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Rebalancing and Reforms in China

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Chairman Reinsch, Vice Chairman Shea, and honorable members of the Commission, thank you for the opportunity to share with you my views on China's progress towards rebalancing its economy and the prospects for economic reforms under the new leadership.

Since the financial crisis, China has made substantial progress on reducing its external imbalances, with the surpluses on both the current account and the trade balance falling sharply from their peaks in 2007. China has also made some progress on domestic rebalancing. Recent data suggest that it is time for a revision of the view that the country's growth is driven largely by exports and investment. Private and government consumption together accounted for more than half of China's output growth in 2011-12, signaling a significant change in the composition of domestic demand. Physical capital investment, the main driver of growth over the previous decade, is no longer the dominant contributor to growth while a shrinking trade balance in fact made a negative contribution to growth in these two years.

Despite all of this progress, there remain major challenges to putting in place the reforms needed to improve the quality and efficiency of growth, continue the shift away from capital-intensive production, generate more employment, and allow more of the benefits of growth to filter down to the average household.

The twelfth five-year plan that was approved by the National People's Congress in March 2011 appeared to herald a turning point in China's economic development. It represented, at least in rhetoric, a marked shift in emphasis from high growth to the quality, balance and sustainability of that growth. The longer-term objective of the plan was to reorient growth to make it more balanced and sustainable from different perspectives--economic, social and environmental.

There were promising signs of a push for reforms in the first half of 2012, as a number of modest but significant actions signaled continued progress towards economic reforms. This reform momentum stalled in the latter half of the year, however, partly

[1] I am grateful to Karim Foda, Parul Sharma, Lei (Sandy) Ye, and especially Boyang Zhang for excellent research assistance.

due to some unexpected political turmoil in the lead-up to the political transition that got underway last fall. Nevertheless, the economy has continued to turn in a good performance despite a weak external environment. While steady growth and low inflation have eased immediate policy concerns, China still faces a number of challenges related to the longer-term structural transformation of the economy. The new leadership has indicated a desire to push forward with reforms, but there have been few indications of specific measures under consideration.

In this testimony, I will review progress on different aspects of China's rebalancing, discuss the main policy reforms that are needed, and summarize the implications for the United States.

Progress on External Rebalancing

China's current account and trade surpluses have shrunk steadily and markedly relative to their peaks in 2007, when they hit 10.1 percent of GDP and 7.6 percent of GDP, respectively. In 2012, both of these surpluses were below 3 percent of GDP (Figure 1). The decline in the trade surplus is due to sluggish export growth as many of China's major export markets, including the European Union and the U.S., have been experiencing economic difficulties. Meanwhile, bolstered by strong domestic growth, China's imports have increased at a faster pace than exports.

China's currency policy—tightly managing the value of the renminbi relative to the U.S. dollar--has been seen as a determinant of its external balances. During 2012, the renminbi appreciated by 1.4 percent relative to the dollar and around 2 percent in inflation-adjusted terms as China's inflation has been slightly higher than U.S. inflation over the past year. A broader measure of the currency's value is the real effective exchange rate—a trade-weighted measure of the inflation-adjusted exchange rates relative to major trading partners. By this measure, China's currency appreciated by 1.7 percent during 2012, much less than the 5 percent appreciation during 2011.

In previous years, such slow appreciation required China's central bank, the People's Bank of China, to intervene heavily in foreign exchange markets to offset pressures for faster currency appreciation. However, the increase in the stock of foreign exchange reserves in fact slowed sharply to $130 billion in 2012, compared to average annual increases of $420 billion in each of the previous 5 years. The fact that the increase in foreign exchange reserves was quite modest even though the renminbi appreciated very slowly during 2012 indicates weakening appreciation pressures on the currency.

This shift is attributable to two factors—the decline in China's trade surplus and the deficit on the capital account in 2012, implying that more capital (other than accumulation of reserves) flowed out of the country relative to the amount that came in.

This represents an important shift in the nature of China's overall capital exports (which is roughly equivalent to the current account surplus). Balance of payments data show that, in 2011, China's current account surplus was $202 billion while the increase in international reserves, which effectively amounts to official capital outflows, was $388 billion. This implies that net capital inflows amounted to about $186 billion. By contrast, in 2012, the current account surplus was $214 billion while accumulation of new reserves was only $97 billion. The difference represents a net outflow of capital of about $117 billion in 2012. Since the Asian financial crisis of 1997-98, this was the first year that China has experienced a significant capital account deficit.[2]

The decline in China's trade and current account surpluses in the immediate aftermath of the financial crisis led many researchers (including myself) to predict that those declines were largely cyclical—China was continuing to grow strongly while its advanced economy export markets were in recession—and would be reversed once cyclical conditions were normalized. While there are still significant differences in the business cycle positions of China versus its major export markets, the persistent and continued decline in the external surpluses suggest a more fundamental shift in China's dependence on exports to generate growth. Acknowledging this shift, the IMF recently reduced its forecast of the medium-term current account to about 4-4.5 percent of GDP, well below the level of 7-8 percent it had been forecasting only a year ago.

