

## Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain

### [Basic Information]

#### Hosts:

Keynote speeches:	Wang Zhiheng	Executive Vice President, Bank of China
Interactive discussion:	Zhang Yansheng	Chief Research Fellow, China Center for International Economic Exchanges (CCIEE)

#### Keynote speeches:

Li Fei	Assistant Ministry of Commerce of the People's Republic of China
Wu Qing	Member of the Standing Committee of the CPC Shanghai Municipal Committee, Executive Vice Mayor of Shanghai Municipal People's Government
Xuan Changneng	Deputy Governor, the People's Bank of China
Zhou Zongmin	Deputy Editor-in-Chief of Xinhua News Agency
Zhang Ming	Secretary-General, Shanghai Cooperation Organization
Ito Yoshio	Chairman, Japan-China Economic Relations and Trade Centre

#### Interactive discussion:

Wang Junshou	Director-General, China Banking and Insurance Regulatory Commission (CBIRC) Shanghai Office
Wang Wen	Chief Economist of China Export & Credit Insurance Corporation (SinoSure), Professor and Doctoral Supervisor of University of International Business and Economics
Xu Zaiyue	President, CIPS Co., Ltd.
Zhai Jingli	Sinar Mas APP China Vice Chairman, China Federation of Overseas Chinese Entrepreneurs
Jerrity Chen	Head of North Asia Region, LDC, Head of Grains & Oilseeds for North Asia, LDC
Syed Shakeel Shah	Director, CAREC Institute

## **[Brief Introduction]**

On the morning of November 5, 2022, the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain of the 5th Hongqiao International Economic Forum, hosted by the Ministry of Commerce, the People's Bank of China and the Shanghai Municipal People's Government, and organized by the China International Import Expo Bureau, the National Exhibition and Convention Center (Shanghai), the Bank of China and the China Economic Information Service, was held at the National Exhibition and Convention Center (Shanghai). Li Fei, Assistant Minister, Ministry of Commerce of the People's Republic of China, Wu Qing, Member of the Standing Committee of the CPC Shanghai Municipal Committee, Executive Vice Mayor of Shanghai Municipal People's Government, Zhou Zongmin, Deputy Editor-in-Chief of Xinhua News Agency, attended the parallel session and delivered keynote speeches, while Xuan Changneng, Deputy Governor, People's Bank of China, Zhang Ming, Secretary-General, Shanghai Cooperation Organization, and Ito Yoshio, Chairman, Japan-China Economic Relations and Trade Centre, delivered video messages. Wang Zhiheng, Executive Vice President, Bank of China, served as the host of the parallel session.

Guests from political, academic and business circles discussed how finance can support the optimization and upgrading of the industrial chain and supply chain, especially help stabilize foreign trade and foreign investment through diversified financial instruments, and inject a steady stream of vitality into stabilizing the macroeconomic market. Xinhua News Agency, Shanghai Securities News and other media reported the event.



## 【Keynote Speeches】



Li Fei, Assistant Minister, Ministry of Commerce of the People's Republic of China, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain in Shanghai and delivered a keynote speech.

Li Fei, Assistant Minister, Ministry of Commerce of the People's Republic of China, said that the general trend of global countries towards openness and cooperation has remained unchanged, and the fundamentals of China's long-term economic upturn have not changed. The Ministry of Commerce and the People's Bank of China and other financial authorities have continued to strengthen collaboration and linkages, signed cooperation agreements with the Bank of China and other financial institutions, innovated and launched a series of financial support initiatives to support the upstream and downstream of the industrial supply chain and the synergistic development at home and abroad, and achieved positive outcomes.



Wu Qing, Member of the Standing Committee of the CPC Shanghai Municipal Committee, Executive Vice Mayor of Shanghai Municipal People's Government, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain in Shanghai and delivered a keynote speech.

