

## *China's Third Plenum*

Reform goals are set to be completed by 2029, marking the 80<sup>th</sup> anniversary of the founding of the People's Republic of China.

**F**rom July 15 to 18, the 20<sup>th</sup> Central Committee of the Chinese Communist Party (CCP) convened its third plenum in Beijing. This plenum was attended by 205 Central Committee members and 171 alternate members. On July 21, they unveiled the Reform Blueprint, which sets out more than 300 reform initiatives organized into 15 sections covering over 60 sectors.

### **Why is it important?**

Historically, the CCP's third plenary sessions often mark turning points for the country's economic and reform policies. In 1978, the CCP leader Deng Xiaoping announced the "Reform and Opening-Up" policies during the 11<sup>th</sup> Central Committee's third plenary session. In 1993, during the 14<sup>th</sup> session, the "Socialist Market Economy System" was declared. Additionally, the third plenary session of the 18<sup>th</sup> Central Committee set policies for more market-oriented economic reforms. These reforms have put China on a path to development and progress. During this year's session, the leaders of the CCP also outlined reform objectives to be implemented over the next five years.

### **Plenum's Outcome and Future Expectations**

During a press conference on the plenum, Xi explained that China's "high-quality development" goals are hindered by obstacles of "imbalance and inadequacy." He also listed the areas that require development, such as government and market relations, innovation capacity, and the industrial system. President Xi also cautioned about the potential occurrence of "black swan" and "gray rhino" events, referring to unpredictable and probable but often overlooked risks with severe consequences.

During the plenum, the Beijing government deliberated on ways to establish itself as a "Science and Technology Powerhouse" and to implement futuristic technological advancements. Chinese electric vehicles, which have recently gained a dominant position in the market, now face high tariffs from the United States and Europe. Xi Jinping asserts the importance of China's self-reliance in science and technology and advocates for advancing "New Quality Productive Forces." Beijing leaders have decided to enhance the industrial supply chain and prioritize high-quality development.

China's objective is to fully implement the "Socialist Market Economy System" by 2035 as a fundamental goal in the country's transition into a modern socialist society by the middle of the century. The objective of this China modernization strategy is to create employment opportunities, enhance social security and healthcare systems, and improve the quality of life for citizens. Moreover, an effort is being made to reduce the urban-rural development gap to promote balanced growth. China is committed to establishing "transparent, stable, and predictable" policies to attract foreign investors back to its market.

The document also outlined strategies to strengthen national security in response to maritime tensions with regional allies like the United States. To safeguard China's maritime rights and interests, the nation is focused on cultivating a modern, high-caliber fighting force and expanding its military influence over the next five years.

The Communist Party stated it would gradually and consistently expand its policy of opening up to organizations and undertake deep reforms and measures

related to foreign investments. It has pledged to reform the management systems related to both domestic and foreign investments. They will make significant efforts to achieve adequate social stability and protect intellectual property rights. The statement following the plenary meeting emphasized maintaining President Xi Jinping's core position within the Central Committee and the whole Party and preserving the Central Committee's authority and centralized leadership.

Observers analyzing the strategic document discussed believe that the current administration, led by President Xi Jinping, is focused on consolidating existing governance and reforms rather than implementing new, transparent economic policies.

They argue that addressing long-standing real estate issues will be complex and there is no shortcut to overcome it and that declining investments could lead to a continued economic slowdown in the coming years. The economic decline could worsen significantly if the Beijing government does not change the economic reform policies significantly. ■