

October 2019, Vol. 6, No. 4



IMI Newsletter

International Monetary Institute
Renmin University of China

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Highlight

2019 International Monetary Forum

On July 6 to 7, the 2019 International Monetary Forum was held at Yifu Hall of Renmin University of China, organized by School of Finance and China Financial Policy Research Center of Renmin University, and co-organized by IMI, with the theme “High-quality Development and High-standard Financial Opening-up”. The topics centered on Financial Supply-side Reform and Financial Risk Prevention, Fiscal Reform and the Two-pillar Macro-control System, Asset Management and Wealth Management Subsidiaries of Banks, Renminbi Internationalization and High-standard Financial Opening-up, and Fintech.

Hundreds of experts and scholars from government sectors, academia and financial industry attended the forum including Liu Wei, President of Renmin University of China, Xiao Gang, Member of the National Committee of CPPCC, Former Chairman of CSRC, Hu Xiaolian, Chairman of the Export-Import Bank of China, Chen Yunxian, Party Member and Former Deputy Governor of Guangdong Provincial People's Government, Li Lihui, Former President of Bank of China, Head of Block Chain Working Group, National Internet Finance Association of China, Wang Zhongmin, Former Deputy Chairman of National Council for Social Security Fund of China, Liu Jun, Vice President of China Investment Corporation, Wang Yi, Director-General of Department of Finance of Ministry of Finance, Huo Yingli, Director General of the Macro Prudential Administration, PBoC, Li Wei, Director-General of Science and Technology Department, PBoC, Li Jizun, Director of Market Department, CBIRC, Liu Shangxi, Dean of Chinese Academy of Fiscal Science, Wei Benhua, Former Deputy Administrator of the State Administration of Foreign Exchange (SAFE) and Former IMF Executive Director for China, Zhang Zhixiang, Former Director-General of International Department of PBoC and Former IMF Executive Director for China, Wang Guogang, Professor of School of Finance at Renmin University, Member of Academic Committee of CASS, Ding Zhijie, Vice President of University of International Business and Economics, Yao Yang, Dean of National School of Development at Peking University, Yaseen Anwar, Former Governor of Central Bank of Pakistan, Senior Advisor of ICBC Pakistan, Tae Soo Kang, Former Deputy Governor of Bank of Korea, Senior Research Fellow of Korea Institute for International Economic Policy (KIEP), Anoop Singh, Adjunct Professor of Georgetown University, Former Head of Asia & Pacific Department of IMF, etc.

On July 6, Zhuang Yumin, Dean of the School of Finance of Renmin University chaired the Opening Ceremony and Press Conference of the 2019 Annual Report of Renminbi Internationalization.

President Liu Wei delivered an opening speech. He pointed out that monetary capital is the most liquid and active element in the modern economic system. He hoped the forum can serve as a platform for all the guests to discuss the hotspots and key issues of China's economic

and financial development providing solutions to the problems. Liu Wei wrapped up his speech with wishes of success for the forum.

Wang Fang, deputy director of IMI and professor of the School of Finance at Renmin University, interpreted the "Internationalization Report on RMB 2019". She mentioned that the report pointed out that the RMB internationalization index RII rebounded strongly and reached 2.95% at the end of 2018. In the past ten years, it has achieved major changes from scratch and is now among the major international currencies. The theme of this year's report is "High Quality Development and High-Standard Financial Opening". The research team summarized three features of high-quality development in contemporary China, namely efficiency, stability and inclusiveness. It believes that high-quality development determines the future of RMB internationalization. In addition to providing a solid foundation and lasting power, it will also give RMB Internationalization Chinese and contemporary characteristics of high efficiency, stability and inclusiveness. The report emphasizes that high-quality development requires a more adaptive financial system, and high-level financial openness will help achieve high-quality development, but high-level financial opening needs to be gradually realized in further reforms. Current work focuses on consolidating micro-foundations centered on enterprises and financial institutions, deepening the development of financial markets, improving financial infrastructure, and improving financial management capabilities under open conditions.

The keynote speech was hosted by Zhang Jie, director of IMI and professor of the School of Finance of Renmin University. Xiao Gang, Hu Xiaolian, Huo Yingli and Yaseen Anwar delivered speeches successively.

