

China Development Forum 2021

China on a New Journey of Modernisation

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Session II Macro Policy Orientations in the 14th Five-year Plan

Moderator

Wang Anshun, Vice President (Ministerial level), DRC

Speakers

He Lifeng, Vice Chairman of the National Committee of CPPCC; Chairman, National Development and Reform Commission

Axel van Trotsenburg, Managing Director of Operations, World Bank

Amin H. Nasser, President & CEO, Aramco

Noel Quinn, Group Chief Executive, HSBC Holdings plc

Roland Busch, President & CEO, Siemens AG

Anne Richards, CEO, Fidelity International

Synopsis

The 14th Five-Year Plan period (from 2021 to 2025) is a crucial stage to start our journey to build a modern socialist country in all respects and achieve the second centenary goal. It is a milestone in the development process of China. He Lifeng, Chairman of the National Development and Reform Commission, explains China's macro policy orientations during the 14th Five-Year Plan period, which draw great

attention in the international community. He says, this year China will continue to leverage macro policies to alleviate the difficulties of market entities, maintain necessary policy support for achieving this goal, and avoid sharp turns in policy.

According to He, the government work report sets a goal of over 6 percent GDP growth for 2021. China will work to improve macro economy governance system, take expanding domestic demand as a strategic move, and integrate the strategy of expanding domestic demand with intensifying supply-side structural reform, to continue improving the quality and effectiveness of development and growth potential. China will ensure the continuity, consistency, and sustainability of macro policies. On the basis of range-based macro regulation, we will enhance targeted, well-timed, and precision regulation. We will continue to leverage macro policies to alleviate the difficulties of market entities, maintain necessary policy support for achieving this goal, and avoid sharp turns in policy. China will stick to proactive fiscal policies, prudent monetary policies and employment-first policy, better leverage reform policies, and make adjustments and improvements based on new developments, so as to reinforce the fundamentals of the economy.

China will still face complex international and domestic economic environment during the 14th Five-Year Plan period. Looking at the new development stage, five foreign guests offer constructive advice and suggestions on how macro policies can help to apply the new development philosophy, create a new pattern of development and pursue high-quality development; and share their insights on fiscal and monetary policy orientations during the 14th Five-Year Plan period.

- **Apply the new development philosophy, create a new pattern of development**
 - Reinforce ecological civilization endeavors: enhance participation of

international capital; establish a transparent and consistent framework; attract capitals to build sustainable infrastructure and the carbon offsets market;

- Expect China to publish detailed climate action plan, increase the intended nationally determined contributions (INDC) in response to climate change, accelerate energy transformation, and suggest suspending the study on economic and technical feasibility of investing in new coal-fired power plants;
- To take the lead in clean energy industry, China needs to invest large amount of money and time, create a stable environment on an equal basis for market players, and seek international cooperation opportunities.

- **Pursue high-quality development**

- Ensure energy security for the next five decades or more; explore investment opportunities in downstream integration to satisfy China's transportation and chemical demands; largely expand and deepen R&D by foreign enterprises in China;
- Launch digital transformation to achieve greater prosperity and less resource consumption; the dual-circulation strategy and reform and opening-up policy can better support China's growth and sustainable technical advance, to accelerate R&D and deepen international cooperation;
- Among the three economic growth factors, capital and labor have contributed a lot to China's economic growth in the past four decades. Technology innovation (involving technology and R&D) is the driving

force to achieve sustainable growth.

- **Fiscal and monetary policy orientations**

- Look forward to specific implementation schemes on three aspects: eliminating poverty, reducing carbon emissions and defusing financial risks under the 14th Five-Year Plan;
- China should not withdraw fiscal stimulus too soon, instead should continue to further drive economic growth with domestic demands and consumption;
- Enhance the participation of international capital in China's capital market, for example, provide more available financial products, and hedging tools, timetable, and implementation details for international investors; make the domestic markets of some key sectors better connect with the international market; and take measures to expand the size of foreign investments.

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