

Special Issue: CPC’s 5th Plenary Session

Editor’s note: The Fifth Plenary Session of the 18th Communist Party of China (CPC) Central Committee, held in Beijing October 26-29, approved proposals for the 13th Five-Year Plan (2016-20) for the national economic and social development, laying down specific objectives for a prosperous China. This issue provides more details of the meeting.

China lays out new plan towards 2020



The Fifth Plenary Session of the 18th Communist Party of China (CPC) Central Committee is held in Beijing, capital of China, from Oct. 26 to 29, 2015.

From October 26 to 29, the Fifth Plenary Session of the 18th Communist Party of China (CPC) Central Committee was held in Beijing. It approved proposals for the 13th Five-Year Plan (2016-20) for national economic and social development and laid out institutional Party reform plans to guarantee more effective governance.

China’s five-year plans began in 1953 to formulate strategies for overall economic and social development, setting growth targets and defining policies. The 13th Five-Year Plan aims at doubling China’s GDP and per-capita income by 2020 compared to 2010 figures.

After taking into account the proposals made at the CPC’s fifth plenary session, a final plan will be discussed and ratified by the annual session of the National People’s Congress, China’s top legislature, in March 2016.

Concerning growth

The 13th Five-Year Plan will work to promote people’s well-being, strengthen economic construction and the rule of law in the market economy, while further opening up to the outside world in all aspects, according to a statement released after a meeting of the Political Bureau of the CPC Central Committee in July.

According to the communiqué released on October 29, following the four-day plenary meeting, China will target “medium-high economic growth” for the next five years.

Many analysts believe a lower-than-average annual growth target of 6.5 percent is acceptable and is attainable over the next five years, given looming downward pressures and ongoing economic restructuring.

The previous five-year plan (2011-15) set an average annual growth target of around 7 percent, which looks likely to be fulfilled. Between 2011 and 2014, the economy expanded at an annual rate of 8 percent.

There was expansion of 6.9 percent year on year in the third quarter of 2015, the first dip below 7 percent since Q2 in 2009; however, this was still better than the other major world economies.

Slowing global recovery, intrusion of sovereign debt problems, weak external demand and rising trade protectionism will challenge export-oriented economies, while investment – the time-honored economic remedy – is becoming less effective in stimulating growth.

A falling working population, with likely annual declines averaging 0.3 percent over the next five years, will mark the end of the demographic dividend and weigh heavily on the slowing economy. Environmental pollution control will also likely affect economic expansion.

Additionally, China has set a goal to lift 70 million people out of poverty by 2020, as revealed by President Xi Jinping while attending a national poverty alleviation and development forum in Beijing in mid-October.

As of the end of 2014, 70.17 million people in rural areas were still living below the national poverty line of 2,300 yuan (US\$375.2) in annual income.

Defining the ‘new normal’



Weight training

Observers noted that the just-concluded plenary session focused on defining an economic “new normal” for the next five years.

The “new normal” is characterized by a shift from the previous high speed to a medium-to-high speed growth and upgrading economic structure.

Despite weaker performance by traditional industries such as steel and cement production, technology-intensive industries and sectors related to consumption and environmental protection are stepping onto the fast track. The hi-tech sector grew 10.4 percent in the first nine months, outpacing general industrial output by 4.2 percentage points.

China’s economic structure has also been improving with the rise of the tertiary industry, which is more efficient and energy-saving, and can provide more jobs. In the first three quarters, the added value of the service sector accounted for 51.4 percent of GDP, up 2.3 percentage points from last year.

The four-day session put innovation at the core for China’s development in the next half-decade.

Innovation and entrepreneurship are being embraced as a source of competitive advantage, with meaningful advances emerging in fields such as mobile apps, consumer electronics and renewable energy.

The result has been a startup boom in China, with an average of 30,000 new companies registering every day in the first three quarters of 2015.

Ecological civilization

According to the communiqué released on October 29, the development of an ecological civilization is also one of the highlights of the new plan.

Following a series of measures in recent years, the national air pollution control action plan was issued in 2013 and a water pollution action plan earlier this year. These plans are in addition to an anti-pollution campaign launched in March. Xia Guang, Director of the Policy Research Center for Environment and Economy at the Ministry of Environmental Protection, said this makes the 13th Five-Year Plan the beginning of a protracted and unified campaign against pollution, with relevant



Watch video for ‘The 13 what – A song about China’s 13th Five-Year Plan’

government departments making coordinated efforts to reduce emissions. For example, the Ministry of Finance is allocating special funds for related projects, and the Ministry of Housing and Urban-Rural Development has outlined projects to clean up urban rivers, Xia said.