Xiao Gang delivered a keynote speech on "The opportunities and challenges of china's stock market opening" and elaborated on a series of new measures for the opening of China's stock market, including the attraction of foreign long-term institutional investors, connectivity in the stock market, the increasing share of foreign investment in the stock market, two-way flow of cross-border investment and financing, integration into international indexes, and two-way opening of the securities service industry. He mentioned the significance of introducing high-quality resources, improving the structure of investors, promoting reforms through opening up, encouraging healthy competition, and promoting the growth of open economies. He also gave advice on the opening up of the stock market from the perspectives of market-oriented reforms of interest rates and exchange rates, further monitoring of cross-border funds, addressing the lack of risk management tools in the stock market, extension of domestic legal rules, further supervision of foreign financial institutions, and improvement of cross-border supervision.

Hu Xiaolian delivered a keynote speech entitled "Sharpen the financial competitive edge and advance the internationalization of Renminbi". She analyzed the data changes in China's current account and capital account, and came to the conclusion that China is transitioning from a commodity-exporting country to a commodity- importing and capital-exporting country. She also pointed out that China's financial sector is large yet not strong, hence the weakness of Renminbi internationalization. In the end, she put forward several suggestions to promote the overall competitiveness of China's financial sector.

Huo Yingli delivered a keynote speech entitled "Balance the efficiency and stability of cross-border capital flows". She believed that we should take both efficiency and stability into



account when speaking of high-quality financial opening-up, especially cross-border capital flows. First, it is necessary to improve the corresponding investment arrangements for the direct entry of foreign investors into domestic market and the interconnection of domestic and overseas transactions. Besides, we need to improve corresponding regulatory measures. In accordance with the requirements of high-quality development, we have continued to improve the institutional arrangements for opening up financial market in recent years, including settlement system, foreign exchange mechanism and risk hedging and opening-up channels. In terms of Renminbi internationalization, she believed that it is driven by the market and is a natural process. However, we're still facing problems like infrequent use of current account and Renminbi for payment. So we need to adapt to the needs of high-quality development, promote the opening up of financial market to a higher level, continue to improve the policy framework and relevant infrastructure arrangements for cross-border use of Renminbi, and continuously improve the macro-prudential management of cross-border capital flows.

Yaseen Anwar focused on a practical perspective. Against the backdrop of increasing global uncertainty risks, China's Belt and Road Initiative has created mechanism and opportunities for emerging economies to interconnect with each other. He also pointed out that corporate bond market can compete with the banking system. Finally, he said that global financial crisis called for the reform of Central Bank's regulation and supervision. The Financial Stability Board, including Central Bank, needs to create an enabling environment and regulatory mechanism to integrate capital requirements, infrastructure building and multilateral cooperation. Multilateral financial institutions also need to increase depoliticized lending.

The Theme 1 sub-forum centered on financial supply-side reform and financial risk prevention, chaired by Ben Shenglin, Co-director of IMI, Founder and Dean, Zhejiang University Academy of Internet Finance, and International Business School. Keynote speakers were Wang Zhongmin, Former Deputy Chairman, National Council for Social Security Fund of China, Chen Yunxian, Party Member and Former Deputy Governor, Guangdong Provincial People's Government, and Wang Guogang, Professor, School of Finance, RUC, Member of Academic Committee, CASS. Panel Discussion I, Opportunities and Challenges in Financial Supply-side Reform, and Panel Discussion II, Forestall and Defuse Major Financial Risks from Multiple Aspects, involved Chen Qiqing, Deputy Director, Department of Economics, Party School of the CPC Central Committee; Chen Xinjian, Executive Director and Vice President, Industrial Bank Co., Ltd.; Yao Yang, Dean of National School of Development at Peking University; Zhao Changwen, Director, Industrial Economy Division, Development Research Center of the State Council; Qu Qiang, Director, China Financial Policy Research Center, Renmin University of China; Fan Xiwen, Chief Risk Officer, China-LAC Cooperation Fund; Fang Xin, Vice President, PBoC Chengdu Branch; Vice Administrator, SAFE Sichuan Branch; Ding Jianping, Deputy Director, Shanghai Institute of International Finance Center; Huang Jinlao, Chairman of Board, Suning Bank Co., Ltd.; Zhou Yueqiu, Director, Institute of Urban Finance, ICBC; Secretary General, China Urban Financial Society; and Hu Jing, Partner of Financial Institutions Service Industry, PwC.

