

Weekly China Insight

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15th Five-Year Plan Special Edition

China's 15th Five-Year Plan takes shape amid structural and geopolitical pressures

On 13 March, at the end of the annual Two Sessions, China released the final version of the 15th Five-Year Plan (2026–2030), formulated primarily by the macro manager (NDRC) with consultations across ministries, local governments, as well as state-owned and private enterprises. The drafting process built on a year-long sequence of internal research reports, expert symposiums, and pilot policy trials. The 15th Five-Year Plan (FYP) emphasizes priorities including “new quality productive forces,” technological self-reliance, green transition targets, and domestic demand expansion, while aligning with longer-term goals set out in the 2035 vision.

Historically, FYPs have served as both policy blueprints and political signaling tools. The 15th FYP is significant not just as a planning document but as a strategic recalibration, embedding industrial policy, security concerns, and global decoupling dynamics into China's next phase of development, with important implications for global supply chains, domestic policy directions, and multinational firms operating in China.

15th FYP raises innovation ambition while maintaining growth flexibility

The 15FYP retains continuity with the 14th plan's macroeconomic framework while sharpening targets in innovation and urban development. GDP growth remains framed as “within a reasonable range” with flexible annual targets, and labor productivity is again expected to outpace GDP growth, signaling policy stability in headline economic management. However, the urbanization rate target rises from 65% under the 14th plan to 71% by 2030, indicating continued emphasis on domestic demand and structural rebalancing. Innovation metrics show even more ambition, with high-value invention patents per 10,000 people increasing from a target of 12 to over 22, while the digital economy's share of GDP rising from 10% to 12.5%. Meanwhile, R&D expenditure growth maintains a floor of above 7% of the GDP, consistent with the previous plan but still framed as a strategic priority.

The comparison of the economic targets between the 15FYP and the 14FYP suggests a shift from broad-based growth strategy toward an approach more reliant on tech innovation and the digital economy.

15th FYP puts AI and computing infrastructure at the center of China's tech strategy

The 15FYP sets out a technology strategy that places artificial intelligence, computing power,

and digital infrastructure at the core of national development from 2026 to 2030. The plan signals a shift in emphasis away from measuring success primarily through semiconductor self-sufficiency and toward system-wide deployment. In the 15FYP, AI references far exceed those of integrated circuits, while computing power received its own dedicated chapter. At the same time, Beijing will continue to pursue “extraordinary measures” to achieve breakthroughs in key core technologies including integrated circuits, industrial machine tools, high-end instruments, basic software, advanced materials, and biomanufacturing. The plan also expands AI’s role across the economy and governance through the “AI plus” agenda, backs strategic deployments in AI, quantum technology, biotechnology, and new energy, and gives companies a larger role through stronger R&D incentives. It further links civilian technology development to national security, explicitly calling for the “efficient fusion” of “new quality productive forces” with “new quality combat capability.”

The FYP suggests China now sees the decisive contest in tech not simply as a race to make better chips, but as a race to build and export an integrated AI-computing ecosystem that supports economic upgrading, technological self-reliance, and military-civil fusion at the same time.

15th FYP prioritizes consumption but maintains supply-side bias

The final version of the 15FYP reaffirms boosting domestic consumption as a top economic priority, positioning it as a key driver of future growth and a means to reduce reliance on exports and investment as the core growth model. The plan emphasizes enhancing households’ “consumption capacity” and “willingness to consume,” alongside expanding the supply of higher-quality goods and services. Supporting policies outlined in the 2026 Government Work Report include a RMB 100 billion fund to stimulate domestic demand, RMB 250 billion in ultra-long special treasury bonds for consumer goods trade-in programs, and financial tools such as loan interest subsidies and risk compensation. However, structural imbalances persist with household consumption accounting for only around 38% of the national GDP, well below the global average of 57%.

While consumption is elevated rhetorically within the 15FYP, the continued prioritization of industrial policy and limited structural reforms suggest China will continue to rely on supply-side upgrading to drive demand, instead of direct household or income support.

15th FYP reinforces green transition while balancing energy security constraints

The green development priorities outlined in the 15FYP largely continue the policy direction of the 14th plan while adjusting key targets. The 15FYP sets a carbon-intensity reduction target of 17% over five years, slightly below the previous 18% goal. Clean energy expansion remains central, with the share of non-fossil energy in total consumption aimed to rise to 25% from 21.7% in 2025. Environmental quality targets are strengthened, including increasing the proportion of excellent water bodies to 85% (from 80%), and raising forest coverage to 25.8% (from 24.1% under the 14th plan). At the same time, the 15FYP maintains support for the “clean and efficient” use of coal and calls for promoting the peaking of coal and oil consumption, reflecting continued energy security concerns.

The 15FYP underscores continuity in China's green transition direction, prioritizing clean energy adoption and environmental improvement, while refusing to constrain emissions or fossil fuel use in the near term. This dynamic reflects China's ongoing dilemma to balance climate ambitions with energy security concerns.

15th FYP signals cautious opening to foreign investment

The 15FYP outlines continued efforts to attract foreign investment and improve conditions for multinational corporations, while maintaining policy continuity with previous liberalization measures. The plan commits to further reducing the foreign investment negative lists and expanding market access, particularly in services sectors such as telecommunications, internet, education, culture, and healthcare. It also pledges to address longstanding concerns from foreign firms by removing regulations inconsistent with China's Foreign Investment Law. The 15FYP also pledges to facilitate cross-border data flows through clearer regulatory frameworks, improving visa and residency policies, and enhancing digital services for foreign nationals. Despite a 9.5% y/y decline in actual foreign capital utilization in 2025, the 15FYP aims to reverse this trend by directing foreign investment toward advanced manufacturing, high technology, modern services, and green sectors, while encouraging multinationals to establish regional headquarters and R&D centers in China.

The 15FYP reflects a pragmatic approach to stabilize foreign investor confidence through incremental opening and regulatory improvements, while channeling multinational participation into strategically important sectors that support China's broader industrial and technological objectives.