CHINA BIWEEKLY

RMB Internationalization Business Promotion Office
Global Business Division

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■ BIWEEKLY DIGEST

[Economy]

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- **Main Economic Indicators for November: Improvements in Production and Consumption**
- **Central Economic Work Conference: Economic Policies for 2020 Address "Three Tough Battles" and "Six Stabilities"**
- **Chinese Academy of Social Sciences Projects China's GDP Growth Rate at around 6.1% for 2019 and 6.0% for 2020**

[Industry]

- **November Auto Sales Fall 3.6% Year-on-Year (YoY), YoY Drop Narrows for Third Consecutive Month**

[Trade/Investment]

- **China Extends Exemption of U.S. Soybeans and Pork from Retaliatory Tarifs**
- **November Imports Up 0.3% Year-on-Year (YoY): First Increase in Seven Months**
- **U.S. and China Agree on Phase One Trade Deal through Trade Talks, New Additional Tariffs Avoided**

[Finance/Exchange]

- **Foreign Reserve Balance Decreases in November for First Time in Two Months**

[Economy]

◆Yangtze River Delta Integration: Development Plan Outline Released

On December 1, the Central Committee of the Communist Party of China and the State Council announced a development plan outline for the integration of the Yangtze River Delta area. The plan aims to realize high-quality integrated development of the region, which accounts for about one quarter of the nation's economy. It has set a development period that goes through 2025 and offers visions for the region into 2035, with targets and initiatives that cover such themes as coordinated development of each area in the region, the fusion of innovation and industry, and raising the level of interconnectivity in regional infrastructure. By improving the region's international economic capability, it will be made pivotal in leading the growth of China's domestic economy and the strengthening of its competitiveness on the global stage.

The plan covers the entire municipality of Shanghai and the provinces of Jiangsu, Zhejiang, and Anhui. It specifies 27 core cities including Shanghai, Nanjing, Wuxi, and Changzhou in Jiangsu province, Hangzhou, Ningbo, and Wenzhou in Zhejiang province, and Hefei, Wuhu, and Ma'anshan in Anhui province. These cities will lead development across the entire region, including in their surrounding areas.

<Targets of the Yangtze River Delta Integration Development Plan>

[Targets to Achieve by 2025]

Harmonized development of urban and rural areas

- ✓ Reduction of the income gap between residents in core cities and rural areas to 2.2:1, and of the GDP per capita gap between core cities and the overall region to 1.2:1.
- ✓ An urbanization rate of 70%for the permanent resident population.

Development incorporating the fusion of innovation and industry

- ✓ Research and development expenditure at a minimum of 3% of GDP.
- ✓ 65% of economic growth contributed from scientific and technological advancement.
- ✓ 18% of total industrial production from high-tech industrial production.

Interconnectivity of infrastructure

- ✓ Rail network track density of 507km/10,000km^2, high-speed rail track density of 5km/100 km^2.
- ✓ 80% of region receiving 5G network coverage.

Initiatives for cooperation on environmental protection

- ✓ Regional average concentration of fine particulate matter (PM2.5) to meet national standards.
- ✓ Cities at the prefectural level and above to have 80% or more days with good air quality.
- ✓ 80% of rivers in the region to meet water quality standards.
- ✓ 10% reduction of energy intensity (energy consumption vs. GDP) from 2017 figures.

Uniformity of public service standards

- ✓ Fiscal expenditure relating to public services of RMB 21,000 per capita.
- ✓ Average of 11.5 years of education among working-age population.
- ✓ Average life expectancy of 79 years.

Development of integrated systems and structures

- ✓ Integration of resource markets including talent and capital; creation of an orderly, open, and free-flowing market system.
- ✓ Gradual elimination of administrative red tape.
- ✓ Establishment of rules in line with international regulations to further expand the level of openness.

Source: Created based on the announcement by the State Council

The plan aspires for the Yangtze River Delta region to reach an even higher level of integrated development by 2035, setting targets for further systematic improvements for integrated development. These include the general completion of a modern economic system, large-scale reductions of disparities between urban and rural areas, the elimination of gaps in the standards of public services, full-scale realization of infrastructure interconnectivity, and uniform levels of well-being among citizens.

The "outline" mentions President Xi Jinping's declaration of the plan for integrated development of the Yangtze River Delta being promoted to a matter of national strategy in November last year. It places great significance on the region as an influential and dynamic growth hub to drive the high-quality development of China, positioning the plan as a key regional development strategy alongside the Jing-jin-ji (Beijing-Tianjin-Hebei) coordinated development plans and the Guangdong-Hong Kong-Macao Greater Bay Area construction plans.

