

THE PIVOT TO QUALITY: CHINA'S GROWTH MODEL FOR 2026–2030

A Strategic Readout of
China's 2026 Two Sessions:
Key Policy Directions,
15th Five-Year Plan Outline &
Strategic Implications
in a Complex Global Environment



EXECUTIVE SUMMARY

Every five years, China's top legislature convenes to adopt a national development plan that sets the strategic direction for the world's second-largest economy. The 2026 Two Sessions mark the launch of the 15th Five-Year Plan (2026–2030) — a blueprint for economic, technological, and social development through the end of the decade — alongside the annual *Government Work Report (GWR)*, which translates that blueprint into targets for Year One. Together, these two documents serve as the delivery mechanism for both the over 300 reform tasks mandated by the Party's Third Plenum and the strategic recommendations for the 15th FYP adopted at the Fourth Plenum — making this Two Sessions the critical execution bridge toward China's 2035 goal of doubling per capita GDP from 2020 levels.

The six key signals and three strategic imperatives outlined below provide an executive-level navigation framework for the 15th FYP era.

Six Key Signals

- **"Policy Bandwidth," Not Resignation.**

The 2026 GDP growth target is set at 4.5%–5% — the lowest range since 1991 — but this is deliberate. As *People's Daily* stated: "It's not that we cannot go faster; it's that we choose not to." The range creates room for structural reform, risk prevention, and quality-focused development aligned with the 2035 goal of doubling 2020 per capita GDP.

- **Historic Fiscal Firepower.**

General public budget expenditure will surpass 30 trillion yuan for the first time. The government will deploy 1.3 trillion yuan in ultra-long special treasury bonds and 4.4 trillion yuan in local government special bonds. State investment funds are mandated to function as "patient capital" for hard technology.

As China enters a fresh planning cycle, the "Two Sessions" offer a window into how the country aims to advance its high-quality development and sustain the momentum of its reform in an ever-changing global landscape.



- **AI as the Economy-Wide Operating System.** "AI+" is no longer just a sector play — it is the foundational mandate for every corner of the economy. The 15th FYP mentions AI over 50 times. Satellite internet enters *the Government Work Report (GWR)* for the first time. Chinese open-source AI models now lead globally in downloads and API usage, with three of the world's top five models by usage originating in China.
- **Controlling Carbon Rather than Energy.** The governance paradigm shifts from capping energy inputs to managing carbon outputs — a 3.8% CO₂ intensity reduction target for 2026. A National Low-Carbon Transition Fund has been established. Hydrogen energy and green fuels are explicitly designated as new growth drivers.
- **Anti-Involution Gets the Legal Treatment.** A Unified National Market Construction Ordinance will codify the crackdown on destructive price wars, local protectionism, and redundant subsidies—practices often described domestically as “involutionary competition.” For premium brands competing on quality and IP, this is the most positive market-structure signal in years.
- **109 Major Projects to Anchor Delivery.** The 15th FYP outlines 109 projects across six domains — from frontier tech and modern infrastructure to livelihood and green transition — providing a concrete procurement and investment roadmap through 2030.



Three Strategic Imperatives for Business:

- 1. Localizing as an Innovation Node** — The era of China-as-branch-office is over. Localization should encompass R&D, decision-making autonomy, and deep supply-chain integration. Partner with "Little Giant" SMEs and join national innovation consortia — as *the GWR* states: "Support technology-leading enterprises in forming innovation consortia and undertaking national sci-tech tasks." Foreign-invested enterprises are included.
- 2. Aligning Explicitly with FYP KPIs** — The lower growth target is not necessarily a sign of weakness but potentially a trade-off to achieve higher-priority objectives — a significant reallocation of capital toward the real needs of the economy: technology and people. Map corporate strategy onto key national targets, including: 12.5% digital economy GDP share; 17% cumulative carbon reduction; 7%+ annual R&D growth; AI+ deployment; 80-year life expectancy; higher household consumption rate; 725M-ton grain capacity; 5.8B-ton energy capacity.
- 3. Competing on Quality, Not Scale** — The "anti-involution" era will reward value creation, technological differentiation, and premium positioning over volume expansion and predatory pricing. In the era of the 15th FYP, success will belong to organizations that navigate the intersection of state strategy and market logic — and see "high-quality growth" not as a macroeconomic constraint, but as the ultimate competitive advantage.

PREFACE:
**THE DAWN OF
A NEW CYCLE**





"China issues five-year plans to direct its economy, a legacy of its historical approach when it had a planned economy."

— The Washington Post

The Context

The 15th FYP is the operational bridge to 2035. With 300+ reform tasks due by 2029, the policy calendar is front-loaded.

China's 2026 Two Sessions mark a pivotal moment in a new policy cycle. The annual meeting of China's National People's Congress (NPC) formally reviews the 15th Five-Year Plan (2026–2030), while the Premier's *Government Work Report (GWR)* translates this blueprint into funded, actionable mandates for Year One. Every major policy direction is indexed to a ten-year horizon — the 2035 goal of achieving socialist modernization, when per capita GDP is targeted to double from 2020 levels.

The CPC Central Committee's Recommendations, issued last October, define the 15th FYP as "a critical stage in building on past successes to break new ground." The FYP draft plan was shaped through an extraordinarily broad consultative process before being submitted to the NPC for formal review, an approach Beijing frames as "whole-process people's democracy" in action.

The 14th FYP closed with GDP at 140.19 trillion yuan (5% growth in 2025), averaging 5.4% annual growth over five years — well above the global average and contributing approximately 30% of global economic expansion. R&D intensity reached 2.8% of GDP, exceeding the OECD average for the first time. Manufacturing value-added maintained the world's top position for sixteen consecutive years. All 20 major indicators, 17 strategic tasks, and 102 major projects were completed. Looking ahead, more than 300 reform tasks from the Third Plenum must be delivered by 2029. The 15th FYP will serve as the execution vehicle.



