



New Stage,  
New Philosophy,  
New Pattern

— Thoughts on the 5th Plenary Session of the  
19th CPC Central Committee and Proposals  
for the 14th Five-Year Plan

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# Introduction

The 5th Plenary Session of the 19th Communist Party of China (CPC) Central Committee was a meeting of extraordinary significance held at a time when China is poised to achieve its first centenary goal of completing the development of a moderately prosperous society, and embarking on a journey to the construction a complete modern socialist country. The most important outcome of the Plenary Session was the adoption of the CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (the Proposals), which is a crucial document that will guide China's new era of development. A "new development stage, new development philosophy, and new development pattern" form the essence of the Proposals.

The Proposals, driven by a new development philosophy of "innovation, coordination, green, openness and sharing", include an in depth analysis of the international and domestic backdrop to China's development, and looks at the long-range objectives in this new era focused on high-quality development. The Proposals use these to define the development objectives for the 14th Five-Year Plan period, and a new, "dual circulation" economic pattern wherein domestic and foreign markets can boost each other, the domestic market is the central element, and there is a strategic focus on expanding domestic demand to enhance the effect of final consumption on GDP. Scientific and technological innovation will be key to this new development pattern, and efforts in these areas are set to intensify.

The Proposals also emphasize that major breakthroughs in technologies should be achieved, to form more secure, reliable supply chains and industry chains. High-level opening-up will give powerful impetus to this development pattern, facilitating mutual promotion between domestic circulation and international circulation, and ultimately increasing China's voice in reform of global economic governance systems. In addition, the Proposals for the first time call for "more notable and substantial progress in promoting common prosperity for everyone" as a long-range objective, and incorporate "forming green production and lifestyles" into other long-range objectives to promote the development of China's green and low-carbon economy. As total economic volume rises to new heights, the Proposals aim to promote better lives for people through fair, sustainable development.

This new development pattern will bring more opportunities for enterprises, and China will become a "fertile land" with more high-quality production factors and resources from across the world. As China's consumer market expands and consumption upgrades, it will also see all kinds of domestic enterprises establish presences in the global market through improved quality and expanded capacity. With continuous advances and innovation in science and technology, and supply-side structural reform, China's manufacturing sector will form more resilient supply and industrial chains, and develop toward high-value production. It will establish its status as the "workshop of the world" through transformation and upgrading, and enterprises in China will have even more room for development.

In addition, under the guidance of a new development philosophy, enterprises will participate in rural revitalization and the coordinated development of urban and rural areas, as well as across different regions, contributing to the advancement of common prosperity by having "becoming a social enterprise" as their core strategic goal, that is – combining enterprise development with improving social wellbeing. Furthermore, to achieve the objectives set out in the Proposals, enterprises will promote China's green and low-carbon economy and enhance corporate social responsibility.



# 14th Five-Year Plan ushers in new development stage

The Proposals make it clear that the 14th Five-Year Plan period represents the first five years of China's journey to building a complete modern socialist country, and the march towards its second centenary goals, having completed the construction of a moderately prosperous society and achieved the first centenary goals. According to the Explanations of the CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 ("the Explanations") delivered by Xi Jinping at the 5th Plenary Session, the CPC Central Committee will in the first half of 2021 carry out a systematic evaluation and summarize how China has built a moderately prosperous society, and then formally announce its completion, after which China will enter a new development stage.

Because the Proposals adopted at the 5th Plenary Session form the first Five-Year Plan after China's entrance into a new stage of development, they include several "firsts":

- During the drafting and compilation of the Proposals, public opinions was solicited online for the first time in the history of drafting these documents for the plenary session of the central committee.
- Although the CPC Central Committee had an outlook on the long-range objectives through 2010 when it formulated the Proposals for the 9th Five-Year Plan in 1995, the Proposals for the 14th Five-Year Plan are the first to be combined with long-range objectives of development planning.
- To fully disseminate and publicize the spirit of the 5th Plenary Session and introduce the Proposals' core ideas to the public and followers across the world, the press conference held in the name of the CPC Central Committee was the first to be held after the Fifth Plenary Session, again illustrating the importance of the 14th Five-Year Plan.
- Party and State leaders including Xi Jinping, Premier Li Keqiang, Senior Vice Premier of the State Council Han Zheng, and Vice Premier Liu He published important articles in Party media to further refine and analyze the content of the Proposals.

