

# The 5th Plenum of China: what's next?

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## Abstract

This report analyzes the outcome of the 5<sup>th</sup> Plenum of the Chinese Communist Party Central Committee. The paper focuses on four main areas of interest: Economy; Technology and Innovation; Environment; Security and Defense. At the edge of a new decade, the Chinese Communist Party is forging a more flexible governance system while aiming at a more stable society. Understanding the Chinese strategy for the next five years is crucial to the Western countries. Liberal democracies will be challenged severely and they have to be ready to respond to China's advance.

**KEY WORDS:** China, Plenum, double circulation, self-sufficiency, technology

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## 1. Introduction

The purpose of this report is to give a comprehensive understanding of the opportunities and constraints related to the formulation of the incoming 14th Five Year Plan of the People's Republic of China (PRC).

Due to the huge amount of informative material, the report aims at shedding some light on the issues covered by Chinese policy makers providing the reader and the scholar with a quick and complete overlook on them.

The key areas analyzed are:

- Economy;
- Technology and innovation;
- Environment;
- Security and defense.

From an economic point of view, dual circulation, reduction of inequalities and economic opening are the main issues covered. About technology, the self-sufficiency issue is addressed, showing constraints and opportunities for China and other players in the sector. Looking at the Environment, the role of the country and its approach to the solution to the problem of pollution is addressed. Finally, respecting the exceptionality of this fourteenth plan, the party's vision on military and security issues is presented, in order to better frame which might be the next steps in this regard.

This work has been realized by Competere and a team of scholars and researchers on China from Italy and South Korea.

## 2. Economy

*By Domenico Repaci*

China's economic recovery speeds up. Latest GDP data show an increase of around 4,9% in the third quarter. During the past 12<sup>th</sup> and 13<sup>th</sup> Five Years Plans, China has committed to the creation of a moderately prosperous society, under every aspect. Chinese leaders declared that this year the target was met. In commenting what the country have accomplished, the Fifth Plenum has praised the steady economic growth and the general improvements concerning macroeconomic regulation, domestic market and general living standards for the people.

By the end of the year, China's GDP is set to increase to 100 trillion yuan - almost \$15 trillion. More than 55 million people were lifted out of poverty in the last five years, 60 million jobs have been created, and basic medical insurance and retirement supports were extended to almost the whole population.

Now, policymakers in Beijing believe the time has come for the realization of a more stable society. There's no predetermined growth target, yet China is willing to raise its GDP per capita to the level of moderately developed countries in the next fifteen years in what has been called "Vision for 2035". This modernization strategy would transform the country into a leading global technological and cultural powerhouse.

Conversely, internal production and consumption, fighting inequalities, technological independence are the new guidelines for the economic development within the plan. China is placing greater emphasis on a quality-driven economic growth. The communique sets out sustainable, healthy, quality targets within the economic goals for the next five years. China is also transiting to the status of developed country. By that time, China would lose all preferential treatments entitled by World Trade Organization (WTO), World Bank and other international organizations. Therefore, China is gearing up in view of that crucial moment.

Fifth Plenum set a series of targets to be reached in the next years including, among others:

- A continued support to the real economy through upgrading, modernizing the industrial sector and optimizing the economy to become more quality-driven with the aim of increasing the overall competitiveness of the system. Whilst there is no clear mention regarding any industrial sub-sector, most probably more resource will be allocated to R&D spending;
- Focusing on the internal market while generally reinforcing the economy, fueling both domestic consumption and exports in a particular self-sustaining cycle.

- Great attention is delivered to rural areas, since the economy in the future will depend ever more on the development of central and western provinces;
- More efforts in opening-up China's market to foreign investors, while better integrating the country in global supply chains. Reforming the system in order to realize a high-level socialist market economy while achieving a win-win cooperation in the international scenario.

## 2.1 Dual circulation

As expected by many analysts, this five-year plan fosters the “dual circulation”, a concept first mentioned by Chinese President Xi Jinping at the 40th anniversary of Shenzhen's Special Economic Zone.

The dual circulation will be structured in two processes: the internal cycle will focus on the development of domestic production and consumption and it will be the main catalyst to bring the economy forward. This will be complemented by the international cycle, which will still rely on foreign trade and investments. Beijing is therefore moving towards a complete independence from external economic fluctuations, while becoming more self-reliant in key technological sectors. China's move would indeed help its economy to break away from the traditional dependence on exports as a model of growth, and to solve problems caused by overcapacity in some manufacturing sectors.

