China-Britain Business Council
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The Road Ahead:
Inside China's Upcoming Five-Year Plan

Prepared by the China-Britain Business Council

China's top leadership has outlined main themes for the 15th Five-Year Plan (2026–2030), which will guide policy through the end of the decade.

Five-Year Plans outline the Chinese government's policy direction, priorities, and strategic targets for the coming five years. Their directives shape policy and action at every level of government, making early signals from the next FYP vital for business and policy decision-makers.

On Tuesday, 28 October, China's leadership released a policy document titled "Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development" (henceforth, "the Recommendations"). This document (available online in Chinese and English) sets out the broad direction and guiding principles that will underpin the final plan.

This thematic briefing summarises highlights from the Recommendations and related FYP-linked statements, with added commentary.

Theme 1: Modernisation

Staying the Course

Over the next Five-Year Plan, China aims to extend its lead as the world's pre-eminent producer of goods, sharpening the quality, speed, and efficiency of its industrial base as part of a broader drive towards modernisation targets.

Policy Highlights:

- **Industrial Progress First:** Industrial upgrading and the "real economy" (parts of the economy that produce tangible goods and services) is the first major theme to receive a dedicated section in the Recommendations. The section states that manufacturing will remain at its current share of GDP (around 25% in 2024), with advanced manufacturing serving as the "backbone" of China's modernised industrial system. This suggests that China will double down on its production-led development model and intends to continue investing heavily in domestic capabilities.
- **Critical Stage:** The 2026-30 FYP is described as a pivotal period for China to make decisive progress towards "basically achieving socialist modernisation" by 2035. This major milestone, first set in 2017, encompasses a range of economic objectives, including raising per capita GDP to the level of a mid-level developed country. Progress towards modernisation will be driven by the development of a "modernised industrial system" – one that is innovative, efficient, and technologically advanced in designing, producing, and moving physical goods.
- **Upgrading Industry:** China will continue its drive to upgrade industries across the board by embedding digitalisation, smart technologies, and AI to make them more efficient, higher-value, and cleaner.

- **Industrial Security:** There is a national security dimension to China's industrial modernisation, focused on safeguarding economic security by increasing self-reliance, strengthening resilience, and ensuring the security of key supply chains.
- **Favoured Sectors:** The Recommendations suggest that the following industries will receive special government attention in the FYP:
    - *Traditional:* Mining, Metals, Chemicals, Light Manufacturing, Textiles, Machinery, Shipbuilding, and Construction.
    - *Emerging:* New Energy, New Materials, Aviation and Aerospace, and the "Low-Altitude Economy" (drones, aerial logistics, flying cars).
- **Achieving High-Quality Development:** Modernising industry is one of the means China will achieve its number one "major objective" for 2026-30: "High-quality development." The term refers to a model of growth that prioritises efficiency, innovation, environmental sustainability, and improved living standards over sheer speed or scale.

Comment:

- **Factory Friends:** As China modernises its industrial base, UK businesses sourcing from or producing in the country could benefit from faster, more reliable production, access to cutting-edge manufacturing, and an easier path into the Chinese market. Collaboration with Chinese partners can also offer valuable insight into new technologies and operating models that help UK firms remain competitive globally.
- **Futureproofing the Economy:** Given China's ageing population and shrinking workforce, advanced manufacturing powered by automation and smart factories offers a way to lift productivity and sustain momentum.
- **Clashes Ahead:** China's determination to remain the world's manufacturing powerhouse will likely lead to further trade tensions in the years ahead, as its push to climb the value chain and dominate advanced industries will increasingly collide with Western efforts to protect their own manufacturing bases and strategic technologies.
- **Economy Mainstay:** With the housing market still unsettled and consumer confidence fragile at home, and geopolitical competition intensifying abroad, manufacturing remains a dependable pillar for China to lean on even despite this year's trade wars.

Theme 2: Technology

Boldly Building the Future

China's strong shift towards building innovation and science, unveiled in 2024 with the advent of "new productive forces," will only deepen in the next FYP, becoming tightly interwoven with the overarching mission of strengthening industrial power.