The capital account deficit in 2012 has sparked concerns of capital flight, with the connotation being that capital is being sent out of the country by domestic residents and corporations that see trouble brewing on the domestic macroeconomic front. A more benign interpretation, which I favor, is that rising capital outflows are a natural consequence of steps that China is taking to open up its capital account and remove restrictions on outflows. As the economy matures and financial markets develop, domestic retail and institutional investors will look to foreign investments as a way of diversifying their portfolios. Moreover, Chinese corporations and financial institutions are in quest of investments abroad to diversify their operations and as a conduit for acquiring technical and managerial expertise.

Back in the days when the current account surplus was larger and growing, Chinese officials made the argument that the external surplus was largely a reflection of internal imbalances that needed to be fixed with better domestic policies rather than through currency appreciation. It is therefore interesting to juxtapose the progress that has been made on external rebalancing with the somewhat more limited progress in shifting the structure of the domestic economy.

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[2] These numbers in this paragraph are based on balance of payments (BOP) data provided by the State Administration of Foreign Exchange. The net outflows figure for 2011 is the sum of the financial account surplus ($221 billion) and net errors and omissions (minus $35 billion). The BOP figures for accumulation of reserves (both total and foreign exchange reserves) do not include mark-to-market changes or currency valuation effects on the value of the outstanding stock of reserves. Hence, the increase or decrease in foreign exchange reserves (which amount to about 98 percent of China's total international reserves) based on BOP data constitute a better indicator of the degree of foreign exchange market intervention. The headline number for China's stock of foreign exchange reserves--$3.31 trillion at the end of 2012—comes from the People's Bank of China (PBC). Those numbers do seem to incorporate mark-to-market and valuation effects. In 2011, accumulation of foreign exchange reserves amounted to $385 billion in the BOP data and $334 billion according to the PBC. In 2012, the accumulation was $99 billion in the BOP data and $130 billion according to the PBC.

Internal Rebalancing Remains a Challenge

Despite global financial turbulence and weak growth in most other major economies, China delivered 7.8 percent GDP growth in 2012, with industrial production growing by about 10 percent (Figure 2). Inflationary pressures have moderated, with CPI inflation now under 3 percent and producer prices falling (deflation) (Figure 3). This has given Chinese policymakers the luxury of focusing on longer-term policies to make growth more balanced and sustainable.

A major objective laid out in the twelfth five-year plan is to rebalance domestic growth and increase the share of private consumption in GDP. This is seen as necessary to ensure greater social stability by increasing the benefits that accrue to the average household from China's strong GDP growth. In addition, shifting away from a capital-intensive production structure is important for increasing job growth and ameliorating the destructive environmental consequences of rapid growth. There has been progress on these dimensions but it is far too early to declare victory.

Investment growth propelled China's growth over the last decade, accounting for more than half of GDP growth (Figure 4).[3] During and right after the financial crisis, investment growth was crucial for sustaining economic momentum. In 2009, the contribution of investment growth amounted to a remarkable 88 percent of GDP growth, far higher than the contribution of consumption (net exports made a large negative contribution to growth that year). Real estate investment and infrastructure investment have been important contributors to overall investment growth.

For an economy with a capital stock per worker ratio that is about 9 percent of the U.S. level (as estimated by the World Bank), additional investment in physical capital seems desirable. However, much of the investment that China has undertaken in recent years has been financed through loans provided by state-owned banks, raising concerns about the emergence of nonperforming assets on the books of the large state-owned banks if these investments turn out not to be commercially viable. Investment-led growth meant that employment growth, which has averaged less than 1 percent a year over the last decade, was relatively muted compared to the fast pace of output growth.[4] This pattern of growth also has deleterious environmental consequences.

The Chinese government has had to cope with the twin challenges of boosting domestic consumption in order to make growth more welfare enhancing for its citizens and of generating higher employment growth in order to maintain social stability. The growth model fostered by government policies had, until recently, resulted in a rising share of investment and a declining share of private consumption in GDP. Moreover, weak employment growth and high investment growth had resulted in labor income falling as a share of national income and personal disposable income falling as a share

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[3] For more details, see Eswar Prasad, 2009, "Is China's Growth Miracle Built to Last?" *China Economic Review*, Vol. 20, pp. 103–123.

[4] The annual growth rate of non-agricultural employment averaged around 2.5 percent during this period, although this in turn has to be set against the growth rate of non-agricultural output, which has been 2-3 percentage points higher than that of overall GDP.

of GDP. The government has also been trying to channel more bank credit towards the services sector, which has the potential to provide more employment.

In the last two years, there has been progress in many of these dimensions. As noted earlier, consumption growth has overtaken investment growth as the main contributor to GDP growth. In 2012, the share of private consumption in total GDP stopped declining and rose slightly, although the level of this ratio still remains well below that of virtually every other advanced or emerging market economy (Figure 5). Another positive development is that, in 2011, service sector employment climbed to 3.6 percent, higher than in recent years and also higher than industrial sector employment growth of 3.2 percent. In 2012, the shares of the industrial and service sectors in total GDP were almost the same, at 45 percent each. This is a marked change from the situation in 2000, when the GDP share of the industrial sector was 46 percent (it reached a peak of 48 percent in 2006) and that of the service sector was just 39 percent.

