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Article

OSINT Analysis Briefing on the Central Committee of the Communist Party of China Economic Work Conference

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Abstract

This paper examines the policy signals emanating from the Central Economic Work Conference held in Beijing on 10–11 December 2025. It aims to reveal the underlying logic of China’s macro-governance transition from ‘passively responding to shocks’ to ‘proactively restructuring growth models within a high-uncertainty environment’. Furthermore, it addresses where the decisive constraints on growth stability lie over the next three to five years, and how to establish a verifiable risk warning and scenario simulation framework. Methodologically, this study employs an OSINT evidence chain based on publicly available information and structured coding of policy discourse. It maps the conference’s directives onto a three-dimensional analytical framework comprising the ‘demand axis—supply axis—security axis’: interpreting the growth underpinning mechanism through ‘domestic demand leadership and consumption recovery’; delineating the supply-side repositioning pathway via ‘new-quality productive forces and institutional opening-up’; and incorporating real estate, local government debt, and small-to-medium financial institutions into a multidimensional risk floor system to construct a comprehensive safety net. Findings indicate China’s economy is converging towards a ‘risk-containment medium-speed growth model,’ whose strategic core involves corrective rebalancing within a ‘domestic demand-innovation-security’ triadic structure: Within the medium-speed growth range, it aims to rebuild growth quality and societal resilience, with risk floor constraints providing a stabilising anchor for policy space. However, structural vulnerabilities will persist long-term in the form of ‘slow real estate deleveraging and balance sheet repair’ alongside ‘resource constraints on local government and platform debt’. Compounded by tail risks in small and medium-sized financial institutions, these could spill over into sustained pressures through channels such as cash flow strains, regional credit contraction, and entrenched expectations. Based on these findings, this paper proposes a rolling assessment methodology centred on scenario tree simulation. It constructs a minimum early-warning indicator set (covering property and local debt, financial system health, innovation implementation, and social expectations) to enhance cross-period comparability and calibrability. The conclusion posits that the critical factor for the future lies not in the single-year growth rate itself, but in whether the transition from a ‘high-leverage property-driven, external demand-pulled’ model to a ‘domestic demand-driven, technology-intensive, green transformation’ can be achieved without triggering systemic crises. Should this transition be impeded and compounded by external shocks, the combined effects of diminished policy space and multiple constraints would significantly heighten medium-term downside and spillover risks.

Keywords: central economic work conference; OSINT evidence chain; domestic demand-innovation-security; scenario tree simulation and early warning indicators

1. Key Judgements

1. China is converging towards a 'risk-averse medium-speed growth model' rather than returning to an era of high growth rates. If managed effectively, this model will establish four key characteristics between 2026 and 2030: moderate growth, substantial innovation investment, subdued property market recovery, and normalised fiscal and financial constraints. (Confidence level: high)

2. The triadic structure of 'domestic demand—innovation—security' essentially represents a 'strategic recalibration' of the past decade's development trajectory: using domestic demand to underpin growth, innovation to reposition the economy, and security to provide a safety net. Should imbalances arise among these three (such as security imperatives excessively squeezing growth and innovation space), it could trigger a potential slowdown in growth rates within 2–4 years and inflict long-term damage on private investment sentiment. (Confidence level: Medium-high)

3. The property sector and local government debt will remain in a 'manageable yet uncomfortable' state for the foreseeable future: while the central government possesses robust tools to avert systemic collapse, achieving a clean resolution within 3–5 years is unlikely. The approach will instead prioritise 'buying time to create space' through a gradual, phased resolution. (Confidence Level: High)

4. From a global competitiveness perspective, China will accelerate building 'substitutive advantages' in green energy, digital infrastructure, high-end manufacturing, and digital/green trade to offset overseas relocation of traditional manufacturing and external technological constraints. This will intensify 'rules and standards disputes' with certain developed economies between 2026–2030. (Confidence: Medium)

