



Source: gettyimages

China's long and winding economic journey

31 October 2025, 12:10 UTC, written by Michael Bolliger

Despite global challenges, China remains committed to advancing its economic development and positioning itself as a global leader across various industries. Chinese equities, especially in the technology sector, may offer investors attractive opportunities to diversify their portfolios.

On the bustling streets of Beijing, a small technology startup recently celebrated its IPO—another small step in China's relentless pursuit of technological progress and independence. This is a good example of China's long and increasingly confident economic journey, as outlined during the fourth plenum detailing the country's strategic goals and challenges for the years ahead.

China's coming 15th Five-Year Plan will set out another ambitious roadmap for the Middle Kingdom, aiming to transform it into a developed country with "middle" income levels by 2035. Despite numerous challenges, China appears firmly committed to modernizing its economy and becoming more self-reliant, especially in technology. According to Beijing's recent guidance, the plan is set to emphasize the development of a modern industrial system, expanding domestic demand, and creating a unified internal market. These initiatives are intended to strengthen China's economic resilience, enable sustainable growth, and cement its technological leadership, including in the digital sector. In fact, the plan will likely also provide useful insights on how countries can successfully navigate US isolationism.

Progress is also evident in the domestic economy: While the marks of numerous challenges are clear, so too is the remarkable adaptability of Chinese companies. In the third quarter, the economy grew by 4.8%, driven by industrial production and exports. While exports to the US remain below pre-"Liberation Day" levels, China's global export growth has been surprisingly strong. The latest figures show an acceleration to 8.3% year on year. This resilience is further supported by targeted fiscal stimulus to stabilize domestic demand.

However, China's path is not without hurdles: Challenges such as continued pressure on real estate prices, structural overcapacity, the indebtedness of various local governments, and US export restrictions and tariffs weigh on China's manufacturing sector and domestic consumption, dampen business and consumer sentiment, and affect investment. Many of these challenges are structural in nature and will likely continue to affect markets going forward. While the modernization of China's economy is set to continue, the structural decline of its once explosive growth is probably one of the inevitable consequences of this process.

The recent summit with the US government can also be considered a success, even though there was no complete rollback of tariffs and trade barriers. However, the strategic positioning and sometimes emotional political debates before the meeting underscore how fragile the balance between the two countries is. Given the strategic competition between the two superpowers, tensions are likely to remain a theme for markets in the future.

In summary, China's systematic efforts are bearing fruit. The country is on track to drive growth, claim global leadership, and strengthen the independence of its economy. China has become a global leader in numerous industries, and there is little to suggest it will not achieve a similar position in technology in the foreseeable future. While domestic challenges and external risks will likely persist, the focus on technological progress and economic modernization—combined with systematic efforts to reduce supply chain dependencies and overcapacity—provides a strong argument for investors to consider a selective allocation to Chinese equities. The growth potential in the technology sector, in particular, suggests that internationally diversified investors should also consider Chinese technology stocks.

Disclaimer

Hong Kong / Singapore: For Global Wealth Management clients of UBS AG Singapore / Hong Kong branch, please refer to the [HK/SG Marketing Material Disclaimer](#).

This document is prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland), its subsidiaries or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. In the USA, UBS Financial Services Inc. is a subsidiary of UBS AG and a member of FINRA/SIPC. Additional Disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

This document and the information contained herein are provided solely for your information and UBS marketing purposes. Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. This document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS Group. UBS is under no obligation to update or keep current the information contained herein. **The views and opinions expressed in this material by third parties are not those of UBS.** Accordingly, UBS does not accept any liability over the content shared by third parties or any claims, losses or damages arising from the use or reliance of all or any part thereof.

All pictures or images ("images") herein are for illustrative, informative or documentary purposes only and may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties. Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

Additional Disclaimer relevant to Credit Suisse Wealth Management: Except as otherwise specified herein and/or depending on the local entity from which you are receiving this document, this document is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Please visit <https://www.ubs.com/global/en/wealth-management/insights/chief-investment-office/marketing-material-disclaimer.html> to read the full legal disclaimer applicable to this document.

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.