

Analysis of the Main Lines of Industrial Policy and Opportunities for Urban Commercial Banks During China's 14th Five-Year Plan

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Abstract: This paper analyzes the basic status of China's industrial development, reveals the characteristic facts of the changes in China's primary, secondary and tertiary industries during the 13th Five-Year Plan period, and summarizes the analysis of factors affecting the changes in industrial structure. "The selective industries to be focused on during the 14th Five-Year Plan period are mainly divided into making up short boards and chains to stabilize the foundation of internal circulation and making up short boards in the circulation system to improve circulation efficiency; the functional industries to be focused on are basic research to enhance scientific and technological innovation capacity, the development of digital economy, and the energy revolution under the green low-carbon economy. In this context, urban commercial banks need to give full play to their advantages in connecting financial capital and social resources to actively expand the market of strategic emerging industries; uphold differentiated and characteristic service positioning, and play the role of participatory and complementary functions of urban finance in practicing rural revitalization strategy; constantly pay attention to climate and environmental risk management, improve the degree of awareness of climate risks, and actively apply financial technology to adapt to the new Risk management situation.

Keywords: Industrial Iteration; Industrial Policy; Industrial Categorization; Commercial Banks

1. Basic status and characteristic facts of China's industrial development

From the key work deployed in the Central Economic Work Conference from 2016 to 2020, promoting supply-side structural reform is the main line of policy during the 13th Five-Year Plan period, trying to optimize and upgrade the economic structure while achieving a medium-high economic growth rate, and driving the coordinated development of regional, urban and rural areas, social and livelihood, ecological. The policy line for the 13th Five-Year Plan period is to optimize and upgrade the economic structure and promote the coordinated development of different areas such as regions, urban and rural areas, society and people's livelihood, and ecology protection, while achieving medium to high economic growth. Under the promotion of supply-side structural reform, China's economic structure has accelerated its transformation.

2. Analysis of factors affecting the change of industrial structure

2.1 From scale development to high quality development

During the "13th Five-Year Plan" period, China's economic development concept has shifted from scale development to high-quality development, and the change of development concept has put forward higher requirements for promoting the adjustment of economic development structure, which in turn affects the optimization of the internal structure of industries to achieve a new balance. With high-quality development as the core essence, with its corresponding index elements, policy documents, evaluation methods, assessment systems and other supporting, in this drive, naturally put forward new requirements for the three industries.

2.2 Brand-new technological change and industrial upgrading

Technological change and industrial upgrading are closely related, and the application of technological change in industry is bound to affect the output model and even the iterative upgrading of the industrial landscape, which in turn causes important changes in industrial development. For example, historically, the steam engine advanced the development of the light textile industry, electricity technology realized the core position of heavy industry, and computer technology established the central position of high-tech industry. During the 13th Five-Year Plan period, emerging technologies such as the Internet of Things, big data and artificial intelligence have made significant breakthroughs, resulting in many new products, new business models and new modes of operation, and a series of changes such as reducing costs, improving labor mobility, increasing industrial integration, realizing technological innovation and promoting investment and consumption.

2.3 Reform gradually enters a new stage

In order to realize the shift from scale development to high quality development and establish a sound modern economic system, many deepening reforms will gradually enter a new stage. In particular, after the 19th National Congress, the central government has clearly proposed that the reform is dedicated to the combination of "effective market" and "competent government", breaking down the barriers that restrict the decisive role of the market and playing the rational function of the government, so as to create a better environment for industrial development. The "effective market" is solved by improving the market subject and the market system in two sub-lines, both state-owned economy and private economy need to be given equal attention to the development of access, competition, factorization, standardization and other aspects of continuous improvement support. The "effective government" focuses on macroeconomic governance and modern fiscal and financial system, requiring the government to improve the policy system, cross-cycle management and counter-cyclical design capabilities, achieve a double balance of quantity and quality, and make more scientific layout of government revenue and financial mechanisms.