This policy has raised some concerns on China's commitment to the Belt and Road Initiative (BRI). This entails possible slowdowns or potential negative outlooks for the initiative in the next years. Actually, several BRI related investments have suffered a delay, due to the effects of the pandemic. African and Asian countries have halted the realization of some important projects. In response to that, China has already declared that all debts related to BRI loans will be written off, while there is a mounting narrative on the promotion of the “Health Silk Road” - a project focused on integrating international health systems while providing assistance to less developed countries along the route.

Nonetheless, a lack of an explicit mention to the BRI in the communique should not mislead us about the future of the initiative. The BRI is a project signed by President Xi, and it is the most important asset in his foreign policy vision, giving it centrality in the years to come.

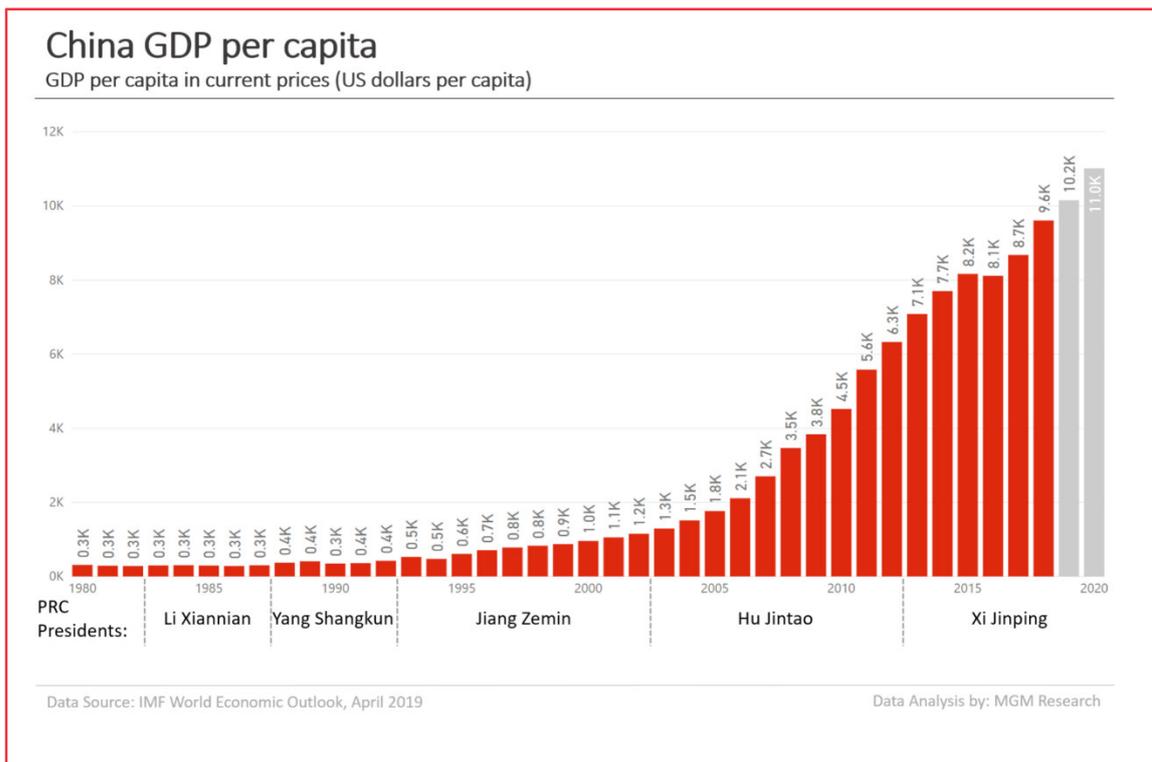
Chinese policymakers believe the dual circulation would also help China in mitigating the potential effect of a worsening in the economic confrontation with the US and other international actors. For the next five years, China must exploit all the potential within the internal market to navigate in a world characterized by mounting instabilities. However,

this process would be gradual, as China's current economic integration into global economy, and dependence in key technological sectors, results almost impossible to break.

The shift to the internal market will ensure that Beijing rely in the enormous potential offered by a population of more than 1.3 billion people. Indeed, this year internal demand accounted almost for the 90% of the economic growth, which will still be positive despite the pandemic.

### 2.2 Inequalities

The next five-year plan is also focusing on reducing inequalities and developing rural areas. China must strengthen efforts in eliminating economic disparities: boosting per capita GDP while reducing the income gap between urban and rural societies, creating jobs, raising salaries, improving education along with granting basic access to public services, would prove necessary in order to build a strong, effective domestic market.