Policy Highlights:

- **Elevated Priority:** Strengthening China's scientific and technological independence and capacity is given a dedicated chapter and ranked as the country's second standalone major objective for 2026-30 in the Recommendations. By contrast, in the 2020 plan it appeared only briefly among the major objectives folded into a broader economic to-do list.

CBBC POLICY UPDATE
31 October 2025

- **Tech-Industry Symbiosis:** Science and technology are closely intertwined with China's industrial upgrading ambitions and are presented as another foundation of modernisation. The FYP will push for tighter integration between technology and industry to ensure that scientific advances translate more quickly into practical applications.
- **Self-Reliance:** A central objective of scientific and technological development is to reduce dependence on foreign powers for critical technologies. This priority is made more pressing by the geopolitical tensions, conflicts, and protectionism outlined in the Recommendations.
- **Innovation Pathways:** China aims to strengthen its innovation capacity by:
    - *Infrastructure:* Refining a national system to support major science and technology projects.
    - *Enterprises:* Encouraging companies to invest more in R&D and national projects, backed by tax breaks and government procurement incentives.
    - *Talent:* Building a world-class ecosystem for cultivating top engineers and scientists, from education and training to evaluation systems that reward genuine innovation.
- **Higher Tech:** The next FYP will back a bolder basket of "future industries" than the last, with plans to develop quantum technology, biomanufacturing, hydrogen, and nuclear-fusion energy, brain-machine interfaces, embodied intelligence, and 6G. By contrast, the 2020 plan focused on AI, semiconductors, biotechnology, and NEVs.
- **AI Everywhere:** China will accelerate the development of AI, data, and computing power under its "AI-plus" approach, applying artificial intelligence more deeply across research, industry, and governance to drive efficiency, innovation, and economic upgrading.
- **Data Deployment:** China will continue to prioritise the use, development, sharing, and security of data resources to drive innovation and strengthen the real economy.

Comment:

- **Scientific Spillover:** The UK could benefit from China's advances in cutting-edge technology – whether through business partnerships, joint university research, or high-quality Chinese investment. If the UK wants to stay competitive, engaging with China's innovation ecosystem may prove more effective than keeping it at arm's length.
- **Race to Get Ahead:** President Xi Jinping has described the next FYP as a "window of opportunity" for China to move into a leading international position, urging the country to "seize the strategic initiative amid intense international competition." Science and technology are central to this effort, seen as the key to strengthening national power, securing a long-term competitive edge, and positioning China as a leader rather than an imitator in global tech chains.
- **No NEVs:** Electric vehicles are notably absent from the Recommendations, reflecting the industry's maturity (or perhaps overmaturity) and a shift in government focus to higher-order technologies. However, the sector will still benefit indirectly from other elements of the FYP, such as measures aimed at boosting consumption.
- **Diffusion Shift:** The word "innovation" featured heavily in the Recommendations in both 2020 (47 mentions) and 2025 (61 mentions), but while the previous Five-Year Plan focused on *building* China's capacity for innovation (particularly to reduce dependence on other nations), the new plan places a greater emphasis on the broad *integration* of new

technologies across sectors within the real economy. While the US leads in cutting-edge AI development, Chinese businesses have been rapidly and ambitiously integrating the technology across everyday life, from toys and retail to finance, logistics, and public services.

- **Tech First:** Given that China's financial resources are finite, the decision to channel more investment into science and technology inevitably means fewer direct gains for its millions of struggling consumers. This is a deliberate choice to prioritise long-term strength over short-term support.

Theme 3: Consumption

Open Thine Wallets

In the next FYP, China will nurture domestic demand through a familiar mix of policies, though it will not be as urgent a national priority as industrial transformation.

