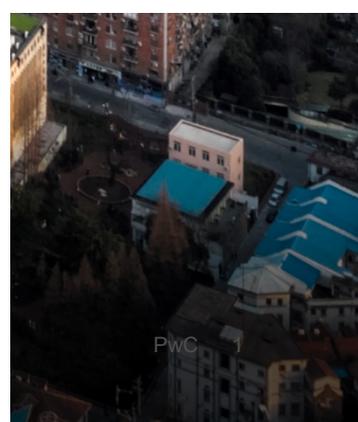




China Economic Quarterly Q3 2020

China strives to become a developed country by 2035,
according to the fifth plenary session



At China's fifth plenary session earlier this year, a five year and 15-year roadmap for the country's economic and social development was drawn up. As a top political meeting that generally covers economic issues, the plenary session takes place once every five years. In 2020, the four-day fifth plenary session of the 19th Central Committee of the Communist Party of China (CPC) was concluded in Beijing on 29 October. The 19th CPC Central Committee was elected by the National Party Congress at the end of October 2017 with a term of five years. One of the key outcomes of the plenary session was the formulation of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035, which was based on proposals that were provided by the CPC Central Committee. These proposals map out a blueprint for China's future economic and social development.

The official statement generated during the fifth plenary session includes the following key topics:



Technology and innovation



Real economy and manufacturing powerhouse



Domestic market demand and new development pattern



Opening up and socialist market economy



New urbanisation and rural revitalisation



National culture and soft power



Green development and natural environment



Quality of life and social advancement





In terms of the number of attendees, 198 CPC Central Committee members and 166 alternate members were present at the session. Members of the Central Commission for Discipline Inspection, representatives of the 19th CPC National Congress and other experts and scholars also joined the plenary session as non-voting delegates.

President Xi Jinping, general secretary of the CPC Central Committee delivered a work report on behalf of the Political Bureau (which alongside the Central Commission exercises the functions and powers of the CPC Central Committee). The plenary session discussed this work report.

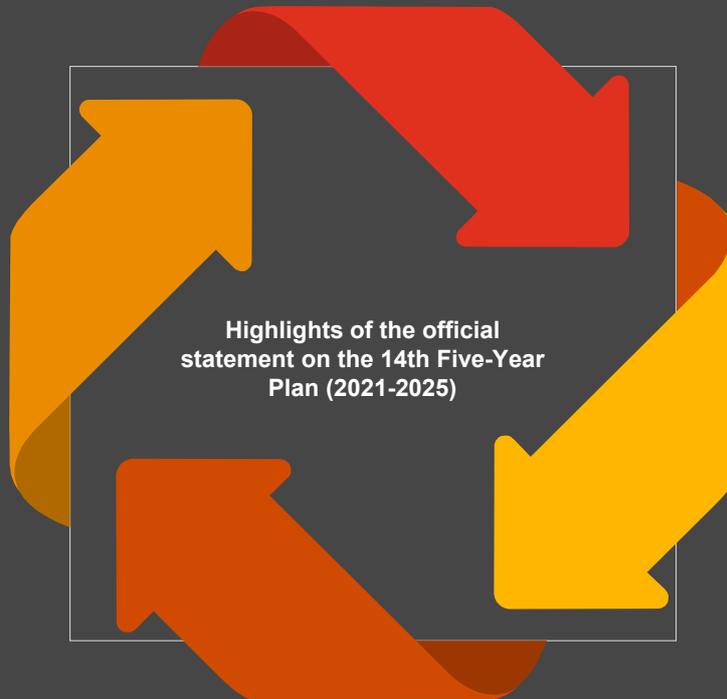
Highlights of the fifth plenary session of 19th CPC Central Committee

After deliberation, the CPC Central Committee's proposals for the formulation of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 were adopted. Prior to this, president Xi Jinping explained the proposals.

The official statement of the fifth plenary session was released.

China will continue to strengthen domestic market demand in the next five years. A "dual circulation" development pattern was emphasised with the domestic market as the mainstay, while also allowing domestic and overseas markets to positively reinforce each other.

Quality and efficiency replaced a specific GDP growth target for the 14th Five-Year Plan. While the speed of economic growth was not mentioned, more attention was paid to the quality and efficiency of economic development, economic structure, scope for innovation, industrial base and industrial supply chain.



China will continue to make progress in environmental protection in the next five years. More specially, the country is expected to cut total emissions of major pollutants by implementing the green transformation of production and individuals' lifestyles, as well as allocating energy and resources more efficiently.

