

China names Yi Gang as new central bank governor

US-educated economist was longtime deputy to outgoing head Zhou Xiaochuan



Yi Gang has served as deputy governor of China's central bank since 2008 © EPA
Gabriel Wildau, Lucy Hornby and Tom Mitchell MARCH 18, 2018

China's parliament has named US-educated economist Yi Gang as the country's new central bank chief, ensuring policy continuity as Beijing [moves aggressively](#) to control risk in its financial system.

Mr Yi, who has served as deputy governor of the People's Bank of China since 2008, will replace governor Zhou Xiaochuan, China's official newsagency Xinhua confirmed on Monday. Mr Zhou [is to retire this year](#) after a record 15-year tenure.

After a decade of heavy credit stimulus used to maintain fast growth, President Xi Jinping has declared a "[new era](#)" in which growth quality and risk control should take precedence over quantitative [growth targets](#).

China's central bank and other banking regulators have acted decisively over the past year to contain runaway [debt growth](#) and curb risky lending practices in the shadow banking system, even as banks have [lobbied to soften](#) those efforts.

Mr Yi will take charge of efforts to [liberalise](#) China's exchange rate and attract greater [foreign investment](#) into China's capital markets, especially the [bond market](#). As part of a [broad reorganisation](#) of government ministries announced last week, China's central bank gained additional authority over banking regulation.

“Yi Gang is a respected monetary policy expert in academic and policy circles both within China and abroad,” said Eswar Prasad, economics professor at Cornell University and former head of the International Monetary Fund’s China office.

“His appointment is a good omen for reforms that will build upon and extend the legacy that governor Zhou leaves behind.”

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Mr Yi was among the first generation of Chinese students to attend university when China relaunched the university entrance exam following the end of the Cultural Revolution. He graduated from Peking University in 1980, then studied at Hamline University in Minnesota before entering the economics PhD programme at University of Illinois. He later earned tenure at Indiana University.

China’s central bank is not independent from the government and the Communist party. Mr Yi will be a subordinate to Liu He, a politburo member and top economic adviser to Mr Xi. China’s parliament is expected on Monday to confirm Mr Liu as vice-premier in charge of economic and financial policy. Ma Kai, who previously held that vice-premiership, was ostensibly Mr Zhou’s superior but was widely viewed as less influential.

It had been suggested that Mr Liu himself would serve jointly as central bank governor and vice-premier. But some worried that Mr Liu — who has also emerged as Mr Xi’s [top envoy](#) to the US for trade negotiations — would be too thinly stretched. Mr Yi served as director of the State Administration of Foreign Exchange, a semi-autonomous unit of the PBoC, from 2009 to 2016.

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