

# Weekly China Insight

## Beijing, 23 October 2026

### **China tightens outbound investment rules to strengthen oversight and protect overseas assets**

On 22 October, China's macro manager (NDRC) unveiled revised outbound investment regulations, which will go into effect on 1 December 2026. The revised regulations will replace the rules introduced in 2017. The new rules expand regulatory coverage to include individual investors alongside enterprises and other organizations, while retaining existing approval and filing requirements for overseas investments. It also introduces annual investment reporting and tighter disclosure requirements for major overseas risks, including foreign demands for technology transfers, data access or asset divestments, while strengthening government mechanisms to protect Chinese investors against discriminatory foreign measures.

The revisions come amid growing geopolitical uncertainty and protectionism, as China's outbound investment stock reached nearly USD 3.4 trillion by the end of 2025, ranking among the world's top three for nine consecutive years, while outbound direct investment totaled USD 128.62 billion in the first three quarters of 2026.

*The revised rules reflect Beijing's efforts to balance continued global expansion by Chinese businesses with tighter risk management and stronger protection of overseas assets. This will potentially increase compliance obligations while providing investors with greater institutional support against geopolitical and regulatory challenges abroad.*

### **China establishes new central SOE to develop data resources and support AI growth**

On 20 October, China officially announced the formation of the China National Data Group, a new centrally administered state-owned enterprise (SOE) headquartered in Xiong'an New Area, Hebei province. Established with investment from the central government, Xiong'an authorities, three major telecom operators, and two state-owned power grid companies, the group will focus on developing and commercializing data resources, improving cross-regional data connectivity, and supplying high-quality datasets for artificial intelligence (AI). The group will be chaired by Jian Qin, former general manager of China Unicom, with Chen Ronghui, former deputy director of the National Data Administration, serving as general manager. Vice Premier Ding Xuexiang attended the inauguration ceremony and called for stronger data infrastructure, technological innovation, and industrial coordination. The establishment comes as China accelerates efforts to build a unified national data market, with national data output reaching 52.26 zettabytes in 2025, up 27.28% y/y and accounting for 27.44% of global output.

*The new SOE signals Beijing's shift from establishing regulatory frameworks to actively developing and commercializing data assets, potentially lowering barriers to AI innovation.*

### **China's central bank signals shift to overnight policy rate**

On 19 October, China's central bank (PBoC) governor Pan Gongsheng announced plans to overhaul China's monetary policy framework at the 2026 Financial Street Forum in Beijing. The reform includes a potential shift from the seven-day reverse repo rate to the overnight rate as the main policy benchmark. The proposed change aims to improve interest rate transmission and align China's monetary policy framework more closely with international practices, although officials emphasized that it does not constitute an interest rate cut.

Pan also outlined plans to diversify loan pricing benchmarks beyond the loan prime rate (LPR), phase out traditional deposit and lending benchmark rates, and introduce liquidity support mechanisms for non-bank financial institutions during periods of severe market stress. Additional measures include expanding access to the central bank's Standing Lending Facility, improving connectivity between China's bond markets, and allowing eight offshore RMB clearing banks to participate in onshore foreign exchange trading on a pilot basis.

*The proposed reforms signal Beijing's continued transition towards a more market-oriented monetary policy framework, potentially improving financing efficiency, strengthening financial stability, and supporting RMB internationalization. At the same time, the policy rate change will force financial institutions to adapt to more diversified interest rate benchmarks and liquidity management mechanisms.*

## **China's Q3 GDP growth rebounds to 4.5% amid strong exports and weak domestic demand**

On 19 October, China's National Bureau of Statistics reported that GDP grew 4.5% y/y in the third quarter of 2026, up from 4.3% y/y in Q2 and slightly exceeding market expectations. Overall GDP growth reached 4.6% y/y in the first nine months, keeping the economy on track to meet the government's annual target of 4.5–5%. The recovery was supported by robust exports and high-tech manufacturing, with September exports surging 36.3% y/y, while high-tech manufacturing output rose 14.3% y/y in the first three quarters.

However, domestic demand remained subdued, with September retail sales increasing just 1.1% y/y, fixed-asset investment declining 7.2% y/y in the first nine months and property investment contracting 20.6% y/y. To support growth, Beijing has stepped up countercyclical measures, including mortgage interest subsidies, accelerated infrastructure investment, and an additional RMB 550 billion in local government borrowing capacity.

*While export resilience and technology-driven industrial upgrading provide a solid foundation for achieving China's annual growth target, persistent weakness in consumption and property investment highlights the economy's structural imbalances. This dynamic adds pressure on Beijing to strengthen domestic demand and reduce reliance on external markets.*