3. "14th Five-Year Plan" period of China's industrial development trend and the main line of industrial policy

3.1 Development trend of China's industry during the 14th Five-Year Plan

The new trend of industrial upgrading in China will be a "fusion" effect formed by industrial integration. Throughout the history of industrial development, according to our analysis, the traditional way of generating new industries can be summarized into two paths: fission and mutation. Fission means that with the refinement of the division of labor and industrial scale expansion, some division of labor in a certain scale to form a new independent industry; mutation means that some industries continue to break through the original core technology, the use of new technology in the field to replace the old technology to achieve disruptive industrial innovation. Industrial fusion will be the third new path of industrial evolution: fusion. Industrial integration does not mean that an industry simply uses the technology of other industries for equipment or technological transformation, but that different industries each play their own advantageous technology or other endowments, and form new technologies, new business models and new industries after combining with each other.

3.2 Examination of the main line of industrial policy during the 14th Five-Year Plan

The 14th Five-Year Plan states, "Promote the transformation of industrial policy to universal and functional, strengthen the basic position of competition policy, and support technological innovation and structural upgrading." It can be seen that the key difference between differentiated, selective industrial policy and inclusive, functional industrial policy is that the former takes the government as the main body for industrial selection and leads the concentration of resources to specific industries to accelerate their development, while the latter leaves industrial selection to the market, allowing the market to play a decisive role in resource allocation, with the government focusing on maintaining fairness and compensating for market failures.

Table 1 Comparison of differentiated and selective industrial policies with universal and functional industrial policies

Name	Differentiated and selective industrial policies	Inclusive and functional industrial policy
Features	Government-led industrial selection and concentration of resources in specific industries to accelerate their development	Leave the choice of industry to the market, allowing the market to play a decisive role in resource allocation and the government to focus on maintaining equity and compensating for market failures

4. Analysis of industrial opportunities for urban commercial banks during the 14th Five-Year Plan period

4.1 Comprehensively assist the development of strategic emerging industries

Focus on industrial development priorities and seize strategic development opportunities. Looking ahead, urban commercial banks should give full play to their advantages in connecting financial capital and social resources, actively expand the market of strategic emerging industries, continuously enrich the service scenarios of emerging industries and enhance comprehensive service capacity by means of financial + non-financial, online + offline. For example, we will increase support for the "three new and one high" fields such as "new manufacturing, new service, new basic industry and high technology" and strategic emerging industries, and focus on supporting national high-tech enterprises, manufacturing single champions, invisible champions, specialized and special new enterprises. "It also strengthens the innovation in enterprise rating and credit, intellectual property pledge, bank guarantee cooperation and risk compensation mechanism.

4.2 Pay attention to the opportunities related to the process of modernization of agriculture and rural areas

Uphold differentiated and distinctive service positioning. With the advantages of short decision-making chain, high degree of marketization, flexible and quick response institutional mechanism and unique resource advantages based on the region compared with traditional rural financial institutions, urban commercial banks can uphold differentiated and distinctive service positioning, highlight the financial service concept of distinctive business brands, and play the role of participatory and complementary functions of urban finance in practicing rural revitalization strategy. Jiangsu Province mentioned for the first time in the two sessions of 2021 to promote the extension of new consumer industries to rural areas. Commercial banks can follow the trend, deeply study the characteristics of rural consumer groups, grasp the renewal cycle of durable consumer goods for rural residents, and highlight the convenience, refinement and quality of consumer financial services of urban commercial banks.

4.3 Continuous attention to climate and environmental risk management

On the one hand, urban commercial banks need to strengthen cooperation and communication with external institutions, enhance environmental and climate and other information disclosure, and gradually make up for their own shortcomings. For example, it should improve the normalized working mechanism of environmental and climate information disclosure, make full use of annual reports, ESG reports, official public numbers and other relevant channels to gradually release environmental information to the public in the form of independent reports, and then promote itself to strengthen the exploration and research on data accumulation, system establishment, model development, quantitative methods and results application to form a normalized working mechanism. On the other hand, urban banks need to improve their awareness of climate risk, improve institutional mechanisms and management tools for climate risk management, and actively apply financial technology tools to adapt to the new risk management situation.

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