The Theme 2 sub-forum centered on fiscal reform and the two-pillar macro-control system, chaired by Wang Yi, Director-General, Department of Finance, Ministry of Finance. Keynote speakers were Liu Shangxi, Dean, Chinese Academy of Fiscal Science; Huo Yingli, Director General, the Macro Prudential Administration, PBoC; Li Jizun, Director, Market Department,

CBIRC; and Zeng Gang, Deputy Director General, National Institution for Finance and Development. Roundtable Discussion included Hu Xuehao, Deputy Director-General, Department of Finance, Ministry of Finance; Mu Changchun, Deputy Director-General, Payment and Settlement Department, PBoC; Yan Xiandong, Deputy Director-General, Statistics and Analysis Department, PBoC; Feng Bo, Former General Manager, Dalian Commodity Exchange; Huang Qing, Secretary of the board, China Shenhua Energy Company Limited; Zhang Haiyun, Director, Financial Market Research Center and Professor, School of Finance, University of International Business and Economics; Zhou Guangwen, Chairman of Board, Ginkgo Capital and Beijing Gintong Investment Co., Ltd.; Guan Wei, Executive Director, Credit Management Research Center; Professor, School of Finance, Renmin University of China, and Chen Yanbin, Executive Director, Key Research Base for Construction of National Economics Textbook, Renmin University of China.

The Theme 3 sub-forum was on Asset Management and Wealth Management Subsidiaries of Banks, chaired by Zhao Xijun, Associate Dean, School of Finance, Renmin University of China. Bu Yanhong, General Manager, Asset Management Department, Postal Savings Bank of China; Wei Quanhong, Deputy General Manager of ICBC Wealth Management Co., Ltd.; An Qilei, Former Deputy Director General, Financial Stability Bureau, PBoC; Cao Deyun, Executive Vice President and Secretary General, Insurance Asset Management; Jia Zhimin, Vice President of Asset Management, Pingan Bank; Zeng Gang, Deputy Director General, National Institution for Finance and Development; Chen Jianxiong, Vice President, China Orient Asset Management Co., Ltd.; Wang Ge, Vice President, Huatai United Securities; Wang Qi, Assistant General Manager and Director of Investment Research, China Fund; and Fang Qingli, Head of CICC Wealth Management have exchanged in-depth views under the themes of " Opportunities and Challenges of Wealth Management Subsidiaries of Banks" and " Asset Management in Global Competition".

The theme 4 sub-forum was titled "Renminbi Internationalization and High-standard Financial Opening-up" and was chaired by Zhang Zhixiang, former Director-General of International Department of PBoC and former IMF Executive Director for China. Liu Jun, Vice President of China Investment Corporation, Tae Soo Kang, former Deputy Governor of Bank of Korea and Senior Research Fellow of Korea Institute for International Economic Policy (KIEP), Anoop Singh, former Director of Asia-Pacific regulatory strategy of JPMorgan Chase & Co. and former Head of Asia & Pacific Department of IMF and Jean-Francois di Meglio, President of Asia Center have delivered keynote speeches successively. Tu Yonghong, Deputy Director of IMI, Chen Weidong, Director of International Finance Institute of Bank of China, Ding Jianping, Deputy Director of Shanghai Institute of International Finance Center, Ding Zhijie, Vice President of University of International Business and Economics, Herbert Poenisch, former Senior Economist of BIS, Xu Zaiyue, President of Cross-border Interbank Payment System Operator, Wang Fang, Deputy Director of IMI, E Zhihuan, Chief Economist of Bank of China (Hong Kong), Robert Elsen, Director and Deputy Head of Section IFR 1 International Policy - Technical and Bilateral Co-operation of Federal Financial Supervisory Authority (BaFin), Wang Buzhou, Deputy Manager of International Development of Shanghai Stock Exchange, Wei Benhua, former Deputy Administrator of the State Administration of Foreign Exchange (SAFE) and former IMF Executive Director for China and Xia Le, Chief Economist



for Asia of Research Department of BBVA have exchanged in-depth views under the themes of "Renminbi Internationalization and Opening-up of Chinese Financial Market" and "Renminbi Internationalization and Chinese Capital Market Reform".

