

## Unpacking China's 15<sup>th</sup> Five Year Plan

China's 15th Five-Year Plan (FYP), the fourth released under President Xi Jinping, comes at a particularly challenging moment. China is facing headwinds: economic growth is steady but no longer as robust, wars in the Middle East threaten oil supply and global stability, and despite a degree of détente in US-China friction, the external environment remains unpredictable.

Yet to understand the significance of the 15th FYP, it is important to recall what it is: a broad, high-level document that sets the country's five-year direction in line with its highest long-term national goals, namely the "Great Rejuvenation of the Chinese Nation" and the broader objective of building a great modern socialist country by mid-century. As a result, the Plan is filled with important political phrases such as "Dual Circulation" (双循环) and the "New Development Paradigm" (新发展格局), which ensure that government planning remains aligned with Party orthodoxy.

We can see this interplay between internal factors, such as party historiography and political priorities and external factors such as crisis and war shaping previous five-year plans as well. The 12th FYP (2011–2015), which President Xi inherited from his predecessor, espoused "Scientific Development" (科学发展观), pushing a rebalancing agenda to shift away from an economy overly reliant on exports and still dealing with the after-effects of overinvestment following the global financial crisis. The 13th FYP (2016–2020) introduced the "New Development Concept" (新发展理念) and "Ecological Civilization" (生态文明), pushing a restructuring agenda through supply-side reform and strategic industries under Made in China 2025 (中国制造2025). Finally, facing a more difficult external environment, the 14th FYP (2021–2025) elevated "Dual Circulation" (双循环), emphasising a resilience agenda by positioning the domestic economy as the primary driver of growth, alongside China's net zero commitment.

And now, against a backdrop of heightened geopolitical turbulence, the recently released 15th FYP broadly doubles down on the resilience agenda of the 14th FYP, while reinforcing the banner of "High-Quality Development" (高质量发展). This signals continued focus on expanding key sectors such as artificial intelligence, advanced manufacturing, semiconductors, robotics, renewable energy, batteries and other areas China already dominates or intends to. More broadly, it points to what policymakers describe as building a "modern industrial system" (现代化产业体系): a more integrated national architecture linking technology, industry, and energy.



“十五五”规划

At first glance, the plan appears muted. The number of top-level goals is smaller than in the 14th FYP, and the associated numerical targets are broadly conservative. Growth is expected to remain in a “reasonable range” of 4.5–5%, down from 5% previously while the emissions intensity reduction target is set at 17%, down from 18% previously. But this may say more about the function of the national FYP than about any lack of ambition. The national plan sets overall direction; actual numerical targets and implementation guidance depend on provincial and sectoral plans, many of which have yet to be released.

In this sense, the plan reflects ambition calibrated to uncertainty, as policymakers face multiple unknowns: the trajectory of US-China relations, the long-term implications of a fragmented global trading system, and the transformative but uncertain impact of artificial intelligence. As a result, the 15th FYP focuses less on rigid targets and more on directional themes, what might be described as a “fortress” agenda centred on iron-clad resilience, industrial upgrading, and green development.

Buffeting this trajectory is China’s expected carbon emissions peak around 2030. Yet the 15th Five-Year Plan, the final plan before that milestone, avoids setting a firm peak year, reflecting caution about prematurely constraining growth. At the same time, the emissions intensity target has been lowered and language on coal has shifted from “reducing coal consumption” to “promoting the peaking of coal consumption”, signalling coal’s continued role as a backstop for power system stability and as feedstock for coal-to-gas and coal-to-chemicals.

Taken together, this suggest a more conservative decarbonisation agenda. Analysis by the Centre for Research on Energy and Clean Air suggests that current policy momentum may already be sufficient for China to meet its new targets, meaning the targets themselves are unlikely to materially slow emissions growth or bring forward an earlier peak. At the same time, the Green Finance & Development

Center notes that “peaking” coal consumption does not imply absolute decline within this plan period, even with coal still accounting for roughly 55 - 60% of the energy mix. This weakens the likelihood of emissions peaking decisively within the timeframe envisioned.

Instead, decarbonisation is being driven mainly through supply-side expansion, most notably the continued build-out of renewables, rather than through binding limits on emissions. That may lower the cost of transition over time, but it also risks deferring more difficult adjustments. The later the peak, the steeper the cuts required after 2030 if China is to remain on track for carbon neutrality by 2060. Nonetheless, government thinking here appears twofold: keep targets muted enough to preserve policy space in an uncertain environment, while continuing to scale clean energy fast enough to lower the long-term costs of decarbonisation.

This scaling up of renewables is part of the official push to build a “modern industrial system” (现代化产业体系), which some analysts describe as an “electrotech stack”. This is an integrated energy - technology system that is diversified, electrified, mechanised, and mutually reinforcing. It is diversified through a broad energy mix, with renewables rising and coal providing stability; It is electrified as transport, heating, and industry shift towards electricity; It is mechanised through the use of batteries and robotics to reduce labour intensity and costs; And it is “stacked” in that these elements reinforce one another, creating industrial and technological synergies.

