



China's Next Five Years

In the global news media, the geopolitical focus frequently centers on the US: tariffs, trade posture, and the signals coming out of Washington. But on my recent trips to Asia and South America, my private conversations with business leaders were heavily centered on China.

BCG's Aparna Bharadwaj, who leads the firm's Global Advantage practice, told me she's noticed the same thing. When she meets with global executives, the conversation shifts at some point to China.

It makes sense—and the recent state visit by Xi Jinping to Washington, the first in more than a decade, is a reminder of the stakes. China is the second-largest economy and accounts for 19% of global GDP and nearly one-third of the world's manufacturing value added. It processes 93% of the world's rare-earth alloys and produces more than half its crude steel.

China is the top trading partner for 64 nations in the Global South, and its choices ripple through global commodity markets and critical supply chains. Almost all global businesses feel its influence, whether through Chinese competitors in their local and global markets, Chinese suppliers in their inputs, or Chinese consumers in their growth plans.

Paying Attention to China's 15th Five-Year Plan

To understand where China goes next, Aparna encourages executives outside of China to study its 15th Five-Year Plan, approved this past March. These plans steer capital, policy, and corporate incentives for

years at a time, and China's planning system remains highly influential. [This excellent article](#) from her and our team winnows the plan's 18 parts and 62 chapters into something digestible and useful for all global leaders.

Here's what I took from it:

- **China's industrial economy is very strong.** Innovation is sprinting, with AI, robotics, energy and medical technologies, and services all showing momentum. China has transformed itself from a technology importer into an innovation hub. Exports have remained robust, with China's trade surplus reaching an extraordinary \$1.2 trillion in 2025, even as some trading partners have raised barriers.
- **The challenges are just as real.** Consumption sits at 39% of GDP, versus an OECD average of 54%, while demographic decline is likely to challenge the growth of goods consumption. Members of the middle class are being squeezed by the substantial declines and pressures in the real estate market, where they park most of their savings. And in several sectors, supply has outrun demand, threatening corporate profits and backlash from other parts of the world.
- **Beijing knows where it wants to go.** But the journey won't be simple. The government aims to lift consumption through wage growth and expanded social benefits in health care, childcare, and eldercare, and by focusing on health, wellness, and leisure services for an aging population. It is also moving against industrial overcapacity, though provincial leaders—judged on local GDP growth and job creation—sometimes continue to add factories. And it's making choices about which high-value industries to double down on, while opening further to foreign investment and deepening trade and investment ties across the Global South.

What This Means for Business Leaders

Here's how you can move ahead in this context, whatever your industry:

Map your engagements with China. You are almost certainly

competing with Chinese firms somewhere in the world, buying components or machinery from Chinese suppliers, or selling into a market where Chinese demand or Chinese competitors shape the outcome.

Treat the plan as a framework for the opportunities and risks ahead. China's industrial priorities belong in your scenarios—including its moves into higher-value segments such as semiconductors, robotics, and advanced manufacturing, alongside its effort to rein in the price competition that has followed in these and other sectors.

Watch the consumption story closely. An aging, savings-focused population creates real opportunity in health, wellness, and services, but only for companies that understand how tentative Chinese consumer sentiment remains right now.

Keep building geopolitical muscle. The plan describes an ambition to open further to foreign capital while Chinese firms are emerging as strong competitors in every major market. You'll need scenario planning in place for both challenges. And in many places, you may need government engagement strategies alone or with other companies facing similar challenges.

China's Five-Year Plan gives leaders the chance to sharpen their strategic clarity. Those that benefit most from this next chapter with China will be the ones treating it as a first-order issue now.

Until next time,

A handwritten signature in dark ink, appearing to read "Rich", with a stylized flourish at the end.

Rich Lesser
Global Chair

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