

China Development Forum 2024

The Continuous Development of China

Symposium on Momentum and Prospects of China's Continuous Development (First Half)

Hosted by the Development Research Centre of the State Council (DRC) and organized by the China Development Research Foundation (CDRF), the China Development Forum (CDF) 2024 was held at Diaoyutai State Guesthouse in Beijing from 24th to 25th March. On the morning of March 24, the Symposium on Momentum and Prospects of China's Continuous Development was chaired by Zhang Laiming, vice president of the DRC. There were four speakers in the first half, including Zheng Shanjie, chairman of the National Development and Reform Commission (NDRC) of China, Ajay Banga, president of the World Bank Group (WBG), Kristalina Georgieva, managing director of the International Monetary Fund (IMF), and Masatsugu Asakawa, president of the Asian Development Bank (ADB).

Zheng Shanjie delivered a speech titled "Actively Cultivate and Develop New Quality Productive Forces to Promote the High-quality Economic Development." He said that China's economy generally

sustained the momentum of recovery despite pressure and difficulties, with new outcomes in economic recovery, new advances in economic structural adjustment, and new breakthroughs in economic driving forces cultivation. Since the beginning of this year, major economic indicators and leading indicators have shown that the Chinese economy has had a strong start with the sustained and effective implementation of macroeconomic policies. China has the confidence, capabilities, conditions, and assurance to attain the main targets for economic development of the year.

He said that cultivating and developing new quality productive forces to promote high-quality economic development will provide domestic and foreign investors with limitless market opportunities and exceptionally broad prospects for development. The current global economic growth has not yet rebounded to pre-COVID level and there is an urgent need to enhance the driving forces for development. As a major driving force for global economic growth, China is actively cultivating and developing new quality productive forces. It will not only serve the development of China but also inject stronger impetus into the global economic recovery. According to Zheng, China has good conditions for actively cultivating and developing new quality productive forces. For example, the vision of innovative development is gaining increasing public support and the innovative spirit is continuously growing throughout society; demographic dividends are rapidly shifting towards talent dividends, with the pool of innovative talents and foundational

strengths continually growing; investment in science and technology continues to rise, yielding a wealth of innovative achievements; and the market demand for high-quality products and services is increasing, driving the need for supply-side innovation.

Zheng introduced that the NDRC will focus on developing new quality productive forces from three main aspects this year. The first is to guide industrial innovation by making innovations in science and technology. Efforts will be made to accelerate the building of innovation capabilities, the transformation and upgrading of traditional industries, the cultivation and growth of emerging industries, and the planning for future industries. The second is to advance institutional innovation. Efforts will be made to further strengthen basic market system, optimize business environment, and promote green and low-carbon transition. The third is to expand high-level opening up. Efforts will be made to enhance international scientific and technological cooperation, personnel exchanges and cooperation, and investment and trade cooperation.

Ajay Banga expressed that Global development is facing profound and rapid changes. Poverty, geopolitical conflicts, and climate crisis have jointly exacerbated inequalities in global development. In recent years, the economic growth of developing countries has regressed. Over the next decade, approximately 1.1 billion young people from countries in the Global South are expected to enter the workforce. However, it is estimated that only 325 million jobs will be created in the same period, presenting a severe challenge. China's achievements in reform and

opening up and poverty alleviation demonstrate that creating employment opportunities is the most reliable path to eradicating poverty and achieving prosperity. China's experiences and practices can provide inspirations for countries of the Global South in solving their development problems. The cooperation between China and the World Bank began at the onset of China's reform and opening up. After more than four decades of development, China has transformed from a country that borrowed from the World Bank and drew from its open knowledge repository to one of the largest donor countries to it. China actively contributes content to its open knowledge repository and the experiences and practices of China have been successfully applied in other developing countries.

He said that the World Bank has facilitated employment for 100 million individuals, delivered healthcare services to more than a billion people, supported the education of almost 500 million children, and achieved an annual reduction of carbon emissions exceeding 230 million tons over the past five years. Looking to the future, the World Bank has introduced a new vision and launched the Private Sector Investment Lab to actively attract private sector investments, aiming to address problems in the investment in emerging market and foster better development. The World Bank will launch a new guarantee platform this summer and triple its annual guarantees to \$20 billion by 2030. Meanwhile, the World Bank is striving to find new tools and methods to manage foreign exchange risks and facilitate meaningful large-scale investments. In addition, the

World Bank is actively working to transform its data into shareable global public goods, as a step to inspire investor confidence. The World Bank will actively promote more private sector capital into developing economies to drive impact and create jobs. Only through collaborative efforts between the private sector and government can a more equitable world be built and success be achieved in development.