Eco-civilization development has attracted attention from the country’s policymakers, with the State Council issuing the first national strategy to promote eco-civilization on May 5.

It lists 10 major goals, including reduction of pollutant emissions and compensation for losses, and states that government officials will be held responsible for pollution even beyond their terms of office.

The guidelines were issued in an attempt to improve the country’s environment. The document vows to achieve major progress in this area by 2020, such as reducing carbon dioxide emissions by 40 to 45 percent from 2005 levels.

Tightening Party discipline

Apart from outlining a more detailed and intricate policy-making process for a better-off society, the proposed 13th Five-Year Plan also incorporates a modern system to combat corruption and ensure violators are punished.

The fifth plenary session also issued detailed punishments for certain senior corrupt officials.

Among them was Ling Jihua, a former CPC Central Committee member. He was expelled from the Party in July and faces criminal prosecution for accepting bribes.

More than 100 officials at ministerial level or above have been brought down in the anti-graft campaign since 2012, including 18 members or alternate members of the CPC Central Committee.

Just before the plenary session, it published new rules on clean governance and sanctions for those who violate the Party’s code of conduct.

The two new regulations, adopted at a meeting of the Political Bureau of the CPC Central Committee on October 12, updated existing rules not in keeping with the Party’s expectations following the launch of its anti-corruption drive.

The new rules on clean governance, for the first time, are applicable to all CPC members, according to the new regulations.

The previous rules released in 2010 included 53 articles on forbidden behavior, while the new eight-article regulation mainly concerns itself with a moral ethical code to which Party members must adhere.

The new rules on punishments have been dubbed by many as the most comprehensive and strictest since the opening up and reform drive began more than three decades ago.

Two-child policy would spur economy

The decision made at the meeting to allow all couples to have two children may become an opportunity to promote economic growth.

The policy shift is intended to balance population development and address the challenge of an ageing population and is believed to help the country achieve its short-term and long-term goals.

The policy shift came at a time when the economy it is slowing and is expected to attract new investments and boost consumption.

China’s family planning policy was first introduced in the late 1970s to rein in the surging population by limiting most urban couples to one child and most rural couples to two children, if the first was a girl.

The policy was relaxed to allow parents to have a second child if either parent was an only child in 2013.

According to official data from 2014, China had over 212 million people above the age of 60, and 137 million above 65, accounting for 15.5 percent and 10.1 percent of the population, respectively.



2 kids per couple

China’s five-year plan attracts world attention



The International Department of the CPC Central Committee holds a briefing for foreign diplomats on China’s recently issued 13th Five-Year Plan (2016-2020) in Beijing on Nov. 9, 2015.

During the 5th Plenary Session of the 18th CPC Central Committee which concluded at the end of October, proposals to the 13th Five-Year Plan were issued and made public. As the plan charts a course for the country from 2016 to 2020, it has attracted much attention from both inside and outside China.

During the briefing held by the International Department of the CPC Central Committee on Nov. 8 for foreign diplomats in China, a Nepalese diplomat said that he has followed the blueprint very closely.

“We are closely following China’s five-year plan, the Road and Belt initiative and other development initiatives because we are close neighbors... and we’d like to enhance the connectivity between our two countries, that’s why the plan of the Chinese government is very important for us,” said Nirmal Kafle, a Nepalese diplomat.

He believed that the implementation of the plan will exert a “positive impact” on Nepal and he is looking forward to more investment from China and a greater flow of capital and trade between the two countries.

During the briefing on the day, Yang Weimin, deputy director of the Office of the Central

Leading Group on Financial and Economic Affairs – which maps out the country’s economic policy – introduced the blueprint to foreign diplomats based in the Chinese capital.

Yang, who has been helping draft China’s five-year plan for the 5th consecutive time, told diplomats that the main target of the current plan is to “build a moderately prosperous society” in China by the year 2020. Future development will be aimed at benefiting all Chinese people in the economic, political, cultural, social and ecological dimension.