In fact, internal areas are still lagging behind coastal, developed cities. Mostly living in rural areas and suburbs of megalopolis, an army of 600 million people is hampering the effective implementation of the above-mentioned dual circulation project. Indeed, this population live with a general monthly income of 1000 yuan (€126), much lower than general China's average income and not sufficient to boost internal demand.

### 2.3 Market opening

The communique of the Fifth Plenum is delivering also some words, about economic opening and reform, which can affect foreign investors and governments' expectations. However, there is not much detail now on how these policies would be implemented.

Beijing is committed to progress towards the creation of a better market access and for the realization of a high-quality system driven by market laws. All reforms in the direction of opening the market would make China a more modern and competitive country. Eventually, this would contribute in promoting China's position in the international economic system.

Some progress was already made as per what regards the legal protection of foreign businesses. Last September, the Supreme People's Court released guidelines on the protection of foreign investments, following the new Foreign Investment Law of the People's Republic of China issued in January 2020. This brand new law is unifying all previous legislation, establishing a new business environment and several new regulations on fair and equal competition, protection of IPRs and preferential policies. Moreover, according to article 17 of the law, foreign businesses can now have access to more financing possibilities - issuing bonds, public offering of shares, to name a few.

### 3. Technology and innovation

By Seohyun Han

The most emphasized aspect of the Fifth Plenary Session of the Communist Party of China (C.P.C.) was on innovation in science and technology. Concerning the 14th Five-year Plan (2021-2025), the C.P.C. announced the following fields as areas in need of innovation: semiconductors, Artificial Intelligence (AI), telecommunications, computing, smartphones, renewables, material science, New Energy Vehicles (N.E.V.), biotechnology, and space science. The field in need of innovation outside of commercial areas includes military technology such as stealth fighter jets, stealth bombers, aircraft carriers, hypersonic missiles, and drones. Innovation is a bloated term in the modern industry, especially for the subjects just mentioned, but it is different for this round of meeting in one aspect: self-sufficiency. The reason why self-sufficiency became the most important aspect of the Fifth Plenum was because of the rising tension between the People's Republic of China and the United States in recent years.

Under the I.E.E.P.A. (International Emergency Economic Powers Act) enacted in 1997, Former U.S. President Donald Trump declared a trade war against China since the beginning of his term. Donald Trump's declaration of the new Cold War was not only on trade but also in technology. Washington's recent attitude towards Chinese I.T. firms shows this aspect. Trump Administration attacked Huawei by cutting its services to Google last year, and executive orders were sent out by the President himself to ban WeChat along with TikTok this year. Because of these recent feuds, the C.P.C. has no other choice but to secure source technologies that could become chokepoints in the future. The following three challenges are some examples of where self-sufficiency is urgent.

The first area that China is in urgent need to attain self-sufficiency would be the semiconductor industries. This is because, as IEEE Computer Society emphasizes it, semiconductor industries will play "a vital role in technological advancements" such as the Fourth Industrial Revolution. China seems to be excelling in taking the majority of the market share when it comes to computers and smartphones, however, the majority of the core parts that run the products are still outsourced. The two of the most well-known fields would be memory semiconductors and system semiconductors. Memory semiconductors are used in Random Access Memories and Solid-State Drives; and China relies most of its memory semiconductors on South Korea, importing over 60% of South Korea's total export in semiconductors. System semiconductors are used for making Central Processing Units, Graphics Processing Units, and System-on-Chips; and China relies on most of its parts from American chipmakers like Intel, AMD, Nvidia, and Qualcomm.

All of these parts are crucial for manufacturing PCs and mobile devices; and considering the merger of Nvidia and ARM Holdings (Originally a FabLess company of the United Kingdom) last September, pressure for self-sufficiency becomes more intense. The recent breakthroughs in making 7nm-like process chips from SMIC gives some hope on breaking its reliance on foreign microchip companies that are “subject to U.S. export control”, however, the performance gap between adversaries like Samsung is as much as 35% in equal lithography, according to SMIC co-CEO Liang Mengsong. If the C.P.C. would insist on self-sufficiency, then astronomical R&D costs are waiting. In addition, Chinese computer and mobile device makers would have to face the disadvantages of performance hits. This would decrease the overall competitiveness of Chinese products, making the innovations needed for self-sufficiency an abstruse problem.