This relatively benign picture is not without risks. The level of investment remains high, at nearly 47 percent of GDP. This investment boom is to some extent feeding on itself—so long as financing is available for construction and infrastructure projects, investment in ancillary industries pays off. But a slowdown in the investment machine, especially if the government tightens the supply of bank credit further, could result in excess capacity in industries such as steel, aluminum and hard glass. This could eventually dampen employment and household income growth. Banks fear a resurgence of bad loans on their books if consumption demand doesn't grow fast enough to soak up output from the new factories. In turn, a weakening of domestic consumption growth could eventually increase the dependence on export-led growth, exactly the reverse of the balanced private consumption-led economy that Chinese leaders want. These concerns have not been borne out recently but still remain risks to China's growth.

Moreover, the Chinese household saving rate has trended upward in recent years; the economic uncertainty associated with the crisis and the weak global economic recovery are likely to increase savings for precautionary purposes. The household saving rate, as a share of household disposable income, is now close to 30 percent (Figure 6). Factors such as rising wages could help boost consumption demand. Other fundamental reforms, including a stronger social safety net and a better government-funded health care system, are also necessary to shift consumption patterns of Chinese households.[5] The twelfth five-year plan acknowledged these issues and proposed a number of measures that would increase the coverage and extent of government financing of health care, pensions and the broader social safety net.

There are other aspects of balanced growth where the government has taken measures that seem to have yielded at least modest results. Growth needs to become more balanced in terms of reducing regional disparities in economic development,

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[5] For an analysis of the factors driving the trend increase in saving rates of urban households, see Marcos Chamon and Eswar Prasad, 2010, "Why Are Saving Rates of Urban Households in China Rising?" *American Economic Journal: Macroeconomics*, Vol. 2, No. 1, pp 93–130; and Marcos Chamon, Kai Liu and Eswar Prasad, 2010, "Income Uncertainty and Household Savings in China," NBER Working Paper No. 16565.

especially when one compares the coastal versus the interior provinces. To respond to this issue, the government has directed large amounts of infrastructure funds towards interior provinces through the Develop the West campaign. The rise in food prices in recent years has reduced rural-urban income disparities although both official data and estimates by academics suggest that overall inequality, as measured by the Gini coefficient, remain very high by international standards.

In short, the picture that one can paint with macroeconomic data is one of small but notable improvements in the balance of domestic growth in most dimensions, although there are many underlying risks that are being masked by high growth. Maintaining high and stable growth, even if somewhat below the levels of the past decade, is therefore an important objective of policy reforms.

The Reform Agenda

The main challenge for China, especially since it faces a rapidly aging population and a labor force that is likely to start shrinking soon, is to maintain rapid productivity growth. This will require a shift towards higher value-added production, a more efficient allocation of resources through a better financial system, and more balanced growth.

The twelfth five-year plan (the Plan) remains the blueprint for China's reform agenda. It lists a large number of reform priorities but has limited detail on specific courses of action for achieving the long-term objectives. The Plan highlights the objectives of further financial system reform and progress towards capital account convertibility, but offers few details. The Plan has more details concerning policies that have direct implications for the average Chinese household--controlling inflation, increasing wages and employment, and strengthening the social safety net.

In the remainder of this section, I selectively summarize a few key reform priorities. There are many more--including reforms to the tax and expenditure systems, pension reforms, reforms to corporate governance in state-owned enterprises--that I do not examine in detail.

Financial sector development

Financial sector reform and development remain key priorities. The Chinese government recognizes that a more efficient financial system can play an important role in increasing productivity by reducing inefficiencies in the allocation of capital. A reformed banking system may also respond to incentives to lend more to small- and medium-sized enterprises, especially in the services sector, that tend to be better than large enterprises at generating employment.

China's banking system appears well capitalized and the ratio of nonperforming loans relative to assets for the overall banking system is low. These figures mask a number of well-known problems, including persistent incentives to lend to state-owned enterprises rather than private sector enterprises, weak risk management capacity that results in rationing of credit to small and medium-sized enterprises, and asset portfolios that include a large amount of subpar assets that may turn into nonperforming loans if GDP growth were to slow. Indeed, concerned about the possible fallout from the surge in bank lending during the financial crisis, the government has clamped down on growth in monetary aggregates and bank credit (Figure 7). The policy complication is that tightening credit hurts employment growth as it tends to disproportionately affect credit flows to small and medium sized enterprises, especially those in the private sector. Interest rate liberalization is an important element of banking reforms. At present, there is a ceiling on deposit rates and a floor on lending rates, resulting in a comfortable and noncompetitive spread that helps the profitability of banks. One effect is that households earn low or negative inflation-adjusted rates of return on their copious deposits in the banking system. Another is that the absence of price competition makes the banking system less efficient. Belying expectations--as many Chinese officials have mentioned this as a reform priority--the Plan did not contain any specific language about interest rate liberalization, suggesting that the prospects for any major reforms in this area are remote for the time being.

China's financial system remains bank-dominated, with limited corporate bond market development and limited scope of securities markets. The Plan recognizes the need to broaden and deepen financial markets in order to improve their overall functioning and enhance their contribution to balanced growth. But this remains an aspiration rather than an objective backed up by a well-defined strategy.

Capital account opening

China is eager to make the renminbi an international currency and has already taken a number of steps in that direction.[6] However, contrary to expectations in some quarters, the Plan did not lay out a timeline for opening up the capital account and making the currency fully convertible. There are other indications that this is seen as a policy objective over the next 5-10 years as it would set the stage for China's ascendancy in global financial markets and make the renminbi an international currency. Indeed, the Chinese government has recently taken a number of relatively modest but symbolically significant steps to increase the use of the renminbi in international transactions, including trade settlement. The government is appropriately reticent about dismantling capital controls and allowing freer cross-border movement of capital without having a robust and well-functioning financial system in place.

