

# China: Media reported RMB 2 trillion data center investment not new news

## Bottom line:

A recent [Bloomberg article](#) on the Chinese government's plan to spend RMB 2 trillion on data center building has attracted market attention. However, this is not new news and was part of the "Six Networks" laid out in the [15th Five-Year Plan](#) in March. Recent policy signals suggest implementation of China's broader "Six Networks" — water networks, new-type power grids, computing power networks (including data centers), next-generation communication networks, urban underground pipeline networks, and logistics networks — investment push may be accelerating, supported by a wider funding mix that includes central and local government bonds, the policy bank new financing tool, and commercial bank lending. In our view, this points to a further shift in government-led investment toward high-tech manufacturing, AI infrastructure, strategic supply chains, and people's livelihoods. Separately, we note that recent increases in [policy communication](#) and [project preparation](#) suggest policymakers may be laying the groundwork for faster deployment in H2 after the [Q2 slowdown in fiscal spending](#). We continue to expect China's augmented fiscal deficit (AFD) to widen after narrowing in Q2.

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## Main points:

1. **What happened?** A 9 June [Bloomberg article](#) reported that "China is preparing to spend around 2 trillion yuan (\$295 billion) over the next five years on building data centers across the country", drawing market attention to AI-related high-tech investment. The report said SOEs such as China Mobile and China Telecom will operate most of the facilities, while domestic suppliers including Huawei are expected to provide at least 80% of key technologies, such as AI chips. On 26 May, the [Head of National Energy Administration, Wang Hongzhi, projected](#) that annual electricity consumption by China's data centers will rise to 800TWh in 2030 from 170TWh in 2025, implying [36% annualized growth](#) over 2026-30 and an increase in the share of total power consumption to 6% from 1.6%. On 9 June, the [state-run CCTV re-emphasized](#) policymakers' commitment to strengthening the "Six Networks" ("六张网") — water networks, new-type power grids, computing power networks (including data centers), next-generation communication networks, urban underground pipeline networks, and logistics networks — echoing the [April Politburo meeting](#). Reputable onshore media, including the [21st Century Business Herald](#), flagged in early June that some local governments have accelerated implementation of the policy bank new financing tool in recent months to support investment in strategically important areas such as high-tech manufacturing, AI, green transition, urban renewal, and services consumption.

2. **How significant?** Based on our estimates, the reported RMB2tn of data center

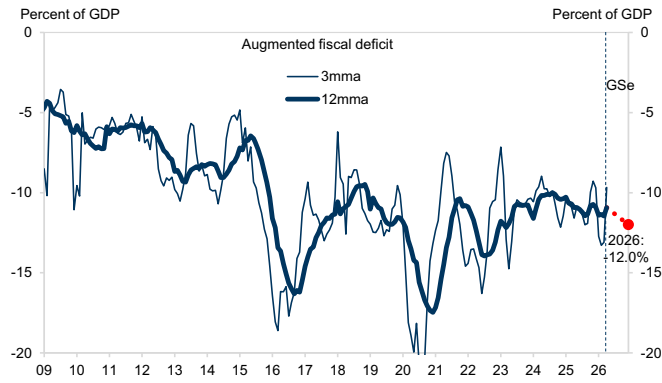
investment would account for only 0.8% of fixed asset investment (FAI) over 2026-30. More broadly, at the March “Two Sessions”, NDRC Head Zheng Shanjie expected that China’s investment in the “Six Networks” could exceed RMB7tn this year — equivalent to about 14% of FAI by our estimates — and that the economic scale of AI-related industries could surpass RMB10tn by 2030, although the definition of those industries remains unclear. Incorporating recent policy communications, we believe the funding for the “Six Networks” in general, and data centers in particular, will come from ultra-long-term central government special bonds (i.e., those earmarked for the “Two Majors” investment projects), local government special bonds, policy bank new financing tool, and commercial bank lending. In our view, this funding structure is intended to crowd in private capital while avoiding the high-risk, off-balance-sheet LGFV borrowing seen in previous cycles.

**3. Why now?** Under China’s current reactive (rather than pre-emptive) policy approach, the timing and scale of easing remain data-dependent. After the stronger-than-expected Q1 GDP data, the pace of government bond issuance and spending slowed markedly in Q2, our proprietary augmented fiscal deficit (AFD) measure narrowed, and investment momentum weakened — all of which, in our view, reflected a deliberate policy choice. Without a meaningful policy offset, the ongoing global energy supply shock has also weighed on sequential growth in Q2. That said, the RMB7.7tn of unspent government bond quota as of end-May (out of RMB11.9tn for the full year), the RMB800bn policy bank new financing tool available this year (up from RMB500bn last year), and the RMB700bn year-on-year increase in outstanding fiscal deposits all suggest ample funding capacity in coming quarters. Recent developments suggest policymakers have become more cautious about the growth slowdown and are stepping up efforts to prepare investment pipelines for deployment.

**4. What’s the macro implication?** The reported RMB2tn plan for data center investment is not new, as authorities have made similar projections before, including in January 2025 by the National Data Administration and in April 2026 by CCTV. While there has been no additional funding arrangement beyond this year’s budget, recent developments suggest implementation could accelerate in coming months and reinforce our view that China’s AFD may widen in H2 after narrowing in Q2 (Exhibit 1). The continued shift in government-led investment toward high-tech manufacturing, AI infrastructure, strategic supply chains, and people’s livelihoods underscores policymakers’ growing emphasis on high-quality growth and tech self-reliance, in line with guidance from the 4th Plenum and the 15th Five-Year Plan (for 2026-30). We see July as an important window for potential policy fine-tuning: if growth continues to soften and Q2 GDP disappoints meaningfully, there is a decent chance for policymakers to step up their easing rhetoric in the July Politburo meeting and draw on remaining fiscal buffers quickly to stabilize investment and growth, in our view (Exhibit 2).

**Lisheng Wang**

**Exhibit 1: We expect China's AFD to widen in H2 after narrowing in Q2**



Source: Wind, CEIC, Goldman Sachs Global Investment Research

**Exhibit 2: Key upcoming macro catalysts for China markets**

Date	Events
15 Jul 2026	Q2 2026 GDP release
End-Jul 2026	Politburo meeting on economic policies
<b>24 Sep 2026 (likely)</b>	<b>President Xi's potential state visit to the US (invited by US President Trump)</b>
19 Oct 2026	Q3 2026 GDP release
Fall 2026 (likely)	The 5th Plenum of the 20th CCP Central Committee
11 Nov 2026	Expiration of tariff/rare earth control pause agreed at Trump-Xi meeting in South Korea
<b>18-19 Nov 2026</b>	<b>APEC 2026 China (in Shenzhen)</b>
Early to mid-Dec 2026	Politburo meeting on economic policies
Mid-Dec 2026	Central Economic Work Conference
<b>14-15 Dec 2026</b>	<b>G20 Summit in Miami</b>

Source: Government websites, Data compiled by Goldman Sachs Global Investment Research



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