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## CCP's Third Plenum: China has no blueprint to escape economic slowdown and is trapped in Xi Jinping's vision

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*Xi's handprint is all over the Third Plenum's decisions. The economic slowdown? No change in course. National security concerns? Double down on control. Technology? A race to dominance. Is this a blueprint for a stronger China, or a nation trapped in Xi's vision?*



*The CPC Third Plenum was somewhat overshadowed by US political developments.  
(Image Credit: TableMedia)*

The Third Plenum of the Communist Party of China (CPC) is an event of immense political significance. During this key meeting, the country's general policy direction is mapped out, and economic outcomes are scrutinised. Convened twice a decade by the Central Committee, the Third Plenum is the largest body of the CPC, elected during the party congress, which is held every five years.

Incidentally, the Central Committee holds seven plenums during the party congress's tenure. The first, second, and seventh plenums focus on the power transition between Central Committees, including the Politburo and the Politburo Standing Committee, the seven-member apex body. The fourth and sixth plenums typically centre on party ideology, while the fifth is associated with the nation's five-year plans.

It was at the Third Plenum of the 11th party congress, held in December 1978, that Deng Xiaoping initiated a series of ideological and policy changes, ushering in an era of “reforms and opening up” (Gai-ge-Kaifang) that fuelled China's rise. At the Third Plenum of the 14th party congress, convened in September 1992, the goal of creating a “socialist market economy” was established. During the Third Plenum of the 18th party congress, held in November 2013, the CPC vowed to let market forces play a “decisive” role in allocating resources within the economy. The Third Plenum of the 19th party congress, held in February 2018, urged the CPC to “unite closely” around the Central Committee with Xi Jinping as the “Core” and proposed the removal of the two-term cap on the presidency.

The Third Plenum of the 20th party congress was convened from 15 to 18 July 2024, at a time when China's economy registered a slow GDP growth rate of 4.7 per cent. Presided over by President Xi Jinping to set China's policy direction for the next five years, the focus was on reinforcing long-term strategies. The key task of the recently concluded convention was to review the draft document of the CPC Central Committee titled ‘Further Comprehensively Deepening of Reforms to Advance Chinese Modernisation’. This document outlines the party's most authoritative plans for governing the economy in the coming years. The resolution was adopted at the plenary session and made public three days later, on 21 July.

**The salient highlights of the document include:**

The plenum emphasised the “new development philosophy” centered on high-quality economic growth driven by education, innovation, and science and technology. It aims to reduce investment in unsustainable infrastructure projects and achieve technological self-sufficiency amid intense global competition.

The party placed emphasis on economic reforms, focusing on building a high-level socialist market economy while maintaining state control. The need to create a fair and dynamic environment was stressed to ensure equal access for all entities, with the market playing a decisive role in resource allocation.

Achieving technological independence was another core area. The specific critical domains include semiconductors, aerospace, new-generation technology, artificial intelligence (AI), biomedicine, and quantum technology. The plenum also discussed improving policies and governance systems to promote the development of these strategic industries.

The plenum underlined the importance of green energy as a crucial driver for sustainable growth. Progress on electric vehicle (EV) manufacturing and renewable energy technologies was discussed. The government's plans to introduce carbon accounting and standards will have direct implications for trade, particularly exports to key markets like the European Union (EU).

The plenum document calls for deepening fiscal and taxation reforms to improve the budget system. It stipulates that to address the financial difficulties of local governments, it is necessary to increase local tax sources and appropriately expand local tax management authority. However, this move could increase the burden on citizens, potentially impacting the economy.

National security received significant attention during the plenum. The communique includes an entire section titled 'Modernising China National Security and Capacity', which describes "national security" as a "pivotal foundation" for China's modernisation. The party is clearly committed to ensuring that high-quality development and greater security, which reinforce each other, are achieved. It is important to note that national security encompasses not only the security of the nation but also the security of the Communist regime—the CPC itself. This implies the CPC's continued control over the military and the acceleration of defence reforms to bolster both conventional and strategic capabilities of the armed forces. This aligns with Xi Jinping's strategy of ensuring stability and security, the foundations for progress and prosperity.

The plenum, above all, reaffirmed the CPC's commitment to its long-term vision under Xi Jinping: a state-controlled economy aimed at realising the objective of "shared prosperity" and maintaining stability. The conclave reiterated Xi's core views on state power, the economy, and markets, views that were established when he assumed leadership a decade ago. These are now beyond any debate or deliberation. It is the Party-State combine that will steer the critical elements of talent, innovation, technology, and capital to achieve national security.

The communiqué's declaration that "overall, we have accomplished the reforms tasks set out in 2013" rings hollow in view of the current state of China's economy, which faces a downturn and various structural problems. It is evident that the CPC is not going to change course but will instead intensify efforts to steer the economy on a sustainable long-term path. The party has pledged to achieve "high-quality development" through "new productive forces" by 2029.

The CPC Third Plenum was somewhat overshadowed by US political developments. Former President Trump survived an assassination attempt, and President Biden withdrew from the race, endorsing Vice-President Kamala Harris instead. Despite this, Beijing has sent distinctive signals, such as doubling down on industrial policy, developing high-tech advanced manufacturing, and placing heavy emphasis on the national security architecture. These developments will undoubtedly compel national capitals and boardrooms across the globe to undertake risk assessments, factoring in China's policy decisions.

Within China, there is serious apprehension amongst entrepreneurs and the general public, given the current economic slump. The CPC now faces an uphill battle to regain domestic and international confidence, with the stakes being extremely high for the Communist regime.

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