5. The most underestimated medium-to-long-term risk lies not in isolated sectors (such as property prices or exports), but in the 'erosion of policy space' arising from multiple constraints: once fiscal pressures mount, the marginal effectiveness of monetary easing diminishes, and social expectations remain persistently weak, the government's available 'stabilisation tools' will be significantly reduced. (Confidence: Medium-High)

6. Based on current policy trajectories, the baseline scenario remains one of 'moderate recovery + gradual rebalancing'. However, should missteps occur in resolving property market or local government debt issues, compounded by external financial or geopolitical shocks, China could face a multiple inflection point within 2–3 years characterised by 'growth trough + financial pressures + confidence volatility'. (Confidence level: Medium)

2. Strategic Context and Structural Axis

2.1. Strategic Context: From 'Shock Mitigation' to 'Model Reconstruction'

Over the past five years, China's economy has predominantly adopted reactive measures amid the compounding impacts of pandemic shocks, external sanctions, the property market transition, and technological restrictions. Key themes emerging from this conference—namely 'concluding the 14th Five-Year Plan,' 'launching the 15th Five-Year Plan,' 'new quality productive forces,' 'a unified national market,' and 'risk prevention and control systems'—signal that the central authorities now view the forthcoming five-year period as a phase of model reconstruction rather than a straightforward cyclical recovery. (Xinhua News Agency, 2025b)

2.2. Three Structural Pillars

1. Demand-Side Structural Pillar

The emphasis on 'risk prevention and control systems' indicates that the central authorities now regard the next five years as a period of model reconstruction risk prevention and control system" indicate that the central government views the next five years as a period of model reconstruction rather than a simple cyclical recovery phase. (Xinhua News Agency, 2025b)

2.3. Three Structural Pillars

1. Demand Pillar: Domestic Demand Leadership + Tiered Consumption Recovery

Plans to increase urban and rural residents' income + removal of consumption restrictions + unlocking service consumption potential essentially aim to restore suppressed consumption tendencies following the pandemic and property market downturn;

Urban renewal and conversion of affordable housing represent asset restructuring that shifts from traditional 'investment-led growth' towards a model balancing 'livelihoods and renewal.' (Xinhua News Agency, 2025a; Xinhua News Agency, 2025b)

2. Supply Axis: New Quality Productivity + Technology/Institutional Opening

Integrated planning for education-science-talent development, 'AI+' initiatives, and high-quality industrial chain advancement signal future growth will increasingly rely on technology-intensive sectors, while the weighting of traditional capital-intensive real estate and infrastructure will diminish. (Xinhua News Agency, 2025a)

Institutional opening, free trade pilot zones, and digital/green trade signify China's intent to circumvent certain traditional trade frictions while carving out space in emerging industries and rule-setting domains.

2.4. Security Axis: Multi-dimensional Risk Bottom-line System

Real estate, local government debt, and small-to-medium financial institutions are collectively designated as 'key sector risks';

Food security, energy self-sufficiency, extreme weather resilience, and the 'Three Norths Project' collectively form part of a broad national security framework; (Xinhua News Agency, 2025a; Xinhua News Agency, 2025b)

Livelihoods (employment, pensions, healthcare, marriage and childbirth) are regarded as 'soft security' pillars underpinning social stability.

3. Potential Risks and Issues: Structural Vulnerabilities and Shock Transmission Channels

3.1. Vulnerability Point 1: The 'Slow Clearance' of Real Estate and Balance Sheet Repair

Core Issue: Property prices, inventory levels, household balance sheets, and local land-revenue-based finances are highly interlinked. Rapid clearance would damage banks and local governments, while slow clearance consumes substantial resources and stifles new investment.

Trend Assessment:

Over the next 2–4 years, the property sector is unlikely to return to its high-growth era. Instead, it will enter a phase of 'weak equilibrium' characterised by pronounced divergence among cities: first- and second-tier cities providing support, while third- and fourth-tier cities undergo prolonged destocking cycles.