The theme 5 sub-forum "Fintech Forum and Launch of China Fintech Annual Report (2019)" was chaired by Yang Tao, Assistant Director of Institute of Finance of CASS. Li Lihui, former President of Bank of China and Head of Block Chain Working Group and National Internet Finance Association of China, Li Wei, Director-General of Science and Technology Department of PBoC, Li Qian, Director of Public Affairs of National Internet Finance Association of China, Will Haskins, China Representative of Money 20/20 have delivered keynote speeches successively under the theme of "Fintech & Financial Reform and Opening-up". Du Xiaoyu, Deputy Secretary-General of Tencent Research Institute, Wang Guangyu, President of Huaxia New Supply Economics Research Institute and Chairman of China soft Capital, Li Zhenhua, Dean of Research Institute of Ant Financial, Yao Huiya, Head of WeBank Science and Technology Innovation Products Department, Liu Yong, Director of Zhongguancun Internet Finance Institute, Yan Wentao, President of CCX Credit Technology, Pan Zhijiang, General Manager of Fintech Innovation Center of DCITS, Li Xiangchen, Vice General Manager, Director of General Manager's Office, and Director of Digital Science and Technology Department of SinoPac Financial Holdings Company Limited, Li Weidong, Vice President of Tongdun Technology, Yuan Tian, Senior Research Fellow of AVIC Trust and other guests have participated in roundtable discussions. The forum was organized by IMI and China Fintech 50 Forum (CFT50) with Money 20/20 China and SinoPac Financial Holdings Company Limited as the co-organizers. The China Fintech Annual Report (2019) was launched and the "Fintech Scholarship" was inaugurated at the forum.

The theme 6 sub-forum was a thesis seminar on renminbi internationalization, chaired by Iikka Korhonen, Head of Research, Bank of Finland Institute for Economics in Transition (BOFIT). This session focused on the progress of RMB internationalization and its interaction with other aspects of China's opening up, such as banking sector and bilateral swap arrangements with other countries. Jennifer Lai from Guangdong University of Foreign Studies, Lu Dong from Renmin University of China, Wang Yao from Noah Holdings Hong Kong, and Xia Le from BBVA made presentations. A tentative result from the presentations was that RMB internationalization, though far from complete, had been influencing economic development in China and its economic partners.

In addition, the working dinner themed the night of fintech was held on the night of July 6. Ben Shenglin, co-director of IMI, Dong Junfeng, CEO of NetsUnion Clearing Corporation, Zhang Shaofeng, founder and CEO of Bai Rong Inc., Cao Feng, senior researcher of China Blockchain Study Alliance, Xue Hongyan, assistant to the president of Suning Institute of Finance, Lv Shifeng, founder and CEO of Xin Xin Finance Inc., and Dai Yi, Chief Data Scientist of Elements Credit made keynote speeches on Fintech innovations. The session was chaired by Song Ke, Deputy Director of IMI. Outstanding Student Awards for Gin Tong Global Talent Program and Model IMF were issued as well.

Research

Macro-Finance Salon

Editor's Note:

Macro-Finance Salon is a high-level academic salon initiated by IMI and Department of Money and Banking of School of Finance at RUC. The salon aims at promoting the study and practice of Macro-Finance, as well as its disciplinary program, while carrying out in-depth research on Macro-Finance theory, policy and strategy. The concept of "Macro-Finance" stems from Professor Huang Da's fundamental idea of integrating macro and micro financial theory, which systematically regards finance and real economy as a whole. In the book of "General Theory of Macro-Finance", Chen Yulu, Deputy Governor of PBoC, demonstrates the fundamental connotation and methodology of Macro-Finance, laying theoretical and empirical foundation for Macro-Finance framework, which facilitates long-term economic growth and stronger national competitiveness.

