

CPC Central Committee reviews plans for 2021

On December 11, President Xi Jinping presided over a meeting of the Political Bureau of the Communist Party of China Central Committee to analyze the economic work for 2021.

According to the committee, central goals for achieving reasonable economic growth in 2021 are to increase domestic demand, utilize scientific and technological innovation for economic development, and expand ongoing opening-up efforts. They noted the challenges posed by the pandemic and the “external environment”, stressing the country must maintain the initiative in carrying out its economic goals.

Comparison of the Political Bureau Meetings in July and in December

	December 11	July 30
Situation	China has become the only major economy with positive growth, but there are many uncertainties in economic development.	The economic situation remained grim and complex, with considerable instability and uncertainty.
About demand-side reform	Reforms of both the supply and demand sides to allow demand to lead supply, and for creative and innovative supply to increase demand, and for both sides to support each other.	Measures to promote consumption should be increased and the development of new infrastructure should be accelerated.
About the digital economy	Antitrust efforts and the prevention of disorderly expansion of capital must be strengthened.	Maintain the steady and sound development of capital markets.
Others	Efforts should be made to build more independent and controllable industrial and supply chains to form a strong domestic market.	Improve the stability and competitiveness of the industrial and supply chains and to consolidate the position of agriculture as the foundation of the economy.

From above, we can see that the top decision makers are now more optimistic and confident about China’s current economic situation, are focusing on economic growth, and have raised the new concept of demand-side structural reform. In the past, demand was mainly driven by government investment such as infrastructure projects. In the future, policies will aim to let demand guide the direction of production, and for production to become more creative and innovative. This will help produce new types of products, technologies and services, thus stimulating new levels of consumption at a higher level.

Regarding the digital economy, mainstream Chinese internet companies have enjoyed a monopoly at the lower end of their business model. This has not upgraded the industry’s structure but stifled existing economic activities. The call for curbing monopolies and preventing disorderly capital investment reflects the government’s recent shift towards regulating such activities by tech giants in the future.

Finally, the independence of industrial and supply chains was further stressed as a key national strategy.