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Highlights

China's Rapid Growth in Launch Activity Signals Expanding Space Capabilities

China's New Aircraft Carrier Poses Challenge to U.S. Power in the Pacific

China Shock 2.0 to Continue in 2026

Beijing Putting Building Blocks in Place for Continued Technology-Focused Industry Policy in Next Five-Year Plan

China's Rapid Growth in Launch Activity Signals Expanding Space Capabilities

Record numbers of launches, progress in reusable launch technology, and tighter government control of the commercial sector demonstrate China's rapidly advancing bid for global space leadership.

- China has continued to advance its space launch capabilities in 2025, increasing both its number of launches and satellites placed in orbit. As of November 30, China had conducted 77 orbital launch attempts—surpassing its previous record of 68 in 2024—and placed 322 satellites in orbit, a 22 percent increase over last year.¹
- Commercial space company LandSpace reached a milestone in its development of Chinese reusable launch rockets (RLRs).² The first test flight of its Zhuque-3 rocket on December 3 successfully reached orbit, though it failed with a first-stage landing attempt.³ In testimony before the Commission in April 2025, U.S. Space Force Chief of Space Operations General B. Chance Saltzman warned that China's investment in reusable launch could lead to an inflection point in space access that may result in “China overtaking U.S. leadership in the domain.”⁴ Experts cited in the Commission's *2025 Annual Report to Congress* predict that Chinese reusable launch will be competitive with SpaceX by 2030.⁵
- On November 30, 2025, China's National Space Administration announced its intention to establish the Commercial Space Department.⁶ The new body would expand government oversight of China's rapidly growing commercial space sector.⁷ This new department would align it with national security priorities and strengthen Beijing's ability to compete in the global space market.
- USCC's *2025 Annual Report to Congress* discusses China's rapidly growing, state-directed commercial space ecosystem and the technological, economic, and geostrategic challenges it poses to the United States.⁸ The Report also includes a recommendation for ensuring continuing U.S. space leadership.⁹

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China's New Aircraft Carrier Poses Challenge to U.S. Power in the Pacific

China's People's Liberation Army's (PLA) newly commissioned third aircraft carrier—*Fujian*—has significantly narrowed its capability gap with the U.S. Navy in the Pacific.¹⁰

- Commissioned on November 5, China's *Fujian* aircraft carrier features electromagnetic catapults that enable it to launch the PLA's next generation aircrafts and heavier planes (e.g., the J-35 stealth fighter jet and the KJ-600 early warning aircraft) at a much faster rate, significantly increasing its combat lethality.¹¹ In a military conflict in the Indo-Pacific, *Fujian* could enhance the PLA's ability to delay and disrupt U.S. forces entering the region.¹² Chinese authorities seemed to tie the PLA's third aircraft carrier to a potential Taiwan contingency, stating it would help thwart any efforts to “violate or split apart China's sacred territory.”¹³
- Military researchers also assess that China is currently working to construct a nuclear-powered aircraft carrier.¹⁴ Nuclear-powered aircraft carriers have a much greater range than traditionally fueled carriers and would further enhance the PLA's ability to project power beyond its immediate waters.¹⁵
- The Commission's *2025 Annual Report to Congress* highlights China's ongoing military modernization with the goal of building its capability to fight and win wars against a “strong enemy” like the United States; it also recommends that U.S. Indo-Pacific Command assess its capacity to respond to a Taiwan contingency and to other forms of coercion used by China that threaten the security of Taiwan.¹⁶

China Shock 2.0 to Continue in 2026

At \$1.1 trillion for the first eleven months of the year, China's trade surplus with the rest of the world is on track to hit \$1.2 trillion in 2025, eclipsing its 2024 record of \$992 billion. For 2026, Goldman Sachs has forecasted continued Chinese export growth in high-tech sectors at the expense of Europe, Japan, India, and others.

