

Economic QuickView



Government Work Report: Domestic demand takes the helm as a major driver

- The Central Government sets the same GDP growth target for 2025 at around 5%, lowers the inflation target to 2% and raises the deficit-to-GDP ratio to 4.0%.
- Both fiscal and monetary policies will become more supportive to boost domestic growth momentum.
- Enhancing consumption and expanding effective investment is the top major task in 2025.

The 2025 Government Work Report demonstrates the Central Government's continued commitment to economic stability and sustainable growth. In the face of mounting external challenges, the Government Work Report (GWR) confirms that key macroeconomic goals for 2025 remain largely unchanged from the previous year: the GDP growth target is maintained at around 5%, while the surveyed urban unemployment rate target is set at around 5.5%, and more than 12 million new urban jobs are expected to be created. Recognising easing cost pressure, the inflation target is lowered for the first time in more than two decades from 3% to 2%. The Government's aim at a reduction in energy consumption per unit of GDP by around 3% further signals its commitment to ecological sustainability alongside economic development. Moreover, these targets reflect a strategic effort not only to stabilise the economy but also to address pressing social needs, such as income growth and environmental quality improvements, thereby laying a robust foundation for the upcoming 15th Five-Year Plan. In particular, there is significant scope for the Mainland authorities to step up policy measures to ensure steady economic performance ahead.

Key Economic Targets and Policy Orientation for 2025

	2025 Target	2024 Actual	2024 Target
GDP growth	Around 5%	5%	Around 5%
Fiscal deficit (% of GDP)	4%	3%	3%
Special local government bond quota	RMB 4.4 trillion	RMB 4.0 trillion	RMB 3.9 trillion
New urban job creation	Above 12 million	12.56 million	Above 12 million
Surveyed urban unemployment rate	Around 5.5%	5.1%	Around 5.5%
Fiscal policy stance	Adopt a more proactive fiscal policy	-	Appropriately intensify and improve the quality & effectiveness of proactive fiscal policy
Monetary policy stance	Apply an appropriately accommodative monetary policy	-	Implement a prudent monetary policy in a flexible, appropriate, target and effective way
Money supply and credit growth	Consistent with expected economic growth and price levels	M2 growth: 7.3% Total social financing growth: 8.0%	Consistent with expected economic growth and price levels

Fiscal policy will adopt an expansionary stance to bolster growth. The Central Government plans to raise the deficit-to-GDP ratio from 3% in 2024 to around 4% in 2025 (about RMB 5.66 trillion in government deficit, up by RMB 1.6 trillion from 2024). The issuance of special local government bonds is projected to rise to RMB 4.4 trillion, up by RMB 500 billion from 2024, to support construction investment, land acquisition and reserve, purchase of commodity housing stock, and settlement of and addressing overdue payments owed by local governments. Additionally, the Central Government plans to issue RMB 1.3 trillion in ultra-long special treasury bonds, RMB 300 billion more than last year. RMB 500 billion of special treasury bonds will be issued for capital injections into major state-owned banks, which should raise their capacity to extend credits and enhance overall financial stability. Transfer payments to local governments will also be increased to provide targeted support to regions facing economic challenges.

Monetary policy will be appropriately accommodative. As revealed during the Central Economic Work Conference in December 2024, the GWR affirms a supportive stance from monetary policy. Notably, the Mainland authorities commit to "making timely cuts to required reserve ratios and interest rates" when needed. Regarding credit expansion, money supply and total social financing are targeted to rise in line with the projected economic growth (around 5%) and CPI levels (around 2%), roughly about 7%. This is to ensure sufficient liquidity in supporting the real economy. In addition, new structural monetary policy instruments are under consideration to enhance support for key sectors including the real estate sector, the stock market, technology, green development, consumption, and private enterprises. Additionally, efforts will be made to improve the transmission mechanisms of monetary policy and interest rate settings, thereby reducing overall financing costs and enhancing the accessibility of financial services.

Major Tasks in Government Work Report in 2024 and 2025

Order	2025	2024
1 st	Boosting consumption and investment returns, and stimulating domestic demand	Accelerating the development of a modernised industrial system and new quality productive forces
2 nd	Accelerating the development of a modernised industrial system and new quality productive forces	Enhancing science and education, and consolidating foundations for high-quality development
3 rd	Invigorating China through science and education and boosting China's innovation system	Expanding domestic demand
4 th	Accelerating the implementation of reform measures	Deepening reform to reinforce the internal growth impetus
5 th	Expanding higher-standard opening up, stabilising foreign trade and investment	Pursuing high-quality opening up and promoting mutual benefits
6 th	Defusing risks in key areas and ensuring no systemic risks	Diffusing major risks by better coordination in security and development
7 th	Delivering work for agriculture, rural areas and rural residents, and advancing all-around rural revitalisation	Supporting agriculture, rural areas and rural residents, and advancing rural revitalisation
8 th	Advancing new urbanisation and coordinated regional development	Promoting regional development between urban & rural areas and between regions
9 th	Cutting carbon emissions, reducing pollution and accelerating green transition all areas.	Enhancing ecological conservation and promoting green & low-carbon development
10 th	Ensuring and improving the people's wellbeing and enhancing social governance	Improving the people's well-being and promoting better and new ways of social governance