Compared with the Proposals for 13th Five-Year Plan, the word "new" appears more frequently in the latest Proposals (see Figure 1), indicating changes in the development direction of China's economy and society. Moreover, the economy is infrequently mentioned in the Proposals. Instead, adjustment and enhancement are more broadly emphasized in several areas, such as improving institutions and industrial systems. This is in line with the principle of "insisting on systematic thinking" first introduced in the Proposals, which calls for harmonization of the quality, structure, scale, speed, efficiency and safety of development. In addition, the Proposals emphasizes "security", demonstrating the Chinese

government's emphasis on risk prevention and highlighting the importance of keeping worst-case scenarios in mind. Finally, innovation is mentioned repeatedly in the Proposals for 13th Five-Year Plan and the most recent Proposals, but in the latest document, science and technology are also mentioned consistently, which shows the government will attach great importance to scientific and technological innovation in this new stage of China's economy.

**Figure 1 Words used in the Proposals for 13th Five-Year Plan and Proposals for 14th Five-Year Plan**



Source: Deloitte Research

# Long-range objectives through 2035 demonstrate China's new development philosophy

Centered on a new development philosophy of "innovation, coordination, green, openness and sharing", the Proposals envision the long-range objective of basically realizing socialist modernization by 2035, and answer important questions on what should be developed and how it should be developed in this new phase.

The long-range objectives through 2035 were outlined in a report to the 19th CPC National Congress, and the Proposals give further details in nine areas: national strength, the economic system, national governance, social civilization, ecological environment, opening-up, social construction, national security and people's livelihoods. Compared with the report to the 19th CPC National Congress, the Proposals use several different terms of expression that will shape a more thorough implementation of China's "new development philosophy":

- The Proposals clearly state increasing total economic volume as an objective, and propose to raise per capita GDP to the level of moderately developed countries. The Explanations indirectly quantify this target, mentioning a doubling of "per capita income and total economic volume by 2035". To achieve this, China's annual economic growth in the next 15 years would need to average more than 4.7%. This indicates the government will attach equal importance to economic quantity and quality in the new development stage.
- "Making major breakthroughs in core technologies" and the goal of creating modern economic systems during the "four modernizations" are also mentioned. The combination of these two ideas further highlights the inseparable relationship between scientific and technological innovation and the development of economic and industrial systems. An innovation-based philosophy will run through the entire development process.
- The target time of enhancing "comprehensive national strength" is advanced, demonstrating that the Chinese government's aim of "basically realizing socialist modernization" depends on meeting objectives for the economy, politics, science and technology, culture, the military and diplomacy. In addition, aims such as narrowing the gap between urban and rural areas, leveling up regional development, and realizing comprehensive, human-centric development, reflect the development philosophy of "coordination".

- Objectives for carbon emissions and the ecological environment indicate the Chinese government will strive to fulfill its carbon emissions reduction commitments, protect the ecological environment and follow a path of "green development".
- In saying "opening-up will reach a new stage, with substantial growth in the country's strengths participating in international economic cooperation and competition", the Proposals send a message to the world that China has a long-term, unswerving determination to expand opening-up, and will be more active in the formulation of international trade rules in emerging fields.
- The objective of "more notable and substantial progress in promoting common prosperity for everyone" shows China's determination to let all of its people share in the fruits of economic development and achieve inclusive development.

Influenced by the long-range objectives through 2035, subsections of the Proposals are organized according to the connotations of this new development philosophy. They expound on the key tasks for economic and social development and opening-up in several fields, and clarify development concepts and priorities in 12 areas: scientific and technological innovation, industrial development, the domestic market, deepening reform, rural revitalization, regional development, cultural construction, green development, opening-up, social construction, security development and national defense. Six objectives are set: new achievements in economic development, advances in reform and opening-up, enhancing social civilization, progress in promoting ecological civilization, raising people's wellbeing to a new level, and improving national governance capacity and energy efficiency.

