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WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

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Statement by His Excellency Premier **LI PENG**,
of the State Council of the **PEOPLE'S REPUBLIC OF CHINA**,
at the Annual Meetings of the Boards of Governors
of the World Bank Group and the International Monetary Fund

Address by the Premier of the State Council
of the People's Republic of China

LI PENG

Today, the 1997 Annual Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund open solemnly in the Hong Kong Special Administrative Region of the People's Republic of China. On behalf of the Chinese Government and people, I would like to extend our warm congratulations on the convocation of the Annual Meetings and our sincere welcome to all the delegates and honored guests. I am convinced that with the concerted efforts by all of you, these meetings will yield rich results.

The Annual Meetings are the largest international conference held in Hong Kong after its return to the motherland and the first such meetings ever held in China. They are therefore of great significance for promoting mutual understanding, exchanges, and cooperation among various parties.

As a Chinese saying goes, saying it once is better than hearing about it a hundred times. Now you are in Hong Kong, you can see with your own eyes that the Chinese government's basic policies of "one country, two systems," "Hong Kong people administering Hong Kong," and "a high degree of autonomy," have been carried out in earnest, and the Special Administration Region (SAR) government headed by Mr. Tung Chee-hwa is operating normally and effectively in accordance with the "Basic Law." We are confident that the SAR government and the Hong Kong people will do a good job in running and building Hong Kong. It can be predicted that Hong Kong's future will be more splendid. Hong Kong, in its continued capacity as a free port and an international financial, trade, and shipping center, will play an even more active role in strengthening the economic cooperation between China's mainland and other countries in the world.

The just-concluded Fifteenth National Congress of the Chinese Communist Party is an extremely important meeting held at the turn of the century. It is a meeting of building on the past and preparing for the future. The main message I bring to you today is that the Congress has identified the Deng Xiaoping Theory as our guiding ideology, after drawing upon the experience of past two decades' reform, opening-up and, socialist modernization drive; that, in control of the situation our central collective leadership with President Jiang Zemin at the core is strong and enjoys the support of the whole party and the entire population; that China's political situation is stable; that the reform and opening-up policies will not only remain unchanged but also continue to develop; and the cause pioneered by Deng Xiaoping will not only go on, but make even greater progress.

The period from now to the end of the first decade of the next century, during which we must properly fulfill two tasks, is crucial for China's modernization. One is to establish a

rather complete structure of socialist market economy and the other is to maintain a sustained, rapid, and sound development of our national economy. It is expected that in the last few years of this century, the Chinese economy will maintain a growth rate of over 8 percent, while inflation will be kept under 5 percent. In the first 10 years of the next century, the Chinese economy will continue to grow at around 7 percent. So with effort for another 3 to 4 decades, that is, by the middle of the next century, China will achieve all-round modernization and become a prosperous, democratic, and culturally advanced socialist country. We must actively promote a fundamental shift in both the economic structure and the mode of economic growth, continue to deepen reform, and effect breakthroughs in the reform and transformation of state-owned enterprises and the diversification of the forms of public ownership. According to the latest statistics, since reform and opening-up, Sino-foreign joint ventures, which represent a form of mixed economy, have made marked progress, as they now take up 20 percent of China's total GDP, including 7 percent from the public economic elements of these joint ventures. Generally speaking, the mixed economic sector enjoys advance technologies, scientific management, and high economic returns. In the course of the development of the mixed economy, the public sector has also made progress. We will implement the policy of national rejuvenation through science and education and the strategy of sustainable development and achieve coordinated socioeconomic development and overall social progress. These goals are magnificent and, given hard work, entirely achievable. This is because we have already found a right road of development suited to China's national conditions, secured a stable social and political situation, acquired quite a solid material and technological base, and possessed a large market and rich resources, and, finally, we have 1.2 billion industrious and talented people.

Unswervingly carrying out its policy of opening-up, China will work energetically to embrace the world by continuing to improve its all-directional, multi-layered, and extensive opening pattern. The economic development of China is closely linked with that of the world. A prosperous Chinese economy needs a substantial absorption of advanced technologies, capital, and management expertise from abroad. To meet the needs under the new situation or reform, opening-up, and economic development, the Chinese government has decided to further lower its access of new and high-tech equipment and practical advanced technologies to China. China's vast market and enormous growth potential will undoubtedly provide even more opportunities for its cooperation partners and instill vigor into global and regional economic development.

Mankind is about to enter the twenty-first century. Reviewing the past century, we see stupendous and far-reaching changes on the world scene. Having freed themselves from imperialist and colonialist domination and won national liberation and independence after centuries of foreign oppression and enslavement, developing countries find themselves now on the world stage with a completely new image and growing ranks. Thanks to their unremitting efforts of several decades, the overall strength of developing countries has increased remarkably, their international status has risen, and the prospects of their economic growth look promising. The rise of developing countries is a far-reaching event in the present-day

world. It has smashed the monopoly of world affairs by a few countries and lent a powerful impetus to the movement toward a multipolar world.

