



# Observatory

## Data & Institutional Briefing

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### I. Economic Map of China



Region	Eastern (Coastal)	Central	Western
Provinces	Beijing Fujian Guangdong Hainan Hebei Jiangsu Liaoning Shandong Shanghai Tianjin Zhejiang	Anhui Heilongjiang Henan Hubei Hunan Jiangxi Jilin Neimenggu Shanxi	Chongqing Gansu Guangxi Guizhou Ningxia Qinghai Shaanxi Sichuan Xinjiang Xizang (Tibet) Yunnan

## I.a Supplementary information for Economic Map (2006)

	Surface Area (thousand sq. kilometers)	Population (million persons)	Per Capita GDP (US dollar)
<i>Eastern Region (Coastal)</i>			
Beijing	16.8	15.81	6,637
Fujian	120	35.58	2,824
Guangdong	180	93.04	3,726
Hainan	34	8.36	1,664
Hebei	190	68.98	2,231
Jiangsu	100	75.5	3,789
Liaoning	150	42.71	2,865
Shandong	150	93.09	3,129
Shanghai	5.8	18.15	7,587
Tianjin	11	10.75	5,413
Zhejiang	100	49.8	4,192
<i>Central Region</i>			
Anhui	130	61.1	1,322
Heilongjiang	460	38.23	2,130
Henan	160	93.92	1,751
Hubei	180	56.93	1,749
Hunan	210	63.42	1,572
Jiangxi	160	43.39	1,420
Jilin	180	27.23	2,067
Neimenggu	1100	23.97	2,637
Shanxi	150	33.75	1,857
<i>Western Region</i>			
Chongqing	82.3	28.08	1,638
Gansu	390	26.06	1,152
Guangxi	230	47.19	1,354
Guizhou	170	37.57	761
Ningxia	66	6.04	1,558
Qinghai	720	5.48	1,547
Shaanxi	190	37.35	1,596
Sichuan	480	81.69	1,387
Xinjiang	1600	20.5	1,973
Xizang	1200	2.81	1,372
Yunnan	380	44.83	1,180

Sources: National Bureau of Statistic of China and BBVA staff estimates.

## II. China in Numbers

### I. Economic Growth

#### I-a. Economic development and structure

Item	Unit	2007 figure
GDP	<i>Renminbi (billion)</i>	24,953
	<i>US dollar (billion)</i>	3,282
	<i>PPP (billion)</i>	7,043
<i>by industry</i>		
Primary	<i>% of GDP</i>	11.3
Secondary	<i>% of GDP</i>	48.6
Tertiary	<i>% of GDP</i>	40.1
<i>by expenditure</i>		
Private consumption	<i>% of GDP</i>	35.9
Government consumption	<i>% of GDP</i>	13.4
Investment	<i>% of GDP</i>	42.9
Net exports	<i>% of GDP</i>	7.7
GDP growth	<i>% yoy</i>	11.9
<i>contribution by industry</i>		
Primary	<i>percentage point</i>	0.4
Secondary	<i>percentage point</i>	6.5
Tertiary	<i>percentage point</i>	5.0
<i>contribution by expenditure</i>		
Private consumption	<i>percentage point</i>	4.0
Government consumption	<i>percentage point</i>	1.3
Investment	<i>percentage point</i>	5.5
Net exports	<i>percentage point</i>	1.1
GDP per capita		
Nation-wide		
	<i>Renminbi</i>	18,885
	<i>US dollar</i>	2,484
	<i>PPP</i>	5,300
Coastal region		
	<i>Renminbi</i>	32,321
Household disposable income per capita		
Urban		
	<i>Renminbi</i>	13,786
Rural		
	<i>Renminbi</i>	4,140
Population		
<i>Person (million)</i>		
		1,321
Urban		
	<i>% of total</i>	45
Rural		
	<i>% of total</i>	55
RMB/USD exchange rate (Year-average)	<i>RMB/USD</i>	7.60

Sources: National Bureau of Statistic of China, CEIC and BBVA staff estimates.

