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Analysis of the Impact of Economic Policy Uncertainty on Chinese Enterprises' OFDI from a Financial Cycle Perspective

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Abstract

Against the backdrop of a declining financial cycle and heightened economic policy uncertainty, Chinese enterprises face both internal and external challenges in their outward foreign direct investment (OFDI). This study examines A-share listed companies from 2000 to 2023, employing the HP filter method to delineate financial cycles and constructing a linear probability effects model to explore the differential impact of economic policy uncertainty on corporate OFDI from a financial cycle perspective. The findings reveal that economic policy uncertainty significantly suppresses corporate OFDI, with the financial cycle playing a crucial moderating role. During expansion phases, credit expansion and increased risk appetite can mitigate the adverse effects of uncertainty. Conversely, during contraction phases, credit tightening and risk aversion amplify uncertainty, further reinforcing its inhibitory impact. Mechanism analysis indicates that financing constraints serve as the primary transmission channel, as uncertainty exacerbates corporate financing pressures and influences investment decisions. Based on these insights, the paper proposes differentiated policy recommendations: during expansion phases, targeted credit support and cross-border financing mechanisms should guide enterprises in overseas expansion; during contraction phases, targeted relending and measures to stabilize market expectations are essential, alongside optimizing policy formulation and implementation mechanisms to enhance the stability and sustainability of corporate overseas investment.

1. Introduction

Since the beginning of the 21st century, geopolitical tensions and public health crises have contributed to heightened global economic policy uncertainty. According to an index jointly developed by Stanford University and the University of Chicago, China's Economic Policy Uncertainty (EPU) index reached 342.74 in June 2025, marking an increase of nearly 1.3 times compared to its pre-pandemic average in 2019. Factors such as the Federal Reserve's interest rate

hikes and revisions to the EU's carbon border tax have further intensified global policy volatility. Data from the United Nations Conference on Trade and Development (UNCTAD) reveals that the average annual flow of global foreign direct investment from 2020 to 2024 declined by 18.3% compared to the 2015–2019 period, creating a dual impact—both external and internal—on Chinese enterprises.

China's outward foreign direct investment (OFDI) has continued to expand while undergoing structural optimization. From 2022 to 2024, annual OFDI flows reached $163.12 billion, $177.29 billion, and $192.2 billion, respectively, raising its global share to 11.9%. However, in 2022, the value of overseas mergers and acquisitions fell by 37% year-on-year, with its share dropping below 10% for the first time. By the end of 2022, China's OFDI stock had reached $2.75 trillion. Investments in Belt and Road countries accounted for 28% of the total in 2024, while the share of high-tech industries rose to 31.7%.

China has been in a downward phase of its financial cycle since 2017. From 2020 to 2024, the pace of leverage accumulation in the non-financial sector has slowed, and the yield on 10-year government bonds has fallen to 2.5%. While low interest rates have reduced overseas financing costs for enterprises, structural tightening in credit has constrained outbound foreign direct investment (OFDI) by small and medium-sized enterprises (SMEs). Existing research has yet to clearly delineate the interaction between these two factors. Meanwhile, Chinese enterprises' OFDI exhibits differentiation based on ownership structure, highlighting an urgent need to clarify the underlying mechanisms to support the high-quality development of outward investment.

This paper begins by reviewing the literature on transnational investment to clarify the characteristics of outward foreign direct investment and its macro- and micro-level influencing factors, thereby establishing a solid theoretical foundation. It then examines existing research on economic policy uncertainty, identifies its core quantitative indicators, and constructs an empirical model. Using data sourced from the CSMAR database, a linear probability effects model is developed. The study further employs grouped regressions based on financial cycles to explore moderating effects.

The theoretical contribution of this article is mainly reflected in: Unlike previous studies that only regarded financial factors as external shocks, this article incorporates the financial cycle into a unified framework as the core variable that regulates the relationship between economic policy uncertainty (EPU) and foreign direct investment (OFDI). By introducing the expansion and contraction phases of the financial cycle, this article breaks through the "linear assumption" in the existing literature on the inhibitory effect of EPU on investment, and reveals how the macro-financial environment asymmetrically affects OFDI decisions by changing corporate financing constraints and risk expectations, thereby enriching research on the macro-regulation mechanism of cross-border investment.

