

Accelerating Growth Under China's 15th Five-Year Plan

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Starting in 2026, China enters its 15th Five-Year Plan period, which sets the strategic direction for economic and social development over the next five years. Over time, the Five-Year Plans have served as a critical regulatory and policy framework guiding national development priorities.

Historically, each Five-Year Plan has shaped distinct growth themes. During the 9th Five-Year Plan (1996–2001), the government emphasized accelerating the transition toward a market-based economy, triggering large-scale SOE reforms, stronger support for the private sector, intensified market competition, and the development of capital markets, creating significant growth opportunities for private enterprises. Similarly, during the 14th Five-Year Plan (2021–2025), policy priorities focused on advancing AI software and hardware capabilities, leading to strong growth in AI-related technologies, equipment, and applications.

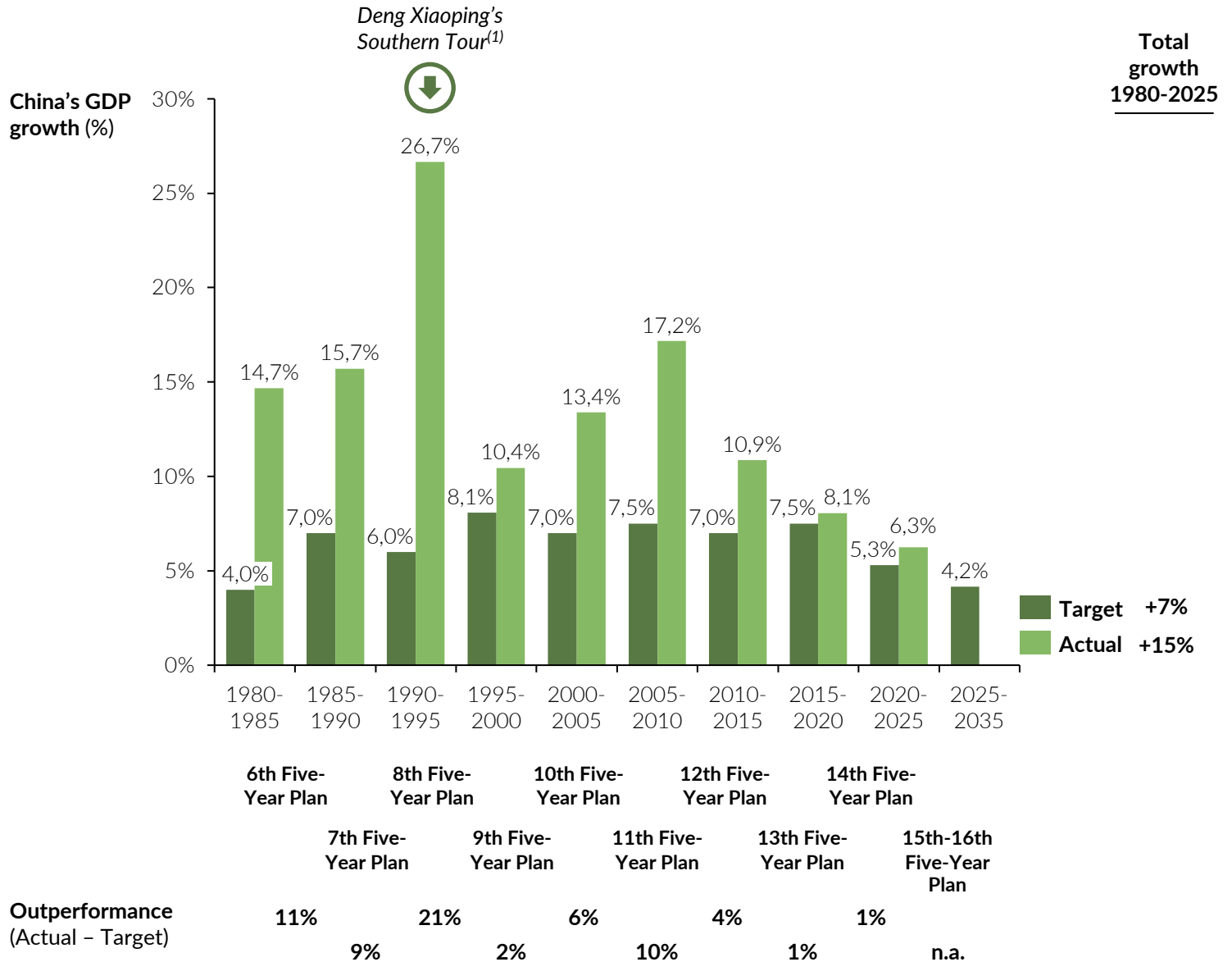
From a macro perspective, China's GDP growth trajectory across past Five-Year Plans shows a clear structural slowdown, with the gap between actual growth and policy targets narrowing significantly over time (from >20% outperformance in earlier periods to ~1% in the 14th Five-Year Plan) (Table 1). This suggests that broad-based, cyclical growth tailwinds are fading, and the economy is entering a more constrained growth environment. At the same time, it reflects a broader transition from high-speed to high-quality growth, with increasing emphasis on structural sustainability.