## I-b. Is China's growth unique and where does China stand?

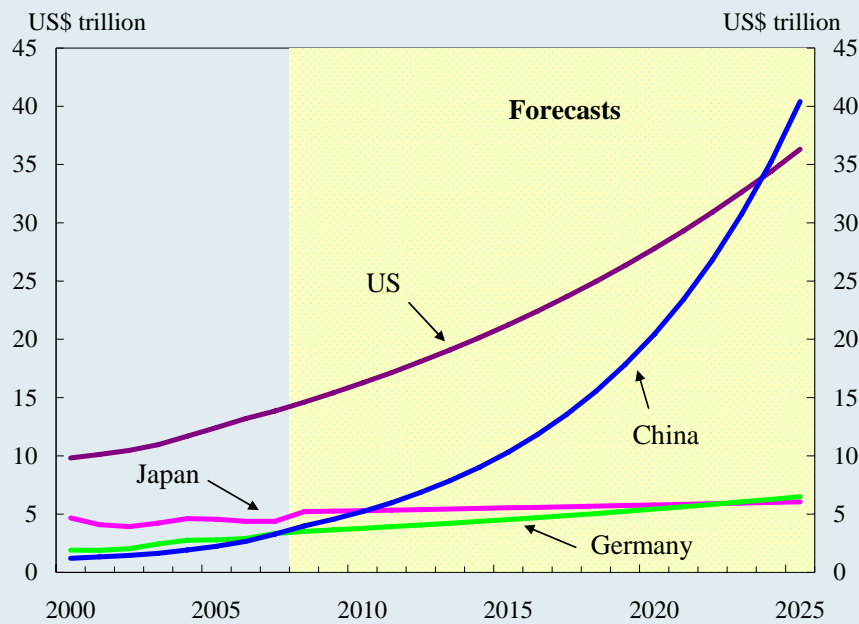
GDP growth	Period	% yoy
China		
End of year	2007	11.9
5-year average	2003-2007	10.8
10-year average	1998-2007	9.5
20- year average	1988-2007	9.8
<i>Memorandum items:</i>		
<i>The fastest growth period of selected Asian economies</i>		
Japan	1956-1975	7.8
Korea	1968-1987	8.4
Taiwan	1961-1980	9.8
Singapore	1965-1984	9.8
Hong Kong	1962-1981	9.0
<i>Latest development of selected emerging economies</i>		
Brazil	1988-2007	2.4
India	1988-2007	6.4
Russia	1998-2007	5.7

Selected economic variables of China	2007 figure	Rank	World mean
Industrial production growth (% yoy)	12.9	7	5
GDP (PPP , billion)	7,043	2	-
GDP per capita (PPP)	5,300	128	10,000

Sources: CEIC, IMF IFS, WEO, CIA Country Fact book and BBVA staff estimates.

### I-c. Long-term GDP growth projection

#### Scenario 1

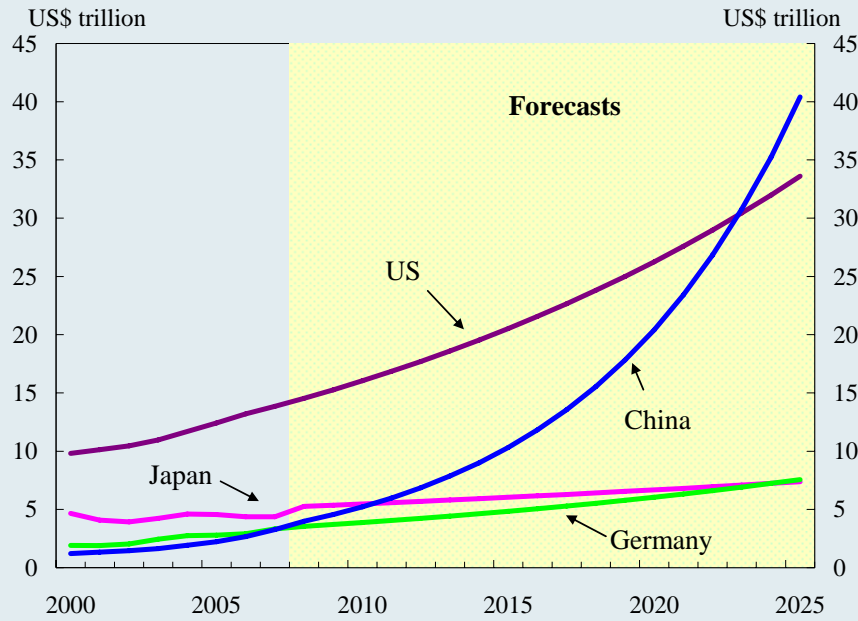


Sources: CEIC and BBVA staff estimates.

#### Assumptions

		USA	Japan	Germany	China
Real GDP growth	% yoy	2.9	0.9	1.6	8.0
Inflation (GDP deflator)	% yoy	2.5	0	2.0	4.0
Exchange rate	level	--	Assume at constant rate of <b>100</b> JPY/USD (2008-25)	Assume at constant rate of <b>1.4</b> USD/Euro (2008-25)	Gradually appreciate to <b>5</b> CNY/USD at 2025