◆Main Economic Indicators for November: Improvements in Production and Consumption

On December 16, the National Bureau of Statistics (NBS) announced the main economic indicators for November. Production and consumption saw improvements, however investment remained unchanged from the previous month (Figs. 1 & 2). The NBS regarded the changes in the indicators for November as positive. The bureau stated these figures indicated the Chinese economy had superior robustness and potential with room for further development by policy-making, pointing out the fact that the Chinese economy has maintained its stability in the face of a complex and harsh international environment. It also observed that the Chinese economy is poised to reach its 2019 annual growth target of 6.0-6.5%, having the groundwork and meeting the conditions to do so.

[Fig. 1] Main Economic Indicators for November

Item			October 2019				November 2019		
			Amount		YoY (%)		Amount		YoY (%)
Investment in fixed assets (excl. by rural companies)*			(RMB Bn)	51,088.0	5.2	→	(RMB Bn)	53,371.8	5.2
(State-owned sector)			(RMB Bn)	(Undisclosed)	7.4	↘	(RMB Bn)	(Undisclosed)	6.9
(Private sector)			(RMB Bn)	29,152.2	4.4	↗	(RMB Bn)	30,378.60	4.5
	By industry	Primary	(RMB Bn)	1,137.5	▲ 2.4	↗	(RMB Bn)	1,216.40	▲ 0.1
		Secondary	(RMB Bn)	15,202.0	2.3	↗	(RMB Bn)	15,845.10	2.4
		Tertiary	(RMB Bn)	34,748.5	6.8	↘	(RMB Bn)	36,310.30	6.7
Industrial production (value added)**			-	-	4.7	↗	-	-	6.2
Total retail sales of consumer goods			(RMB Bn)	3,810.4	7.2	↗	(RMB Bn)	3,809.4	8.0
Consumer price index (CPI)			-	-	3.8	↗	-	-	4.5
Industrial producer price index (PPI)			-	-	▲ 1.6	↗	-	-	▲ 1.4
Industrial producer purchase price			-	-	▲ 2.1	↘	-	-	▲ 2.2
Exports			(USD Bn)	212.93	▲ 0.9	↘	(USD Bn)	221.74	▲ 1.1
Imports			(USD Bn)	170.12	▲ 6.4	↗	(USD Bn)	183.01	0.3
Trade balance			(USD Bn)	42.81	-	–	(USD Bn)	38.73	-
Inward foreign direct investment (executed basis)			(USD Bn)	10.00	3.1	↘	(USD Bn)	13.62	0.1

*: Year-to-date total from January

**: Independently-accounted state-run companies and non-state-run companies with annual sales of RMB20Mn or more

Source: Created based on data released by the NBS

<Production>

Industrial production (value added) increased 6.2% year-on-year (YoY) in November, far exceeding the October figure by 4.7% and recording a high level of growth for the first time since June, which had marked a 6.3% YoY increase (Figs. 1 & 2). There were YoY increases over the previous month in a wide range of industries including textiles going up 2.5% YoY (October: down 1.3%), automobiles rising 7.7% YoY (October: up 4.9%), computers and electronic communications equipment increasing 9.7% YoY (October: up 8.2%) and electronic devices and equipment surging 12.6% YoY (October: up 10.7%).

<Consumption>

The YoY growth rate of the total retail sales of consumer goods in November was 8.0%, rising 0.8 percentage point from the October YoY increase of 7.2% (Figs. 1 & 2). The NBS viewed the remarkable growth as owing to the online sales on “Singles’ Day” (November 11), which made enormous contributions to significant YoY sales increases in a number of product types including cosmetics (up 16.8%) and sports/leisure goods (up 20.1%), adding that attention should be paid to the fact Chinese consumers’ tastes are increasingly evolving.

<Investment>

Cumulative investment in fixed assets for the January-November period remained unchanged from the January–October growth rate at 5.2% YoY. Compared to January–October, there was little change in the growth of investments in infrastructure (up 4.0%, October: up 4.2%) and manufacturing (up 2.5%, October: up 2.6%). Investment in real estate remained notably high at 10.2% YoY (October: up 10.3%) (Figs. 1, 2 & 3).

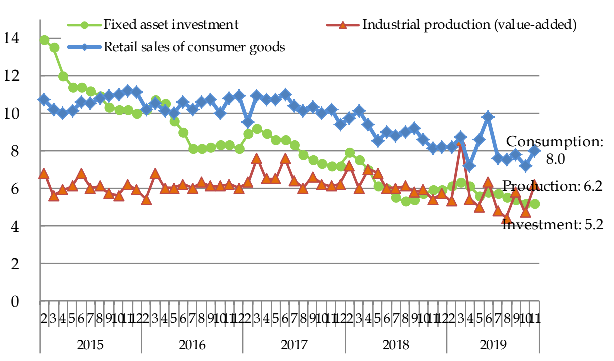
<CPI and PPI>

The consumer price index (CPI) for November rose 4.5% YoY, a month-on-month (MoM) rise of 0.7, continuing the surge from the previous month. Food leapt significantly by 19.1% YoY, primarily due to continued soaring pork prices (up 110.2% YoY) which are affected by the hog cholera outbreak. The producer price index (PPI) fell 1.4% YoY, decreasing for the fifth straight month (Fig. 4) despite the MoM decrease narrowing by 0.2 percentage point.