The 15th Five-Year Plan period (2026–2030) will be a particularly critical phase, serving as a bridge between past achievements and future development. Together with the 14th and 16th Five-Year Plans, it forms part of China's three-plan roadmap to essentially achieve socialist modernization by 2035, positioning the 15th Five-Year Plan as a pivotal transitional stage in the country's long-term development trajectory.

Against this backdrop, government policy is expected to play an increasingly decisive role in driving growth, as limited macroeconomic momentum requires more targeted allocation of resources toward prioritized sectors. Rather than broad-based expansion, growth will be concentrated in policy-supported industries (e.g., eight emerging industries and nine future industries), where regulatory support, funding, and industrial initiatives are most pronounced.

For European industrial leaders operating in China, a clear understanding of China's development priorities over the next five years is critical to accelerating growth, through encouraging specific responses: positioning in the right regions, targeting the

Table 1. China's GDP growth – Target vs. Actual



(1) Reform and opening up with establishment of 4 special economic zone
 Sources: National Bureau of Statistics, Chinese Government, Strategia Partners
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right end industries and customers, and aligning product portfolios and resource allocation accordingly.

Strategic focus of the 15th 5-year plan

The 15th Five-Year Plan (2026–2030) represents a crucial step on China's path toward achieving socialist modernization by 2035 (composite states including economic development, innovation capability, social welfare, environmental quality and governance). Its core guiding principle is to comprehensively advance national strength through Chinese-style modernization. The main policy orientation focuses on high-quality development, deeper reform, high-level security, technological innovation, and common prosperity, with the objective of establishing a new development paradigm that delivers high-quality growth under robust security safeguards.

The key policy directions include:

- **High-quality development and modernization:** Upholding high-quality development as the central theme, leveraging the certainty of China's own high-quality growth to address external uncertainties, and ensuring decisive progress toward basic socialist modernization (again).
- **Deepening reform and expanding opening-up:** Giving full play to the decisive role of the market in resource allocation, building a unified national market, ensuring equal legal protection of property rights across all forms of ownership, and continuing reforms in key sectors and critical areas.
- **Technological self-reliance and self-strengthening:** Elevating technological self-reliance to a higher level and strengthening technological innovation as the core driver of development.
- **Coordinating development and security:** Implementing the holistic national security concept, strengthening risk awareness, safeguarding the bottom line of secure development, and enhancing security capabilities in key areas such as food, energy, industrial and supply chains, finance, and data.
- **Common prosperity and green development:** Narrowing urban–rural and regional disparities, improving living standards, advancing the “Beautiful China” initiative, and achieving coordination between economic and social development and ecological protection.
- **Upholding the Party's overall leadership:** Strengthening the centralized and unified leadership of the CPC Central Committee as the fundamental guarantee for achieving the objectives of the 15th Five-Year Plan.