Through measures such as 'high-quality urban renewal' and 'stabilising the property market while steadily advancing the construction of "quality housing"', 'dead assets' will be converted into 'social welfare assets', thereby offsetting some of the political pressure stemming from price corrections. (Xinhua News Agency, 2025a; Xinhua News Agency, 2025b)

Potential Impact Pathways:

Should destocking progress significantly below expectations, developers' cash flows and bank asset quality will face sustained pressure, creating 'zombie real estate';

If residents' expectations of property depreciation become entrenched, this may translate into further declines in consumption and long-term investment willingness.

3.2. Vulnerability Point 2: The 'Invisible Mismatch' in Local Government and Platform Debt

Core Issue: Local governments shoulder substantial infrastructure, public welfare, and growth-stabilisation responsibilities, yet face acute resource constraints amid dual pressures from declining land-based fiscal revenues and tightened debt oversight.

Trend Assessment:

The central government will continue 'resolving issues steadily' through debt swaps, targeted support, and stringent regulation to avert hard defaults;

Local governments will be compelled to reprioritise between 'project investment, social security expenditure, and public administration costs,' severely testing governance capabilities.

Potential Impact Pathways:

Should economic recovery fall short of expectations, with both tax and non-tax revenues under pressure, some localities may experience a 'fiscal squeeze': while basic public services remain unaffected, normal developmental expenditure could be drastically curtailed, raising long-term governance efficacy concerns;

Concentrated defaults or high-profile restructurings of platform debt could trigger regional credit contraction.

3.3. Vulnerability 3: Tail Risks in Small-to-Medium Financial Institutions and Shadow Banking

Core Issue: Certain small-to-medium banks, village banks, and non-standard financing channels have underwritten high-risk financing for property and local platforms over the past decade, rendering their asset quality highly sensitive.

Trend Assessment:

The 'reducing volume while improving quality' approach essentially entails orderly balance sheet reduction and risk asset resolution;

Under the combined pressures of stringent regulation and economic slowdown, the profitability and capital replenishment capacity of the SME financial system face challenges.

Potential Impact Pathways:

Localised deposit flight and credit maturity compression would diminish these institutions' capacity to serve SMEs and county-level economies, further exacerbating regional development imbalances.

3.4. Vulnerability 4: Social Expectations and the Lagging Effects of Demographic Structure

Core Issue: Diminishing population growth momentum, coupled with mounting employment pressures and living costs for young people, risks fostering 'long-term pessimistic expectations' at the psychological level without robust policy responses.

Trend Assessment:

Employment policies, optimised educational resources, long-term care insurance, and proactive approaches to marriage and childbearing all aim to reverse these expectations over the medium to long term;

However, the effects of these policies are often delayed, requiring sustained investment and institutional innovation.

Potential Impact Pathways:

Persistently weak employment and income expectations may suppress consumption and innovation vitality, amplifying sentiment through public discourse;

Continued low marriage and fertility rates will exert more severe pressure on the social security system and labour market after 2030.

4. Scenario Forecast: Economic and Strategic Landscape 2026–2030

4.1. Base Scenario: Gradual Rebalancing + Moderate Growth (Highest Probability)

Characteristics:

GDP growth remains within a moderate range, with manageable volatility;

Domestic demand gradually recovers amid improving incomes and employment, with consumption shifting towards services;

New quality productive forces achieve scale expansion in certain industries; (Xinhua News Agency, 2025a)

Real estate and local government debt remain in a state of 'manageable pressure'.

Implications:

China will maintain its pivotal role in the global economy along a 'moderate yet stable' trajectory;

External competition will increasingly centre on technological standards, supply chain resilience, and green transition.

4.2. Stress Scenario: Growth Platform Downgrade + Financial Resource Constraints (Medium Probability)

Triggering Factors:

Significant deceleration in property market deleveraging, with concentrated local debt defaults or forced restructurings;

A renewed global recession or financial turmoil causing a further decline in external demand;

Obstructed internal reforms and persistently pessimistic market expectations.

Outcome:

Actual growth rates slide to a lower plateau, compelling the central government to allocate greater resources to shore up the fiscal and financial systems;

Policy space is rapidly depleted, diminishing capacity to respond to subsequent shocks.