<Employment>

The surveyed urban unemployment rate as of the end of November remained unchanged from the previous month at 5.1%. New employment in urban areas for the January-November period totaled 12.79 million people. The NBS noted that if new employment passes the 13 million mark by the end of the year, it would be the seventh consecutive year that it has done so.

[Fig. 2] Growth in Fixed Asset Investment, Industrial Production and Retail Sales of Consumer Goods

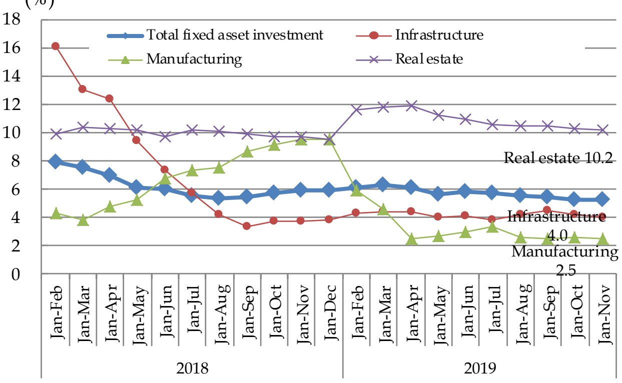


Notes: Fixed asset investment figures use year-to-date totals from January

Industrial production and consumer sales figures use cumulative Jan-Feb totals for Feb. only.

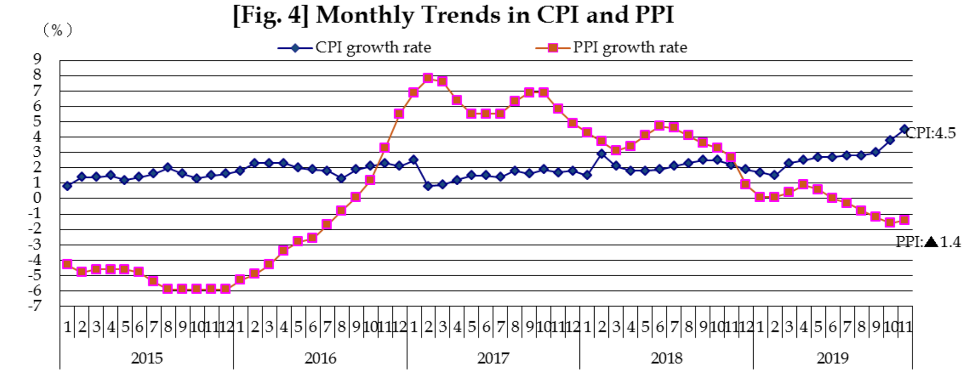
Source: Created based on data released by the NBS

[Fig. 3] Growth in Fixed Asset Investment by Category



Source: Created based on data released by the NBS

[Fig. 4] Monthly Trends in CPI and PPI



Source: Created based on data released by the NBS

◆Central Economic Work Conference: Economic Policies for 2020 Address "Three Tough Battles" and "Six Stabilities"

From December 10 through 12, the Central Economic Work Conference was held in Beijing to determine the economic and monetary policies for 2020. The conference was attended by China's highest leaders including President Xi Jinping and Premier Li Keqiang, as well as top officials from central departments and local governments along with executives from leading state-owned enterprises.

The conference charted the course for 2020 pointing to the current Chinese economy being surrounded by increasing downward economic pressure from international geopolitical risk and domestic structural, institutional and cyclical problems. It pledged to enhance the efforts to deal with the "three tough battles" (poverty reduction, environmental pollution prevention, and effective prevention and control of financial risks) and the "six stabilities" (stabilizing employment, finance, foreign trade, foreign investment, investment, and expectations).

Emphasizing improvements in the effects of government spending in focus areas, the government stated that it would simply maintain its existing "proactive" fiscal policy without mentioning the extent or the scope it will implement the policy in 2020, as it did in 2019 for large-scale tax cuts and corporate cost reduction. The government also stated that in 2020, its "prudent monetary policy will be flexible and appropriate," while removing mention of "tightening" as used in the 2019 announcement which expressed that "easing or tightening" would be applied as appropriate. This could indicate that the government may prefer monetary easing in the future.