Scenario 2

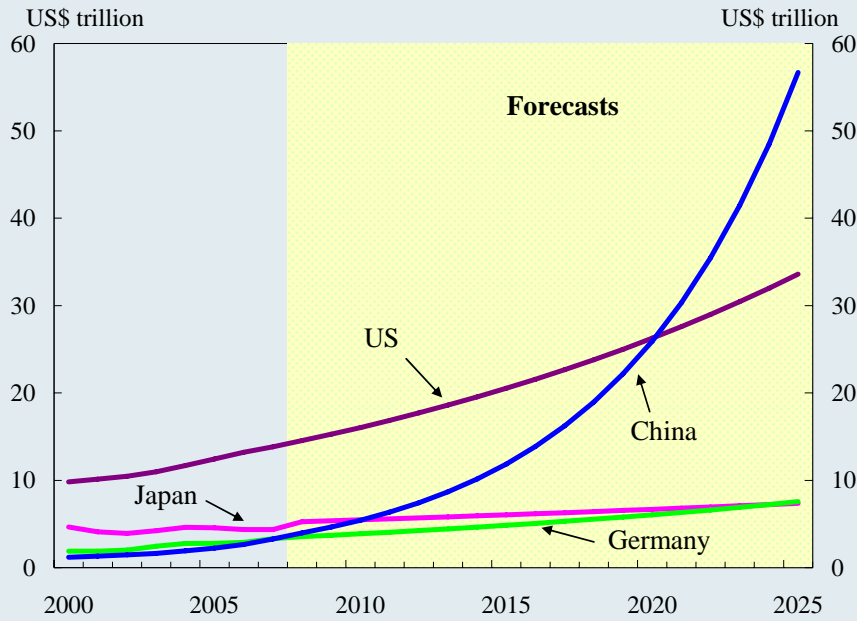


Sources: CEIC and BBVA staff estimates.

Assumptions

		USA	Japan	Germany	China
Real GDP growth	% yoy	2.5	1.5	2.5	8.0
Inflation (GDP deflator)	% yoy	2.5	0.5	2.0	4.0
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Scenario 3



Sources: CEIC and BBVA staff estimates.

Assumptions

		USA	Japan	Germany	China
Real GDP growth	% yoy	2.5	1.5	2.5	8.0
Inflation (GDP deflator)	% yoy	2.5	0.5	2.0	4.0
Exchange rate	level	--	Assume at constant rate of <b>100</b> JPY/USD (2008-25)	Assume at constant rate of <b>1.4</b> USD/Euro (2008-25)	Gradually appreciate to <b>3.6</b> CNY/USD at 2025

## II. External economic relationship

### II-a. Trade Balance (2007)

	USD billion
Exports	1,218
Imports	956
<b>Trade Balance</b>	<b>262</b>

Source: CEIC.

### II-b. Exports by country (2007)

Ranking	Trading Partner	USD billion	Share	% yoy
	<b>Total</b>	<b>1,218</b>	<b>100</b>	<b>25.7</b>
1	EU	245	20	29.2
	<i>of which: Spain</i>	17	1.4	44.0
2	USA	233	19	14.4
3	Hong Kong	184	15	18.7
4	Japan	102	8	11.4
5	South Korea	56	5	26.1

Source: CEIC.

### II-c. Imports by country (2007)

Ranking	Trading Partner	USD billion	Share	% yoy
	<b>Total</b>	<b>956</b>	<b>100</b>	<b>20.7</b>
1	Japan	134	14	15.8
2	EU	111	12	22.4
	<i>of which: Spain</i>	4	0.5	47.0
3	South Korea	104	11	15.6
4	Taiwan	101	11	16.0
5	USA	69	7	17.2

Source: CEIC.



**II-d. Exports by Commodity (2007)**

	USD billion	Share (%)
<b>Total</b>	<b>1217.8</b>	<b>100.00</b>
<b>Primary Products</b>	<b>61.5</b>	<b>5.05</b>
<i>Crude Material, Inedible, except Fuel</i>	9.1	0.75
<i>Mineral Fuels, Lubricants &amp; Material</i>	19.9	1.64
<i>Other Primary Products</i>	32.5	2.67
<b>Manufacturing Products</b>	<b>1156.7</b>	<b>94.98</b>
<i>Chemicals and Related Products</i>	60.4	4.96
<i>Manufactured Goods</i>	220.0	18.06
<i>Machinery &amp; Transport Equipment</i>	577.3	47.41
<i>Other Manufacturing Products</i>	299.0	24.55

Source: CEIC.

**II-e. Imports by Commodity (2007)**

	USD billion	Share (%)
<b>Total</b>	<b>955.8</b>	<b>78.49</b>
<b>Primary Products</b>	<b>242.6</b>	<b>19.92</b>
<i>Crude Material, Inedible, except Fuel</i>	117.7	9.67
<i>Mineral Fuels, Lubricants &amp; Material</i>	104.6	8.59
<i>Other Primary Products</i>	20.2	1.66
<b>Manufacturing Products</b>	<b>713.7</b>	<b>58.60</b>
<i>Chemicals and Related Products</i>	107.5	8.83
<i>Manufactured Goods</i>	102.8	8.44
<i>Machinery &amp; Transport Equipment</i>	413.5	33.96
<i>Other Manufacturing Products</i>	89.8	7.38

Source: CEIC.

**II-f. Foreign exchange reserves**

Foreign exchange reserves	
US dollar (billion)	
2000	166
2001	212
2002	286
2003	403
2004	610
2005	819
2006	1,066
2007	1,528

Source: CEIC.