Exchange rate flexibility

Although pressures on the currency have eased off, a more flexible exchange rate regime would serve China well in the long run, particularly as the capital account becomes more open and it becomes more difficult to tightly manage the currency's value. A more flexible currency would give the central bank a much freer hand in changing interest rates to meet the twin objectives of high growth and low inflation. Faster currency appreciation, which is likely to happen over time anyway as China has higher productivity growth than its major trading partners, would help rebalance growth by increasing the purchasing power of domestic households. This would happen

[6] See Eswar Prasad and Lei Ye, *The Renminbi's Role in the Global Monetary System*, Brookings Institution Report, February 2012.

directly through the fall in the price of imported goods and, at times of high inflation, also by giving the central bank room to raise deposit rates, giving households a better rate of return on their savings.

Industrial policy

The Plan lays out two sets of objectives in this area. The first is to upgrade and restructure a group of traditional industries. Industries such as iron and steel, automobiles, and textiles are identified as needing technical upgrading as well as consolidation to benefit from scale efficiencies. The second objective is to foster and develop strategic emerging industries that are intended to develop into future pillars of the economy. These tend to have a hi-tech or environmental focus and include energy conservation and environmental protection; bio-tech; high-end manufacturing equipment; and new energy (including nuclear and renewable energy). The government intends to set up special funds to develop these new strategic industries. These funds will encourage start-ups and also complement private investment in these industries. One concern that needs to be tracked carefully as these objectives are transformed into concrete policy measures is whether they will shift industry dynamics in a way that favors state-owned firms. This might have the effect of rolling back some of the gradual shift in the last two decades towards a more private sector-led industrial structure.

Small Steps in the Right Direction

While the political process in China is highly opaque, it is important not to underestimate the enormous political and institutional constraints to reforms, even if backed by the top leadership. Consider for instance that the Plan sent a direct and unambiguous message to provincial governments that they should shift from a focus purely on growth to broader economic and social considerations. But it is not clear that incentives facing provincial governments, which still view high growth as the ultimate objective, can be shifted easily.

In the first half of 2012, the central government made some opportunistic moves to kick-start momentum on a few key reforms. It increased the flexibility of the exchange rate (in principle) when the renminbi was not under pressure to appreciate, relaxed the cap on interest rates paid on deposits, increased foreign investors' access to capital markets, and encouraged certain informal financial firms to become part of the formal banking system. Each of these moves has broader significance.

For instance, giving informal financial firms the opportunity to join the formal banking system serves multiple ends. It brings these institutions under the ambit of the banking regulator and reduces the risks they pose to financial stability. Moreover, they now provide more overt competition for established banks.

The need for interest rate liberalization is widely recognized. Freeing up deposit rates and abandoning the fixed spread between deposit and loan rates would result in better returns for depositors (as banks competed for deposits) and encourage banks to sharpen their lending practices. The big banks have resisted this fiercely as it would cut into profits. So the government cleverly took a small step when it cut rates—freeing up banks to offer deposit rates marginally higher than the base rate, arguing that this would make the rate cut more palatable to depositors.

A one-shot approach to breaking up big banks or freeing interest rates risked a backlash and concerted opposition that could block changes altogether. Reform-minded officials therefore took a more subtle approach—using a megaphone to draw attention to the problems but avoiding a frontal attack, instead chipping away at the foundations of the current financial structure.

Even these modest steps towards reforms came to a halt in the latter half of 2012 as the leadership transition got underway, preceded by some domestic political turmoil.

Intentions of the New Leadership

The priorities are clear but what is less certain is whether the government has the political will to take on an ambitious reform agenda, battling against the vested interests that want to maintain the status quo and coping with social pressures from the short-term dislocations that the reforms might create. China's leaders may have little choice, however, if they want to maintain their legitimacy and social stability.

The new leadership has strongly signaled in its public statements that there will be continued impetus for reforms, including to tackle corruption. But there have been few specifics offered about particular measures as yet. Appointments to some key positions, such as the governorship of the central bank, will be made in the coming months and could provide some signals about the reform-mindedness of the top leadership.

One specific proposal is that the government has recently indicated its intention to speed up reform of the “hukou” system of household registration that restricts the movement of rural residents to urban areas. The new leaders have stressed the importance of urbanization as an engine of growth and reform of the hukou system is seen as an important element of that process, which should also improve labor mobility.

Implications for the United States

China’s growth and reform process will have direct and indirect implications for the U.S. through a number of channels.

Trade: Although its overall trade balance fell steadily and sharply from 2007 to 2012, the bilateral trade surplus that China runs with the U.S. has in fact increased and hit a peak of $295 billion in 2011. In 2012, this surplus had reached $291 billion by November, making it likely that the figure for the full year will top $300 billion.[7] These numbers are overstated because of the fact that about two-fifths of China’s trade is processing trade, with relatively low value added in China.

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[7] These numbers are based on U.S. trade data. Chinese data show a smaller surplus of $197 billion in 2011, rising to $221 billion in 2012.

