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PBC to Implement Moderately Loose Policy to Boost Growth

The People's Bank of China (PBC) held a Governors' Meeting to convey and study principles of the recent executive meeting of the State Council on November 5 and the meeting of senior provincial and ministerial officials on November 11, and set forth steps to implement these principles in the PBC.

Ten timely measures aiming at further expanding domestic demand and promoting economic growth have been released by the Party Central Committee and the State Council in an effort to address the adverse impact of the international financial crisis on China. The meeting holds that, concrete and well prioritized, these measures will promote balanced economic development in the country's urban and rural areas, lend support to economic growth, and improve social welfare and benefit of the Chinese people. These measures are of immediate relevance and aim for long-term development, addressing the financial crisis in a way that promotes sustainable social and economic development. These measures have been put forward in line with the requirements for applying a scientific approach to development, and serve the fundamental interests of the people. They have also greatly boosted domestic and international confidence in China's economic growth.

The meeting asks staff of the PBC Headquarters and its branches and affiliations to seriously study, accurately comprehend and grasp the principles laid out by the central government, further integrate their thinking and action with the central government's judgment on economic situation and its policy responses. With strong resolution and following a balanced approach, the PBC should strengthen its surveillance on and analysis

of economic and financial performance, work out specific measures to deliver a moderately loose monetary policy, and provide financial services to further boost domestic consumption and maintain a stable and rapid economic growth. The PBC should undertake its tasks in line with the requirement that the measures should be timely, vigorous, welltargeted and thoroughly implemented.

First, ensure adequate liquidity in the financial system and stay ready to provide liquidity to financial institutions when needed. **Second**, keep appropriate growth of money and credit, and beef up bank lending to bolster economic growth. Remove credit ceilings for commercial banks to expand aggregate credit. **Third**, strengthen window guidance and policy guidance with the priority laid upon credit structure optimization. The policy of differentiated treatment to different sectors will be combined with the proactive fiscal policies and efforts will be made in the following areas: financial reform, innovations, credit support to key projects, small- and medium-sized enterprises, “agriculture, rural areas and rural residents”, post-disaster reconstruction, education and job creation, technological upgrading, M&A, the shift of over-capacity industries to overseas markets, energy conservation and pollution reduction, circular economy and etc. At the same time, lending to highly polluting and heavily energy-consuming industries and over-capacity industries will be restricted so as to promote economic restructuring and the shift of economic development mode. Efforts will be made to encourage and guide financial institutions to increase export credit and explore the possibility of providing medium- and long-term RMB export financing. **Fourth**, let enterprise bonds play a more important role in financing. Efforts should be made to accelerate the development of corporate bonds, enterprise bonds, short-term financing instruments and medium-term notes and other non-financial

corporate bonds to diversify funding channels of enterprises. It is important to expedite the growth of inter-bank bond market with institutional investors as the major players, in order to provide a platform for the implementation of proactive fiscal policy and moderately loose monetary policy. **Fifth**, further improve financial service provided by the central bank. The PBC will make more scientific and accurate prediction and analysis of cash in circulation, in order to make far-sighted adjustments in cash supply; streamline the payment and settlement process of treasury fund, and enhance the efficiency of treasury fund collection and disbursement; expand the coverage of government subsidy in terms of supporting agriculture and disaster relief and ensure that the subsidies appropriated to welfare programs, infrastructure construction, ecological environment conservation and post-disaster construction be directly channeled from the treasury to end recipients; actively promote direct handling of collection and disbursement of social security funds through the treasury account, to enhance the efficiency for the collection and decentralized disbursement of social security funds, safeguarding the fundamental interests for the people and promote social harmony and stability.

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