

Beijing is playing the long game and even America is vulnerable

Devina Mehra | 7 May 2026



China has focused on self-reliance as a key theme to reduce dependence on any foreign technology or materials, but the unstated part is to make the world reliant on it.(Reuters)

SUMMARY

China's push for self-reliance across critical technologies has followed a strategic plan. In the sphere of defence, the US might need Beijing's nod for rare mineral access to rebuild its armoury after the Iran war. The dragon seems to have the eagle exactly where it wants it.

Recently, I attended a lecture on 'Long-term missions in a short-term world' by S. Gurumurthy. To me, the biggest example has been China. It has not only had an astounding growth story over nearly fifty years, it has been strategic in its intent and execution.

China's GDP grew 5% in the first quarter, well ahead of estimates. We like to fault China on many fronts, including its deteriorating demographics, excess construction and export dependence. Plus it is growing less than India's 7%-odd per annum.

But the Chinese economy is about five times the size of India's. China's 5% growth rate versus India's 7% means that China adds 25 units to its GDP for the seven units we add. In just 5-6 years, it can add a whole Indian economy, so to speak.

Now for research and development (R&D) spend. As a percentage of GDP, China spends 7 times what India does. Therefore, in nominal terms, China spends 35 times what India does and the difference shows in results.

China's 2021-25 Five-Year Plan placed technological self-reliance at the core of development, shifting focus from high-speed growth to high-quality, innovation-driven security.

It identified seven 'frontier areas' for major science and technology projects where it was looking for self-reliance, breakthroughs and dominance: Artificial intelligence (AI), quantum information, integrated circuits, biotechnology and health sciences, deep-earth, deep-sea and polar exploration, aerospace and space technology and brain science and neuromorphic computing.

Strategic emerging industries that were prioritized for immediate upgradation include: New energy vehicles, advanced manufacturing, high-end robotics, smart production and heavy equipment, next-generation information technology, green tech, etc. There were also plans to upgrade the digital economy and infrastructure.

Has China delivered on it? For sure. China is now the only technology rival to the US. For instance, the top five Chinese EV manufacturers control 43% of the market, with BYD alone at 20%.

Now comes the next five-year plan from 2026 to 2030. It focuses on two main tiers of technology: strategic emerging industries, which are ready for large-scale industrial use, and future industries, which represent the next frontier of global competition.

The first category includes massive deployment of the 'AI Plus' initiative to integrate AI across manufacturing, healthcare and governance; focus on high-end robotics, industrial machine tools and 'intelligentized' production systems; further dominance in EVs; large-scale commercialization of biomedicine and innovative drug development as well as expansion of drones and commercial space exploration.

Then the plan identifies specific "industries of the future" to gain a first-mover advantage. These include quantum technology, next-gen networks including 6G mobile technology, human-machine integration (including focused development of a brain-computer interface) and humanoid robots. Plus unconventional energy options like nuclear fusion power and hydrogen, as well as bio manufacturing.

We are practically in science fiction territory now. Self-reliance is a key theme to reduce dependence on any foreign technology or materials in all these areas. The unstated part is to make others reliant on you.

In an article in *Fortune*, 'America shot its arsenal empty in 2 wars. Now it needs Beijing's permission to reload,' Steve H. Hanke and Jeffrey Weng set out why China is critical to America's attempt to build back its depleted war arsenal.

Here are the facts: "The Center for Strategic and International Studies finds that in Iran alone, the United States burned through 45% of its Precision Strike Missile stockpile, half of its THAAD interceptors, nearly half of its Patriot PAC-3 inventory, roughly 30% of its Tomahawks, and more than 20% of its long-range JASSMs."

There is now a real risk of running out of ammunition. And production cannot be restarted without a go-ahead from Beijing. Too many of the critical raw materials needed flow almost exclusively through China.

For instance, each Tomahawk cruise missile's fin actuators run on samarium-cobalt magnets. China mines and refines 99% of the world's samarium and placed it under export licensing in April 2025; the Patriot PAC-3 interceptor uses samarium-cobalt and yttrium-iron-garnet phase shifters.

Besides samarium, China supplied 93% of US yttrium imports; the fin servos and seekers of JASSM-ER stealth cruise missiles run on neodymium-iron-boron magnets doped with dysprosium and terbium for thermal stability. China refines the vast majority of the world's dysprosium and terbium; F-35 Lightning II contains 920 pounds of rare earths, most of which have been placed under licence by China.

"Across these four weapon systems, the back-of-the-envelope replenishment requirement is between five and ten metric tons of finished defense-grade rare earth magnets, more than 95% of which will arrive from China."

Beijing has nearly all rare Earth as well as antimony, gallium, etc, under licensing or in control. It's been playing the long game and has got the world and the US exactly where it wants it.

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