

CPC Recommendations for the 15th Five-Year Plan: Implications for China's Industrial Development and Supply Chains

I. Background

From 20 to 23 October 2025, the 20th Central Committee of the Communist Party of China (CPC) held its fourth plenary session in Beijing. The plenary session adopted the *Recommendations of the CPC Central Committee for Formulating the 15th Five-Year Plan for Economic and Social Development* (hereinafter 'the CPC Recommendations').¹

The CPC Recommendations will serve as the basis for the National Development and Reform Commission (NDRC) to draft the 15th Five-Year Plan, which is set to be approved at the annual session of the National People's Congress, China's top legislature, next March.



Source: Xinhua

II. Implications for China's Industrial Development and Supply Chains

The CPC Recommendations provide a strategic framework that is highly relevant to China's industrial development and supply chains, carrying important implications for businesses.

Helen Chin

E: helenchin@ust.hk

William Kong

E: williamkong@ust.hk

**HKUST LI & FUNG
SUPPLY CHAIN INSTITUTE**

LSK Business Building

The Hong Kong University of
Science & Technology

Clear Water Bay

Kowloon, Hong Kong

E: ustlfsci@ust.hk



¹ <https://english.news.cn/20251028/efbfd0c774fd4b1c8daeb741c0351431/c.html>

(1) Advancing Technology and Innovation

China aims to enhance its scientific and technological self-reliance and boost its overall capacity for technology and innovation, focusing on achieving breakthroughs in core technologies across critical fields. This focus on technology and innovation is expected to give Chinese industries a competitive edge on the global stage.

(a) Key proposals

11. Promoting advances in original innovation and breakthroughs in core technologies in key fields

We should improve the new system for mobilizing resources nationwide and adopt unconventional measures to drive decisive breakthroughs in core technologies across entire chains in key fields such as integrated circuits, industrial machine tools, high-end equipment, basic software, advanced materials, and biomanufacturing...

12. Promoting full integration between technological and industrial innovation

... We should coordinate efforts to build up China's strength in strategic science and technology and enhance our capacity for making systematic breakthroughs. We should strengthen self-sufficiency in scientific and technological infrastructure...

14. Advancing the Digital China Initiative

... We should promote full integration between the real economy and the digital economy and advance the project for the innovative development of the Industrial Internet. We should accelerate innovation in digital and intelligent technologies such as AI, make breakthroughs in basic theories and core technologies, and ensure more efficient supply of computing power, algorithms, and data.

(b) Business implications

- Adoption of advanced technologies: Businesses should integrate advanced technologies, such as artificial intelligence (AI) and the Internet of Things (IoT), into their operations to improve efficiency and productivity.
- Investment in R&D: Companies will need to increase their investments in research and development (R&D) to remain competitive. This could involve forming partnerships with universities and research institutions to foster innovation.

(2) Upgrading Traditional Industries

The CPC Recommendations suggest maintaining an appropriate share of manufacturing in the national economy while calling for the upgrading of traditional industries to enhance their competitiveness and resilience. This involves boosting productivity, incorporating advanced technologies, and optimizing industrial chains. The goal is to shift from low-value-added production to high-quality, value-driven manufacturing.

(a) Key proposals

7. Upgrading traditional industries

We should upgrade key industries and consolidate and enhance the position and competitiveness of China's industries such as mining, metallurgy, chemical industry, light industries, textiles, machinery, vessels, and construction in the global industrial division of labor. We should ensure that China's industrial chains become more self-supporting and risk-resilient...

We should promote technological transformation and upgrading to shift toward digital and intelligent development in the manufacturing sector, develop smart, green, and service-oriented manufacturing, and work faster to transform industrial models and enterprises' organizational forms...

(b) Business implications

- Adoption of new technologies and production techniques: Companies in traditional sectors such as textiles, chemicals, and construction must restructure their operations to implement new technologies and modern production techniques, thereby improving production efficiency and product quality.
- Collaboration across industries: There will be opportunities for collaboration between traditional industries and technology companies to develop innovative solutions that enhance productivity.

(3) Fostering Emerging and Future Industries

The CPC Recommendations emphasize the importance of nurturing emerging and future industries, which are pivotal in driving future economic growth.

Table: A comparison of ‘emerging and future industries’ in the 14th FYP and 15th FYP

	14 th FYP	CPC Recommendations for 15 th FYP
Emerging industries	• New generation of IT • Biotechnology • New energy • New materials • High-end equipment • New energy vehicles • Environmental protection • Aerospace • Marine equipment	• New energy • New materials • Aviation and aerospace • Low-altitude economy
Industries of the future	• Brain-inspired intelligence • Quantum information • Genetic technology • Future network • Deep-sea and aerospace exploration • Hydrogen energy and energy storage	• Quantum technology • Biomanufacturing • Hydrogen and nuclear fusion power • Brain-computer interfaces • Embodied AI • 6G mobile communications

(a) Key proposals

8. Fostering emerging industries and industries of the future

...We should accelerate the development of industrial clusters in strategic emerging fields such as new energy, new materials, aviation and aerospace, and the low-altitude economy...

Forward-looking plans should be put in place for industries of the future. We need to explore diverse technology roadmaps, typical application scenarios, feasible business models, and market regulation rules and work to foster new drivers of economic growth such as quantum technology, biomanufacturing, hydrogen and nuclear fusion power, brain-computer interfaces, embodied artificial intelligence (AI), and 6G mobile communications...

