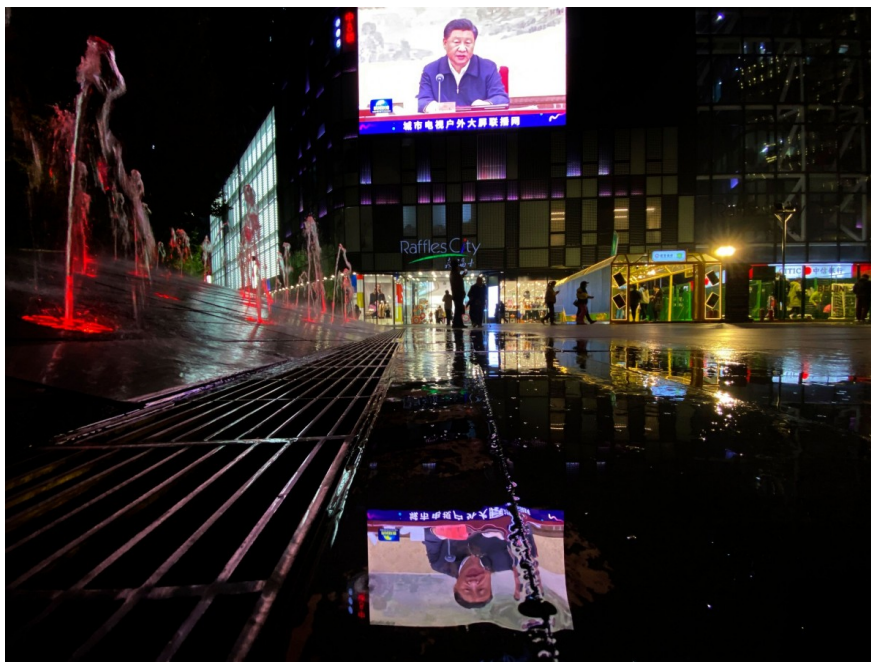


China's next five-year plan starts in 2021

The Chinese government's views on technology development are the most important feature of China's 14th five-year plan, which begins in the new year



China's President, Xi Jinping, on a big screen in a Beijing shopping centre

The 14th five-year plan draws the policy map

It is very important to read and understand the next Chinese five-year plan correctly. This is China's policy roadmap for the coming five years, and the Chinese government's track record has been to stick very firmly to these plans.

The new plan includes extending some policies from the previous five-year plan, for example, 'high-quality' growth still appears as a key theme, which is essentially an extension of China's previous objective of becoming a middle-income society. Though there is no numeric growth target, we understand that the aim is to keep income growth stable, which implies economic growth should also be the same.

The assumed growth in this plan will come from the domestic market, much of which is already middle-class. China also wants to extend the previous plan's objective of narrowing the wealth gap between the rural and urban population.

Tech remains the key focus

The new plan has a dedicated section for technology development and the clear objective is for China to become self-reliant on tech development, create and innovate in this area and build on talent too. These goals echo the current situation that China faces from restricted US exports of technology.

The new plan has a dedicated section for tech development and the clear objective is for China to become self-reliant

But the plan does not mention how China could survive the technology export market when there is increasing resistance overseas to technology 'Made In China'.

Perhaps the answer is to tap the Belt and Road market as well as the big domestic market, which the plan does mention. However, we don't think this is enough. What concerns us is that the resistance to adopting Chinese technology could become a trend when other economies perceive the increasing power of China as a threat to their own economic growth.

Green also contributes to high-quality growth

The latest plan also targets a "green" living style as part of its ambitions for high-quality growth. The plan's objective is to speed up low carbon economic development and increase efficiency in the use of resources.

The plan not only aims at protecting the environment but also restoring it, which is a new concept in Chinese policy.

Implementation is the focus

The government has already started implementing the plan. More actionable steps will be revealed in the upcoming Two Session meetings, in March.

As we have previously written, the most difficult part will be the export of technology, which we believe the government has tried to address by persuading its Belt and Road partners to use Chinese tech products. But those partners are also under pressure to adopt technology from other big players in this market, so their support cannot be taken for granted.