**II-g. Inward FDI\* (2007)**

<b>Ranking</b>	<b>Country/Region</b>	<b>No. of Contract</b>	<b>Amount (USD billion)</b>
	<b>Total</b>	<b>37,871</b>	<b>74.8</b>
1	Hong Kong	16,208	27.7
2	Virgin Islands	1,883	16.6
3	Republic of Korea	3,452	3.7
4	Japan	1,974	3.6
5	Singapore	1,059	3.2
6	Euro Area	1,760	2.8
7	United States	2,627	2.6
8	Cayman Islands	342	2.6
9	West Samoa	765	2.2
10	Taiwan	3,299	1.8

*Note\*: Excluding the sector of bank, securities and insurance.  
Sources: Ministry of Commerce of PRC and CEIC.*

**II-h. Outward FDI\* (2006)**

<b>Ranking</b>	<b>Country/Region</b>	<b>Amount (USD billion)</b>
	<b>Total</b>	<b>17.6</b>
1	Cayman Islands	7.8
2	Hong Kong	6.9
3	Virgin Is. (E)	0.5
4	Russia	0.5
5	USA	0.2
6	Singapore	0.1
<i>Memorandum items:</i>		
	Latin America (excluding offshore financial centres)	2.1
	Africa	0.5

*Note\*: Excluding the sector of bank, securities and insurance.  
Source: National Bureau of Statistic of China.*

### III. Financial sector developments

#### III-a. Total Financial Assets (2007)

Assets	US\$ billion	(% of total assets)
<b>Total Assets</b>	<b>12,247</b>	<b>(100%)</b>
<b>Banking sector</b>	<b>7,201</b>	<b>(59%)</b>
State Owned Commercial Bank	3,834	
Share Holding Commercial Bank	992	
City Commercial Bank	457	
Policy Bank	586	
Other Financial Institution	1,331	
<b>Stock market: market capitalization</b>	<b>4,479</b>	<b>(37%)</b>
Shenzhen	784	
Shanghai	3,694	
<b>Bond market: market capitalization</b>	<b>529</b>	<b>(4%)</b>
Treasury Bond	501	
Corporate Bond	23	
Convertible Bond	5	
<b>Other financial assets</b>	<b>38</b>	<b>(0.3%)</b>

*Sources: CEIC and China Banking Regulatory Commission.*

### III-b. Banking sector

#### III-b-(i). Types of bank in China

Type of bank	Major banks
Policy Bank	China Development Bank Agricultural Development Bank of China Export-Import Bank of China
State Owned Commercial Bank	Industrial and Commercial Bank of China China Construction Bank Bank of China Agricultural Bank of China Bank of Communication
Share Holding Commercial Bank	China Merchants Bank CITIC Industrial Bank China Minsheng Banking Corp., Ltd. Shanghai Pudong Development Bank China Industrial Bank China Everbright Bank Hua Xia Bank Guangdong Development Bank Shenzhen Development Bank Evergrowing Bank China Zheshang Bank China Bohai Bank
City Commercial Bank	<i>Number of city commercial bank: 124</i>
Other Financial Institution	<i>Number of trust and investment company: 54</i>

*Source: China Banking Regulatory Commission.*

#### III-b-(ii). Assets of selected banks

Bank	Type	Assets (US\$ billion)	
Industrial and Commercial Bank of China	State Owned Commercial Bank	1,168	(2007)
China Construction Bank	State Owned Commercial Bank	901	(2007)
Bank of China	State Owned Commercial Bank	686	(2007)
Agricultural Bank of China	State Owned Commercial Bank	684	(2006)
China Development Bank	Policy Bank	296	(2006)
Bank of Communication	State Owned Commercial Bank	288	(2007)
China Merchants Bank	Share Holding Commercial Bank	179	(2007)
CITIC Industrial Bank	Share Holding Commercial Bank	138	(2007)
China Minsheng Banking Corp., Ltd.	Share Holding Commercial Bank	126	(2007)
Shanghai Pudong Development Bank	Share Holding Commercial Bank	125	(2007)
Agricultural Development Bank of China	Policy Bank	119	(2006)
China Industrial Bank	Share Holding Commercial Bank	117	(2007)
China Everbright Bank	Share Holding Commercial Bank	99	(2007)
Hua Xia Bank	Share Holding Commercial Bank	81	(2007)
Guangdong Development Bank	Share Holding Commercial Bank	49	(2006)
Shenzhen Development Bank	Share Holding Commercial Bank	48	(2007)
Export-Import Bank of China	Policy Bank	33	(2006)

*Source: China Banking Regulatory Commission.*

### III-c. Stock market

#### III-c-(i). Stock market development

Items	Unit	Figure (Date)
Shanghai Stock Exchange: Composite Index	19 Dec 90=100	3,693 (Apr-2008)
Shenzhen Stock Exchange: Composite Index	20 Jul 94=100	13,505 (Apr-2008)
Market capitalization	US\$ billion	18 (Dec-1992)
	US\$ billion	3,231 (Mar-2008)
No of listed securities	Unit	10 (Dec-1990)
	Unit	1,585 (Mar-2008)
PE Ratio		
Shanghai	Unit	39 (Mar-2008)
<i>The highest since Aug-1996</i>	Unit	70 (Oct-2007)
<i>The lowest since Aug-1996</i>	Unit	16 (Nov-2005)
Shenzhen	Unit	38 (Mar-2008)
<i>The highest since Jan-1994</i>	Unit	73 (Sep-2007)
<i>The lowest since Jan-1994</i>	Unit	8 (Jul-1994)
No of stock account	Thousand	131,726 (Mar-2008)
Individual account	Thousand	131,193 (Mar-2008)
Institution account	Thousand	533 (Mar-2008)

Sources: National Bureau of Statistic of China and CEIC.

