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5 NOVEMBER 2025

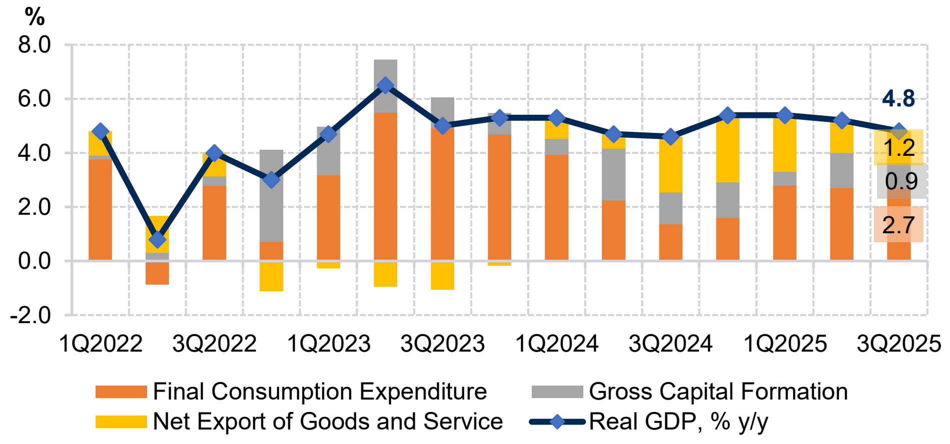
China's 4th Plenum – Policy Signals Ahead of the 15th Five-Year Plan

How China's Plenum Differs from Malaysia's RMK Process

China – Plenum	Malaysia – RMK
• Party-led, top-down	• Government-led, Cabinet-approved
• Not debated in legislature	• Must be tabled & debated in Parliament
• Ideological direction first, policy details later	• Policy document → ministry implementation stream
• Centralised execution capacity	• Shared execution via ministries, GLCs, agencies
• 5-year plan = political + strategic blueprint	• 5-year plan = fiscal + development framework

In China, the Party decides first, the State implements second — the 4th Plenum sets the direction, the National Party Congress (NPC) turns it into binding policy.

China's Real GDP (% y/y)



Source: National Bureau of Statistics, CEIC, BMMB Economics

China convened its **Fourth Plenary Session of the 20th Central Committee** ("Fourth Plenum") from 20–23 October 2025, a **key policy-setting meeting** within the Communist Party's five-year political cycle. Unlike Malaysia's Five-Year Development Plans (RMKs), which are tabled by the Government and debated in Parliament, China's plenums are *Party-led* and sit *above* government policy. **The Party sets the ideological and strategic direction first**; only after that do state bodies such as the State Council translate those priorities into fiscal, industrial, and regulatory measures.

This Fourth Plenum is especially critical as it finalises the policy recommendations for China's next Five-Year Plan (FYP) — the 15th FYP (2026–2030) — which will be formally approved at the National People's Congress in March 2026. For markets, the Plenum acts as a **forward-looking signal**: it indicates **where Beijing intends to deploy political capital and state resources** over the next five years — which sectors will be favoured, which structural risks will be contained, and what macro mix China is prepared to accept in balancing growth, security, and reform.

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What the 4th Plenum Decided — Policy Priorities for 2026–2030

The official communiqué outlines **seven major objectives** that will guide China's next policy cycle under the 15th Five-Year Plan (2026–2030). While all are framed as national priorities, the hierarchy of emphasis is clear: **technological self-reliance** and **national security** sit at the core, while **consumption upgrading** and **social wellbeing** act as supporting pillars rather than the primary growth engine.

1 Technological Self-Reliance & Strength

- China is positioning te**chnology as the primary engine of future growth**, not a support function — shifting from importing tech to owning and exporting it.
- Implementation will likely take the form of stronger public R&D support, deeper localisation in semiconductors, further build-out of the EV and battery supply chain, and policy support for AI-related industries.
- Tech self-reliance is now tied to **economic security and geopolitical risk management**, which will shape capex flows, supply chains, and foreign-market access decisions for the next decade.

2 National Security Shield Strengthening

- **Security is framed broadly—beyond defence**—to encompass economic and technological resilience (e.g., supply-chain reliability, energy/resources, and data governance).
- Policy execution is likely to feature **tighter state steering and economic-security screening**, with **supply-chain resilience elevated as a goal**—shaping trade routes, FDI allocation, and compliance demands for firms operating in China-linked value chains."

3 High-quality development

Moving from growth-at-all-costs to productivity, innovation and efficiency as the main drivers of output.

4 Fresh breakthroughs in comprehensive reform

Reforming economic, fiscal and governance systems to support a more resilient, state-steered market economy.

5 Improving quality of life / social wellbeing

Gradual effort to lift household spending through jobs, income policies and service-sector upgrades.

6 Cultural and ethical progress

Strengthening national identity, social cohesion and Party-aligned values to support long-term stability.

7 "Beautiful China" ecological transition

Accelerating the shift to clean energy, carbon reduction and resource efficiency while keeping industry competitive.