This planning period aims to open new pathways amid global and domestic transformation by addressing structural imbalances and inadequacies in development, with the goal of raising China's per capita GDP to the level of moderately developed economies by 2035 (20-30 K\$ GDP per capita) (corresponding to 4,2% p.a. GDP growth target from 2025-2030).

Under the 15th Five-Year Plan, China continues to strengthen eight strategic emerging industries, forming the backbone of near- to mid-term industrial growth. These include next-generation information technology, new energy, high-end equipment, new energy

vehicles, green and environmental protection, civil aviation, shipbuilding and marine engineering equipment, with focus areas spanning core technologies, key equipment, and industrial applications. (Table 2)

Beyond these established pillars, the 15th Five-Year Plan takes a step further by proactively laying out “future industries” as the next engine of sustainable growth—moving from scaling existing sectors toward seeding breakthrough, high-uncertainty domains with transformative potential. (Table 3) Together, they represent long-term optionality areas where China aims to build early leadership despite technological and commercial uncertainties.

To accelerate the development of future industries, policy support is structured around an integrated approach that combines cluster-based deployment and large-scale demonstration, ecosystem and commercialization support through targeted investment mechanisms, and clear prioritization of frontier sectors such as quantum, biomanufacturing, and 6G. At the same time, emphasis is placed on advancing foundational and disruptive technologies through dynamic policy guidance.

Overall, this reflects a shift from policy-driven expansion toward the active creation of new markets, where the government not only scales existing industries but shapes emerging technology paradigms.

Key industries and clusters for future growth

For foreign industrial players, understanding ‘which industries are prioritized, and where’, is critical to aligning footprint, customer targeting, and resource allocation. Some of the key industries under the 15th 5-Year Plan are Municipal Infrastructure and Urban Systems, Pharmaceuticals and Life Sciences, Semiconductors and Advanced Electronics, Data Centers, AI, and Digital Infrastructure.

These priorities are highly regionalized, with industrial clusters specializing by industry across key regions. The Bohai Bay Rim concentrates on AI, Semiconductors, and Biopharma, supported by a strong R&D base and policy-driven innovation. The Yangtze River Delta focuses on Biopharma, Semiconductors and Advanced Manufacturing, underpinned by an integrated industrial ecosystem and strong commercialization capabilities, with Shanghai advancing a “2+3+6+6” industrial framework to accelerate 2 cross-industry transformation (digitalization, green transformation), 3 core sectors (IC, Biopharma, AI), grow 6 emerging pillar industries (electronic, EV, advanced material...), and incubate 6 future technologies (e.g., Quantum, BCI, 6G). In contrast, Hainan Free Trade Port prioritizes marine-related industries, leveraging its role as a regulatory sandbox, trade and distribution hub, and service-led economy (Table 4).

Overall, China’s industrial development follows a cluster-based specialization model, where regions differentiate by industry focus while leveraging distinct strengths in R&D, manufacturing, or regulatory innovation.

Example of some key industries under the 15th 5-year plan are Municipal Infrastructure and Urban Systems, Pharmaceuticals and Life Sciences, Semiconductors and Advanced Electronics, Data Centers, AI, and Digital Infrastructure.

Table 2. Eight emerging industries in China

Definition of emerging industries			
Industrial Sector		Key Focus Areas	
1	Next-Generation Information Technology	5G communications - Electronic manufacturing	- Software - Emerging digital industries
2	New Energy	- Renewable power generation - Smart grids	Key energy equipment
3	New Materials	- Advanced petrochemical and steel materials - Non-ferrous metals and rare earths	- Advanced polymers - High-performance fibers & composites - Frontier new material
4	High-End Equipment	- Industrial robots - High-end CNC machines - Agricultural and construction machinery	- Medical and intelligent inspection equipment - Additive manufacturing equipment
5	New Energy Vehicles (NEVs)	- Complete vehicles and key components - Core electronic systems and smart connectivity	Charging and battery swapping infrastructure
6	Green and Environmental Protection	- Carbon neutrality and green manufacturing - Industrial energy efficiency and water conservation	Environmental protection and recycling
7	Civil Aviation	- Aircraft and aero engines - Mechanical systems	Operational support infrastructure
8	Shipbuilding and Marine Engineering Equipment	High-tech vessels	Offshore engineering equipment

