

Infrastructure investment surges in Q1

However, funds poured into property development down 11.2% in Jan-March

By WANG KEJU
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A sharp acceleration in infrastructure spending has emerged as a key pillar of China's investment stabilization drive, offsetting a persistent decline in the property sector and helping overall investment return to positive growth in the first quarter, officials and economists said.

The rebound came after authorities vowed late last year to halt the investment downturn, following a 3.8 percent contraction in fixed-asset investment in 2025.

According to the National Bureau of Statistics, fixed-asset investment reached 10.27 trillion yuan (\$1.51 trillion) in the first quarter, up 1.7 percent year-on-year. Beneath the headline figure, however, lies a sharp divergence. Infrastructure investment surged 8.9 percent, while property development investment plunged 11.2 percent.

Wang Qing, chief macroeconomic analyst at Golden Credit Rating International, said that infrastruc-

ture investment — the area where the government has the most direct leverage — has ramped up significantly at the start of the year.

"The pace of growth in the first quarter exceeded what the market had anticipated," Wang said.

China has not disclosed the scale of its infrastructure investment in recent years. However, a report by China Galaxy Securities suggests that the proportion of infrastructure investment within total fixed-asset investment has been rising, estimating it at about 45.3 percent as of end-2023.

Last year, the sector faced significant headwinds. Due to a combination of fiscal constraints and a high base of comparison, infrastructure investment saw a rare year-on-year decline of 2.2 percent for the full year, according to the bureau.

Luo Zhiheng, chief economist at Yuekai Securities, said the robust first-quarter growth accelerated by 8.3 percentage points from the full-year 2025 level and contributed 2.7 percentage points to overall investment growth.



A technician monitors the operation of unmanned road rollers for a highway construction project in Mianyang, Sichuan province. XINHUA

"Infrastructure spending countered the drag from the prolonged property downturn and served as the key factor behind the turnaround from negative growth last year," Luo said.

As 2026 is the inaugural year of the 15th Five-Year Plan (2026-30), "Local governments have strong incentives to create economic activities in the first year to set the foundation for the next five years of development."

The NBS said that in the first quarter, investment in projects with planned total investment of 100 million yuan or more rose 4.5 percent year-on-year, indicating that large-scale construction is accelerating.

Funding has followed the projects. Luo said fiscal resources were

deployed early and aggressively in the first quarter.

Public bond issuance data show that in the first quarter, local governments issued about 3.1 trillion yuan in bonds, an increase of about 9.3 percent from the same period last year. Newly issued special bonds directly tied to infrastructure project construction reached about 1.2 trillion yuan, up about 25 percent year-on-year.

The shift is not just about spending more — it is about spending differently, according to analysts.

While traditional rail, road and airport projects remain important, new infrastructure areas including computing centers, 5G and 6G networks, electric vehicle charging piles, and low-altitude flight infrastructure are becoming the new

growth drivers, said Wen Bin, chief economist at China Minsheng Bank.

"The government is using infrastructure investment not just to stabilize growth in the short term, but to shape China's transition to a digital, green and innovation-driven economy for the future," Wen said.

Entering the second quarter, with the peak of project launches coming to an end and special bond issuances normalizing, Luo cautioned that infrastructure growth may slow marginally.

"Local governments face a dual squeeze from debt servicing and falling land income. Whether infrastructure can continue to play its role as a ballast for investment will depend on policy support from the central level."

Biz with New Zealand set to soar

By ZHENG YIRAN in Shanghai
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Destination marketing body Tataki Auckland Unlimited will spare no efforts to foster economic and tourism development between China and New Zealand, said a senior executive.

Annie Dundas, director destination at TAU, said: "Before the pandemic, 400,000 Chinese visitors went to New Zealand every year, and the number dropped to around 262,000 last year. There is huge room for development. Economic and tourism development between the two countries is gradually recovering. I hold confidence."

She said Shanghai has been a key node of fostering economic and tourism development between the two countries.

"The air service of Shanghai is good. We have to take advantage of that to further promote trade and tourism. We're seeing tourism from China bounce back into Auckland, and what's positive is that it's returning in a more sustainable way — smaller groups, more free independent travelers and stronger business event travel in the shoulder season."