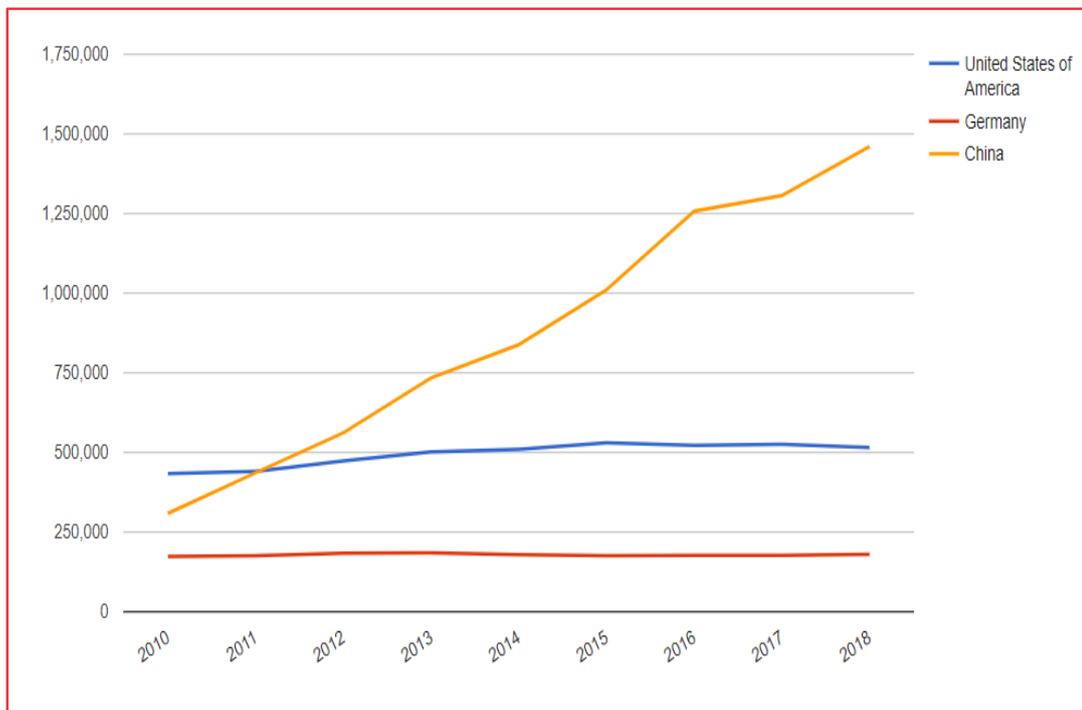
The second area that China needs to attain self-sufficiency would be the batteries for N.E.V. industries. The C.P.C. put efforts to subsidize the growth of the E.V. (electric vehicle) industries, and it is forecasted to take nearly half of the market share in China. However, securing enough E.V. batteries remains a challenge. Batteries are the modern-day engines of Electric Vehicles, and most of them are imported from South Korea and Japan. There are Chinese battery companies that made breakthroughs in manufacturing new batteries needed for their domestic companies like BYD, but Chinese N.E.V. enterprises have no other choice but to import most of their batteries from LG Chemical and Panasonic due to the massive amount of production they have to execute every year. However, an increase in output of batteries is a difficult task, but an even tougher challenge awaits for China.

The mission with a production increase of batteries, concerning semiconductors, is a more perplexing problem when it comes to the actual source that enables their manufacturing: Material science. Last year’s trade tensions between Japan and South Korea revealed Japan’s dominance in the material industry, and China is also within the scope of its influence. Xiang Ligang, director-general of the Beijing-based Information Consumption Alliance, explained this sophisticated reality of the global supply chain as the following: “Japan provides materials, South Korea makes semiconductors and displays, and China assembles the final devices using those inputs, which are sold around the world.” Considering Japan’s alliance with the United States, securing the materials needed for the production of batteries and semiconductors would become an urgent priority.

The third area that China needs to attain self-sufficiency is unmanned aerial vehicles, most widely known as drones. Drones take a pivotal position in the world of the fourth industrial revolution due to its characteristics of combining telecommunications technology like 5G and artificial intelligence, taking a core position in IoT (Internet of Things). Drones are also an important asset in the military, especially for China. Recent

military breakthroughs have been announced, recently showcasing “the first practical Chinese swarming drone system.” With the achievement of over 80% of the world’s market share, Drones were always considered as China’s forte. However, drones were also an area where most of its parts are outsourced, even for DJI, a Chinese drone manufacturer that takes over 70% of the world’s market share. The teardown of DJI shows that “Texas Instruments makes the IC chips that control the battery, and the chips that amplify radio signals and eliminate noise are made by Qorvo.” In combination with sanctions from the United States on Chinese drones, the need for domestic-made parts increases by every year.