- As its domestic economy has stalled, China has leaned more on exports to prop up its economy. Total exports hit a record \$970.6 billion in Q3 2025, a 6.6 percent year-over-year increase.¹⁷ Net exports contributed 1.5 percentage points of gross domestic product (GDP) growth in the first three quarters of 2025 compared to an average of 0.35 percentage points between 2015 and 2024.¹⁸
- China's continued export momentum has come despite the impact of U.S. tariffs, with exports to the United States falling 28.6 percent year-on-year in November 2025.¹⁹ China's export machine has shifted focus to other parts of the world, with exports to Africa increasing by 27.5 percent and exports to ASEAN increasing 8.2 percent.²⁰ This trend is expected to continue—Goldman Sachs upped its 2026 growth outlook for China to 4.8 percent based on even more exports, well above 4.16 percent forecasted by the International Monetary Fund.²¹ The Commission's *2025 Annual Report to Congress* details deindustrialization underway in both developed and developing countries as a result of China Shock 2.0.
- China's leadership is looking to foreign markets to continue driving its growth as economic headwinds have slowed investment and China's tepid policies to grow consumption have had meager results.
 - *Investment:* Gross capital formation contributed a mere 0.91 percent of GDP growth thus far in 2025 compared to the annual average of 2.1 percent over the prior ten-year period.²² Tellingly, fixed asset investment year-to-date growth has turned negative for the first time in decades (outside of the early months of the COVID-19 pandemic), registering a 1.7 percent drop in October.²³ Analysts attribute falling investment to Beijing's “anti-involution” campaign—an effort to crack down on the excess production caused by industrial policy—local governments' debt burden, and the continued real estate slump.²⁴
 - *Consumption:* Retail sales growth dropped to 3.4 percent in Q3 from 5.4 percent in Q2.²⁵ The dissipating effect of government support programs that boosted consumer spending in the first half of the year appears partly to blame. In October, sales of two subsidized goods categories—automobiles and household electric and video appliances—were down 6.6 percent and 14.6 percent year-over-year, respectively.²⁶

Beijing Putting Building Blocks in Place for Continued Technology-Focused Industrial Policy in Next Five-Year Plan

The Chinese Communist Party’s (CCP) Central Committee confirms commitment to techno-nationalism and industrial policy with increased focus on diffusion of existing technology; lip service on consumption likely to continue.

- In October 2025, the CCP Central Committee’s Fourth Plenum previewed the focus of next year’s Five-Year Plan (FYP).²⁷ The Committee signaled China’s continued commitment to industrial policy, with a focus on techno-nationalism and strengthening China’s industrial capacity. Importantly, the Committee elevated “industrial upgrading” to the number one priority, with technological innovation being second. In practice, this is likely to mean Beijing will put greater emphasis on policies to speed adoption of existing technologies in a bid to increase productivity.²⁸
- The Central Committee’s recommendations target numerous technologies, including artificial intelligence, semiconductors, biomanufacturing, and quantum.²⁹
- The Fourth Plenum outcome also suggested that China will continue to overpromise and under-deliver on re-balancing its economy in favor of consumption. The Committee placed consumption as the fifth-highest priority, the same as the existing FYP.³⁰ While the government has taken some measures in favor of consumption in recent years, they have been tepid. (The Commission’s *2025 Annual Report to Congress* further addresses China’s measures for consumption).³¹
- The Central Economic Work Conference (CEWC)—an annual meeting expected in mid-December at which China’s economic priorities are set—could shed additional light on how Beijing intends to expand its already extensive policy toolkit to support homegrown tech.³² The readout may provide additional insight into the next FYP, which will be released in March 2026.³³ For example, the 2024 CEWC readout highlighted the use of fiscal policy, such as subsidized trade-in programs for consumer and capital goods, a tool that could potentially be repurposed to drive early adoption of new technologies.³⁴ The Commission’s *2025 Annual Report to Congress* details China’s industrial policy and innovation capacity.³⁵

Endnotes

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