

China CEWC – key takeaways

Economic stability and policy coordination

The tone-setting Central Economic Work Conference convened on 10-12 Dec 2019, which enlightened tones and direction of policymaking and rolled out major tasks of economic work next year. Stability remains top priority. While the government will continue to implement proactive fiscal policy and prudent monetary policy, the statement urges coordination of macro policies with micro policies in order to effectively support economic growth.

- **2020 is a critical connecting year.** It will be the last year to finish up building a moderately prosperous society and achieving goals of the 13th Five-Year Plan. It will also prelude the 14th Five-Year Plan. That said, we could pin down “required” or target growth of many different sectors using numbers stipulated in the 13th Five-Year Plan.
- **Ensuring stability is top priority.** To keep economic growth “in a reasonable range” is stressed again in order to create jobs and improve people’s livelihood. We expect the government to adjust next year’s growth target to “**around 6 percent**” compared to “between 6.0% and 6.5%” in 2019, to reflect the probability of GDP growth falling below 6.0% (CMBIS estimate is 5.9%). The target will be officially announced in Mar 2020.
- **Policymaking to be more targeted, effective and coordinated.** The meeting urges continual implementation of proactive fiscal policy and prudent monetary policy. But there exists some difference when compared to previous years’. **1) Fiscal policy will focus more on optimizing expenditure** (i.e. reducing general admin expense but supporting key areas) rather than cutting taxes and fees. **2) Monetary policy will strive to reduce financing cost for the real economy**, while being flexible and appropriate and liquidity reasonable and adequate. **3) Emphasized coordination between macro and micro policies.** The statement requires fiscal and monetary policies to form a joint force with consumption, investment, employment, industry as well as regional policies. To promote synergies and improve implementation mechanism is critical for policy effectiveness.
- **To achieve high quality growth via 1) innovation-driven, and 2) reform and opening-up.** The dual engines were outlined for the first time at the highest level. The statement called on efforts to reform institutional system for science and technology, to encourage corporate technology innovation, and to support basic research. Opening-up policies will cover a wider landscape and go deeper, which entail shortening the negative list of foreign investment, reducing overall tariffs, helping corporates diversify export destinations, and etc.
- **Key sectors or areas.** 1) Advanced manufacturing, 2) infrastructure, and 3) areas related to improving people’s livelihoods carry larger multiplier effect and will benefit from channeled funding and other supportive measures to drive even bigger growth in both demand and supply.

Data Summary

GDP growth (%)	2015	2016	2017	2018	2019E	2020E
Target range	Around 7.0	6.5-7.0	Around 6.5	6.0-6.5	6.0-6.5	Around 6.0
Realized	6.9	6.7	6.8	6.6	6.2	5.9

Source: NBS, Government Work Report, CMBIS estimates

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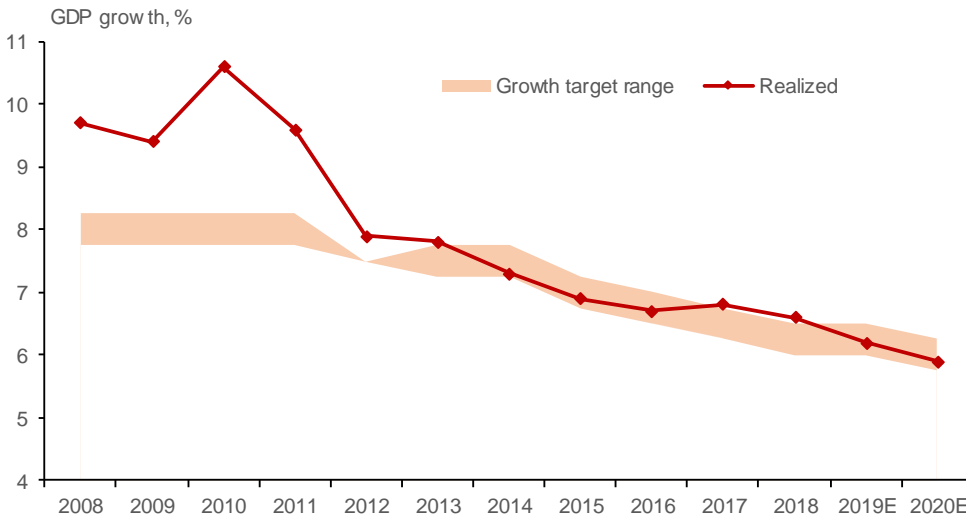
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Figure 1: GDP growth target may be lowered to “Around 6.0%” next year