2. Literature Review

The financial cycle has emerged as a central paradigm in macro-financial stability analysis, extending beyond traditional economic cycle frameworks to serve as a critical lens for understanding the buildup and unwinding of systemic risks. At its core, it is not merely a sum of

short-term fluctuations, but rather a medium- to long-term resonance process driven by the mutual reinforcement of credit expansion, asset prices, and leverage ratios. Typically lasting 15-20 years, its duration significantly exceeds the 3-8-year span of business cycles(Schueler et al., 2020). In the Chinese context, research by Che et al.(2023)reveals that the financial cycle exhibits distinct asymmetry. During its upswing, rising risk appetite among banks, expansion of the shadow banking system, and expectations of currency appreciation often converge to form a self-reinforcing "credit-asset price" spiral. Conversely, the downturn phase tends to trigger declines in collateral values, tighter bank lending, and capital outflow pressures, which exacerbate liquidity strains. Notably, China's financial cycle does not operate in isolation; it is modulated by external shocks. Monetary policy shifts by the Federal Reserve and the European Central Bank spill over through cross-border capital flows and exchange rate channels, transmitting effects across emerging markets. Spectral analysis further indicates heterogeneity in the frequency domain of China's financial cycle: short- to medium-term fluctuations (1 – 5 years) are primarily driven by domestic monetary and credit policies, while longer-term movements (over 10 years) are deeply intertwined with global commodity prices, geopolitical risks, and trade tensions such as those between China and the United States.

Economic policy uncertainty (EPU) represents another critical institutional environmental variable influencing corporate strategic decision-making. Its measurement has evolved from early subjective perceptions based on surveys to an objective, quantifiable paradigm grounded in text mining. The China EPU index developed by Baker et al.(2016)has become a widely recognized core proxy variable in academic research. It systematically captures the frequency of reports in authoritative media outlets such as *People's Daily* and *Xinhua News Agency* that contain keywords like "economy", "policy" and "uncertainty" followed by standardization. This index not only captures the unpredictability of fiscal, monetary, industrial, and trade policy directions but also reflects deeper institutional frictions unique to China, such as the gap between central and local policy implementation, frequent regulatory updates, and the rise of local protectionism(Zhao & Su, 2022). EPU exerts a systematic dampening effect on corporate behavior, manifesting in reduced investment willingness, heightened financing constraints, and the emergence of "symbolic compliance" in information disclosure(Xue et al., 2024). The intensity of this impact is moderated by firm heterogeneity: it is more pronounced in firms with insufficient innovation capacity and tight funding, while state-owned enterprises experience milder effects due to institutional buffers. This indicates that the pathways through which EPU operates are differentiated across firms.

Focusing on the core research question of Chinese enterprises' outward foreign direct investment (OFDI), financial cycles and economic policy uncertainty together form a dual set of constraints, driving OFDI behavior to exhibit high context-dependency. On one hand, the phase of the financial cycle significantly moderates the risk-return trade-off in OFDI: during an upswing, domestic credit expansion and asset bubbles foster "overconfidence-driven" OFDI, with firms inclined toward large-scale mergers and acquisitions as well as greenfield investments. However, such investments are vulnerable to contagion effects from host countries' financial fragility. During a downturn, domestic liquidity tightening and depreciation pressures on the home currency force firms to scale back their overseas expansion and prioritize domestic operations(Ding & Ding, 2024). On the other hand, economic policy uncertainty (EPU) suppresses OFDI decisions through multiple channels. At the host country level, high EPU increases due diligence costs, weakens the enforceability of long-term contracts, and heightens political risk premiums. Empirical evidence shows that for every

one-unit increase in a host country's EPU, the probability of Chinese OFDI flowing into that country decreases significantly(Xiao et al., 2024). At the home country level, research by El Ghoul et al.(2023)finds that rising EPU in China itself directly constrains both the funding supply and decision-making scope for OFDI by reducing firms' cash holdings and undermining their strategic planning capabilities. Furthermore, the heterogeneity in OFDI motives leads to differentiated responses: market-seeking and technology-seeking OFDI are highly sensitive to EPU, while resource-seeking OFDI demonstrates greater resilience, as it is more strongly driven by global commodity price cycles.

