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**CHINA'S NEW FINANCIAL LEADERSHIP AFTER THE  
2008 NATIONAL PEOPLE'S CONGRESS AND ITS  
POLICY IMPLICATIONS**

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## Summary

China's new leadership for the next five years was approved by the 11<sup>th</sup> National People's Congress (NPC) in March 2008. While there was no major restructuring of the Chinese financial sector, changes in the appointments of several major financial leaders were passed. Most notably, Wang Qishan, the former mayor of Beijing, was made vice premier. He takes charge of overall financial decision-making. Xie Xuren remained as the Finance Minister and Zhou Xiaochuan stayed on as governor of the People's Bank of China (PBC). Zhang Ping took over as head of the National Development and Reform Commission.

During the first five-year term of Premier Wen Jiabao, financial leadership had been very weak. It had been presided over by Huang Ju, who was a close associate of former President Jiang Zemin and a key member of the so-called Shanghai Group. Lacking financial experience, Huang failed to direct and coordinate the activities of the government's various financial departments. Meanwhile, despite Zhou's professionalism, his soft personality had rendered him indecisive in the face of tough situations such as whether or not to revalue the renminbi (RMB). In many instances, the failure of the country's financial chiefs to exercise effective macroeconomic control over the overheating economy can be attributed to politicking among factions.

After the personnel reshuffle, the financial leadership has now taken a radically different shape. Key figures from the administration of former premier Zhu Rongji have been brought into Wen's cabinet. The appointment of Wang Qishan, a financial expert, as vice premier was the most significant. Wang is a member of the Political Bureau, and is often regarded as a member of the *Taizidang*, or "princelings", which is a wide political network made up by the offspring of former high level officials. He is attuned to the way the central and local governments interact with each other. He has demonstrated a great degree of professionalism and has shown himself to be a determined and decisive policy maker.

The new financial team has three characteristics. The appointment of Wang is expected to introduce a leadership style characterised by determination and decisiveness. The fact that most of the key leading figures possess experience in their respective fields means that stability and continuity will be present in the financial sector. Their educational backgrounds also point to their professionalism.

In short, it is easily apparent that the new financial leadership is of high calibre. Its abilities to exercise macroeconomic control, play a coordinating role among the government's various financial and non-financial departments, and make decisions will certainly be better than those of the previous team. The team is expected to perform more efficiently due to its professionalism, decisiveness, good relationship with Wen, and the full authority that it is likely to receive from the newly-appointed Executive Vice Premier Li Keqiang.

This team is also expected to be more competent in market supervision and better able to coordinate the functions and activities of regulatory commissions. Existing major issues, in particular those concerning the valuation of the renminbi exchange rate system associated with the liberalisation and management of the country's capital account as well as the overheating of the economy, including the credit, real estate, stock and commodity markets, are expected to be dealt with more adroitly than in the preceding five years.

Nevertheless, the new financial leadership faces a tough and uncertain economic future at home and abroad. China's top priority is to curb surging inflation and to

cool an overheating economy. This would require the implementation of contractionary macroeconomic policies. The economic recession in many developed economies inflamed by the sub-prime crisis in the US would call for expansionary macroeconomic policies, if China does not want to become a victim of the western bubble. The leadership will have to reform the financial sector to support efficiency development in the real sector, rather than focus on short-term monetary policies alone, since only productivity improvement in the real sector can fundamentally inhibit inflation and promote growth in the long run.

The new financial leadership also faces the challenge of improving institutional structure and the supervision of markets in order to prevent foreign "hot money" from undermining the country's financial markets.

Last but not least, the reform of the financial sector is critical to the sustainability of economic development as the leadership puts its focus on sustainable development rather than economic growth per se.

Overall, the personnel changes in the financial sector are seen as positive and encouraging. China's increasing integration with global markets means that it is not exempted from external influences. If China succeeds in reforming its financial sector, it will be able to move onto a high-quality and sustainable growth path. If not, tremendous uncertainties will result.