Dundas added: "We're also seeing growth in the 'silver generation', who have more flexibility to travel at different times of the year than some other segments. Trends and interests keep evolving, so we're continuing to adapt our marketing and partnerships. And we'd love to welcome more visitors in the off-peak period. Auckland is a genuine year-round destination, with no extreme temperatures."

The executive said: "The relationship between China and New Zealand is mature, resilient and highly complementary. China is New Zealand's largest trading partner, a position it has held for 13 consecutive years, with two-way trade recently hitting a historic milestone of NZ\$40 billion (\$23.3 billion). This relationship accounts for more than 20 percent of our total goods and services exports."

She added that, "New Zealand's strength in high-quality primary production (dairy, meat, fruit) aligns perfectly with China's demand for safe, premium food products. Meanwhile, China supplies New Zealand with high-quality manufactured goods, technology and increasingly, investment in green technologies."

According to Dundas, looking ahead, the biggest opportunities lie in high-value sectors — such as premium tourism, sustainable experiences, and health and wellness. Auckland is also emerging as a hub for the screen and creative industries, creating new touch points with Chinese audiences through film, content and storytelling, which can further spur travel.

Jonathan Austin, New Zealand's ambassador to China, said that since the signing of the free trade agreement between the two countries in 2008, bilateral trade volume has continued to grow at an average annual rate of over 14 percent. The long-term stable economic and trade exchanges have laid a solid foundation for the relationship between the two countries.

Wang Peng, associate research fellow at the Beijing Academy of Social Sciences, said: "China-New Zealand tourism and commerce are in a strategic transformation period from 'scale growth' to 'value cultivation'."

"This transformation is ... a structural upgrade of bilateral cooperation, reflecting the deep evolution from traditional resource complementarity to high-level service integration."

TCM firm enters innovative pharma

By LI YINGQING and YAN YUJIE in Kunming

Yunnan Baiyao Group, a century-old pharmaceutical brand based in Southwest China's Yunnan province, continues to thrive by deeply investing in traditional Chinese medicine while strategically expanding into innovative pharmaceuticals.

On the company's smart production lines, its flagship product, Yunnan Baiyao Aerosol, designed to gently improve blood circulation and relieve pain, swelling, and blood stasis, is efficiently produced at a rate of 120 boxes per minute, according to Yang Xiaoling, director of the liquid preparation unit at Yunnan Baiyao Group's manufacturing and operations center.

According to its 2025 annual report recently released by the company, aerosol product sales revenue exceeded 2.5 billion yuan (\$360 million) for the year, representing an increase of over 22 percent, while plaster product sales revenue surpassed 1.2 billion yuan, rising by more than 26 percent.

The company raked in 41.19 billion yuan in operating revenue in 2025. Its net profit attributable to shareholders reached 5.15 billion yuan, an increase of 8.51 percent year-on-year, while the net profit attributable to shareholders, excluding nonrecurring items, rose to 4.87 billion yuan, up 7.55



A view of the booth of Yunnan Baiyao Group during an expo in Shanghai. PROVIDED TO CHINA DAILY

percent, setting a new record, according to the annual report.

In recent years, the company has been dedicated to preserving and innovating traditional Chinese medicine.

In 2025, the company invested 423 million yuan in research and development, a notable increase of 21.51 percent from the previous year. This investment accounted for 2.64 percent of revenue, highlighting a steady improvement in R&D capabilities, said Wang Jingkun, Party secretary of the central research institute at Yunnan Baiyao Group.

Yunnan Baiyao is committed to integrating traditional Chinese medicine into daily life. In its health products sector, traditional remedies have been combined with oral care solutions to successfully develop a product line focused on toothpaste. The company continues to innovate by introducing other functional oral care products, such as whitening and anti-sensitivity options.

Meanwhile, the company is lev-

eraging innovative drugs as the driving force for its transformation and upgrading.

The company established the central research institute and set up five major R&D centers in Kunming of Yunnan province, Beijing, Shanghai, Tianjin, and Wuxi of Jiangsu province, creating a collaborative framework for innovation across the entire traditional Chinese medicine industry chain and the development of innovative drugs.