Recently, the Chinese economy registered a modest growth, triggering fears that the world’s second largest economy may have lost its momentum and may drag the world economy into further slowdown.

During the briefing, Yang Weimin reassured the foreign diplomats that the country will continue to drive global economic growth with its demand for the international market.

He argued that in future, China will see a diminished role of exports in driving economic growth, but the country will depend more on internal demands, especially consumption, to boost its economy. “In the process of China’s economic growth, there will emerge huge

demands for the international market, which will then drive global economic growth,” he said.

“China will not only develop its own economy, but also promote and drive strong, balanced, and sustainable economic growth in the world,” he added.

In addition to the future economic growth trajectory, the decision of the CPC to abolish the 35-year-old one-child policy has also generated much attention in the recently concluded plenum.

Asked by a German diplomat during the briefing whether the decision was spurred by economic growth concerns, Yang said it is “a far-sighted decision which addresses both economic and social problems and takes future trends into account.” He further said that the revised policy is not aimed at short-term economic growth, but to maintain a long-term balance in the country’s demographic structure.

According to Yang, China saw the largest population growth in 1965 to 1975 when a total of 270 million people were born. By the time that group of people retire (from 2018 to 2023), they will have to be replaced by the first generation born in the 21st century which totaled 160 million, hence creating a huge gap in the country’s labor force.

The senior policymaker further noted that China is the world’s third largest aging society after Europe and Japan. Thus, if the population policy is not adjusted, there will be more problems regarding care for senior citizens and the labor shortage.


However, Yang also emphasized that China will still stick to family planning as a fundamental national policy, that every couple is allowed to have no more than two children.



A foreign diplomat asks questions during the briefing.

China’s 13th Five-Year Plan to achieve a ‘moderately prosperous society’

By John Ross



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Western media analysis of the Communist Party of China (CPC) Central Committee Plenum to consider the outlines of the 13th Five Year Plan was dominated by discussion of the possible GDP growth rate to be set, while immediate news reports focused on replacement of the “one child” family planning policy with a “two child” one. Chinese commentary, in contrast, focused in a more rounded fashion on the plan’s goals for living standards together with social and environmental conditions. This was also the main emphasis specified by the CPC’s official goal of achieving a “moderately prosperous society in all respects” by the plan’s end in 2020.

It is important to understand why China’s, not the Western media’s, view of the Plan is correct. Analyzing this also simultaneously clarifies some Western economists’ error in saying China does not need Five Year Plans and that a target for GDP growth should be abandoned.

The central economic target of the new plan, around which its key parameters are constructed, is China’s goal of doubling the income, and therefore potential consumption, of both its urban and rural population in 2010-2020. This requires essentially similar GDP growth.

But achieving a “moderately prosperous society” includes not only a target for income and consumption but also development of education, health, environmental improvement and other strategic factors. Implementation of the 13th Five Year Plan is intended to constitute the first key milestone in China’s overall development as reiterated by Xi Jinping: “We have set the goals of completing the building of a moderately prosperous society in all respects by the centenary of the CPC in 2021 and building China into a modern socialist country that is prosperous, strong, democratic, culturally advanced, and harmonious by the centenary of the PRC in 2049 so as to realize the Chinese Dream of the rejuvenation of the Chinese nation.”

In this overall framework a GDP growth target is significant – but as a means and not an end. Achieving GDP growth, in conditions in which China’s economy is far more developed than previously, does directly determine the Plan’s new economic priorities such as advanced manufacturing, innovation, integration of the internet with other economic sectors and use of “Big Data.” But economic growth is simply the Plan’s indispensable means to achieve broader human and national goals.

To understand this link between economic development and overall social goals, it should be understood that per capita GDP growth is not socially neutral nor primarily desirable because it results in outputs such as steel and cement. The key point is that per capita GDP growth is highly correlated with extremely desirable human goals such as rising life expectancy, increasing consumption, and improving health

and education. Therefore only by closing its gap in per capita GDP with the most developed economies can China achieve the best possible all round living standards for its population.

To illustrate in fundamental terms how economic targets in the new Five Year Plan are correlated with social goals, consider life expectancy – which is the most sensitive indicator of human well-being as changes in this “sum up” the consequences of positives and negatives in overall economic, social, and environmental conditions. Internationally 73 percent of differences in life expectancy between countries are accounted for by per capita GDP differences. Therefore rising per capita GDP produces direct and indirect improvements in social conditions and is why the new Five Year Plan sets the goal of doubling income. It is also why China correctly continues to target a moderate to high growth rate.

