

Fifth Joint Conference
People's Bank of China and International Monetary Fund

**Strengthening Financial and Exchange Rate Frameworks:
International Experience and Relevance for China**

April 28, 2017

Ritz Carlton Beijing, Financial Street

Location: *Ballroom 2, 2nd Floor*

China has embarked on comprehensive reforms to promote sustainable and quality growth. Among other things, this implies greater reliance on markets for an efficient allocation of resources. Although the reform agenda remains large and complex, particular progress has been made in the financial and external sectors. The country has completed formal interest rate liberalization and made progress in reforming the exchange rate regime.

The 2016 inclusion of the RMB in the IMF's Special Drawing Rights basket recognizes China reform progress. To maximize the benefits of markets and minimize vulnerabilities, the authorities are further strengthening policy frameworks, that is, the institutional foundation that underpins and guides market function as well as governance.

This conference will look at two key frameworks: (1) As China's financial system continues to develop rapidly and financial innovations are mushrooming, a continuous strengthening of financial sector frameworks, including macro-prudential frameworks will be important; (2) as China continues to move forward in liberalizing its exchange rate system, the questions are what the ultimate framework should look like and how best to get there.

As China's economy remains in transition, textbooks provide little guidance as to how to move forward; also policies and frameworks need to be calibrated constantly. This joint PBC/IMF will therefore review the international experience, bringing together experts and policymakers, PBC and IMF staff, as well as staff from other relevant international and domestic institutions. The conference aims to identify practical policy solutions and evaluate the benefits and costs of different approaches.

The conference is by invitation only. Following the event, we will publish an e-book with presentations and short summaries.

Thursday April 27

18:30-20:00 Dinner Reception

Dinner hosted by the IMF

Location: *Temple of Heaven 2, 2nd Floor*

Friday, April 28

8:45—9:00 Opening remarks

CHEN Yulu, Deputy Governor, People's Bank of China

9:00—12:45 Session I: Strengthening Exchange Rate and Supportive Policy Frameworks

Over the past year, China has advanced exchange rate liberalization, and is now referencing a basket of currencies. As the country moves toward a float, three interrelated questions arise: (i) what kind of a float should China adopt, (ii) how should it get there, and (iii) and how to intervene in the market in the context of a float to ensure proper market functioning. While this session will rely on international experience, it will also take into account China's unique position in the world, including its size and the RMB's special status as a currency in the SDR basket.

Part I: 9:00—10:45 Exchanges Rate Frameworks

Moderator: *Markus Rodlauer*, Deputy Director, Asia and Pacific Department, IMF

Speakers (10–15 minutes each):

MA Jun, Chief Economist, People's Bank of China Research Bureau

Alejandro Werner, Director, Western Hemisphere Department, IMF

Joseph E. Gagnon, Senior Fellow, Peterson Institute for

International Economics

Lawrence H. Summers, Professor, Harvard University and
Former U.S. Treasury Secretary
[at 10 am, via video]

Discussion

10:45—11:00 Coffee break

Part II 11:00-12:45 Exchange Rate and Supporting Monetary Policy Frameworks

Moderator: **GUO Kai**, Deputy Director General, International Department,
People's Bank of China

Speakers (10–15 minutes each):

LI Bo, Director General, Monetary Policy Department,
People's Bank of China

Michael Spencer, Global Head of Economics and Head of
Research, Asia Pacific, Deutsche Bank

MIAO Yanliang, Head of Research, SAFE Investment Center,
State Administration of Foreign Exchange

FENG Charles, Managing Director, Head of Trading, Greater
China, Standard Chartered Bank

Tommaso Mancini-Griffoli, Deputy Division Chief, Monetary
and Capital Markets Department, IMF

Discussion

12:45-14:00 Lunch

Location: Ballroom 1, 2nd Floor

Keynote speaker: Alan M. Taylor, Professor, University of California, Davis

14:00—17:15 Session II: Strengthening Financial Sector and Macro-Prudential Policy Frameworks

14:00-15:30 Part I: China's Rapidly Changing Financial System: Drivers and Future Development

This session will look at key drivers of China's rapidly changing financial landscape, future opportunities (including the development of derivatives markets), and key challenges.

Moderator: **HUANG Xiaolong**, Deputy Director General, Financial Stability Bureau, People's Bank of China

Speakers (10–15 minutes each):

LI Wenhong, Director General, Banking Innovations Department, China Banking Regulatory Commission

RAN Hua, Director General, Futures Supervision Department, China Securities Regulatory Commission

LUO Sheng, Deputy Director General, Development and Reform Department, China Insurance Regulatory Commission

Miquel Dijkman, World Bank FSAP Mission Chief

Discussion

15:30—15:45 Coffee break

15:45-17:15 Part II: Regulatory Frameworks and Macro-Prudential Policies

Using insights from Financial Sector Assessments of the key G20 countries (including the United States), this section will discuss how these apply to China as it strengthens its regulatory frameworks. In particular, this section will look at good practices for the development of macro-prudential policy frameworks.

Moderator: **Ratna Sahay**, Deputy Director, Monetary and Capital Markets Department, IMF

Speakers (10–15 minutes each):

Donald Kohn, Senior Fellow Brookings and Former Vice-Chairman of the U.S. Federal Reserve

Mark Sobel, Senior Advisor, U.S. Executive Director Office, IMF, Former Deputy Undersecretary United States Treasury Department

Daranee Saeju, Senior Director, Financial Institutions Strategy Department, Bank of Thailand

Erlend Nier, Deputy Division Chief, Monetary and Capital Markets Department, IMF

Alfred Schipke, Senior Resident Representative, IMF

Discussion

17:15—18:15

Concluding roundtable

The panel discussion will draw on key insights from the day's discussions. Panel members will summarize the main take-always of the two sessions, with a focus on potential lessons for China.

Moderator: ***Alfred Kammer***, Deputy Director, Strategy, Policy and Review Department

Panelists: ***Rodrigo Vergara***, Former Central Bank Governor, Chile

Arminio Fraga, Founding Partner Gavea Investment and former Central Bank Governor, Brazil

MA Jun, Chief Economist, People's Bank of China Research Bureau

HUANG Yiping, Professor, Peking University

18:15—18:30

Closing remarks

Markus Rodlauer, Deputy Director, Asia and Pacific
Department, IMF

18:30—20:30

Dinner Reception

Dinner hosted by People's Bank of China

Location: *Pleasant Seascape Restaurant (Yue Hai Tang), 3/F,
Seasons Place Shopping Center, No. 2 Jinchengfang Street*