

Macro & Financial

Market News

Enhancing investment & financing cooperation to facilitate high-quality development of the Belt and Road Initiative

On April 25, 2019, PBC Governor Yi Gang shared his views about financial support for the Belt and Road Initiative at the Financial Integration sub-forum of the second Belt and Road Forum for International Cooperation.

I. Funding support system continues to improve and financing support becomes increasingly market-based and diversified. Statistics show that Chinese financial institutions have provided more than 440 billion US dollars so far for the Belt and Road Initiative, including over RMB 320 billion overseas Renminbi fund business conducted by financial institutions. China's capital market provided over RMB 500 billion worth of equity financing for businesses concerned, and countries and enterprises along the Belt and Road also issued over RMB 65 billion worth of Panda bonds in China's bond market.

II. Financial services see continuous optimization. By the end of 2018, 11 Chinese-funded banks had established 76 tier-1 branches in 28 countries along the Belt and Road, about 50 banks from 22 countries along the Belt and Road had opened business in China. Financial products become increasingly diversified and financial services covering credit & loan, guarantee, bond underwriting, acquisition and reorganization, payment & clearing, etc..

III. International cooperation deepened in a comprehensively manner. PBC has signed currency swap agreements with central banks of 21 countries along the Belt and Road. Third-party cooperation with multi-lateral development agencies such as International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB) and African Development Bank (ADB), continues to deepen. Asian Financial Cooperation Association (AFCA) is making greater efforts to reinforce communications among financial institutions as well as integration of financial resources. Moreover, regular cooperation & exchange mechanisms under the Belt and Road Initiative are constantly driving cooperation and development in the financial sector. For instance, cooperation mechanisms like SCO Interbank Consortium and China-Central and Eastern Europe Interbank Consortium are witnessing more in-depth development.

IV. Green growth concept is given top priority. Green Finance Committee (GFC) of China Society for Finance and Banking, in partnership with the City of London's Green Finance Initiative (GFI), took the lead in drafting the Green Investment

Principles for the Belt and Road to promote green development. About 20 financial institutions from over 10 countries and regions have signed the Principles.

V. Greater efforts are made to boost capacity building. China-IMF Capacity Development Center (CICDC) was established last year and has offered training sessions to almost 400 trainees from about 40 countries along the Belt and Road. The training courses provided by CICDC cover the key areas related to macro-economic and financial governance, such as macro-economy, monetary and fiscal policy, financial regulation and inclusive growth.

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PBC launched Targeted Medium-term Lending Facility for Q2

On April 24, 2019, PBC launched Targeted Medium-term Lending Facility (TMLF) for the second quarter. The TMLF aims to lend money to qualified large commercial banks, joint-stock commercial banks and large municipal commercial banks that have applied for it. Based on the increment of loans by relevant financial institutions to small & micro and private businesses in the first quarter, as well as actual demand of such institutions, the central bank decided to inject RMB 267.4 billion of funds into the market through TMLF. The funds feature a maximum maturity of three years, that is, it can be renewed twice after the initial one-year term matures, with an annual interest rate of 3.15%, 15 base points lower than the existing medium-term lending facility (MLF).

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