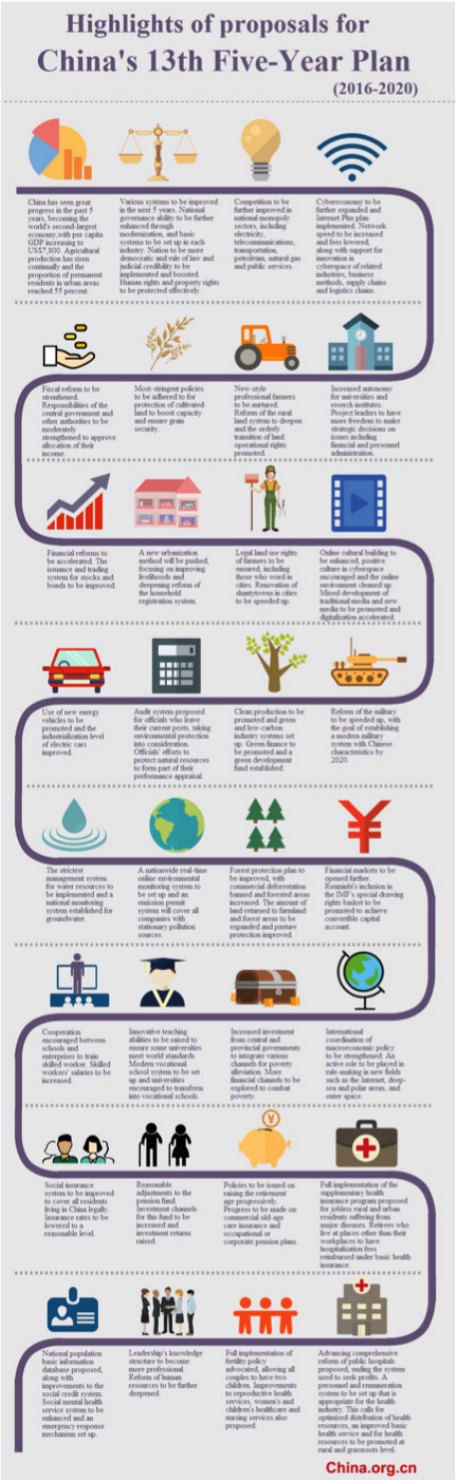
But the new parameters created by China’s development towards a “moderately prosperous society” substantially affect the new Five Year Plan. Under previous plans China made history’s greatest achievements in overcoming poverty. It is staggering fact that since 1981, on World Bank data, China reduced the number of people living in internationally defined poverty by 728 million, while the whole of the rest of the world only achieved 152 million. It remains one of the most important goals to be accomplished during the 13th Five Year Plan that, as Xi Jinping announced, China will lift the final nearly 100 million people from poverty in the country.

This gigantic historical achievement necessarily creates new challenges. When the decisive task facing China was to overcome low living standards the delivery of essentials such as housing, food and basic products was dominant and almost sufficient. International studies confirm that over 80 percent of increases in a population’s consumption are due to GDP increases. Therefore, because economic growth’s role in overcoming low living standards is decisive, almost everything became subordinated to it even when, for example, this resulted in environmental damage or unacceptable social inequality. But the social, cultural, environmental and other needs of a population which is achieving “moderate prosperity” are vastly more developed and complex.

There can be direct clashes between GDP growth and human well-being. For example highly polluting factories or power plants are cheaper than those which protect the environment, and can therefore be built more cheaply increasing GDP growth. Under new conditions, with China approaching its goal of eliminating poverty and low incomes, the necessary means of GDP growth remains extremely important but must be subordinated

to overall human well-being – the goal. This is why as Hu Angang, one of China’s leading economists and an adviser on drawing up the new plan, put it: “In the process of China’s reform and opening-up, the five-year plan has been remade... it has become a program for human development, or citizens’ needs in all aspects.”

Western media failures to admit China’s historically unprecedented success in overcoming low incomes means it inaccurately focuses solely on growth rates or individual issues such as the “one child policy” – a classic case of “being unable to see the wood for the trees.” In contrast China’s analysis of the new plan’s role in achieving a “moderately prosperous society in all respects” is spot-on in its framework.