<Key Economic Policies for 2020>

Focus area	Details
Proactive fiscal policy	・Ensure thorough implementation of tax cut and cost reduction measures ・Deepen structural reforms and make financing for the focus areas more accessible
Prudent monetary policy	・Ensure flexible and appropriate implementation of the prudent monetary policy ・Maintain reasonably ample liquidity ・Maintain credit and total social financing growth in line with economic growth
Three tough battles	・Accomplish full-scale poverty reduction; maintain direction and focus for environmental pollution prevention; strengthen the health of the financial system and develop risk prevention capabilities for the effective prevention and control of financial risks
Improvement of the livelihood of citizens	・Provide effective social security to the economically disadvantaged ・Work on long-term control by city policies for stabilized real estate prices and expectations
High-quality development	・Deepen the supply-side structural reforms in agriculture ・Promote the digital economy ・Expedite the formulation of regional development strategies
Economic system reforms	・Accelerate reforms in state-owned enterprises and private companies ・Facilitate a more wide-ranging and deepened opening-up; shorten the negative lists for foreign investment ・Lower tariff rates

◆Chinese Academy of Social Sciences Projects China’s GDP Growth Rate at around 6.1% for 2019 and 6.0% for 2020

The Chinese Academy of Social Sciences (CASS), a governmental think tank, held a press conference on December 9 to release its economic “Blue Book” report with an analysis and forecast of China’s economy for 2020. It projected that the country’s GDP growth rate for 2019 would come in at around 6.1%, in line with the government’s annual target of 6.0-6.5%. For 2020, CASS has forecast that the growth rate would go down to approximately 6.0%, 0.1 percentage point lower than in 2019. Despite this, the academy believed that China’s growth rate would be above 6.0% for 2020 if the ongoing U.S.-China trade talks reached an agreement quickly on the Phase One deal, especially if the deal eliminated the additional tariffs.

According to the CASS forecast, the year 2020 would see an increase in the consumer price index (CPI) of approximately 3.4% (November 2019: up 4.5%) and a drop in the producer price index (PPI) of about 0.5% (November 2019: down 1.4%). The academy viewed that pork production would recover in 2020, in spite of it playing a main role to raising the 2019 CPI. Regarding investment, CASS forecast that there would be a slight increase in infrastructure and manufacturing, whereas real estate would experience a modest slowdown.

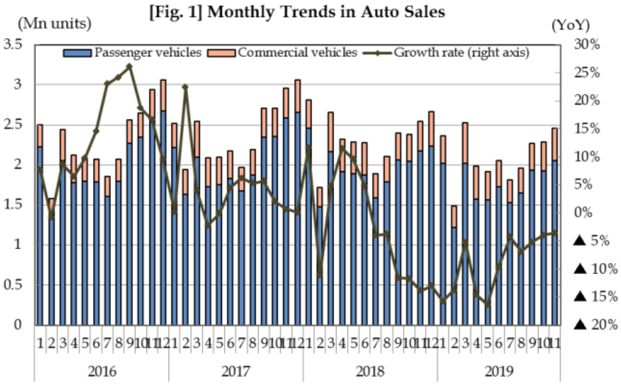
The Blue Book advised that in order to maintain a reasonable level of economic growth and employment in 2020, it would be necessary not only to take a more focused approach to the fiscal, monetary, and employment policies that have more foresight and flexibility than before, but also to strengthen collaboration between the policies.

[Industry]

◆November Auto Sales Fall 3.6% Year-on-Year (YoY), YoY Drop Narrows for Third Consecutive Month

According to an announcement made by the China Association of Automobile Manufacturers (CAAM) on December 10, November auto sales fell 3.6% YoY to 2.457 million units. Although the November auto sales showed a YoY decline for the 17th consecutive month, the YoY rate of decline had decreased from the last month for the third time (October: down 4.0%). The year-to-date total for January-November was down 9.1% YoY to 23.110 million units (Figs. 1 & 2).

[Fig. 1] Monthly Trends in Auto Sales



Source: Created based on data released by the CAAM

The CAAM shared its analysis of the current auto market, commenting that improved corporate sentiment helped resume stock buildup with 2.593 million units produced in November (up 3.8% YoY), though consumer sentiment was still weak in defiance of the gradual market recovery.

[Fig. 2] November 2019 Auto Sales and Growth Rates

	October 2019		Jan-Oct 2019		November 2019		Jan-Nov 2019	
	Units sold (Mn)	YoY	Units sold (Mn)	YoY	Units sold (Mn)	YoY	Units sold (Mn)	YoY
Auto sales	**2.284**	**▲4.0%**	**20.652**	**▲9.7%**	**2.457**	**▲3.6%**	**23.110**	**▲9.1%**
Passenger vehicles	1.928	▲5.8%	17.174	▲11.0%	2.057	▲5.4%	19.231	▲10.5%
Commercial vehicles	0.357	7.0%	3.478	▲2.5%	0.400	6.9%	3.879	▲1.6%
New energy vehicles	0.075	▲45.6%	0.947	10.1%	0.095	▲43.7%	1.043	1.3%
Electric vehicles (EVs)	0.059	▲47.3%	0.750	15.0%	0.081	▲41.2%	0.832	5.2%
Plug-in hybrid vehicles (PHVs)	0.016	▲38.7%	0.196	▲5.7%	0.014	▲54.4%	0.210	▲12.1%

