

# China's 13th Five Year Plan

China's 13th Five Year Plan (the Plan) continues the economic transition underway in China to a consumption lead economy and will provide enormous opportunities for Australian businesses.

## Key Points

- Economic growth is targeted at between 6.5 - 7%. Even though its economic targets are lower, the economy will double in size from 2010-2020.
- The new Plan will change the composition of the Chinese economy in the coming years, and businesses need to adapt to benefit from these changes.
- Companies should note the emphasis on consumption, innovation, social welfare and health and what this means for their business.



## Key Areas of Opportunity

- Retail trade in China will grow and online commerce will become more important in reaching Chinese consumers. The 'consumer class' will grow by over 70 million people in the next 5 years. In 2016 alone retail spending will increase by \$700 billion.
- **Innovation** - China's growth will be innovation led. The Plan forecasts that in 2016 alone China will spend over \$300 billion on research and development.
- **Environmental technology** - A Green Development Fund will be established to provide finance to projects to reduce water consumption by 23%, energy consumption by 15% and carbon emissions by 18%. There are ample opportunities for international companies with expertise in these areas.
- **Health** - The Chinese government will reform its health system, in particular encouraging the development of private hospitals.
- **Infrastructure** - China will spend A\$168 billion on new railways and A\$346 billion on road infrastructure in the next 5 years. China will increase the use of PPPs.
- **Trade** - China will expand the Shanghai Free Trade Zone and establish further Zones in Guangdong, Tianjin and Fujian. China will invest further in the "One Belt One Road" initiative including maritime connections that will connect Australia to the trade route.
- **Utilities** - China will open up industries such as energy, telecommunications, public utilities and transportation to private companies.

With ChAFTA underpinning a deepened relationship with China, the Plan provides opportunities for new trade and investment as businesses seek to take advantage of improved market access opportunities.