

New chapter for China-Japan relations

Experts discuss how the Xi-Abe meeting has put an often fraught relationship back on track

Editor's Note: *During his meeting with visiting Japanese Prime Minister Shinzo Abe on Oct 26, President Xi Jinping said that China-Japan ties are back on track and gaining positive momentum. Three experts share their views on the prospects for Sino-Japan relations with China Daily's LIU JIANGYONG. Excerpts follow:*

Consensus on deeper cooperation

China and Japan have reached a consensus on the future development of bilateral relations and the need to deepen their cooperation. It is a new milestone in the two neighbors' often fraught relationship.

It is anticipated that President Xi Jinping will make a reciprocal visit to Japan next year, which would further consolidate the rebound in the two countries' ties.

As expected, talks on cooperation in third-party markets under the framework of the Belt and Road Initiative yielded the most fruitful and desired results during Abe's

visit, and 52 deals totaling more than \$18 billion were signed. This has created more room for coordination and cooperation.

In a broader sense, the two leaders also discussed how to enhance cooperation in global governance, and safeguard and promote the multilateral trade system. This demonstration of a shared stance will certainly have a positive influence on the world economy amid the disturbing anti-globalization trend being championed by United States President Donald Trump.

As both China and Japan have entered new stages in their economic development, they have strong practical needs to strengthen their economic ties to inject new momentum into economic developments at home. In addition, the Trump administration's trade bullying practices, which have placed immense pressure on the economies that benefit from free trade and investment, have also pushed the two countries closer.

That Japan plans to scrap official development assistance to China

due to the latter's economic rise marks the end of an era. Nowadays it is imperative for China and Japan to expand investment and cooperation at a much higher level.

Jiang Ruiping, vice-president of China Foreign Affairs University

Pledge to expand economic cooperation

In the field of economic collaboration, China and Japan's pledge to expand cooperation in third-party markets is quite significant. By cooperating in this way, the two countries will have a new way to strengthen ties.

Besides, their currency-swap agreement will help the two to better develop their economic and trade relations and withstand financial risks while setting an example for financial cooperation between major economies.

But aside from increasing economic cooperation between the two countries, Abe's visit has also helped enhance political mutual trust between China and Japan,

which have been at odds in the past few years.

That the two neighbors have made steady progress also helps to stabilize the turbulent international situation.

Although the Trump administration's protectionist policies have helped to push China and Japan closer together, the development of China-Japan ties mainly depends on the two countries' practical needs to expand their cooperation. That said, the signing of multilevel agreements including the currency-swap agreement all help to confront the protectionism and unilateralism of the Trump administration.

Gao Hong, a research fellow at the Chinese Academy of Social Sciences

Cautious optimism for the future

Abe's visit to China has cemented the two sides' economic cooperation. Yet, it remains to be seen how the domestic audience in Japan including the ruling Liberal Democratic Party view this visit and

its effects, and how Abe and his administration treat China on multilateral occasions, including next year's G20 Summit, which is to be held in Osaka.

The fundamental contradictions between the two countries, which led to relations freezing in the first place, have not been resolved. Thus, a cautiously optimistic attitude should be adopted.

In terms of Japan's plan to end its overseas development assistance to China, the truth is Japan has already abolished its yen loans to China, which accounted for more than 90 percent of Japan's assistance to China in 2008.

Thus, the Japanese government's decision to scrap all its development assistance should not come as a complete surprise.

Also, it should be noted that both countries gained from the loans as Japan recovered the principal plus interest compared with the zero interest rates at home.

Liu Jiangyong, a professor at the Institute of International Relations, Tsinghua University.

Reforms will strengthen stock market

Moves by central authorities to boost confidence show the Chinese government's support for private enterprises

By **SUN CHAO**

Given the recent fluctuations in China's stock market, the central bank and the banking and insurance regulatory authorities have taken several measures to boost market confidence. In fact, Vice-Premier Liu He addressed the media on several important economic and financial issues. Besides, the implementation of a series of favorable policies shows the Chinese government's concern for and support to private enterprises, as well as its confidence in the stock market, which has acted like a tonic for the sluggish market.

Liu said the Chinese economy would be stable and keep improving. On the financial front, monetary policy is prudent, financial structural deleveraging is progressing steadily, financial organizations' blind expansion is cooling down, and investments are becoming more rational.

According to National Bureau of Statistics data, China's GDP grew 6.5 percent in the third quarter of this year, and national economic operations have remained within a rea-

sonable range in the first three quarters, which are conducive to achieving the whole year's economic goals. Actually, the entire year's new urban employment goal was achieved in the first three quarters — as employment exceeded 11 million.

Responding to the recent stock market crash, Yi Gang, governor of the People's Bank of China (the central bank), and Guo Shuqing, head of the China Banking and Insurance Regulatory Commission, both said it represents investors' expectations and sentiments.

China's present stock market valuation is at a record low, which is not compatible with the economic fundamentals and stable situation of the country's financial system.

The fluctuations in and crash of the stock market are due to many internal and external factors. China is becoming the world's most valuable market for investment thanks to the improvement in the quality of its listed companies.

To promote the healthy and stable development of China's stock market, therefore, the central bank and the central regulatory departments have launched new reforms recently.

First, the aim of the reforms is to stabilize the market, by allowing subsidiary bank financing companies to invest in the capital market, and requiring financial institutions to properly deal with the risks associated with the stock pledge financing business.

Second, the central authorities' move will help improve listed companies' share repurchase system, facilitate the marketization of acquisition and reorganization of companies, promote the reform of the National Equities Exchange and Quotations system, and boost the support for innovative technology enterprises going public.

Third, the reforms are expected to promote the investment of insurance capital in quality listed companies so as to strengthen market investment.

Fourth, the central authorities' move is aimed at promoting the reform of State-owned enterprises, supporting the mergers and reorganizations of leading private enterprises, and launching a private enterprise bond financing support plan.

And fifth, the reforms are expected to expand opening-up in

an all-round way, especially in the financial field.

No one doubts that the private economy plays an important role in the national economy. National Bureau of Statistics data show the accumulated growth rate of private investment has been above 8 percent — representing a strong growth trend — since the beginning of this year.

That is why Vice-Premier Liu said the assumption that "the State-owned economy advances while the private sector retreats" is baseless. The reorganization of some private companies that also have State capital share is nothing but State-owned enterprises (SOEs) helping private companies with high debts to overcome their difficulties. If anything, it shows the interdependency of and cooperation between the SOEs and private companies.

Moreover, the governor of the People's Bank of China said the central bank will take more targeted measures to ease private enterprises' financing difficulties. And the chairman of the China Securities Regulatory Commission (CSRC) said the commission will improve the system and technologies to help

private enterprises develop.

On Oct 20, the special deduction plan for individual income tax was released. Two days later, the State Council, China's Cabinet, asked the authorities to take measures to further improve the business environment; it also decided to introduce a private enterprise bond financing support tool to help private companies to access financing. And while the central bank has expanded the credit supply to small and micro-sized enterprises, as well as private enterprises, the CSRC has suggested in the draft Corporation Law that corporations' share in the repurchase system be further revised.

Which shows the series of reform and development measures launched recently is conducive to easing private companies' financing difficulties, strengthening the A-share market, boosting the confidence of the capital market and safeguarding market stability.

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