

CHINA

Written Statement of China by

CHEN Yulu

Deputy Governor of the People's Bank of China

At the Annual Meeting of the EBRD in Jordan

First of all, I would like to extend sincere thanks to our host, the Jordanian Government, for the great organization and considerate arrangements.

The global recovery was more solid in 2017. Global GDP growth reached 3.8 percent, the highest since 2011. The economic performance in advanced economies was better than expected. The emerging markets and developing economies as a whole grew rapidly. The countries of operations of the EBRD maintained a good growth momentum, with an average growth of 3.8 percent, much higher than the 1.6 percent in 2016. This could be attributed to the favorable global environment of stronger recovery and the rebound of commodity prices, and more importantly, to the prudent macroeconomic policies, structural reform, improvement of regulation and business environment in these countries so as to attract foreign investment.

Looking forward, despite the favorable environment, the countries of

operations still face challenges that can not to be ignored. With rising protectionism and anti-globalization, trade frictions have occurred frequently. Multilateral trade system suffers. The ongoing normalization of monetary policies in major economies might cause sudden tightening of global liquidity and volatilities in the global financial market. Moreover, escalation of geopolitical conflits, terrorism and refugee problem will threaten economic growth, transition and sustainable development in the operational regions of the EBRD .

As a major international development institution, the EBRD has provided essential support to those countries which are coping with these challenges. Under the leadership of President Chakrabarti, the EBRD made new breakthroughs in 2017, the number of projects signed and the amount of investment made both hitting record high. About 43 percent of its investment was in green finance, meeting the target of Green Economy Transition in advance by 3 years. Of all sustainable energy financing by multilateral development banks, 25 percent came from the EBRD.

Meanwhile, in line with the six concepts of 'Competitive, Good-governance, Inclusive, Green, Resilient and Integrated', the EBRD has promoted the transition in countries of operations, encouraging them to use their own comparative advantages to reduce external reliance and

to mitigate risk of falling into middle-income traps. Going forward, we support the *Strategic Implementation Plan 2018-2020*, welcome the management's efforts in diversifying investments, expanding equity investments, promoting good governance and competitiveness, and ensuring sustainable transition based on sound finance. We support the EBRD's endeavor to strengthen cooperation with fellow counterparts to better mobilize external financing and bring in more funds for the economic transition of the region.

China joined the EBRD two and a half years ago. Our cooperation has produced concrete results. China provided 250 million euros to the Equity Participation Fund (EPF). The EPF has already provided long-term funds for over ten projects in Poland, Romania, Bulgaria, Turkey and Lebanon, supporting the sustainable development of the financial, telecommunication, natural resources and bio-tech industries. Moreover, the Chinese government understands that nuclear safety is of great importance to every country's security, stability and development, and has participated in the international cooperation in building leak prevention facilities in Chernobyl. In addition, in the past three years, the EBRD has worked together with Chinese financial institutions including the Industrial and Commercial Bank of China, the Agricultural Bank of China, the Bank of China and the China Construction Bank. They have

provided 500 million euros for co-financing projects in energy development, infrastructure and financial sector development in Russia, Serbia, Azerbaijan, Poland, Jordan, Turkey, Kazakhstan, Greece, etc.

Building on these cooperation, we would like to make the following suggestions:

First, we can jointly promote green finance. China's green finance market leads the world in terms of size. In 2017, the issuance of green bonds in China reached 250 billion yuan, accounting for over 20 percent of the global issuance. By the end of 2017, outstanding green credits of major Chinese financial institutions stood at 8.5 trillion yuan, accounting for 9 percent of the total outstanding credits. Besides, China has cooperated with many countries and international forums such as the G20 and the International Organization for Standardization (ISO), taking a leading role in the international standard setting. The EBRD has also made lots of efforts in implementing Green Economy Transition. In the future, China and the EBRD could strengthen cooperation in green finance, bringing more green credit into the countries of operations.

Second, we can promote the development of local financial markets through the greater use of local currencies. As we all know, greater use of

local currencies could help mobilize local savings, reduce currency exchange cost and safeguard financial stability. The EBRD has supported the development of local currency bond markets and more issuance of local-currency loans. China has accumulated experiences in bilateral currency swap agreements, direct trading of local currencies, RMB clearing banks and RMB cross-border payment systems. We would like to share these experiences with EBRD members to expand the use of local currencies, build more financial infrastructures, and develop local capital markets so as to better meet the demand of economic development.

Third, we can enhance knowledge sharing. Researches on the experiences and economic development of transition countries have always been a priority for the EBRD . The EBRD's annual transition reports have extensive global influence. Meanwhile, the EBRD, with a consistent and keen focus on private sector , is familiar with international rules in these fields, and has accumulated many good practices in project selection, financing arrangement and risk control. China would like to have more knowledge sharing with the EBRD. In April 2018, the People's Bank of China and the IMF officially launched a joint capacity development centre to provide macroeconomic and policy training to officials from the Belt and Road countries. We also welcome the EBRD to make contribution in this regard.

Finally, we would like to thank President Chakrabarti, the EBRD management, directors and staff for your hard work in 2017. Looking ahead, we are ready to maintain close communication with fellow countries in our constituency, i.e. the Netherlands, Mongolia, Macedonia and Armenia, and to expand our cooperation with the EBRD. We would like to further strengthen our cooperation with other member countries, using the EBRD platform to facilitate economic transition in the countries of operations.