# China's New Financial Leadership after the 2008 National People's Congress and Its Policy Implications

Yongnian Zheng and Minjia Chen\*

## Personnel Reshuffle and New Financial Team

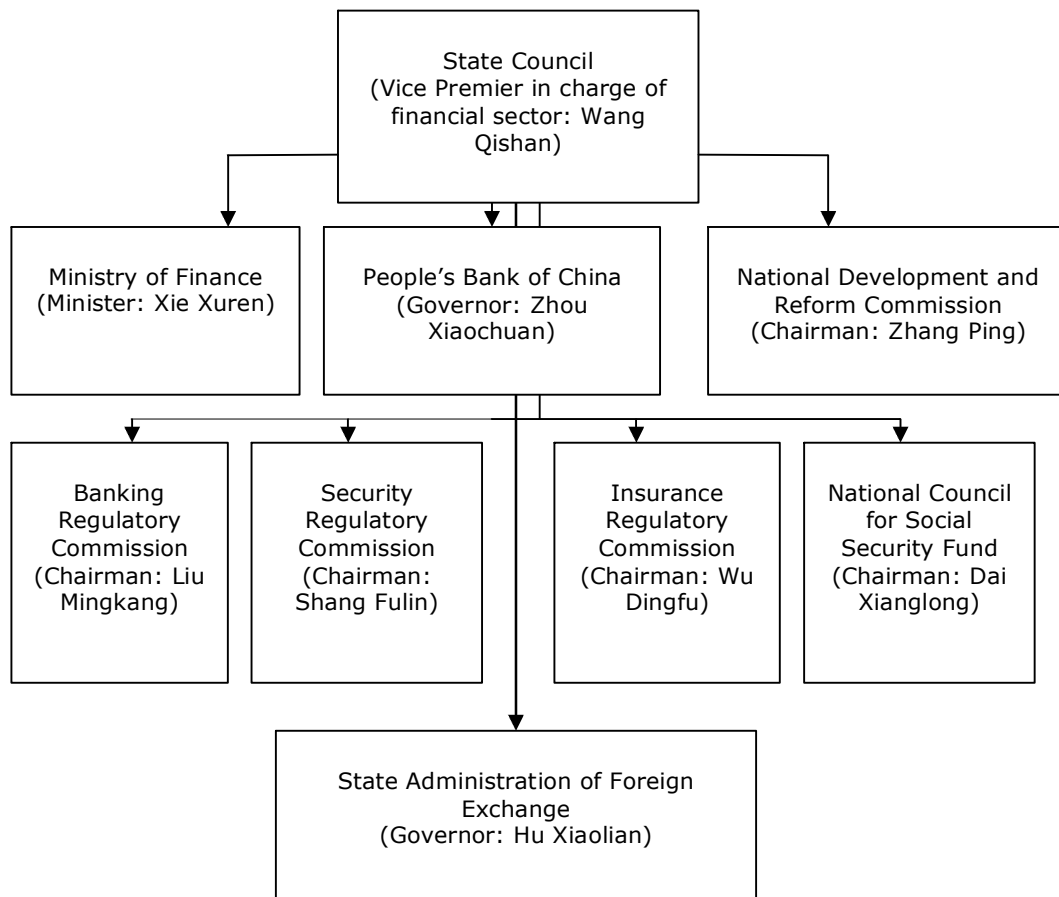
- 1.1 China's new leadership for the next five years was approved by the 11<sup>th</sup> National People's Congress (NPC) in March 2008. On 17<sup>th</sup> March, all the vice-premiers and ministerial-level leaders were elected by the NPC, clarifying the financial and economic leadership. Vice Premier Wang Qishan, a former central bank vice governor and previously the mayor of Beijing, took over responsibility for implementing financial sector reforms and coordinating the activities of different departments within the sector. Xie Xuren, who was appointed as the Minister of Finance in August 2007, remained in the post. Zhou Xiaochuan stayed on as governor of the PBC. Zhang Ping, who is experienced in economic affairs, took over as head of the powerful National Development and Reform Commission (NDRC).
- 1.2 The new economic and financial chiefs are well experienced in their respective fields, as reflected in their strong credentials, and are expected to make a significant impact on China's monetary, fiscal and financial policies. The new leadership will be critical to China's management of complex economic challenges on both domestic and international fronts in view of the country's increasing integration with the global economy. It is essential therefore that the public, in particular the domestic and international business communities, understand the new leadership.
- 1.3 A major reform initiative approved by the NPC this year was the formation of five new "super ministries". There had been expectations of major reforms in the financial sector to improve the independence of the central bank as well as to boost the efficiency of the financial regulators. However, these expectations proved to be mistaken as the central government chose to maintain the current financial institutional structure due to resistance from various bureaucratic interests. Nevertheless, a proposal was made by the State Council to the NPC to improve the overall operations of financial departments, stressing cooperation within the government.<sup>1</sup>