(b) Business implications

- Investment opportunities: Significant policy support and investments are anticipated in these emerging and future industries, providing opportunities for technology- and innovation-driven companies to establish and grow their business in China.
- Innovation ecosystems: Companies can benefit from participating in innovation ecosystems that support the development of new technologies and business models in these industries.

(4) Developing the Service Sector

The CPC Recommendations underline the critical role of the service sector in driving economic growth. Boosting service consumption is also a key driver for consumption upgrading and expansion of domestic demand.

(a) Key proposals

9. Promoting the high-quality, efficient development of the service sector

We should carry out capacity-expanding and quality-upgrading initiatives in the service sector, opening the sector wider, deepening regulatory reform, and refining support policies to create a broader range of quality market entities. We should steer producer services toward greater specialization and the higher end of the value chain on a sector-by-sector basis, while supporting the development of higher-quality, more diverse, and more accessible consumer services...

15. Boosting consumption

...The supply of high-quality consumer goods and services should be expanded. We should focus on easing market access and integrating various forms of business to boost consumption of services...

(b) Business implications

- Expansion of service offerings: There are ample opportunities in the service sector for businesses. They should innovate and broaden their service offerings to cater to the evolving needs of Chinese consumers, leveraging digital technologies such as AI and big data analytics for personalized services and better efficiency.

- Focus on technology, quality, and standards: As competition intensifies in the service sector, businesses must integrate technology into service offerings, improve service quality, and adhere to international standards.

(5) Facilitating the Globalization of Chinese Enterprises

The CPC Recommendations advocate for the globalization of Chinese enterprises, encouraging them to diversify their export markets and expand their industrial and supply chains overseas. These proposals reflect a new direction amidst the trend of Chinese enterprises 'going global'.

(a) Key proposals

22. Promoting the innovative development of trade

...We need to promote market diversification and the integrated development of domestic and foreign trade...

...We should enhance the functions of trade promotion platforms and support the development of new forms and models of business such as cross-border e-commerce...

23. Expanding two-way investment cooperation

... We should effectively manage outbound investment, improve comprehensive overseas services, and promote the integrated development of trade and investment. We should guide the overseas distribution of industrial and supply chains in a rational, orderly manner...

(b) Business implications

- Risk management for global operations: By establishing supply chains overseas, companies can enhance their resilience against domestic disruptions and geopolitical tensions. However, they must also navigate complex regulatory regimes, cultural differences, and varying standards abroad, which require robust strategies for risk management.
- Market expansion: Chinese companies should explore opportunities in emerging markets and strengthen their foothold in established markets to diversify their revenue streams.

(6) Greening the Supply Chains

The CPC Recommendations stress the importance of sustainable development and the establishment of green supply chains. This aligns with global trends towards environmental responsibility and the necessity for industries to reduce their carbon footprints.

(a) Key proposals

48. Accelerating the shift to eco-friendly production practices and lifestyles

...We should promote green and low-carbon transitions in industry, urban and rural development, transportation, energy, and other key sectors...

7. Upgrading traditional industries

...We should promote technological transformation and upgrading to shift toward digital and intelligent development in the manufacturing sector, develop smart, green, and service-oriented manufacturing ...

(b) Business implications

- Sustainable practices: To ensure compliance with new environmental standards, companies will need to adopt sustainable practices throughout their supply chains, including sourcing materials responsibly and minimizing emissions and waste.
- Consumer demand: With a growing consumer preference for environmentally friendly products, companies that embrace sustainability may gain a competitive advantage by appealing to this market segment.

III. Concluding Remarks

The CPC Recommendations lay out a comprehensive strategy for industrial development that prioritizes technology, innovation, globalization, and sustainability. For businesses, this means a significant shift in operations, requiring investments in technology and innovation, workforce development, and sustainable practices. Companies that proactively adapt to these recommendations will not only enhance their competitiveness but also contribute to China's broader goals of economic modernization and global leadership. The focus on upgrading traditional sectors and developing emerging and future industries presents both challenges and opportunities, making it imperative for businesses to align their strategies with national objectives to thrive in the evolving landscape of China's economy.

HKUST Li & Fung Supply Chain Institute

The HKUST Li & Fung Supply Chain Institute (Institute) accelerates the creation, global dissemination, and practical application of new knowledge for managing tomorrow's supply chains.

The Institute seeks to develop local and international talent in supply chain management through teaching, professional development, and exchanges at specialist conferences. It brings together leaders in industry, academia, and the public sector in a new collaboration for research, executive education and practice focused on innovation in business models, sustainable supply chain design, process re-engineering, and the rapid adoption of new technologies. These outcomes are vital in addressing the need for visionary, innovative supply chain management in the face of rapid technological advancements, disruption from geopolitical tensions, and concerns related to sustainability and climate.

Jointly established by HKUST and supply chain industry leader Li & Fung, the Institute brings together research excellence and industry expertise in supply chain management to drive real-world impact across the Greater Bay Area, Greater China, Asia, and globally, while contributing to Hong Kong's development as a multinational supply chain management center.

© Copyright 2025 HKUST Li & Fung Supply Chain Institute. All rights reserved.

Though HKUST Li & Fung Supply Chain Institute endeavours to ensure the information provided in this publication is accurate and updated, no legal liability can be attached as to the contents hereof. Reproduction or redistribution of this material without prior written consent of HKUST Li & Fung Supply Chain Institute is prohibited.