

Economy

Coronavirus Pandemic: China looks to G20, IMF to boost policy coordination amid fallout

Wednesday 25 March 2020, by [WANG Orange](#) (Date first published: 22 March 2020).

- **Deputy governor of China's central bank Chen Yulu says it is 'too early' to call it a global financial crisis**
- **Beijing has been talking to the US Federal Reserve and International Monetary Fund**

China is looking to multilateral bodies like the G20 and the International Monetary Fund to coordinate policies managing the fallout from the coronavirus pandemic that has killed nearly 13,000 people and brought the world to the brink of a recession.

Chen Yulu, a deputy governor of the People's Bank of China (PBOC), on Sunday said China's central bank had been actively using "multilateral, regional and bilateral" channels to exchange views with other central banks.

He said Chinese central bank governor Yi Gang had spoken to his US counterpart, US Federal Reserve chairman Jerome Powell, as well as International Monetary Fund (IMF) managing director Kristalina Georgieva and the Bank for International Settlements general manager Agustin Carstens on "multiple occasions" during the public health crisis.

Chen's comments confirmed that the monetary authorities of the world's two largest economies had maintained communication on policy coordination, even as Beijing and Washington engage in a blame game over the origin of the new virus.

The IMF ... is meant to safeguard global financial market stability ... we support the G20, IMF and other multilateral organs to play an active role in policy coordination and crisis relief
Chen Yulu

China has so far refrained from joining the United States in slashing policy interest rates and is following a different trajectory to help support its economy, which has been hit hard by the coronavirus.

Chen said China would look to multilateral platforms and institutions to coordinate global efforts, including the Group of 20 (G20).

"The G20 is the main platform for international macroeconomic policy coordination. After the financial crisis in 2008, the G20 played a historic role in coordinating and promoting the world economic recovery," Chen said.

"The IMF ... is meant to safeguard global financial market stability ... we support the G20, IMF and other multilateral organs to play an active role in policy coordination and crisis relief."

Chen added that China would proactively take part in international coordination of macroeconomic policies, and was ready to give “constructive ideas” on how countries should work together to manage the economic costs of the pandemic.

Saudi Arabia, which holds the G20 presidency this year, will hold a leaders’ summit by video conference in the coming days to discuss the coronavirus. But worsening tensions between Beijing and Washington have cast doubt over whether the world’s major economies will be able to agree on concrete actions.

At the same time, Chen said it was “too early” to call the sell-off on global stock markets in past weeks an international financial crisis.

He said a sign of genuine crisis was the collapse of financial institutions – especially the big and important ones – and that had not happened yet.

China’s markets have remained stable throughout the coronavirus outbreak because Beijing keeps the capital account closed.

Li Chao, a vice-chairman of the China Securities Regulatory Commission, said the country’s financial markets were “relatively stable” compared to the big swings seen overseas amid the pandemic, and the domestic A-share market had shown “strong resilience”.

Xuan Changneng, a deputy head of the State Administration of Foreign Exchange, said that the yuan had weakened by just 1.4 per cent against the US dollar this year, while other emerging market currencies had lost 13.4 per cent against the US dollar.

Purchase the China AI Report 2020 brought to you by SCMP Research and enjoy a 20% discount (original price US\$400). This 60-page all new intelligence report gives you first-hand insights and analysis into the latest industry developments and intelligence about China AI. Get exclusive access to our webinars for continuous learning, and interact with China AI executives in live Q&A. Offer valid until 31 March 2020.

Orange Wang

P.S.

• South China Morning Post? Published: 2:00pm, 22 Mar, 2020:
<https://www.scmp.com/economy/china-economy/article/3076308/china-looks-g20-and-imf-boost-policy-coordination-coronavirus>

This article appeared in the South China Morning Post print edition as: Beijing looks to G20 to helm policy coordination

• Orange Wang covers the Chinese macroeconomy, and has many years of experience with China’s monetary and fiscal policy moves. He also covered global market and financial news for a long time, with a particular focus on new technologies and their influences on economic growth and society. Before joining the South China Morning Post, Orange worked as a Shanghai Correspondent for ET Net, a Hong Kong financial news agency.