China will speed up the reform and opening up process to improve its socialist market economy in the next five years. For instance, there will be reforms on protecting property rights along with the market-oriented allocation of resources such as labour, land and capital, etc.

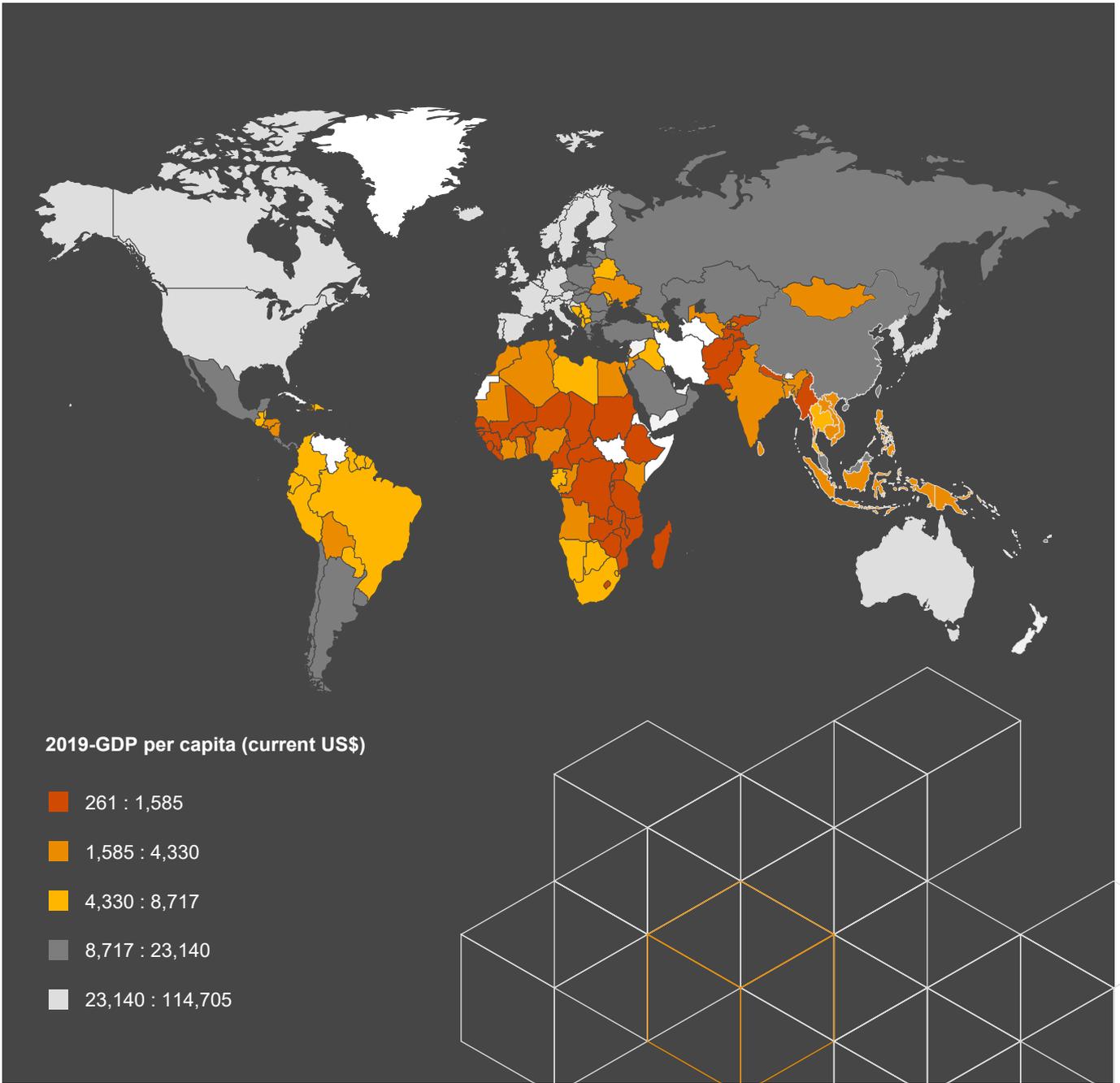
Highlights of the official statement on the Long-Range Objectives Through the Year 2035

- **China's GDP per capita is expected to reach the level of moderately developed countries by 2035.** This means GDP per capita is expected to double from US\$ 10,262 in 2019 to at least US\$ 25,000 or more in 2035.
- **China is expected to become an innovation-driven economy by 2035 and achieve major breakthroughs in core technologies.** Fostering an innovation-driven development strategy is China's top priority. The country is expected to build up a modern economic system through industrialisation, informatisation, urbanisation and agricultural development.
- **China's national strengths are expected to improve greatly, in addition to its economic and technological development.** China is expected to develop into a powerful nation in the areas of culture, education, talent and sports, with significantly enhanced soft power.