Based on the long-range objectives and a range of 28 indicators, we have established a quantitative framework for China's basic realization of socialist modernization by 2035 (Figure 2)<sup>1</sup>, with reference to the average level of development among high-income countries as defined by the World Bank, the United Nations and other international organizations, and according to an estimated potential growth rate based on major policies and past economic performance, expert and academic forecasts. Comparing the latest confirmed indicators (end-2019) with the targets for 2035 indicates total economic volume, people's incomes, scientific and technological innovation, high-level opening-up, equitable development and environmental protection will be medium- and long-term development priorities.

<sup>1</sup> As there is no authoritative literature quantifying opening-up, related development indicators are unavailable



**Figure 2 Comparison of quantitative development indicators between latest confirmed values (2019) and 2035 targets**

Key indicators for China to basically achieve socialist modernization by 2035					
Level-I indicator	Level-II indicator	Unit	Latest value	Target value	Realization rate (%)
National strength	GDP	RMB 100 million	990,865	≥2089,372	47.42
	Labor productivity	RMB per capita	115,009	≥242,512	47.42
	R&D expenditure intensity	%	2.19	≥3.22	68.13
	Invention patents per 10,000 citizens	-	13.30	≥42.10	31.59
	Contribution of scientific and technological progress	%	59.50	≥72.50	82.07
	Per capita GNI	RMB	70,725	≥149,133	47.42
	Per capita disposable income	RMB	30,733	≥64,805	47.42
	Service sector, value added (% of GDP)	%	53.92	≥74.25	72.62
Economic system	Engel Coefficient	%	28.20	≤20	81.78
	Urbanization (permanent urban residents in total population)	%	60.60	≥70	76.50
	Urbanization (registered permanent urban residents in total population)	%	44.38	≥55	57.52
	Internet penetration	%	64.50	≥86.77	74.33
	TFP growth	%	1.31	≥2	65.50
	Digital economy as share of GDP	%	36.20	≥57.43	63.03
National governance	Public administration and social organization as share of GDP	%	4.43	≥5.60	79.16
Social civilization	Average life expectancy	Years	77.30	≥82	78.64
	Average school years of working-age population	Years	10.70	≥12.30	74.60
	Education spending as share of GDP	%	4.04	≥5.50	73.45
	Culture, sports and entertainment spending as share of GDP	%	0.74	≥1.20	61.41
Ecological environment	Decrease in energy consumption per unit of GDP	%	2.60	≥3	86.67
	Share of non-fossil energy in primary energy consumption	%	15.30	≥27.28	56.09
	Decrease in carbon dioxide emissions per unit of GDP	%	6.09	≥2.60	234.23
	Forest coverage	%	22.96	≥27.73	82.80
Opening-up	n/a				
Social construction	Per capita GDP	RMB	70,892	≥149,485	47.42
	Gini Coefficient	-	46.50	≤35	61.67
	Urban-rural income ratio	Rural income = 1	2.64	≤1.50	42.80
National security	National defense spending as share of GDP	%	1.20	≥1.30	92.37
People's livelihood	Number of new urban jobs	10,000 jobs	1,352	≥1,400	96.57
	Participation in basic endowment insurance	%	69.10	≥85	81.30

Source: National Bureau of Statistics, World Bank, Deloitte Research

# Creating a new development pattern in the 14th Five-Year Plan period

Accelerating the creation of a new development pattern, wherein domestic and foreign markets can boost each other (dual circulation), but the domestic market is central, is key to the Proposals.

To grasp the meaning of this new development pattern requires not only a thorough interpretation of the Proposals, but also a look at several related documents<sup>2</sup>. The aim of the new pattern is to achieve more sustainable development with enhanced quality, efficiency, fairness and security. To achieve this, it is essential that China ensure smooth interconnectivity across industries and strive to remove blockages that hinder production, distribution, circulation and consumption to foster their integration and dynamic supply-demand balance.

In domestic circulation, supply and demand will be the main driver. Guaranteeing desired supplies will rely on deepening supply-side structural reform and expediting the development of a modern industrial system. On the demand side, development must be based on the domestic market, with expanding domestic demand the strategic starting point. Measures such as boosting consumption upgrading, expanding consumption capacity and emphasizing lower-income consumers will help bring China's massive potential market into full play. In removing barriers to production, distribution, circulation and consumption, independent scientific and technological innovation will become an important pivot for high-quality development, backed by digital technologies and the digital economy.