#### III-c-(ii). Net assets of securities companies (2006)

Ranking	Securities companies	US\$ million
1	CITIC Securities Co. Ltd	1,576
2	Guotai Junan Securities Co. Ltd	524
3	China Merchants Securities Co., Ltd	514
4	Guangzhou Guangfa Securities Co., Ltd	467
5	Guosen Securities Co., Ltd	453
6	Hongyuan Securities Co., Ltd.	451
7	Haitong Securities Co., Ltd	445
8	Huatai Securities Co., Ltd	436
9	Everbright Securities Co.,Ltd	430
10	Shenyin & Wanguo Securities Co., Ltd	393

Source: The Security Association of China.

#### III-c-(iii). Net profits of securities companies (2006)

Ranking	Securities companies	US\$ million
1	CITIC Securities Co. Ltd	304
2	China Galaxy Securities Co., Ltd	209
3	Guosen Securities Co., Ltd	186
4	Guotai Junan Securities Co. Ltd	174
5	Shenyin & Wanguo Securities Co., Ltd	161
6	Guangzhou Guangfa Securities Co., Ltd	157
7	China Merchants Securities Co., Ltd	141
8	Orient Securities Co., Ltd.	120
9	Everbright Securities Co.,Ltd	115
10	China International Capital Co.,Ltd	110

Source: The Security Association of China

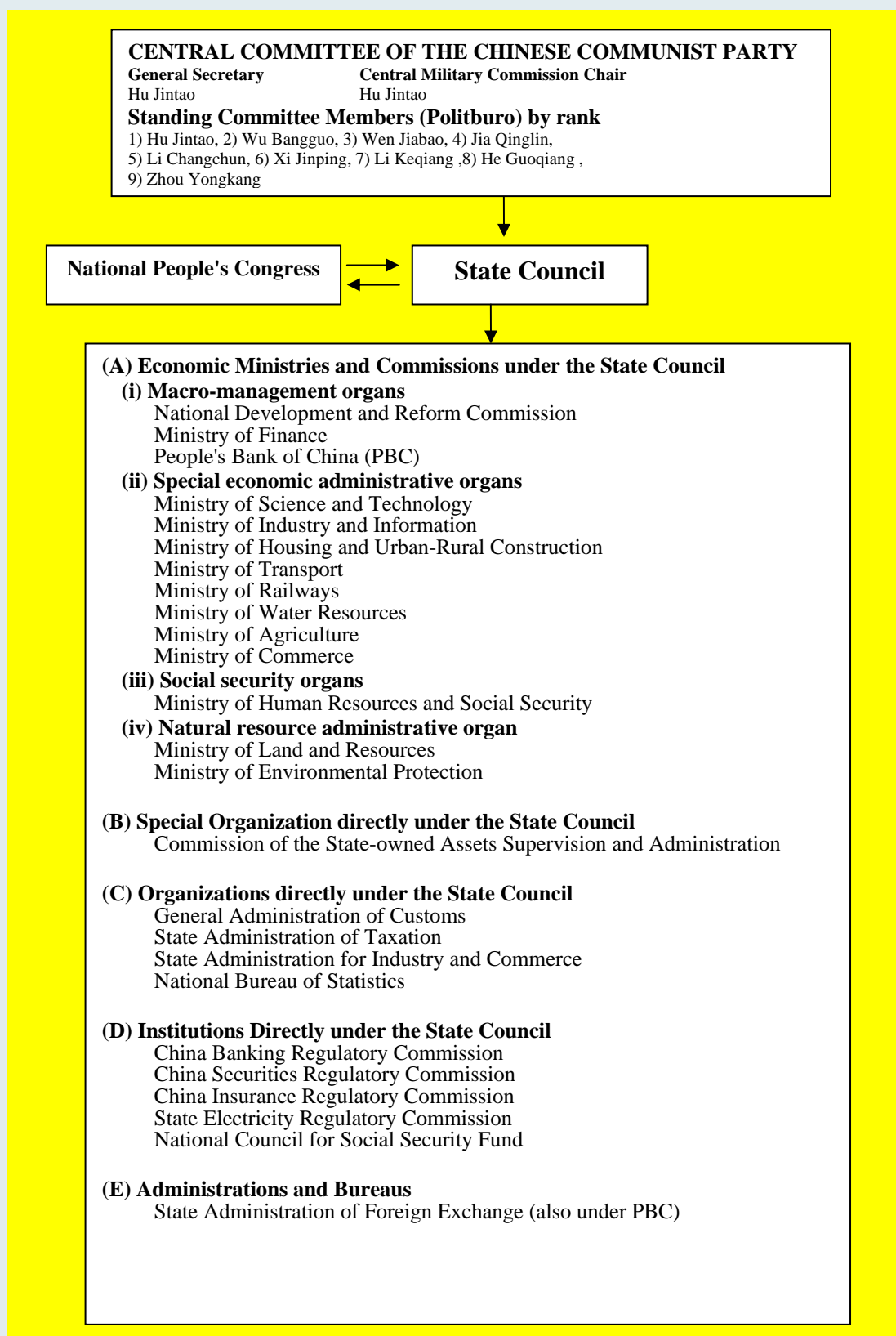
## IV. Socio-economic development indicators