The Core Narrative: Confidence Amidst Converging Pressures

Premier Li Qiang's *GWR* was starkly direct. He called 2025 "a highly extraordinary year" defined by "rare external shocks intertwined with domestic dilemmas." The diagnosis is specific: "strong supply and weak demand" remains acute; some enterprises face operational difficulties; local government fiscal stress is pronounced; and the real estate market is "still adjusting."

Yet the pivot is equally decisive: "Difficulties must not be ignored, but confidence must be firm. The conditions underpinning long-term positive development remain unchanged." The response is not panic stimulus, but controlled structural recalibration built on three pillars:

1. High-quality development

pursuing "effective improvement in quality and reasonable growth in quantity."

2. New quality productive forces

technology self-reliance, "AI+" integration, and dual-wheel industrial upgrading (simultaneously upgrading traditional industries and building frontier ones).

3. Investing in people

shifting fiscal weight from concrete to consumers, and from infrastructure to income growth, skills, and social protection.

Leadership explicitly acknowledges the "resonance" between external pressure and domestic structural weakness. The response is controlled recalibration — "quality over speed" as a deliberate strategic choice, not a forced retreat.



The words "reform" and "innovation" appeared 75 times in *the GWR*, as confirmed by drafting team head Shen Danyang. As *the GWR* reaffirmed: "Policy support and reform innovation must advance in tandem; investment in physical assets and investment in people must be closely integrated; we must build internal strength to meet external challenges."

The geopolitical dimension is equally explicit. The 2026 defense budget rose 7% to approximately 1.91 trillion yuan – the eleventh consecutive year of single-digit growth – while sustaining a steady military modernization trajectory toward the PLA's 2027 centenary goals. On Taiwan, *the GWR* adopts notably stronger language than previous years: "resolutely strike Taiwan independence separatist forces" – an escalation from the prior formulation of "oppose." For businesses, these signals reinforce the importance of scenario planning for cross-strait contingencies and supply chain resilience across the Taiwan Strait corridor.

For business executives, the operating philosophy must shift from "Market Access" to "Market Alignment." Success belongs to firms that align with Beijing's pivot from scale to quality, from concrete to consumers, from imported technology to co-created ecosystems.



THE NEW GROWTH
CALCULUS –
**PRAGMATIC
TARGETS AND
DELIBERATE
POLICY
BANDWIDTH**



"China set its 2026 gross domestic product growth target at 4.5% to 5%, the lowest since at least the 1990s."

— The Wall Street Journal

Decoding "Sober Growth"

The 2026 GDP target of 4.5%–5% — the first decrease from "around 5%" since 2023 and the lowest range since 1991 — should not be interpreted as a sign of weakness. It reflects a deliberately engineered choice on "policy bandwidth." *The GWR* states this leaves "room for structural adjustment, risk prevention, and reform" to "lay a solid foundation for better development later."

Shen Danyang confirmed the target is "initiative-taking and pragmatic", "among the highest for major economies globally," and aligned with the approximately 4.2% annual growth needed to double 2020 per capita GDP by 2035. Twenty-one of China's thirty-one provinces had already pre-aligned by lowering regional targets, signaling system-wide acceptance.

The Fiscal-Monetary Arsenal

The fiscal portfolio is historic in both scale and precision. The government demanded all levels "tighten their belts" while ensuring "every saved penny is spent on the crucial points of development and the urgent needs of the people." Fiscal discipline is being reinforced through expanded zero-based budgeting reforms across central government departments, signaling a shift from incremental allocation to performance-based spending.

Monetary policy will be "moderately accommodative," deploying RRR cuts and rate reductions "flexibly and efficiently" to "push the general price level from negative to positive." The CPI target is approximately 2%. Other macro targets include urban unemployment around 5.5%; more than 12 million new urban jobs; and a 3.8% reduction in CO₂ intensity.

Crucially, state investment funds are mandated to **"take the lead as patient capital"** — long-cycle, fault-tolerant financing for hard-tech sectors — while "vigorously developing venture capital and angel investment" to push startups toward technology leadership.

China is deliberately engineering policy bandwidth for structural reform over headline vanity — or as state media put it: "It's not that we cannot go faster; it's that we choose not to."



Beijing is rewiring its entire scorecard — replacing GDP speed with innovation intensity, carbon performance, and household welfare — and demanding every yuan of state capital earn its return in structural upgrading, not headline growth.

Simultaneously, financial de-risking remains a top priority. *The GWR* mandates accelerating hidden-debt resolution for local governments, treating new hidden debt as "iron discipline," and deploying 300 billion yuan in special treasury bonds to recapitalize major state-owned banks. Local government debt restructuring, consolidation of small and medium financial institutions, and property-sector risk containment are being advanced in parallel — underscoring that Beijing views financial stability as a non-negotiable precondition for executing the 15th FYP.