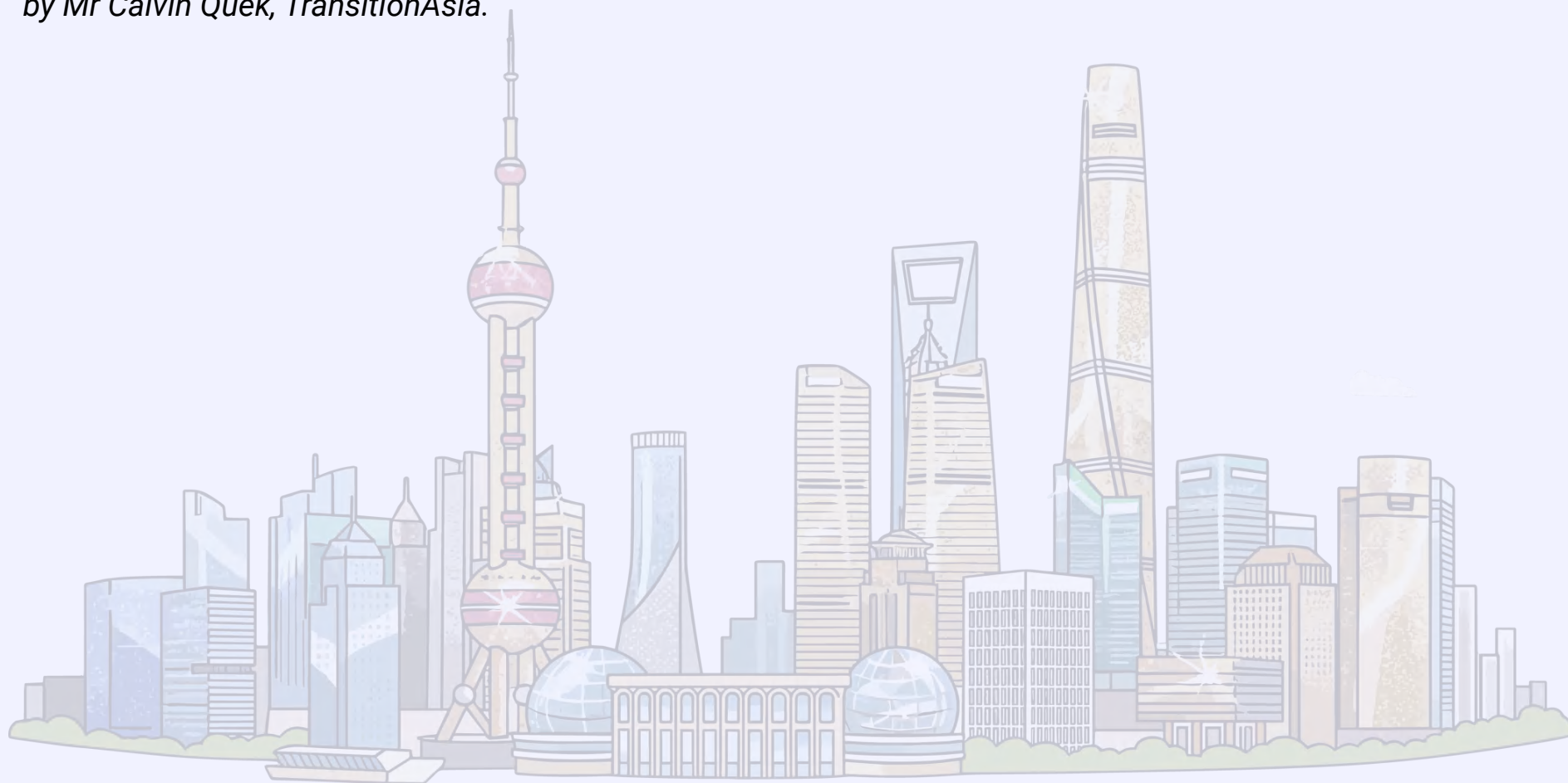
As highlighted by Oxford Institute of Energy, this last point is evident in sectors such as solar and batteries, where regions with strong electronics manufacturing bases have expanded into power technologies and electric vehicles. These same regions are now major data centre hubs not simply due to cheap energy, but because they are see advanced economic agglomerations: vast local human capital resources, supply chain clusters capable of rapidly responding to market changes, and technology spillover benefits that provide a competitive edge and support rapid innovation cycles. This helps explain why policies on renewable energy, grids, storage, electrification, and digital infrastructure are being pursued simultaneously.

For the steel sector, the plan is light on steel-specific detail and ambition, which is disappointing for those hoping China could capitalise on its advantages such as abundant renewable energy, growing hydrogen capacity, and massive industrial scale, to push more decisively towards a low-carbon steel future in which electric arc furnaces play a larger role relative to traditional blast furnaces. On this count, China is behind. Its 2025 target for electric arc furnace to account for 15% of steel production was not met and have stalled at roughly 10–11%, while steel still accounts for around 17% of China’s total CO<sub>2</sub> emissions.

This lack of ambition reflects a difficult industrial environment. China’s steel consumption has likely peaked, global trade tensions are rising, and excess capacity persists relative to demand. In this context, the plan stops short of forcing a rapid technological transition. Beyond a general call for industrial upgrading under “high-quality development”, the decarbonisation agenda is diffuse: energy-efficiency retrofits, carbon-management mechanisms, and zero-carbon industrial parks feature more prominently than any strong sector-specific push in steel.

Taken together as whole, the 15th FYP may appear conservative on the surface, but this reflects the realities of a more uncertain world, but underlying is focus and ambition, and the direction of travel remains clear: towards a more electrified, technologically advanced, and resilient system. Looking ahead, the pace and pathway of this transition will become clearer as more visibility appears from provincial policies, sectoral plans, and evolving standards, and on how the rest of the world responds to China’s growing industrial and export strength.

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