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Made in China 2025: A Brief Overview

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Manufacturing in China

The actual manufacturing industry cannot answer to the emerging needs of customers who ask for products with **higher complexity**, want to be involved since the **product design** phase and have recently acquired **environmental** consciousness.

Current situation

- Low added value products
- Very high production volumes
- Simple products
- Over capacity (zombie enterprises) with the West crisis
- High environmental impact
- Emerging countries (e.g., Vietnam, Malesia)

Main challenges for China now

- Slow down of economy
- Ageing population
- Pollution
- Education system
- Urbanization
- Go West project

Planned economy

China is at the primary stage of socialism. The basic task of the nation is to concentrate its effort on socialist modernization in line with the theory of building ***socialism with Chinese characteristics****.*

from Amendment to the Constitution of the People's Republic of China

The State practises ***socialist market economy****.*

The State strengthens economic legislation, improves macro-regulation and control, and prohibits in accordance with law any organization or individual from disturbing the socio-economicorder

from Constitution of the People's Republic of China

Manufacturing in China

- General Secretary of CCP Xi Jinping: “China as country of innovation, developer of new high technological machineries for manufacturing of high added value products”.

- Chinese Premier Li Keqiang: “We will implement the **Made in China 2025 strategy**, seek innovation-driven development, apply smart technologies strengthen foundations, pursue green development and redouble our efforts to **upgrade China from a manufacturer of quantity to one of quality**”.

Made in China 2025 Plan

- Making manufacturing innovation-driven
- Optimizing the structure of Chinese industry
- Raising indigenous core components and materials to 70%
- Creating 40 manufacturing innovation centers
- Brand internationalization
- Cleaner technologies

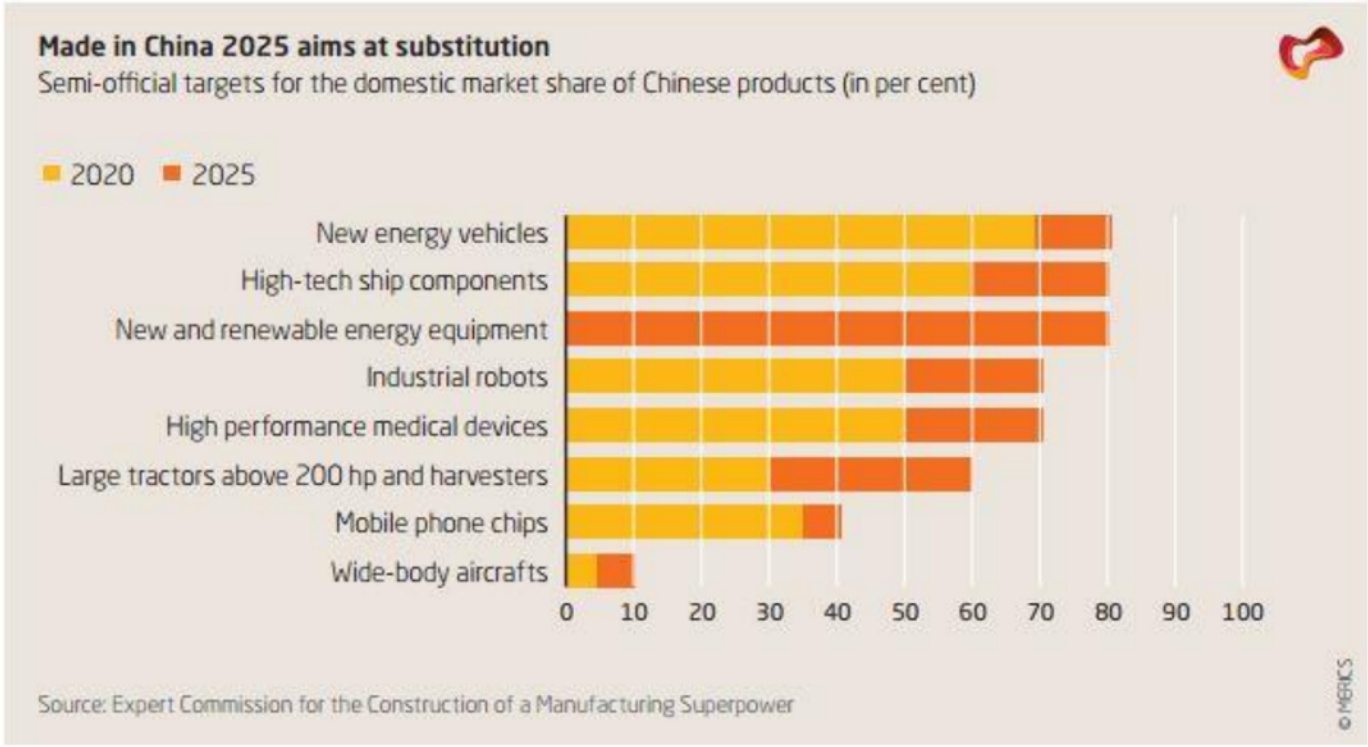
Priorities

1. Improve innovation in the manufacturing sector
2. Integrate industry with new technologies
3. Foster industrial structure of the country
4. Foster chinese brands in the manufacturing sector
5. Stimulate production at low environment impact
6. Reorganize the manufacturing sector
7. Promote service-oriented manufacturing
8. Internazionalization of chinese manufacturing sector
9. Promote significant changes in ten key sectors

