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MERICS Media Briefing: The 4th Plenum of the CCP Central Committee prepares the next Five-Year Plan

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Online MERICS Media Briefing:
The 4th Plenum of the CCP Central Committee prepares the next Five-Year Plan

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The Fourth Plenum will focus on whipping the next Five-Year Plan into shape

Plenums provide key opportunities for China’s party leaders to gather and set the path ahead

20th Party Congress (2022)

1. 23.10.2022: Confirm leadership positions
2. 26.02.2023: NPC positions, institutional reforms
3. 15.07.2024: Resolution on “deepening reforms”
4. **20.10.2025: Review 15th Five-Year Plan**
5. ~2026: TBD
6. ~2027: TBD
7. ~2027: Prepare 21st Party Congress

21st Party Congress (2027)

- Between Party Congresses, the ca. 370 full and alternate members (203 / 168) of the CCP’s Central Committee meet 1-2 times per year to consolidate, adopt and transmit major decisions.
- Plenums may focus on personnel, institutions or major policies and often have a theme.
- Reviewing and adjusting the next Five-Year Plan is the main agenda point for the 2025 Fourth Plenum. Open personnel matters may also be decided on this occasion.
- Even in China’s highly centralized, top-down system, such gatherings provide a window for discussion and policy adjustments.

Geopolitical clouds hang over major party meeting

In the midst of Xi's third term, the party is facing a challenging domestic and international environment

Eyes on the prize: Xi Jinping promised his officials and citizens a path to modernization, rejuvenation and common prosperity. The goal is to propel China towards economic and technological leadership and provide its companies and citizens with sufficient benefits and opportunities for development.

Risks and turbulences: The trade war with the US, international concerns over overcapacity and dependencies, and rising trade barriers are a threat to China's ambitions for economic growth. Domestic woes like low consumption, weak private-sector growth, the real estate slump and unemployment are also likely to feature.

Preparing for strategic struggle: The next Five-Year Plan will be designed to maintain socio-economic stability at home, manage major industrial and technological transformations and safeguard China's development interests abroad.

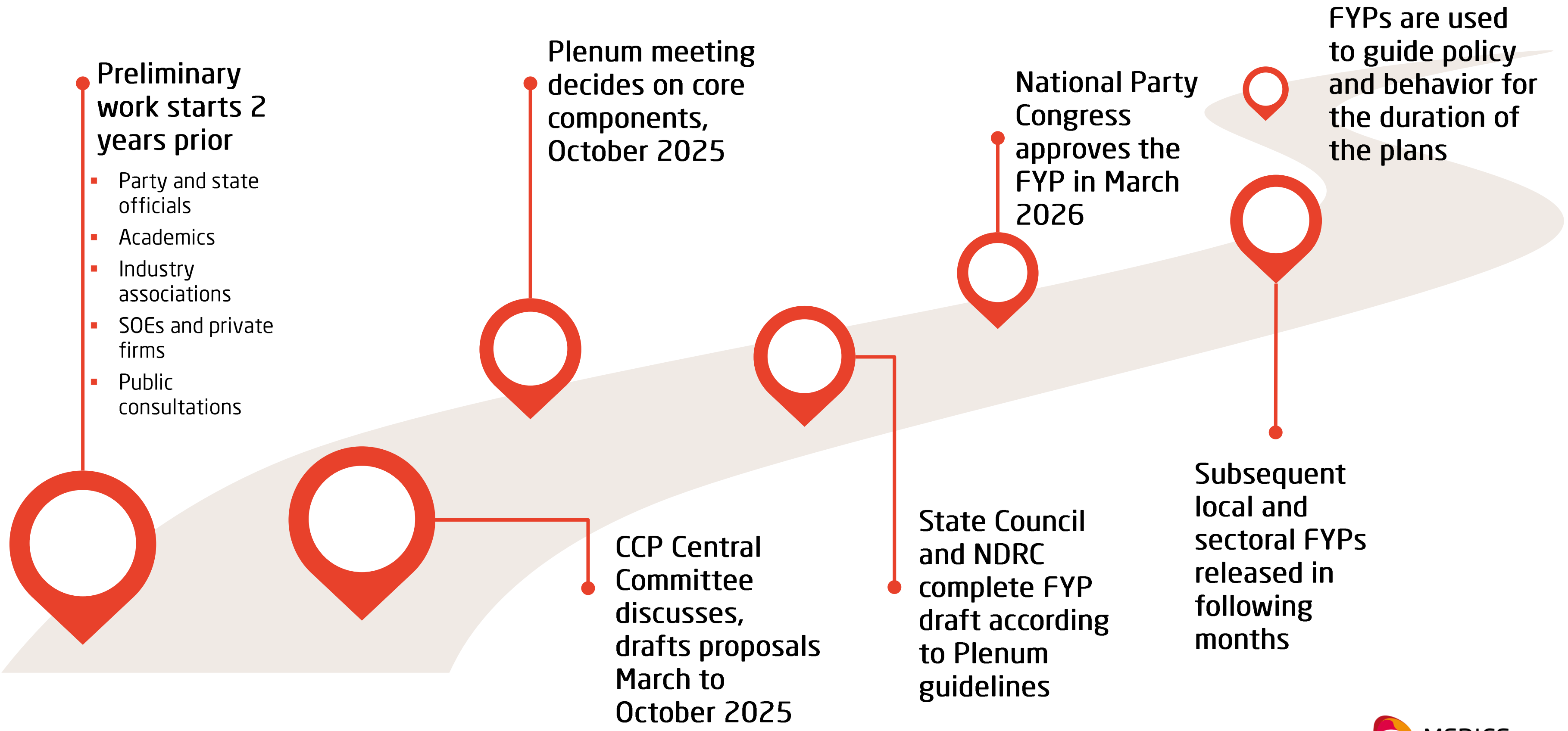
China’s 15$^{\text{th}}$ Five-Year Plan (FYP)