The 12th Five-Year Plan by Numbers

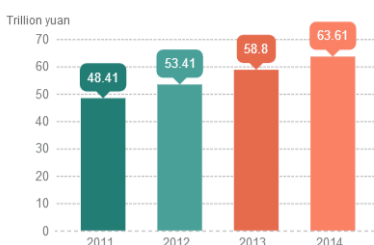
2011-2015

China has the second-largest economy, contributing to more than a quarter of the world's growth.



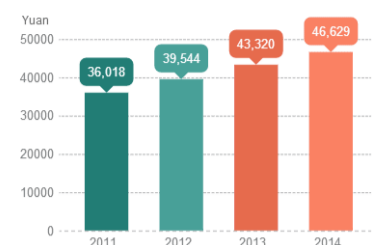
GDP

(2011-2014)



Per Capita GDP

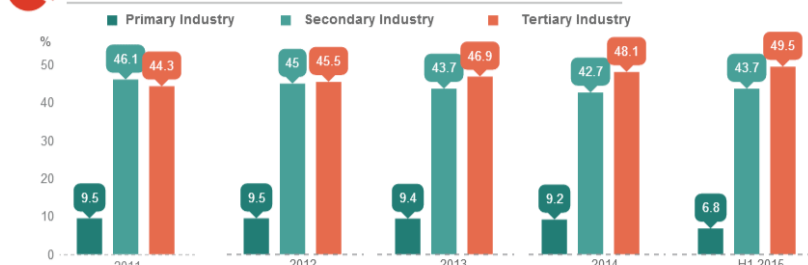
(2011-2014)



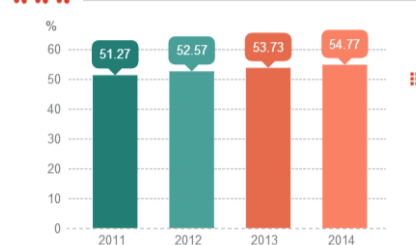
The service sector has become the most important industry in China, with its added value accounting for 48.1 percent of GDP in 2014.



China's economic structure in the 12th Five-Year Plan



Proportion of urban population

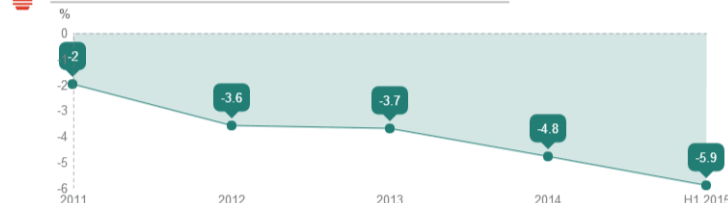


Consumption surpassing investment contributed to 54.8 percent of China's economic growth over the past four years. The figure rose to 60 percent in the first half of 2015.

A more sustainable tone has been set in China's development, as the nation reduces energy consumption, steps up research and cultivates new economic engines.



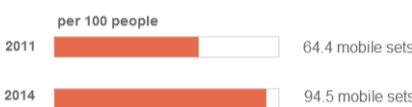
Energy consumption growth per unit of GDP



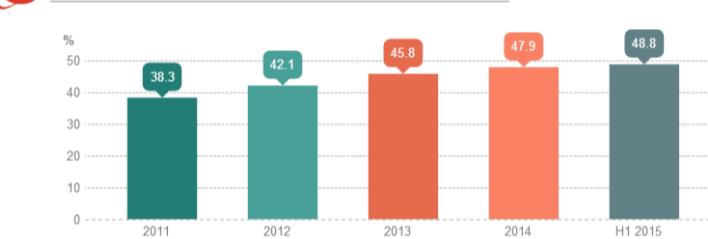
Clean energy accounted for 16.9 percent of total energy consumption in 2014.



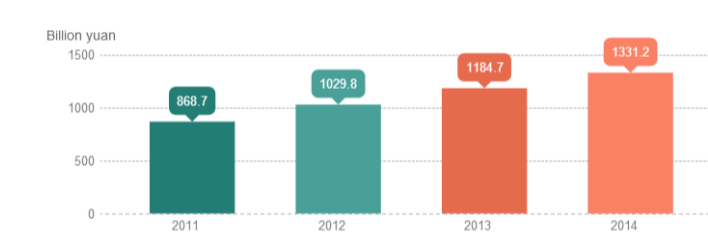
E-commerce sales in China reached 16.39 trillion yuan (US\$2.58 trillion) in 2014, surging 59.4 percent year-on-year.