Boosting domestic demand emerges as the top policy priority. The Central Government's policy agenda this year highlights the need to address inadequate domestic demand, particularly through enhancing consumption. The GWR outlines a comprehensive strategy to stimulate spending power, improve the supply of quality goods and services, and create a favourable consumption environment. Special initiatives will be launched to tap into diverse spending potentials, while efforts to increase personal income, particularly for low- and middle-income groups, are expected to reduce financial burdens and foster consumption upgrading. The Central Government will issue RMB 300 billion ultra-long special treasury bonds to support consumer goods trade-in programmes. In tandem with these consumption-focused measures, the Central Government aims to expand effective investment by leveraging various government investment instruments and ensuring efficient project management. Specifically, RMB 735 billion from the Central Government's budget will be earmarked for funding investment projects.

Developing new quality productive forces in light of local conditions remains a critical task. The GWR calls for fostering new growth drivers while revitalising traditional sectors, reflecting a commitment to high-quality development. This goal underscores the nation's aspiration to secure its position at the forefront of future industries and achieve technological self-sufficiency. Emerging industries such as commercial space, the low-altitude economy, bio-manufacturing, quantum technology, 6G technology and embodied AI are highlighted. The GWR also outlines plans to accelerate the digitalisation of manufacturing, improve product quality, and strengthen brand recognition as essential steps for boosting competitiveness in a rapidly evolving global landscape.

The Mainland authorities will step up support for private enterprises and foster a more equitable market environment. The Central Government is committed to protecting the lawful rights and interests of private enterprises and entrepreneurs, encouraging them to adopt modern corporate systems with distinctive Chinese features. A draft law focusing on the development and protection of private sector will be finalised soon. To address issues like overdue payments and liquidity constraints, the GWR stresses the need for tougher punitive measures against bad-faith actions and establishing long-term mechanisms to resolve these challenges. Regular engagements with enterprises are highlighted as a vital strategy to understand and tackle their challenges. These initiatives indicate the policy intention to enhance the private sector confidence.

Efforts to support both foreign trade and investment will be significantly enhanced. In the face of rising trade tensions, the GWR provides a strategic framework to stabilise foreign trade by improving financial services, expanding export credit insurance, and assisting enterprises in securing orders and exploring new markets. The initiatives will improve the logistics for cross-border e-commerce and the development of overseas warehouses, diversify markets and bolster trade in intermediate goods. Furthermore, comprehensive trials for opening up the services sector will be implemented, particularly in telecommunications, medical services, and education, enhancing the incentives for foreign investors to make new investment and reinvestment in China. The Central Government will also ensure national treatment for foreign-funded enterprises by improving access to resources, streamlining processes, and enhancing support services.

The Central Government remains committed to addressing housing, financial and local government debt risks. The Mainland authorities stress in the GWR to stem the downturn and restore stability in the housing market. Measures to stabilise the housing market include introducing city-specific policies to adjust home sales restrictions, stimulating demand for first homes, speeding up urban redevelopment, optimising land use, and ensuring timely delivery of housing projects to avert defaults. Regarding local government finances, a comprehensive package will be implemented to manage existing debts and curb new borrowing, alongside improved monitoring and control mechanisms. In parallel, coordinated actions will be undertaken to safeguard against financial risks in small and medium-sized financial institutions, promoting their transformation through market-driven solutions. This multi-faceted strategy reflects a commitment to defusing risks and foster stability across these critical areas.

The Central Government reaffirms its support for Hong Kong's economic growth. The Mainland authorities are committed to facilitating the integration of Hong Kong into the broader national development framework, enhancing the livelihoods of Hong Kong residents. Compared to last year, the GWR added to support Hong Kong to deepen international exchanges and cooperation, reinforcing Hong Kong's role as a super-connector between Chinese Mainland and global markets. The Central Government also highlights boosting innovation capacities in the Greater Bay Area (GBA), positioning them as key drivers for growth in surrounding regions. This proactive approach underscores a commitment to enhancing regional collaboration and maximising the potential of the GBA, setting the stage for more cohesive policy initiatives in the years ahead.

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