Wu Qing, Member of the Standing Committee of the CPC Shanghai Municipal Committee, Executive Vice Mayor of Shanghai Municipal People's Government, pointed out that Shanghai is actively guiding financial institutions to increase their support to core enterprises of the industrial chain, as well as upstream and downstream small and medium-sized enterprises, through strengthening the leading role of policies, innovating service models and strengthening technological empowerment; Shanghai will further encourage financial institutions and financial markets to support industrial chains, supply chains and core enterprises with various new tools such as credit and bonds to improve their financing capacity and liquidity on the premise of effective management of risks, and increase comprehensive support for upstream and downstream enterprises, especially small, medium and micro enterprises.



Xuan Changneng, Deputy Governor, the People's Bank of China, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain via video links and delivered a keynote speech.

Xuan Changneng, Deputy Governor, the People's Bank of China, said that the central bank will uphold a stable monetary policy, be flexible and moderate to create a suitable monetary environment for the stability of industrial chains and supply chains, continue to regulate the development of financial services for the supply chain, enhance the level of financial services for the whole industrial chain in key areas, continue to improve the system and infrastructure related to the cross-border use of RMB, and consolidate the foundation for the use of RMB in the real economy.



Zhou Zongmin, Deputy Editor-in-Chief of Xinhua News Agency, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain in Shanghai and delivered a keynote speech.

Zhou Zongmin, Deputy Editor-in-Chief of Xinhua News Agency, believes that the stability and security of the supply chain and the industrial chain is the key to the stable operation of the real economy. This cannot be done without the support of finance, and is conducive to financial security. Xinhua News Agency will give full play to its advantages in authoritative publication and communication, information services and think tanks, and partner networks and cooperative communication to create a favorable public opinion environment, serve financial and industrial development, and promote win-win cooperation in the world economy.



Zhang Ming, Secretary-General, Shanghai Cooperation Organization, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain via video links and delivered a keynote speech.

Zhang Ming, Secretary-General, Shanghai Cooperation Organization, said that the member states of the Shanghai Cooperation Organization attach great importance to the disruption of the global industrial chain and supply chain, and regard deepening regional economic cooperation and accelerating the economic recovery of the SCO region as an important task at present. At the SCO summit in 2022, a statement on maintaining the security, stability and diversification of the supply chain was adopted. It was reaffirmed to ensure the security and stability of the supply chain, maintain cooperation, openness and seek win-win results, and promote cooperation and trade growth among member states in various fields. In order to ensure the security and stability of the industrial chain and supply chain, the SCO member states will, in accordance with relevant cooperation documents, develop international transport corridors, expand local currency settlement, create conditions for the development of cross-border E-commerce, support the development of small, medium and micro enterprises, and strengthen cooperation in the food supply chain and other measures to further promote relevant cooperation.





Ito Yoshio, Chairman, Japan-China Economic Relations and Trade Centre, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain via video links and delivered a keynote speech.

Ito Yoshio, Chairman Japan-China Economic Relations and Trade Centre, mentioned that 2022 marks the 50th anniversary of the normalization of diplomatic relations between Japan and China. At present, the international situation is complex and severe, and has undergone unprecedented changes especially in the past two years. In this context, it is very important to rebuild a sustainable and stable supply chain. Affected by the COVID-19 pandemic, many supply chains have encountered operational difficulties. Governments at all levels in China have successively launched policies to resume work and production, and financial institutions have also provided relevant support services. Self-employed individuals, small and medium-sized enterprises, and large enterprises have all received relevant support, but difficulties and challenges still persist. In order to help enterprises tide over the difficulties and make China the center of the world's industrial and supply chains, it is hoped that government departments and financial institutions will continue to provide enterprises with various support and services.



Wang Zhiheng, Executive Vice President, Bank of China, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain in Shanghai and delivered a keynote speech.