15th Five-Year Plan
Develop and strengthen emerging industries

Industrial cluster development	Commercialization and large-scale deployment
- Build regionally differentiated industrial clusters with complementary strengths - Cultivate new pillar industries with high growth potential and advanced technologies	- Implement large-scale demonstration programs for new technologies, products, and application scenarios - Enhance scenario development and improve market access mechanisms - Accelerate commercialization and scaling of emerging industries - Support clinical adoption and commercialization of innovative drugs
Strategic products and key application focus	Core technology innovation
- Encourage development of strategic products and services - Large commercial aircraft - BeiDou satellite applications - Expand strategic sectors - Marine economy - Low-altitude economy	- Advance key technology innovation in - Autonomous driving - Next-generation solar cells - New energy storage

Table 3. Nine future industries in China

Definition of future industries		
Industrial Sector	Key Focus Areas	
1 Metaverse	Industrial, urban, commercial metaverse	cultural and tourism metaverse
2 Brain-Computer Interface (BCI)	Brain signal reading and writing technologies	Input/output interfaces Neural signal decoding algorithms
3 Quantum Information	Quantum computing Quantum communication	Quantum sensing
4 Humanoid Robots	Structural components & drive systems Electromechanical systems and controllers	High-performance computing chips and modules Energy supply components
5 Generative AI	Application platforms Data integration and access	Service quality and application reliability
6 Biomanufacturing	Bio-based food products Pharmaceuticals	Fine chemicals
7 Next-Generation Display Technologies	Quantum dot displays, holographic displays	VR/AR displays, Micro-LED displays Laser displays, Flexible displays
8 Future Network Technologies	Deterministic networks Computing-integrated networks	Intelligent networks Network security
9 New Energy Storage	Lithium-ion batteries Sodium-ion batteries	Hydrogen energy / fuel cells Solid-state batterie

15th Five-Year Plan
Proactively lay out and develop future industries

Industrial cluster development	Commercialization and ecosystem development
- Build pilot zones in regions with strong R&D capabilities and industrial foundations - Launch demonstration programs to validate technologies, applications, and business models	- Establish investment growth and risk-sharing mechanisms for future industries - Explore diversified technology pathways, application scenarios, and regulatory frameworks - Develop national-level future industry research institutes and concept validation centers
Strategic sector prioritization	Core technology innovation
- Target key frontier sectors to build full value-chain incubation systems - Promote new growth drivers, including: - Quantum technology - Biomanufacturing - Hydrogen and nuclear fusion energy - Brain-computer interfaces - Embodied intelligence 6G communications	- Strengthen identification and dynamic adjustment of future industries - Enhance deployment of foundational, frontier, and disruptive technologies

Municipal infrastructure

Municipal infrastructure remains a foundational pillar under the 15th Five-Year Plan, with a stronger emphasis on smart, resilient, and low-carbon urban development. Policy support will increasingly favor projects that enhance public service quality, climate resilience, and operational efficiency rather than traditional capacity expansion.

Key focus areas include Smart Cities, Water and Wastewater Treatment, Flood Control and Sponge City Infrastructure, Urban Energy Systems, and Circular Economy Solutions. Local governments prioritize solutions that reduce lifecycle costs, integrate digital technologies, and support carbon-reduction objectives.

This sector is primarily driven by economically developed and highly urbanized regions, as well as fast-growing city clusters: Yangtze River Delta (Shanghai, Suzhou, Hangzhou, Nanjing), Greater Bay Area (Shenzhen, Guangzhou, Foshan), Tier-1 and Tier-2 provincial capitals (Beijing, Chengdu, Wuhan, Xi'an), Climate-vulnerable regions (coastal cities and flood-prone inland cities). These locations benefit from strong fiscal capacity, mature PPP frameworks, and advanced municipal governance.