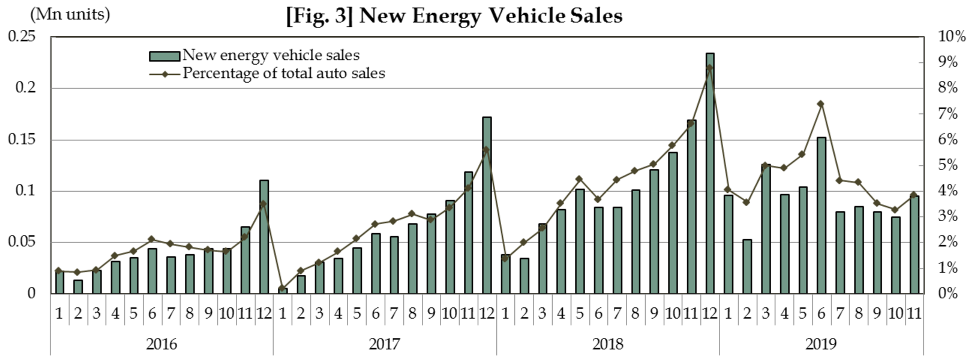
Source: Created based on data released by the CAAM

Looking by type of automobile, sales of passenger vehicles for November decreased 5.4% YoY to 2.057 million units, whereas sales of commercial vehicles increased 6.9% YoY to 400,000 units, of which 102,000 units were heavy trucks that maintained a double-digit growth rate of 13.8% YoY from the previous month (October: up 14.1%). It appears the boost in sales of commercial vehicles was again owing to the accelerated replacement of outdated models and the development of the logistics industry.

Sales of Chinese-owned brands of passenger vehicles for November decreased 11.4% YoY to 806,000 units, a larger drop than the average of all passenger vehicles (down 5.4%). Chinese-owned brands accounted for 39.2% of passenger vehicle sales, with their share shrinking by 2.7 percentage points YoY.

Sales of new energy vehicles in November fell 43.7% YoY to 95,000 units. Since July, a severe slowdown in sales has continued with YoY rates of decline of 30-40%. The CAAM believes that although the year-to-date total for January-November is slightly higher than the year before with 1.043 million units sold (up 1.3% YoY), new energy vehicle sales for the full year might end up lower than that of the previous year (Figs. 2 & 3).

[Fig. 3] New Energy Vehicle Sales



Source: Created based on data released by the CAAM

[Trade/Investment]

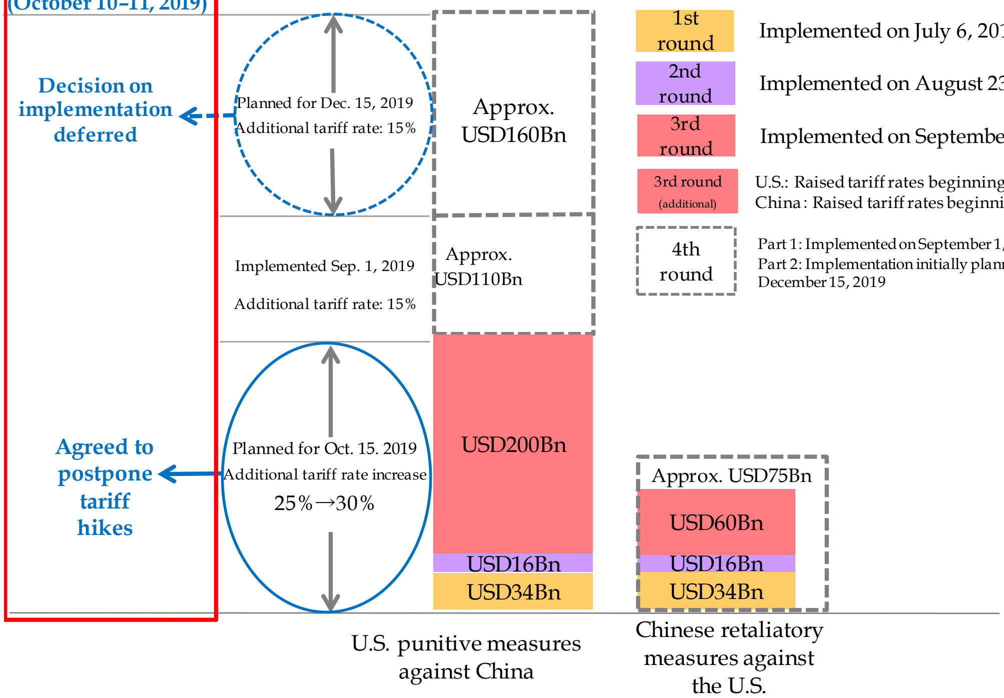
◆China Extends Exemption of U.S. Soybeans and Pork from Retaliatory Tariffs

On December 6, the Customs Tariff Commission of the Chinese State Council confirmed that it will continue to waive tariffs on certain agricultural products imported from the United States including certain quantities of soybeans and pork. Exemptions on imports are granted based on individual applications made by the importers.

