

《Premier Li: China will not rely on currency depreciation》

Premier Li Keqiang met with managing director of the International Monetary Fund (IMF) Christine Lagarde on Monday, promising to press ahead with financial market reform.



Chinese Premier Li Keqiang (R) meets with International Monetary Fund (IMF) Managing Director Christine Lagarde, who is here to attend the China Development Forum, in Beijing, capital of China, March 21, 2016. [Photo: Xinhua]

The premier also voiced China's disapproval of a global "currency war," as it would be no good for the world economic recovery. China has no intention to boost exports by devaluing the yuan, as this is not conducive to China's economic transformation either, Li said .

Li said China will continue to push forward with financial market reform and construction of legal system, and press ahead with developments to the yuan exchange rate formation mechanism in line with the principles of

independence, gradualism and controllability.

China will, according to its economic fundamentals and the need to maintain financial stability, make the exchange rate of yuan float in two ways within a reasonable range, and maintain the exchange rate "basically stable at an adaptable and equilibrium level," the premier stressed.

He also called on major economies facing increasing uncertainties and volatilities of the world economy, to strengthen macroeconomic coordination to keep the stability of the global economic and financial systems.

The government attaches high importance to the communication with the market, as well as the role of the IMF and other international financial institutions. The government will strengthen dialogue and cooperation with them to give more signals to shore up market confidence, Li said.

The premier also vowed that China is capable of preventing regional and systemic financial risks. He noted that most of China's big commercial banks are state-owned. The government's debt ratio, especially that of the central government is comparatively low while the people's saving rate is comparatively high. The central government could support banks to maintain the capital adequacy ratio at a relatively high level by market means. The central bank also has many tools to prevent financial risks.

Lagarde, who is in Beijing for the China Development Forum, spoke highly of China's 13th Five-year Plan, saying it will help China's economy continue to play a leading role in world economic development.

She also praised China's recent policy communication on the exchange rate of yuan as effective, as it strengthened the international market's confidence.

She said the IMF lauded China's continuous efforts to reform and stands ready to strengthen communication and coordination with China to send positive signals to the market.