Policy Highlights:

- **Hardly Discarded:** Despite analyses suggesting that domestic consumption has been sidelined in favour of industry in the next FYP, the Recommendations make clear that China will "vigorously boost consumption." It will also raise household consumption as a share of GDP "notably," and ensure that domestic demand plays a greater role as a "principal engine" of economic growth.
- **Familiar Tactics:** As in the previous FYP, China plans to boost consumption by expanding employment, enhancing social security, increasing incomes, and "stabilising expectations" – that is, maintaining public and market confidence. Examples of this approach are already visible: millions of civil servants received pay rises this year, and cities across China have implemented minimum wage increases.
- **Better Choice:** The next FYP will drive consumption by expanding the *quality* and *diversity* of consumer goods and services available to consumers, by the following means:
    - *Services:* A greater number of service sectors (such as healthcare, education, tourism, culture, and finance) will be opened to private and foreign investment, and cross-sector innovation will be encouraged (possibly foreign-local collaboration, offline-online integration).
    - *Goods:* China aims to drive a new wave of consumption through strong domestic brands, innovation, higher standards, and "new consumption scenarios" (this broad term could refer to anything from "15-minute living circles" to retail pop-ups, livestream e-commerce, and augmented-reality shopping).
- **Trusty Tools:** The following methods of boosting consumption are also listed:
    - *Scrapping Purchase Restrictions:* The Recommendations call for the removal of "unreasonable" limits on the purchase of durable goods, particularly cars and housing, including quotas and other curbs.
    - *Staggered Leave:* Encouraging people to take leave during off-peak periods to ease travel congestion and distribute leisure consumption more evenly throughout the year.
    - *Paid Leave:* Urging the government and employers to ensure that paid leave (which is often left unused) is properly implemented and taken.
    - *Inbound Consumption:* China will roll out measures to attract more foreign tourists and develop a network of "international consumption centre cities."

These hubs, designed to appeal to both international and domestic spenders, will feature global brands, duty-free shopping, high-end services, cross-border e-commerce, and urban renewal initiatives.

- *Government Spending and Welfare:* The government will expand direct support for household consumption, stating that "the proportion of public service expenditure within fiscal expenditure should be reasonably increased." The Recommendations also call for facilitating permanent urban residence and access to public services for rural migrants, a move that could help unlock latent consumer spending.
- *New Types of Consumption:* China will continue to support new forms of spending on goods and services, such as digital and 'green' (low-carbon, energy-efficient, environmentally friendly) consumption.

Comment:

- **Buy British:** China's efforts to boost consumption – from direct handouts to broad welfare improvements – can spill over to benefit UK brands, particularly given the policy focus on higher-quality, greener, and longer-lasting forms of consumption. The renewed emphasis on the services sector and the opening of new areas to foreign participation are especially significant for the UK as a leading services exporter, and at a time when the Labour government is prioritising growth through services and international engagement.
- **Policy Perks:** The development of "international consumption centre cities" presents an opportunity for brick-and-mortar sales, and brands should explore the advantages these hubs offer, from cross-border e-commerce channels to potential settlement incentives and local subsidies.
- **Consumption Still Matters:** The next FYP makes clear that strengthening domestic demand will remain a core priority, with demand-side support continuing alongside the focus on supply-side and industrial upgrading.
- **Send Subsidies:** This year's trade-in schemes and consumer loan initiatives gave a noticeable lift to spending, particularly in sectors such as autos and home appliances. The Recommendations indicate that the next FYP will likely extend or expand similar forms of support.
- **Trickle Down Effects:** Instead of relying on large-scale welfare handouts that will provide a speedy boost to consumption, China is betting that the productivity and efficiency gains outlined elsewhere will gradually feed through into higher household incomes.

Theme 4: Reform

I Can Change

The Recommendations reiterate familiar assurances of support for the current international order, continued opening to foreign enterprises, and the promotion of both inward and outward investment, while also containing particularly strong language in support of the private sector.