Macro-Finance Salon (No. 126): Index on Real-Time Monitoring of Changes in Corporate Financing Conditions

On the afternoon of July 22, the Macro-Finance Salon (No. 126) was held at Mingde Building, Renmin University of China. Wang Bin, IMI Research Fellow and Chief Macroeconomy Analyst in the Department of Investment Banking of ICBC, gave a keynote speech entitled "Building an Index Research on Real-Time Monitoring of Changes in Corporate Financing Conditions". Zhong Zhengsheng, Chairman and Chief Economist of Monita Research and Managing Director of Caixin Think Tank, along with Chen Jing, Liu Hongwei, Tian Xinming, Yao Yueyue and other IMI research fellows attended the salon and participated in the seminar. Zhang Yu, IMI Research Fellow and Chief Macro Analyst of Hua Chuang Securities chaired the meeting.

Dr. Wang Bin introduced the index reflecting the changes in the overall situation of corporate finance. His speech can be divided into four parts. The first part is an introduction to the index. He pointed out that data is designed for real-time monitoring. It is more timely and multi-dimensional than other external data, so it can monitor real-time changes in corporate financing conditions from the overall, regional and industry levels. The second part is the relationship between the constructed index and the current macro policy data, such as GDP, interbank offered interest rate and so on. The third part is to analyze the financing index based on four aspects, including industry, enterprise size, region and financing period, aka the sub-



item of the financing index. The fourth part is index application and prospects. He pointed out that in the future, the index can provide products and services (including index, research or information) to government departments such as regulatory authorities, non-financial companies such as manufacturing companies, commercial banks, and non-bank financial institutions.

After the keynote speech, it was the discussion session. The guests discussed the impact of real-time data updates, different channels of corporate finance, types of corporate ownership, and changes in sample companies in different periods. Dr. Wang's research was highly praised by the guests present, and they were looking forward to the future application and prospects of the index.

Macro-finance Salon (No.127) and Seminar on “Viewing the Future Development of Crypto-currency from Libra”

On July 20th, the Macro-finance Salon (No. 127) and seminar on “Viewing the Future Development of Crypto-currency from Libra” was held in Renmin University of China (RUC). This event was held by School of Finance, Renmin University of China, and organized by IMI and Banking Research Center of RUC. The seminar was hosted by Ben Shenglin, Co-director of IMI, Founder and Dean, Zhejiang University Academy of Internet Finance, and International Business School. Zhuang Yumin, Dean, School of Finance, RUC, delivered opening speech. Mu Changchun, Deputy Director-General, Payment and Settlement Department, PBoC; Di Gang, Deputy Director, Institute of Digital Money, PBoC; Qu Qiang, Director, China Financial Policy Research Center, RUC; Yao Yudong, Chief Economist and Deputy Head at Dacheng Fund Management Co., Former Director of International Finance Institute, PBoC made keynote speeches. Chen Daofu, Deputy Director, Research Institute of Finance, Development Research Center; Councilor of the State Council, Yang Tao, Assistant Director, Institute of Finance, CASS; Du Xiaoyu, IMI Research Fellow and Deput Director of Tencent Research Institute; Zhao Xijun, Associate Dean, School of Finance, RUC; Tan Songtao, Associate Dean, School of Finance, RUC; Tu Yonghong, Deputy Director of IMI; Professor, School of Finance, RUC; Wang Fang, Professor, School of Finance, RUC; Song Ke, Deputy Director of IMI; Associate Professor, School of Finance, RUC and other guests attended the seminar and round-table discussion.

Zhuang Yumin extended thanks to experts present during opening speech and she pointed out that IMI should hold seminars to gather experts to exchange opinions. She hoped that everyone could express opinions freely and further discuss the topic “Viewing the Future Development of Crypto-currency from Libra”.