	China	OECD	Latin America & Caribbea
<b>Demography</b>			
Population (million person)	1,321 (2007)	944 (2006)	556 (2006)
Population growth (annual %)	0.5 (2007)	0.6 (2006)	1.3 (2006)
Life expectancy at birth, total (years)	72 (2006)	80 (2006)	73 (2006)
Fertility rate, total (births per woman)	1.8 (2006)	1.7 (2006)	2.4 (2006)
Infant mortality rate, ages under 5 (per 1,000)	23.7 (2006)	5.7 (2006)	26.4 (2006)
Population over 65 years old (% of total population)	7.6 (2005)	13.5 (2005)	6.1 (2005)
<b>Environment</b>			
Surface area (million sq. km)	9.6 (2006)	31.9 (2006)	20.4 (2006)
Forest area (million sq. km)	2.0 (2005)	9.5 (2005)	9.1 (2005)
Energy use (kg of oil equivalent per capita)	1,316 (2005)	5,483 (2005)	1,198 (2005)
Electric power consumption (kWh per capita)	1,781 (2005)	9,879 (2005)	1,715 (2005)
<b>Economy</b>			
GNI, Atlas method (current US\$ billion)	2,600 (2006)	36,100 (2006)	2,700 (2006)
GNI PPP (\$ billions), 2006	6,100 (2006)	33,600 (2006)	4,800 (2006)
GNI per capita, Atlas method (current US\$)	2,000 (2006)	38,190 (2006)	4,785 (2006)
GNI per capita PPP (\$), 2006	4,660 (2006)	35,586 (2006)	8,682 (2006)
GDP (current US\$ billion)	3,282 (2007)	35,100 (2006)	3,000 (2006)
GDP growth (annual %)	11.9 (2007)	2.8 (2006)	5.5 (2006)
Total consumption (% of GDP)	49.3 (2007)	80.8 (2005)	77.1 (2006)
Gross capital formation (% of GDP)	42.9 (2007)	20.6 (2005)	20.5 (2006)
Exports of goods and services (% of GDP)	35.9 (2007)	22.4 (2005)	25.7 (2006)
Imports of goods and services (% of GDP)	28.2 (2007)	23.8 (2005)	23.3 (2006)
Agriculture, value added (% of GDP)	11.3 (2007)	1.5 (2005)	6.2 (2006)
Industry, value added (% of GDP)	48.6 (2007)	25.9 (2005)	31.3 (2006)
Services, etc., value added (% of GDP)	40.1 (2007)	72.6 (2005)	62.4 (2006)
Inflation, GDP deflator (annual %)	5.7 (2007)	2.2 (2006)	6.8 (2006)
Time required to start a business (days)	35 (2006)	16 (2006)	77 (2006)
Market capitalization of listed companies (% of GDP)	131 (2007)	122 (2006)	52 (2006)
Fixed-line and mobile subscribers (per 100 people)	63.2 (2006)	142.8 (2006)	72.8 (2006)
Internet users (per 100 people)	10.4 (2006)	60.9 (2006)	18.4 (2006)
High-technology exports (% of manufactured exports)	30.3 (2006)	19.1 (2006)	11.9 (2006)
FDI, net inflows (BoP, current US\$ billion)	78 (2006)	890 (2006)	71 (2006)
Compensation of employees, received (US\$ billion)	23 (2006)	71 (2006)	57 (2006)

Sources: CEIC, World Development Indicators database and BBVA staff estimates.