A review of the literature on global financial cycles, economic policy uncertainty, and corporate outward foreign direct investment reveals that these three elements are both distinct and interconnected, yet significant limitations persist in theoretical frameworks and analytical perspectives. Theoretically, the dynamic interaction mechanisms among them remain inadequately explained. Existing studies often oversimplify these relationships as parallel variables or one-way causal links, thereby neglecting nonlinear effects and transmission pathways. Moreover, the unique evolutionary patterns of financial cycles in the Chinese context have not been sufficiently theorized, which diminishes the practical relevance of the research. From a perspective standpoint, current literature tends to overemphasize the home-host country binary framework, overlooking the moderating role of global financial cycles and offering limited exploration of micro-level decision-making mechanisms. In summary, there is room for improvement in theoretical integration and contextual understanding within existing research. There is a need to develop more robust explanatory models to better support the OFDI decision-making of Chinese enterprises.

3. Theoretical Foundations and Impact Mechanism Analysis

3.1 Measuring the Financial Cycle

The core concept of the financial cycle refers to the long-term fluctuations inherent in the financial system, driven by a mutually reinforcing mechanism between credit expansion and rising asset prices. At its essence, it reflects the dynamic interplay between financial activities and the real economy. Building on this understanding, this paper adopts private sector credit-to-GDP as the fundamental measure of the financial cycle. This indicator effectively captures the level of financial sector activity by linking the scale of credit to the overall economic output. Considering the research context and data availability, the ratio of outstanding credit from financial institutions to GDP is selected as the specific measurement variable. Furthermore, to better analyze the varying impacts across different phases of the financial cycle, this study explicitly divides it into two distinct stages: the expansion phase and the contraction phase. This approach allows for a more precise examination of the dynamic characteristics of financial booms and downturns.

3.2 Delineating Financial Cycles

Based on the cyclical fluctuations of the financial cycle extracted using the HP filter method, China's financial cycle from 2011 to 2023 can be divided into two distinct phases as shown in Figure 1:

Phase I (2011–2018): Moderating Fluctuations. From 2011 to 2016, the global quantitative easing policies provided an external environment conducive to China's accommodative monetary stance. During this period, the central bank lowered reserve requirements and interest rates to inject

liquidity, thereby stimulating credit expansion. Starting in 2016, however, real estate market regulations—including purchase restrictions, lending curbs, and the "three red lines" policy—began to curb credit demand. Coupled with financial deleveraging efforts aimed at reining in the disorderly expansion of interbank activities, credit creation contracted, marking the onset of a downturn in the financial cycle.

The second phase (2018–2023) exhibited a double-peak, double-trough pattern. From 2018 to 2020, monetary policy shifted toward targeted easing, and with the addition of special financial support measures during the pandemic, credit expanded sharply. Between 2020 and 2021, however, efforts to address local government implicit debt and tighten real estate regulations cooled credit demand in infrastructure and property sectors, leading to a short-term downturn. From 2021 to 2023, the outstanding balance of targeted monetary policy instruments reached 6.4 trillion yuan, and two reserve requirement ratio cuts released over one trillion yuan in liquidity. This credit expansion helped counter downward pressures, driving the financial cycle upward once again.

