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Premier Wen urges adhering to positive fiscal policies

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Chinese Premier Wen Jiabao has said the government should steadfastly adhere to the proactive fiscal policy and relatively easy monetary policy.

Wen made the remarks at a gathering of economists and business people in Beijing. Two such gatherings were held recently to gather their views on the economic situation.

He also urged actively pushing forward structural adjustment and balancing it with efforts to ensure growth.

Wen's comment came after China Banking Regulatory Commission (CBRC) official Wang Huaqing warned Tuesday of possible risks in the financial system posed by the current rapid loan growth and a concentration of loans in certain industries and businesses.

China's new yuan-denominated loans hit 1.53 trillion yuan (about 223.96 billion U.S. dollars) in June, more than doubling the 664.5 billion yuan in May. It brought the new yuan-denominated loans in the first half to 7.37 trillion yuan, far exceeding the full-year target of 5 trillion yuan.

Wen said maintaining steady and relatively fast economic growth remains the foremost task at present, noting the good development momentum of the economy does not mean the difficult period has been over.

It must be noted that the foundation of economic recovery is still unstable, the negative influence from the international financial crisis is not waning, weak external demand still persists, some sectors and businesses still face difficulty in their operations and unemployment pressure could not be fundamentally eased in the near future, said Wen.

He also said overcapacity has become apparent and fiscal deficit has increased.

Wen stressed the need to adjust economic structure, further push forward coordinated development of urban and rural areas and balance development of various regions, boost scientific and technological innovation, deepen reform and opening up and stimulate domestic consumption.

China's GDP growth slowed to 9 percent in the third quarter of 2008, then slumped to 6.8 percent in the fourth quarter and further to 6.1 percent in the first quarter of 2009.

On July 1, the benchmark Shanghai Composite Index of Chinese stock market for the first time since June 11 last year climbed above 3,000 points, marking a 65-percent rise of the index during the first half.

Late in June, the National Bureau of Statistics said the slowdown in the world's third largest economy had bottomed out and it was expected to grow about 8 percent in the second quarter.

Wen urged solving issues in agriculture to guarantee the supply of grain and other major agricultural products, increasing farmer's income, and improving working and living standards in rural areas.

Urban infrastructure, including inter-city railways should be developed, and a healthy growth of the real estate industry should be promoted, said Wen.

More government investment and bank loans should go to middle and western China, as well as to the agriculture sector, rural areas and farmers, Wen said.

Measures should be taken to stimulate private investment, stabilize exports, and promote the coordinated development of the use of foreign investment and making investment overseas, Wen said.

Wen also called for solid efforts to improve people's well-being and boost employment, and provide jobs, particularly for college graduates and migrant workers.

(Xinhua News Agency July 11, 2009)

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