## III. China's Institutional Framework

### I. Party and government organization chart



## II. Important economic policy meetings

<b>Chinese Communist Party</b>	
<b>Central Economic Work Conference</b>	<p>The conference is attended by high-ranking Chinese officials to analyze the country's current economic conditions and contemplate major economic strategies and policies.</p> <p>The conference is held <i>once at early December every year</i> as an important mechanism for the Communist Party of China (CPC) Central Committee to steer the direction of the Chinese economy.</p>
<b>The National People's Congress (NPC)</b>	
<b>The meeting of the NPC</b>	<p>The National People's Congress (NPC) of the People's Republic of China is supposed to be the highest organ of state power. The NPC is composed of deputies elected from the provinces, autonomous regions, and municipalities directly under the Central Government and deputies elected from the armed forces.</p> <p>The NPC and its Standing Committee are empowered with the rights to legislate, to monitor the government, to appoint and remove government officials, and to approve working reports and proposals submitted by State Council.</p> <p>The NPC meets in session <i>once at early March every year</i> and is convened by its Standing Committee.</p>
<b>State Council</b>	
<b>The general meeting of the State Council</b>	<p>The general meeting of the State Council is attended by all members the State Council is composed of, convened and presided over by the Premier.</p> <p>The general meeting of the State Council is convened to discuss issues of major importance or matters involving more than one department.</p> <p>The general meeting is convened <i>once every two months or once every quarter of a year</i>, under normal conditions.</p>
<b>The executive meetings of the State Council</b>	<p>The executive meeting of the State Council is participated by the Premier, Vice Premiers, State Councilors and the Secretary-general, convened and presided over by the Premier.</p> <p>The executive meetings of the State Council are convened to discuss major issues in the work of the State Council, bills to be submitted to the Standing Committee of the NPC, administrative rules and regulations and important issues submitted by various departments and localities for decision by the State Council.</p> <p>The executive meeting of the State Council is convened <i>once a month</i> under normal conditions.</p>
<b>The working meeting of the Premier</b>	<p>The working meeting of the Premier is convened by the Premier (or by a Vice Premier entrusted by the Premier) to discuss and deal with major issues in the day-to-day work of the State Council.</p> <p>The working meeting of the Premier is <i>convened whenever necessary</i>.</p>



### III. Functions of selected ministries

#### State Council

The State Council or the central people's government is the executive body of the highest organ of state power and the highest organ of state administration. The State Council exercises unified leadership over local state administrative organs at various levels throughout the country, regulates the specific division of power and function of the state administrative organs at the central level and the provincial, autonomous regional and municipal level.

#### *The main functions and powers of the State Council:*

- (1) to adopt administrative measures, enact administrative rules and regulations and issue decisions and orders in accordance with the Constitution and the law;
- (2) to submit proposals to the National People's Congress or its Standing Committee;
- (3) to formulate the tasks and responsibilities of the ministries and commissions of the State Council
- (4) to draw up and implement the plan for national economic and social development and the state budget;
- (5) to direct and administer economic affairs and urban and rural development;
- (6) to exercise such other functions and powers as the National People's Congress or its Standing Committee may assign to it.

*Leaders in current State Council*

**Premier:** Wen Jiabao



**Vice Premiers**



Li Keqiang  
(1<sup>st</sup> Vice Premier)

**Take charge of:**  
Macroeconomic-  
management



Hui Liangyu

**Take charge of:**  
Agriculture



Zhang Dejiang

**Take charge of:**  
Industry, Tele-com,  
Energy and  
Transportation



Wang Qishan

**Take charge of:**  
Finance, Business  
and Trade

**State Councilors** (*equivalence to vice premiers, in charge of specific policies in areas of diplomacy, military affairs, Hong Kong-Macau-Taiwan affairs, public security, and other issues*)



Liu Yandong



Liang  
Guanglie



Ma Kai

*concurrently:*  
Secretary  
General



Meng Jianzhu



Dai Bingguo

### National Development and Planning Commission

The National Development and Reform Commission (NDRC) is a macroeconomic management agency under the State Council, which studies and formulates policies for economic and social development, maintains a balance of economic aggregates and guides the overall economic system restructuring.

*The principal functions of the NDRC include:*

- (1) To formulate and implement strategies for national economic and social development, long-term plans, annual plans, industrial policies and price policies;
- (2) To monitor and adjust the performance of the national economy, maintain the balance of economic aggregates and optimize major economic structures;
- (3) To guide and promote economic system restructuring;
- (4) To carry out strategic readjustment and upgrading of industrial structure, coordinate the development of agriculture and rural economy and guide the development of industry;
- (5) To formulate plans for the development of the energy sector and manage national oil reserve;
- (6) To promote the sustainable development strategy, social development and coordinated development of regional economy and implement the Western Region Development Program;
- (7) To submit the plan for national economic and social development to the National People's Congress on behalf of the State Council in accordance with the Constitution.

### People's Bank of China (PBC)

Under the guidance of the State Council, the People's Bank of China formulates and implements monetary policy, prevents and resolves financial risks, and safeguards financial stability. *PBC is not an independent central bank.*

The Law of the People's Republic of China on the People's Bank of China stipulate the PBC to perform the following key functions: issuing and enforcing relevant orders and regulations; formulating and implementing monetary policy; issuing renminbi and administering its circulation; regulating inter-bank lending market and inter-bank bond market; administering foreign exchange and regulating inter-bank foreign exchange market; regulating gold market; holding and managing official foreign exchange and gold reserves; managing the State treasury; maintaining normal operation of the payment and settlement system; guiding and organizing the anti-money laundering work of the financial sector and monitoring relevant fund flows; conducting financial statistics, surveys, analysis and forecasts; participating in international financial activities in the capacity of the central bank; performing other functions specified by the State Council.