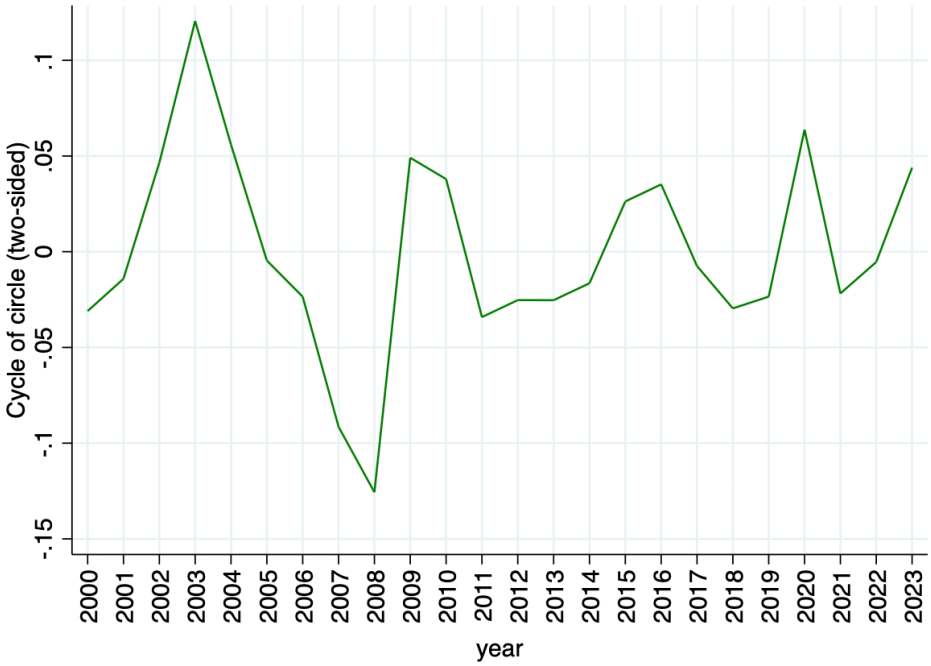

Figure 1 Delineation of Financial Cycles

3.3 Mechanism Analysis and Hypothesis Formulation

Existing literature has separately confirmed the independent effects of both factors, yet their interactive mechanisms have not been systematically explained. The core argument of this paper is that the cyclical characteristics of the financial cycle asymmetrically moderate the effectiveness and transmission pathways of economic policy uncertainty by altering corporate financing constraints, risk perceptions, and capital costs. Drawing on theories such as real options and financing constraints, this study explains the mechanisms and proposes hypotheses in the context of different phases of the financial cycle.

From a theoretical perspective, financial cycles are closely linked to economic cycles and possess predictive power, serving as a key driver of macroeconomic fluctuations. Their interaction with policy uncertainty creates complex constraints on firms' cross-border investment decisions.

During the upward phase of the financial cycle, credit expansion and rising risk appetite can mitigate the negative impact of policy uncertainty. According to real options theory, a loose financing environment increases the opportunity cost of delaying investment, thereby reducing the value of waiting. Meanwhile, financing constraint theory suggests that ample credit alleviates the funding pressures triggered by uncertainty. Both global and domestic empirical studies confirm that improved credit conditions can ease corporate financing constraints.

Based on the above analysis, Hypothesis 1 (H1) is proposed: During the upward phase of the financial cycle, the inhibitory effect of economic policy uncertainty on corporate OFDI is significantly weakened.

During the downturn of the financial cycle, credit contraction and heightened risk aversion resonate with policy uncertainty. The combined effects of financing constraints and the financial accelerator tighten credit rationing, while the amplified value of real options leads firms to postpone overseas investments. Additionally, the probability of bond defaults rises near the peak of the financial cycle. Concurrently, cross-border capital flows face obstacles, and the dampening effect of host-country policy uncertainty intensifies. As China's financial cycle leads its economic fluctuations, investment willingness is further suppressed.

Based on the above analysis, Hypothesis 2 is proposed: During the downturn phase of the financial cycle, the inhibitory effect of economic policy uncertainty on firms' outward foreign direct investment is significantly amplified.

4. Research Design and Empirical Model

4.1 Research Design

This study employs monthly data derived from the *South China Morning Post* to measure economic policy uncertainty in China. The index constructed using *South China Morning Post* can more keenly capture the sensitivity of international investors to China's policy fluctuations, and is more predictive of cross-border OFDI behavior than domestic media.