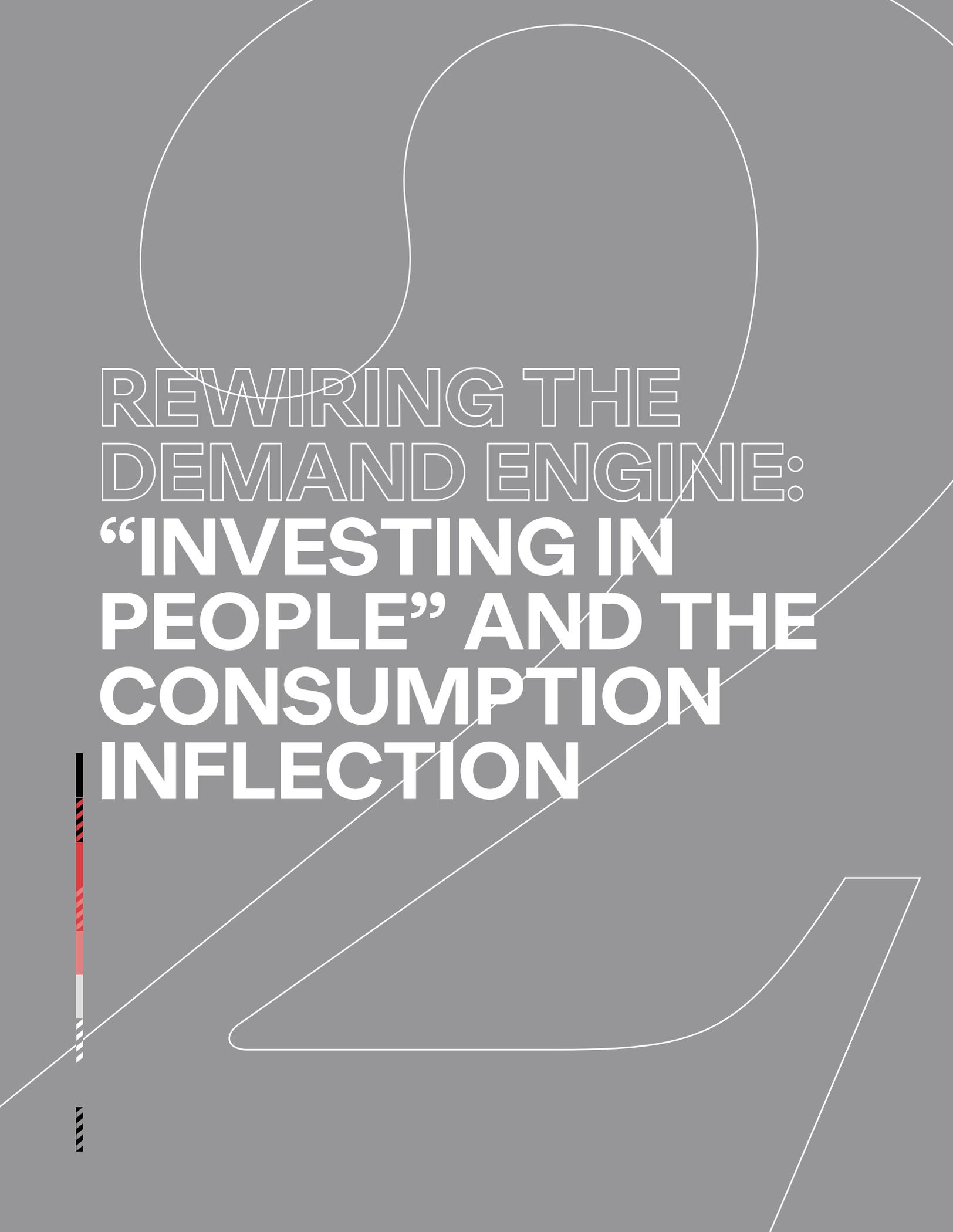
The New Dashboard: 20 Indicators, Five Categories

The 15th FYP introduces 20 indicators across economic development, innovation, livelihood, green transition, and security. GDP targets will be set year by year for flexibility. Key quantified targets:

- R&D spending: $\geq 7\%$ annual growth
- Digital economy core industries: 12.5% of GDP (up from 10.5%)
- CO₂ intensity: 17% cumulative reduction
- Life expectancy: 80 years (from 79.25)
- Average years of education (working-age population): 11.7 years (from 11.3)
- Grain production capacity: 725 million metric tons
- Energy production capacity: 5.8 billion tons of standard coal
- Eldercare nursing beds: 73% nursing-type
- Household consumption rate: "notable increase" — for the first time, a politically monitored FYP metric

Strategic Implications

The era of volume-driven capacity expansion is over. Business executives must recalibrate KPIs toward innovation output, productivity gains, and consumption-share capture. "Patient capital" is now institutionalized to support hard-tech breakthroughs and long-cycle growth.

The background is a solid grey color. It features several white geometric elements: a large circle at the top, a diagonal line crossing from the bottom left towards the top right, and a white shape at the bottom right that resembles a stylized arrow or a bracket. On the left side, there is a vertical bar with a red and black striped pattern at the top, a white section in the middle, and a black and white striped pattern at the bottom.

REWIRING THE
DEMAND ENGINE:
**“INVESTING IN
PEOPLE” AND THE
CONSUMPTION
INFLECTION**



"Boosting consumption and expanding domestic demand are top of Beijing's policy agenda, as well as stabilizing the beleaguered property market, attracting foreign investment, and promoting supply chain self-sufficiency."

— TIME

"Investing in People" as Doctrine

"Investing in People" is now a structural principle of the 15th FYP, not merely a slogan. The FYP mandates "closely integrating benefiting the people and promoting consumption with investing in things and investing in people." The household consumption rate is, for the first time, a politically monitored national indicator.

The GWR operationalizes this through an **Urban-Rural Resident Income Increase Plan** — boosting earnings for low-income groups, increasing property income, and improving salary and social security systems. *CGTN* framed the strategy through four policy operations: "Addition" (higher income), "Subtraction" (easing burdens), "Multiplication" (policy synergy), and "Division" (removing barriers).

Consumption 2.0: Money and Time

Fiscal backing is direct: 250 billion yuan in ultra-long bonds for consumer trade-in programs; 100 billion yuan in fiscal-financial coordination to boost domestic demand. But Beijing recognizes consumption requires not only money, but also time. As *China Daily* quoted experts as saying: "Expanding consumption requires not only purchasing power, but also the time to use it... policies protecting rest time are also economic policies."

Hence *the GWR* mandates **spring and autumn school breaks** in eligible regions and a **paid annual leave system** for employees — linking leisure policy to demand generation. Additional measures include a **"Shop in China" initiative** to promote inbound consumption and **one-time credit repair policies** to re-enable consumers with damaged credit records.

"Investing in People" is now FYP doctrine, not a slogan — the household consumption rate is a politically monitored indicator for the first time, signaling a structural fiscal redirect from concrete to consumers.



Paid leave and school holiday reforms reveal a striking policy insight: Beijing now understands that consumption is constrained not just by wallets but by time — unlocking the services economy requires liberating lifestyles, not just incomes.