Pharmaceuticals and Life Sciences

Life Sciences will continue to receive strong policy backing due to demographic aging, healthcare system upgrading, and national health security considerations. Support is increasingly oriented toward innovation-driven Biopharma and high-end Medical technologies, rather than generic manufacturing.

In parallel, the Advanced High-Quality TCM Industrial Development Plan (2026-2030) aims to establish a coordinated, full-industry-chain development system for Traditional Chinese Medicine by 2030, reinforcing TCM as a key pillar of future growth.

Local governments favor projects with strong R&D content, differentiated pipelines, clinical value, and cluster-building potential. Integration of R&D, clinical trials, manufacturing, and commercialization within a single region is a key evaluation criterion.

China's Biopharma industry is highly clustered around Yangtze River Delta (Shanghai, Suzhou, Wuxi, Hangzhou), Bohai Bay Rim, Greater Bay Area (Shenzhen, Guangzhou) and Emerging clusters including Chengdu, Chongqing, Wuhan. These regions combine top hospitals, research institutes, regulatory experience, and deep talent pools, while selected provinces (e.g., Shanghai, Jiangsu) further promote integrated innovation ecosystems, including free trade zone-based openness, Marine Biopharma expansion, and industry digitalization (e.g., smart factories and green production systems in TCM).

Semiconductors and Advanced Electronics

Semiconductors remain a strategic priority under the objective of technological self-reliance and supply-chain security. Policy support focuses on reducing external dependencies in Equipment, Materials, Power Semiconductors, and Industrial Electronics.

Local governments prioritize companies that address critical supply bottlenecks, possess proprietary IP, and integrate into national or provincial Semiconductor ecosystems. Capital intensity and long payback periods mean that direct government funding and industrial funds play a significant role.

China is expected to reach ~30% overall Semiconductor self-sufficiency by 2028, including ~40% in GPUs, supported by continued localization efforts and strong policy backing. A key pillar of this support is the National Integrated Circuit Industry Investment Fund (“Big Fund”), a government guidance fund established in 2014 to accelerate domestic semiconductor capabilities. Now in its third phase (2024-2029) with ~344 Bn RMB in capital, the fund focuses on expanding advanced manufacturing capacity, localizing equipment and materials supply chains, addressing critical “chokepoint” technologies, and supporting next-generation segments such as AI-related semiconductors (e.g., advanced memory).

Semiconductor development is strongly policy-directed and geographically concentrated at the Yangtze River Delta (Shanghai, Suzhou, Wuxi, Hangzhou), Bohai Bay Rim, and Greater Bay Area (Shenzhen, Guangzhou) (Table 4)

Data Centers, AI, and Digital Infrastructure

Digital infrastructure is a cornerstone of China’s push toward “new productive forces”, with AI positioned as a general-purpose technology enabling industrial upgrading. However, local support is increasingly conditional on energy efficiency, data security, and industrial spillovers.