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<sup>1</sup> *21<sup>st</sup> Century Business Herald*, 05/03/2008, "Cheng Siwei Says Reorganisation of Super-Ministries does not Involve Financial Sector", [http://news.xinhuanet.com/fortune/2008-03/05/content\\_7718535.htm](http://news.xinhuanet.com/fortune/2008-03/05/content_7718535.htm), accessed on 28 March 2008.

Figure 1: Macroeconomic and Financial Structure in the Central Government



- 1.4 The NDRC, the Ministry of Finance (MOF) and the PBC are the three key departments responsible for running the economy. The NDRC acts as the overall coordinator, while the MOF is in charge of fiscal policy and the PBC of monetary policy. Changes in the State Council (see Figure 1) are expected to streamline the NDRC and free it from administrative responsibilities at the micro level and from the management of industries. This reorganisation implies that the government wants the NDRC to concentrate more on managing the overall economy together with the MOF and the PBC. The global market turmoil demands a more effective government that is prompt in dealing with newly-arisen challenges as well as is able to make forward-looking policies. The initiatives unveiled at the NPC aims to optimise governance through appointing new leaders and improving the teamwork among relevant departments.
- 1.5 Figure 1 shows the leadership structure with respect to the running of the economy and the financial sector. Wang Qishan, Zhang Ping and Dai Xianglong are the newly-appointed figures at this year's NPC. The key person in this structure is Wang, who fills the position of vice premier left vacant by Huang Ju. Xie Xuren was appointed to the post of Finance Minister in the later half of 2007. All the others -- Zhou Xiaochuan, Liu Mingkang, Shang Fulin, Wu Dingfu and Hu Xiaolian -- have been in their respective positions for more than three years.
- 1.6 The new financial team has three characteristics. Wang's appointment is expected to introduce a leadership style characterised by determination

and decisiveness. The fact that most of the key figures possess experience in their respective fields means there will be stability and continuity in the financial sector. Their educational backgrounds also point to their professionalism.

### **How the New Leadership Differs from the Old One**

- 2.1 The financial team in the central government in the five-year period between 2003 and 2008 was led by Huang Ju. Huang, a close associate of former President Jiang Zemin, was a key member of the so-called "Shanghai Group". Having had no previous professional experience in the financial sector, his appointment was attributed mainly to factional politics under Jiang. It was clearly difficult for Huang to coordinate the making of decisions at all levels of government pertaining to the financial sector and the economy. Furthermore, he had suffered ill health from his early days as vice premier, seriously affecting his performance. His early death in June 2007 resulted in poor governance of the financial sector and little cooperation among different financial departments.
- 2.2 Similar to Huang, PBC Governor Zhou Xiaochuan is believed to be closely linked to Jiang. Despite his high level of professionalism, his factional association was an obstacle between him and Premier Wen Jiabao's administration. Zhou wanted to transform the PBC into a regulatory body similar to the US Federal Reserve. He was inclined towards pro-market monetary policies, which would mean a greater use of open market operations. This approach does not quite follow Wen's idea of financial development. Having to take different factors into consideration, Wen sometimes had to turn to more administrative methods to deal with macroeconomic fluctuations. These methods were somehow more reliable in the short term in the context of the Chinese political economy.
- 2.3 Despite Zhou's professionalism, his soft personality had sometimes rendered him indecisive in the face of complex issues, in particular, the RMB revaluation issue. Zhou had supported greater exchange rate flexibility, but Wen had preferred a stable and gradual reform of the regime.
- 2.4 All these various factors resulted in a lack of efficiency in terms of financial leadership on the part of the central government in the previous five years. This, along with politicking among different factions, also explains the failure of the state to exercise effective macroeconomic control. With hardly any effective institutional measures to achieve its goal of cooling the economy, the central government had to fall back on political measures by clamping down on individual defiant local officials or firms. For instance the central government in 2004 terminated the construction of Jiangsu Tieben Iron and Steel Co., a privately-owned steelmaking project because the firm had violated strict state fiscal and monetary rules and acquired land illicitly. The closure was carried out with the support of Li Yuanchao, then party secretary of Jiangsu province and a close associate of President Hu Jintao.
- 2.5 The fall of Shanghai Party Secretary Chen Liangyu in 2006 was another case in point. Disregarding national economic policy goals, Chen had shielded or even encouraged real estate developers in Shanghai at a time when the central government was trying to cut liquidity and cool soaring

