

Meeting of the Council of the Socialist International

Mexico City, Mexico,

MA Hui, Representing
International Department, CPC Central Committee

Ladies, gentlemen and friends,

It is my honor to attend the Council Meeting of the Socialist International, and I thank the Socialist International and our Mexican hosts for the warm hospitality and excellent arrangements. I take this opportunity to share with you Chinese perspectives on the global economic situation and economic governance, and brief you on China's ongoing reform and development efforts.

Six years has passed since the outbreak of the global financial crises. The world economy has started growing, though gradually. IMF predicted in April it will expand by 3.6% this year. However, global financial crises left scars on the world economy and there is a long way to go to attain full recovery. Developed economies are in better shape, but deep-rooted problems such as rising fiscal deficit, government debts and high unemployment persist. Many emerging markets and developing countries have structural problems and are faced with increasing economic downward pressure, and are speeding up efforts to change their economic growth pattern. In short, in order to transform and expand their economies, and to increase competitiveness, countries around the globe are reforming and innovating.

In a dramatically changing world with complex challenges, it is imperative to strengthen global economic governance. I wish to share with you the following observations.

Firstly, the major economies should adopt responsible macroeconomic policies. Major countries should first and foremost make sure their own economies are in sound shape, free from major risks. They should also strengthen macroeconomic policy coordination. We should not only make good use of G20 as the major platform for global economic governance, but also heed the voices of the other economies.

When major international reserve currency issuing countries formulate their monetary and financial policies, they should take into account the possible impact on other economies, and avoid any possible negative spillover effect.

Secondly, it is important to maintain and improve an open, cooperative and win-win global economic and trade system. The international community should learn a lesson from the Great Depression in the 1930s and continue to promote diversity, openness, inclusiveness and mutual benefit, and uphold the post-World War II international political order and safeguard world peace. We should give fuller play of the role of the multilateral trading framework represented by World Trade Organization. In the meantime, we can explore more regional, sub-regional and bilateral free trade arrangements, be it Trans Pacific Partnership (TPP) or Regional Comprehensive Economic Partnership (RCEP), rejecting trade and investment protectionism.

Thirdly, we should promote the reform of international economic, financial and monetary systems. We believe that, the current international financial system is in general effective but flawed, which requires reform and improvement. Countries should aim for an early implementation of the plans for quota and governance reforms of International Monetary Fund (IMF). Make new share formula that reflects the weight of economic power strength of various countries in the world economy. We should conduct reform on the basket of currencies for Special Drawing Rights, strengthen the connections among international and regional financial cooperation mechanisms, and continue to strengthen international financial market supervision, so that the financial sector could base itself on and better serve the development of the real economy.

Since the international financial crises, China has contributed to approximately 20% of global economic growth. As the second largest economy and the most populous developing country in the world, China's economic growth prospect has a direct bearing on the future of global economy. In November 2012, the 18th National Congress of the ruling Communist Party of China put forward the objective that, by 2020, China will double its 2010 GDP and per capita income. One year later, the Third Plenary Session of the 18th CPC Central Committee adopted the Decision on Major Issues Concerning Comprehensively Deepening Reforms. The Decision mapped out China's latest round of reforms in such fields as economy, politics,

culture, society and ecology. These include over 330 specific reform measures in 15 major areas. These reforms, which will be phased in, will not only contribute to the healthy and stable development of China's economic growth, but also bring new opportunities to the global economy.

The overarching goal of deepening the reform comprehensively is to improve and develop socialism with Chinese characteristics, and to modernize the national governance systems and capacities. To this end, efforts will be made from, but not limited to the following aspects.

Firstly, we will further promote economic system reform by striking a balance between the role of the government and that of the market. We will let the market play the decisive role in allocating resources and let the government play its functions smarter. China will vigorously develop a mixed economy, encouraging and supporting non-public enterprises to enter the infrastructure and service sectors including petro chemistry, finance and railway etc. By unleashing the potential of different market players, China will promote the common development of multiple economic sectors. We will accelerate the transformation of government functions by streamlining administrative approval procedures, and turning over more responsibilities to the market and society where necessary. This year alone, the Chinese government will cancel or delegate to lower levels over 200 items that require administrative approval. The government itself should play a better job in maintaining the stability of the macro-economy, improving public services and safeguarding fair competition, etc.

Secondly, we will further promote opening-up to the outside world. By relaxing control over investment access, China will orderly open up the service sectors including finance, education, culture, healthcare etc. to foreign investment, and lift limits on access for foreign investment in childcare, care of the elderly, architectural design, accounting and auditing, trade and logistics, electronic commerce etc. We will speed up the construction of China (Shanghai) Pilot Free Trade Zone, and explore the application of pre-establishment national treatment and Negative List Management mode to facilitate foreign investment. China will further open up its inland and border areas. Apart from further opening-up itself, China will continue to encourage individuals and business to go global to seek win-win cooperation with other countries. This is evidenced by the fact that in 2013, China became the 3rd largest

global investor, with its outbound foreign direct investment totaling 90.1 billion USD.

Thirdly, we endeavor to put ecology and environment high on the development agenda. No doubt, China's fast economic growth is coupled with such challenges as tightening resource constraint, worsening environmental pollution and deteriorating ecological systems. One infamous example is the smog in a cluster of cities including Beijing. Bearing this in mind, we must better handle the relationship between economic development and environmental protection, and endeavor to develop in a green, circular and low-carbon way. We will conserve natural resources and fight prominent pollution issues like smog in big cities, offering clean and healthy living conditions for our people. Internationally, we are committed to working with other countries in fighting climate change, and promoting cooperation in clean energy and resource conservation, environmental protection, contributing to global ecological security.

China's economy grew by 7.7% in 2013 and 7.4% in the first quarter of this year. Compared with double-digit growth over the past three decades, the growth speed has moderated. Given that China is already the second largest economy of the world, it is natural to slow down a bit. The other reason we are shifting gear is that we choose to enhance the quality and efficiency of growth and make growth more inclusive, sustainable and people-centered. From January to May this year, China created 6 million new jobs, 60% of our annual goal. Inflation remains low. Per capita income continues to increase. From a long-term perspective, China continues to enjoy a solid foundation of sustained growth. The challenges such as the gap between the urban and rural areas, and between different regions also represent potential for development. We are confident that China will be able to meet its target of 7.5% growth rate this year, maintain that speed in the foreseeable future. This will be good news for the global economy.

In conclusion, we appreciate the SI view that global financial crises should be overcome in progressive, comprehensive ways through solidarity among different countries. We are ready to deepen our strategic dialogue with SI and its member parties, and work together for robust, sustained and balanced global economic growth, for world peace and cooperation.