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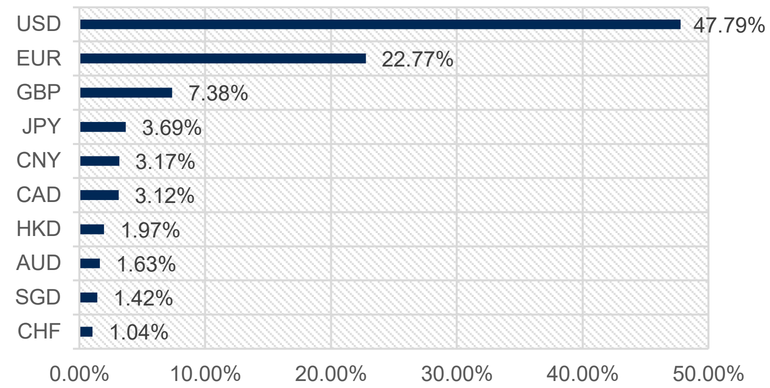
Our Take: Implications for Growth, Trade, and the Ringgit

China's policy direction signals **slower but more investment-intensive growth**, with the state prioritising productivity, industrial upgrading and strategic security over headline GDP. Consumption will recover, but the **growth mix remains led by policy-driven capex, targeted fiscal support and technology self-reliance**. That shift channels capital toward semiconductors, power electronics, EV batteries, industrial machinery and AI infrastructure — and **pulls harder on upstream critical minerals**. In rare earths, China's strategy is to tighten control through deeper processing capacity, stricter export governance and selective offtake partnerships, keeping pricing vulnerable to policy and geopolitical turns.

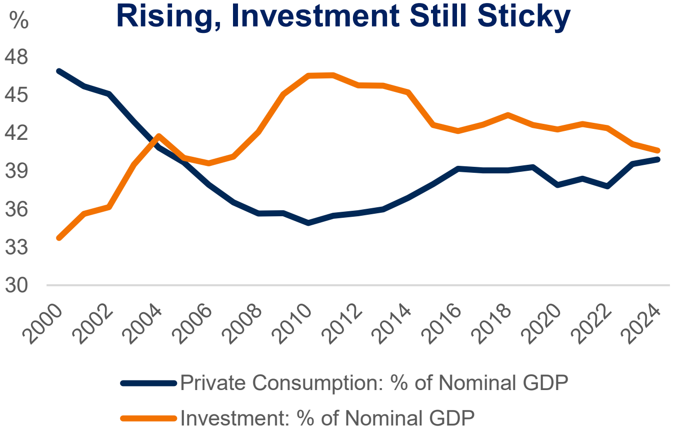
The RMB continues to trade in a policy-guided cycle rather than a one-way trend: growth data and yield gaps could drive swings, but the PBoC caps disorderly moves. Internationalisation efforts should add structural support over the longer term.

For Malaysia, a softer China import pulse would limit near-term external momentum, but **medium-term policy alignment still creates opportunity**. Upside is concentrated in **higher-value E&E back-end and power components**, EV-battery ecosystem inputs, logistics serving tech-oriented supply chains, and **selective rare-earth processing** where ESG credibility is defensible. Pressure remains for bulk commodity exports tied to China's old-economy capex and property activity. The key variables to monitor are the RMB–MYR correlation, the policy handoff at the March NPC, and evolving rare-earth rules — these will anchor **Malaysia's export outlook, FDI conversations and ringgit bias into 2026**.

China's Currency Slowly Gains Traction in Global Settlements *(% of RMB in Global Payment)*



Rebalancing in Progress: Consumption Rising, Investment Still Sticky



Source: World Trend Plus, CEIC, SWIFT, BMMB Economics

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Appendix I: How China's Policy Priorities Are Evolving

Theme	14th FYP (2021–2025)	4th Plenum → 15th FYP (2026–2030)	Shift / Interpretation
Growth Model	"High-quality development" introduced, but growth still driven by investment and industrial upgrading	"High-quality development" reaffirmed, now embedded within tech capability and economic security framing	**Same slogan, but definition shifts**: quality = resilience + tech depth, not just efficiency
Technology & Innovation	Innovation positioned as a growth driver; focus on AI, biotech, EV/NEV, semiconductors	Tech self-reliance elevated to core priority; stronger push for localisation and strategic tech sovereignty	Tech moves from **growth enabler → strategic imperative**
National Security	Mentioned, but secondary to development agenda	Security expanded to economic, tech, supply-chain, food, energy, data and defence	Security upgraded from policy constraint → policy anchor
Domestic Demand / Consumption	"Dual circulation" aims to strengthen domestic + external demand loops	Consumption retained but not backed by large fiscal stimulus or structural redistribution	Demand-side role unchanged: supportive, not primary driver
Reform & Governance	Pledges on capital-market reform, SOE efficiency, market allocation	"Fresh breakthroughs" referenced, but without detailed measures; state steering unchanged	Reform still gradual, still subordinate to Party control
Green & Carbon Transition	2030/2060 climate targets; strong push on renewables and EVs	Ecological transition maintained but not elevated in priority order	Green agenda: **continuity, not upgrade**
External Orientation	Balancing integration and self-reliance under dual circulation	Assumes enduring great-power rivalry and tech controls; supply-chain resilience foregrounded	From balance global + domestic → hedge external risk