A pillar for China’s economic ambitions in its race to 2035 and beyond

- China’s FYPs are key drivers of its medium to long term economic planning
- While it adheres to a traditional socialist framing, the FYP has evolved into a modern means of directing economic policy and steering economic actors
- It is not a command style list of targets, but a strategic plan setting the goalposts and milestones leaders want officials to work towards
- The FYP sets key targets for the country: growth, productivity rates, R&D spending rates, income, urbanization, life expectancy, etc.
- The 14$^{\text{th}}$, 15$^{\text{th}}$, and 16$^{\text{th}}$ FYPs are critical for China to achieve its 2035 goals of “basically achieving socialist modernization”
    - While mostly vague, some goals are specific, like doubling China’s GDP from 2020-2035

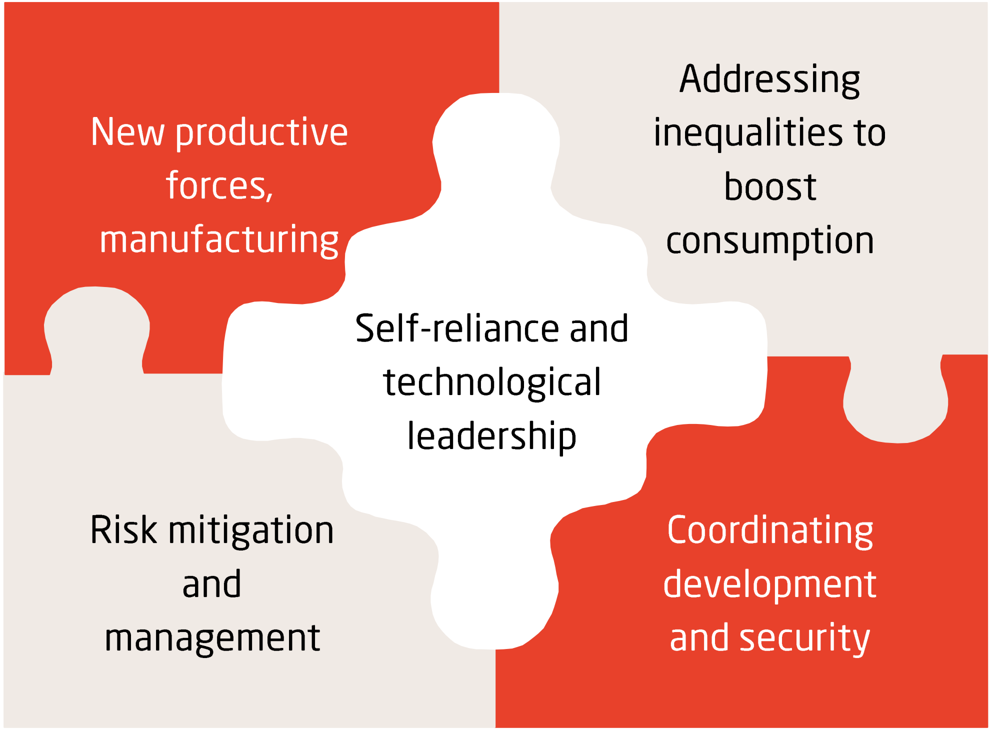
The Five-Year Plan is crafted over years

And even after the core plan is released, many more detailed plans will follow



Signals have indicated where the Five-Year Plan will likely focus

There will be many other details, but these will be the pillars of the plan



Implications for Europe

Government and businesses in Europe need to plan for a(n)...

Inflexible China	▪ Strategic competition with US will remain the key framing for Chinese policymakers ▪ Securing the position of the Party in all areas of society, and building economic and technological resilience are top priorities – Xi emphasizes "development through struggle" ▪ Despite structural economic challenges, including growing government debt, China is committed to its industrial policy heavy approach
Competitive China	▪ Chinese firms will move up the value chain in more sectors ▪ Overcapacity is a feature, not a bug, of China's economic model and will spread to more industries ▪ If China's anti-involution campaign is successful, this could strengthen the expansion of Chinese firms into third markets
Assertive China	▪ Beijing is striving to a leader in the next wave of technological revolution and to make itself indispensable to other nations ▪ China has shown that it is willing to use economic coercion, including export controls, to undermine derisking efforts, exert leverage and secure its own industrial strengths

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