*Total patent applications (direct and PCT national phase entries) by selected applicant's origin (equivalent count)*



Source: WIPO

Finally, China’s vision to become self-sufficient is truly admirable, but its challenges on semiconductors, E.V. batteries, and drones seem to a complicated wire. For China, it has no other choice but to keep moving towards becoming self-reliant. Achieving self-sufficiency on source technology for any state is a Herculean task in the 21st century where global supply chain is a necessity, but China is truly reaching for the stars. This is because of three reasons.

First, China is labeled as the World Factory that manufactures nearly 30% of the world’s products. Trying to secure source-technologies that takes over quarter of the world’s goods is easier said than done. Second, China’s lack of materials makes this even more

challenging. Third, China has too much population. China is well known for having the most populous cities. They are in constant need for products, and they already went into an import-based economy; and therefore, providing for all of them would be quite difficult. To sum up, China's position as world factory, resource scarcity, and too much population aggravates the problem. Therefore, it would be necessary for the C.P.C. to take these aspects into consider when they pursue self-sufficient source technology.

## 4. Environment

By Elodie Cardonnet

The Fifth Plenary Session of the 19th Communist Party Central Committee was an opportunity for President Xi Jinping to highlight the relevance of environment protection and green economy for the People's Republic of China.

Building an eco-friendly society has been a priority for China in the last decade, as reflected in the Five Year Plans since 2011, in particular the 13th Five Year Plan (2016-2020), which include:

- Specific targets for energy consumption and Carbon Dioxide emissions reduction per unit of GDP (by 15% and 18%, respectively);
- Major pollutants emission reduction (namely, Chemical Oxygen Demand, Sulphur Dioxide, Ammonia Nitrogen, and Nitrogen Oxide);
- Fossil fuels energy supply relative increase by 3%;
- Forest coverage increase by 1.38%;
- Air quality improvement through PM2.5 concentration reduction by 18%;
- Water usage efficiency and water quality improvement.

Although updated official Chinese statistics are not available yet, President Xi Jinping affirmed that China achieved the goals of improving the environment and creating a green economy, through protection models optimization, green transition in both lifestyles and production systems, effective allocation of energy resources, focus on green urbanism, and pollutants reduction.

From a legal perspective, major changes occurred in favor of environment protection in recent years, for instance the revision of the Environmental Protection Law (2014), followed by the Supreme People's Court's interpretation (2014), and the amendment of the Civil Procedure Law (2017). Only to name a few results, environmental civil public interest lawsuits are becoming more common in the P.R.C., as well as concepts such as full restoration of damaged ecological environments.

From a social perspective, awareness is growing, especially among the youth, also because official discourses tend to highlight the strong ties between environment protection and economic development, self-sufficiency and green economy.

On the political side, the strategy of gradually introducing new environmental policies, first in specific cities and later throughout the country, has proven effective, as the effects of single policies in specific areas are more easily measurable. In January 2020, the National Development and Reform Commission and the Ministry of Ecology and P.R.C.'s

representatives announced a ban on single-use and non-degradable plastic bags, straws, tableware and cotton swabs in major cities in China by the end of 2020, to be completed across the country by 2022.

About the economic aspects, in 2018 China spent \$280 billion in research and development (20% of total world research and development that year), and part of these investments were linked to technological innovation (for instance, in the energy sector), with both direct and indirect positive effects on the environment.

Notwithstanding the abovementioned progresses, many problems persist. Land mismanagement, pollution-intensive energy production, overuse of fossil fuels, high carbon dioxide emissions, water, and soil pollution, negative consequences of mining and raw materials extraction and problems in the waste management system chain are among the main threats to the aimed green development.

During the Fifth Plenum, President Xi Jinping wisely toned down the emphasis on achievements:

1. He acknowledged that “ecological and environment protection has a heavy load and long road [to go]”, or, in other words, that China still needs to bear heavy responsibilities through a long struggle against environmental challenges;
2. He indirectly suggested the strong ties of environmental goals with other strategic goals, such as self-sufficiency, innovation, new urbanization economic growth and social development, in order to achieve a well-rounded economic and social development;
3. He mentioned future steps, in qualitative rather than in quantitative terms, to push forward green development.