Sectors

1. Next generation information technology
2. High-end numerical control machinery and robotics
3. Aerospace and aviation equipment
4. Maritime engineering equipment and high-tech maritime vessel manufacturing
5. Advanced rail equipment
6. Energy saving and new energy vehicles
7. Electrical equipment
8. New materials
9. Biomedicine and high-performance medical device
10. Agricultural machinery and equipment

Product substitution plan



Source: Jost Wübbeke, Mirjam Meissner, Max J. Zenglein, Jaqueline Ives, and Björn Conrad, "Made in China 2025: The making of a high-tech superpower and consequences for industrial companies" (Mercator Institute for China Studies, December 2016) https://www.merics.org/en/about-us/merics-analysis/papers-on-china/made-in-china-2025/

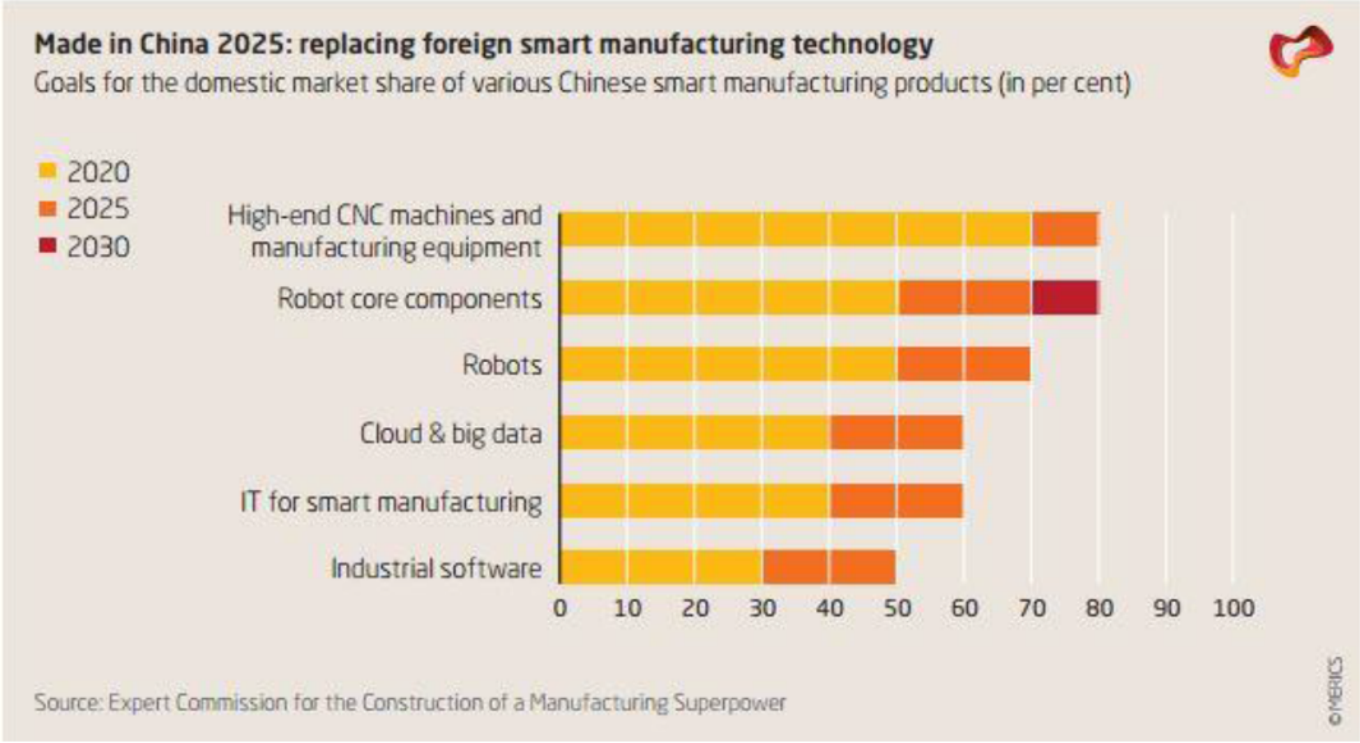
The Plan from 2015 to 2049

2025
- Strive to turn China into a major manufacturing power in ten years
- The overall quality of manufacturing will improve greatly, innovation capacity will enhance markedly, overall labor productivity will increase greatly, and the integration of IT into industry will reach an advanced level
- China will have a number of multinational enterprises and industrial clusters with strong international

