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## READ THE CCP'S POLICY PRIORITIES

### A glimpse into the black box of China's policymaking process

ALEXANDER DAVEY

#### KEY FINDINGS

- Since the Third Plenum of the 20th Central Committee of the Chinese Communist Party (CCP), the policymaking processes for urban renewal and the private economy promotion law have both been a focus of top-level party and state meetings.
- The government links urban renewal to economic expansion and social wellbeing; its large-scale intervention is a means to both stabilize the property market and enhance quality of life, while implicitly bolstering its own legitimacy.
- The private economy promotion law aims to steer private capital into strategic future-oriented industries to reduce pressure on public finances.
- These policy processes illustrate the party state's balancing act between short-term economic needs, strategic long-term goals and meeting the needs of its people.



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### A glimpse into the black box of China's policymaking process

In recent years, China's policymaking has become more opaque for outside observers. Tensions between China and the west have not only disrupted trade but also restricted the free flow of information, making it harder to trace Beijing's domestic policy priorities. However, by carefully analyzing the structured rhythm of the CCP's policymaking process, key signals still emerge, and these patterns reveal intent. This is essential to understanding China's external behavior and formulating well-informed policy decisions in response.

Every year, China's National People's Congress (NPC) draws thousands of legislators from across the country to Beijing, where they deliberate and vote on legislation. This year, Premier Li Qiang delivered the Government Work Report – looking back at 2024 and setting the policy direction and major tasks for 2025. The meeting provides a rare glimpse into a process often described as a “black box” – how China's top leadership signals its policy priorities to the bureaucrats who must carry them out.

Tracking key themes from the Third Plenary Session of the Chinese Communist Party's (CCP) Central Committee in July 2024 to the NPC in March 2025 sheds light on how Beijing's broad ambitions turn into concrete action – or where priorities fade. The plenum sets long-term strategic direction, while the NPC reveals nearer-term priorities. This eight-month window offers critical insight into policymaking processes, resource allocation, and the political trajectory shaping China's next decade.

#### **What is the National People's Congress?**

The National People's Congress (NPC) is China's national legislature and highest organ of state power of the People's Republic of China. Its 2,893 deputies (2025) meet once a year at the Plenary Session of the National People's Congress for about ten days. The NPC has the power to enact important legislation, amend the constitution, and fill roles such as the PRC presidency and premiership. In plenary sessions, deputies review reports from the NPC Standing Committee, the State Council, the Supreme People's Court and the Supreme People's Procuratorate.

The Third Plenum in July outlined major socio-economic and political reforms, setting the stage for upcoming policy developments. The party underscored the need for more effective policy implementation, stressing stricter oversight and enforcement through strengthened party leadership over reform to ensure prescribed policies are carried out as intended. Two major outcomes of the 2024 Third Plenum were: the call to implement the Private Economy Promotion Law as part of an effort to build a high-standard socialist market economy, and the promotion of sustainable urban renewal as part of China's broader urbanization strategy.

### **What is the Third Plenum?**

Traditionally, Third Plenums are pivotal moments for major socio-economic and political reforms. Their significance dates to the Third Plenum of the 11th Central Committee in 1978, which, following Mao's death, marked a decisive shift from ideological struggle to economic development. Ever since, each newly constituted Central Committee has traditionally used the third plenary session every five years or so to outline changes and adjustments to the socio-economic policy program. The most recent session builds on the strategic agenda first introduced by General Secretary Xi Jinping in the 2013 Third Plenum, in particular, promoting the private economy under strong state guidance.

The former aims to foster fair competition, the participation of private enterprises in major national projects and their contribution to technological breakthroughs. This should take place under stronger state guidance, with deeper collaboration between private firms and state-owned enterprises (SOEs), signaling that the private sector will play a role but the party will set the parameters. The law aims to protect the rights of non-public enterprises, ensure equal access to resources, and create a stable legal framework where all forms of ownership can compete fairly.

