《Leaders aim to fend off financial risks》

Policy changes abroad may pose new challenges as country fixes problems

Top leaders on Wednesday called for more efforts to ensure financial security because such stability plays a key role in maintaining healthy economic growth.

Safeguarding financial security is a strategic and fundamental task in the economic and social development of our country, President Xi Jinping, also general secretary of the Communist Party of China Central Committee, said at a group study for members of the Political Bureau, Xinhua News Agency reported on Wednesday.

Xi said the overall financial situation is in good condition and risks remain at a controllable level.

He said it is vital to put more effort this year into ensuring no systematic risks occur.

Making accurate judgments of hidden peril is a prerequisite for securing financial stability, he said, adding that as much attention as is needed must be applied to cope with challenges brought on by foreign financial policy changes.

Xi's remarks come after the nation's top financial regulatory bodies rolled out a series of measures the more closely monitor the whole industry.

The China Banking Regulatory Commission conducted on-site inspections of banks last week to screen out risks of corporate loans as part of efforts to deleverage the institutions.

Also last week, the China Insurance Regulatory Commission called for more strict investigation of illegal market practices and pledged to strengthen supervision.

Fending off financial risks has been listed as a major task for this year, according to a statement released after the Central Economic Work Conference closed in December 2016.

The statement said certain vrisks spots" have appeared in some sectors.

Niu Li, director of macroeconomics at the State Information Center, said Beijing's recent high emphasis on fending off financial risks means the government intends to tackle risk spots vone-by-one" — Niu pointed out that the meeting listed six concrete tasks to implement.

Efforts include deepening financial reforms, strengthening supervision, tacking hidden hazards, creating a viable environment to support nonfinancial sectors, improving capabilities of financial leaders and improving the regulatory system with the Communist Party as the core.

With enough attention paid by the central government, these efforts, though some may not look new to the public, will help tackle risks that have accumulated for years," Niu said, referring to hidden dangers in high leverage ratios and government debts, for instance.

As for external challenges, major risks might emerge from policy changes in developed countries, such as the United States, according to Su Jian, an economics professor at Peking University.

We should closely watch for policy changes such as interest rate hikes or tax cut policies in the United States, because China cannot escape their impacts," he said. vWe do not need to follow or copy their steps, but we should make adjustments based upon our own circumstances."