

Economic QuickView



The 4th Plenum of the 20th CPC Central Committee: Pursuing high-quality growth through building a modernised industrial system and expanding domestic demand

- The CPC adopted the recommendations for formulating the 15th FYP, with a heightened focus on enhancing technological strength and expanding the domestic market.
- A major economic goal is to attain the status of a mid-level developed country by 2035, along with a marked increase in household consumption.
- Quantum technology, biomanufacturing, hydrogen energy, nuclear fusion, brain-computer interface, embodied AI and 6G are highlighted as potential emerging new drivers.

On October 23rd, the 20th Central Committee of the Communist Party of China concluded its fourth plenum and adopted the recommendations for formulating the 15th Five-Year Plan (FYP).

A communique issued following the plenum's completion on 23rd October, and a press conference was held by a few key officials on 24th October to elaborate the Committee's conclusion. These events highlighted major development goals for the 15th FYP period (2026-2030), as the nation works toward achieving socialist modernization by 2035.

Specifically, major economic development goals include: to achieve significant progress in high-quality development, improve tech self-sufficiency, deepen reform and opening up, increase the nation's cultural and soft power influence, enhance households' living quality, reduce pollution and reach carbon neutrality. In particular, the communique highlighted a target to grow the nation's per capita GDP to be on par with the level of a mid-level developed country by 2035, along with a marked increase in household consumption. Overall, this suggests that Chinese Mainland is likely

to focus on sustaining a steady growth trajectory over the next five years.

While numerous topics are discussed during the 4th Plenum, we note that **building a modernised industrial system** and **expanding domestic demand** stand out as the two major economic agenda for the 15th FYP period.

During the press conference, the Director of National Development and Reform Commission stressed that building a modernised industrial system will be the top strategic goal to strengthen the nation's economic foundation, with 4 major tasks:

1. To upgrade the traditional industrial sector. Several key industries including **chemicals, machinery and ship-making** are mentioned to be further developed, thereby enhancing their global competitiveness and fostering the development of advanced manufacturing clusters. This upgrading process is estimated to create additional RMB 10 trillion of values.
2. To foster emerging and future industries. Fast-growing industries such as new material, new energy, aerospace, low-altitude economy will be developed into strategic emerging industry clusters. Besides, **quantum technology, biomanufacturing, hydrogen energy, nuclear fusion, brain-computer interface, embodied AI and 6G** are highlighted as potential growth drivers in future.
3. To **expand the capacity of the services sector** for the development of advanced manufacturing and modern agriculture.
4. To **enhance the efficiency of the infrastructure system** by promoting better planning and coordination across various infrastructure network.

Expanding domestic demand is another major economic goal for the 15th FYP period. Notably, implementing consumption promotion programs and boosting services consumption will remain the major policy initiatives to encourage household spending. Meanwhile, the government will put a higher emphasis on increasing the effectiveness of public investments, especially in attracting the participation of private capital. Besides, the recommendations highlighted the need for building a unified national market, breaking down market barriers to boost domestic demand while enhancing openness, with a particular focus on curbing anti-involution.

Overall, the recommendations indicated that Chinese Mainland is expected to maintain a steady growth trajectory for the 15th FYP period, despite a highly uncertain external environment. The communique highlights the promotion of the real estate sector with 'high-quality development', suggesting the continuation of existing supportive policy backdrop. With the focus on building a modernised industrial system and expanding domestic demand as the two major economic agenda, it is anticipated that industry and consumption are expected to serve as key growth drivers moving forward.

Disclaimer

This material is prepared by The Bank of East Asia, Limited ("BEA") for customers' reference only. The content is based on information available to the public and reasonably believed to be reliable, but has not been independently verified. Any projections and opinions contained herein are expressed solely as general market commentary, and do not constitute an offer of securities or investment, nor a solicitation, suggestion, investment advice, or guaranteed return in respect of such an offer. The information, forecasts, and opinions contained herein are as of the date hereof and are subject to change without prior notification, and should not be regarded as any investment product or market recommendations. This material has not been reviewed by the Securities and Futures Commission of Hong Kong, Hong Kong Monetary Authority, or any regulatory authority in Hong Kong.

BEA will update the published research as needed. In addition to certain reports published on a periodic basis, other reports may be published at irregular intervals as appropriate without prior notice.

No representation or warranty, express or implied, is given by or on behalf of BEA, as to the accuracy or completeness of the information and stated returns contained in this material, and no liability is accepted for any loss arising, directly or indirectly, from any use of such information (whether due to infringements or contracts or other aspects). Investment involves risks. The price of investment products may go up or down, and may become valueless. Past performance is not indicative of future performance. The investments mentioned in this material may not be suitable for all investors, and the specific investment objectives or experience, financial situation, or other needs of each recipient are not considered. Therefore, you should not make any investment decisions based solely on this material. You should make investment decisions based on your own investment objectives, investment experience, financial situation, and specific needs; if necessary, you should seek independent professional advice before making any investment.

This material is the property of BEA and is protected by relevant intellectual property laws. Without the prior written consent of BEA, the information herein is not allowed to be copied, transferred, sold, distributed, published, broadcast, circulated, modified, or developed commercially, in either electronic or printed forms, nor through any media platforms that exist now or are developed later.

For more information, please visit our webpage at <https://www.hkbea.com/html/en/bea-about-bea-economic-research.html>. For any enquiries, please contact the Economic Research Department of BEA (email: lerd@hkbea.com/telephone number: (852) 3609-1504/postal address: GPO Box 31, Hong Kong).