Kristalina Georgieva holds that for the world, the year ahead will require careful calibration of monetary and fiscal policies to secure a soft landing, bringing inflation down while maintaining growth firmly in positive territory. The global economy has proven to be remarkably resilient to the shocks of the last years. This resilience is mostly due to strong macroeconomic fundamentals in most of the advanced and emerging market economies and robust consumer and government spending. It is expected that the global economic growth rate will remain above 3% this year and next, and the inflation rate will continue to fall. Looking to the medium term, it is expected that global growth will be around 3 percent. Low productivity growth and high debt levels are posing challenges to all, but especially to emerging and developing economies. And geopolitical tensions affect trade and capital flows. Meanwhile, the digital and green transformations present opportunities to boost productivity growth and improve living standards.

Speaking of the Chinese economy, she said that we saw a strong post-Covid rebound in 2023, with growth exceeding five percent. In the medium-term, China will continue to be a key contributor to global

economic growth. While low productivity growth and an aging population are factors affecting growth, there are also tremendous opportunities. According to the analysis of the IMF, with a comprehensive package of pro-market reforms, China could grow considerably faster than a status quo scenario. The ingredient of such a package of reforms include, for example, sound macroeconomic fundamentals, transitioning the property sector to a more sustainable footing, reducing local government debt risks, strengthening the pension system in a fiscally responsible way, ensuring a level playing field between private and state-owned enterprises, investments in human capital, and quality health care.

She emphasized that the IMF has identified four areas that are critical for countries' AI preparedness, namely digital infrastructure, human capital and labor markets, innovation, and regulation and ethics. China is at the forefront of emerging economies in terms of AI preparedness. Establishing a robust AI regulatory framework and strengthening economic ties with other innovative countries will help China power ahead. The IMF is committed to being a partner of China, aiming to rejuvenate the spirit and confidence in international cooperation and build a more prosperous future.

Masatsugu Asakawa said that the ADB and China are long-term development partners. The solid economic growth of China is a major contributor to growth in the Asia-Pacific region, accounting for more than half of the growth. In 2023, China's economy grew by 5.2% year-on-year,

which is in line with the expectations of the ADB. Looking ahead, it is believed that China will have a very stable growth trajectory within the range announced by the government in 2024. As the second-largest economy in the world, China has made such great progress and fostered new ambitions to promote high-quality economic development, which aligns closely with the vision of the ADB for achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

He believed that three key areas are crucial for China to achieve high-quality development. The first is to build resilience. With the deepening of climate crisis, China and the rest of the world are facing risks for achieving sustainable development. The ADB is closely collaborating with China to devise strategies to mitigate the risks posed by climate change, while also sharing and replicating experiences across the region. The second is to mobilize domestic resources. Macroeconomic policy dialogue and coordination can be helpful, for example, domestic resource mobilization and international tax cooperation could be improved by member countries through the Asia-Pacific Tax Hub (APTH) initiated at the 2021 ADB Annual Meeting. By exchanging views and experiences, member countries can improve their strategies against base erosion and profit shifting, effectively safeguarding the tax base and enhancing overall tax revenue. The third is the aging of population and gender equality. From 1998 to 2022, the proportion of the people aged 65 and above in China rose from 7% to 14%. Research by the ADB indicates that residents are preparing for

retirement, with consumer demand declining during the same period. Therefore, the aging of population requires fiscal policy support for healthcare and retirement expenses, while also increasing public pension levels to boost consumer demand. In addition, women's participation is crucial as it can offset the shrinkage of the labor force due to an aging population, but this also requires fiscal policy incentives. Finally, digital tools can empower the aging population, making their lives more convenient while increasing productivity. These are important components of high-quality development.

(China Development Press Authors: Zhao Haijuan, Du Yueying, Du Qianqian, Li Zhuo; Reviewer: Yang Liangmin)

--Background Information--

Under the mandate 'Engaging with the world for common prosperity', China Development Forum (CDF) serves as an important platform for Chinese government to carry out candid exchanges and discussions with leaders of global businesses and international organizations as well as foreign and Chinese scholars. Initiated in 2000, CDF has made remarkable contributions for the policy exchange and international collaborations between China and the world.

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