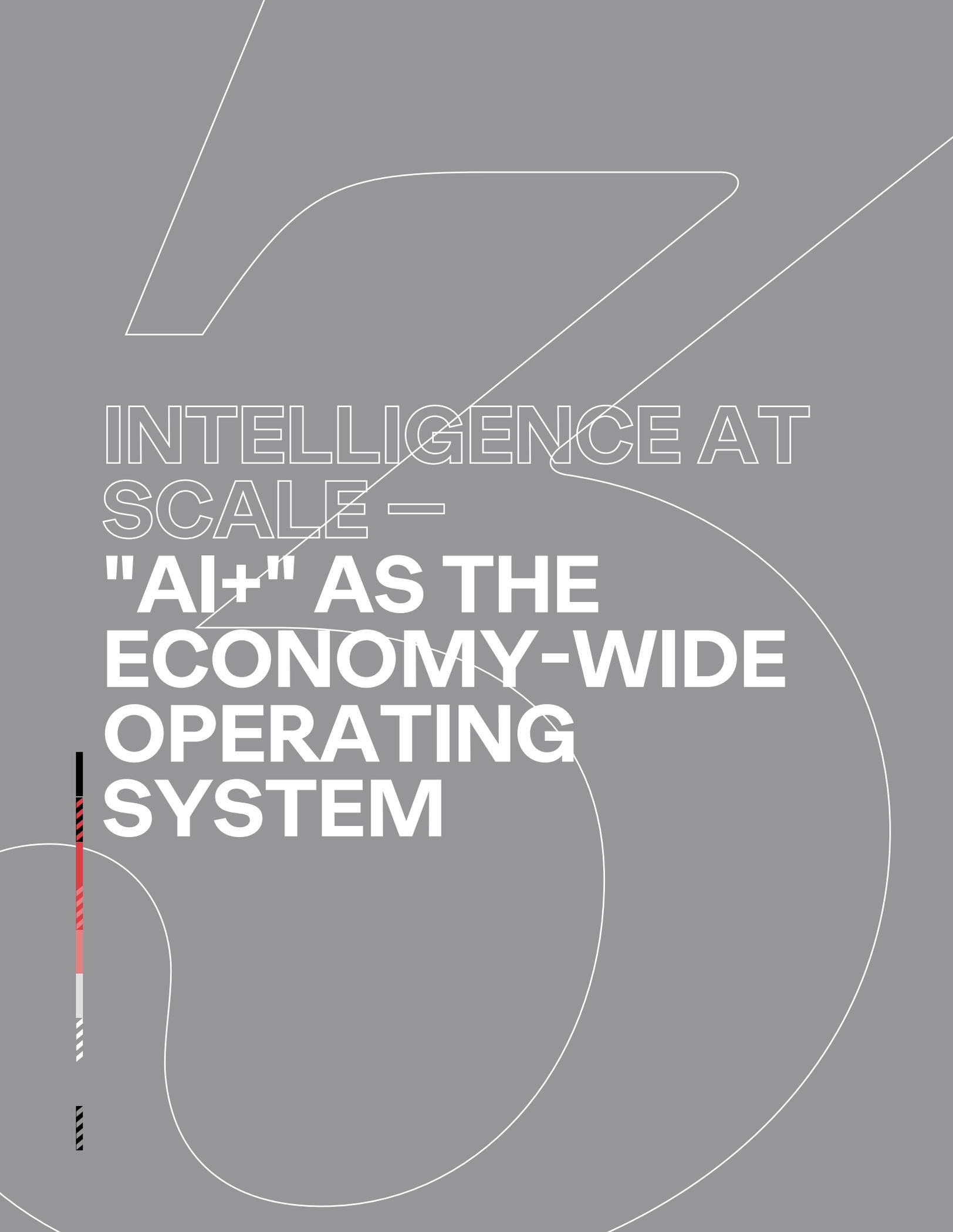
Property: Stability Lever, Not Growth Engine

Real estate policy is now focused primarily on risk mitigation: city-specific policies to "control incremental supply, reduce inventory, and optimize housing offerings." The new standard is **"Good Houses"** — safe, comfortable, green, smart — implemented through a Housing Quality Improvement Project. The "whitelist" financing mechanism continues to function as a firewall against developer debt defaults. Housing support is strengthened for first-marriage/first-birth families and multi-child households.

The 15th FYP's social targets are expected to create large, predictable consumer markets: life expectancy rising to 80 years; the share of nursing-type eldercare beds increasing to 73%; minimum pension rising by 20 yuan/month (with 180 million+ beneficiaries); and medical insurance subsidies increasing by 24 yuan/person.

Strategic Implications

The next wave of consumer growth will be driven by lifetime value, not unit volume. Two ecosystems are emerging: state-subsidized family care services and the premium Silver Economy. Real estate firms will need to pivot toward smart-home integration, green retrofits, and premium facility management. Healthcare, pharma, and vocational education are structurally favored.



INTELLIGENCE AT
SCALE –

**"AI+" AS THE
ECONOMY-WIDE
OPERATING
SYSTEM**





"Beijing's goal is to use AI and robotics to boost productivity and performance in a wide range of sectors, from manufacturing and logistics to education and healthcare."

— Reuters

From Pilot to Pervasive Deployment

The GWR mandates "**deepening and expanding AI+**" to "**build a new intelligent economy.**" AI is positioned as the operating system for China's real economy — driving "large-scale commercial application in key sectors," cultivating "smart-native new business formats," and promoting "new-generation intelligent terminals and AI agents."

The 15th FYP mentions AI over 50 times. Minister of Industry and Information Technology Li Lecheng confirmed Chinese open-source AI models "rank first globally in downloads." OpenRouter data indicates that Chinese models surpassed U.S. levels in API calls by February 2026, with three of the top five global models originating in China (MiniMax M2.5, Moonshot Kimi K2.5, DeepSeek V3.2).

Hardware investment matches software ambition: **ultra-large-scale AI computing clusters, computing-power-electricity synergy** projects, and a national integrated computing network. **Satellite internet** enters *the GWR* for the first time as critical national infrastructure. The government commits to supporting **AI open-source communities** and advancing "**5G+ Industrial Internet**" upgrades.