The urban renewal reforms focus on modernizing aging infrastructure and improving land use. They aim to narrow disparities between urban and rural areas, such as allowing rural residents to monetize land rights and giving them access to urban public services to boost domestic consumption and productivity. A key aspect of this effort is renovating urban villages and strengthening underground infrastructure, essential for enhancing urban resilience and efficiency.

## FROM CCP DECISIONS TO NATIONWIDE IMPLEMENTATION: A RITUALIZED MEETING RHYTHM SHAPES CHINA'S POLICIES

A snapshot of the policy content from the most influential party and state meetings between July and March shows how decisions have shaped governance, economic policy, and political control. It may also offer insights into the party's policymaking process between now and the 80th anniversary of the People's Republic of China (PRC) in 2029 – the date when the CCP wants to have completed reforms, according to the Third Plenum outcome document.

Policy priorities in China are not explicitly declared – they must be inferred from how party and state bodies align their messaging and actions. When a topic is repeatedly emphasized across key meetings, official documents, and leader statements within a specific timeframe, it is a strong signal of elevated importance. Monitoring Xi Jinping and Li Qiang's speeches, inspection tours, People's Daily articles, and high-level policy directives cuts through official rhetoric and reveals the real agenda behind the propaganda.

Since the Third Plenum, the policymaking process for urban renewal and the private economy promotion law have both been a focus of top-level party and state meetings. Both are aimed at revitalizing the Chinese economy from its current sluggish state.

## REVAMPING CITIES, REVIVING DEMAND: THE DUAL GOALS OF URBAN RENEWAL

The real estate sector, a longstanding pillar of China's economy, has faced prolonged challenges, marked by declining property sales, financial distress among developers, and reduced investor confidence. In January, China's officials intervened to take operational control of China's real estate giant Vanke to deal with a USD 6.8 billion funding gap. Many other developers currently face liquidation petitions, with some at risk of being wound up amid ongoing financial distress.

However, remarks from China's housing minister late last year offer an alternative narrative that the sector may have "bottomed out," paving the way for renewed investment in urban development. The government sees urban renewal as a strategy to mitigate risks in the struggling property sector – a way to absorb excess capacity in the real estate market and support property developers. This policy shifts developers toward government-backed redevelopment projects, in particular, projects to transform urban villages – informal, dilapidating residential areas that have been absorbed by expanding cities.

Urban renewal is part of China's long-term urbanization strategy. Increasingly prominent in high-level policy discussions, it is seen as an opportunity to attract private sector investment, boost domestic demand, and improve the living conditions of one of China's most economically precarious groups – rural-to-urban migrants without urban housing registration, known as *hukou*.

## Boosting real-estate and people's lives through urban renewal



### Timeline of urban renewal policy

DATE	INSTITUTION	ACTION	DETAILS
July 18, 2024	CCP Central Committee	Policy at Third Plenum	The plenum's resolution document calls to establish a sustainable urban renewal model.
July 31, 2024	State Council	5-year urbanization action plan	The State Council releases a 5-year action plan that prioritizes permanent urban residency for rural migrants and urban renewal initiatives.
September 29, 2024	Housing Ministry	Call for urban renewal actions	Housing Minister Ni Hong calls for urban renewal actions on housing quality, urban infrastructure and public service improvements.
October 17, 2024	Housing Ministry	Policy of "two increases"	Housing Minister announces the development of one million additional new affordable housing units through urban village renovation.
December 12, 2024	Central Economic Work Conference	Implement urban renewal	In its key tasks for 2025, the conference calls for vigorously implementing urban renewal.
December 24-25, 2024	Housing Ministry	National housing and urban development conference	The Housing Ministry announced vigorous urban renewal efforts for 2025.
December 25, 2024	State Council	Special bonds for urban renewal	Urban renewal is added to the positive list for local government special bonds.
January 3, 2025	State Council	Policy at executive meeting	The meeting emphasizes urban renewal as key to improving city quality and boosting domestic demand, linking it to broader economic growth.
January 20, 2025	State Council	National conference on advancing urban renewal	Vice Premier He Lifeng urges effective efforts to advance urban renewal tasks nationwide, demonstrating high-level government urgency.
December 25, 2024	State Council	Special bonds for urban renewal	Urban renewal is added to the positive list for local government special bonds.
January 3, 2025	State Council	Policy at executive meeting	The meeting emphasizes urban renewal as key to improving city quality and boosting domestic demand, linking it to broader economic growth.
January 20, 2025	State Council	National conference on advancing urban renewal	Vice Premier He Lifeng urges effective efforts to advance urban renewal tasks nationwide, demonstrating high-level government urgency.

