

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

**Strengthening the International Monetary System and International  
Experience in Resolving Debt Problems**

**April 28, 2016**

Ballroom 2, Ritz Carlton Financial District

This year's joint People's Bank of China (PBC) and IMF conference will focus on (i) how to strengthen the global international monetary system and (ii) the international experience in resolving credit booms and debt problems.

The ongoing transformation of the global economy has important implications for the functioning of the international monetary system. Important recent developments include the increasing role of emerging market and developing countries (EMDCs) and more pronounced financial interconnectedness, which has altered the nature of systemic risk. The legacy of slow post-crisis global growth in particular in advanced markets (AM) and the prospect of monetary policy normalization coming in succession over the next few years from the reserve currency issuing central banks—along with China's rebalancing and the end of the commodities super cycle—will present further challenges to the system. Against this backdrop, it is an appropriate time to reconsider reform avenues that could strengthen crisis prevention and global mechanisms for adjustment, cooperation, and liquidity provision. This is also the focus of the Group of Twenty agenda, this year under the presidency of China.

Globally, booming credit is often associated with greater leverage, and is followed by periods of subpar growth and—in many cases—financial distress. During credit booms, corporate investment and credit rise sharply, but as the efficiency of investment falls, enterprises eventually scale investment back and begin deleveraging. This usually lowers economic activity, wages, and household income.

Given China's strong credit growth and build up of both local government and corporate debt in the aftermath of the global financial crisis, the question is what lessons it can learn from international experience as it implements its ambitious reform program to address vulnerabilities and to move toward a sustainable and quality driven growth model.

This joint PBC/IMF conference brings together international and Chinese experts and policymakers, PBC and IMF staff, as well as staff from the Ministry of Finance, China Banking Regulatory Commission, China Securities Regulatory Commission, the Development Research Center of the State Council, and other Chinese government agencies

to discuss these issues. The discussion will proceed with a view to identifying practical policy solutions.

The conference is not open to the public.

### **Wednesday, April 27**

#### **18:30—20:00 Dinner Reception**

Dinner hosted by the IMF

Location: *2<sup>nd</sup> Floor, Temple of Heaven 1, Ritz Carlton Financial Street*

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### **Thursday, April 28**

#### **9:00—9:15 Opening Remarks**

*ZHOU Xiaochuan*, Governor, People's Bank of China

#### **9:15–10:45 Session I: Strengthening the International Monetary System**

As the world navigates a low growth environment and EMDCs continue to integrate and deepen their financial markets, risks and vulnerabilities associated with interconnectedness and openness need to be managed. This session will examine four possible areas of reform: (i) mechanisms for crisis prevention and adjustment; (ii) rules and institutions for enhanced global cooperation on issues and policies affecting global stability; (iii) mechanisms for the adequate supply of global liquidity—building on the important milestone of the renminbi's inclusion in the SDR basket; and (iv) a more coherent GFSN, with a strengthened IMF at its core.

Moderator: *Alfred Schipke*, Senior Resident Representative, IMF

Speakers: *ZHU Jun*, Director General, International Department,  
People's Bank of China

*Alfred Kammer*, Deputy Director, Strategy, Policy and Review  
Department, IMF

*LI David*, Professor, Tsinghua University

*Chia Der Jiun*, Assistant Managing Director, Monetary Authority of Singapore

*Discussion*

10:45—11:00 **Coffee Break**

**11:00—17:00 Session II: International Experience in Resolving Debt Problems and Deleveraging**

*11:00-12:15 Part I: International Experience with Credit Booms and Deleveraging*

Credit boom and bust are common in emerging markets, but the global financial crisis was a reminder that advanced economies are equally susceptible. In addition to drawing lessons on how to minimize the risk of the credit bubble buildups, conference participants will look at past deleveraging experiences that might be relevant for China.

Moderator: *LIU Chunhang*, Director General, Policy Research Bureau, Chinese Banking Regulatory Commission

Speakers: *Moritz Schularick*, Professor, Bonn University, Germany

*Giovanni Dell'Ariccia*, Deputy Director, Research Department, IMF

*Yongbeom Kim*, Secretary General, Financial Services Commission, Korea

*Jonathan Anderson*, Co-Founder, Emerging Advisors Group

*Discussion*

**12:15—13:45 Lunch**

Location: *2<sup>nd</sup> Floor, ballroom 1, Ritz Carlton Financial Street*

Keynote speaker: *Grzegorz W. Kolodko*, Professor at Kozminski University and former Deputy Prime Minister and Minister of Finance, Poland

*13:45-15:15 Part II: Corporate Debt and Leverage*

Since the global financial crisis, China's policy stimulus has led to a surge in corporate indebtedness. Based on international experience, conference participants will discuss how best to reduce vulnerabilities and leverage. In this context, participants will also look at China's corporate bond market. While it provides an important alternative form of financing, its development needs to go hand-in-hand with an appropriate risk pricing and a strengthening of supervision and regulation.

Moderator: *XUAN Changneng*, Director General, Financial Stability Bureau, People's Bank of China

Speakers: *Markus Rodlauer and Wojciech Maliszewski*, Deputy Director and Senior Economist, Asia and Pacific Department, IMF

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

*WANG Tao*, Managing Director, Co-head of Asia Economics, UBS

*Sean Hagan*, Director, Legal Department, IMF

*Discussion***15:15—15:30****Coffee Break**

*15:30-17:00 Part III: Local Government Debt*

China's surge in public debt over the past years was mainly driven by local governments. To address this issue, the government has implemented a number of reforms, including a large local government bond-swap program. Conference participants will discuss the government's recent reform efforts, including the implications of the swap program, and—based on international experience—identify areas for further reforms.

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

Speakers: ***WANG Kebing***, Deputy Director General, Budget Department, Ministry of Finance, China

***WANG Weixing***, Director General, Policy Research Department, Ministry of Finance, China

***WEI Jianing***, Research Fellow, Development Research Center of the State Council, China

***XIAO Yuanqi***, Director General, Prudential Regulation Bureau, Chinese Banking Regulatory Commission

***LIU Shangxi***, Director General, Chinese Academy of Fiscal Sciences, China

***Bert Hofman***, Country Director, Office for China, Mongolia and Korea, World Bank

*Discussion***17:00:—18:00 Concluding Roundtable**

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

Moderator: **ZHANG Tao**, Director General, Legal Affairs Department,  
People's Bank of China

Panelists: **YI Gang**, Deputy Governor, People's Bank of China

**ZHU Guangyao**, Vice Minister, Ministry of Finance, China

**HUANG Yiping**, Professor, Peking University

**Changyong Rhee**, Director, Asia and Pacific Department, IMF

**18:00—18:15:**

**Closing Remarks**

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

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**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**