The Central Committee highlighted the importance of human-nature harmony, affirming that adapting to, respecting, and protecting natural resources all lay the foundations for ecological security. Making environment conservation a priority, promoting green development, lowering Carbon Dioxide emissions per unit of GDP through a re-balance of energy sources from non-renewable (mainly coal) to renewable sources (solar energy, for instance), improving the allocation of natural resources, focusing on eco-cities and sustainable urbanization, are all listed as fundamental steps to achieve a green development, with positive environmental, social and economic effects, in terms of quality and stability.

Although the 14th Five Year Plan, a document that will contain specific objectives for 2021-2026, has not been issued yet, the CPCC Plenary Session of October 2020 and previous

official declaration are useful in outlining outlooks about environment protection in China.

The concepts mentioned during the Plenum were expected, as in several occasions official declarations showed China's willingness to take concrete action against climate change and to reduce its carbon footprint in the long-term. For instance, as President Xi Jinping affirmed in his speech at the General Debate of the 75th session of the United Nations General Assembly, "China will scale up its Intended Nationally Determined Contributions [in reduction in greenhouse gas emissions under the United Nations Framework Convention on Climate Change] by adopting more vigorous policies and measures". In fact, the P.R.C. aims to reach a peak of carbon emissions by 2030, and to "achieve carbon neutrality before 2060". Some scholars raise doubts about the viability of complete carbon neutrality due to the relatively short amount of time, the absence of details supporting such statement, and considerations on the current state of China, which to date is still the top-polluting nation in the world. Nonetheless, the statement marks a decisive change in mentality, in self-perception and in external perception of the country. Moreover, in recent years China repeatedly emphasized its involvement in international cooperation, for instance stressing the importance of the Paris Agreement in limiting global warming, and in regional cooperation systems.

Finally, it came as no surprise to find references to environment protection linked to other strategic goals, such as innovation, rural development, sustainable urbanization, and economic development, in the Fifth Plenary Session of the 19th Communist Party Central Committee communique. This follows a positive trend that had been constantly ongoing, deepening and strengthening in the last decade at both national and international levels. The P.R.C. is undoubtedly going to face challenges to achieve its environmental goals, however, to acknowledge such challenges, to show willingness to act, and to raise the bar when it comes to ecological standards cannot but have positive effects on the environment.

## 5. Security and Defense

*By Federico Campanile*

The summary communiqué issued at the end of this year's plenary session presents one crucial novelty: the praise of the People's Liberation Army (PLA) as the vanguard of China's national security. The phrase "carry out Xi Jinping Thought on Military Strengthening (习近平强军思想)" featured in the document leaves no space to free interpretation, highlighting the need to uphold the CCP's absolute leadership over the PLA. The document explicitly insists on the need to potentiate the preparations for war and stresses the strategic capabilities for safeguarding the benefits of national sovereignty, security, and development.