Policy Highlights:

- **Reddish Carpet:** The next FYP will pledge to maintain openness to foreign enterprises, aiming to attract and retain investment while managing outbound flows more effectively. China will seek "balanced development of two-way investment," ensuring both easy market access and an accommodating business environment for foreign investors. Specifically, it will:

  - *Equal Treatment:* Fully implement "national treatment" for foreign-funded firms (receiving the same treatment as local players).
  - *Services Opening:* "Expand market access and open up more areas, in particular in the service sector."
  - *Stability:* Create a more transparent, stable, and predictable institutional environment.
  - *Investment:* Shorten the negative list for foreign investment, and improve services and support for foreign investors.
  - *Reinvestment:* Encourage foreign-funded enterprises to reinvest in China.
  - *Data Governance:* Ensure "efficient, convenient, and safe cross-border data flows."
  - *Outbound Investment:* Strengthen the management and support of outbound investment, promoting integrated development of trade and investment.
- **Private Sector Support:** The Recommendations include more positive language toward the private sector, pledging to "fully stimulate the vitality of all types of business entities" and ensure "equal access to production factors" for private firms. This signals that Beijing is not turning away from private enterprise.
- **Trade in Services:** A particular emphasis is placed on the services sector, with strategies such as encouraging services exports, refining the negative list-based management for cross-border services trade, and improving standards. This marks a notable shift from the 14th FYP, where services trade received far less attention and was mentioned only briefly under broader opening-up goals.
  - *Competitive Services:* China will boost export competitiveness in modern services such as finance, education, culture, health, tourism, and technology, while improving service quality and standardisation.
  - *Streamlined Process:* Mechanisms for export control and security review will be improved to ensure that China's expanding service and technology exports are competitive and compliant with international norms.
- **International Rules:** The Recommendations affirm that "opening up and cooperation for mutual benefit are integral to Chinese modernisation." China pledges to safeguard the multilateral trading system, uphold fairness and inclusiveness in global economic governance, and align domestic practices with high-standard international economic and trade rules. What's more:
  - *Trade Balance:* China will pursue a "balanced development of imports and exports," placing greater emphasis on the quality and performance of trade rather than sheer volume.
  - *WTO's Importance:* The plan calls for alignment with WTO rules and other global trade norms, with an emphasis on ensuring that new domestic regulations, particularly those governing the digital economy and data flows, are consistent with international best practices, as opposed to the previous FYP which placed more of a focus on reforming the international trade system.

Comment:

- **Win-Win Investment:** The emphasis on "national treatment" for foreign investment could signal greater consistency in China's investment screening process, giving foreign companies more confidence to pursue projects, joint ventures, or acquisitions without navigating the complex local or provincial requirements that once posed barriers to market entry. It is a welcome, if familiar, pledge – and executives will be looking beyond the language for evidence of genuine implementation and improvement on the ground.

CBBC POLICY UPDATE
31 October 2025

- **Old Tune, New Timing:** China's renewed pledge to uphold WTO rules isn't new, but in the current climate of tariff wars and trade friction, it serves as a timely signal of reliability and reassurance to global partners – not only Western economies but also developing countries that are becoming increasingly central to its trade strategy. This follows China's recent decision to forego differentiated treatment under WTO rules, a move that reinforces its message of being a mature, high-standard player in the global trading system.
- **Private Sector:** This more inclusive stance appears aimed at reassuring private firms after years of uneven policy signals. The renewed emphasis may be as much about restoring confidence as it is about acknowledging the private sector's role in driving advances in AI and other emerging technologies; NDRC chairman Zheng Shanjie noted earlier this year that private enterprises are key contributors to developing new productive forces.
- **A Smaller Belt and Road:** The Belt and Road Initiative doesn't feature prominently in the Recommendations, reflecting its gradual shift away from headline-grabbing mega-infrastructure deals and towards smaller, more targeted projects that prioritise sustainability, practicality, and mutual benefit.

Theme 5: Regional Connectivity

Mind the Gap

The Recommendations strongly emphasise balanced and integrated national development, outlining a broad agenda to improve coordination across regions, strengthen infrastructure links, and manage rapid urbanisation more effectively.

