

Chinese banker suggests gradual economic liberalisation

KARACHI: Former Peoples Bank of China (PBC) governor Zhou Xiaochuan on Friday suggested Pakistan to opt for gradual liberalisation of exchange rate, monetary and capital account regimes to facilitate greater role for market forces without large-scale disturbances.

In his speech titled “Lessons from the Role of Peoples Bank of China in China’s Economic Rise” at the 23rd Zahid Husain Memorial Lecture organised by the State Bank of Pakistan, he said that “reforms in PBC reflect China’s gradual approach towards globalisation for sustainable economic development.”

He also explained how PBC provided incentive structures to channelise financial resources towards productive sectors to ensure inclusive growth and financial stability.

Referring to Pakistan, Zhou emphasised the need to raise domestic savings rate in order to address most of the macroeconomic imbalances including current and fiscal deficits.

He also suggested Pakistan to use regional currencies in order to facilitate trade in the region. Pakistan recently borrowed 15 billion Yuan from China to support its external account.

Since China is the biggest trade partner of Pakistan, the use of Chinese currency for trade would help the country reduce its load on dollar reserves.

Moreover, Governor SBP Tariq Bajwa, while delivering his welcome address, emphasised the role of central banks in creating conducive environment for sustainable development.

He also highlighted the efforts by the SBP for inclusive economic development in the country and mentioned initiatives to promote financial inclusion, agriculture and small and medium enterprise financing, mortgage lending, green banking and electronic payment systems to underscore torch-bearing role of the SBP in the economic growth and development of the country.

The lecture was attended by an august gathering which included policy-makers, financial sector specialists, independent researchers, government officials, heads of commercial banks, eminent businesspersons and representatives of the academic and media.

The Newspaper's Staff Reporter