The exemption on U.S. agricultural products including soybeans and pork was introduced in September of this year. It is believed that this confirmation was calling for large-scale purchasing of U.S. agricultural products in a gesture of goodwill, made in the face of the U.S. announcement of the second part of its fourth round of punitive tariffs on China, which had been scheduled to take effect on December 15 and would have seen an additional tariff of 15% levied on approximately USD 160 billion of Chinese goods.

U.S. exports of soybeans and pork to China have increased tenfold year-on-year (YoY) since September.

<Additional Tariffs Levied by the U.S. and China>



Source: Created based on announcements by the U.S. and Chinese governments

◆November Imports Up 0.3% Year-on-Year (YoY): First Increase in Seven Months

The Chinese General Administration of Customs (GACC) released its trade statistics bulletin (denominated in USD) on December 8. According to the bulletin, exports in November fell 1.1% YoY (October: down 0.9% YoY) to USD 221.74 billion, while imports nudged upwards 0.3% (October: down 6.4%) to USD 183.01 billion, marking the first YoY growth in imports in the seven months since April (Figs. 1, 2). It is believed that this increase is largely due to a recovery in domestic demand and an increase in imports of U.S. agricultural products.

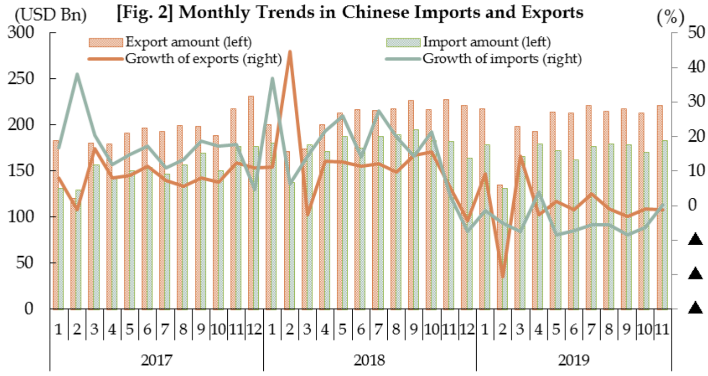
Year-to-date totals for January–November saw YoY declines on both fronts, with exports decreasing 0.3% YoY to USD 2.26014 trillion and imports falling 4.5% YoY to USD 1.88254 trillion.

[Fig. 1] Overview of Trade Statistics for November

November 2019 Trade Statistics (USD Bn)		
	Amount	YoY
Exports	221.74	▲1.1%
Imports	183.01	0.3%
Trade surplus	38.73	-
Jan–Nov 2019 Trade Statistics (USD Bn)		
	Amount	YoY
Exports	2,260.14	▲0.3%
Imports	1,882.54	▲4.5%
Trade surplus	377.60	-

Source: Created based on data released by the GACC

[Fig. 2] Monthly Trends in Chinese Imports and Exports



Source: Created based on data released by the GACC

By country, exports to the United States in November fell 23.0% YoY* to USD 35.58 billion, while imports from the U.S. rose 2.9% YoY* to USD 10.97 billion—the first YoY increase since August 2018, 15 months ago (Fig. 4). This appears to be a result of the increase in U.S. soybean and pork imports occurring since September. However, year-to-date totals for January to November suffered large declines for both imports and exports, with exports falling 12.5% YoY to USD 383.47 billion and imports down 23.3% to USD 110.98 billion (Fig. 3).

*Calculated by MUFG Bank based on data released by the GACC.

Looking at other regions, exports to Japan for January–November dropped 2.6% YoY to USD 130.70 billion, while imports from Japan fell 6.9% YoY to USD 155.16 billion. This marks eight consecutive months of falling YoY exports and 11 consecutive months of falling YoY imports. Trade with ASEAN and EU economies, on the other hand, maintained their upward trends (Fig. 3). Exports to ASEAN economies surged by 11.5% YoY to USD 323.09 billion while imports increased 2.8% YoY to USD 254.95 billion, and exports to the EU rose 4.5% YoY to USD 387.59 billion while imports from the EU increased 0.3% to USD 251.74 billion. Exports to ASEAN economies in particular experienced strong growth, with exports to Vietnam up 16.6% YoY, exports to the Philippines up 14.8% YoY, and exports to Malaysia up 14.3% YoY.