China's objective of becoming a developed country by 2035

According to different standards for a developed economy as defined by the World Bank, the Organisation for Economic Cooperation and Development (OECD) and the United Nations (UN), the mean GDP per capita for developed countries was slightly

more than US\$ 24,000 in 2019. Following this benchmark, China is expected to become a developed country by 2035. In fact, the GDP per capita in Shenzhen reached US\$ 29,500 in 2019. By this standard, mega cities such as Shanghai and Beijing will also soon become developed economies.

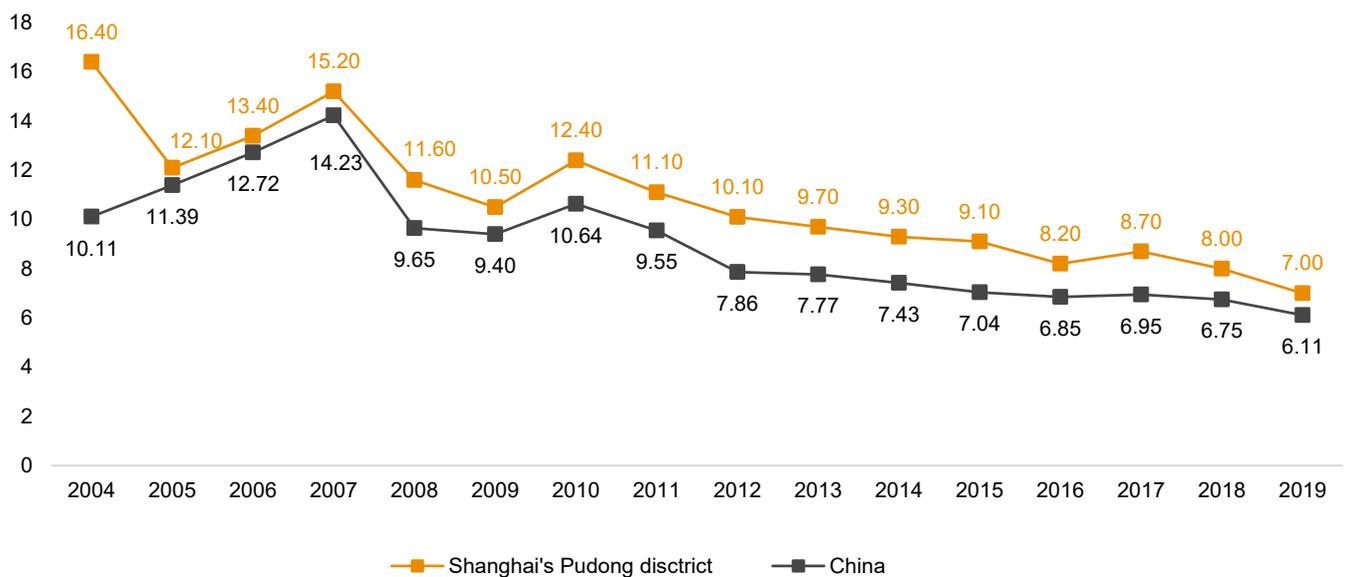




Furthermore, taking the Pudong district in the city of Shanghai as a distinct example (the 30th anniversary of its development and opening-up occurred recently), its total GDP has increased by a factor of 20 in the past 30 years and its GDP per capita reached US \$33,200 in 2019 (when

the district's population was 5.5 million). As such, the size and level of economic development of Shanghai's largest district (by population) is already equivalent to that of a small developed country.