Mu Changchun mentioned in the keynote speech that Libra's reserve assets included several strong-currency cash deposits and sovereign bonds. He pointed out that if the strategy of increasing risks and returns was adopted, it might lead to the impairment risk and currency fluctuation of reserve assets, and the exchange rate change of reserve assets would lead to the change of other currency prices by Libra, which would lead to the arbitrage problem of exchange rate. As for China, he thought that we should resist the erosion of Libra to RMB in domestic market in the short term, and maintain and enhance the status of RMB in the

international currency to make it a hard currency in the long run. It was not feasible to make China Libra after the pattern of Facebook Libra. We should stick to the original position on Bitcoin and ICO.

Di Gang believed that all the upgrading of monetary form was driven by technological revolution. The upgrading of monetary form was often accompanied by the contradiction between sovereign currency and private currency, which sovereign currency was bound to win in the long term. Libra, though ideologically aligned with DCAP, was essentially a hybrid architecture of distributed, centralized and blockchain rather than a revolutionary product, Di said. In the future, we should learn lessons from previous experience when issuing digital currency. We should make full use of the advantages of digital currency in unifying value stream and information flow, enhance monetary control and security, reduce circulation cost, and issue digital currency with unlimited circulation and unlimited legal tender.

Qu qiang expounded his views on Libra from three levels. Firstly, the law of money was that the government and the market exerted their power. All kinds of governments represented a kind of credit, which could not be sustained without credit. Secondly, the monetary system needed to be flexible enough to accommodate the growth of wealth and keep the economy running. In addition, money was defined by its three functions and the three functions could not be divided. Libra was not a currency, nor can it be a future currency. Libra had no account rights. If it had account rights, it would enter the modern financial system like commercial banks. However, Libra was not modern money, and it was backed by assets, which could not expand without flexibility.

Yao Yudong thought that at present, the influence of super-sovereign digital currency was expanding, so we should actively participate in normative development and explore a more ideal international monetary system. He pointed out that eSDR had distinct advantages over Libra: eSDR was within the framework of the existing international monetary system; The eSDR was regulated by global central banks; eSDR had no foreign exchange risk of alternative accounts. Therefore, he believed that we should explore the mechanism of global central bank and try to issue eSDR on the basis of maintaining the IMF member system. By establishing open, transparent and intelligent monetary operation rules, transnational monetary credit consensus can be achieved and the stability and continuity of the system can be maintained by participants.

In addition, in the round-table discussion, Chen Daofu, Yang Tao, Tu Yonghong, Zhao Xijun, Tan Songtao, Wang Fang, Song Ke, and Du Xiaoyu also conducted in-depth exchanges on the theme of “Viewing the Future Development of Crypto-currency from Libra”.

Macro-Finance Salon (No. 128) and Book Launch of *De-dollarization: The revolt against the dollar and the rise of a new financial world order*

On September 16th, the Macro Finance Salon (No.128) and the launch of the new book *De-dollarization: The revolt against the dollar and the rise of a new financial world order*, sponsored by the IMI and the Department of Money and Finance in the School of Finance, co-sponsored by the Renmin Center For China's Foreign Strategy Study, was held in Conference



Room 209 of Mingde International Building. Gal Luft and Anne Korin, co-director of the IAGS, delivered keynote speeches. Subsequently, Ding Yifan, vice chairman of China Society of World Economics, former executive deputy director of World Development Institute, Development Research Center of the State Council and Tu Yonghong, deputy director of IMI and professor of the School of Finance at Renmin University, and Xu Qinhua, professor of the School of International Studies and Vice Dean of National Academy of Development and Strategy (NADS), made comments on the keynote speeches. Zhang Lirong, Chinese envoy to the European Union, and Zhong Zhengsheng, chairman and chief economist of the CEBM, and managing director of Caixin Insight, attended the meeting and participated in the seminar. The meeting was chaired by Di Dongsheng, associate dean of School of International Studies of Renmin University.

Dr. Luft said there was a quiet rebellion against American financial hegemony, but they did not believe that the Renminbi or any other currency would replace the dollar. In their study, they found that the dollar's share in the global currency basket and international trade has declined, which is conducive to the development of other currency portfolios. Therefore, the hegemony of the United States over the global economy will be weakened, and consequently its ability to maintain the huge fiscal deficit of the United States will be weakened. They predict that trade wars will evolve into currency wars, while demand for the dollar will shrink as demand for alternative currencies, gold and digital currencies increases. Commodity trading, especially oil, will become increasingly non-dollarized. "BRI" and "BRICS+" will be the main platforms for de-dollarization. The US government will continue to raise its national debt and will not be able to maintain interest rates for a longer time. Inflation will continue to expand and is likely to lead to stagflation. The world monetary system tends to be multipolar.

