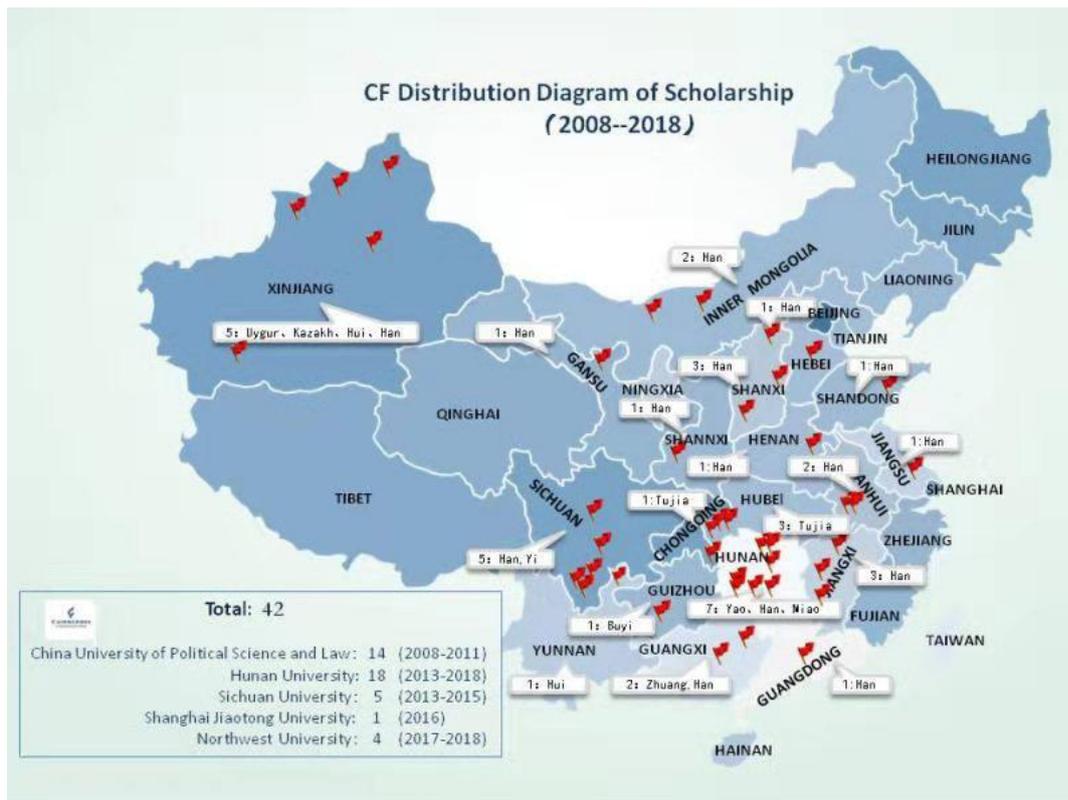


Annual Report 2018

Beijing Cairncross Economic Research Foundation's operation in 2018 was followed up with the government requirements for nonprofit organizations and carried out the research projects related to the economic policy development and reforms. The activities have been implemented according to the 2018 work plan:

Since 2008, in order to train students from China's ethnic minorities and underdeveloped areas, to promote local and social development and to achieve ethnic harmony, the Cairncross Foundation offers full scholarships earmarked for those from poor families and the minority and less developed areas of China to attend a one-month summer programme focused on Economics, Law and other social science subjects at University of Oxford. The ethnic minority students from the western and less developed regions of China with excellent academic performance and potential are given priority. From 2008 to 2018, the Cairncross Foundation Scholarships were granted to a total of 42 eligible undergraduate and graduate students through a competitive selection process. The Programme is well welcomed by the partnered universities and has achieved significant social benefits.



The Foundation has supported six students from Hunan University and Northwest University to attend the courses in Oriel Summer School of Oxford University through the Scholarship Program in 2018. These students are all from poor families with excellent academic performance. Their view has been broadened and their knowledge have been improved through four-week study in Oxford. As the extension of the "Cairncross Foundation

Scholarship programme”, the Cairncross Foundation Lectures are held in the partnered universities voluntarily delivered by the trustees, on a rotated basis in order for the students and scholars in the universities to better understand China’s reform and development policies. Mrs Feng Xiaoming, President of the Foundation has delivered the lecture titled “Sino-US Trade War and Chinese Economy Transformation” at Northwest University and Hunan University in May 2018. The lecture was well welcomed by the teachers and students which have enhanced the impact of the Programme.

