China: China's 15th FYP for Expanding Consumption — Supply-Side Push, Demand-Side Constraints

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Bottom line: China's State Council approved the "15th Five-Year Plan for Expanding Consumption" on July 13, following a joint submission by the National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM), reinforcing consumption as a medium-term policy priority amid softer retail sales momentum. The plan consolidates existing measures into a broader framework focused on services upgrading, goods replacement demand, new consumption formats, household income and social security support, and the removal of purchase restrictions for autos. In our view, these measures are medium-term in nature and skew more supply-side; the near-term boost is likely to be limited given weak labor market conditions, subdued income expectations, and still-negative property-related wealth effects.

Main points:

1. Retail sales have been weak this year and underscore the need for a stronger policy framework to support consumption over the medium term. During January-May, retail sales grew only 1.4% yoy, much lower than the 5% yoy over the same period last year. Against this softer cyclical backdrop, the 15th FYP targets for total retail sales of consumer goods to reach around RMB60tn by 2030, up from RMB50.1tn in 2025, implying a relatively modest 3.7% annualized nominal growth rate during the 15th FYP period, below the 5.0% pace during the 14th FYP. The plan also aims to raise the household consumption rate and increase the services share of household consumption by 2030, two areas where China remains well below major DM economies.
2. To achieve this, the plan lays out several policy priorities, including a broader push to upgrade services consumption, sustain goods demand through replacement and higher-quality supply, cultivate new consumption formats, strengthen household consumption capacity, improve market access and infrastructure, and ease administrative and financing constraints. Taken together, these priorities suggest a more comprehensive, but still largely medium-term, framework for consumption rebalancing.
    - **Services consumption:** The plan seeks to expand higher-quality supply across daily services and demographic/lifestyle categories, including catering, lodging, domestic services, elderly care, childcare, culture and tourism, healthcare, sports, and education/training. It also emphasizes standards, workforce training, brand development, digitalization, and local infrastructure, pointing to a more supply-side and institutional push to unlock services consumption during the 15th FYP period.

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- **Goods consumption:** The plan continues to support big-ticket durable goods, including housing upgrades, auto consumption and aftermarket sectors, and smart home appliances. It also highlights product innovation, flexible manufacturing, daily consumer goods upgrades, and stronger domestic brand building, suggesting policymakers aim to sustain goods consumption through higher-quality supply and upgrading demand rather than one-off subsidies.
- **New consumption formats:** The plan prioritizes digital, green, "first-launch" ("首发经济"), experience-based and inbound tourism, supported by AI-enabled products and services, low-carbon goods and recycling systems, "first-store" and "first-show" platforms ("首店、首秀"), immersive retail and cultural experiences, and tourism-related inbound spending. In our view, this reflects an effort to generate incremental demand through new scenarios and better supply, while linking consumption policy more closely with industrial upgrading themes such as AI, smart mobility, green supply chains, domestic brands, cultural IP and international tourism.
- **Household consumption capacity:** Beyond supply expansion, the plan highlights employment support, income growth, stronger social security, and higher public consumption as key conditions for more durable household spending. Targeted areas include job creation and skills training, wage and redistribution reforms, higher pension and medical insurance support, broader coverage for flexible and migrant workers, long-term care insurance, and increased public spending on education, healthcare, elderly care, and childcare. These measures are consistent with the State Council's "Special Action Plan to Boost Consumption" announced in March 2025 and the 15th Five-Year Plan (FYP) full report released in March 2026. Similar to previous high-level policy documents, specifics are lacking in terms of funding sources and magnitudes, timelines, and implementation details.
- **Market opening and infrastructure upgrades:** The plan calls for easing service-sector entry restrictions, improving access for new business models, strengthening platform responsibilities and fair competition, expanding openness in telecom, internet, education, culture and healthcare, and increasing imports of higher-quality consumer goods. It also emphasizes effective investment in consumption infrastructure, including commercial-district upgrades, community services, logistics and cold-chain networks, parking and charging facilities, tourism assets, and digital infrastructure such as 5G, gigabit broadband, Internet of Things (IoT) and computing networks.
- **Removing various purchase restrictions:** The plan calls for removing unreasonable consumption restrictions and strengthening fiscal financial support. Key measures include easing auto purchase restrictions, optimizing city-specific housing policies and housing provident fund use, increasing funding for consumption infrastructure, providing interest subsidies for household consumer loans and targeted service-sector business loans, and improving paid-leave enforcement.

3. In our view, the plan largely consolidates existing consumption-support measures into a medium-term framework rather than introducing fundamentally new policy tools. We remain cautious on the pace of consumption recovery: while the plan should improve supply quality and reduce institutional frictions, the near-term impulse is likely to be limited absent stronger demand-side stimulus and given weak labor-market conditions, subdued income expectations, and negative property-related wealth effects. A more durable recovery would likely require firmer job and wage growth, stabilization in household balance sheets, and more direct demand-side support to households.

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Exhibit 1: The 15th FYP for expanding consumption leans heavily toward supply-side enhancements

Major Categories	15th Five-Year Plan for Expanding Consumption
Services Consumption	
Living services	Develop regional catering brands, food clustering zones, snack industry clusters and high-quality hotel brands
Elderly care	*Improve elderly care services and promote the silver economy*
Childcare	*Develop an inclusive childcare system*
Culture / Tourism	*Deepen the integrated development of "cultural tourism + all industries"*
Health	*Strengthen retail pharmacies and healthcare products*
Sports	*Support hosting sporting events and development of health centers*
Education	*Improve quality of education and training*
Goods Consumption	
Durables	Increase supply of upgrade housing and steadily advance urban village redevelopment. Expand auto consumption and support intelligent upgrading of home appliances.
Daily consumer goods	*Promote consumption of agricultural products and innovation in daily-use products*
Tech	Enhance innovation across supply chains of consumer goods. Expand the supply of high-quality new consumer goods.
Branding	*Develop Chinese domestic brands and promote integration of cultural elements into brand building*
New Consumption Formats	
Digital	Deepen the promotion of "AI + consumption". Expand supply of next-generation smart terminals, including AI-powered smartphones. Use AI and VR to empower services
Green	*Strengthen production and promotion of green, low-carbon products and build green supply chains*
First-launch economy	Hold first-launch and inaugural-exhibition events. Develop a number of industry leaders for the first-launch economy.
Experience-based econon	Focus on consumer experience. Support key commercial districts and shopping streets. Develop products such as animation-related goods, trendy apparel and designer toys.
Inbound tourism	Steadily expand the scope of visa-free countries. Expand direct international flights. Optimize facilitation measures for departure tax refunds.
Consumption capacity	
It explicitly aims to strengthen consumers' spending power through four key channels: promoting employment, increasing household income, improving social security, and expanding public consumption.	
Consumption environment	
Places emphasis on optimizing consumption environment. Improve quality standards for consumer goods and services, protect consumer rights and interests, foster a fair and open market environment, improve the multi-tier consumption system, and strengthen consumption-related infrastructure.	
Consumption institutional framework	
Key policy priorities include removing and optimizing unreasonable restrictive measures, improving fiscal and financial support mechanisms, and better implementing the paid leave and holiday system.	

Shaded cells indicate policy measures that remain largely unchanged from the 14th FYP on expanding

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