In order to face possible crises, Ms. Korin offered their suggestions. She stressed that the most effective solution is to acknowledge the existence of the crisis and actively face it, rather than to be blindly optimistic and complacent with the status quo. She proposed reassessing U.S. financial enforcement measures and coordinating law enforcement with national and economic security. She proposed conducting serious and frank talks with the top US banks on the future loan demand and model of the United States and identifying the financial situation to sort out the fiscal deficit. She also suggested we should stay ahead in which we have already taken the lead in, and in some slightly backward fields, we should acknowledge our deficiencies and make up for them.

After the keynote speech, the guests commented. Prof. Ding Yifan, Prof. Tu Yonghong, and Prof. Xu Qinhua respectively put forward their own opinions and doubts on the reasons for the de-dollarization, the change of the international status of the RMB under the trend of de-dollarization, and the role of oil in the process of de-dollarization. Ms. Korin added that the United States has long recognized the risks of its own economic structure, but this understanding is not comprehensive. Some people have difficulty in understanding the actions of the Trump administration. Actually what he has done is to accelerate the disclosure of the United States' own issues. At the end of the discussion, Dr. Luft emphasized the importance of technology. He believed that China has already taken the lead in moving to a cashless society.

Macro-finance Salon (No.129): China Economy Outlook and Policy Choice under the Global Economic Turmoil

Macro-Finance Salon (No.129) was held in the afternoon of September 23 at Renmin University. Mr. Li Xunlei, vice president of China Chief Economist Forum and chief economist of Zhongtai Securities, delivered a keynote speech titled “China Economy Outlook and Policy Choice under the Global Economic Turmoil”. Participants include Chen Weidong, director of International Finance Institute, Bank of China, Guan Tao, professor of economics in Wuhan University and former director of Balance of Payments Department, SAFE, Qu Fengjie, member of the academic committee of the Institute of International Economic Research, NDRC, Song Yongming, deputy general manager of Minsheng Royal Fund Management Co., Ltd, Xue Jun, head of the financial market division of Finance Department of the Ministry of Finance, Zhang Jiqiang, deputy director of the research institute of Huatai Securities, and Zhao Xiaoqiang, general manager of the Fixed Income Department of Rongtong Fund. The Salon was hosted by Zhang Jie, director of IMI and professor of School of Finance, Renmin University.

Mr. Li Xunlei first analyzed China’s current economic situation from long-term and short-term perspectives. He believes that China’s economy goes upward in the long run but goes downward in the short run. The main pressure stems from aging population, reducing population mobility, and decreasing urbanization rate. At the same time, the large number of over-capacity shows that China’s economy has entered a stock-based stage. Then he analyzed the current global economic situation, pointing out that the world has entered an era of low growth and high instability. China’s economic downturn has weakened global dynamics and its stock-based economy has increased global turmoil and reduced risk preference. Next, Li analyzed China’s current policy logic and pointed out two problems in China’s current economy: “aging before getting rich” and “getting into debt before being rich”. The future focus should be on solving stock problems and increasing leverage in fiscal policy. Li Xunlei also mentioned that the current clear policy context, and the biggest uncertainty lies in the operation. Finally, Li Xunlei put forward two suggestions. In asset allocation, we should consider reducing the holdings and not allocate the incremental part to real estate. In terms of interest rate, it should be maintained at relatively low levels to keep society from outbreak of systemic risks.