The Two Sessions coined the term "intelligent economy," marking AI's role elevation from a sector to an operating system, from an industrial tool to the defining economic paradigm of China's next decade.



Where Value Concentrates

Two tiers of priority industries are defined:

- **Emerging pillars:** integrated circuits, aerospace, biomedicine, low-altitude economy
- **Future industries:** future energy, quantum technology, embodied AI, brain-computer interfaces, 6G

The emphasis on embodied AI signals China's intent to dominate AI's physical manifestation — robotics, smart vehicles, automated logistics. Chinese tech firms are not showcasing isolated breakthroughs, but integrated architectures.

The Talent Bridge

The GWR launches a new round of **"Double First-Class" university construction**, establishes **national interdisciplinary centers**, and intensifies cultivation of "outstanding engineers, great craftsmen, and highly skilled workers." Talent evaluation is reoriented "toward innovation capability, quality, effectiveness, and contribution." The FYP establishes a **high-technology talent immigration system**. Simultaneously, *the GWR* mandates "improving measures to adapt AI technology development to promote employment and entrepreneurship," coupling automation with large-scale vocational reskilling.

Strategic Implications

The opportunity lies not in selling standalone software, but in co-creating vertically integrated AI-powered solutions. Map core competencies to priority verticals: computing capacity, industrial internet infrastructure, digital twins, and satellite internet present immediate B2B opportunities.

The winning China strategy mirrors Beijing's own playbook: earn relevance by upgrading legacy industry today, while securing your seat at the frontier table tomorrow — where talent is the shared currency.

FORGING THE
MODERN
INDUSTRIAL
POWERHOUSE —

109 PROJECTS

AND THE

"DUAL-WHEEL"

STRATEGY





"The outline of the country's 15th five-year plan – covering the period to 2030 – mentioned proposals for 109 major projects in six areas... with a focus on technology, modern industries and public well-being."

– SCMP

Beijing refuses to deindustrialize. The dual-wheel drive upgrades 80% of traditional manufacturing while betting on quantum, 6G, and embodied AI.

The Four Pillars

The 15th FYP insists on "keeping the focus on the real economy" through four pillars:

- 1. Consolidate traditional industries** (new round of key industry chain upgrading).
- 2. Cultivate emerging pillars** (new energy, aerospace, low-altitude economy, integrated circuits, biomedicine): state-owned enterprises (SOEs) are mandated to "open application scenarios."
- 3. Pioneer future industries** (quantum technology, bio-manufacturing, embodied intelligence, brain-computer interfaces, and 6G): dedicated "investment growth and risk-sharing mechanisms."
- 4. Elevate modern services:** deeper integration with advanced manufacturing; expansion of fintech, logistics, and IP services.

The "**dual-wheel drive**" simultaneously upgrades legacy manufacturing through digital and green tech while funding frontier industries to "seize the historical opportunity of the new technological revolution."

The 15th FYP proposes **109 major projects across six domains**. These encompass both "hard investment" and "soft construction," with government investment designed to leverage private capital.



China's government remains laser-focused on spurring technological breakthroughs, motivated by competition with the United States for control over the technologies of the future.

"New Quality Productive Forces" and the Self-Reliance Imperative

The state deploys the **"new-type whole-nation system"** for breakthroughs in semiconductors, industrial software, and advanced materials. The 2025 record validates the push: high-tech manufacturing grew 9.4%; equipment manufacturing grew 9.2%; industrial robot production surged 28%; integrated circuit production rose 10.9%; NEV output exceeded 16 million units; and EV charging infrastructure surpassed 20 million units. R&D intensity hit 2.8% of GDP. The core digital economy accounted for more than 10.5% of GDP.

Three **world-class international sci-tech innovation centers** are designated: Beijing (Jing-Jin-Ji), Shanghai (Yangtze River Delta), and the Greater Bay Area. Technology-leading enterprises gain "normalized green channels for IPO financing and M&A restructuring."

Strategic Implications

Business executives must deepen localization to qualify for government procurement of domestically developed products and to embed their companies in the upgrading of China's industrial base. Firms with hard-to-replicate technologies in precision manufacturing, instrumentation, or biomanufacturing will find strong partnership opportunities.



THE GREEN
IMPERATIVE –
**DECARBONIZATION
AS INDUSTRIAL
ARCHITECTURE**



"China's solar power generation overtook wind for the first time last year as a boom in cheap panels continues to reshape the country's grid and climate trajectory."

— Bloomberg

From Energy Control to Carbon Control

The 15th FYP mandates a paradigm shift from "energy consumption dual control" to "**carbon emission dual control.**" *The GWR* implements a "carbon emission total and intensity dual control system" supported by carbon footprint management, expanded carbon trading, and rigorous emissions accounting. The 2026 target is a **3.8% reduction in CO₂ intensity**, building toward a **cumulative 17% cut by 2030**. Energy production capacity is maintained at 5.8 billion tons of standard coal.

The GWR also mandates an "**Energy Powerhouse Construction Planning Outline.**" The 2025 baseline shows strong momentum: non-fossil energy reached 21.7% of consumption; clean energy hit 30.4%; new energy storage exceeded 130 GW; and energy consumption per unit of GDP declined 5.1%.

Green Fuels and the National Low-Carbon Transition Fund

The GWR establishes a **National Low-Carbon Transition Fund** and explicitly cultivates "**hydrogen energy, green fuels, and other new growth points.**" The inclusion of "green fuels" (including sustainable aviation fuels and green methanol) targets decarbonization of hard-to-electrify sectors such as aviation and heavy shipping. Additional mandates include **zero-carbon industrial parks**, key industry "quality improvement, cost reduction, and carbon reduction" actions, smart grid construction, and expanded green electricity application.

China's emissions are structurally plateauing — driven by weakening demand for carbon-intensive materials and the rapid integration of renewables into the grid.



Strategic Implications

Carbon accounting is now a core business competency, not a CSR exercise. Procurement criteria — both state and B2B — will increasingly filter vendors based on carbon footprint performance. Business executives with clean-tech, carbon management, and green supply chain capabilities unlock significant advantages. Logistics, aviation, and heavy industry players should partner with local green fuel innovators.