real estate prices across the country. In order to remove Chen from his office and thereby remove the shield of the Shanghai business tycoons, the Hu-Wen government had to gather corruption charges against Chen. The support of Jiang Zemin, who had supported Chen in the past, allowed the state to bring charges against Chen and dismiss him from office.

- 2.6 Amid increasingly strong pressures stemming from the global economic downturn and surging domestic inflation, the government's lack of efficacy had been a top concern. Since the personnel reshuffle approved by the NPC in March, the financial leadership has taken on a radically different shape. Many key figures who served under former Premier Zhu Rongji have been brought into the current administration.
- 2.7 The most notable appointment was that of Wang Qishan. An experienced administrator, Wang is well-versed in the use of modern financial instruments for policy purposes, which makes him a financial expert among top politicians. During his stint as vice governor of the PBC in the early 1990s, Wang overhauled the disorderly financial system. He established China's first investment bank — China International Capital Corporation — in 1994 when he was president of China Construction Bank. Wang also earned his reputation from his handling of the debt crisis, involving more than 130 banks in Guangdong province in southern China, that was sparked by the bankruptcy of Guangdong International Trust and Investment Corporation in 1997. Wang's success not only defused a financial crisis in Guangdong, but also set an important precedent for the reform of the country's financial institutions, and particularly of the credit and legal systems of the market.

### **Wang Qishan**

**Age:** 60

**Position:** Vice-Premier

**Educational background:** BA in History, Northwest University

**Previous experiences:**

- Mayor of Beijing Municipality, 2003-2007
- Party Secretary of Hainan Province, 2002-2003
- Director of State Council Economic Reform Office, 2000-2002
- Executive Vice Governor of Guangdong Province, 1997-2000
- President of China Construction Bank, 1994-1997
- Vice Governor of People's Bank of China, 1993-1994
- Vice President of China Construction Bank, 1989-1993

- 2.8 Wang is also attuned to the way the central and local governments interact, partly because of experience gained from working in the central government as well as in local governments, including those of Guangdong, Hainan and Beijing over the past 10 years. He was made a member of the Political Bureau at the 17<sup>th</sup> Party Congress last year. He is often regarded as a member of the formidable but loosely-linked political coalition made up primarily by "princelings" (leaders who come from families of former high-ranking officials). He is the son-in-law of former Vice Premier Yao Yilin, who took charge of economic affairs under former Chinese leader Deng Xiaoping in the 1980s. Having demonstrated a high degree of professionalism, Wang has also shown himself to be a determined and decisive policy maker. His tough style, which is similar to that of former Premier Zhu Rongji, was apparent in the way he brought

the SARS epidemic in Beijing quickly under control after being appointed mayor of the capital in 2003.

- 2.9 Wang adopts a middle-of-the-road approach towards running the economy. He tends to support market-oriented means, but is versed in administrative methods. This approach will likely help him in his work with the two camps within the central government.
- 2.10 PBC Governor Zhou Xiaochuan, who possesses a strong academic and professional background in terms of economics, retains a key role in the new administration. Since the 1990s, he has consistently advocated financial deregulation. Zhou led the transformation of state-owned commercial banks into shareholding companies. He also introduced the idea of funding the distressed banks from low-yield foreign reserves, solving the state problem of a lack of capital. Similar to Wang, Zhou is also a member of the “princelings” faction. Therefore, it can be reasonably expected that Zhou and Wang will work well together.

