MIC2025

WHAT'S IN THE NEWS?

What is Made in China 2025? (MIC2025)

- **National Strategic Initiative**: Launched by the Chinese government in **May 2015**, MIC2025 is a state-driven industrial policy designed to upgrade China's manufacturing sector into a globally competitive high-tech powerhouse.
- **Core Objective**: Shift from low-cost, labor-intensive manufacturing to **advanced, innovation-led manufacturing** with a strong focus on **self-sufficiency** in core technologies.
- **Three-Stage Plan to 2049**:
    - **By 2025**: Establish China as a strong manufacturing country.
    - **By 2035**: Achieve parity with global manufacturing leaders.
    - **By 2049**: Become the world's **manufacturing superpower**, coinciding with the centenary of the People's Republic of China.
- **Key Industries Targeted (10 Priority Sectors)**:
    - Next-gen Information Technology
    - High-end CNC machines and Robotics
    - Aerospace and Aviation Equipment
    - Ocean Engineering and High-tech Ships
    - Advanced Rail Transportation Equipment
    - Energy-Saving and New Energy Vehicles (EVs)
    - Power Equipment
    - Agricultural Equipment
    - New Materials
    - Biopharma and High-End Medical Devices
- **Self-sufficiency Target**: By 2025, achieve **70% domestic production** of key components and materials in these high-tech sectors.

Achievements and Successes of MIC2025

A. Electric Vehicles (EVs) and Batteries

- **Global Leader**: China controls over **70% of global EV production**.
- **Charging Infrastructure**: Accounts for **65% of global public EV charging points**.
- **Battery Tech**: Dominates the lithium-ion battery supply chain.

B. Renewable Energy

- **Solar Dominance**: Controls **80% of global solar cell exports**; home to top solar panel manufacturing equipment suppliers.
- **Major Solar Farm**: World's largest solar farm in **Urumqi**.
- **Economic Contribution**: Renewable energy sector contributed **over 10% to China's GDP in 2024**.

C. High-Speed Rail (HSR)

- **Largest Network**: Over **40,000 km** of high-speed rail; world's largest.
- **Technological Advancement**: Developed **maglev trains** exceeding **600 km/h**.

D. Drone Technology

- **Market Share**: Controls **90% of the global commercial drone market**.
- **DJI's Dominance**: DJI, a Chinese company, holds over **70% global market share**.

E. Robotics and Automation

- **Largest Robot Market**: Surpassed Japan and Germany in industrial robot installations.

F. Manufacturing Output

- **Global Share**: China contributes **31.6% of global manufacturing output**; US follows at 15.9%, and Japan at 6.5%.

G. 5G and Telecommunications

- **Infrastructure and Patents**: China is a **global leader in 5G technology**, with **Huawei** at the forefront.

H. Biopharmaceuticals

- **R&D Clusters**: Cities like **Shanghai** emerging as global biotech hubs.

- **MIC2025 Milestones**: Target of **20–30 innovative drugs** met; increased local procurement in hospitals.

Criticisms and Challenges of MIC2025

A. Protectionism and Market Distortion

- **Accusations**: Countries like the US and EU accuse China of providing **state subsidies, cheap credit, and preferential treatment** to domestic firms.

B. Intellectual Property and Technology Transfer

- **Coercive Tactics**: Alleged use of **cyber-espionage, forced technology transfer**, and **unfair regulations** to acquire foreign tech.

C. WTO Violations

- **Concerns**: MIC2025 contradicts **WTO's non-discrimination and fair competition principles**, due to local content mandates and subsidies.

D. Trade Imbalances

- **Aggressive Exports**: Push in high-tech sectors has worsened **trade deficits**:
    - **US–China**: Deficit reached **$295.4 billion in 2024**.
    - **India–China**: Trade deficit widened to **$99.2 billion in 2024–25**.

India's Manufacturing Response and Initiatives

A. Make in India (2014)

- **Goal**: Transform India into a global manufacturing hub by encouraging both **FDI** and domestic production.
- **Gap**: Manufacturing's share in GDP remains stagnant at **15–17%**, below the **25% target** of the National Manufacturing Policy.

B. Atmanirbhar Bharat Abhiyan (2020)

- **Focus**: Promote **economic self-reliance** through reforms in 5 pillars: economy, infrastructure, system, demography, and demand.

C. Production Linked Incentive (PLI) Schemes

- **Scope**: Covers **14 critical sectors** (mobiles, pharma, electronics, auto, textiles, etc.).

- **Impact**: Boosted domestic mobile production; India became the **second-largest mobile manufacturer** globally.

D. Skill India Mission

- **Objective**: Bridge the skill gap via **upskilling and reskilling** in alignment with modern industry demands.

E. Startup India

- **Goal**: Nurture indigenous **entrepreneurship and innovation** to boost industrial competitiveness.

Challenges India Faces Compared to MIC2025

A. Scale and Supply Chain Ecosystem

- **Issue**: India lacks China's **massive industrial scale**, mature ecosystems, and integrated logistics networks.

B. R&D Investment

- **Gap**: India spends **only 0.7% of GDP** on R&D compared to **China's 2.68%**.
- **Numbers**: China's annual R&D spend is **$496 billion**, India's is **< $100 billion**.

C. Skill Mismatch

- **AI Workforce Deficit**: 75% of Indian workers lack **AI-related skills** (World Bank, 2022).
- **Employability Gap**: Only **45% of graduates** are deemed employable (India Skills Report).

D. Regulatory and Infrastructure Bottlenecks

- **Doing Business Hurdles**: Complex land acquisition, tax regulations, and slow dispute resolution reduce investor confidence.
- **Logistics Costs**: India's logistics cost is **13% of GDP**, higher than **China's 8%**.

E. Fragmented Policy Approach

- **Lack of Cohesion**: Unlike China's centralized long-term strategy (MIC2025), India's initiatives are often **short-term and scattered** across ministries and states.

What Can India Learn from MIC2025?

A. Focused Sectoral Strategy

- **Sunrise Sectors**: Identify and prioritize sectors like **electronics, semiconductors, green energy, aerospace, and medical devices** for targeted support.

B. Increase R&D and Innovation Capacity

- **Investment Target**: Raise public-private R&D investment to at least **2% of GDP**.
- **Policy Tools**: Offer **tax incentives, innovation grants**, and promote **industry-academia collaboration**.

C. Skilling for Industry 4.0

- **Education Reform**: Align vocational training with **automation, AI, data analytics**, and smart manufacturing needs.

D. Improve Business Environment

- **Ease of Doing Business**: Streamline procedures, simplify land and labor laws, and ensure **regulatory certainty**.

E. Build Industrial Infrastructure

- **Logistics Reform**: Invest in **industrial corridors, freight corridors, logistics hubs**, and uninterrupted power supply.

F. Develop a Unified Industrial Policy

- **Integration**: Combine manufacturing, trade, technology, and skill development under a **long-term industrial strategy**.

G. Leverage Global Supply Chain Realignment

- **Geopolitical Advantage**: Market India as a **reliable China+1 alternative**, especially for MNCs diversifying from China.
- **Cost Competitiveness**: Lower wages and large workforce offer India an edge in **labor-intensive manufacturing**.

Source: https://thediplomat.com/2025/07/the-evolution-of-made-in-china-2025/