Internet penetration rate



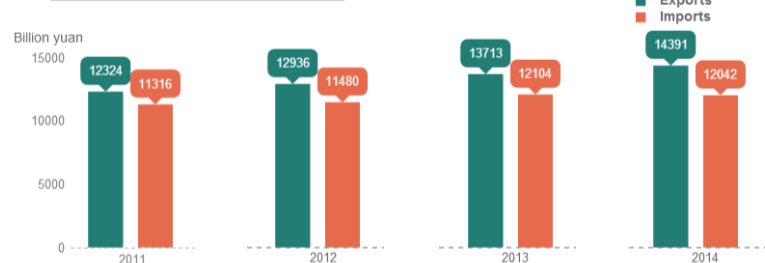
R&D expenses (2011-2014)



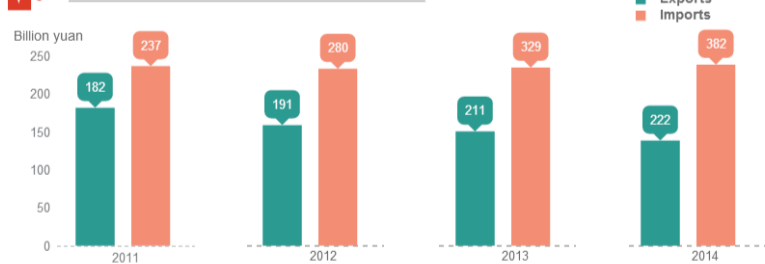
China further opens up, with more service trade.



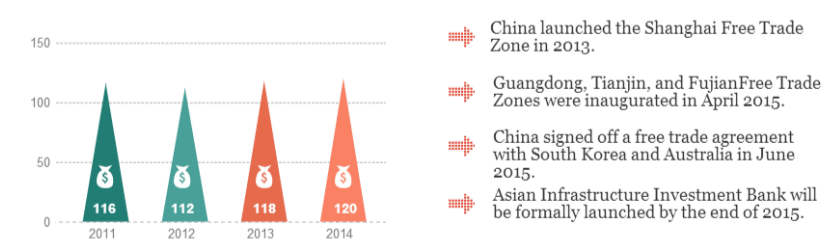
Trade volume (2011-2014)



Service trade volume (2011-2014)



Actual use of foreign direct investment



People's livelihood has been greatly improved.

Government expenditure on increased over the past four years



Community services

21.1%



Health

20.4%



Transportation

17.2%



Education

16.2%



Social security employment

14.9%

Between 2010 and the end of 2014, 11.48 million jobs were created.

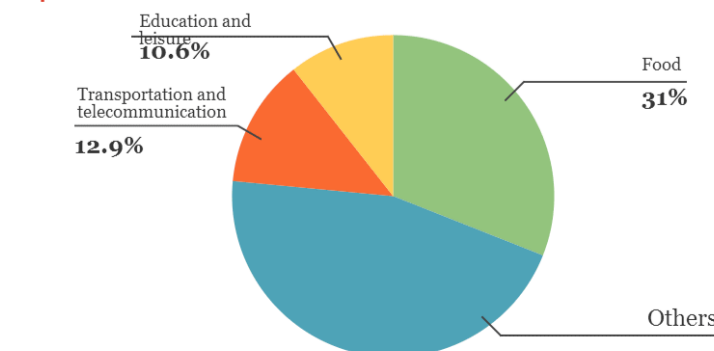


Since 2010, 45.6 million people were added to the basic health insurance system of urban employees.



China's gross national income per capita rose from US\$4,300 in 2010 to US\$7,380 in 2014, according to the World Bank.

Per capita consumption expenditure reached 14,491 yuan in 2014.



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Plenary Sessions of the CPC Central Committee

According to the rules of the Communist Party of China (CPC), a national congress must be held every five years to elect a new CPC central committee, which should convene several plenary sessions (plenums) during its tenure.

These plenary sessions are convened by the Political Bureau of the CPC Central Committee at least once a year and normally there are seven such meetings held over the five-year period before the next national Party congress.

First Plenary Session

- ⌚ Immediately after each CPC national congress.
- ☑ Decide on the membership of organs under the CPC Central Committee.

