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Statement by the Hon. **ZHOU XIAOCHUAN**,  
Governor of the Fund for the **PEOPLE'S REPUBLIC OF CHINA**

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Governor of the Fund for the People's Republic of China**

Mr. Chairman, Governors, Ladies and Gentlemen:

The financial crisis which erupted two years ago has spread from developed countries to emerging markets, and from the financial sector to the real sector. In response, the international community has been making unprecedentedly concerted efforts to restore market confidence and contain spillovers of the crisis, while strengthening macroeconomic policy coordination and deepening financial supervision cooperation. These efforts have seen preliminary effects.

However, global recovery so far remains sluggish, with paces varying across regions and uncertainties still arising. Recovery in developed countries is yet to be solidly based, highlighting the need for continuous progress in financial reform and restructuring to rebuild a sound financial system. In addition, relevant countries need to formulate and implement credible fiscal consolidation strategy, taking the necessary steps to mitigate threats of sovereign debt risk to financial stability. Recovery in emerging markets is relatively strong, thanks to the basically sound macroeconomic policy frameworks. But severe challenges remain, including rising inflationary pressures, reduced external demand, and increased volatility of capital flows. Economic stability requires continuing structural reforms. The development of low-income countries remains an urgent task, requiring continuous support by the international community—particularly developed countries—and fulfillment of aid commitments.

Since 2010, China continued to implement the policy package responding to the impacts of the global financial crisis, making targeted efforts to strengthen and improve macroeconomic management, facilitating transformation of the growth pattern and structural adjustments. The economy is developing in the direction desired by the macroeconomic management, maintaining relatively rapid growth and stable prices. Structural adjustments have reaped early harvest, resulting in a more balanced external position. Financial markets remain sound and robust, and the value of the RMB stays largely stable, with some modest rise. Supported by the steady growth of the Mainland, Hong Kong and Macao maintained strong momentum of recovery, with a pickup of external trade and steady decline of unemployment. China's proactive anti-crisis efforts contributed greatly to containing further spread of the destructive effects of the crisis, contributing to global recovery and structural adjustments.

Looking forward, a strong, balanced, and sustainable growth will be the common goal worldwide. China stands ready to cooperate with other countries on the basis of

equality and mutual benefit. We support the joint efforts to improve resource allocation for industries worldwide. We call for a more balanced trade and new financial architecture for security and stability. We urge to develop an inclusive growth approach to a more harmonized global economy that would benefit us all.

Mr. Chairman, Governors,

To establish an equal, inclusive, and orderly international financial architecture, the international community has placed great importance on reforming the International Monetary Fund and the World Bank, aimed at a thorough improvement of their governance structure with a significant increase of developing countries' representation and voices, and tangible progress in upgrading their ability to fulfill their mandates. The IMF's quota reform has now entered into a critical stage. This reform will significantly enhance the IMF's legitimacy and representativeness, which will ultimately benefit all the member countries. We call for understanding, support, and contribution to this reform. We call on all parties, in the spirit of cooperation, to seek a win-win solution through compromise, to complete the 14<sup>th</sup> General Review of Quotas before the G20 Seoul Summit, and to fulfill the Pittsburgh Summit's commitment of the shift of quotas and the protection of the poorest countries' voices. Only with the completion of the quota reform would broader governance reform be based on a solid foundation, and the overall legitimacy, accountability, and effectiveness of the IMF be credibly secured.

We hope that the IMF and the World Bank could sum up the experiences and lessons of this global crisis, be modernized with creative thinking and innovation, and rebuild the global economic and financial architecture accommodating new developments and features. The IMF shall adjust its focus of surveillance, paying more attention to the macroeconomic policies of major reserve currency-issuing economies, the financial sector, and the cross-border capital flows. Moreover, it shall refine the international monetary system, keeping the exchange rates of the major reserve currencies relatively stable, while diversifying and rationalizing the system. In addition, it should replenish its available resources based on quota increases, and sharpen the edge of its lending instruments to fully meet member countries' needs to weather the impacts of the crisis, especially the spillover effects.

As a result of joint efforts of all parties, the spring meeting of the Development Committee struck an important step toward greater voice and representation of developing countries. It enables the World Bank to perform its functions of poverty reduction and development more effectively. The member countries of the World Bank shall continue the cooperation and make joint efforts to achieve the ultimate goal of equitable voting power between developed countries and DTCs over time.

The spring meeting also approved the reform package on strategic direction, general capital increase, and internal governance of the World Bank Group, laying a solid foundation, as well as securing the needed finance, for the Bank's reinforcement of its poverty reduction and development mandates in the post-crisis period. As the world's most important development and aid institution, the World Bank should continue to contribute to thought and research on development, intensify financial support to developing countries, and enhance efforts toward global poverty reduction. The key objective is to assist developing countries in building a strong institutional capacity of development and achieve the Millennium Development Goals.

Thank you.