Currently, R&D achievements are being rapidly implemented. The biological drug INB301 injection, designed for cancer cachexia, has been officially accepted by the Center for Drug Evaluation of the China National Medical Products Administration, and has been placed on the 30-day fast-track review and approval pathway for innovative drugs, said Wan Wuzhou, president of the central research institute at Yunnan Baiyao Group.

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Financial literacy shows uptick among households

By SHI JING in Shanghai
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With wider adoption of artificial intelligence by institutions as well as investors, Chinese households have seen an improvement in their average financial literacy for a third consecutive year even as the idea of long-term investment has yet to gain traction, according to a new report.

The report, jointly released by Shanghai Jiao Tong University's Shanghai Advanced Institute of Finance (SAIF) and global financial services provider Charles Schwab, has found that the average financial literacy score was 73 out of 100.

Correct response rates on the internationally recognized "Big Three" financial literacy questions — assessing knowledge of inflation, compound interest and investment diversification — reached 44.5 percent, up 8.3 percentage points from the previous year.

However, the idea of long-term investment still needs more investor education in China, according to the fourth edition of the report that polled 10,990 Chinese people.

As the two institutions discovered, only 44 percent of respondents said they have long-term financial goals, nearly 8 percentage points lower than last year. Correspondingly, scores in the area of financial planning fell to a three-year low. Only 28 percent of respondents recognized the role of long-term fund investment in retirement planning, marking the third consecutive year of decline.

Wu Fei, SAIF professor and the project leader, said that recent market volatility has been one of the major reasons impairing people's long-term financial goals. The market jitters will naturally shake investor confidence over the long term, but long-term goals can help investors weather uncertainties, he said.

Zhou Lefeng, president of Xiangcai Securities, said he believes now is a good time to promote the idea of long-term investment in China since the overall environment has changed.

"Chinese investors were provid-

ed with various options, such as peer-to-peer investment, nonstandard wealth management products and even properties. These weakened their willingness for long-term investment. But now, these 'temptations' have been largely reduced, thus pointing to room of setting up long-term financial goals," he said.

Zhao Ran, chief analyst of non-banking finance at China Securities, added that the hot topics in the Chinese capital market have undergone rapid changes, quickly jumping from consumption, medicine, new energy or quantitative trading. Investors lack strategic planning in their asset allocation, but as risk-free interest rates decline, they will have to adopt long-term investment strategies, he said.

According to Thomas Pixley, general manager of Charles Schwab (Shanghai), the idea of long-term investment has been rooted among US investors with the introduction of Individual Retirement Arrangements and 401(k) accounts in the 1970s. These mechanisms helped US individuals make long-term investments to prepare for their retirement.

Investment is a long process and regular adjustment is needed, while frequent trading should be avoided. The cornerstone of long-term investment is setting up a specific target, like how much a person should get each month if he retires at 65, and not to focus on the return rate, he said.

On the bright side, respondents with higher financial proficiency are embracing new technologies, showing higher usage frequency and acceptance for AI tools, according to the report. Chinese financial institutions are also keeping up with the trend, with nearly 90 percent of the surveyed financial institutions saying they have used AI in front desk services.

Pixley said that China is primed for developing AI, as up to 80 percent of the country's residents have expressed trust in AI tools. The corresponding ratio is only 35 percent in markets like the United States, Germany and France, he said.

Briefly

Digital reading works top 70 million titles

China's total digital reading works surpassed 70 million titles by the end of 2025, up more than 11.8 percent from a year earlier, according to an industry report released on Monday. The growth rate accelerated from the previous year, indicating a strong and sustained supply of digital reading content in China,

according to the 2025 National Report on Digital Reading.

Yuan strengthens against greenback

The central parity rate of the Chinese currency renminbi, or the yuan, strengthened 54 pips to 6.8594 against the US dollar on Tuesday, according to the China Foreign Exchange Trade System.

In China's spot foreign exchange market, the yuan is allowed to rise or fall by 2 percent from the central parity rate each trading day. The central parity rate of the yuan against the US dollar is based on a weighted average of prices offered by market makers before the opening of the interbank market each business day.

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