[Fig. 3] Jan–Nov 2019 Import and Export Amounts and Growth Rates by Country/Region

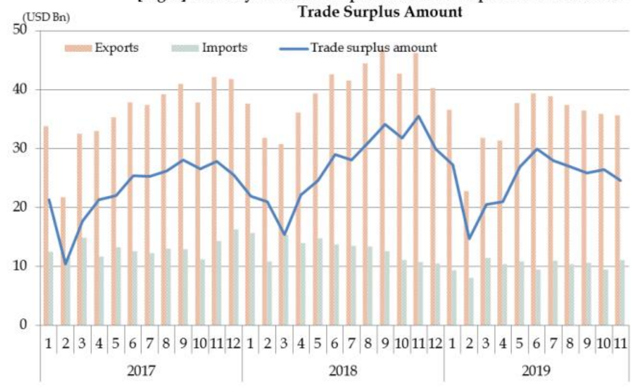
(USD Bn)

Country/ region	Exports	YoY	Imports	YoY	Trade balance	Total exports and	YoY
U.S.	383.47	▲12.5%	110.98	▲23.3%	272.50	494.45	▲15.2%
Japan	130.70	▲2.6%	155.16	▲6.9%	1,256.77	285.86	▲5.0%
South Korea	100.88	2.8%	158.54	▲16.8%	-57.66	259.43	▲10.1%
Hong Kong	251.63	▲8.6%	8.10	12.7%	243.53	259.73	▲8.0%
Taiwan	49.80	12.9%	157.26	▲4.6%	-107.46	207.06	▲0.9%
Germany	72.14	2.9%	95.85	▲2.8%	-23.72	167.99	▲0.4%
Australia	43.61	0.6%	110.47	12.1%	-66.86	154.08	8.6%
Vietnam	88.40	16.6%	57.14	▲3.1%	31.26	145.54	8.0%
Malaysia	46.74	14.3%	64.75	11.1%	-18.01	111.51	12.4%
Brazil	30.60	▲0.7%	72.80	2.2%	-42.19	103.40	1.3%

Note: Top 10 countries/regions by total export and import amounts

Source: Created based on data released by the GACC

[Fig. 4] Monthly Trends in Imports from and Exports to the U.S. and Trade Surplus Amount

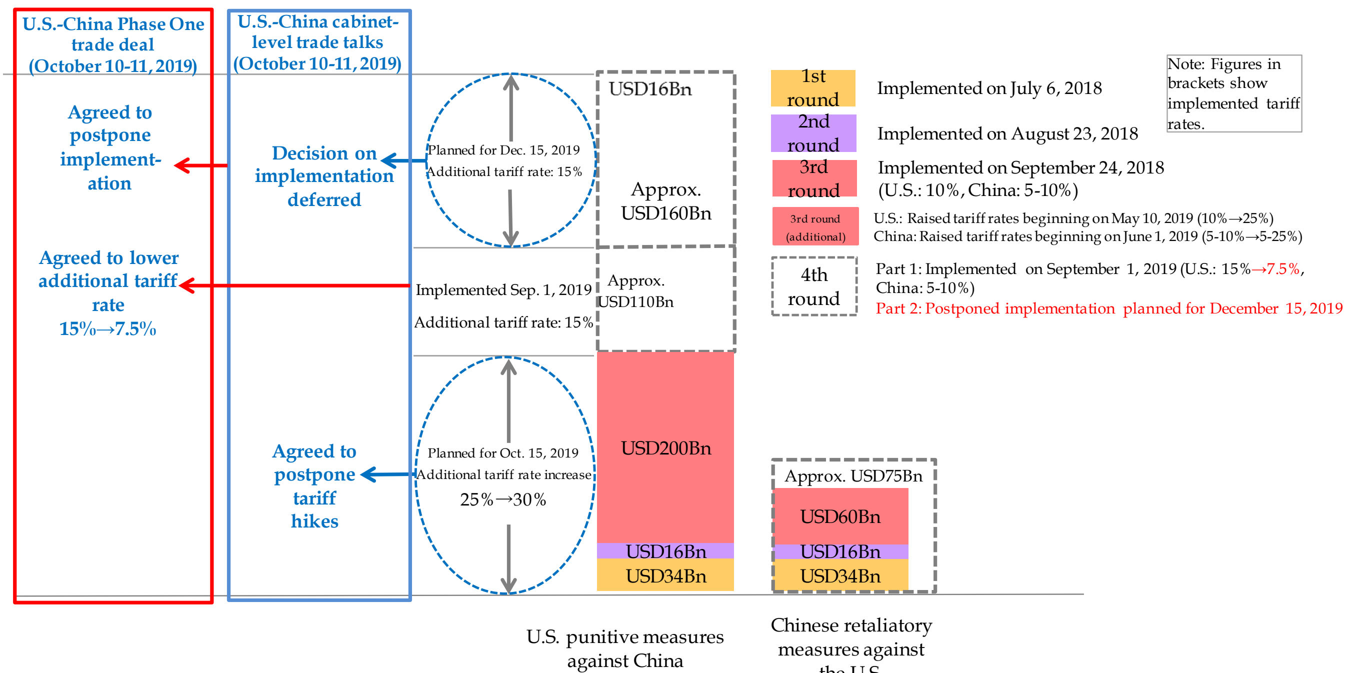


Source: Created based on data released by the GACC

◆U.S. and China Agree on Phase One Trade Deal through Trade Talks, New Additional Tariffs Avoided