Openness is another element of dual circulation – it is not about shutting the door to the world and self-sufficiency. Instead, its success involves attracting global commodities, resources and production factors through domestic circulation and deep participation in international circulation. The objective is to draw more world-leading resources and production factors to China from across the world by relying on a powerful domestic market, based on further opening-up. This will enable China to forge new advantages in global cooperation and competition while expanding market opportunities for other countries.

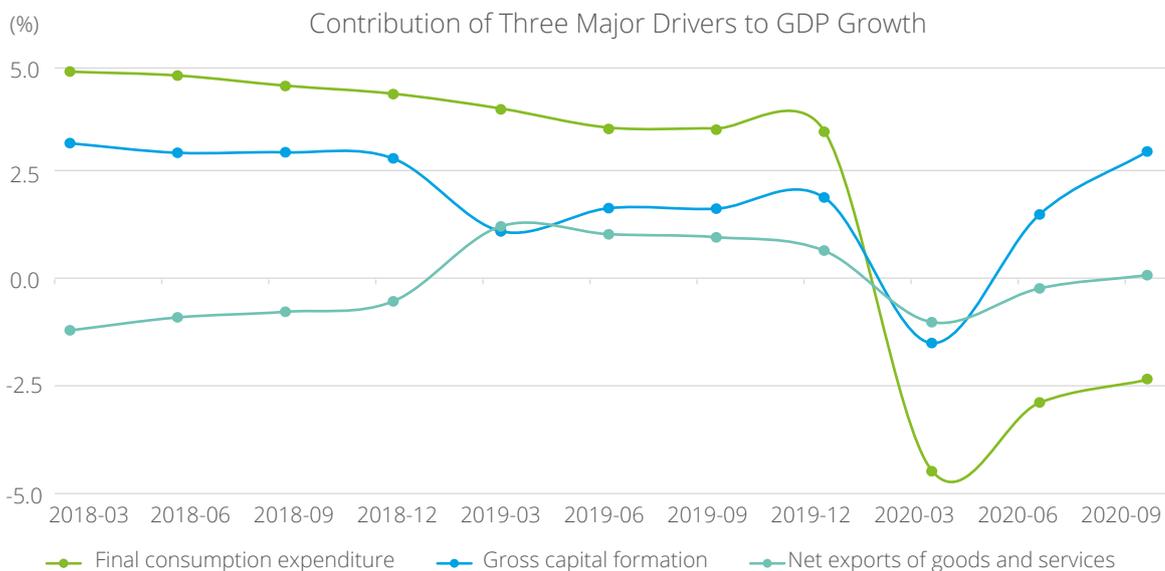
2. The main references are the articles written by Chinese President Jinping XI in Qiushi Journal and by Vice-Premier of the State Council He LIU in People's Daily.

 **Domestic market central to new development pattern**

The Proposals clearly state that the domestic market will be central to the construction of a new development pattern featuring dual circulation. Expanding domestic demand and enhancing the role of final consumption in driving GDP will be key. Since 2018, the contribution of final consumption expenditure has been trending downwards (see Figure 3), and the COVID-19 epidemic made this worse, with final consumption becoming a drag on GDP growth in the first half of 2020 despite China's rapid resumption of work and production. In response, the government will continue its strategic pivot to promoting domestic demand to tap the full potential of China's consumption market.

During the 14th Five-Year Plan period, a focus on the consumer sector will elevate traditional consumption and foster emerging consumption patterns, especially through the integration of online and offline consumption and emphasizing key fields such as automobiles, housing and services. At the same time, efforts to stimulate the domestic market will be made in strict adherence to the aim of creating strong brands and boosting green, healthy and safe consumption. Increasing people's disposable income, which will be the foundation of increased consumption, are another key factor. This will be achieved by raising the income of residents in lockstep with economic growth, and further exploring urban-rural consumption markets with backing from more middle-income groups. Eventually, improved links between production, distribution, circulation and consumption will lead to a greater reliance on the domestic market and make related supply systems more adaptable.