Source: Government work reports, NBS, CMBIS estimate

Figure 2: Decomposing major content of the CEWC statement

		中央经济工作会议	
		2018年12月19-21日	2019年12月11-13日
背景研判	我国发展仍处于并将长期处于重要战略机遇期；世界面临百年未有之大变局，变局中危和机同生并存。		我国正处在转变发展方式、优化经济结构、转换增长动力的攻关期， 结构性、体制性、周期性问题相互交织 ，“三期叠加”影响持续深化，经济下行压力加大。当前世界经济增长持续放缓，仍处在国际金融危机后的深度调整期，世界大变局加速演变的特征更趋明显，全球动荡源和风险点显著增多。 我国 经济稳中向好、长期向好的基本趋势没有改变 。
明年的目标	2019年是新中国成立70周年，是全面建成小康社会关键之年。		2020年是全面建成小康社会和“十三五”规划收官之年，要实现第一个百年奋斗目标。
政策总目标	宏观政策要强化逆周期调节，继续实施积极的财政政策和稳健的货币政策，适时预调微调，稳定总需求		坚持宏观政策要稳、微观政策要活、社会政策要托底的政策框架，提高宏观调控的前瞻性、针对性、有效性。
i) 积极的财政政策	实施更大规模的减税降费，较大幅度增加地方政府专项债券规模		大力提质增效，更加注重结构调整 ，坚决压缩一般性支出，做好重点领域保障，支持基层保工资、保运转、保基本民生；大力优化财政支出结构
ii) 稳健的货币政策	稳健的货币政策要松紧适度，保持流动性合理充裕，改善货币政策传导机制，提高直接融资比重，解决好民营企业和小微企业融资难融资贵问题		灵活适度，保持流动性合理充裕，货币信贷、社会融资规模增长同经济发展相适应， 降低社会融资成本 。要深化金融供给侧结构性改革，疏通货币政策传导机制，增加制造业中长期融资，更好缓解民营和中小微企业融资难融资贵问题
iii) 结构性政策	深化国资国企、财税金融、土地、市场准入、社会管理等领域改革，强化竞争政策的基础性地位，创造公平竞争的制度环境，鼓励中小企业加快成长		财政政策、货币政策要同消费、投资、就业、产业、区域等政策形成合力，引导资金投向供需共同受益、具有乘数效应的 先进制造、民生建设、基础设施短板等领域 ，促进产业和消费“双升级”。
iv) 社会政策	强化兜底保障功能，实施就业优先政策		
重点工作任务	推动制造业高质量发展		坚定不移贯彻新发展理念
	促进形成强大国内市场		坚决打好三大攻坚战
	扎实推进乡村振兴战略		确保民生特别是困难群众基本生活得到有效保障和改善
	促进区域协调发展		继续实施积极的财政政策和稳健的货币政策
	加快经济体制改革		着力推动高质量发展
	推动全方位对外开放		深化经济体制改革
加强保障和改善民生			
涉及关键问题的表述			
杠杆	坚持结构性去杠杆的基本思路。		要保持宏观杠杆率基本稳定 ，压实各方责任。
房地产市场	要构建房地产市场健康发展长效机制，坚持房子是用来住的、不是用来炒的定位，因城施策、分类指导，夯实城市政府主体责任，完善住房市场体系和住房保障体系。		要加大城市困难群众住房保障工作，加强城市更新和存量住房改造提升，做好 城镇老旧小区改造，大力发展租赁住房 。要坚持房子是用来住的、不是用来炒的定位， 全面落实因城施策 ，稳地价、稳房价、稳预期的长效管理调控机制，促进房地产市场平稳健康发展。
资本市场	资本市场在金融运行中具有牵一发而动全身的作用，要通过深化改革，打造一个规范、透明、开放、有活力、有韧性的资本市场，提高上市公司质量，完善交易制度，引导更多中长期资金进入，推动在上交所设立科创板并试点注册制尽快落地。		要加快金融体制改革，完善资本市场基础制度，提高上市公司质量，健全退出机制， 稳步推进创业板和科创板改革 ，引导大银行服务重心下沉，推动中小银行聚焦主责主业，深化农村信用社改革，引导保险公司回归保障功能。
国企	要加快国资国企改革，坚持政企分开、政资分开和公平竞争原则，做强做优做大国有资本，加快实现从管企业向管资本转变，改组成立一批国有资本投资公司，组建一批国有资本运营公司，积极推进混合所有制改革，加快推动中国铁路总公司股份制改造。		要加快国资国企改革，推动国有资本布局优化调整。 要制定实施国企改革三年行动方案 ，提升国资国企改革综合成效。

Source: CEWC statement, CMBIS

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