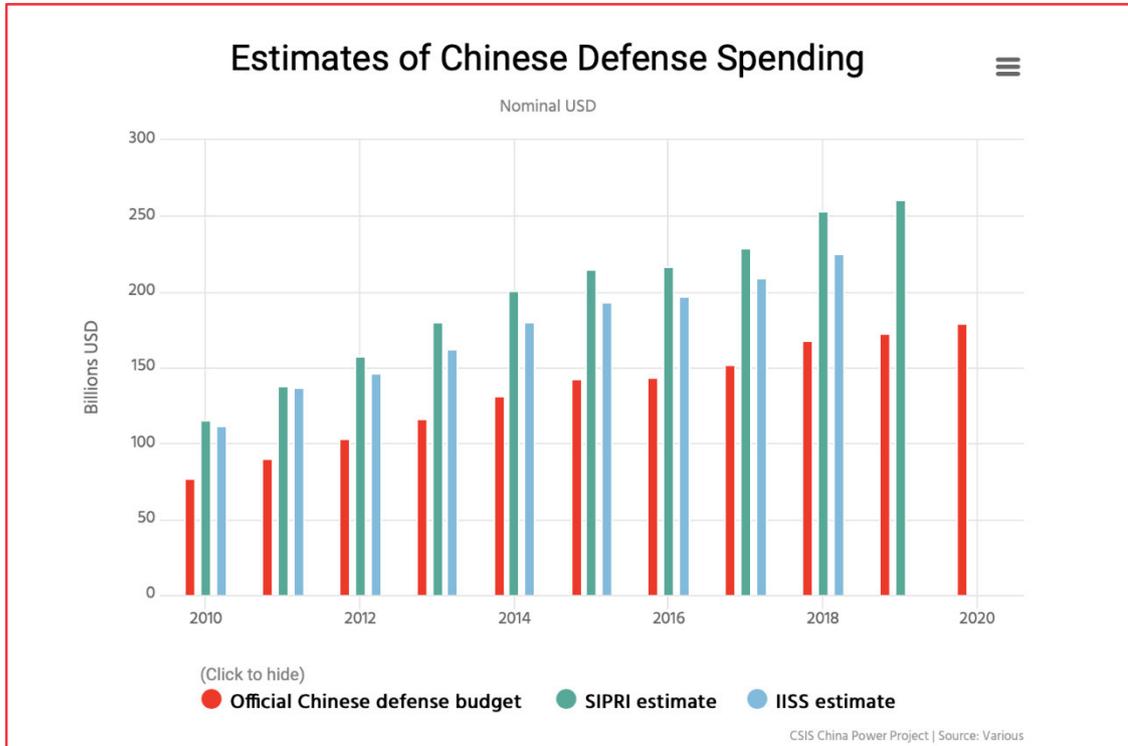
In a Chinese Central Television (CCT) report, various PLA's echelons express their excitement over the fifth Plenum stocktaking document, echoing the solemn tones of the Party's narrative. The video conveys a showoff of Beijing's military might and state-of-the-art warfare technologies. "It is necessary to integrate the country's enrichment with the strengthening of the army", says an interviewee, "we need to act as according to the Party's instructions." The interviewee's vocabulary mirrors the content of the Plenum communiqué, suggesting an alignment of purposes between the Party's leadership and the top tiers of the PLA. In fact, the document dictates that the country should "speed up the integrative development to cover military mechanization and informatization, and comprehensively strengthen military training and preparation for war."

Additionally, security is presented as strictly interwoven with economic performance. The main dispositions impel China to improve the overall arrangement of the national defense sci-tech industry, and reinforce military government and military-civilians unity. To reach this goal the communiqué sets out the PLA's centenary anniversary in 2027 as a strategic deadline for strengthening the national security system and capacity building, ensuring the country's economic performance, safeguarding people's lives, and maintaining social stability.

### 5.1 Military Spending

Although the repeated eulogy of the PLA during a plenary session sets a precedent, it was expected. In fact, on May 22, the Chinese government declared an increase in military spending that follows a 20 years trend. On that occasion China announced a yearly defense budget of RMB 1.268 trillion (\$178,6 billion), marking a 6.6 percent increase from the 2019 budget of RMB 1.189 trillion (\$172,3 billion). China's defense budget has been stepping up over the last two decades, surging from \$39,6 billion in 1999 to \$266,4 billion in 2019. Still, in 2019, China's military expenditure amounted to 1,9 % of GDP, standing off

as the lower ratio among the countries which spend the most in military capacities worldwide. Among the neighboring countries, China also ranks far behind the others with the sole exception of Taiwan (1,7%). Moreover, the 6.6 percent increase stands out as the lowest in decades.



However, as in terms of nominal spending, China has been earmarking more than its neighboring countries ever since 2001 when Beijing’s military expenditure overpassed that of Japan. As of 2019, China’s military expenditure was almost 4 times that of the second greater investor in military assets, namely India (\$266,4 bn VS \$70,8 bn). Worldwide, China’s military spending is second only to the United States.

The data made public in May are unbinding though. It is, thus, not unlikely that the government will further increase military spending according to the objectives laid out in the communiqué. Furthermore, there is a shared suspicion among analysts that the actual entity of China’s defense budget is significantly greater than the official numbers.

As a disclaimer, it is safe to say that there is no universally accepted standard for reporting military spending. International mechanisms do exist but participation remains voluntary and the degree of details to be provided is highly discretionary. China joined the UN Report on Military Expenditure in 2007, but it never made clear the distributional pattern of its military spending. It is known that official figures do not account for a number of military-related outlays, including aspects of China’s space program. Most importantly, the budget does not include the expenditures for the People’s Armed Police (PAP). The

PAP is a paramilitary police component of China's armed forces that is under the command of the Central Military Commission (CMC) and charged with internal security, law enforcement, counterterrorism, and maritime rights protection. The official budget for the PAP was 179,78 billion yuan (\$28,5 billion) in 2019, but there is no indication of this year's figures.