**Figure 3 Contributions of the three major drivers of GDP**



Source: National Bureau of Statistics, Deloitte Research



## Scientific and technological innovation key to new development pattern

In this new era, scientific and technological innovation will be the main means for China to seek new room for development with new advantages. Thanks to the "Innovative China" strategy, the 13th Five-Year Plan period saw China's spending on research and development rise every year, reaching RMB2.21 trillion, or 2.19% of GDP, in 2019. Yet there is still a gap to make up to developed countries like the United States, Japan and Germany, where the figure is about 3% of GDP. There is also a gap in R&D expenditure on basic scientific research which is just 6% in China<sup>3</sup> versus more than 15% in the US. Acknowledging this situation, the Proposals advocate reinforcing China's national power in strategic science and technology, enhancing basic research, boosting enterprises' technological innovation capacity, and stimulating innovative talent. These efforts will target global frontiers in science and technology, strategic emerging industries, major national needs, and people's livelihoods and health, among other fields. In particular, forward-looking scientific and technological projects of national strategic significance, together with improved innovation mechanisms, should be launched in leading-edge areas, including artificial intelligence (AI), quantum information, integrated circuits, life and health, neurological science, biological breeding, aerospace science and technology, deep earth and deep sea exploration.

As a crucial element of China's new development pattern, scientific and technological innovation aims to accelerate the development of a modern industrial system. It emphasizes making breakthroughs in technologies that are restrained, and improving the security and reliability of supply chains and industrial chains in industries such as new-generation information technology, biotechnology, new energy, new materials, high-end equipment, new energy vehicles, eco-friendly production, aerospace and marine equipment.

The deep integration of the internet, big data and AI into different industries will empower China's efforts to strengthen basic studies, move its industrial foundations to an advanced level and modernize its industry chains to rise up the value chain. This will also support high-quality development on the domestic supply side. All of this will help China become a superpower in manufacturing, high-quality development, the internet and digital presence. Openness and global cooperation in science and technology will also be high on the agenda during the 14th Five-Year Plan period.



### High-level opening-up impetus for new development pattern

Under China's new development pattern opening-up will increase, which means China's massive market will promote international cooperation and achieve mutually beneficial results. Coupled with moves to relax market access restrictions, facilitate trade and investment, and establish an international market-oriented business environment based on the rule of law, a market as powerful as China's will hold huge appeal for the best global resources and production factors, making it a hotspot for foreign investment.

Since the 18th CPC National Congress in 2012, China has been shortening the negative list for foreign investment and expanding the catalog of industries in which foreign investment is encouraged (Figure 4). This will continue during the 14th Five-Year Plan period, creating opportunities for foreign investors to participate in China's manufacturing and services sectors. Measures will include a negative list for cross-border trade in services, further opening up service sectors including finance and the internet, and spurring investment by foreign-funded enterprises in advanced manufacturing and high technology, among other industries. This greater openness can already be seen in pilot programs launched by leading regions including free trade zones and ports, as well as collaboration in various areas with countries involved in the Belt and Road Initiative.

This higher level of opening-up will see domestic and international circulation promote and complement each other, ultimately giving China more say in advancing reform of the global economic governance system.

**Figure 4 Reductions in negative list for foreign investment and increases in catalog of industries where foreign investment is encouraged**

Negative list for foreign investment access			
Year	Items on national negative list	Reduction proportion (%)	Key points
2017	63		System of negative list for foreign investment access applicable nationwide (excluding FTZs) was implemented formally for the first time
2018	48	23.81	<ul style="list-style-type: none"> <li>• Greatly expand opening-up in service sector;</li> <li>• Basically open manufacturing sector;</li> <li>• Ease restrictions over market access to sectors of agriculture, energy and resources</li> </ul>
2019	40	16.67	<ul style="list-style-type: none"> <li>• Expand opening-up in service sector;</li> <li>• Relax restrictions over market access to sectors of agriculture, mining and manufacturing</li> <li>• Improver and widen opening-up in pilot FTZs</li> </ul>
2020	33	17.50	<ul style="list-style-type: none"> <li>• Accelerate opening-up process of key areas in service sector;</li> <li>• Relax restrictions over market access to sectors of manufacturing and agriculture;</li> <li>• Continue pilot opening-up in FTZs</li> </ul>