Source: MERICS

After the Third Plenum Resolution on July 18 first outlined a “sustainable urban renewal model,” Beijing’s discourse around the topic steadily gained momentum, becoming a central topic of the NPC in March. The initial signals of a broad, long-term policy framework emerged from that resolution, emphasizing safer cities, comprehensive infrastructure upgrades, and a coordinated approach to improving urban environments.

Less than two weeks later, the State Council released the Five-Year Action Plan for Deepening the People-Centered New Urbanization Strategy, which not only prioritized affordable housing and the renovation of old residential communities but also explicitly proposed using local government bonds to fund urban renewal efforts. This was key for aligning fiscal mechanisms with housing and infrastructure goals.

In August, policymakers began directly linking urban renewal with broader goals to stimulate domestic demand. Vice Premier Liu Guozhong highlighted that while 66 percent of China’s population lived in cities, only about 48 percent had official urban household registration, leaving more than 250 million people in a legal gray zone. The State Council showcased achievements – over 64 million affordable housing units – underscoring urban renewal’s potential for inclusive growth under the “common prosperity” banner. By October, 1,632 urban village renovation projects were already underway<sup>1</sup> – evidence of the government’s reliance on infrastructure-driven development to shore up economic growth.

The sheer scale of implementation has become unmistakable. In 2024 alone, China launched 60,000 urban renewal projects, drawing a total investment of about USD 404 billion.<sup>2</sup> Amid a weak property market sector, urban renovation looked set to become the key source of new demand for homes. Even so, officials were keen to avert the mistakes of past housing booms, calling for more prudent financing and tougher scrutiny of projects. The Ministry of Housing and Urban-Rural Development reinforced the message to ensure feasibility and control risks at a September 29 meeting, while emphasizing green, intelligent housing and updated urban infrastructure.

This drumbeat continued through the Central Economic Work Conference in December, where leaders embedded “implementing urban renewal actions” into the country’s top economic priorities for 2025. The State Council also released a key opinion on December 25 that officially added urban renewal projects to the positive list for local government special bonds. This expanded the scope of permissible bond-financed projects, enabling local governments to better fund housing redevelopment, infrastructure upgrades, and community improvements – an apparent response by the Ministry of Finance to a call from the Ministry of Housing and Urban-Rural Development.

The National Housing and Urban-Rural Construction Work Conference held around the same time stressed that each prospective project must undergo thorough assessments, develop fair compensation packages for relocated residents, and maintain sustainable debt levels.

The alignment of high-level directives has continued in 2025. In January, Premier Li Qiang highlighted in a visit to Jinan the importance of coordinating water supply and drainage layouts in urban renewal, while a State Council Executive Meeting promoted revitalizing idle land and encouraging private capital flows into urban renewal. Xi Jinping’s late

January inspection tour in Liaoning placed a strong emphasis on locally tailored approaches, especially regarding services for seniors and children.

Taken together, these developments reveal how urban renewal – under the “多规合一” (combining multiple plans into one) policy framework – has become a linchpin for China’s dual goals of revitalizing the real estate sector to stimulate domestic demand and improving people’s quality of life. The government’s evolving toolkit, from local government bonds to specialized loans and real estate investment trusts, not only signals a hardened commitment to reshaping China’s urban landscapes but also a determined effort to balance growth with social stability and fiscal prudence.

The government is creating a new real estate model that shifts focus from rapid expansion to sustainable, high-quality housing development, with a stronger emphasis on affordable housing, financial stability, and regulatory oversight.<sup>3</sup> Urban renewal is a core facet of this new model.

