

Economic QuickView



Government Work Report 2026: A Pragmatic Growth Target Reflects Commitment to Structural Transformation

- The Central Government has set a pragmatic GDP growth target range of 4.5%-5.0% for 2026, to promote economic transformation and advance reform agendas.
- The authorities will continue to adopt a proactive fiscal policy alongside an appropriately accommodative monetary policy.
- Building a strong domestic market and fostering technology development have been highlighted as the top two policy priorities for 2026.

The Central Government has set a pragmatic and flexible growth target for 2026, to facilitate the ongoing structural transformation. The Government Work Report (GWR) set a GDP growth target range of 4.5%-5.0% for 2026, marking a shift from the "around 5%" target seen over the preceding three years. Other macroeconomic goals remain largely unchanged, including a surveyed urban unemployment rate of around 5.5%, the creation of more than 12 million new urban jobs and consumer price inflation at around 2%. Notably, the GWR calls for "higher-quality growth while achieving an appropriate increase in economic output", subtly pivoting from last year's "sustained economic recovery and growth". This change suggests that the Government is increasingly prioritising the quality of economic expansion over high growth figures. A flexible target range for GDP growth will also provide the Government with a necessary buffer to steadily transit toward a domestic demand- and technology-driven economy, deepen structural reforms and contain risks in major areas.

Key Economic Targets and Policy Orientation for 2026			
	2026 Target	2025 Actual	2025 Target
GDP growth	4.5% - 5.0%	5%	Around 5%
Fiscal deficit (% of GDP)	4%	4%	4%
Special local government bond quota	RMB 4.4 trillion	RMB 4.6 trillion	RMB 4.4 trillion
New urban job creation	Above 12 million	12.67 million	Above 12 million
Surveyed urban unemployment rate	Around 5.5%	5.2%	Around 5.5%
Fiscal policy stance	Continue to implement a more proactive fiscal policy	-	Adopt a more proactive fiscal policy
Monetary policy stance	Continue to apply an appropriately accommodative monetary policy	-	Apply an appropriately accommodative monetary policy
Money supply and credit growth	Consistent with expected economic growth and price levels	M2 growth: 8.5% Total social financing growth: 8.3%	Consistent with expected economic growth and price levels

Fiscal policy stance will remain proactive, with overall expenditures comparable to the previous year. For 2026, the fiscal deficit-to-GDP ratio is targeted to remain unchanged at 4%, with the government deficit increasing by RMB 230 billion to reach RMB 5.89 trillion. Government bond financing for public investment is expected to stay robust and broadly consistent with prior levels. The issuance of local government special bonds will amount to RMB 4.4 trillion, primarily used for major investment projects, the replacement of hidden debts and the settlement of overdue payments owed by local governments. Furthermore, the issuance quota for ultra-long special treasury bonds will be maintained at RMB 1.3 trillion. These funds are earmarked to support the implementation of major national strategies, enhance security capacity in key areas, support equipment renewals and finance consumer goods trade-in subsidies. In addition, RMB 300 billion in special treasury bonds will be issued to inject capital into major state-owned banks, down from RMB 500 billion in 2025.

Monetary policy will remain appropriately accommodative to support stable economic growth. Balancing growth and inflation will be the central considerations for monetary policy this year. The GWR highlights the flexible and effective deployment of policy instruments, citing potential reductions in the required reserve ratio (RRR) and interest rates to maintain adequate liquidity. Moreover, the authorities plan to develop new and stronger structural monetary policy instruments to address specific economic bottlenecks. This measured approach was already evident in early 2026, when the People's Bank of China introduced targeted rate cuts and the expanded quota for various relending facilities. These actions reflected a clear preference for calibrating structural policy tools toward strategic and targeted areas, rather than resorting to broad-based monetary stimulus.

Major Tasks in Government Work Report in 2025 and 2026		
	2026	2025
1 st	Building a robust domestic market	Boosting consumption and investment returns, and stimulating domestic demand
2 nd	Fostering new growth drivers at a faster pace	Accelerating the development of a modernised industrial system and new quality productive forces
3 rd	Accelerating greater self-reliance and strength in science and technology	Invigorating China through science and education and boosting China's innovation system
4 th	Continuing to deepen reform in key areas	Accelerating the implementation of reform measures
5 th	Expanding high-standard opening-up	Expanding higher-standard opening-up, stabilising foreign trade and investment
6 th	Advancing all-round rural revitalisation	Defusing risks in key areas and ensuring no systemic risks
7 th	Advancing new urbanization and coordinated regional development	Delivering work for agriculture, rural areas and rural residents, and advancing all-around rural revitalisation
8 th	Enhancing measures to improve people's wellbeing	Advancing new urbanisation and coordinated regional development
9 th	Accelerating the green transition across the board	Cutting carbon emissions, reducing pollution and accelerating green transition all areas.
10 th	Enhancing security and mitigating key risks	Ensuring and improving the people's wellbeing and enhancing social governance