THE MARKET
RESET –
**ANTI-INVOLUTION
AND PRIVATE
SECTOR VITALITY**





"As the central government dictates which areas it wants to focus on and subsidize, an influx of companies pours in to get a piece of the action, driving excessive supply and intense competition (dubbed "involution") – contributing to China's deflation and its export reliance."

– CNN

Codifying Anti-Involution

The GWR mandates the formulation of a **Unified National Market Construction Ordinance** to "deeply rectify involution-style competition." This will elevate anti-involution from internet buzzword to enforceable regulatory framework through: publication of "encouraged" and "prohibited" lists for local government subsidies; standardized tax preferences; deepened bidding reform; strengthened anti-monopoly enforcement with "rigid fair-competition review constraints"; and "comprehensive use of capacity regulation, standard guidance, price enforcement, and quality supervision."

Private Sector Vitality

The Private Economy Promotion Law guarantees "equal use of production factors, fair market competition, and effective protection of legitimate rights." *The GWR* commits to "long-term mechanisms to regulate enterprise-related administrative law enforcement," addressing anxieties about irregular local enforcement and implementing "greater efforts to resolve overdue government payments to enterprises." The call to "vigorously promote entrepreneurial spirit" and support "the healthy growth of the younger generation of entrepreneurs" signals a cultural as well as regulatory rehabilitation of the private sector.

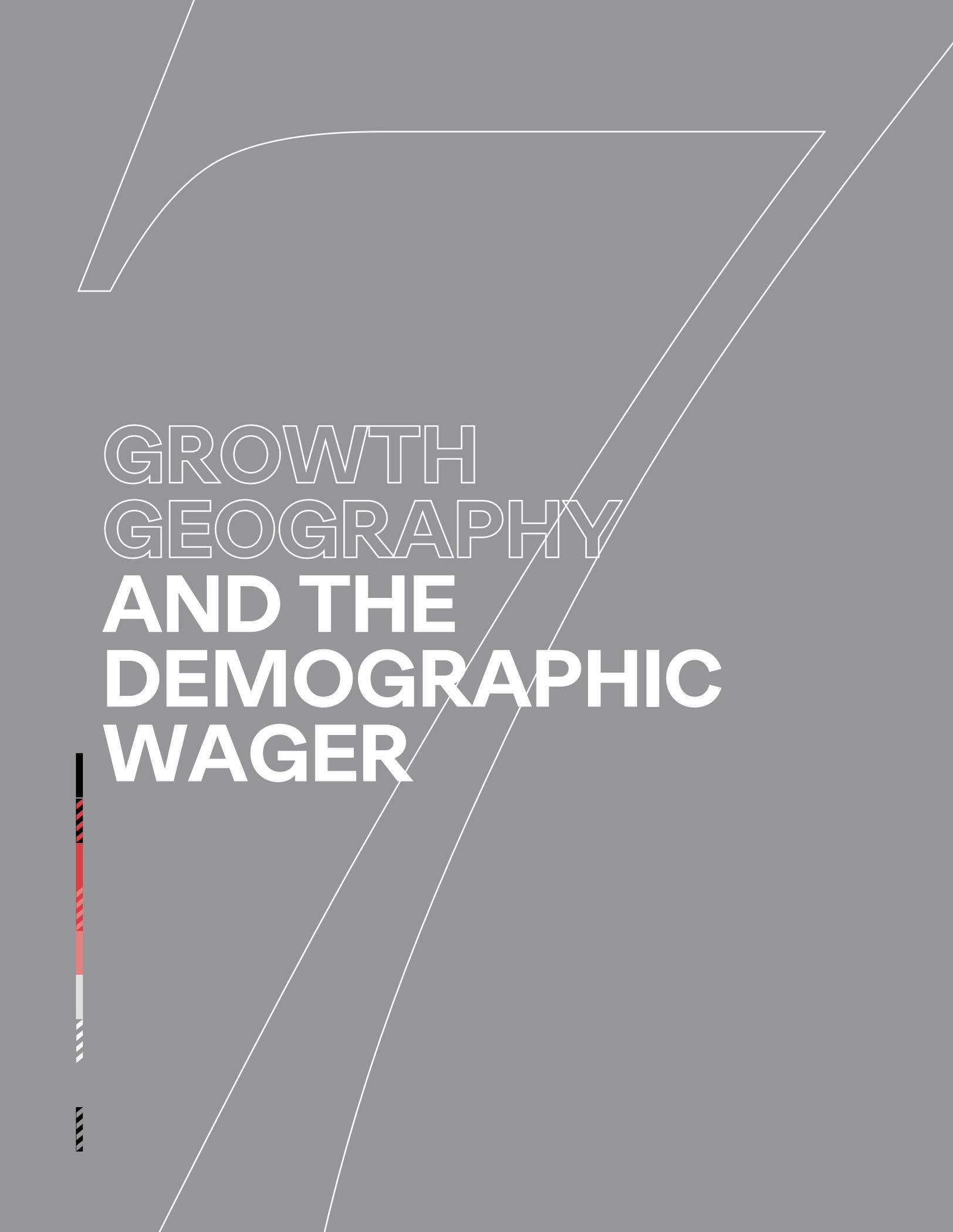
In a move with direct implications for consumer-facing businesses, *the GWR* announces an adjustment to the scope and rates of consumption tax, with collection for certain product categories shifting downstream to the retail stage. This reform simultaneously strengthens local government revenue bases – easing fiscal stress – and reshapes pricing dynamics across consumer goods sectors. Businesses in luxury, automotive, tobacco, alcohol, and other high-end consumer categories should closely monitor implementation details.

Anti-involution is becoming enforceable regulation, not just an Internet buzzword. For premium brands, this is the strongest market-structure signal in years.



Strategic Implications

Anti-involution is a positive development for premium global brands. A level playing field rewarding IP, quality, and sustainable models lets business executives compete on inherent strengths. Private-sector stabilization creates a more legally protected partnership environment — joint ventures with "Little Giant" SMEs become more commercially viable.