Wang Zhiheng, Executive Vice President, Bank of China, said that the Bank of China will continue to strengthen financial supply and fully support the modernization of the national industrial chain and supply chain. Bank of China is the first bank in the financial industry to incorporate "supply chain finance" into its development strategy. Especially since the period of the "14th Five-Year Plan", it has continued to explore and innovate, and has successively introduced a number of measures to support the stability and smoothness of the industrial chain and supply chain. Last year, the new-generation supply chain financial brand "BOC Intelligent Supply Chain Finance" was launched, with the focus on industrial needs. Eight sub-chains in industries are released, including equipment chain, green chain, and aviation chain, and financial technology and industrial digitization are integrated to stimulate aggregation and multiplication effects. In the future, Bank of China is willing to work with its financial peers to continue to shoulder the mission of serving China's opening-up to the outside world and helping "stabilize foreign trade and foreign investment". It will use diversified financial instruments to support China's globalization of high-quality services and introduction of international advanced technologies, so as to promote China's connectivity with the world market, innovation-driven progress and industrial integration, and joint endeavors in stabilizing and smoothing the supply chain and the industrial chain.

### **【Interactive Discussion】**



Wang Junshou, Director-General, China Banking and Insurance Regulatory Commission (CBIRC) Shanghai Office, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain in Shanghai and participated in the interactive discussion.

Wang Junshou, Director-General, China Banking and Insurance Regulatory Commission (CBIRC) Shanghai Office, mentioned that supply chain finance is an innovation compared to the traditional financial approach, and is based on the real industrial foundation, actual transaction and trade background of the entire industrial chain and supply chain, so there will be no financial "transformation of the real into the virtual". Especially after the supply chain finance is empowered by technology, the Internet of Things technology effectively addresses the problem of visible, observable and controllable supervision of collateral. The traditional financial industry is dominated by commercial banks, while supply chain finance is dominated by core enterprises in the chain. Therefore, the empowerment of finance to the industrial chain and supply chain is reflected in the fact that it can nourish enterprises along the chain, lubricate the entire chain, and achieve the purpose of irrigating the entire industry. As long as finance does not dissociate from the main track of real supply chain finance transactions, financial risks are controllable, and it can solve the difficulties that existed in traditional finance such as difficult asset penetration, information control, and data verification in the past. Supply chain finance is an upgrade and a leap forward from traditional finance.



Wang Wen, Chief Economist of China Export & Credit Insurance Corporation (SinoSure), Professor and Doctoral Supervisor of University of International Business and Economics, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain via video links and participated in the interactive discussion.

Wang Wen, Chief Economist of China Export & Credit Insurance Corporation (SinoSure), Professor and Doctoral Supervisor of University of International Business and Economics, said that export credit insurance, as a means of promoting trade and investment allowed by WTO rules, is a way for countries to stabilize growth, prevent risks, and ensure the security of industrial and supply chains. It is an important policy tool for security and stability. It is a booster, stabilizer and escort for enterprises participating in global industrial and trade competition. It plays a proactive role in promoting the high-quality development of China's foreign trade and ensuring the security of the industrial chain and supply chain. In order to adapt to changes in the global trade and investment situation, export credit insurance is changing from the traditional ultimate risk bearer that promotes trade and investment and ensures the stability of the industrial chain supply chain to three directions: creators of trade and investment opportunities, promoters of overseas investment, and indispensable policy tools to stabilize the industrial chain and supply chain. The government and enterprises should make good use of this tool.



Xu Zaiyue, President, CIPS Co., Ltd.,  
attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain in Shanghai and  
participated in the interactive discussion.

Xu Zaiyue, President, CIPS Co., Ltd., pointed out that CIPS was born with the rapid growth of China's export-oriented economy and has developed into the main channel for cross-border RMB circulation. However, the proportion of the amount received and paid in RMB under the trade item is still very small for reasons such as the foreign exchange usage habits of enterprises. We need to improve the convenience of RMB payment. The important aim of CIPS is to optimize the system, especially to provide service tools for enterprises. Through a series of "combination punches" such as solving the problem of standard unification and using domestic algorithms to improve security through the innovative service terminal (CISD), it provides a convenient, efficient and low-cost service tool for enterprise payment; through connecting with other financial infrastructure, CIPS fosters a convenient environment for enterprises to use RMB; through "dual local currencies" payment arrangement, it creates more application scenarios for enterprises and banks.