Li Qiang has framed it as a dual-purpose policy – both an instrument to expand domestic demand and a means to improve people’s livelihoods.<sup>4</sup> This signals a policy recalibration: while past urban renewal efforts, such as the 2014 – 2018 shantytown redevelopment program,<sup>5</sup> were mainly focused on stimulating housing demand. The emphasis on financial sustainability and targeting larger cities suggests that policymakers have learned from past mistakes, where uncontrolled credit expansion and local government debt accumulation created long-term risks.

By linking urban renewal to both economic expansion and social wellbeing, the party justifies large-scale intervention as a means to both stabilize the property market and enhance quality of life, while implicitly bolstering its own legitimacy.

However, Beijing’s narrative contradicts calls from the private property sector. Evergrande’s liquidation and the defaults of other real-estate giants such as Vanke, Country Garden and Sunac China Holdings tell a different story. Low sales numbers make banks reluctant to give out loans, preventing builders from finishing construction and selling homes. Property sector participants want more support such as a stimulus package to boost confidence and consumption in the sector.

This links the Private Economy Promotion Law and urban renewal policy, as both aim to expand domestic demand and boost consumption. The new law aims to encourage private enterprises to take part in major urban development and infrastructure projects. By attracting private sector investment, the government seeks to ease its financial burden while stimulating economic growth.

## **PRIVATE ECONOMY PROMOTION LAW: BEIJING’S SELECTIVE EMBRACE OF PRIVATE BUSINESS**

The new law is the government’s response to a crisis of confidence in the private economy, a crucial driver of domestic demand. Party-state efforts to prioritize state-owned

enterprises, tightening control over the tech sector and mandating ideological alignment in private firms, have contributed to uncertainty in the private sector.

Many private entrepreneurs have faced mounting business difficulties, declining profitability and an uncertain policy environment, raising concerns about the future of business in China. This prompted the government to fast-track the new law, which aims to increase legal protection, enhance market access, ensure fair competition,<sup>6</sup> provide financial support and reduce bureaucratic hurdles for private enterprises. It seeks to reassure the private sector by offering a more predictable and transparent regulatory environment, addressing concerns about inconsistent policies and government intervention.

Yet the law also reveals how different doing business in China is from open market economies. Article V states that “private economic organizations and their operators shall uphold the leadership of the Communist Party of China.” While it makes provisions for bettering the legal and social environment for all forms of economic ownership, including private business, a key requirement is to ensure the private economy’s “correct political direction.” Based on Article V, it is clear that this direction must align with the party’s interests.

Since the Third Plenum made private economy promotion a top legislative priority in July, the Chinese government has repeatedly signaled its support for the private sector. In September, the Politburo emphasized that promoting the private economy would alleviate broader economic problems, thus framing the law not merely as a pro-business initiative but also as an essential policy tool for stimulating growth. This early messaging sent a clear signal that the party wanted swift action, positioning private-sector legislation as central to economic recovery.

The Ministry of Justice and the National Development and Reform Commission responded quickly, publishing a first draft of the law in October. Soon after, party leaders at the Central Economic Work Conference reiterated the draft law was a “landmark reform,” amplifying expectations for it to be enacted without delay. Meanwhile, at the Chairperson’s Council meeting of the NPC Standing Committee (NPC SC), it was decided that the law would enter the formal legislative agenda, demonstrating seamless coordination between party directives and legislative follow-through.

Momentum continued in December when the spokesperson for the NPC SC’s Legislative Affairs Commission said the CCP’s central committee placed great importance on the legislation, championing “equal treatment of private companies and entrepreneurs” and “equal protection under the law.” This was meant to reassure private entrepreneurs. But it also firmly underscored that the party leads all sectors, including the private economy.