The publication of 11 defense white papers since 1995 also has provided some insight into the nature of Chinese military expenditures. Beijing states that it annually reports categorized military spending information to the UN; however, this information is only available from the UN in one-page reports for fiscal years 2006, 2007, 2008, and 2017, raising doubts on the real nature of military spending. Still, these limited sources reveal an interesting consideration. In the 2017 white paper, investments in equipment accounted for the largest share of the defense budget, amounting to 41 percent of total spending.

## 5.2 Taiwan, Hong Kong and Macao

Surprisingly enough, the Plenum communiqué touches only marginally on the Party's vision on Taiwan, Hong Kong, and Macao. The only reference to the three territories comes in the last 28 characters of the document. Moreover, as it can be observed, there is no direct reference to the one country, two systems (一国两制)" concept.

要保持香港、澳门长期繁荣稳定，推进两岸关系和平发展和祖国统一

"It must preserve the thriving stability of Hong Kong and Macao; carry forward the pacific development of cross-strait relationships and unification with the motherland"

The 2015 Plenum communiqué quotes extensively the Hong Kong-Macao-Taiwan matters. In 95 characters, it emphasized deeply the peaceful development of the relations with the three territories and the benefits brought to the Taiwanese people. The tone employed suggests China's "goodwill to liberate the island". Contrarily, although the mention of Taiwan in the last Plenum document is modest, the relationship between Mainland China and the island has been worsening. On the People's Daily (the official newspaper of the Central Committee of the Chinese Communist Party), the Beijing government responded to the visit of some U.S. high-rank officials to Taiwan for the sale of arms portraying the potential military repercussions of such a move.

The document also explicitly asserts the need to carry through the "Xi Jinping thought" to strengthen the army (贯彻习近平强军思想), as so to encourage the peaceful reunification.

On November 2, the CCTV broadcasted an interview with a representative of the standing committee for Hong Kong, Tan Yaozong. The delegate claimed that in order to maintain Hong Kong's long-term prosperous stability (长期·繁荣稳定) it is necessary to avoid separatist actions. His interview shines a light on the deep penetration of CCP's rhetoric within the government of the former British colony. Particularly, Tan portrayed the economic and industrial performance as the tenet of political legitimization sticks to the Party's official narrative.

In the same reportage, Hu Zujie, a Member of the Legislative Council of the Macau Special Administrative Region, commented on the status of the former Portuguese territory. The interviewee said that Macau is part of the "one country, two systems" mechanism. The special territory represents an excellent access point to the Guangdong-Hong Kong-Macau Greater Bay Area and, as so, it can be "a center, a platform, a basis" to accelerate the Country's development.

## 6. Conclusions

*By Stefano Sartorio*

To date, China has issued thirteen “Five Year Plans”. From 1953 to 2020, several leaders have guided the country through what has been an unprecedented development. The relevance of such plans consists of including new social and economic development goals and initiatives that the country will have to pursue in the next years. Planning is a key characteristic of socialist economies, and one strategy established for the entire country normally contains detailed guidelines.

In a period of international turmoil, driven by US and China trade war and clashes over technological, political and military issues, the five-year plan is a useful tool to understand the country’s future steps and its impact on other countries. The Plenum held from the 26<sup>th</sup> to the 29<sup>th</sup> of October 2020 (the gathering of all the 376 members of the Central Committee), had precisely this objective: drawing China’s future moves regarding the aforementioned four main areas of interest.

The fourteenth five-year plan, which main goal is to drive China to a “socialist modernization”, stretches beyond in its scope widely above 2026. In fact, China aims at replacing the US as the world’s top economy in the next 15 years (a perspective called “Vision 2035”). Doubts remain on how China will cope with constrains, for example, in technological self-sufficiency. However, the next five years might set the stage for China’s emergence as the number one world superpower, ushering in a new global era.

Unfortunately, the detailed plan will not be available to the public until March 2021, when the National People Congress (the equivalent of an annual sitting of parliament) will take place in Beijing.

## ABOUT THE AUTHORS

**Federico Campanile** is an advisor on China affairs with a focus on institutional, social, and economic issues. After getting a M.A. in Chinese Studies at Leiden University (NL) with a thesis on China's Social Credit System, he started to operate in the consultancy and research fields. He received a scholarship by Confindustria to take part in the Executive Program in Management of Representational Systems held by LUISS University. He contributes to diverse online outlets writing about the Chinese Communist Party, international politics, and human rights.

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