On December 13, the U.S. and Chinese governments announced that they had reached an agreement on a "Phase One" trade deal through a series of trade talks. Following this agreement, the U.S. government has delayed part two of the fourth round of punitive tariffs against China scheduled for December 15. The Chinese government in turn announced the cancellation of its additional retaliatory tariffs against the U.S. Furthermore, the U.S. government will reduce the rate on the tariffs already in effect from the fourth round of its punitive tariffs against China, from 15% to 7.5% (Fig. 1).

[Fig. 1] Additional Tariffs Levied by the U.S. and China (December 13, 2019)



Source: Created based on announcements by the U.S. and Chinese governments

The Phase One trade deal covers seven areas: 1) intellectual property, 2) technology transfer, 3) agriculture, 4) financial services, 5) currency, 6) expanding trade, and 7) dispute resolution (Fig. 2). As one of their remarkable achievements, U.S. officials mentioned that China had agreed to increase purchases of American products and services. The U.S. revealed that the countries set a specific quantitative target to increase the Chinese imports of American products and services to at least USD 200 billion over the next two years, exceeding the 2017 import amount (USD 186.29 billion).

Chinese officials, however, did not reveal any specific quantitative target. They stated that trade expansion should be made based on market principles, adding the U.S. must make efforts to enhance supply capacity and competitiveness on quality and price for its products so that they can satisfy Chinese consumers' needs. The Chinese officials stressed that as the Chinese consumer market has continued to grow, the expansion of U.S.-China trade would not cause any disadvantage to China's other trading partners.
The Phase One trade deal agreement is expected to be signed in January next year, though the exact date is unknown as the document itself must go through a number of processes on both sides including legal checks, translation, and proofreading.

[Fig. 2] U.S.-China Phase One Trade Deal: Details Given by Both Governments

Agreement item	Details from U.S.	Details from China
1) Intellectual property	・Strengthen legal protections for corporate secrets, pharmaceuticals, indications of origin, trademarks, etc.	・Agree to extend the statutory period for corporate secrets, pharmaceuticals, and patents; combat the production, export, and online sale of pirated and counterfeit goods with false indications of origin; and enforce legal measures on malicious applications for trademarks, copyright infringements, etc.
2) Technology transfer	・Eliminate pressure for foreign companies to transfer technology ・Ensure transparency, fairness, and due process in administrative procedures ・Refrain from supporting outbound investment aimed at acquiring foreign technology	-
3) Agriculture	・Reduce non-tariff barriers to American agricultural products	・Increase imports of American agricultural products, such as soy beans, pork, wheat, corn and rice ・Use export expansion above to make up for shortfalls in domestic supply, assuring it will not damage agriculture in China ・Ease U.S. restrictions on imports of some Chinese agricultural products (processed meat, catfish, pears, citrus fruits, fresh Chinese dates)
4) Financial services	・Reduce investment barriers including foreign equity limitations and discriminatory regulatory requirements	-
5) Currency	・Increase transparency in the management of currency policy ・Disallow competitive currency devaluations and currency manipulations through targeting specific exchange rates	-
6) Expanding trade	・Increase the Chinese imports of American products and services to no less than USD 200 billion, exceeding the 2017 imports over the next two years	・Increase exports to the U.S. in the sectors of energy, agriculture, advanced equipment/components, medical care and finance ・Expand trade as long as it satisfies the evolving needs of Chinese consumers ・Conform to market principles and WTO rules
7) Dispute resolution	・Build a framework for fair and prompt dispute resolution to ensure effective and enforceable implementation of the items agreed to	-

Source: Created based on announcements by the U.S. and Chinese governments. For more details, please visit the following official websites
・United States Trade Representative's press release dated December 13, 2019:
https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/december/united-states-and-china-reach
・Press conference by the State Council Information Office on December 13, 2019:
http://www.scio.gov.cn/xwfbh/xwbfbh/wqfbh/39595/42254/index.htm

[Finance/Exchange]

◆Foreign Reserve Balance Decreases in November for First Time in Two Months

According to an announcement by the People's Bank of China (PBOC) on December 7, the foreign reserve balance in November decreased by USD 9.6 billion to USD 3.0956 trillion, falling back into decline from the growth seen in October.
The PBOC attributed the decline to the slight rise in the U.S. dollar shrinking the dollar-converted value of foreign-currency-denominated assets, as well as drops in bond prices in major economies among other factors.
The foreign reserve balance in November increased USD 22.9 billion since the beginning of the year, representing a 0.7% rise.

<Trends in China's Foreign Reserve Balance (Monthly)>

Source: Created based on data released by the PBOC