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## **Post-Plenum Analysis: China's Third Plenary Session**

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### **SYNOPSIS**

*The third plenary session of the Communist Party of China's 20th Central Committee concluded in Beijing on 18 July after four days. The blueprint for the reform agenda lies in two key themes – “further deepening reform comprehensively” and “advancing Chinese modernisation”. China has set the goal of completing all reform tasks by 2029. What are some key issues on this reform agenda?*

### **COMMENTARY**

The 20th Central Committee of the Communist Party of China (CCP) held its third plenary session in Beijing from 15 to 18 July. Since 1978, third plenary sessions, typically closed-door gatherings, have traditionally been used as an occasion for top party officials to set the direction for further deepening China's reform comprehensively, carrying significant importance for the country's economic and social development for years to come.

The core themes on this year's third plenum agenda were “further deepening reform” and “promoting modernisation with Chinese characteristics”. According to the communique, these tasks entail comprehensively deepening reform, improving the socialist system, building a market economy, promoting development, safeguarding security, strengthening party leadership, and combating corruption, amid external risks.



The 20th Central Committee of the Communist Party of China outlined the broad direction for economic development and policy reform in its recently concluded third plenary session, setting the tone for upcoming key documents, including the Politburo meeting on economic work and the 15th five-year plan (2026-2030).

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The CCP refers to the successful experience of its “Opening up and Reform” to convince the people that reforms are a panacea. However, following the lifting of its draconian zero-COVID policy, China’s economic growth failed to rebound as rapidly as expected. The property crisis, high youth unemployment, recession, and weak consumer spending have become major challenges for Chinese authorities. Hence, many were expecting the introduction of a new stimulus plan, favouring a more [market-oriented approach](#) to [boost consumer spending, drive economic growth](#), and improve the efficiency, transparency, and effectiveness of government spending and revenue management. There were also expectations that incentives might be introduced to attract foreign investment and expertise to drive development while promoting the growth of China’s domestic companies.

Ahead of the third plenum, Chinese economists like Zhou Qiren and academics like [Zheng Xinli](#), former deputy director of the Central Policy Research Office of the CCP, expressed optimism about the CCP's commitment to market-oriented reforms. Chinese academics have proposed increasing residents' incomes, improving social welfare, and relaxing restrictions on consumption. However, the extent of reforms remains uncertain owing to President Xi Jinping's security concerns and desire for greater economic control. Many observers were expecting concrete proposals, viewing "deepening reform" as too vague.

### **Politics: Socialism with Chinese Characteristics**

In the political arena, the CCP aims to continue improving and developing a socialist system with Chinese characteristics. The party intends to deepen and strengthen its rule, maintaining its dominant position in China. Throughout the third plenum, it was clear that Xi wishes to cement his cult of personality within the CCP and China and ensure that his “historical achievements” will leave a legacy. As Ang Yuen Yuen, a political economist at Johns Hopkins University, noted in a post on X, this intent would

entail the abandonment of “the corrupt, unequal ‘Gilded Age’ growth model, and usher in a ‘Red Progressive Era’ with high-tech characteristics and absolute control.”

The communique issued at the end of the third plenum confirmed the expulsions of former defence minister Li Shangfu and the former commander of the People’s Liberation Army (PLA) Rocket Force, Li Yuchao. It also announced that it had accepted Qin Gang’s resignation and removal from his position as a member of the Central Committee following disciplinary investigations into Central Committee members. To fill the three newly vacated Central Committee seats, the third plenum saw the promotion of Ding Xiangqun, Yu Lijun, and Yu Jihong to full membership.

### **Economics: Chinese-style Modernisation**

As the last third plenary session in 2018 departed from tradition to focus on deepening reforms to the party and state institutions, this year’s third plenum was the first in the last decade to re-focus on economic issues. Since the 1990s, with the recentralisation of fiscal power, [local government debt](#) sustainability issues have emerged as a key issue. (Local government debt stood at 40.74 trillion RMB in 2023.) Further deepening reform will be critical to rebalance powers and financial resources between the central and local levels. Once considered the factory of the world, oriented towards the lower value-added manufacturing sectors of the supply chain, China is now strengthening knowledge-intensive, higher value-added industries and supply chains in the global market.

To achieve Chinese-style modernisation, the third plenum emphasised the need for China to conduct “new industrialisation” and develop the “digital economy” and “new energy”. From the perspective of China’s basic economic system, this entails “deepening the SOE [state-owned enterprise] reform”, “developing private economy”, and “attracting foreign capital”. Market-oriented reform requires constructing a “national unified large market”, “rural land reforms”, and “reform of the finance and tax system”. High-quality development involves “technological system reform”, “a new model for property development” and “functional industrial policies” (*gongnengxing chanyezhengce*). High-level opening aims to “expand institutional opening” (*zhiduxing kaifang*), “promote the BRI [Belt and Road Initiative]” and “the internationalisation of the RMB.”

### **Society: Unleashing New Quality Productive Forces**

Given Xi’s emphasis on “common prosperity”, [social reforms](#) can be expected to focus on consumption-driven growth. Addressing employment, education, healthcare, housing and childcare needs will continue to be important to ensure that Chinese people feel a sense of having gained (*huo de gan*) from their country’s development. However, given the current context of Sino-American competition, the CCP aims to leverage technology in the CCP’s goal to “basically modernise the country’s governance system and capacity and realise socialist modernisation” by 2035.

Beijing views the success of China’s EV and green technology sectors as crucial in its green transition and in gaining ground in strategically vital sectors. This goal is closely linked to technological development and involves the concept of “new quality

productive forces”, a term coined by Xi and highlighted in Premier Li Qiang’s annual work report at the National People’s Congress in March 2024.

Many Chinese [scholars](#) view this concept positively, seeing it as both an important strategic opportunity and a necessity for advancing Chinese-style modernisation. [They emphasise the importance](#) of aligning economic structures with technological advancements to drive growth. [Lin Yifu](#) argues that by combining a huge market and abundant elites with a new quality productive force, China’s economy will boom. Besides, some scholars, like [Yu Fengxia](#), senior economist at the State Information Centre of China, and [Dong Yu](#), executive vice president of the China Institute for Development Planning at Tsinghua University, emphasise the need to develop new relations of production that adapt to these new productive forces.

[Xi has spoken](#) of the challenges in core technologies, with key fields being controlled by external forces, and of significant disparities in urban-rural development and income distribution hindering high-quality economic and social growth. Xi has also criticised leading cadres for relying on outdated approaches to promote development by merely repackaging existing ideas as innovative solutions.

## Conclusion

China's third plenum has outlined the broad direction for economic development and policy reform, setting the tone for upcoming key documents, including those to be unveiled at the Politburo meeting on economic work and the 15th five-year plan (2026–2030). As Beijing pursues economic reforms, the ultimate test will be in addressing broader international concerns about China's growing economic power and its potential impact on global trade, security, and geopolitical dynamics.

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