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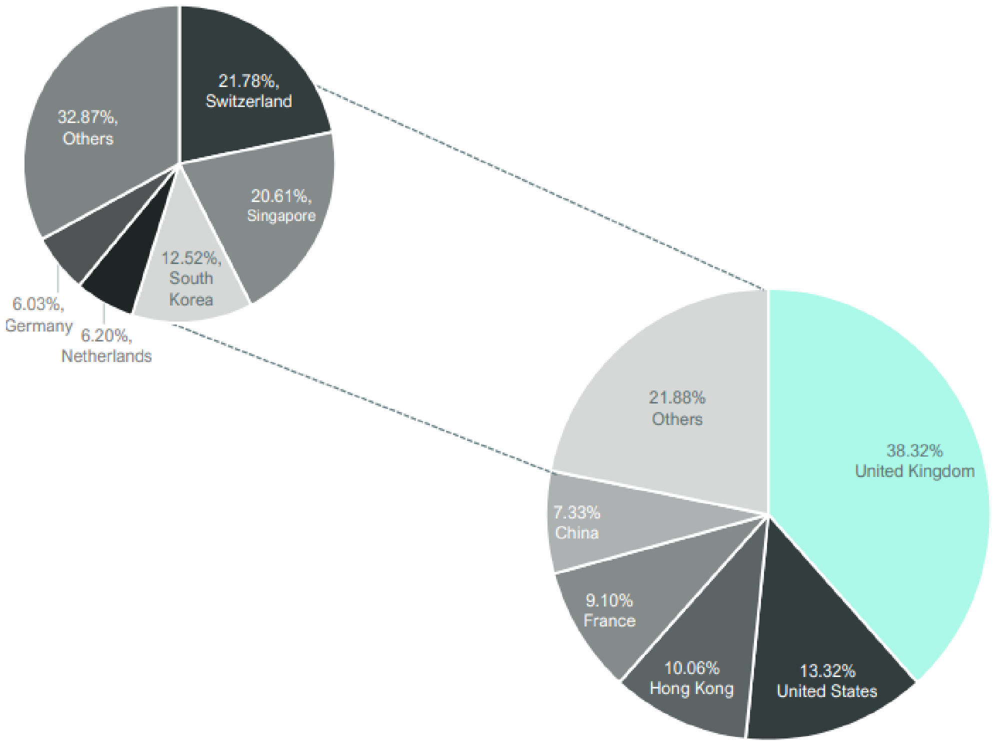
Appendix 2: Top Economies Doing FX Spot Transactions in RMB

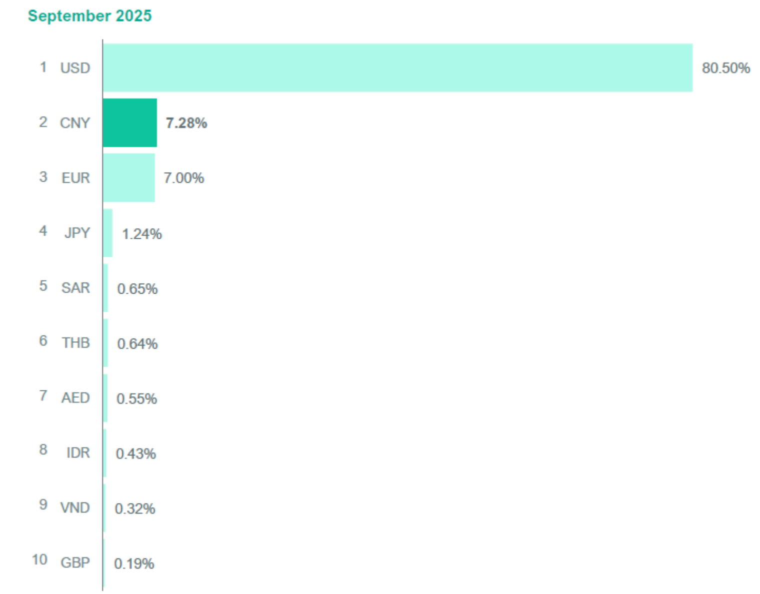
FX confirmations, including central banks, inter-group only.
MT 300 messages exchanged on Swift. Based on value.
September 2025



Currency used in FX Spot*
FX confirmations, including central banks, inter-group only.
MT 300 messages exchanged on Swift.
Based on value, currency bought sent.
September 2025

POSITION	SPOT
1	USD
2	EUR
3	GBP
4	JPY
5	CAD
6	CNY
7	CHF
8	AUD
9	KRW
10	HKD

RMB's share as a global currency in trade finance market
Live and delivered, **inter-group only** MT 400 and MT 700.
Messages exchanged on Swift. Based on value.



Source: SWIFT, BMMB Economics