GROWTH
GEOGRAPHY
**AND THE
DEMOGRAPHIC
WAGER**





"Lowering the GDP target would allow policymakers greater flexibility amid demographic headwinds, uneven consumption and geopolitical uncertainty, including rising tensions in the Middle East following the recent US-Israel strike on Iran."

— The Straits Times

City Clusters and Sinking Markets

Three **world-class city clusters** — Jing-Jin-Ji, the Yangtze River Delta, and the Greater Bay Area — are designated as international sci-tech innovation centers. Support extends to the Chengdu-Chongqing economic circle, the middle Yangtze cluster, and Xiong'an New Area.

Simultaneously, **county-level urbanization** is emerging as the new frontier: "optimizing county infrastructure and public resource allocation" to capture sinking-market demand. The urbanization rate reached 67.9% in 2025. A new practical measure: easing eligibility for children of rural migrant workers to take local high school entrance exams — a tangible step toward equalizing public services.

Xi Jinping also told Jiangsu Province deputies during the Two Sessions that "major provincial economies" must "strengthen economic resilience, comprehensively integrate into the unified national market, and broaden access to global markets."

Food Security and Rural Revitalization

The 2026 grain output target is set at approximately 700 million metric tons, with the 15th FYP raising comprehensive grain production capacity to 725 million metric tons by 2030. A new round of the "100-billion-jin grain capacity enhancement action" is being accelerated, combining high-standard farmland construction, seed industry revitalization, and precision agricultural technology deployment.

Equally significant is a landmark rural reform: nationwide province-level pilots for extending second-round rural land contracts by another 30 years upon expiration — providing long-term tenure certainty for hundreds of millions of

China plans to expand its innovation hubs from individual cities into broader regional clusters, with the aim of establishing globally influential science and technology innovation centers within the next 10 years.



China is racing the demographic clock. The long-term bet: AI sustains productivity as the workforce shrinks, while county-level urbanization unlocks the next demand frontier and the Silver Economy becomes the fastest-growing consumer market.

rural households and laying the institutional groundwork for scaled agricultural modernization. The fourth national agricultural census will also be conducted during this period, generating a comprehensive data baseline for rural policy.

For agribusiness, food-tech, agricultural machinery, and cold-chain logistics businesses, these directives signal sustained state investment in agricultural productivity, supply chain infrastructure, and rural consumption capacity — a “sinking market” with institutional backing.

The Demographic Wager

China's population declined by 3.39 million in 2025 (birth rate: 5.63‰). Those aged 60+ now comprise 23% of the population. The response is multi-layered:

- **Near-term:** Build a “childbirth-friendly society” with housing support for first-birth families, improved maternity insurance and leave, universal childcare and integrated early childhood services.
- **Medium-term:** Advance the **Silver Economy** — develop senior human resources, expand long-term care insurance, roll out the personal pension system nationwide, cultivate elder-use products, pension finance, and residential eldercare services.
- **Long-term:** The **productivity wager** — AI, robotics, and automation to sustain per-worker output as the labor pool contracts. *Reuters* notes that the 15th FYP “envisions robots plugging labor shortages and factories operating with little human oversight.”

Strategic Implications

Companies should align with cluster-specific industrial specializations (advanced manufacturing in YRD, digital innovation in GBA) while exploring county-level markets for the next demand wave. The Silver Economy — already encompassing 323 million people aged 60+ — is the fastest-growing consumer segment. Pharma, med-tech, and wellness firms face accelerated regulatory pathways.

OPENING-UP,
UPGRADED —
**INSTITUTIONAL
ALIGNMENT**





"Rhetoric about openness is abundant. How Beijing articulates and implements its commitment to 'high-level opening up' will be a litmus test."

— SCMP

Opening-Up 3.0: From Tariffs to Institutional Harmonization

The 15th FYP expands "**institutional opening-up**," aligning domestic regulations with international norms (CPTPP, DEPA benchmarks). *The GWR* highlights service-sector pilots in "value-added telecommunications, biotechnology, and wholly foreign-owned hospitals" while "orderly expanding opening in the digital field" and "reducing the negative list for cross-border services trade." Beijing actively pursues **CPTPP and DEPA accession** and "full, deep participation in WTO reform."

The goal is "**Access Plus Operations**" with operational smoothness, not just entry licenses. Hainan Free Trade Port (FTP) has launched full-island customs operations. A new Catalog of Encouraged Industries for Foreign Investment is being implemented, with foreign enterprises encouraged to reinvest and expand localized production.

High-Quality Belt and Road Cooperation

The GWR reaffirms high-quality Belt and Road Initiative (BRI) development as a pillar of China's opening-up architecture. Key directives include deepening strategic alignment with partner countries, upgrading China-Europe and China-Central Asia freight rail services, accelerating the Western Land-Sea New Corridor, and advancing "Smart Customs" partnership programs. Beijing is blending large-scale signature infrastructure projects with "small but beautiful" livelihood initiatives, while expanding cooperation into new domains including digital connectivity, green energy, and technology transfer. For businesses with operations along BRI corridors, this signals continued state-backed infrastructure investment, trade facilitation improvements, and market-access opportunities across Southeast Asia, Central Asia, the Middle East, and Africa.

The five-year plan transforms investment decisions from probabilistic bets to calculated strategic positioning — anchored by a massive unified market with rising purchasing power, highly efficient supply chains, and an increasingly open regulatory environment.



Hong Kong as the Super-Connector

The GWR pledges to "support Hong Kong and Macao to better integrate into and serve the national development strategy, leveraging their unique advantage of being backed by the motherland and connected to the world." NPC spokesperson Lou Qinjian confirmed that additional policies benefiting Hong Kong will be introduced under the 15th FYP. Hong Kong remains an invaluable conduit for dual circulation — its common-law system, free capital flows, and GBA integration make it a safer bridge for inbound capital and outbound expansion.