If the shift towards private consumption-led growth proves durable and intensifies, China's demand for imports of consumer goods and services would rise, especially if the exchange rate continues to appreciate. This could help boost U.S. exports to China. Indeed, China is the one country to which U.S. exports are on track to double over a five-year period, an objective set by President Obama in his January 2010 State of the Union speech. The ability of U.S. firms to take better advantage of this growing market of course depends on a number of factors, including the level of market access that is provided to them.

Financial flows: If external rebalancing turns out to be durable, the pace of reserve accumulation will remain slower than in the past and, as a consequence, China will demand fewer U.S. Treasury securities. Even during 2012, China's identified holdings of Treasury securities barely changed from the level at the end of 2011 ($1.15 trillion). Lower levels of official purchases of Treasuries could be offset by financial flows to the U.S. through other channels, including mergers and acquisitions activity, equity investments by state-owned enterprises and banks, as well as investments by private and institutional investors. Many of these investors may also choose to acquire U.S. Treasuries but probably not at the same level as official purchases by the central bank.

Industrial policy: China is clearly taking some important steps towards upgrading its industries and moving towards more hi-tech and high value added production. With various incentives and explicit government support, China is likely to make quick progress in clean energy and information technologies. The U.S. and other advanced economies could start losing ground in new technologies if China successfully implements its strategy of technology leap-frogging.

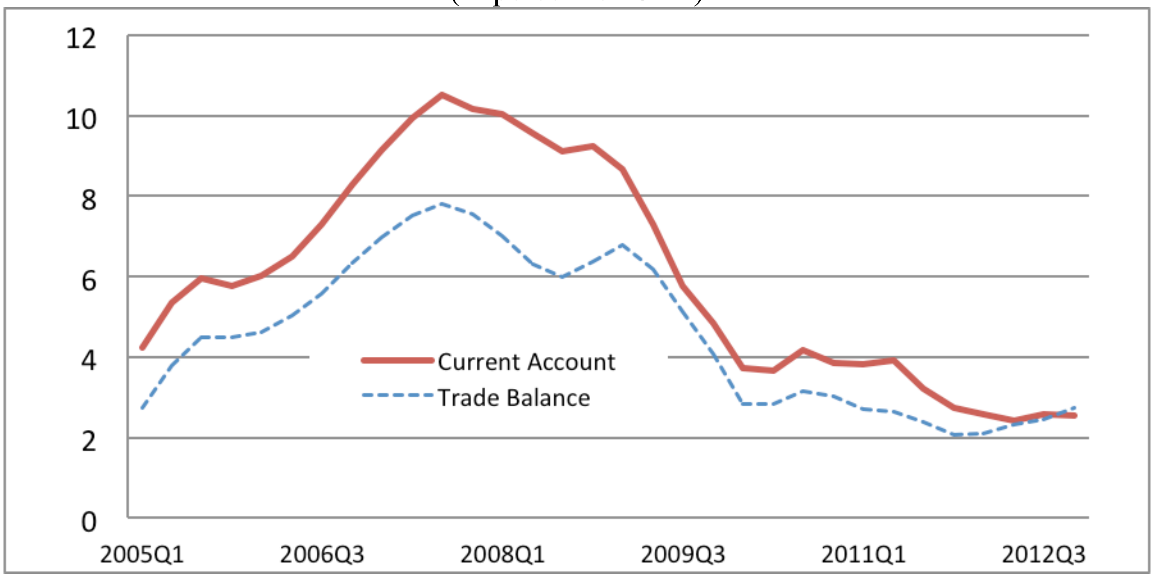
Potential tensions: China's high and rising bilateral trade surplus with the U.S. will continue to attract attention in the U.S., but there is increasing understanding that it is of limited significance by itself in driving the overall U.S. trade deficit. Assuming that turbulence in global financial markets settles down, capital will once again start flowing to China and other emerging markets. The Federal Reserve's continued policy of taking aggressive unconventional monetary policy actions could result in heightened tensions if there are renewed pressures for China's currency to appreciate. Nevertheless, given the greater openness of China's capital account, rising outflows are likely to balance out some of these pressures.

While stable and more balanced growth in China will have largely positive effects for the U.S., there is no doubt that China will become more assertive in economic and geopolitical discussions as its economic power increases. Indeed, the Chinese government has become increasingly vocal about its concerns that U.S. policymaking is contributing to global financial instability (while the subtext is that its own policies are arguably more on the right track).

Conclusion

The stated desire of China's new leaders to promote economic reforms provides grounds for cautious optimism. The twelfth five-year plan developed in 2011 remains the blueprint for improving the country's pattern of economic development. The broad objective of the plan is to reorient growth to make it more balanced and sustainable, even if it means settling for slower average growth than in the previous decade. The challenge for the new leadership is to break down the opposition of interest groups that prefer the status quo and to implement reforms needed to attain the plan's objectives. It is likely that the major elements of the Plan will not be acted upon forcefully until the new leaders have found their footing and consolidated their power bases. The next few months, when the macroeconomic environment is relatively benign and provides space for policy changes, will be a good test of the government's commitment to push for reforms. Progress on these reforms will further solidify China's growth prospects and will have beneficial effects on the U.S. and the rest of the world economy as well.

