By Liang Du, CEO at Prescient Investment Management China, gives his perspective on President Xi Jinping’s mission to modernise China by 2035

October 2017 saw one of the most important events in the Chinese political landscape - the 19th Communist Party Congress. President Xi Jinping solidified his power in China, but more importantly, he provided a vision for China by incorporating his philosophy of a modern socialist country.

President Xi’s speech was by no means an optimistic puff piece. After 30 years of development, the basic needs of the Chinese people have been met, although the China of today is still an unbalanced, unequal, polluted country with risks of corruption and financial leverage. His plan for China is to tackle these issues one by one.

The plan to lead the country to “socialist modernisation” by 2035 is structured around a few big ideas:

**A nation of innovators.** One of the most recurrent themes throughout President Xi’s speech is that all solutions require innovation, and that China must move up the value chain. China needs to be far more innovative by moving away from copying and improving to innovating.

**Supply side reform.** The second important part is continued privatisation and the reorganisation of state assets, with the goal that state-owned enterprise assets should be productive, efficient and supportive of China’s long-term goals.

**Raising intellectual and moral standards.** President Xi also focused on cultural aspects and improving attributes like adherence to rules, being more friendly and less money orientated and developing an ethical and moral sense towards the community and country.

**Rural vitalisation.** The program will continue to modernise agriculture.

**A greener China.** President Xi’s speech stressed the value of the environment, undertaking that China is not only going to pollute less, but also develop methods to roll back previously polluted areas and clean them up.
Political reform. Although the word “democracy” was mentioned many times during the speech, in this context it certainly does not mean one person, one vote. Ultimately, the Chinese version of democracy is a government that works for the people.

What is clear from the plan is that the Chinese government is aware of the challenges facing the country and the hard work required to achieve its long-term plan and vision.

What does it all mean for the South African investor?

Today, Prescient Investment Management has one of the best performing funds in South Africa, dedicated to investing in China. With stability and planning, we think China will become bigger and better, with more and more global investors investing in the country.

For South African investors, we think it is well worth getting an understanding of the second largest capital market in the world - one that can bring rich rewards over the long-term.

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