In the discussion session, Chen Weidong stresses that if China wants to get out of the middle-income trap under the current circumstance, its focus should be on the improvement of industrial development and industrial system. Guan Tao believes that in the global economy, monetary policy cannot solve the impact of trade conflicts, and negative interest rates will make the financial system unable to function properly. In terms of China's economy, we should calmly analyze the challenges both inside and outside China, and adapt ourselves to the new period of medium to high growth. Qu Fengjie puts forward three concerns about China's long-term economic growth from China's backwardness, external environment and TFP. Song Yongming points out that the next step of China's economic development lies in two aspects: supply and demand. Xue Jun believes that China's economic growth from the past to the next forty years depends on endogenous growth, mainly in China's population, urbanization, technological and mode innovation, regional economy and opening up. Zhang Jiqiang believes that China’s society has multiple dimensions, with its entry into innovation and large population, which do



not exist in other countries. He thinks that the bond market should focus on two aspects: asset allocation and credit sinking. Zhao Xiaoqiang puts forward some suggestions on policy from the perspective of market: enhancing the predictability of policy and making it more market-oriented. He also raises the issue of local debt in the bond market.

Tao Xiang International Finance Lectures

Editor's Note:

Professor Tao Xiang is one of the famous educators of international finance in China, and he is also the founder of international finance subject in Renmin University of China, who is at the meantime highly admired by a number of students. At the 10th anniversary of the professor's pass-away, proposed by graduates who had majored in international finance in RUC, the School of Finance and International Monetary Institute of RUC initiate the Tao Xiang International Finance Lectures, invite experts and scholars in international finance to give lectures and share their experience with the students, in order to cultivate outstanding talents for China to develop into the global finance center.

Tao Xiang International Finance Lecture (No. 17): Internationalization and Strategic Prospect of Chinese Banks

On September 29, Tao Xiang International Finance Lecture (No. 17) was successfully held in Renmin University of China.

Dr. E Zhihuan, chief economist of Bank of China (Hong Kong), delivered a speech on the theme of "Internationalization and Strategic Prospect of Chinese Banks". Tu Yonghong, deputy director of IMI and Professor of School of Finance and Economics chaired the lecture. Also present were: Wang Fang, deputy director of IMI and professor of School of Finance and Song Wei, associate professor of School of Finance, etc.

Dr. E Zhihuan introduced Chinese banks from four parts, namely: the scale and quality of assets, the evaluation of internationalization, the international strategies, and internationalization in the future. In the first part, Dr. E Zhihuan pointed out Chinese banks enjoyed advantage of scale. The four major Chinese banks once again ranked top across the globe, further consolidating their leading position. Besides, the strong supervision of Chinese banks delivered a healthier asset structure. In the second part, after introducing Bank Internationalization Index (BII), major indicator of bank internationalization, Dr. E Zhihuan affirmed the progress of made by Chinese banks, including the steady increase of BII and the best overseas development among developing countries, but also pointed out the need for further improvement. In the third part, Dr. E Zhihuan analyzed factors restricting internationalization of Chinese banks, including: concentrated distribution, fixed business, out-dated management, and etc. In the future, covering more regions, business fields, and enterprise demand should be priorities of Chinese banks.

In the fourth part, Dr. E Zhihuan pointed out that the internationalization of Chinese banks is facing both opportunities and challenges. In the future, they should draw from advanced peer experience around the globe to expand international business.

In the Q&A session, Dr. E Zhihuan answered students' questions in terms of the



opportunities of Chinese banks under the Belt and Road Initiative, the importance of developing offshore markets, and the golden time to grasp opportunities. In the end, Wang Fang and Song Wei also commented on the internationalization of Chinese banks and thanked Dr. E Zhihuan for her dedication to alma mater.

Professor Tu Zhihong presented Dr. E Zhihuan the honorable certificate of Tao Xiang International Finance Lecture.



Journal Name: IMI Newsletter

Frequency of Publication: Quarterly

Publisher: International Monetary Institute, Renmin University of China

Editor-in-Chief: Ben Shenglin

Associate Editors: Song Ke, Qu Qiang

Associate Managing Editor: Dong Xijun

Assistant Editors: Lan Keqi, Chen Jingmei, Chen Shuai, Guo Yu, Hu Ruiying, Li Chunying, Ma Boyuan, Peng Yanrong, Wen Xiaoliang, Wen Xiaoyue, Xu Hongyu, Zheng Yifan, Zhu Danyang

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