### The Mandate of the Ministry of Finance

(1) Formulating and implementing strategies, policies, and guidelines, medium-and-long-term development plan and reform programs of public finance and taxation.

(2) Drafting laws and regulations on public finance and financial and accounting management; laying down and implementing regulations and rules on fiscal, financial and accounting management; organizing negotiations concerning external finance and debts and signing related agreements/accords.

(3) Preparing the draft annual budget of the central government and its final accounts; presenting reports on the central and local budgets and the implementation to the National People's Congress and reports on the final accounts to the Standing Committee of the National People's Congress on behalf of the State Council;

(4) Administering the central expenditures; formulating and implementing government procurement policies; managing the budgetary non-trade-related foreign exchange of government agencies, public institutions and social organizations as well as budgetary balance of payment; promulgating national uniform standards and policies of some expenditures; formulating and implementing "Accounting Regulation for Public Institutions" and "Accounting Regulation for Government Agencies"; formulating financial regulations on capital construction.

(5) Managing the social security expenditures from the central government; formulating the accounting management rules on social security funds; monitoring the utilization of the social security funds.

### **China Banking Regulatory Commission**

*The main functions:*

- (1) Formulate supervisory rules and regulations governing the banking institutions;
- (2) Authorize the establishment, changes, termination and business scope of the banking institutions;
- (3) Conduct on-site examination and off-site surveillance of the banking institutions, and take enforcement actions against rule-breaking behaviors;
- (4) Conduct fit-and-proper tests on the senior managerial personnel of the banking institutions;
- (5) Compile and publish statistics and reports of the overall banking industry in accordance with relevant regulations;
- (6) Provide proposals on the resolution of problem deposit-taking institutions in consultation with relevant regulatory authorities;
- (7) Responsible for the administration of the supervisory boards of the major State-owned banking institutions; and Other functions delegated by the State Council.

### **China Securities Regulatory Commission**

*The main functions:*

- (1) To establish a centralised supervisory system for securities and futures markets and to assume direct leadership over securities and futures market supervisory bodies.
- (2) To strengthen the supervision over securities and futures business, stock and futures exchange markets, the listed companies, fund management companies investing in the securities, securities and futures investment consulting firms, and other intermediaries involved in the securities and futures business. To raise the standard of information disclosure.
- (3) To increase the abilities to prevent and handle financial crisis.
- (4) To organise the drafting of laws and regulations for securities markets. To study and formulate the principles, policies and rules related to securities markets. To formulate development plans and annual plans for securities markets. To direct, co-ordinate, supervise and examine matters related to securities in various regions and relevant departments. To direct, plan and co-ordinate test operations of futures market.
- (5) To exercise centralised supervision of securities business.

## China Insurance Regulatory Commission

### *The main functions:*

- (1) The CIRC examines and approves the establishment of insurance companies and their branches, insurance groups and insurance holding companies.
- (2) It examines and confirms the qualifications of the senior managerial personnel in all insurance-related organizations; establishes the basic qualification standards for insurance practitioners.
- (3) It examines and approves the clauses and premium rates of insurance lines related to the public interests, statutory insurance lines and newly developed life insurance lines; files the insurance clauses and premium rates of the other insurance lines.
- (4) It supervises the solvency and market conduct of insurance companies according to law; manages the insurance security fund, and monitors the insurance guarantee deposits; formulates rules and regulations on insurance fund management on the basis of laws and relevant policies of the State, and supervises insurance fund management according to law.
- (5) It supervises the business operation of public-policy-oriented insurance and statutory insurance; supervises organizational forms and operations such as captive insurance and mutual insurance; conducts administration of societies and organizations such as China Insurance Association and China Insurance Society.

## State Administration of Foreign Exchange

### *The main functions:*

- (1) Designing and implementing the balance of payments (BOP) statistical system in conformity with international standards, developing and enforcing the BOP statistical reporting system, and collecting relevant data to compile the BOP statement;
- (2) Analyzing the BOP and foreign exchange positions, providing policy proposals with aim to achieving an equilibrium BOP position, and conducting feasibility study on the convertibility of the renminbi under capital account;
- (3) Drafting rules and regulations governing foreign exchange market activities , overseeing the market conduct and operations, and promoting the development of foreign exchange market ; analyzing and forecasting the foreign exchange supply/demand positions and providing the People's Bank of China (PBC) with propositions and references for the formulation of exchange rate policy;
- (4) Promulgating regulatory measures governing foreign exchange transactions under current account and supervising the transactions accordingly; monitoring and regulating the foreign exchange account operations both in China and abroad;
- (5) Managing and monitoring foreign exchange transactions under capital account, including inward and outward remittance and payments;
- (6) Managing foreign exchange reserves of the country in accordance with relevant rules and regulations;
- (7) Drafting foreign exchange administration rules, examining the domestic entities' compliance with foreign exchange administration rules and regulations, and penalizing institutions engaging in illegal practices.