

**WORLD BANK GROUP**

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INTERNATIONAL FINANCE CORPORATION  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
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Statement by the Hon. **JIN RENQING**,  
Governor of the Bank for the **PEOPLE'S REPUBLIC OF CHINA**,  
at the Joint Annual Discussion

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I am pleased to come to this zealous and hospitable country for the World Bank/IMF Annual Meetings. At the outset, I would like to express my sincere appreciation for the UAE government and people for their thoughtful preparation and wonderful arrangement for the Meetings. It is my honor to join my colleagues from all over the world to discuss the issues regarding development and prosperity of the world.

The world economy has started to pick up slowly since 2002, after a period of economic adjustment. Although geopolitical uncertainty and SARS in certain regions have affected, to some extent, the process of the world economic recovery, the positive development from some emerging market economies and countries with a strong global influence has contributed to the gradual recovery of the world economy. It is encouraging to note that a number of developing countries have achieved good performance in economic growth by continuously implementing policy reforms and overcoming the difficulties posed by decelerating international capital inflows and unfavorable external environment.

Nevertheless, we should also be aware of fact that world economic development still lacks robust stimulus; the growth rate of US, Japan and Europe remains low at the same time. Furthermore, the instability of international financial markets has increased. World trade growth tends to be slower, with increasing trade protectionism. In the long-term perspective, the improved productivity resulted from technological innovation and structural problems deeply rooted in many countries have created excessive productivity capacity and over-supply situation. The ensuing rising unemployment rate and heightened deflationary pressure have added further difficulties to the world economic recovery and readjustment.

In the past year, the Chinese government continued to adopt proactive fiscal policy and appropriate monetary policy which have effectively stimulated domestic demand. Despite of the unfavorable external environment and abruptly-spreaded SARS, the Chinese economy has maintained high growth. In the first half of 2003, China's GDP grew by 8.2% compared to the same period of last year. The projected target of 7% annual growth will be achieved.

Looking at the business cycle, the Chinese economy has stepped on a new growth stage. The intrinsic vitality of the economy has been remarkably enhanced, and a number of new growth points are emerging in such areas as automobile, real estate, electronics and telecommunications. Meanwhile, private sector development has been booming continuously, and the spontaneous investment demand has been accelerated. On the other hand, China's opening to the outside world has entered a new phase marked by China's accession into WTO, broadening the room for further economic growth.

In order to achieve the overall objective of maintaining stable economic growth, The government will continue to stimulate domestic demand, ensure the continuity of macroeconomic policies, and push forward reforms to address the structural problems inherited in economic system. Emphasis will be given to rural development, corporate and financial restructuring, and government institutional improvement. The government will take all the possible measures to improve the quality and efficiency of economic performance, and to maintain the economic development and social stability.

We take note of the concern about the Renminbi exchange rate. The Chinese government has always held an serious and responsible attitude towards this issue. Since the eruption of the Asian financial crisis in 1997, the stability of Renminbi exchange rate has not only enhanced China's economic and financial stability, but also contributed to the financial and economic stability in the Asian region and the world. A country's foreign exchange regime should be determined by its economic development stage, its financial regulatory capacity, and the solvency of enterprises. The market-based, single, managed floating exchange regime as adopted by China complies with China's fundamentals. In tandem with deepening financial reform, the Chinese government will further improve the mechanism of RMB exchange rate, prudently liberalize capital account, gradually relax the constraints on using foreign currencies by firms and residents and closely monitor and adjust balance of payment. We believe that the stability of Renminbi exchange rate is conducive to stable economic and financial development not only in China but also in the region and the world..

In the era of globalization, the role of the World Bank and IMF in promoting sustainable economic development has been getting the attention of the whole world. We welcome the discussion on such important issues as implementing Monterrey Consensus, enhancing the voice and participation of developing and transition countries, opening up markets to developing countries, and promoting infrastructure development to accelerate poverty reduction. This is a good demonstration of the unique role that the Bank and IMF have played by listening to developing countries and paying due attention to their needs.

The mandate of the Bank is to promote economic growth, reduce poverty by transferring real resources and achieve equitable global economic development. To meet this goal, the Bank should stick to its mainstream business by providing investment loans to clients countries and scale up efforts to support infrastructure development. In this connection, we welcome the Bank's infrastructure action plan. We hope that the plan will be translated into real action as soon as possible. To ensure the success of infrastructure projects, due attention should be given to the balance of cost and benefit. The Bank should formulate practicable and feasible safeguard policies that are based on the reality of borrowing countries so as to effectively promote economic growth and poverty reduction.

The inadequacy of official development assistance (ODA) is a big hurdle in achieving MDGs. The shortage of fund has created negative impact on the continuity of policy reform and sustainability of economic growth in developing countries. It is our

view that the volume of development aid, the sequence and formality of aid flows should be in line with the specific circumstances of the recipient countries concerned, such as development stage, poverty incidence and structural adjustment agenda which vary from country to country. Developed countries should further increase development assistance to achieve 0.7% UN target, which is critical to achieving MDGs. We have noted that some countries have made constructive proposals with regard to the implementation of Monterrey Consensus. We hope that the High-Level Dialogue on Financing for Development during the UN conference this year will come up with more detailed and comprehensive initiatives to enhance accountability of all parties involved in implementing the Monterrey consensus. Such initiatives should be progressive, selective, practicable and measurable. It is our hope that the active participation of the World Bank and IMF will lend an impetus to international community in implementing the Monterrey Consensus.

We welcome the role that the Bank and IMF have played in promoting Doha development round and advocating for a fair and open multilateral trade system that addresses the needs of developing countries. We attach great importance to the complementarity of increasing market access and providing additional development assistance. The reduction of trade barriers by developed countries, especially in the area of agriculture subsidies, holds the key for the success of Doha development round. This would also be a concrete demonstration for the developed countries to fulfill the commitment they made in Monterrey. We regret that the Cancun trade ministers' meeting failed to reach an agreement. We hope that all parties will make concerted efforts to promote the Doha development round. Developed countries, in particular, should take due responsibility to abandon trade protectionism, lower barriers and further open up their markets so as to create a favorable external environment for developing countries. We hope that the new round of WTO negotiation would contribute to global development and poverty reduction.