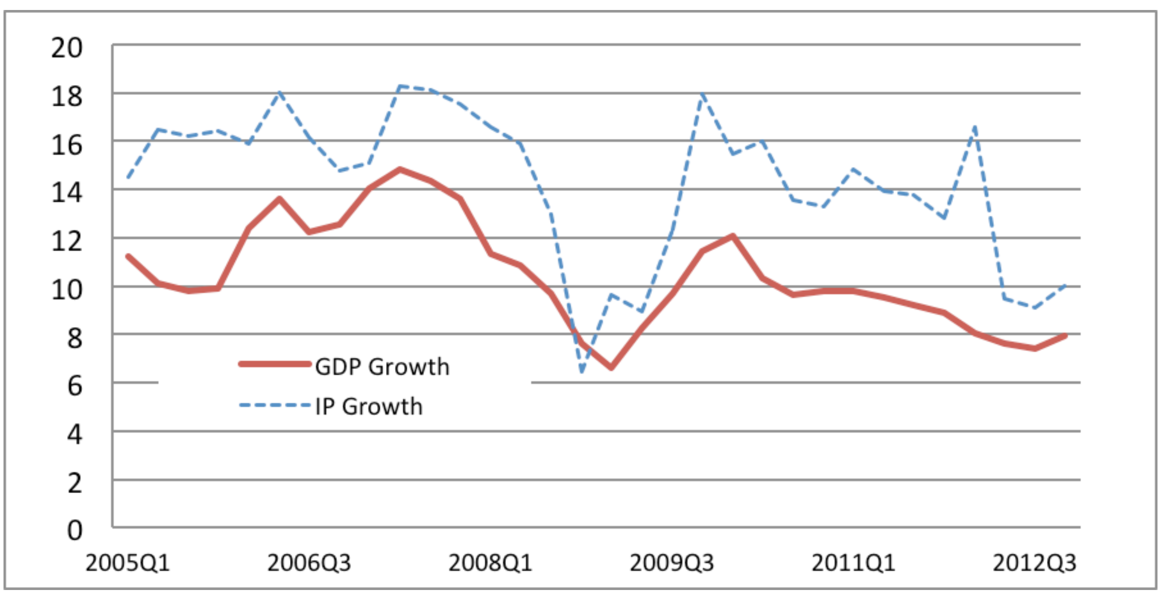
Figure 1. China: Current Account and Trade Balance
(in percent of GDP)



Data sources: State Administration of Foreign Exchange and National Bureau of Statistics.

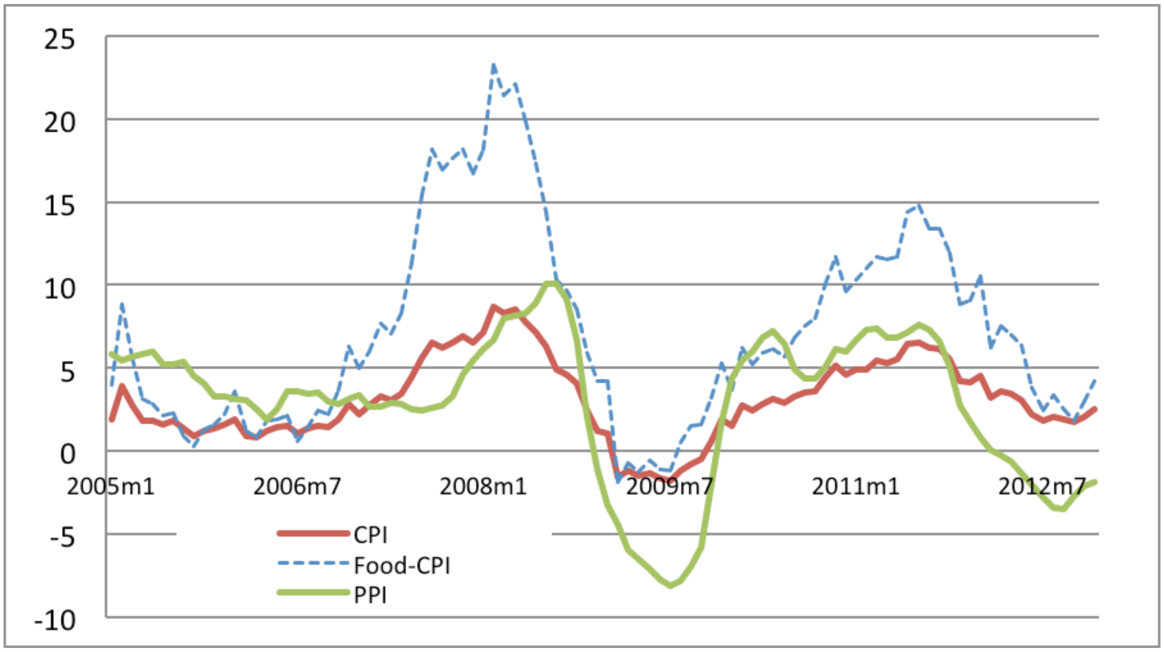
Notes: Current account balance and trade balance are both expressed as ratios to nominal GDP. The figure shows four-quarter trailing moving averages for both variables.

