СЕКЦІЯ III. СУЧАСНА МОДЕЛЬ СОЦІАЛЬНО-ЕКОНОМІЧНОГО РОЗВИТКУ КИТАЮ

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FINANCIAL POLICY OF CHINA IN THE CONDITIONS OF “DOUBLE CIRCULATION” MODEL

Key words: financial policy, culture of open innovation, reforms, budget incentives, real estate market, gross domestic product, globalization.

In the 21st century, China's position in the development of the world economy significantly strengthened. Economic reforms are being carried out consistently and gradually, the country has achieved obvious successes in various areas, including the adaptation of the huge national economy to the processes of globalization and the implementation of the culture of open innovation [1, pp. 514–527]. Jurzyk, M Emilia, Cian Ruane (2021) believe that there has been a qualitative change in management approaches at state-owned enterprises [2]. In addition, it affected qualitative changes in the labor market, although problems of labor migration arise. Imbert Clement, Marlon Seror, Yifan Zhang and Yanos Zylberberg (2022) recognize that when immigration increases, industrial production becomes more labor-intensive and productivity falls [3].

According to the forecast of the World Bank, the GDP of the countries of East Asia and the Pacific, excluding China, will grow by 5.3% in 2022. The growth rate will more than double from 2.6% in 2021 and outpace China's GDP growth for the first time since 1990. The Asian Development Bank in its report predicted that China's quarantine measures will cause its economy to grow more slowly than in other developing countries in Asia. The forecast of the World Bank for 2023 foresees growth of the region's economy by 5%.

In its financial policy, China adheres to Eastern wisdom: "He who is not sailing anywhere has no tailwind". China's GDP at the end of 2021, despite problems in the real estate market and the energy crisis, grew by 8.1% compared to 2020, which turned out to be higher than the official forecast of 6%.

According to the UN forecast, China's economy will grow by 4.5% in 2022, not by 5.2% as previously predicted. Standard&Poor's agency lowered expectations for China's GDP growth in 2022 to 4.2% from 4.9% previously, and Goldman Sachs analysts – to 4% from the previously expected 4.5% [4]. The Financial Times acknowledges that in the long term, China is unlikely to resume the rapid growth rates it has enjoyed over the past 20 years [5]. We share the point of view that, in view of the realities of globalization, the revision of the existing models of the economic development of the People's Republic of China is ongoing [6, 2013].

The World Bank predicts that China's GDP will increase by 2.8% in 2022 and by 4.5% in 2023. In 2021, the Chinese economy grew by 8.1%.

The following trends persist in the financial sector:

First, the World Bank downgraded China's economic growth forecast for 2022 and 2023 due to the crisis in the real estate market and the strict policies of the Chinese authorities to contain the spread of COVID-19.

In China, the supply of living space has exceeded 30 square meters. m per capita; in many provincial cities (in the central and western provinces) of China, thanks to the construction boom, the supply of residential and office real estate exceeded the demand; the volumes of sales on the primary and secondary real estate markets have converged; stock market quotations show a decrease in the profitability of developer companies; migration flows to the cities of the "third level" have slowed down, which alleviates housing problems. All these trends permanently affect the real estate market.

The economy is under pressure from the real estate crisis, as home construction and sales fall, consumer confidence in the market declines, and developers leave projects unfinished. In the real estate market, the speculative boom led to the formation of a price tag and structural imbalances. The situation in the real estate market tends to cyclical changes and constant price fluctuations.

These cyclical trends are combined with the restrictive policy of the authorities, which not only strengthened the regulation of mortgage and other lendings in this sector but also introduced administrative restrictions on the purchase of second and third homes for investment purposes, not for consumer purposes.

Second, China's economic slowdown has been linked to a "zero tolerance" policy that has undermined Chinese consumer confidence, caused supply chain problems, and affected other economies in the East Asia Pacific region.

Third, Bloomberg reports that economic stimulus measures announced by the Chinese government will inject about 35.5 trillion yuan ($5.3 trillion) into the country's economy in 2022. Bloomberg Economics financial analyst David Qu admits that in 2022, economic policy is focused on budget spending and public investment, while the central bank plays only a supporting role [4]. That is, a strict fiscal and budgetary policy will be implemented to support economic growth.

The report of the State Statistics Service of China stated that the recovery of the economy in the third quarter went significantly better than in the second – production demand improved, employment and prices generally remained stable. China's GDP grew by 3.9% in the third quarter of 2022, but this is significantly lower than the target figure set by the Chinese Government for 2022 at the level of about 5.5% [5].

Fourth, the bulk of measures to support the Chinese economy in 2022 will be budget incentives. The Chinese government budgets 26.7 trillion yuan for spending (2 trillion yuan more than in 2021); 3.65 trillion yuan of incentives include tax incentives and the issuance of special infrastructure bonds by local governments.

In the financial sector, China's central bank is implementing programs to provide low-cost loans to commercial banks for targeted lending to small businesses and sectors of the economy most affected by COVID-19. According to Bloomberg, within the framework of these programs, infusions into the economy in 2022 will amount to 520.6 billion yuan [4]. Monetary policy support contains hundreds of billions of yuan of liquidity.

The Chinese government implements a financial policy directed at adaptive measures: "political acceptability" of commercialization of the banking sector and the use of alternative form factors (contactless cards) [7, pp. 35–37]; develops a specialized asset management company (Asset Management Companies, AMC); supports development banks. In the structure of the Chinese banking sector, the leading position is occupied by four large state-owned banks: Bank of China (BC), China Construction Bank (CSV), Industrial & Commercial Bank of China (ICBC) and Agricultural Bank of China (ABS). These banks with a total share serve about 70–80%

of all deposits and loans. About 200 foreign banks are present in the Chinese financial market, which are concentrated in large cities and coastal regions.

Summarizing, we note that the competitiveness of the financial system depends on the quality of management decisions made by state regulators and agents of financial processes. Making effective management decisions requires expanding the analytical capabilities of the information system to create effective decision support systems at all levels of financial management.

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