### Catalog of industries where foreign investment is encouraged

Year	Items on national catalog	Key point
2015	349	<ul style="list-style-type: none"> <li>• Actively relax restrictions over foreign investment access;</li> <li>• Transform methods of foreign investment management</li> <li>• Adjust, optimize economic structure;</li> <li>• Further enhance transparency</li> </ul>
2017	348	<ul style="list-style-type: none"> <li>• Continue to encourage foreign investor to invest in areas aligned with China's direction for adjusting and optimizing industrial structure;</li> <li>• Support wide participation from foreign investors in "Made in China 2025" strategy and innovation-driven development strategy;</li> <li>• Pursue a combination of attracting foreign investment technology and talent, and enhance the significant role of foreign-invested businesses in developing the real economy</li> </ul>
2019	415	<ul style="list-style-type: none"> <li>• Significantly increase areas where foreign investment is encouraged;</li> <li>• Encourage foreign investors to contribute to high-quality development of manufacturing sectors;</li> <li>• Guide foreign investors toward producer services</li> </ul>

Source: Deloitte Research



### Guarantee of equality and sustainability in new development pattern

To achieve the "common prosperity" envisioned in the long-range objectives, the 14th Five-Year Plan period will require a tighter focus on coordinated development, including addressing imbalances between urban and rural areas and among different regions.

The importance of addressing urban-rural imbalances is clear in the Proposals' unprecedented attention to China's rural vitalization strategy. Targeted poverty alleviation efforts over the past eight years, especially the decisive battle against poverty launched five years ago, have paid off. By the end of November 2020, all 832 of China's previously impoverished counties had been removed from the poverty list. However, their removal does not mean China has completely accomplished its anti-poverty tasks, or that rural areas have made major advances in development.

Data from the National Bureau of Statistics shows urban residents' income was 2.64 times that of their rural counterparts in 2019. To build a new relationship of coordinated development and common prosperity in non-agricultural sectors and rural agriculture, and in urban and rural areas, concepts such as "supporting agriculture through non-agriculture sectors (industry) in the countryside" and "driving rural development through urban development" have been put forward.

If cities are to become drivers of rural development, they must themselves thrive, and migrants from rural areas must be able to settle in China's cities. At the end of 2019, permanent urban residents made up 60.6% of the population, yet only about 44.4% of Chinese people had urban household registrations. This contrast indicates that many rural residents who arrive in China's cities do not have access to the same basic public services as locals receive. To solve this issue, the Proposals stress a shift in urbanization from "people-oriented" to "people-centered". Demand for physical infrastructure in cities will slow, and the priority will shift to improving city governance, elevating soft infrastructure and offering better public services to citizens with the help of IT.

Narrowing the development gap between regions is also key to ending China's urban-rural imbalance. There are many extant policies designed to coordinate regional development: the Western Development Strategy, Revitalizing Northeast China, Rise of Central China, Beijing-Tianjin-Hebei Coordinated Development, Development of the Yangtze River Economic Belt, Construction of the Guangdong-Hong Kong-Macao Greater Bay Area, Integrated Development of the Yangtze River Delta, and Ecological Protection and High-quality Development of the Yellow River Basin. Advancing coordinated regional development through these policies, to accelerate the modernization of developed regions and support less developed ones, will be a crucial to attaining "common prosperity".

Apart from ensuring the quality and equality of economic development, China's new development pattern also focuses on sustainability against the backdrop of increasingly scarce resources and energy, and ecological and environmental issues. The Proposals express support for regions that have the capacity to reach peak carbon emissions by 2030, as part of China's efforts to deliver on its carbon emissions reduction promise to the world. However, available data and research from the Ministry of Ecology and the Environment suggest that with existing policies alone, carbon dioxide emissions in China will continue to grow until and beyond 2030, rendering the targeted peak in CO<sub>2</sub> emissions by 2030 impossible. Moreover, there is still a long way to go for China to achieve its goal of increasing the share of non-fossil energy to 20% from 15.3% of total primary energy consumption. The scarcity of global resources and energy, coupled with energy price rises, is likely to become the biggest barrier to improving China's modern industrial system, realizing high-quality development and boosting total economic volume, all of which are designed to serve the building of a modern socialist country. This makes promoting green and low-carbon production and lifestyles, reducing energy use and dependence on imported energy a key mission during the 14th Five-Year Plan period.



# Potential opportunities for enterprises

The report Thoughts on the 14th Five-Year Plan points out important strategic opportunities for enterprises to embrace during the 14th Five-Year Plan period: higher level opening-up, an improved business environment, coordinated regional development, strengthening weak links in public wellbeing, innovation-driven development, and an emphasis on the ecology and the environment. These areas chime with China's new development pattern. Under the guidance of a new development philosophy, this new development pattern will create more opportunities for enterprises.

