

China Development Forum 2024 The Continuous Development of China

Symposium on Global Economic Growth Outlook (Dialogue II)

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 afternoon of March 25, the Symposium on Global Economic Growth Outlook was chaired by Yu Bin, vice president of the DRC. The guests participating in the “Dialogue II” were Zhu Min, Vice Chairman of China Center for International Economic Exchanges (CCIEE), and Mark Carney, Chair of Bloomberg.

Regarding the global economic outlook, Mark Carney noted that while there are many uncertainties, the global economy still shows considerable resilience. Some countries, like Germany, have undergone economic restructuring, and the economic performance of the US, Spain, Italy, France, Greece, and so on, has also been better than expected. Emerging economies faced the pressures of high inflation, high interest rates, and low growth earlier than the US, so they have the potential to emerge from these challenges sooner. In addition, the development of emerging industries has injected confidence and momentum into global

economic growth.

Currently, global inflation has not been eliminated, and the “dividends” of deflation no longer exist. Mark Carney believed that most inflation is driven by domestic factors and central banks around the world are working to manage the risks arising from a swift decrease in inflation through risk management measures. Moreover, changes in the global supply chain and restrictive policies have introduced uncertainties to economic growth.

Zhu Min said that with the current shifts in the global economic structure, inflation appears to be persistent. Although inflation is not as severe as before, it remains challenging to return to the 2% level due to rising labor costs. The current high levels of inflation and interest rates have become the new norm for financial markets. Despite ample liquidity, credit risks are increasing, including risks related to commercial real estate debt, credit card debt, and others, creating a new financial environment. The potential stresses in the financial markets are ultimately tied to fluctuations in interest rates and the movement of capital flows, which are influenced not just by market dynamics but also by apprehensions about geopolitical influences.

Mark Carney had served as the governor of the Bank of England for 13 years. He has done extensive work on accounting disclosure standards and paid close attention to sustainable development. Zhu Min expressed his hope for Mark Carney to explain the impact of Japan’s recent changes in monetary policy on the global financial markets. Mark Carney said that Japan has abandoned its previous negative interest rate policy in favor of controlling long-term government bond yields. Since this public policy has been anticipated by the market, other countries can be fully prepared.

Moreover, looking at the macroeconomic environment, the risks appearing in the financial markets are part of their process of learning and adaptation.

The world is accelerating its green transformation and Mark Carney acknowledged China's achievements in this area. He suggested that China could play a more significant role in the process.

Zhu Min introduced that China has always been committed to green transformation actions. On one hand, the actions of China are based on its international responsibility as a major global carbon emitter; on the other hand, China is rapidly progressing from the unsustainable economic growth model in the past towards sustainable development. When Mark Carney mentioned the problem of excess green capacity, Zhu Min emphasized that excess is a stage experienced in the growth of any industry, yet there is no excess of green capacity in the long term. A global green transformation requires the participation of both domestic and international markets and greater global cooperation. Facing the global commitment to green transformation, China's manufacturing industry needs to consider how to meet global demand and engage in international cooperation, particularly in industries like solar energy. Meanwhile, China should further enhance its carbon emission trading system (ETS) and align it with global ETS standards to ensure coordination.

Speaking of the global economic situation, science and technology are factors that cannot be ignored. Zhu Min said that China has seen swift advancement in the field of AI, particularly in recent years, with the Chinese government implementing a range of policies related to data ownership and assets. These measures have facilitated the rapid growth of

the data industry. Technological revolution like AI is a significant change faced by the entire world. It will have implications for employment, supply chains, interest rate levels, and more. In the future, there will be a need for better global cooperation in areas such as cross-border data flows and others.

Mark Carney also mentioned that in the face of disruptive technological changes and the transformations brought about by green transitions, we should enhance cooperation to benefit from the dividends of these changes. He also mentioned that it is crucial for companies to effectively utilize existing technologies to enhance efficiency. In addition, the application of technologies like AI requires consideration of the demand of companies for computing power and data centers, as well as the consequent need for green electricity. It is also important to address issues related to data asset financing, data privacy, and cross-border data flow.

(China Development Press Authors: 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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