

## Economic QuickView



### **The 3<sup>rd</sup> Plenum of the 20<sup>th</sup> CPC Central Committee: Further deepening reform comprehensively to advance Chinese-style modernisation**

- The CPC Central Committee adopted a resolution on further deepening reform comprehensively to advance Chinese modernisation at its 3<sup>rd</sup> plenum in 2024.
- The communique highlighted guiding principles with a reform agenda to continue improving and developing the socialist system with Chinese characteristics and to modernise China's system and capacity for governance.
- The press conference on the 3<sup>rd</sup> plenary session revealed that more than 300 proposed reform measures were raised in the resolution.

**The 3<sup>rd</sup> Plenary Session ("3<sup>rd</sup> Plenum") of the 20<sup>th</sup> Central Committee of the Communist Party of China (CPC) mapped out a long-term vision for Chinese-style modernisation through further deepening reform comprehensively.** The CPC Central Committee approved the Resolution on Further Deepening Reform Comprehensively to Advance Chinese Modernisation (Resolution) at its 3<sup>rd</sup> Plenum held during 15<sup>th</sup>-18<sup>th</sup> July 2024. After the session, a communique was issued, highlighting that the overall objectives of further deepening reform comprehensively are to continue improving and developing the socialist system with Chinese characteristics and to modernise China's system and capacity for governance. Particularly, it stressed a long-term goal for 2035: that China will build a high-level socialist market economy, laying a solid foundation for building a modern socialist power by the mid-century. Besides, there is an interim target to complete the reforms, as laid out in the Resolution, by 2029, the 80<sup>th</sup> anniversary of the People's Republic of China.

**The 3<sup>rd</sup> Plenum underscored economic structural reform as the spearhead.** The concept of "Deepening reform comprehensively" was first introduced in the theme of the 3<sup>rd</sup> Plenum in 2013, which focused on market resource allocation. The 3<sup>rd</sup> Plenum in 2018 emphasised institutional reforms to enhance the Party's leadership and optimise the government's functions. This year, the

3<sup>rd</sup> Plenum seeks to strengthen the nation's economic foundation with new quality productive forces, thereby providing strong impetus and institutional support for Chinese modernisation. In this connection, economic development is likely to be a major policy priority in the coming 5 years.

Moreover, the communique of this year's 3<sup>rd</sup> Plenum outlined a reform agenda to promote Chinese-style modernisation across several key areas, as highlighted below:

1. **Establishing a high-standard socialist market economy.** Reforms should improve the market mechanism, create a fair and more dynamic market environment and prevent market disorder and dysfunction. It reiterated the principles to develop the state-owned economy and to support the non-state-owned economy, to ensure that all types of ownership economies participate in market competition equally and receive equal legal protection. Reform measures will also be taken to build a unified national market.
2. **Promoting high-quality development is a primary task in building China into a modern socialist country.** A focus is put on deepening supply-side structural reform and promoting new quality productive forces, promoting full integration between the real economy and the digital economy, developing the service sector, modernising infrastructure, and enhancing the resilience and security of industrial and supply chains.
3. **Promoting education, science and technology, and human capital as a strategic focus.** More measures and resources are expected to promote research and development expenditures, develop a quality workforce, and improve the system and institutions related to education, science and technology, with the aim of supporting innovation-driven development.
4. **Enhancing the effectiveness of the Government with sound macro-policy management.** Coordinated reforms are likely to be implemented in various policy areas, such as fiscal, tax, financial and other major sectors, with the aim of enhancing the consistency of macro-policy orientation.
5. **Supporting greater urban-rural integrated development.** Efforts are likely to be made to promote new industrialisation, new urbanisation and rural revitalisation. These include the pursuit of equal exchanges and two-way flows of production factors between urban and rural areas, thereby narrowing their disparities. A reform of the land system is also mentioned.
6. **Continuing to open up to the global economy.** The commitment to reform through opening up remains intact, as China can leverage its enormous domestic market to expand cooperation with other countries. This would entail reforms to promote foreign trade, facilitate inward and outward investment, improve planning for regional opening-up and promote high-quality cooperation through the Belt and Road Initiative.
7. **Reforms in areas like political, social, environmental and national security are also mentioned.** Specifically, these include people's democracy, the rule of law, cultural-

ethical advancement, public services, the social security system, environmental and ecological conservation and national security.

**The communique reiterated the importance of achieving this year's socio-economic development goals.** While the 3<sup>rd</sup> Plenum primarily focuses on the medium and long-term direction, the communique reiterated that this year's economic and social development goals have to be accomplished. It also reiterated three key tasks in risk prevention, i.e. real estate, local government debt and small and mid-sized financial institutions. This guidance indicated that the top leadership remains committed to achieving the 2024 growth target of around 5.0% and maintaining stable development of the property market.

**The press conference covering the 3<sup>rd</sup> Plenary session offered some details on the Resolution.** On 19 July 2024, a press conference on the guiding principles of the 3<sup>rd</sup> Plenum was held. The Deputy Head of the CPC Central Committee Policy Research Office, Mr Tang Fangyu, revealed that the resolution consists of 15 parts, with more than 300 reform measures. While some of the measures come from improving or enhancing past reforms and others, there will also be new measures to meet the realistic needs of the nation. Going forward, the upcoming Politburo meeting in late July will likely lay out policy guidance as well as more details of the follow-up measures for implementing the resolution ahead.

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