Figure 12: GDP YOY growth rate of Shanghai's Pudong district (2004-2019) (Unit: %)

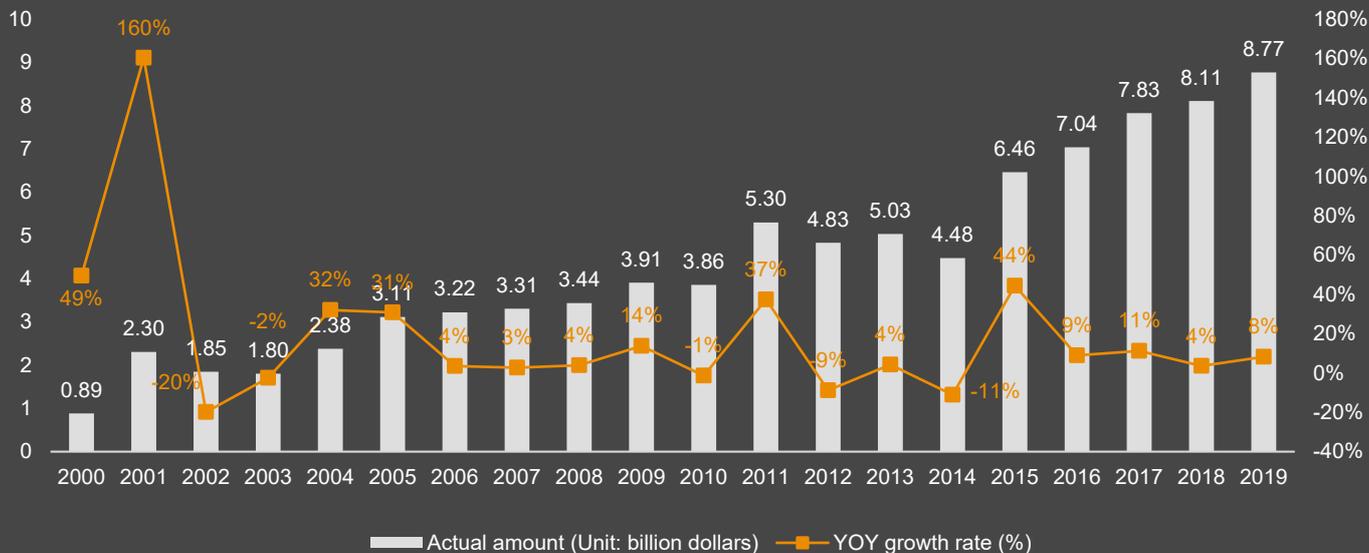


Source: Wind, Shanghai municipal government

In addition, over 100 of the Fortune 500 companies have set up their research and development or innovation centres in Pudong. In 2019, foreign direct investment (FDI) in the district increased

to US\$ 8.8 billion. Additionally, from 2000 to 2019, the level of FDI into Pudong had an annual average growth rate of 19%.

Figure 13: Actual foreign direct investment to Pudong district (2000-2019)

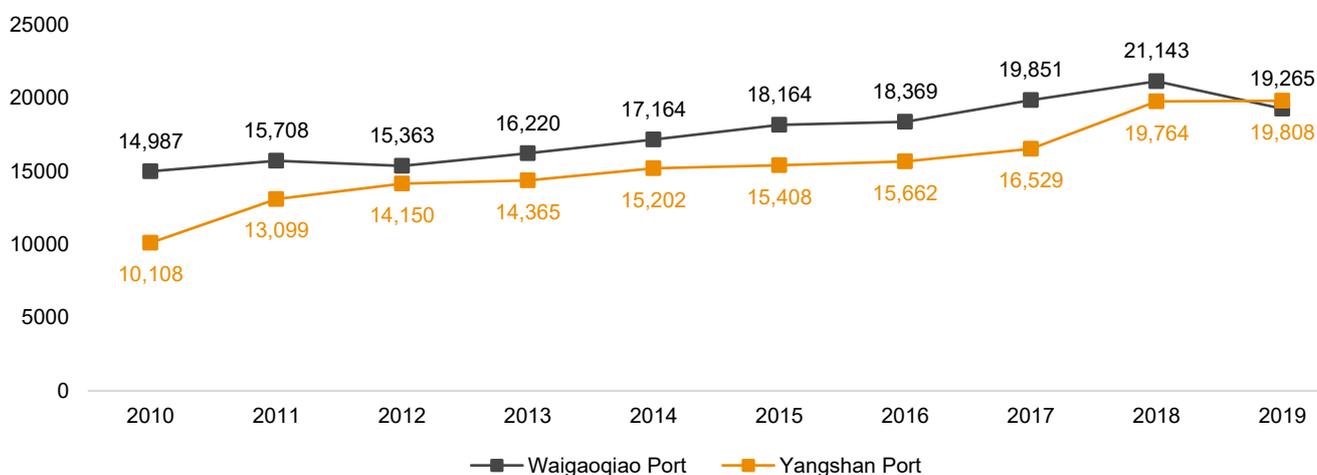


Source: Wind

The district of Pudong, as well as Shanghai as a whole, has rapidly developed into a global shipping and aviation hub. In 2019, the container throughput of the Waigaoqiao and

Yangshan ports in Pudong exceeded 43.3 million twenty-foot equivalent units (TEUs), making the city the world's largest container port for the tenth consecutive year.