Using Hong Kong-based English-language newspaper *South China Morning Post* as the sole data source, we first identify articles containing the three core terms, "China," "economy," and "uncertainty", each month. We then further filter these articles to include only those that also contain policy-related terms such as "policy," "interest rate," and "central bank." Next, we calculate the ratio of policy uncertainty articles to the total number of articles published in that month. Finally, we standardize the resulting time series to construct the China Economic Policy Uncertainty Index.

This study draws on the disclosure regulations of the China Securities Regulatory Commission and utilizes the related-party transactions section of the CSMAR database to obtain information on the affiliated entities of listed companies. Affiliated parties meeting specific criteria are identified as targets for outward foreign direct investment (OFDI). The original dataset comprises OFDI records for over 5,000 A-share listed companies from 2000 to 2023. After applying three filtering steps, excluding financial firms, enterprises with investment amounts below 1 million yuan, and ST-listed stocks, the final dataset is prepared for analysis.

Excluding small investments below 1 million yuan aims to eliminate non-strategic sporadic investment disturbances, ensure that the sample can truly reflect the company's overseas expansion intentions of substantial scale, and reduce statistical noise.

In the section on financial cycles, this paper employs the credit-to-GDP ratio of the financial sector as the foundational metric for measuring financial cycles. Data on the scale of financial sector credit can be obtained from the Wind database. By linking credit volume to overall economic output, this indicator effectively captures the level of activity within the financial sector, offering both scientific rigor and strong representativeness.

Corporate outward foreign direct investment is influenced by a range of macro- and micro-level factors. In this study, relevant control variables are incorporated into the regression model. At the macro level, the first factor is economic openness (Open). An increase in openness can reduce the costs of cross-border operations for firms and encourage investment, whereas low openness tends to suppress the willingness to invest abroad. The second factor is the total import and export trade volume (TIAE), which reflects a firm's engagement in international markets and can drive outward foreign direct investment. Changes in this variable also indicate the degree of international geopolitical tensions. The third factor is the financial cycle variable (Cycle), which is assigned a value of 1 during upward phases and 0 during downward phases.

At the micro level: First, firm size (Size) matters—larger enterprises possess greater resources and risk-bearing capacity, making it easier for them to overcome financing constraints. Second, firm age (Age), calculated as the difference between the current year and the year of establishment, plays a role. Older firms tend to have accumulated more operational experience and resources, which strengthens their investment willingness, whereas younger firms often face greater limitations. Third, operating cash flow (OCF), sourced from the CSMAR database, is crucial. Ample cash flow provides internal funding for investments, while a shortage can restrict investment activities. Fourth, financing constraints (SA) serve as a mediating variable. Policy uncertainty can exacerbate these constraints, thereby suppressing outward foreign direct investment. Firms with lower financing constraints are less affected by such shocks. In this study, the SA index is calculated using the formula: $SA = -0.737 \times Size + 0.043 \times Size^2 - 0.040 \times Age$.

4.2 Model Construction

First, without considering the influence of the financial cycle, we analyze the impact of economic policy uncertainty on firms' outward foreign direct investment independently. The baseline model is constructed as follows:

$$OFDI_{i,t}=\alpha_0+\alpha_1 EPU\_China_t+\sum Control+\mu_i+\nu_{i,t} \quad (1)$$

In Model (1), t denotes the specific year, and i represents the individual firm in the dataset. The dependent variable, Outward Foreign Direct Investment ($OFDI_{i,t}$), measures the firm's OFDI amount in the given year. The core explanatory variable is China's Economic Policy Uncertainty (EPU_China). ∑Control refers to other control variables, while μi and νi,t represents the error terms.

Next, to investigate whether the financial cycle directly influences firms' outward foreign direct investment, we incorporate the financial cycle as a variable into the regression model described above. This yields the following model, which serves to validate the necessity of including the financial cycle in this study and lays the groundwork for subsequent research involving cycle

segmentation.

$$OFDI_{i,t}=\alpha_0+\alpha_1 EPU\_China_t+\alpha_2 Cycle+\sum Control+\mu_i+\nu_{i,t} \quad (2)$$

Building upon the original framework, Model (2) incorporates the financial cycle as an explanatory variable into the regression analysis. Following the classification of financial cycles outlined earlier, the financial cycle variable (Cycle) is constructed by assigning a value of 1 to observations during expansion phases and a value of 0 to those during contraction phases.