Building a robust domestic market has continued to be the foremost policy priority in 2026. The GWR outlines coordinated fiscal and targeted measures to boost domestic consumption and investment. Specifically, a new fiscal-financial coordination fund of RMB 100 billion will be established to expand domestic demand, through initiatives such as loan interest subsidies, financing guarantees and risk compensation. This new funding facility is expected to optimise credit support for personal consumers and service-sector enterprises by offering broader coverage, higher lending ceilings and extended repayment terms. While funding for consumer goods trade-in subsidies will decline moderately from RMB 300 billion in 2025 to RMB 250 billion in 2026, it will remain a crucial pillar of policy support for goods consumption. Concurrently, services consumption is poised to receive stronger backing, with targeted measures focusing on the cultural, tourism, sports and healthcare sectors. Notably, the GWR proposes the introduction of spring and autumn holidays for primary and secondary school students, alongside a system of staggered paid leave for employees, which is expected to encourage travel spending. In addition, funding support will be stepped up to boost public investment. Central budget for investment will be increased to RMB 755 billion (up from RMB 735 billion), and policy-backed financial instruments will be scaled up to RMB 800 billion (up from RMB 500 billion), underscoring the government's determination to stabilise investment.

Fostering technological innovation and adoption is crucial for cultivating new growth drivers. The GWR articulates a comprehensive strategy to develop new quality productive forces and build a modernised industrial system. To begin with, the authorities will further promote the upgrading of traditional industries through RMB 200 billion in funding for equipment renewals, inclusive services to accelerate Cloudification, Big Data and Artificial Intelligence (AI) adoption, and enhanced support for small-and-medium enterprises undergoing digital and intelligent transformation. Moreover, the authorities will nurture emerging pillar industries, including integrated circuits, aviation and aerospace, biomedicine and the low-altitude economy. Some industries of the future, such as future energy, quantum technology, embodied AI, brain-computer interfaces and 6G, have

been explicitly identified as the next generation of strategic spotlights. In addition, the National Venture Capital Guide Fund will assume a critical role in catalysing the growth of startups and cultivating leading technology enterprises. The large-scale commercial application of AI is also viewed as critical in shaping new forms of the smart economy. Overall, these initiatives reflect the Government's ambition to transform the Chinese Mainland into a high-quality development economy driven by advanced manufacturing and high-tech industrial chains.

The authorities will deepen reforms in market regulations, capital markets and the fiscal system.

The GWR pledges to thoroughly address the involution competition through a package of policy tools, including capacity controls, standard guidance, pricing law enforcement and quality supervision. In the financial sector, capital market reforms will be enhanced to improve enterprise access to medium-and-long-term capital. This will involve broadening the exit channels for private equity and venture capital funds and raising the share of direct and equity financing within the broader economy. These measures are designed to create a more favourable business and financing environment. Moreover, the GWR underscores the need to refine local tax systems and expand the sources of tax revenue for local governments. Enhancing the fiscal capacity of local governments will empower them to enact city-specific policies that align with national strategies.

Risks within the property market and local government finances continue to be a critical focus.

The GWR maintains its stance on stabilising the real estate market, advocating for city-specific policies to control the number of new property development projects, reduce housing inventory and elevate the overall quality of housing. In particular, the reform of the housing provident fund system warrants monitoring, as it is likely to serve as one of the upcoming policy tools to unleash housing demand. In addition, the authorities will continue their campaigns to defuse hidden debt risks by strictly prohibiting the accumulation of any new hidden debts by local governments. To enforce this mandate, the indicators for debt monitoring and evaluation will be refined, enabling the central government to conduct unified government debt management.

The GWR also introduces major objectives during the 15th Five-Year Plan (FYP) period (2026-2030).

While no explicit growth targets are set for the 15th FYP period, the authorities have pledged to keep GDP growth within an appropriate range, with an overarching goal of doubling 2020's per capita GDP by 2035, thereby attaining the status of a moderately developed country. To achieve this, technology innovation is positioned to be the primary growth engine, supported by a minimum annual average growth of 7% in national R&D spending. Furthermore, by 2030, the value-added of core digital industries is targeted to reach 12.5% of GDP, a notable increase from 10.5% in 2024. On balance, these objectives reflect a steady and resilient growth outlook in the medium term.

The Central Government has reaffirmed support for Hong Kong to leverage its unique strengths to serve national development strategies.

According to the draft 15th FYP, the Central Government will actively support Hong Kong in elevating its status as an international financial centre, emphasising a stronger role in promoting offshore RMB and wealth management. The various Connect Schemes linking the financial markets of Hong Kong and the Chinese Mainland will be further optimised. Meanwhile, Hong Kong will continue to play a vital role in supporting Mainland enterprises to "go global", leveraging its professional services. These support policies are set to create enormous businesses opportunities for Hong Kong in the coming years.

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