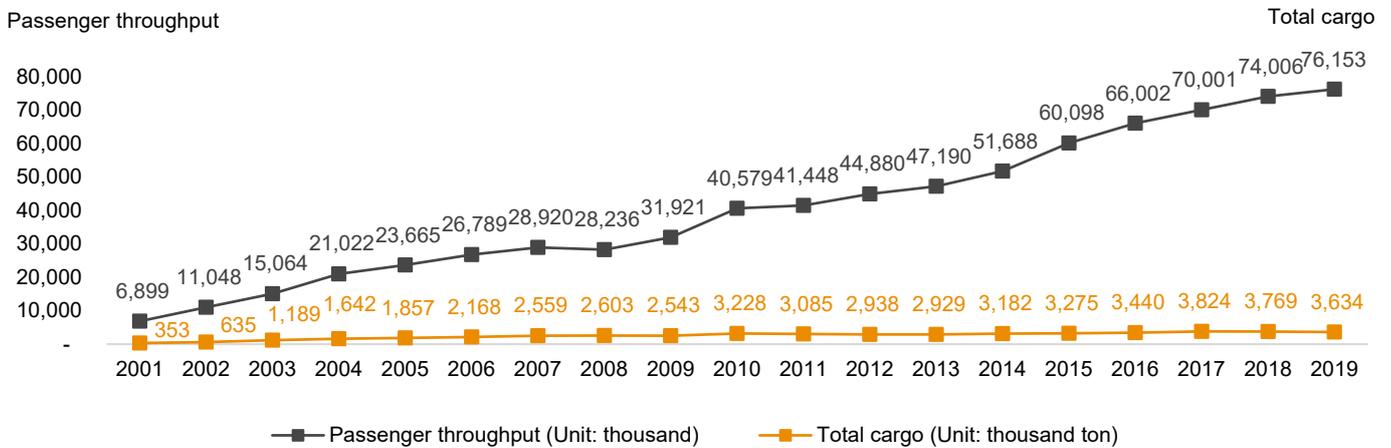
Figure 14: Container throughput (2010-2019) (Unit: thousand TEUs)



Moreover Shanghai Pudong International Airport, which started operations in 1999, is now one of the leading airports in the world and also one of the busiest. The airport's passenger throughput reached more than 76 million passengers in 2019.

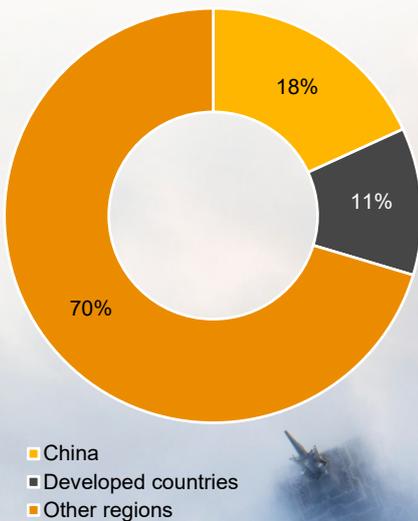
Together with Shanghai Hongqiao International Airport, the passenger throughput for Shanghai increased to 120 million passengers in the same year, making the city one of the most important aviation hubs in the world.

Figure 15: Passenger throughput and total cargo of Shanghai Pudong International Airport (2001-2019)



Source: Wind

Figure 16: Distribution of the world's population in 2019



Finally, with its population of 1.4 billion people, comprising around 18% of the global population in 2019, once China becomes a developed economy this will dramatically alter the distribution of the world's high-income population. According to data from the UN and the International Monetary Fund, the total number of people in developed countries was around 884 million or 11.5% of the global population in 2019. This proportion could increase to around

30% once China achieves its 2035 objective. However it is worth noting that this is a simplified assumption, and the reality may be much more complex.

Another point to consider is that the definition of high-income or developed country is a relative concept. Thus the benchmark of what constitutes a high-income or developed country could possibly be adjusted in the future.

Source: World Bank



Author

G. Bin Zhao
Senior Economist
PwC China
+86 (21) 2323 3681
bin.gb.zhao@cn.pwc.com

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