### **Zhou Xiaochuan**

**Age:** 60

**Position:** Governor of the People’s Bank of China

**Educational background:** PhD in Economic System Engineering, Tsinghua University

**Previous experiences:**

- Governor of People’s Bank of China, 2002-
- Commissioner of China Security Regulatory Commission, 2000-2002
- Governor of China Construction Bank, 1998-2000
- Vice Governor of People’s Bank of China and Chairman of State Administration of Foreign Exchange, 1996-1998
- Chairman of State Administration of Foreign Exchange, 1995-1996
- Vice Governor of Bank of China, 1991-1995

- 2.11 Among the top economic leaders, NDRC Chairman Zhang Ping is another key new appointee. Zhang’s experience includes 14 years in the banking sector in the 1960s and 1970s. His roles in local governments dealt mainly with economic affairs. In 2000, he played a major part in implementing a successful trial of reforming the rural tax system in the eastern province of Anhui, the result of which provided a firm basis for reform at the national level. Zhang is also very familiar with how local governments carry out economic development initiatives introduced by the central government. As such, he is well placed to lead the NDRC and to enhance communications between the top economic agency and its subordinate departments within local governments.

### **Zhang Ping**

**Age:** 62

**Position:** Chairman of National Development and Reform Commission

**Educational background:** Secondary Qualification in Banking, Anhui Banking School

**Previous experiences:**

- Vice Secretary of the State Council, 2005-2008
- Vice Chairman of National Development and Reform Commission, 2005
- Vice Party Secretary of Anhui Province, 2003-2005
- Vice Governor of Anhui Province, 1996-2003



- 2.12 Xie Xuren has been Minister of Finance since August 2007. Prior to this appointment, he was Commissioner of the State Administration of Taxation for four years. In the 1990s, he served in various roles in the Ministry of Finance over eight years, rising to the position of Vice Minister. China's national fiscal revenue has increased by more than 20 percent each year since 2003 surpassing the economic growth rates. Xie's efforts to improve the management of taxation and the efficiency of tax collection have been well recognised. His meticulous and strict style of working has earned him a reputation of being prudent and cautious.

**Xie Xuren**

**Age:** 60

**Position:** Minister of Finance

**Educational background:** Diploma in Industrial Economics, Zhejiang University

**Previous experiences:**

- Minister of Finance, 2007-
- Commissioner of the State Administration of Taxation, 2003-2007
- Vice Director of State Commission of Economy and Trade, 2001-2003
- Vice Party Secretary of Central Working Committee of Finance, 2000-2001
- Governor of Agriculture Development Bank of China, 1998-2000
- Vice-Minister of Finance, 1995-1998
- Various department heads in Ministry of Finance, 1990-1995

- 2.13 Meanwhile, the chiefs of the four regulatory agencies which report directly to the State Council continue to play important roles in the state's financial reform. Liu Mingkang, chairman of the China Banking Regulatory Commission (CBRC), remains in a role he has held since the CBRC's establishment in April 2003. Shang Fulin took over from Zhou Xiaochuan as chairman of the China Security Regulatory Commission (CSRC) in December 2002. Wu Dingfu has been chairman of the China Insurance Regulatory Commission (CIRC) since November 2002 while Hu Xiaolian remains as governor of the State Administration of Foreign Exchange (SAFE), a position she has held since March 2005.
- 2.14 The only recent change was the replacement of the Chairman of the NCSSF by the former mayor of Tianjin, Dai Xianglong in January 2008. The national social security fund is a vital strategic reserve of a country. China's population age structure indicates that China will become an aging society before it becomes a developed society. China faces a widening deficit in its pension funds that are in urgent need of new capital and a financial management overhaul. Dai was credited with minimising the impact of the Asian Financial Crisis (1997-1998) on China when he served as central bank governor under Zhu Rongji, and building up the international reputation of the renminbi. As mayor of Tianjin in the five years prior to his current appointment, he led the north-eastern port city in regaining its development momentum.
- 2.15 In short, it is apparent that the new financial leadership is of high calibre. Its ability to exercise overall economic control, play a coordinating role among the government's various financial and non-financial departments,

and make decisions will certainly be better than those of the preceding team.