Figure 2. China: GDP and Industrial Production Growth
(year over year quarterly growth rates; in percent)



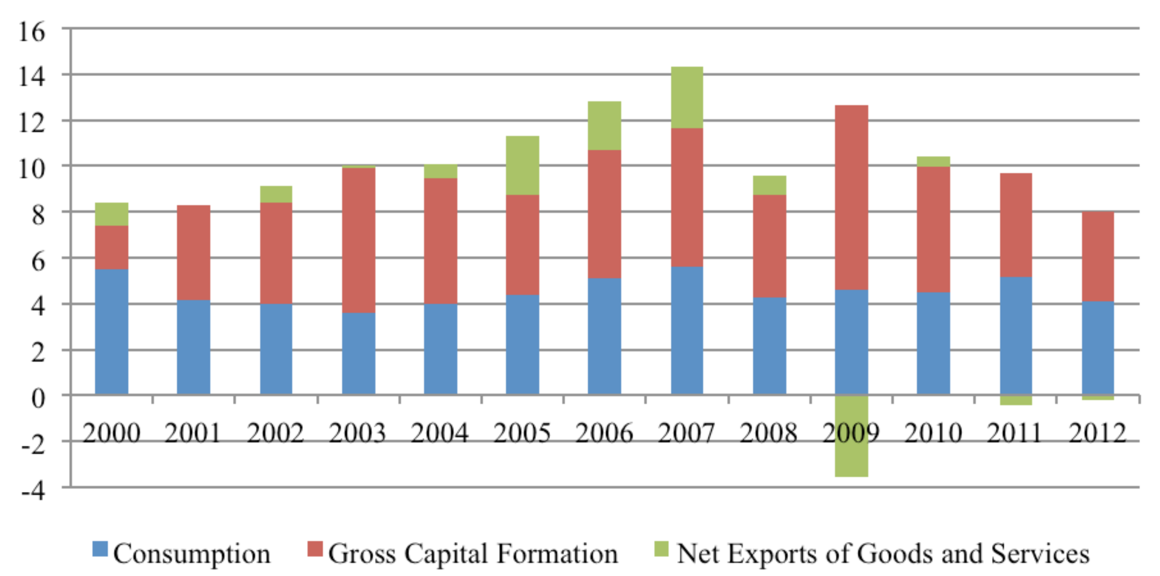
Data source: National Bureau of Statistics.

Figure 3. China: Inflation
(year over year changes in price indexes; in percent)



Data source: National Bureau of Statistics.

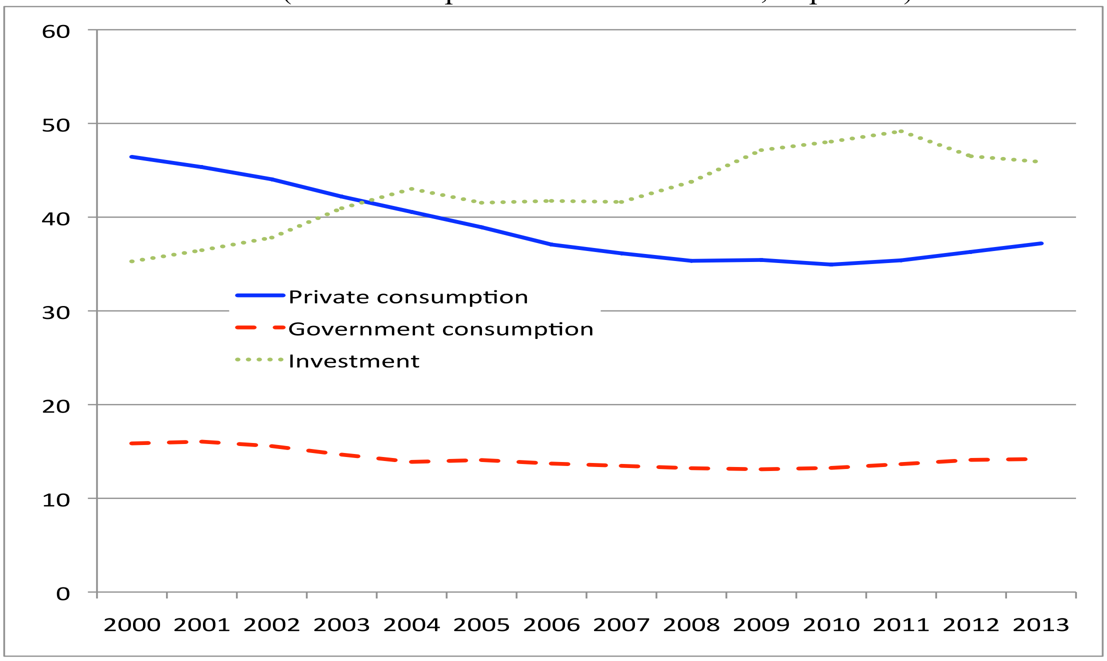
Figure 4. China: Contributions to GDP Growth
(in percent)