Two days later, Minister of Justice He Rong advocated the legal protections to the NPC SC but also said private enterprises would be “regulated and guided,” reflecting a balance between encouraging market-driven innovation and ensuring loyalty to party-defined social responsibilities. By December 23, the Rule of Law Daily reported NPC SC members had expressed support for turning policy documents into hard legal guarantees. Some even called for deeper provisions on supervision and accountability, suggesting concern that local governments might not implement the law uniformly.



## The party calls and the state answers



### Timeline of the Private Economy Promotion Law

Date	Institution	Action	Details
July 18, 2024	CCP Central Committee	Policy at Third Plenum	The plenum's resolution document orders to enact the private economy promotion law.
September 26, 2024	Politburo	Politburo meeting	The Politburo calls for a private economy law to foster a favorable non-state sector environment.
October 10-November 8, 2024	Ministry of Justice and the NDRC	Draft law for solicitation of comments	The Private Economy Promotion Law draft is released for public comments.
December 11-12, 2024	Central Economic Work Conference	Meeting	In its key tasks for 2025, the conference calls to enact the Private Economy Promotion Law.
December 13, 2024	National People's Congress Standing Committee (NPCSC)	Meeting	The chairperson's council of the NPCSC suggests to review the State Councils proposal on the Private Economy Promotion Law draft.
December 19, 2024	Legislative Affairs Commission of the NPCSC	Press conference	The draft law is submitted for initial review.
December 21, 2024	NPCSC	NPCSC deliberation	The Private Economy Promotion Law is submitted for its first reading.
December 23-25, 2024	NPCSC	NPCSC deliberation	The law is deliberated upon, with sub-group discussions of the NPCSC.
December 25, 2024-January 23, 2025	NPCSC	NPCSC deliberation	The draft law is open for comments from the public for 30 days.
February 17, 2025	Politburo Standing Committee	Symposium on private enterprises	Xi Jinping met with a select group of CEOs from China's biggest tech businesses to show his support for the private economy.
February 24, 2025	NPCSC	NPCSC deliberation	The draft law was submitted to the NPCSC for second review.

Source: MERICS

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As deliberations progressed, commentators focused on clauses designed to address private-sector concerns about arbitrary enforcement. One proposal included a “market-based risk-sharing mechanism for private economic organizations’ financing,” to improve credit access for private companies.

From December 25 to January 23, the draft reopened for public comment, giving businesses and the public a chance to weigh in. The rapid pace of review signaled the authorities’ intent to move swiftly so the law could be passed as soon as possible. Observers noted how phrases like “boost confidence,” “equal legal status,” and “stable environment” revealed a strong desire to convince entrepreneurs that the party-state was actively fostering a friendlier climate for private investment.

Then, on February 17, Xi Jinping, and key Politburo Standing Committee members Li Qiang, Wang Huning, and Ding Xuexiang, held a symposium with top entrepreneurs from strategic industries such as intelligent manufacturing, robotics and semiconductors – just one week before the law’s likely passage. Tech entrepreneur Jack Ma’s attendance, after years of strained relations with the party, signaled that Beijing was renewing its cordial ties with the sector and beyond. Xi’s remark – “get rich first to promote common prosperity” – further suggested that private businesses will remain integral to China’s domestic economic agenda, albeit under the party’s defined strategic direction.

Immediately afterward, the National Development and Reform Commission pledged to remove market access barriers, which, combined with the symposium’s show of unity, bolstered the image of a government determined to reassure the private sector. By weaving together legal codification, high-profile endorsements, and promises of fair treatment, China’s leadership has projected confidence that the legislation will safeguard private business interests under the party’s guiding hand.

Hinting at the issue of profit-driven law enforcement, often referred to as “distant-water fishing,” the *Beijing Youth Daily* highlighted provisions in the draft law mandating that “coercive measures restricting personal freedom must follow legal procedures.” The provision is meant to prohibit authorities from imposing excessive fines and confiscating assets to boost local revenue. Despite years of Beijing’s promises to stop the practice, it persists. Entrepreneurs will have to wait and see if this keeps cadres’ hands off their businesses at a time when local governments have been known to acquire capital in unorthodox ways.<sup>7</sup>

Zooming out, it’s worth considering why this law is being introduced now. Are entrepreneurs only valued when the economy faces challenges or when private capital is needed for select projects? Their obvious instrumentalization may not help long-term morale, especially if protections from government overreach are not well enforced.