Policy Highlights:

- **Coordinated Development:** The Recommendations call for large-scale development in western China, the revitalisation of the northeast, the accelerated rise of the central region, and faster modernisation in the east. In essence, the document advocates for development across all regions, with each province encouraged to leverage its "comparative advantages" and "distinctive strengths."
- **Infrastructure Connectivity:** The Recommendations call for expanding major land, sea, and air transport corridors between regions, and advancing the development of city "clusters" to enhance coordination across administrative divisions and improve interregional benefit sharing.
- **Urbanisation:** China plans to take a well-conceived and systematic approach to provide permanent urban residence to those who move from rural areas to a city. Furthermore, it considers the governance of mega cities, the optimisation of the scale and spatial structure of cities, and the development of cities and small towns as important challenges to tackle.

Comment:

- **Location, Location:** For foreign investors and businesses, these defined regional roles offer valuable insights into where China is seeking to grow particular industries – a signal of where targeted incentives, supportive policies, and investment opportunities are likely to emerge.

CBBC POLICY UPDATE
31 October 2025

- **Regional Roles:** The next FYP places new emphasis on provinces and regions building on their respective strengths, whether defined by geography, resources, or industrial capacity. The west is set to become a green energy and advanced manufacturing hub. The central and northeastern provinces will focus on food security, while Sichuan and Chongqing will serve as key logistics links and bases for projects such as the New International Land-Sea Trade Corridor. The Yangtze River Delta, Beijing-Tianjin-Hebei, and the Greater Bay Area are designated as core engines of high-quality growth centred on AI, innovation, and finance.
- **River Basins:** A notable new feature in the 15th FYP is the concept of "river basin economy," encouraging cross-administrative collaboration along natural corridors such as the Yangtze and Yellow Rivers. This reflects the growing emphasis on ecological-economic integration, which would, in practice, imply aligning industrial chains with basin-based logistics networks and coordinating upstream conservation and downstream economic compensation mechanisms.

Theme 6: Environment & Clean Tech

The Future's Green

China will continue to invest in green technology and sustainable practices in line with its 2060 carbon neutrality goal, with a focus on both domestic and global energy transition. The ideas outlined in the Recommendations fall under the "Beautiful China Initiative," which aims for a significant improvement in the country's ecological environment by 2035.

Policy Highlights:

- **Doubling Down:** Green development is positioned as a core pillar of China's modernisation strategy, with the Recommendations reaffirming that environmental protection and economic growth can advance in tandem. Reiterating President Xi's guiding principle that "lucid waters and lush mountains are invaluable assets," the document frames environmental protection as a long-term investment rather than a constraint. The twin goals of carbon peaking and carbon neutrality will anchor development and investment decisions, while coordinated progress in carbon reduction, pollution control, green transformation, and economic growth is expected to drive a more sustainable growth model.
- **Energy Transition:** The Recommendations prioritise the accelerated creation of a clean, low-carbon, safe, and efficient energy system:
    - *Renewables:* China aims to steadily increase the share of renewable energy (wind, solar, hydro, and nuclear) in its total energy supply.
    - *Power Systems:* A new electric power system will be developed through the expanded use of smart grids, microgrids, and advanced energy storage technologies.
    - *Transition Fuels:* Clean and efficient use of fossil fuels will continue during the transition, with upgrades to coal-fired power plants and the gradual phaseout of coal in non-industrial sectors.
    - *Market Reform:* Market mechanisms for green energy, including pricing and carbon trading systems, will be strengthened to support the energy transition.

CBBC POLICY UPDATE
31 October 2025

Comment:

- **Agreeable Deals:** China's engagement in green technology and finance has long been seen by its trading partners as one of the most constructive areas for cooperation. For example, at the EU-China summit in July, climate action stood out as a rare bright spot in the relationship, with both sides reaffirming their joint commitment to tackling global environmental challenges.
- **Carbon Goals:** The 15th FYP is China's last major policy roadmap before its 2030 carbon-peaking deadline, meaning the climate targets it sets will be crucial in determining whether those national commitments are achieved.
- **Critical Importance:** A key shift from the 14th to the 15th Five-Year Plan is the elevation of green development, from a strategic priority to a defining feature of Chinese modernisation, now firmly embedded in the country's broader narrative of economic growth and national rejuvenation.

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