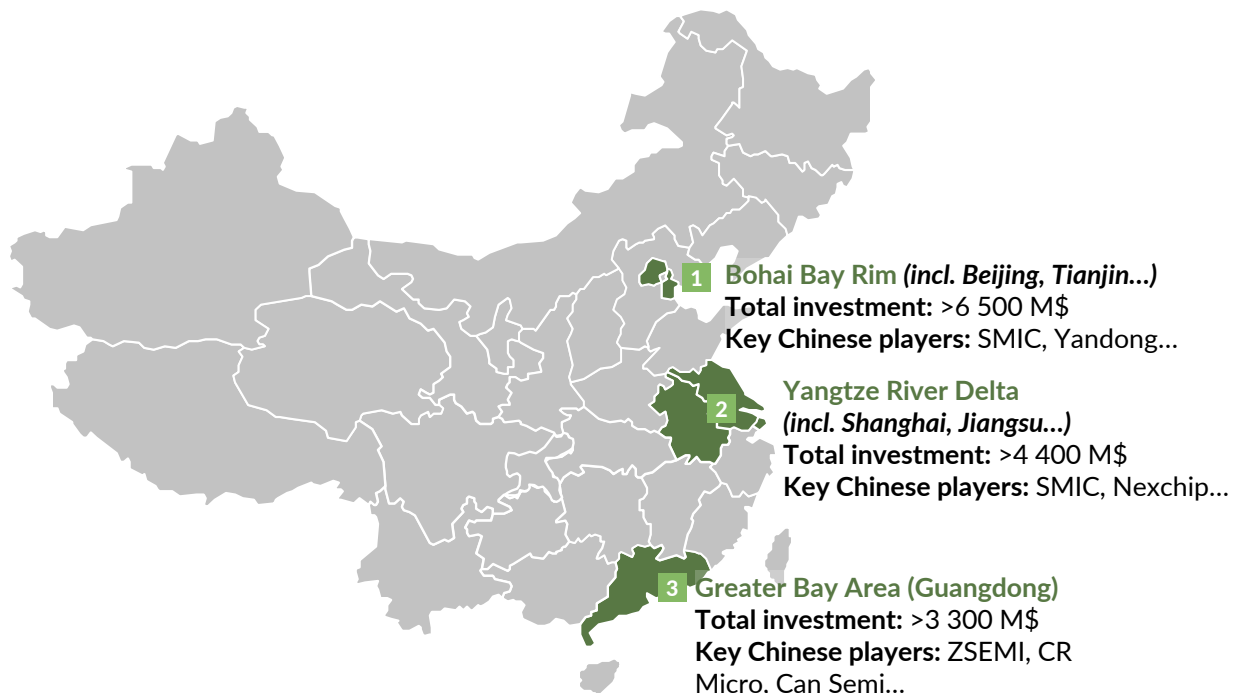
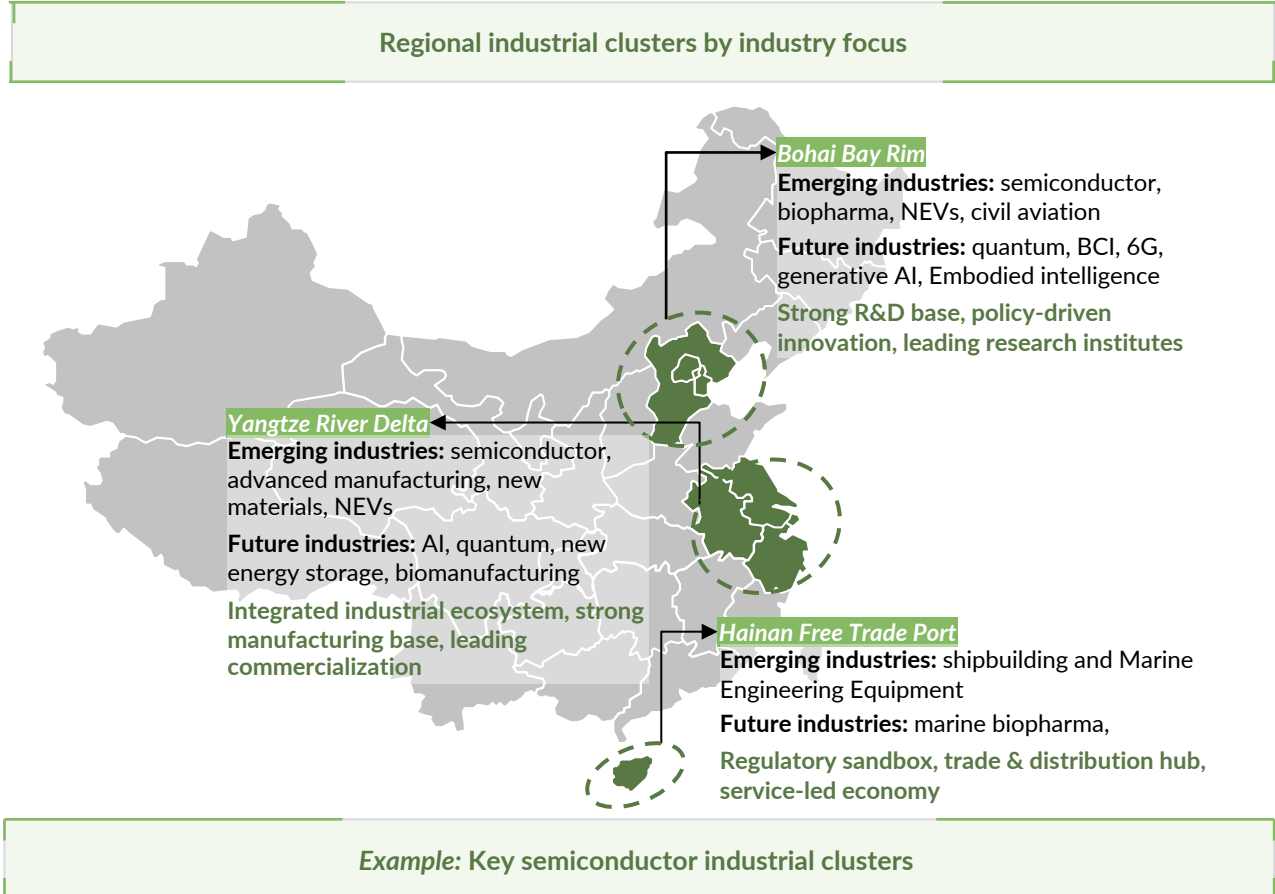
Local governments prioritize green data centers, intelligent computing hubs, and AI applications that directly support manufacturing, healthcare, and urban governance. Development follows a dual logic of demand centers vs. energy availability. Key regions includes: Demand & innovation hubs (Beijing, Shanghai, Shenzhen, Hangzhou), Computing & data hubs (Inner Mongolia, Guizhou, Ningxia, Gansu), Industrial AI hubs (Suzhou, Dongguan, Foshan, Chengdu), reflecting the national “Eastern Data, Western Computing” strategy.