Finally, to further explore the role of financial cycles in the impact of economic policy uncertainty on firms' outward foreign direct investment, this study divides the financial cycle into expansionary and contractionary phases based on reasonable measurement. This approach allows for a comparative analysis of how economic policy uncertainty affects outward foreign direct investment under different financial cycle conditions.

5. Empirical Testing and Results Analysis

5.1 Analysis of Empirical Results

The empirical results from the baseline model and the model incorporating financial cycle variables are shown in Table 1. When the financial cycle (Cycle) is not considered, the coefficient for economic policy uncertainty (EPU_China) is -0.00289, showing a significant negative correlation with corporate OFDI at the 1% level, confirming its inhibitory effect. After including Cycle, the coefficient becomes 1.10539, indicating a significant positive correlation at the 1% level, which suggests that an upward financial cycle facilitates OFDI growth. Among the control variables, import and export trade volume (TIAE), firm age (Age), operating cash flow (OCF), and financing constraints (SA) all exhibit significant positive correlations with corporate OFDI at the 1% level. Notably, a higher SA index corresponds to lower financing constraints, and all these factors contribute to driving firms to expand their outward investment.

Table 1 Regression Results of the Baseline Model and the Model with Financial Cycle Variables

VARIABLES	Model (1)	Model (2)
Cycle		1.10539***
		(16.80)
EPU_China	-0.00289***	-0.00344***
	-13.78)	(-16.24)
Open	-1.42013***	1.41208***
	(-3.16)	(2.94)
TIAE	0.16256***	0.18200***
	(33.56)	(36.63)
Age	0.03088***	0.03338***
	(3.87)	(4.19)
Size	0.00002***	0.00002***
	(3.76)	(3.97)
OCF	0.00080***	0.00074***
	(4.94)	(4.60)
SA	1.34520***	1.35085***
	(8.20)	(8.25)

Constant	5.55468***	3.40022***
	(9.76)	(5.84)
Observations	61,303	61,303

t-statistics (in parentheses), ***p<0.01, **p<0.05, *p<0.1

Building on the benchmark model (4-2-1), this section divides the original sample into three subsets based on financial cycle phases: expansion periods, contraction periods, and the full cycle. Parameter estimates for each subsample are presented in Table 2.

Table 2 Empirical Results

VARIABLES	All	Up	Down
EPU_China	-0.00289***	-0.00223***	-0.00828***
	(-13.78)	(-14.34)	(-9.37)
Open	-1.42013***	-0.47390	-9.37154***
	(-3.16)	(-0.42)	(-9.81)
TIAE	0.16256***	0.20117***	0.10680***
	(33.56)	(35.80)	(7.53)
Age	0.03088***	0.03790***	0.02597**
	(3.87)	(3.57)	(2.17)
Size	0.00002***	0.00003***	0.00001
	(3.76)	(3.56)	(1.49)
OCF	0.00080***	0.00029	0.00216***
	(4.94)	(1.45)	(7.07)
SA	1.34520***	1.65033***	0.98439***
	(8.20)	(7.43)	(4.14)
Constant	5.55468***	5.88838***	10.25403***
	(9.76)	(6.87)	(10.33)
Observations	61,303	38,004	23,299

t-statistics (in parentheses), ***p<0.01, **p<0.05, *p<0.1

Based on the full-sample regression results, the core explanatory variable EPU_China is negatively correlated with corporate OFDI at the 1% significance level. An increase in EPU_China exacerbates firms' financing constraints and dampens their investment willingness. Among the control variables, Open is negatively correlated with OFDI, while TIAE shows a positive correlation at the 1% level. OCF, Size, and Age are all positively correlated with OFDI. SA is positively correlated at the 1% level, indicating that a higher SA index corresponds to lower financing constraints, which in turn facilitates outward investment. Comparing the full cycle with the upturn period, EPU_China remains negatively correlated with OFDI at the 1% level in both cases. The coefficient is -0.00289 for the full cycle and -0.00223 for the upturn period, suggesting that its inhibitory effect is weaker during upturns. Analysis from the perspectives of capital supply and risk decision-making confirms that Hypothesis 1 holds.