The Foundation continued to sponsor the project: “A Study on China’s Industry Policies: Form, Implementation and Results”

The Foundation funded the Market and Network Economic Research Centre of Peking University to undertake a research project on “China’s Industrial Policies: Form, Implementation and Results”. The study analyses China’s industry policies over the past 30 years and assesses the industry policy development processes, implementation mechanisms and the outcomes and economic effectiveness of policies. It also reviewed the economic theory of industrial policy and international experiences to offer suggestions on how China’s industrial policy could be redesigned to achieve better economic results. The study was completed at the end of 2018. The research report is going to be published as a book. In addition, the project paper ‘Transformation of the Industrial Policy during the New Normal Era- The Enlightenment of the Evolution of Industrial Policy in the Post-Industrialization Period in Japan’ has been accepted for publication by the journal Modern Economic Research.

The Foundation continued to support the project: “Modelling the Predictive Macro-impacts of International Financial Conditions: The Case of China”.

“Modelling the Predictive Macro-impacts of International Financial Conditions” was a research project led by Professor Qin Duo, Department of Economics, SOAS, University of London and fully funded by the Foundation. This project provided the first systematic analysis of the predictive impacts of international financial conditions for the purpose of enhancing the macroeconomic forecasting capacity of China’s economic performance. Specifically, the project developed a practical procedure for constructing aggregate international financial conditions indices (IFCI), which are shown to have: (a) predictive macro-impacts on a number of key macroeconomic variables; and (b) comparable properties to aggregate indices widely used outside the academic circle, such as the consumer price index. After the model was constructed, the workshop on “Modelling the Predictive Macro-impacts of International Financial Conditions” was jointly held by Professor Qin’s team and the Research Bureau of People’s Bank of China (PBOC) in August 2018 in Beijing; the workshop was sponsored and funded by the Cairncross Foundation. In total, 25 invited participants attended the workshop who were from the headquarters and branches of PBOC and other financial institutions.

International Workshop on “Reform and Improvement of Bankruptcy Reorganisation System in China” was held at International Hotel, Beijing on 12 October 2018.

The People's Bank of China (PBOC) and the China Banking and Insurance Regulatory Commission (CBIRC) entrusted the Bankruptcy Law and Restructuring Research Centre (BLRRC) of the China University of Political Science and Law and Integrity Financial Consulting to organize a high-level and small scale international workshop based on the study results of the research projects on "reform and improve the regulation of bankruptcy and restructure". The Workshop was funded and co-organised by the Cairncross Foundation. The purpose of the workshop was to share international experience based on the actual context of China to recommend to policy makers measures to reform and improve the regulation of bankruptcy and restructure in China, and to promote effective implementation of the regulation of company bankruptcy and restructuring which can promote China's economic restructuring.

The Workshop was attended by senior officials from PBOC, CBIRC and the Finance and Economic Committee of the National People's Congress. Presentations were made by: senior PBOC and CBIRC officials; Li Shuguang (BLRRC) on China current system and practices; James Spayregen (Kirkland & Ellis LLP) on theories and practice of the DIP model in the reorganisation process in the US; Charles J. Tabb (University of Illinois) on the Cram Down Rule in the US Bankruptcy Code; Jose Garrido (Legal Department, IMF) on international experiences; Weimin Chen and William Hardie (Houlihan Lokey) on case studies of reorganisation; and Madame Xu Meizheng (Beijing Integrity Consulting Company; formerly a senior official of the State Commission for Restructuring the Economic System under the State Council) on issues in China's current system and recommendations for reform. The results and recommendations of the workshop were submitted to PBOC, CBIRC and other relevant government departments.

5. The publication:

The book titled "Reducing Policy Barriers to Competition in China: Lessons from International Experience" will be published by Citic in 2019.

6. To develop a pipe-line project

The pipeline research project "Competition Policy for China's Digital Economy: An International Perspective" was initiated and in preparation.

7. Fund Raising

Cifi group has donated one million RMB to the Foundation in 2018 through the efforts of trustees.

The Foundation has achieved the targets set up in the annual plan for 2018. All activities are implemented smoothly as scheduled. The Foundation has passed the annual audit and annual review in 2018. The Foundation will continue its efforts to achieve the targets in 2019.