## Key Challenges

- 3.1 From all aspects, the new financial and economic team led by Wang Qishan will be able to play a more important role in running China's financial sector, and in directing reforms in this sector. First, as discussed above, all the team members are professionally experienced in their areas. Second, the new team is somehow a reorganisation of the previous team under Premier Zhu Rongji, who is credited with rebuilding China's financial institutional structure in the 1990s into its present form. Wang, to some extent, resembles Zhu in terms of his popularity as well as his tough reform style. Third, this team is expected to cooperate well with Premier Wen Jiabao, who had served as a vice premier in Zhu's government. Last but not least, the newly-appointed Executive Vice-Premier Li Keqiang, who lacks experience in the financial sector, is expected to grant full authority to Wang with respect to financial affairs.
- 3.2 The new administration is expected to be more competent in market supervision and in coordinating the activities of the regulatory commissions. This means that major issues, particularly those concerning the revaluation of the RMB exchange rate system associated with the liberalisation of the capital account, as well as the surging credit, property, equity and commodity markets, will likely be better dealt with in the next five years.
- 3.3 In the government work report delivered by Wen at the NPC, he stressed that the government's priorities in 2008 are preventing the economy from overheating and curbing steep inflation.<sup>2</sup> He also targeted to slow economic growth this year from the 11.4 percent posted in 2007, while keeping the gain in the consumer price index at no more than last year's level of 4.8 percent – the highest in 11 years.
- 3.4 Certainly, difficult tasks lie ahead for Wen. Firstly, the so-called "government change effects" will almost certainly boost local economic growth rates because of attempts by newly-appointed local officials to raise their own credibility by burnishing economic figures, which presents a typical managerial agency problem.
- 3.5 In the meantime, a US recession sparked by a financial crisis in the sub-prime market since the middle of last year has affected the economies of other developed countries. Backed by major central banks in the West, the Federal Reserve has rushed to pursue an expansionary monetary policy to try to save its economy from collapse. These external events present a large degree of uncertainty for the Chinese economy in 2008 and put Chinese policymakers in a dilemma. In order to rein in China's surging inflation, the PBC has raised the benchmark one-year deposit interest rate seven times since the beginning of 2007 and increased the reserve ratio for commercial banks 12 times. Currently at 15.5 percent, the reserve ratio is at its highest level since 1984 when China established the deposit reserve requirement system. Should China continue to

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<sup>2</sup> Xinhua News, 06/03/2008, "2008 Priorities: Preventing Economic Overheating and Sharp Inflation", [http://news.xinhuanet.com/fortune/2008-03/06/content\\_7728748.htm](http://news.xinhuanet.com/fortune/2008-03/06/content_7728748.htm), accessed on 28 March 2008.

tighten its money supply, given the rapid and speculative appreciation of the RMB against the US dollar, China may suffer the bitter consequences of a western recession, as the US attempts to create an even bigger economic bubble to contain the current fallout. On the other hand, should China follow the expansionary monetary policy strategy of western countries, it may not be able to suppress its surging inflation, which could irrevocably weaken the country's economic development.

- 3.6 Thus, the new financial leadership faces a tough and uncertain economic future. The extraordinary volatility in China's stock market has well demonstrated such an expectation of uncertainty in the market. The recession in the developed economies has increased the appeal of emerging markets to international speculators. China's foreign reserves in the first two months of this year alone rose by \$118.9 billion. Of this amount, foreign direct investment accounted for \$18.12 billion while the trade surplus contributed \$28.99 billion.<sup>3</sup> This indicates that more than 60 percent of the increase in reserves cannot be explained by the usual sources of capital inflow, suggesting there have been huge inflows of speculative capital into the country's currency, stock, real estate and commodity markets.
- 3.7 On the one hand, the new administration has to slow economic expansion to an ideal annual rate of 8 to 9 percent, which is believed to be appropriate for China's current level of development in terms of production, consumption, investment, employment level, and the environmental impact. On the other hand, it has to be extremely careful not to let China be dragged by the western economies into a whirlpool of economic recession. If it errs on either side, it could be a disaster for China. Wang Qishan's team is expected to possess the astuteness required in this delicate situation, being qualified to carry out the necessary controls domestically and externally that would facilitate China's development.
- 3.8 Nevertheless, resorting to the use of monetary policies in battling inflation and dealing with adverse international economic conditions can only be a short-term measure. Improving China's economic fundamentals through raising productivity in the real sector is the key task and the main way to fundamentally inhibit inflation and promote growth in the long run. Therefore, the new leadership will have to focus on reforming the country's economic and financial structures to raise the efficiency of the real sector, rather than on short-term monetary policies.
- 3.9 The authorities should also protect the country's financial markets from foreign speculators. There is already excessive liquidity in Chinese markets. Speculative funds from abroad certainly worsen the situation by aggravating market risks and China's international payment imbalance. Many members of the Chinese People's Political Consultative Conference (CPPCC), China's top advisory body, have urged for the establishment of an effective system that will prevent and curb the inflow of short-term "hot money" from overseas.<sup>4</sup> The institutional structure of the financial sector and market supervision have to be strengthened in order to safeguard China's domestic financial markets.