What to conclude?

China will remain a critical market for many industrial sectors from, Advanced Manufacturing, Automotive (including New Energy Vehicles), Chemicals, Semiconductors, Data Center Technology, Water Treatment and Energy Transition technologies. In several of these industries, China is already the largest global market and will continue to drive a significant share of future demand.

Under the 15th Five-Year Plan, China is no longer a single market but a portfolio of highly differentiated regional ecosystems. Industrial success will depend on choosing the right regions for the right industries, aligning offerings with local policy objectives and demonstrating long-term value beyond manufacturing footprint.

Table 4. Industry growth priorities by region



Sources: Chinese Government, Chinese Academy of Hi-tech Industry Economy, Xinhua, TrendForce, EET China, Strategia Partners



For European leaders, maintaining and strengthening their presence in China is therefore essential and in many cases increasingly important. Beyond scale, China offers exposure to fast-evolving customer needs, rapid innovation cycles, and highly developed industrial ecosystems, making it both a key commercial market and a strategic learning environment.

European players remain competitive, particularly when combining localized production or assembly, established sales and service networks, and a strong reputation for quality and engineering excellence. At the same time, China is increasingly used as a regional hub to serve the broader Asia-Pacific market, leveraging its industrial depth and ecosystem maturity.

Success, however, requires a selective and dynamic approach. Growth is concentrated in specific industries, applications, and regional clusters, which calls for targeted positioning and continuous adaptation. Strategies and organizations need to be regularly adjusted to reflect evolving market conditions, policy priorities, and competitive dynamics, in line with the pace at which leading Chinese players are also transforming.

Strategia Partners has extensive experience supporting European industrial players in China and across APAC, helping them define forward-looking strategies and adapt their organizations to capture the most attractive growth opportunities in a complex and rapidly evolving environment.

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