4.3. Opportunity Scenario: Breakthrough Innovation + Regional Engines Taking Shape (Low–Medium Probability)

Triggering Factors:

Continuous breakthroughs in AI, green energy, high-end manufacturing, etc., coupled with effective institutional and financial system coordination;

Multiple industrial clusters emerging at regional level under the dual carbon and dual circulation frameworks.

Outcome:

China gains significant advantages in key technologies and industrial chain segments, driving export structure upgrading and high-end manufacturing reshoring;

Regional development imbalances ease somewhat, though resource concentration in leading regions may intensify further.

5. Potential Implications for International Actors

5.1. For Developed Economies (Particularly the United States and the European Union)

China's advancement in green energy, digital infrastructure and manufacturing upgrades will become new fronts in future trade frictions and technological standards competition;

Should China gradually establish an alternative regulatory network (regional agreements, digital trade rules, etc.) through institutional opening-up, this may erode the bargaining power of traditional Western frameworks.

5.2. For Neighbouring Developing Nations

High-quality Belt and Road development, digital trade, and green cooperation will offer fresh financing and technological pathways to certain countries;

These nations will be drawn further into divergent supply chains and standards systems amid great power competition, necessitating a recalibration between ‘opportunity and dependency’.

6. Key Early Warning Indicators and Priority Intelligence Directions

6.1. Property and Local Government Debt Module

Scale and implementation progress of regional schemes to acquire existing housing stock for affordable housing;

Cases of hard defaults during local hidden debt rectification and public sentiment feedback;

Pace of municipal bond extensions, restructurings and rating adjustments.

6.2. Financial System Soundness

Capital replenishment, mergers/restructuring, and regulatory penalties affecting small-to-medium banks;

Evolution of banking sector asset quality and risk concentration;

Contraction pace of shadow banking channels (trusts, non-standard products) and alternative financing methods.

6.3. Innovation and New Productive Forces Implementation

Investment and capacity utilisation data for AI+, green energy, and high-end manufacturing; (Xinhua News Agency, 2025a)

Whether fintech regulatory policies effectively mitigate risks of ‘decoupling from the real economy’ while enhancing support for physical innovation;

Progress on addressing ‘disruptions’ and implementing ‘supply chain reinforcement’ projects within critical technology industrial chains.

6.4. Social Sentiment and Expectations

Trends in youth unemployment rates and governmental handling of such data and discourse;

Public opinion intensity and sentiment tone regarding housing prices, employment, and marriage/childbearing;

Whether disparities in public service provision—including social security, education, and healthcare—between major cities and county-level areas are widening.

6.5. External Environment and Rule Reconfiguration

The quantity and quality of newly signed or upgraded multilateral, regional, and bilateral trade agreements;

Transnational dispute cases concerning green and digital trade;

Structural shifts in foreign capital inflows/outflows within high-tech sectors.

7. Concluding Assessment

From an intelligence analysis perspective, this Central Economic Work Conference signifies China’s formal positioning in the ‘post-high-growth era’ as a major economy characterised by: medium-speed growth as the norm, controllable risks as the baseline, and technological and green transformation as the new competitive axes.

What truly merits attention is not the single-year growth figure, but three key lines:

1. Whether the property sector and local government debt can achieve steady deleveraging without triggering systemic crises;

2. Whether new quality productive forces and the unified national market can genuinely generate 'new momentum' in practical implementation, rather than remaining mere slogans; (Xinhua News Agency, 2025a)

3. Whether China can avoid marginalisation amid global rule restructuring and technological rivalry, instead forging new bargaining advantages through green and digital domains.

Should two of these three trajectories simultaneously deviate negatively, the probability of China experiencing a multiple adjustment involving 'growth, finance, and expectations' between 2026 and 2030 will rise significantly. Conversely, if at least two trajectories maintain the 'orderly advancement' momentum reflected in the current conference, China will continue to function as a key player within the global economic system in a restrained yet robust manner.

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