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<sup>3</sup> Data source: Statistical Data, Ministry of Commerce and the People's Bank of China.

<sup>4</sup> Xinhua News, 13/03/2008, "CPPCC Representatives in Heated Discussions about Overseas "Hot Money": Strengthen Domestic Economy's "Firewall", [http://news.xinhuanet.com/fortune/2008-03/13/content\\_7784726.htm](http://news.xinhuanet.com/fortune/2008-03/13/content_7784726.htm), accessed on 28 March 2008.

- 3.10 The achievement of this goal requires collaboration and cooperation among various government departments including legal institutions, the Ministry of Commerce and China Customs. Wang's team is expected to fare well in terms of cooperation as the leadership has recognised the urgency of keeping the economy from overheating.
- 3.11 With Wang's distinctive personality, the leadership can be counted on to make resolute decisions, especially in view of the current financial market turmoil. China's stock markets became seriously overvalued in 2007. In late 2007, the Shanghai and Shenzhen stock indices plummeted, accompanied by sharp fluctuations. China's attempts to invest in financial products overseas have so far been unsuccessful. The first \$3 billion investment made by China Investment Corporation, the manager of China's \$200 billion sovereign wealth fund, has lost nearly half of its face value since May 2007.<sup>5</sup> China's first Qualified Domestic Institutional Investors (QDII) investment fund product which only started in October 2007 was liquidated on 28 March 2008 because of a 50 percent-loss in face value -- the limit for liquidation.<sup>6</sup> Wang's team will have to manage the market and macroeconomic risks well in such an unfavourable environment.
- 3.12 China's new leadership also faces the challenge of finding a sustainable development strategy, in which the financial sector plays a critical role. The financial team needs to ensure reasonable growth and low inflation, while balancing between economic efficiency and social justice, domestic consumption and foreign demand, as well as rapid GDP growth and its environmental impact.
- 3.13 In summary, the reshuffle of key financial leaders is seen as positive and encouraging. The new leadership is facing one of its toughest challenges in terms of sustaining growth in the run-up to and aftermath of the 2008 Beijing Olympic Games in August. China's increasing integration with global markets also means it is not exempted from external influences. If under Wang's leadership, China succeeds in reforming its financial sector, it will be able to move onto a high-quality and sustainable growth path. If not, tremendous uncertainties will result.

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<sup>5</sup> Xinhua News, 24/03/2008, "Most of China's Overseas Investments Incur Losses, CIC's Investment in Blackstone Loses 48 Percent of Book Value", [http://big5.home.news.cn/gate/big5/news.xinhuanet.com/fortune/2008-03/24/content\\_7848203.htm](http://big5.home.news.cn/gate/big5/news.xinhuanet.com/fortune/2008-03/24/content_7848203.htm), accessed on 28 March 2008.

<sup>6</sup> Xinhua News, 28/03/2008, "First QDII Product Suffers Liquidation, Chinese Funds Suffer Serious Losses Abroad", [http://news.xinhuanet.com/fortune/2008-03/28/content\\_7874706.htm](http://news.xinhuanet.com/fortune/2008-03/28/content_7874706.htm), accessed on 28 March 2008.