

**Speech by Deputy Governor CHEN Yulu of People's Bank of  
China in the 43<sup>rd</sup> Meeting of the Central bank Governors' club  
of the Central Asia, Black Sea Region and Balkan Countries**

Thank you Chair!

Dear Governors,

It's good to see everyone. Taking this opportunity, I would like to share with you the latest development in China's fighting against Covid-19 and our next steps.

The focus of pandemic containment in China has shifted to preventing a second outbreak. Firstly, digital QR health codes are still being used to track risks. Secondly, a monitoring mechanism has been put in place. Once a person is found infected, he and his close contacts will be detected and quarantined immediately. Thirdly, the nucleic acid tests are made better available to ensure all that should be tested get tested. With these measures, production resumption in all sectors are proceeding in orderly manner.

In the just-concluded session of National People's Congress, the

government did not set a growth target for the first time, as great uncertainty is still hovering over the global economy. The government's priority this year is to ensure security in job, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary level governments, with the following targets: create over 9 million new urban jobs, keep the surveyed urban unemployment rate at around 6%, and the registered urban unemployment rate at around 5.5%, and stabilize the growth of CPI at around 3.5%.

In the next stage, the PBC will pursue a prudent monetary policy in a more flexible and appropriate way, and step up monetary policy innovation as necessary. The PBC, together with the Ministry of Finance, will support local banks to defer principal and interest repayments by MSMEs through SPVs. The PBC will also put in place new tools for purchasing new “financial-inclusion MSE loans” extended by qualified local banks.

At the same time, we will pursue a more proactive and impactful fiscal policy. The deficit-to-GDP ratio this year is projected at more than 3.6%, with a deficit increase of 1 trillion RMB over last year. On top of this, a total of 1 trillion RMB of government bonds for

Covid-19 control will be issued. Moreover, 1.6 trillion RMB more of local government bonds will be issued this year compared with 2019. These funds will be primarily used to ensure employment, meet basic living needs, and protect market entities.

Thank you Chair.