The Significance of the Third Plenum of the Communist Party of China for Central Asian Countries

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Vectors of Chinese Economic Policy and Central Asia

Traditionally dedicated to economic issues, the Third Plenum of the Central Committee of the Communist Party of China continues to attract heightened global attention, including in Central Asian countries. This Plenum bears symbolic significance, reminiscent of the pivotal December 1978 Third Plenum of the 11th Central Committee of the CPC, which marked a turning point in Chinese history, heralding the onset of reforms. The adoption of the "Decision of the CPC Central Committee on Further Deepening Reform for Advancing Chinese Modernization"[1] carries a conceptual weight and will serve as the foundation for subsequent transformations in China.

Some experts have characterized the Plenum's "Decision" as a renewed, more advanced version of China's reform strategy. The economic development goals have been updated modestly. China recognizes that restructuring the economy is necessary for further improvement, ensuring the well-being of its population, and sustaining economic growth.

The Decision of this Plenum comes at a time when the existing Chinese economic model is facing serious problems, such as economic slowdown, contraction of industries supporting stable economic growth, weak domestic consumption, growth in hidden debts of local authorities, population aging, and more, including a potential financial crisis due to defaults in the housing market. These changes pose serious challenges for the sustainability of China's economic growth, with its real GDP growth rate halving between 2010 and 2023.[2]

The Third Plenum outcomes demonstrated that China will continue economic reforms, with the transformation and modernization of the national economic system forming the core, emphasizing the continuation of a market economy and transitioning to an innovative development path, with a primary focus on achieving maximum efficiency and effectiveness in resource allocation. The Chinese government has not dared to fully liberalize the market, opting for a judicious state liberalization strategy, and retains the role of necessary control and protection of market order.

As General Secretary Xi Jinping noted, advancing reforms in a country as populous as China, with more than 1.3 billion people, is no easy task. Experts suggest that Beijing needs to develop new opportunities to ensure sustainable growth.[3] The recent Plenum sent a signal to the world, including China's partner countries, that — despite minor economic challenges stemming from ongoing geopolitical and geo-economic competition worldwide, China will persist in its established economic path and adhere to a policy of an increasingly open market economy. At the same time, there is concern among experts that continued party control may undermine the policy goals announced in the plenum communiqué.[4] Concurrently, as Alibaba founder Jack Ma said, "China is like a huge ship. In order to drastically shift its course, even if there is such a need, it takes considerable time and effort."[5]

In light of the evolving global geo-economic landscape and the strategic directions outlined in the recent "Decision," while it is anticipated that Beijing will not make any fundamental changes in its relations with Central Asia, certain adjustments are expected to be introduced. It is assumed that the previously planned course of development of relations reflected in the Belt and Road initiative (BRI) will be continued, the document outlining plans for refining mechanisms to enhance the high-quality collaborative implementation of the BRI. China stands as a significant trade, economic, and investment partner today, spearheading crucial infrastructure projects in Central Asian nations. Consequently, the directives set forth in the Third Plenum "Decision" will directly influence the development trajectory of Central Asian countries.

What to Expect in China's Central Asia Policy: Contours of Cooperation.

Considering that Central Asia is critical to BRI's success, the project will be a determining factor in China's policy in the region. Additionally, because the BRI was first unveiled 10 years ago in Kazakhstan, there is a symbolic meaning for China to show the project's achievements in Central Asia.[6]

However, it appears that the phase predominantly focused on promoting the image of the BRI is drawing to a close. Furthermore, China's economic growth has become unstable due to ongoing internal economic issues and capital outflows. Moving forward, the Chinese side will shift its attention towards financially sustainable projects under the Initiative, particularly emphasizing infrastructure, transportation, and energy endeavors. Of particular emphasis will be the construction of a short railway link connecting mainland China to Central Asia, alongside aiding Central Asian nations in transitioning to "green energy."

The salutary impact of the BRI is indicated by a noticeable strengthening of regular political ties between the involved parties. In 2023, China and the Central Asian countries established the "China + Central Asia" cooperation format, with a fully operational Secretariat inaugurated in Xi'an in 2024, facilitating ongoing interaction between the parties. Additionally, through platforms like the Shanghai Cooperation Organization (SCO) and during traditional bilateral visits of Central Asian leaders to China or vice versa, the parties convene annually, enabling real-time coordination and alignment of priorities.

Regular political connections between the parties also persist at various levels. Following the Third Plenum, several visits have already taken place by both state and business delegations from China to Central Asian countries.[7] During these exchanges, the parties deliberated on the prospects of mutual cooperation, taking into account the economic transformation processes within China itself post Third Plenum. These occurrences convincingly illustrate the high intensity of close contacts between China and the Central Asian states. The escalation of political relations in various global regions, coupled with the emergence of multifaceted and challenging hotspots of instability on the global stage, necessitates a closer interaction between these nations. Therefore, an enhancement of collaboration between China and the Central Asian countries can be expected in the following areas:

Firstly, **the intensification of mutual economic cooperation**. An analysis of the trade turnover between China and the Central Asian countries reveals a high growth dynamic. For instance, while trade in 2022 amounted to $70 billion, by the end of 2024 it had increased to over $94,8 billion.[8] Considering this trend, it can be inferred that mutual trade will significantly increase this year. Economic indicators that the foundation for long-term growth in trade is solid may be seen in the signing of multi-billion-dollar agreements during the visits of the President of the Republic of Uzbekistan to China in January 2024, where agreements were reached on the implementation of around 500 projects totaling $56.7 billion.[9] Similarly, following the visit of the President of Kazakhstan, K. Tokayev, to China in October 2023, 30 documents were signed amounting to $16.54 billion,[10] and in July 2024, Tajikistan signed 29 agreements totaling $600 million.[11]

Secondly, **emphasis on implementing infrastructure projects**. Increased Central Asia trade with China demonstrates it is a pivotal region to measure the global success of the Belt and Road Initiative. Thus, the outcomes of the Third Plenum will be instrumental in further shaping China's policy towards Central Asia. This also suggests that alongside a predicted increase in business activity caused by the recent conclusion of 25-years of negotiations on December 27, 2024, — when China, Kyrgyzstan, and Uzbekistan officially started to construct the “CKU” railway — there may be a dynamic increase in the implementation of infrastructure projects in the transportation sector. For example, key transport and logistics projects like the Kazakhstan terminal in Xi’an, the China-Western Europe transportation corridor, and the China-Europe freight railway link are operating seamlessly. Furthermore, during Xi Jinping’s visit to Kazakhstan, the leaders of both countries initiated cargo movements along the Trans-Caspian International Transport Route (TITR).

Additionally, there is a rapid process underway to prepare for the construction of the China-Kyrgyzstan-Uzbekistan Railway (CKUR). In September of 2024, the official inauguration of a trilateral company coordinating the implementation of this project took place in Bishkek.[12] On December 27, 2024, as mentioned, construction of the railway officially got underway. In contemporary circumstances, the realization of the CKUR will become a flagship project within the Belt and Road Initiative. Consequently, the region will become a key factor in facilitating China’s access to other continental areas, particularly at a time when the blockage of the northern route due to Ukrainian crises has frozen the main transportation artery leading to Europe. Moreover, issues in maritime routes have escalated in recent years, further propelling Beijing to expedite the implementation of transportation projects in the region.

Thirdly, **“green” energy will emerge as a key area of cooperation between China and Central Asia**. In recent years, the parties have continued to expand their collaboration in the realm of environmentally friendly energy, with an increasing number of Chinese enterprises investing in the field of “green” energy in Central Asia, including wind and solar energy projects. This region has become a key market for Chinese companies producing and deploying technologies for generating “green” energy. As of the end of the first quarter of 2024, the installed capacity of wind farms by the Chinese company “Xinjiang Goldwind Sci & Tech Co., Ltd.” in Central Asian countries exceeded 319,000 kW.[13]

This process is facilitated by the Central Asian countries’ aspirations towards achieving a “green” transformation and transitioning to a low-carbon economy. The region not only possesses abundant reserves of traditional energy sources but also significant potential for developing renewable energy sources. The strategies and laws of Central Asian countries harmonize effectively with China’s proposed concept of the “Green Silk Road,” serving as a crucial foundation for cooperation between the two sides. In this sense, China’s collaboration with Central Asian countries in the field of “green” economy aligns with the overarching trend of global “green” development.

Fourthly, it is worth noting another important prospective direction, which involves **strengthening partnerships in agribusiness**. This sector holds substantial opportunities for Central Asian countries. Of particular interest is the emphasis placed in the final document of the Third Plenum on “transforming the vast Chinese market into a splendid opportunity for the entire world.” This opportunity, in my view, lies in and mutually leveraging the respective strengths of Central Asian geography, climate, and population.

Central Asian countries have significant potential in the agricultural sector, which, under the imperative of ensuring China's food security, could assist China in the supply of environmentally friendly types of products and goods. Central Asian states offer a variety of agricultural products, for which speeding access to the Chinese market is evidently necessary.

Conclusion

Overall, it can be considered that China successfully concluded its Third Plenum, outlining the general contours of the state's socio-economic development primarily focused on ensuring sustainable economic growth and its transformation, along with creating new growth drivers oriented towards technological advancements. In the future, China can be expected to reinforce these overarching strategic directions through specific internal legal documents and laws. Most importantly, these measures will contribute to China's quest for new growth drivers. Moreover, amid overcoming current challenges, support from partner countries in addressing these pressing issues is crucial for China.

Meanwhile, concerning the context of the Third Plenum of the Central Committee of the Communist Party of China, which delineated further strategic directions for China's socio-economic development, it is anticipated that Central Asian countries will respond based on their own interests and level of partnership with China.

Specifically, as China continues to seek new drivers of economic growth, Central Asia could become a significant partner due to its natural resources and geostrategic position. Countries in the region may anticipate increased Chinese investments in infrastructure projects, for instance, within the Belt and Road Initiative. Secondly, an expansion of cooperation in the realms of transportation, logistics, and energy can be expected. Potential increases in Chinese investments in transportation infrastructure — particularly in the construction of railways and other major projects — will have a positive impact on the economies of both sides. Thirdly, China has a vested interest in the stability of Central Asian countries, given the region's proximity to China and its importance in ensuring security in the western regions of the country, such as Xinjiang. It is likely that the actions taken by China to enhance security, engage in joint efforts against terrorism and extremism will be considered by the countries in the region.[14]

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