Zhai Jingli, Sinar Mas APP China Vice Chairman, China Federation of Overseas Chinese Entrepreneurs, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain in Shanghai and participated in the interactive discussion.

Zhai Jingli, Sinar Mas APP China Vice Chairman, China Federation of Overseas Chinese Entrepreneurs, said that Sinar Mas is a paper-making group with a full industrial chain, and is very concerned about the accuracy of financial service products, and its pertinence and matching. Over the years, Sinar Mas has received the support of many financial institutions and banks, and has carried out all-round cooperation to continuously promote the optimization and upgrading of the industrial chain and supply chain of the paper industry. The role of financial service products in supplementing, fixing, strengthening and extending the supply chain is prominent. The future focus of the Sinar Mas Group is "chain extension": to further reduce the manufacturing R&D costs, logistics costs and market development costs. The Group responds to exchange rate risks by incorporating exchange rate fluctuations into its daily financial management and leveraging its global industrial layout.



Jerrity Chen, Head of North Asia Region, LDC Head of Grains&Oilseeds for North Asia, LDC, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain in Shanghai and participated in the interactive discussion.

Jerrity Chen, Head of North Asia Region, LDC Head of Grains&Oilseeds for North Asia, LDC, pointed out that LDC has encountered the problem of lack of cross-border hedging services. To this end, he suggested: First, financial institutions, including government departments, should better understand the needs of enterprises. Second, it is necessary to consider from the perspective of solving the difficulties of enterprises, and continuously launch financial products to help enterprises solve the problem of stable supply in the supply chain. Third, a relatively free experimental field in the free trade zone can be given to financial institutions and enterprises to explore system innovation and help enterprises solve practical problems. From the perspective of business operation, he believes that the risk faced by LDC mainly lies in the way to obtain a stable food supply to ensure the normal operation of the entire supply chain, and the help of the financial sector is needed to deal with the risk of default. He also mentioned that due to the drastic changes in the current global supply chain and the profit-seeking nature, some European companies consider using the RMB settlement system as an alternative.



Syed Shakeel Shah, Director, CAREC Institute, attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain via video links and participated in the interactive discussion.

Syed Shakeel Shah, Director, CAREC Institute, pointed out that under the current complex international situation, new and more sophisticated financial tools are needed to help the world navigate multiple crises. Global financial institutions need to continue to focus on climate-related investment projects and infrastructure financing. In the short term, the government and financial institutions need to pay attention to: first, the loan difficulties caused by mortgages and the transparency of financial policies during the pandemic; second, the necessity to further promoting inclusive finance to improve the accessibility and affordability of financial services; third, the need for governments to improve debt management and prevent public debt risks. At the global level, policymakers need to create room for economic recovery; the International Monetary Fund should play its role; countries should strengthen the learning ability and adaptability of development banks; companies should integrate automation into business processes, and promote the development of professional skills reserves and resource frameworks, so as to ensure better skills matching and seize private sector funding opportunities for financial institutions.





Zhang Yansheng, Chief Research Fellow, China Center for International Economic Exchanges (CCIEE), attended the Parallel Session on Finance Supports Stability of Industry Chain and Supply Chain in Shanghai and hosted the interactive discussion.

Zhang Yansheng, Chief Research Fellow, China Center for International Economic Exchanges (CCIEE), pointed out in the discussion that there are severe challenges in finance in stabilizing the industry chain and supply chain, and the prospect of onshore manufacturing is unclear. First, in the future, multinational companies will allocate more R&D, technology, design and consulting links in China; secondly, some multinational companies may be affected by geopolitical factors and have to withdraw their talents, technology and production of key components from China. Supply chain finance should support industry leaders, form a coordinated development of upstream and downstream enterprises, production, supply and marketing, domestic and foreign trade, large, medium and small enterprises, and the central government, the private sector and foreign countries, and plant their roots deep in China. Finance should empower the coordinated development of industrial chains, innovation chains, talent chains, green chains, digital chains and common wealth chains, and embrace a new globalization prospect driven by market, enterprise, local development, cooperation, and people-to-people and cultural exchanges.