Data source: National Bureau of Statistics

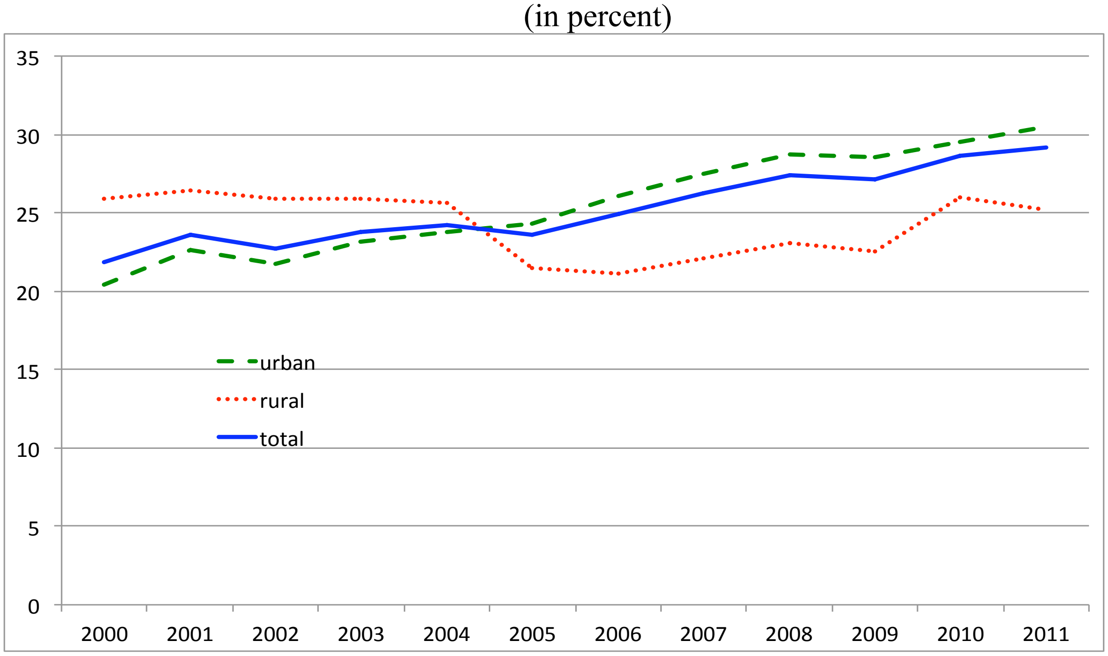
Notes: Consumption includes private and government consumption.

Figure 5. China: Composition of Domestic Demand
(variables expressed as ratios to GDP; in percent)



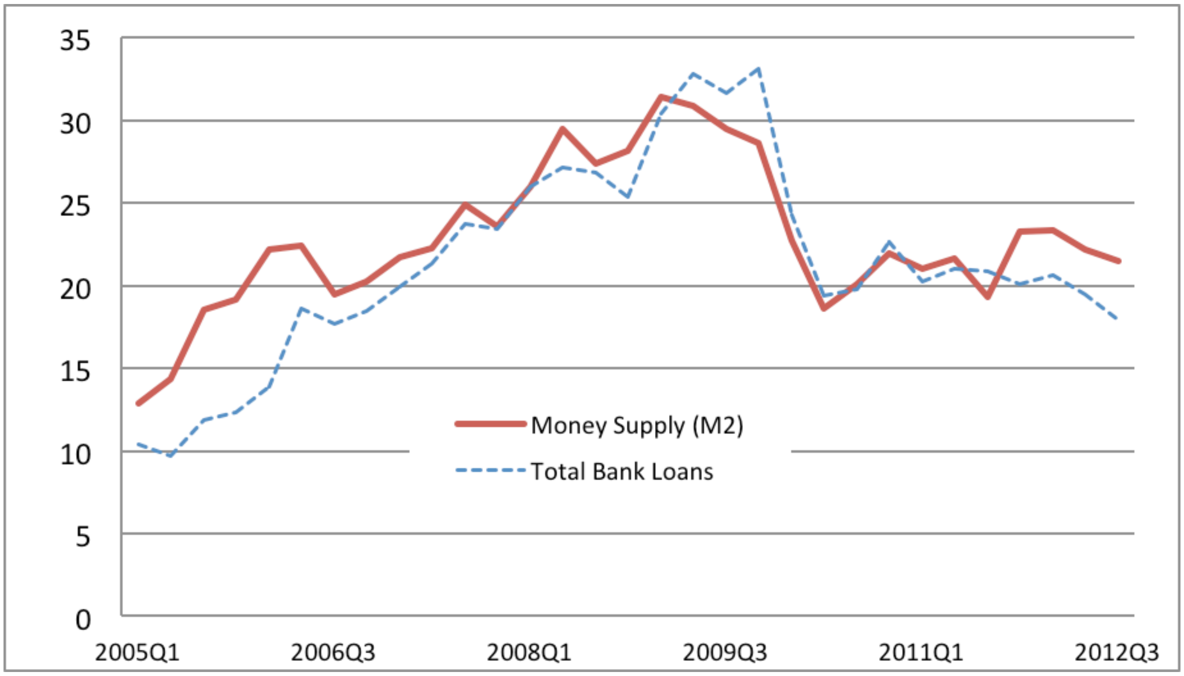
Data source: EIU CountryData.
Notes: Data for 2012 are estimates. Data for 2013 are forecasts. Investment includes gross fixed investment and stockbuilding.

Figure 6. China: Household Saving Rate
(in percent)



Data source: CEIC.
Notes: Household savings survey data are based on per capita income and annual consumption expenditures. Saving rates from the Urban and Rural Household Surveys expressed as a share of disposable income and net income respectively.

Figure 7. China: Bank Loans and Money Supply
(year over year growth; in percent)



Data source: People's Bank of China.