2035
- Chinese manufacturing will reach an intermediate level among world manufacturing powers.
- Greatly improve innovation capability, make breakthroughs in major

2049
- China's manufacturing sector status will become more consolidated and China will become the leader among the world's manufacturing powers.
- China will have the capability to lead innovation and possess competitive advantages in major manufacturing areas, and will develop advanced technology and industrial systems

Technology replacement plan



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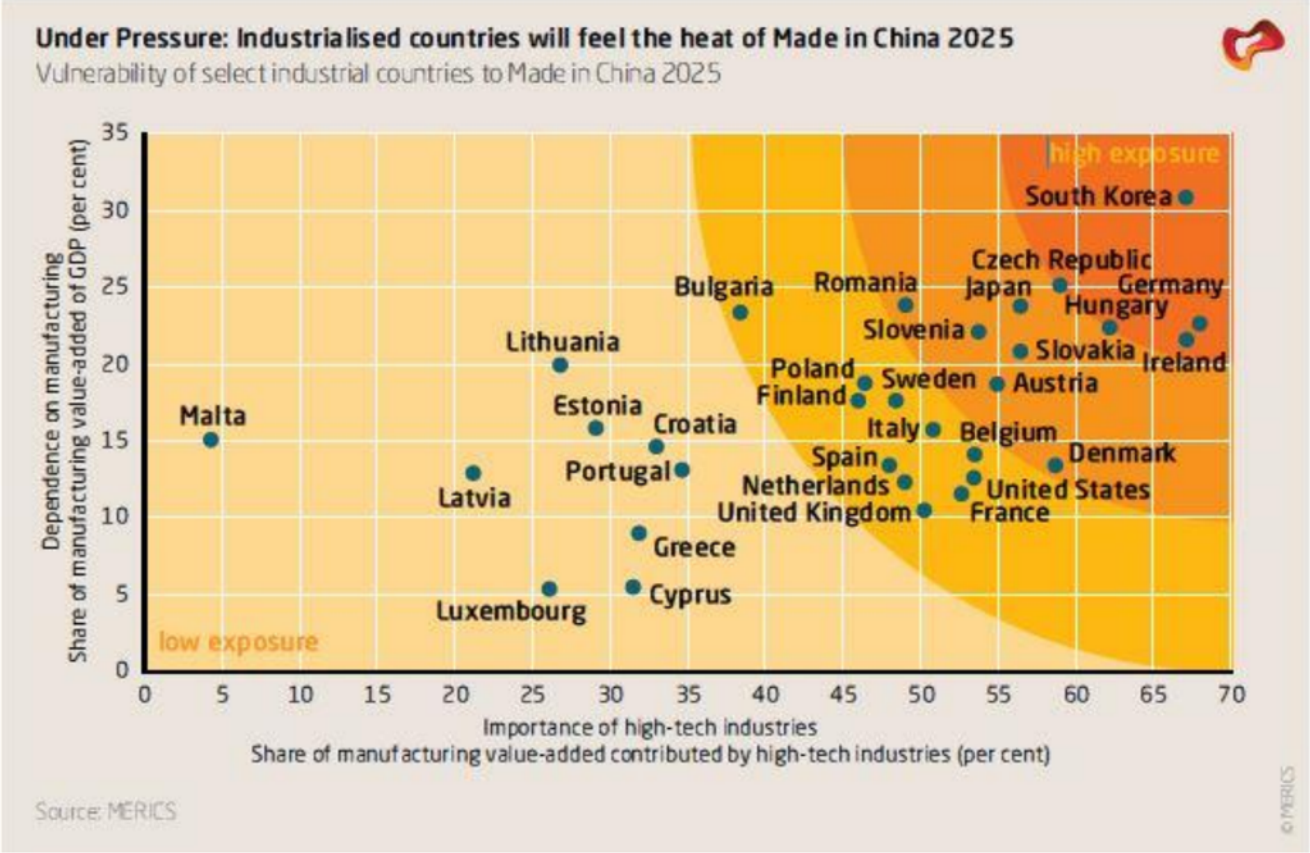
Countries under pressure



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Opportunities & Risks

- Enter in the chinese value chain to enlarge market
- Become strategic partner while fostering innovation
- Technology transfer is the main risk, but regulations on patent property are becoming stricter and more important than in the recent past.

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