Strategic Implications

The question for foreign businesses has shifted from "Can we get in?" to "How do we align?" Service-sector firms (particularly in healthcare, digital services, and finance) have unprecedented entry windows.

APPENDIX A:

Playbooks for the 15th FYP Era - The Opportunity-Risk Landscape

Policy Tailwinds

- AI+ ecosystem build-out; satellite internet as new national infrastructure; Chinese models leading global adoption
- Services consumption expansion; Silver Economy (323M aged 60+); emerging pillars (low-altitude economy, biomedicine)
- County-level urbanization; 109 major projects as investment anchors; 800B yuan policy instruments supporting private sector; consumption tax reform reshaping retail pricing
- Green transition acceleration; carbon dual-control; National Low-Carbon Transition Fund; hydrogen and green fuels
- Institutional opening-up; "Access Plus Operations"; Unified Market enforcement; CPTPP/DEPA alignment; Belt and Road corridor investment
- Anti-involution enforcement; Private Economy Promotion Law leveling the playing field; food security elevated to national security priority

Operational Watchpoints

- "Strong supply, weak demand" persists; consumption transition is structural, not cyclical
- External trade uncertainty; tariff regime volatility; geopolitical supply-chain friction
- Implementation gaps between central announcements and local execution; "correct governance performance" campaign signals discipline issues
- Regulatory evolution; data compliance complexity; dual-use tech scrutiny under evolving export controls
- Local government fiscal constraints (acknowledged in *GWR*); financial de-risking mandates; hidden debt resolution as "iron discipline"
- Property sector "still adjusting" per *GWR*; household confidence recovery timeline uncertain; cross-strait language hardening adds geopolitical risk premium

APPENDIX B:

Key Terminology Glossary

Term	Chinese	Definition
New Quality Productive Forces	新质生产力	Innovation-driven productivity – high tech, high efficiency, high quality. The era's core growth doctrine.
AI+ Action	人工智能+行动	State mandate to integrate AI across all industries and public services as an economy-wide operating system.
Investing in People	投资于人	Fiscal pivot from infrastructure spending toward human capital, social protection, and household welfare.
Anti-Involution	反内卷	Enforceable policies curbing destructive zero-sum competition, predatory pricing, and overcapacity.
Unified National Market	全国统一大市场	Initiative to harmonize market rules, break local protectionism, and create a single and efficient national market.
Institutional Opening-Up	制度型开放	Opening-up through aligning domestic rules, regulations, and standards with international norms.
Access Plus Operations	准入又准营	Ensuring foreign firms can not only enter the market but operate smoothly without hidden systemic barriers.
Carbon Emission Dual Control	碳排放双控	Governance shift from controlling energy consumption to controlling carbon emissions (both total volume and intensity).
Little Giant SMEs	专精特新	Specialized, refined, distinctive, innovative enterprises excelling in niche segments – supply-chain backbone.
Silver Economy	银发经济	Economic ecosystem serving an aging population – healthcare, eldercare, insurance, consumer products, lifestyle.
Good Housing	好房子	New-era real estate standard: safe, comfortable, green, smart – replacing volume-driven development.
Patient Capital	耐心资本	State-directed long-cycle, risk-tolerant investment funds for hard tech and frontier innovation.
Correct View of Governance Performance	正确政绩观	Party-wide campaign requiring genuine, people-centered results over inflated metrics – anti-GDP-vanity.
Two Majors / Two News	两重 / 两新	Policy shorthand: major national strategies + security capacity ("Two Majors"); equipment renewal + consumer trade-ins ("Two News").

APPENDIX C:

15th FYP Milestone Timeline (2026–2030)

Year	Milestone
2026	15th FYP adopted; <i>GWR</i> sets 4.5–5% GDP growth target and 30 trillion yuan budget; Unified National Market Ordinance issued; National Low-Carbon Transition Fund established; new "Double First-Class" university round launched; Hainan FTP full-island customs operations continue; APEC hosted by China.
2027	PLA centenary modernization goals; midpoint review of 300+ reform tasks; carbon trading market expansion; Private Economy Promotion Law full implementation assessment; fourth national agricultural census results.
2028	Mid-term FYP evaluation; expected acceleration of demographic response policies; industrial chain resilience assessment; digital economy core industry value-added approaching 12.5% target.
2029	Completion deadline for 300+ Third Plenum reform tasks (PRC 80th anniversary); major infrastructure milestones; CPTPP/DEPA accession progress evaluation.
2030	Carbon peak deadline; 15th FYP concluding year; household consumption rate, total factor productivity (TFP), and life expectancy assessed against targets; 725M-ton grain capacity verification; foundation assessment for 2035 modernization goal.

About Ogilvy

Ogilvy has been creating impact for brands through iconic, culture-changing, value-driving ideas since the company was founded by David Ogilvy in 1948. It builds on that rich legacy through Borderless Creativity – innovating at the intersections of its advertising, public relations, relationship design, consulting, and health capabilities with experts collaborating seamlessly across more than 120 offices spanning 90 markets. Ogilvy currently ranks as the #1 global agency network for creative excellence and effectiveness by WARC, signifying its ability to deliver creative solutions that drive unreasonable impact for clients and communities. Ogilvy is a WPP company (NYSE: WPP). For more information, visit Ogilvy.com.

Ogilvy PR Introduction

Ogilvy PR builds brands, protects reputations, and earns attention and influence for our clients. Our experts partner with modern legends, disruptors, and brands to drive value and impact across multiple dimensions in thrilling and unexpected ways. Ogilvy PR builds cultural relevance, delivers behavior-changing ideas, and creates movements...not moments. We do that in a variety of ways, from enhancing corporate reputation and building relevant communications strategies, through influencer marketing initiatives, building out media & newsroom capabilities, and much more.

Contact

Joe Yu

President, China, Ogilvy PR

joe.yu@ogilvy.com

Louis Luo

Managing Director, Beijing, Ogilvy PR

louis.luo@ogilvy.com

Simon Webb

Senior Vice President, Beijing & Head of Risk Management, Asia, Ogilvy PR

simon.webb@ogilvy.com





Ogilvy