## **"World market" with enhanced quality and capacity**

In China's new development pattern, enterprises will benefit from being part of a "world market" with enhanced quality and capacity. China is home to the world's fastest growing middle-income population – which is set to be further enlarged, according to the Proposals – and lower-tier city and rural markets with vast potential. Longing for a better life, Chinese people will demand a greater variety of high-quality products, technology and services from across the globe. China is expected to surpass the US as the world's biggest consumer market in 2035. Besides, the country will continue to open-up service sectors including healthcare, education and the internet to offer domestic consumers better services.

## **"Workshop of the world" is transforming and upgrading**

China's new development pattern will bring more robust industrial chains, a better business system and environment, and more active transnational and trans-regional cooperation, helping enterprises reduce operational costs. As a source of every industrial commodity listed by the United Nations Industrial Development Organization, China can accommodate the production of every type of commodity across simple industries and in sophisticated areas. Looking ahead, China will redouble efforts in basic research and make supply and industrial chains safer and more reliable, ensuring seamless production that will be a boon for enterprises in the domestic market. Many enterprises in China will have the opportunity to pursue further development as the "workshop of the world" transforms and upgrades.

Scientific and technological innovation, a highlight of the dual circulation strategy, will be another benefit. China's manufacturing sector will develop more resilient supply and industrial chains, and ascend the global value chain, by gaining strength from independent innovation that enables self-reliance in core technologies, replacing the comparative advantage of lower prices. This will create more opportunities in technological innovation, with deeper cooperation between Chinese and foreign businesses generating new demand for technologies from overseas.

### A higher level of "social enterprise" development

With its commitment to equitable and green development, China's new development philosophy will create opportunities to promote corporate social responsibility. Organizations should view becoming a "social enterprise" as their core strategic goal. In other words, they should align their development with improving social wellbeing and the long-range objectives through 2035, and integrate China's new development pattern into their operations while pursuing equitable, sustainable development.

The 5th Plenary Session reaffirmed the principle of people-centric socio-economic development, with a stress on eliminating poverty and making more notable and substantial progress in promoting common prosperity. Advancing common prosperity requires active rural revitalization and coordinated development between urban and rural areas and across different regions. Enterprises can therefore emerge as a driver of poverty alleviation in China, and play a major role in pressing ahead with agricultural modernization and rural vitalization. Applying their technological strengths to poverty relief will be another way for them to advance poverty alleviation and rural revitalization.

The Proposals advocate pursuing green production and lifestyles, and green, low-carbon economic development. Regions with the capacity to reach a peak in carbon emissions before 2030 are encouraged to do so. Local Chinese enterprises can learn from the successful experiences of foreign-funded counterparts that are leaders in green-tech innovation, clean production and energy efficiency.

China's new development pattern sends a clear signal to the world that the country is committed to high-quality development, and will at the same time give impetus to the global economic recovery. Charged with the mission of attracting foreign capital, technology and management, while working on external coordination, multinational enterprises should become more politically sensitive and choose their markets carefully to become a bridge connecting domestic circulation (the advantages of the Chinese market) and international circulation (global resources).

Following the official release of the full text of the Proposals, local Party committees and governments at all levels are preparing to compile matching local proposals. Centered on the new development stage, philosophy and pattern proposed by the CPC Central Committee, these documents should chart a path for local development over the next five to 15 years, factoring in local social and economic realities.

While compiling their proposals, governments at all levels should focus on how to harness the full strength of existing and potential new enterprises in their regions to establish a new development pattern. Policies should be in place to optimize the business environment and motivate local enterprises to participate and invest in scientific and technological innovation, equitable and sustainable development, and other areas that fit China's new development philosophy. For instance, to propel scientific and technological innovation, continued efforts should be made to improve and implement laws and regulations that protect intellectual property rights. They should also seek to ensure employees enjoy a sound environment in work and life, and pursue equitable and sustainable development by lowering market access thresholds and introducing favorable policies to draw enterprises' participation and investment. Enterprises with different ownership structures should also be encouraged to share in the huge potential of China's domestic market, making their own contributions to China's new development pattern.



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