Comparing the full cycle with the downturn period, EPU_China shows a negative correlation with OFDI at the 1% significance level in both cases. The coefficient during the downturn is -0.00828, indicating a significantly stronger inhibitory effect than in the full cycle. This can be attributed to the combination of credit tightening and heightened policy uncertainty during downturns, which

exacerbates funding gaps. These findings support Hypothesis 2.

5.2 Robustness Tests

The baseline regression measures the core explanatory variable using the EPU index constructed by the *South China Morning Post*. To mitigate endogeneity concerns, UEPU is employed as an alternative variable for robustness testing. The results indicate that, across the full cycle and during downturns, UEPU exhibits a negative correlation with corporate OFDI at the 1% significance level, with coefficients of -0.00450 and -0.00487, respectively. During upturns, the correlation is negative at the 10% significance level, with a coefficient of -0.00118. These findings align with the baseline regression, confirming the robustness of the results. Results are shown in Table 3.

Table 3 Substituting the EPU Index

VARIABLES	All	Up	Down
UEPU	-0.00450***	-0.00118*	-0.00487***
	(-9.64)	(-1.89)	(-3.53)
Open	0.16986	9.21955***	-4.26675***
	(0.48)	(12.83)	(-6.58)
TIAE	0.12632***	0.14331***	0.05393***
	(22.71)	(23.85)	(4.89)
Age	-0.05470***	-0.02237	-0.04654***
	(-4.43)	(-1.50)	(-2.94)
Size	0.00004***	0.00006***	0.00002*
	(5.43)	(6.36)	(1.82)
OCF	-0.00008	-0.00016	0.00016
	(-0.63)	(-0.96)	(0.59)
SA	0.55292***	0.07218	0.17723
	(-2.96)	(-0.27)	(-0.73)
Constant	-0.19021	-2.99705***	4.37043***
	(-0.31)	(-3.38)	(4.81)
Observations	61,303	38,004	23,299

z-statistics (in parentheses), *** p<0.01, ** p<0.05, * p<0.1

6. Research Findings and Policy Implications

This study utilizes annual report data from over 5,000 listed companies in China spanning 2000 to 2023. By processing corporate outward foreign direct investment (OFDI) data, we construct a binary variable indicating whether a firm engages in OFDI. Combining this with the China Economic Policy Uncertainty Index compiled by the *South China Morning Post*, we establish a baseline regression model. The results confirm that economic policy uncertainty suppresses corporate OFDI. Subsequently, we introduce a financial cycle variable to empirically examine its correlation with OFDI, laying the groundwork for subsequent research on cycle classification. After clarifying the definition and measurement of the financial cycle, we divide it into expansion and contraction phases. Empirical findings reveal that during financial cycle expansions, the inhibitory effect of economic policy uncertainty on OFDI weakens, whereas during contractions, this effect strengthens.

Based on this, the following policy implications are proposed: Implement differentiated policy support. During economic upswings, guide enterprises to expand overseas through specialized credit facilities and preferential cross-border financing rates, establish government-backed financing guarantee funds to assist private enterprises, and leverage the Belt and Road Initiative to reduce bilateral policy uncertainties. During downturns, introduce special relending programs for cross-border investments, provide targeted support to industries such as electronic equipment and automotive manufacturing, extend the terms of merger and acquisition loans, stabilize market expectations, and offer tailored assistance. Simultaneously, optimize policy formulation and implementation by clarifying policy guidelines for different economic cycles and establishing a 3–6-month buffer period for policy adjustments. Additionally, leverage platforms such as industry associations to provide enterprises with risk assessment services, promote the sharing of experiences among businesses, guide enterprises in improving their internal risk control mechanisms, and enhance the stability and sustainability of overseas investments.

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