Second Plenary Session

- ⌚ In February of the years ending in 3 or 8.
- ☑ Propose a list of candidates for state leadership positions.

Third Plenary Session

- ⌚ In the latter half of the years ending in 3 or 8.
- ☑ Plan economic reform and major policy shifts.

Sixth Plenary Session

- ⌚ In the latter half of the years ending in 6 or 1.
- ☑ Promote the country's ideological and ethical development.

Fifth Plenary Session

- ⌚ In the latter half of the years ending in 5 or 0.
- ☑ Discuss topics such as the Party and national development.

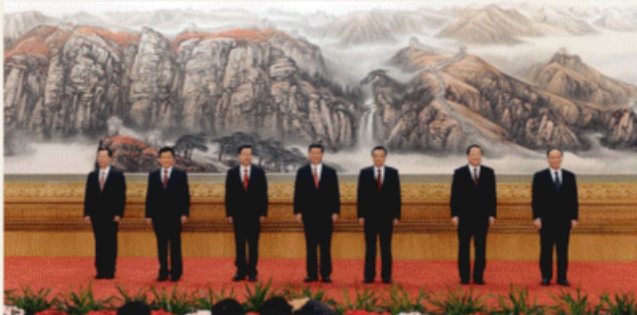
Fourth Plenary Session

- ⌚ In the latter half of the years ending in 4 or 9.
- ☑ Discuss topics such as the Party and national development.

Seventh Plenary Session

- ⌚ Shortly before the next national Party congress.
- ☑ Make final preparations for the next national Party congress.

The Current 18th CPC Central Committee



First Plenary Session

This was held in Beijing on Nov. 15, 2012, with the attendance of 205 members and 171 alternate members of the CPC Central Committee. The members of the CPC Central Commission for Discipline Inspection (CCDI) attended the meeting without voting rights.

During the session, the CPC Central Committee elected its Political Bureau, the Standing Committee of the Political Bureau and the General Secretary of the CPC Central Committee. It also endorsed the members of its Secretariat nominated by the Standing Committee of the Political Bureau, decided on the members of the Military Commission of the CPC Central Committee, and approved the candidates for CCDI secretary, deputy secretaries and standing committee members who were elected during the CCDI's first plenary session.



Second Plenary Session

This was held in Beijing from Feb. 26 to 28, 2013. General Secretary Xi Jinping of the CPC Central Committee delivered a work report on behalf of the Political Bureau of the CPC Central Committee.

A list of candidates for State leadership positions and a list of candidates to fill leadership roles for the 12th National Committee of the Chinese People's Political Consultative Conference (CPPCC) were approved. The two lists were developed after extensive collection of views and full discussion. They were later proposed respectively to the first annual session of the 12th National People's Congress (NPC) and the first annual session of the 12th CPPCC National Committee. The Plan on Restructuring and Transforming Functions of Government Departments under the State Council, which was proposed after extensive collection of views, was also approved.



Third Plenary Session

This was held in Beijing from Nov. 9 to 12, 2013. The plenum was presided over by the Political Bureau of the CPC Central Committee. Xi Jinping delivered a key speech. Entrusted by the Political Bureau of the CPC Central Committee, Xi made a work report. This was discussed at the plenum, which also approved the Decision of the CPC Central Committee on Some Major Issues Concerning Comprehensively Deepening the Reform.



Fourth Plenary Session

This was held in Beijing from Oct. 20 to 23, 2014. It was presided over by the Political Bureau of the CPC Central Committee. Xi Jinping delivered a key speech. Entrusted by the Political Bureau of the CPC Central Committee, Xi made a work report, which was discussed at the plenum.

The plenum also approved the Decision of the CPC Central Committee on Some Major Issues Concerning Comprehensively Advancing Rule of Law. The Decision states that the general target is to form a system serving the socialist rule of law with Chinese characteristics and build a country under the socialist rule of law.



Fifth Plenary Session

This was held in Beijing from Oct. 26 to 29, 2015. The plenum was presided over by the Political Bureau of the CPC Central Committee. Entrusted by the Political Bureau of the CPC Central Committee, Xi Jinping made a work report, which was discussed at the plenum.

The plenum adopted proposals for the country's economic and social development in the 13th Five-year Plan (2016 to 2020).

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