There appears to be space for private companies in specific future-oriented industries where the government lacks capability to make major technological breakthroughs, such as quantum technology and life sciences, or in other growth drivers like robotics, AI models and drones. In the past, private businesses played a significant role in job-intensive mass manufacturing and other traditional drivers of China’s economic growth. How they will adapt to the new growth model is uncertain.

If this legislation can create a more predictable, stable, fair and transparent business environment, China’s entrepreneurs may flourish in sectors of the party-state’s choosing. Beyond fostering growth, this shift also serves a fiscal purpose. By steering private capital into strategic industries, the state reduces pressure on public finances, which are increasingly strained. Private money, long an underutilized resource in China’s economic model, is now essential as the government grapples with mounting debt and limited fiscal space. But the role of the private sector after 2035 is uncertain. Once China reaches its goal of “socialist modernization,” the party state may no longer see private enterprise as a necessary pillar of its “higher stage of socialism.”<sup>8</sup>

## **CONCLUSION: RESTORING CONFIDENCE AND DRIVING SUSTAINABLE GROWTH**

Examining how the policy of urban renewal and the Private Economy Promotion Law have evolved in a period of months can offer insights for identifying future CCP policy priorities. The coordinated back-and-forth movement of policies between party institutions and the state signals an active dialogue, where rapid iterations after key meetings like the Third Plenum indicate prioritization – seen in urban renewal and the private economy promotion law. In the process, the CCP first provides the skeleton that gives shape and structure to policy. The state's role is to put flesh on the bones. Officials must determine how to transform broad policy concepts into concrete policy actions.

Policies are still shaped to some extent by the government in the policymaking process. This is not just a performative show to illustrate a separation between the party and the state, although the government is extremely limited in choosing policy topics and policy direction. The party dictates the policies, and the government must make do with the hand with which it is dealt.

The processes for both the urban renewal policy and private economy promotion law show how Beijing has to perform a balancing act between short-term economic needs, strategic long-term goals and meeting the needs of the people of China. The short-term needs are relevant both to the economic health of the state but also to people's livelihoods in terms of employment and cost of living. Strategic long-term goals are relevant to external issues such as US-China competition and China's geoeconomic and technological strength but also to the long-term survival of the CCP, in its decision to transition China to a new development model. Meeting the needs of the Chinese people not only improves their quality of life, but it also helps mitigate social unrest and affords legitimacy for the CCP.

## ENDNOTES

- <sup>1</sup> People's Daily, "How to View Real Estate Market Trends (Current China Economic Q&A)."
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- <sup>4</sup> Xinhua, "State Council Executive Meeting," Xinhua, "Chinese Premier Urges Construction of Good Housing to Better Meet People's Needs."
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- <sup>7</sup> Feng, "China's Local Governments Hold Back Wages in Desperate Scrape for Cash"; "Time to 'Smash Iron Pots, Sell the Steel' for Local Governments in China."
- <sup>8</sup> Xi, "Understanding the New Development Stage, Applying the New Development Philosophy, and Creating a New Development Dynamic."



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## **IMPRINT**

### **CONTACT**

Alexander Davey  
Analyst, MERICS

### **EDITORIAL TEAM**

Claudia Wessling  
Director Communications  
and Publications, MERICS  
[claudia.wessling@merics.de](mailto:claudia.wessling@merics.de)

Ellen Thalman  
Freelance Editor

### **GRAPHICS AND LAYOUT**

Alexandra Hinrichs  
Graphic Designer, MERICS

### **PUBLISHER**

**MERICS | Mercator Institute for China Studies**

Alte Jakobstraße 85–86  
10179 Berlin  
Tel.: +49 30 3440 999 0  
Mail: [info@merics.de](mailto:info@merics.de)  
[www.merics.org](http://www.merics.org)