We must not forget that 1.3 billion people in the developing world are still struggling in poverty. Economic disparities among countries are staggering as the gap between the rich and the poor continues to widen and the unjust and inequitable international economic order still puts the interests of the developing countries in harm's way. If these problems remain unresolved, the developing countries cannot become developed, neither can the existing developed countries sustain their growth. The world economy is an interrelated whole. As much as the developing countries need the developed countries, the developed countries cannot stand without the developing countries. To sustain their prosperity, the developed countries must have markets for their goods, outlets for their capital, and suppliers of raw materials they need, on all of which they must look to the developing countries for answers. If the developing countries enjoy economic development and social stability, this will increase the capacity of the world market, create more commercial and job opportunities for all countries, and generate tremendous benefits. Conversely, if their economy is sluggish and society turbulent, there will be no peace and tranquillity in the world. The prosperity and affluence of a small number of countries cannot last long on a foundation of poverty and backwardness of the majority countries. When we approach this issue, we must have in mind cross-century development and all of mankind.

Creating favorable conditions and helping developing countries achieve sustainable development is a shared responsibility of the international community and also an important task of international financial institutions. In this connection, I would like to set forth six propositions of principle as follows:

First, full attention should be given to the urgent development needs of the developing countries. Since the end of the Cold War, some people no longer regard development as a crucial issue. This view fails to consider the whole picture. In fact, the question of development bears on the future destiny of the world, which calls for proper attention. If the international community wants to concentrate on developing the economy in a peaceful and tranquil environment, then it cannot afford to ignore the reasonable demands of the developing countries and must attend to their concerns over finance, debt, trade environment, and poverty issues. The international community, developed countries in particular, should take a long-term view and adopt effective measures to meet their pledges of providing monetary and technical assistance to the developing countries so as to make appropriate contribution to their development.

Second, extensive cooperation should be conducted on the basis of quality and mutual benefit. There are about 200 countries in the world, and all of them, big or small, rich or poor, strong or weak, are equal members of the international community. Trade discrimination and exchanges of unequal values in economic relations should be opposed. Such practices as bullying the weaker or less fortunate by dint of one's power or wealth should not go

unchecked, still less should countries be allowed to impose sanctions against others, or threaten to do so, at every turn. The developing countries are equally entitled to participate in the decisions and rules affecting the international economy.

Third, the right of every country to independently choose its social system, mode of development, and lifestyle should be respected. Countries differ from one another in historical background, social system, level of development, cultural tradition, and value system. Such diversity is a fact of life we must face squarely. Indeed, we can very well regard these differences as something favorable for greater cooperation and exchanges if we can pursue common ground while reserving differences and refrain from interfering in each other's internal affairs. In no circumstances should any country be allowed to impose its social system and ideology on others. Assistance has always been mutual. And economic assistance must not be attached to any political conditions.

Fourth, countries should learn from each other and complement each other with their advantages. Both the developed and the developing countries have their own strengths and advantages. The developed countries are advanced in science and technology and strong in financial capital, while the developing countries are rich in natural and human resources and large in market potential. The economic interdependence between the two groups is increasing steadily. Faced with such increasingly serious global issues as environment, poverty, debt, and refugees, the two sides will find it hard to cope with the challenges unless they can learn from and complement each other and work together to bring about common prosperity.

Fifth, it is essential to choose a development road suited to one's own national conditions. True, developing countries need a favorable external environment in order to eliminate poverty and achieve economic take-off. Yet in the final analysis, they must depend on their own efforts. Proceeding from their actual situation at home and in light of their needs and possibilities, the developing countries should work out effective domestic policies and actively conduct economic restructuring in response to shifting economic and technological trends in the world. At the same time, South-South cooperation in every field should be strengthened and North-South relations improved and further promoted.

Sixth, international cooperation in the financial field should be reinforced. Free flow of capital across national boundaries is a strong feature of the development of the world economy. It can facilitate absorption of capital by various countries but may also carry financial risks. Being prone to such risks, developing countries may also become easy targets for international financial speculation. Financial crises will do no country any good. The international community, international financial institutions included, should play a positive role in maintaining international financial stability.

The World Bank and the IMF, established half a century ago, have played a constructive role in promotion world economic growth, economic exchanges among countries, and economic and social progress of the developing countries. This we must affirm. At present, with the rapid advancement of science and technology and unprecedented

expansion of economic cooperation, the world is moving toward multipolarity at an accelerated pace. The World Bank Group and the IMF, as the most influential multilateral financial institutions, will preserve their vigor and hold out a bring future only when they can undergo timely readjustments and reform in keeping with the new and shifting world situation and give expression to the reasonable demands of the developing countries.

Out world needs peace, countries want stability, the economy must develop, and society must make progress. This has become the trend of the times. Let us work together and make our due contribution to the lofty cause of world peace and development. In conclusion, I wish the Annual Meetings complete success.