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Ex-Premier Zhu Rongji's death revives memories of China's reform era

On 12 August, former Chinese Premier (1998-2003) Zhu Rongji passed away in Beijing at the age of 97, ending the life of one of the most consequential economic policymakers of China's reform era.

Zhu was known for his forthrightness. He publicly criticized bureaucratic incompetence and corruption, took personal responsibility for government failures, and argued that officials should be willing to "speak the truth," confront difficult problems, and solve them even at the cost of their own political careers.

Zhu became premier in March 1998 at the age of 69, placing him at the center of economic policymaking during the Jiang Zemin era. His tenure began amid the Asian financial crisis and severe flooding, prompting the government to expand domestic demand, adopt active fiscal policies, maintain the RMB's value, and invest in infrastructure and high-tech industries. He also spearheaded sweeping structural reforms, including the restructuring of inefficient state-owned enterprises and the creation of unemployment insurance and other elements of the urban safety net. At the same time, housing reform transferred many state-owned apartments to occupants, laying the groundwork for China's subsequent property boom.

Zhu was one of the main Chinese leaders behind China's accession to the World Trade Organization in 2001. He played an important role in difficult negotiations over tariffs and foreign market access.

After leaving office in 2003, Zhu largely withdrew from public life, appearing only occasionally at major Party events. He remained publicly supportive of the subsequent leaderships under Hu Jintao and Xi Jinping, while privately retaining influence as a respected elder statesman and mentor to younger technocrats and economic officials. Collections of Zhu's speeches are still being studied by reform-minded officials and intellectuals as a reminder of an earlier period of policy experimentation, frank internal debates, and willingness to take economic risks.

Chinese officials born in the 1970s on the rise ahead of provincial leadership reshuffles

On 14 July, Liu Qiang, born in 1971, was appointed deputy Party Secretary of Shandong while retaining his position as the Party Secretary for the city of Jinan, making him the youngest but also the longest-serving member of the province's current Party Standing Committee. Liu is one of eight provincial-level deputy Party Secretaries born in the 1970s, a closely watched cohort whose members have accumulated between 6 and 13 years of vice-provincial or vice-ministerial experience.

Five of the eight officials, including Liu, were also elected alternate members of the 20th CPC Central Committee in 2022. Seven of the eight officials have corporate backgrounds, spanning banking, power companies, and local state-owned enterprises, while all currently hold concurrent responsibilities, including leadership of major cities or provincial political and legal affairs commissions. With a new round of provincial Party committee reshuffles approaching, attention is turning to whether members of this generation could advance to full provincial or ministerial rank.

This cohort has also faced setbacks this year, with former financial regulator Zhou Liang and former Hefei Party secretary Fei Gaoyun investigated for disciplinary reasons in March and May respectively. Li Yunze, the first official born in the 1970s to reach full ministerial rank, was removed as the head of China's central financial regulator (NFRA) in late April.

The coming provincial leadership reshuffles provide an important window to assess of Beijing's approach to generational succession, with the eight experienced deputy Party Secretaries forming a visible promotion pool.

Chinese AI micro-dramas expand into overseas markets

On 3 August, Caixin reported that Chinese-produced AI micro-dramas are rapidly expanding into overseas markets, as generative AI cuts production costs to around one-tenth of live-action shows. The global micro-drama market is expected to exceed USD 6 billion in 2026, growing more than 60% y/y. China has emerged as an AI production hub, where 153,000 AI micro-dramas were produced domestically in the second quarter, up 31,000 from the first quarter. Disclosed company data indicated that at least 1,000 AI dramas are being exported each month.

However, AI dramas' monetarization is lagging audience growth. Global micro-drama app downloads jumped 140% y/y to 850 million in the first quarter, while in-app purchase revenue grew only 20% y/y to USD 750 million. Competition is consequently shifting from production capacity towards distribution, user acquisition, and differentiated content. Google estimates production accounts for only 40% of micro-drama costs, versus 60% for acquiring users. TikTok revealed that AI dramas already generate 40% of micro-drama viewing time on its platform.

AI is rapidly removing the production bottleneck that constrained Chinese micro-dramas production, but the resulting content overflow is making audience attention, distribution, and distinctive IP the industry's new scarce resources. This dynamic will favor companies that can combine low-cost AI workflows with localization, strong traffic acquisition, and higher-quality content.

Unitree targets RMB 61 billion IPO valuation as DeepSeek joins strategic placement

On 6 August, Chinese robotics company Unitree priced its Shanghai STAR Market IPO at RMB 150.80 per share, implying a post-listing valuation of RMB 60.99 billion and expected gross proceeds of RMB 6.10 billion. Demand was strong, with valid institutional orders amounting to more than 2,600 times the initial offline allocation. Unitree generated RMB 1.70 billion in revenue and RMB 591 million in adjusted net profit in 2025, with a gross margin above 60%, but expects H1 2026 adjusted profit to fall by 6.4%–22% y/y as R&D and other expenses rise, despite projected revenue growth of 35.6%–45.4% y/y.

DeepSeek is the largest strategic investor in the offering, receiving 933,399 shares, equivalent to 2.31% of the issue, with a three-year lock-up period, while entities linked to PetroChina, China Southern Power Grid, China Telecom, and Tencent each received around 2.23% of the issue. Unitree's listing process has moved rapidly, with the Shanghai Stock Exchange accepting its application on 20 March and its listing committee reviewing the company just 73 days later on 1 June, with public subscription scheduled for 10 August.

Unitree's valuation and heavyweight strategic investors underline strong capital-market expectations for embodied AI, but weakening near-term profitability suggests Unitree's IPO will also serve as an important test for how much growth Chinese markets are prepared to price in before a broader robotics revolution materializes.