2026 to 2030. General Secretary Xi Jinping chaired the Politburo meeting that approved the draft proposal of the plan, setting core themes on technological innovation, risk preparedness, and Party leadership.

The 15th Five-Year Plan is expected to formalize priorities such as “new quality productive forces” – a term linked to high-tech innovation and sustainable growth in response to geopolitical pressures. The plenum will also see a reshuffling of the Central Committee, with at least eight members expected to be expelled due to corruption or other political issues.

The upcoming 4th plenum will serve as a critical moment to define China's medium-term response to economic headwinds, technological containment, and security threats, framing the next five years as a period of accelerated efforts for self-reliance and deepening ideological control under Xi's leadership.