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WORLD BANK GROUP

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INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **DAI XIANGLONG**,
Governor of the Fund for the **PEOPLE'S REPUBLIC OF CHINA**,
at the Joint Annual Discussion

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Distinguished Chairman, Ladies and Gentlemen

With the slowdown in the world economic recovery and increased uncertainty, a number of risks demand our vigilance and attention today. We hope the international community will help in creating a favorable environment for world peace and development, working together to promote a global recovery.

We believe, in the process of globalization, attention should focus on protecting the interests of developing countries, especially those of the least developed countries, to prevent them from being marginalized. Should the rich become richer and the poor poorer as a result of globalization, the resulting unfairness must be addressed since such an imbalance is not at all in the interests of development for all the people in the world.

In the context of global economic and financial integration, we call for establishing a fair and rational new world economic order and international trade system, reforming and improving the present international monetary system; in particular, the developed countries should strengthen their policy coordination and maintain stable exchange rates. Developed countries should also vigorously carry out the initiatives of the Monterrey Consensus through further opening their markets to the developing countries and providing sustained and sufficient financial and technical assistance to help them improve their capacity for self-development and reducing poverty. We appreciate the commitments made by the EU in this regard and urge other major developed countries to assume their share of responsibility. International institutions, including the Fund and the Bank, should build on their current efforts, increase their financial and technical assistance to developing countries and help those members to sustain their debt levels.

We appreciate the Fund's enormous efforts in recent years to maintain the stability of the international financial system. We believe the establishment of a fair and orderly sovereign debt restructuring mechanism is an important supplement to the existing international financial architecture. In this regard, we welcome the recent debate in the Fund and support its initiative to explore further both the statutory and contractual approaches and feasibility of sovereign debt restructuring, taking account of the opinions of the developing countries in the process.

To achieve the Millennium Development Goals, we should continue to enhance ownership and stress development as a priority. Whether or not a country enjoys ownership in designing its development strategy tailored to its own specific situation has a bearing on the ultimate outcome of that country's development. The measure of

whether or not a development program is effective is if it improves people's living standards. The final judges are the people in the developing countries. In monitoring and measuring the implementation and results of a development program, the recipient country should play the predominant role, setting the relevant evaluation criteria with input from all stakeholders. The institutions providing assistance can help the recipient country enhance its capacity to monitor the program as well as assess and set the evaluation criteria.

The Chinese government firmly opposes all forms of terrorism, and supports and implements the resolutions of the U.N. Security Council on combating the financing of terrorism (CFT). The Chinese government is actively participating in the international cooperative effort to combat terrorism. China has set up special units in charge of anti-money laundering (AML) and combating terrorism, and has drafted relevant laws and regulations. We have always believed that AML/CFT efforts should be carried out by governments under the leadership of the United Nations and that the Fund and the Bank should confine their operations in this regard to their mandates in accordance with their Articles of Agreement.

Mr. Chairman, over the past two years, the Chinese government has adopted accommodative policies to stimulate domestic demand—a proactive fiscal policy and sound monetary policy—and has achieved a fairly rapid economic growth, a stable RMB exchange rate, and a substantial increase in foreign exchange reserves. By August this year, foreign direct investment had increased by US\$34.4 billion, an increase of 25.5 percent compared with the same period last year; total imports had reached US\$183 billion, an increase of 14.5 percent. These figures show that China's accession to the WTO has not only contributed to strong growth in China but will also bring about new opportunities for growth in other countries in the region and the world as well.

The authorities of Hong Kong Special Administrative Region and Macao Special Administrative Region have taken firm steps to maintain social stability and promote economic development since China resumed its exercise of sovereignty. They both now enjoy a more dynamic economy and we are fully confident about their future development. Experience has shown that the principle of "One Country, Two Systems" has been a success.

Thank you, Mr. Chairman.