

Weekly China Insight

Beijing, 26 June 2026

Li Qiang frames China as “opportunity 2.0” at Summer Davos

On 24 June, Chinese Premier Li Qiang opened the 2026 Summer Davos Forum in Dalian, telling around 1,800 participants that China’s economy had started the 15th Five-Year Plan period with a “stable, new, active and integrated profile” despite a turbulent global environment. He cited 5% first-quarter growth, improving corporate profits, mild price recovery, strong service and green consumption, and a 20.5% rise in imports in the first five months as evidence. Under this year’s forum theme of “Innovating at Scale,” Li argued that China’s innovation is driven by sustained R&D investment, large-scale market application, and a deepening innovation ecosystem, including annual R&D spending growth of 10% for the past five years, around 7 million science, engineering, agriculture, and medical graduates each year, and 24 top innovation clusters around the country.

In his speech, Li rejected the narrative of a “China shock 2.0,” saying China’s emerging technologies and products bring “not shock but opportunities, not threat but empowerment.” He argued that “China opportunity 2.0” reflects a shift from providing global market dividends to also providing innovation dividends, noting that 14,000 new foreign-invested enterprises were set up in China’s technology research and sector in 2025, up 27.2% y/y.

At a business roundtable later that day, Li made the arguments that trade and tariff wars have no winners, China does not deliberately pursue trade surpluses, and its industrial competitiveness comes from its complete industrial system, large domestic market, innovation ecosystem. and long-term corporate investment rather than from government subsidies.

Li used this year’s Summer Davos to position China as a stabilizing and innovation-led economy for global businesses, while directly countering Western concerns concerning China’s industrial overcapacity and government subsidies with a repeated promise for greater market access, equal treatment, and deeper innovation cooperation.

China hopes to rely on AI to revive household spending

On 18 June, China’s commerce ministry (MofCom) along with seven other central government agencies issued a set of 17 measures to accelerate the development of “AI+consumption”, aiming to introduce AI into households, businesses, and everyday service scenarios. The measures focus on five areas of upgrading AI-enabled goods consumption, expanding AI-based service consumption, promoting business innovation, strengthening application promotion, and improving the supporting policy environment for

AI-related consumption. Key measures include accelerating next-generation AI smartphones, computers, and televisions; expanding smart home products, AI glasses, intelligent connected vehicles, and humanoid robots; and integrating AI with brain-computer interfaces, AR, VR, and MR to launch globally competitive products.

The plan also targets consumption in the service sectors including elderly care, tourism, hospitality, catering, and education. To boost service consumption, the measures focus on equipping elderly care institutions with nursing and rehabilitation robots, improving hotel check-in services for foreign visitors, and developing education-specific generative AI models. In commerce, the measures call for AI-enabled retail districts, smart stores, AI-powered e-commerce operations, digital human livestreaming, virtual experiences, smart logistics parks, and trials of low-speed autonomous vehicles and drones in designated areas.

Beijing is positioning AI not only as an industrial upgrading tool but also as a demand-side stimulus. However, the policy's success will depend on whether AI features create genuinely useful consumer value rather than simply repackaging existing products with AI labels.

China further expands market access to stabilize foreign investment

On 22 June, China's commerce ministry (MofCom), the macro manager (NDRC), and the finance ministry (MoF) released a 15-point action plan to stabilize and improve the use of foreign investment, focusing on expanding market access, improving investment facilitation, and optimizing services for foreign investment management. The plan targets wider market access opening in services, finance, and pharmaceutical sectors, including pilots for vocational training institutions, vocational colleges and universities in science, engineering, agriculture and medicine. In finance, the plan supports more foreign institutions in using risk-management tools including treasury bond futures, conducting fund investment advisory business, accessing cross-border financing facilitation quotas, and listing eligible key foreign-invested enterprises on domestic exchanges.

The plan also aims to increase pharmaceutical and healthcare market access by promoting detailed rules for cross-border segmented production of biologics and chemical drugs, expanding pilot areas for wholly foreign-owned hospitals, encouraging insurers to include more innovative drugs and medical devices in commercial coverage, and improving retail-channel access for drugs produced by foreign companies.

Official statistics indicate that by the end of 2025, China had 533,000 foreign-invested enterprises and nearly USD 4 trillion in FDI stock, while foreign investment inflows fell 8.6% y/y to RMB 327.3 billion in the first five months of 2026.

The action plan signals that Beijing is using targeted market liberalization, regulatory streamlining, and equal-treatment pledges to preserve foreign investor confidence. However, the effectiveness of the action plan will depend on whether implementation delivers predictable market access for foreign investment in sensitive sectors such as finance, data, education, and healthcare.

China sets 2030 target for a new energy system

On 25 June, China's macro manager (NDRC) and the energy regulator (NEA) released the 15th Five-Year Plan for building a "new-type energy system," setting a goal to establish a clean, low-carbon, secure and efficient energy system by 2030. The plan targets total energy production capacity of 5.8 billion tons of standard coal equivalent, while coal and oil consumption are expected to peak, and non-fossil energy is set to reach 25% of total energy consumption, all by 2030. Wind and solar power will need to exceed 50% of installed power generation capacity and become the backbone China's power mix by 2030.

The plan emphasizes grid and infrastructure upgrades to absorb rapid renewable energy expansion, including clean-energy transmission channels, distribution networks capable of accommodating 900 GW of distributed new energy, and the development of virtual power plants with more than 50 GW of regulating capacity by 2030. The plan also seeks to mobilize electric vehicles as power-system resources, targeting around 50 GW of adjustable charging capacity through vehicle-grid interaction and 40 million charging facilities by 2030. Other targets outlined by the five-year plan include 160 GW of pumped hydropower storage capacity, 300 GW of energy storage capacity, around 110 GW of operating nuclear capacity, and 2 million tons of hydrogen production capacity by 2030.

The five-year plan confirms China's shift from simply expanding renewable capacity to building a more flexible, market-oriented, and technologically self-reliant energy system.