

PEOPLE'S REPUBLIC OF CHINA*
XIANG HUAICHENG, Governor

We are very pleased to come to this beautiful city of Hawaii for the 34th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). On behalf of the Chinese Government Delegation, I would like to express my sincere appreciation to ADB staff and management for all they have done for the meeting. Our thanks should also go to our hosts, the government of the United States (US) and especially the state government and people of Hawaii, for their generous hospitality. I wish the meeting a full success.

In 2000, the world economy grew at a rate of 4.8 percent, hitting the record high for the past 13 years. Building on the broadly based recovery of 1999, the Asian economy continued to maintain a sound development momentum in 2000. The economy grew from 6.3 percent in 1999 to 7.3 percent in 2000. To sustain a stable and rapid growth in Asia, it is necessary for countries concerned to maintain social stability, and proceed further with their financial and corporate restructuring, and to be innovative in exploring their own development path tailored to country-specific needs. With the increasing economic globalization, it is important for Asian countries to have a stable external environment if their efforts are to be meaningful. Asian growth is sensitive to various external factors such as global economy, especially economic development of Japan and US, fluctuation of world oil prices, and application of information technology. Therefore, we call on the developed countries to vigorously adopt appropriate fiscal and monetary policies to stabilize their domestic economy, open the markets to developing countries, increase official development assistance, and promote technology transfer so as to create a more favorable external environment for the developing countries.

In view of the adverse impact of the Asian financial crisis, the Government of the People's Republic of China (PRC), while maintaining a stable exchange rate for the yuan, sized up the general situation and came up resolutely with a series of macroeconomic measures highlighted by proactive fiscal policy. These measures effectively restrained the deflationary trend and brought about a significant turnaround in the national economy. The economy has embarked on a road of benign development propelled by both investment and consumption. Driven by investment, consumption and export, the PRC economy grew at 8 percent in 2000.

Despite the major achievements in economic development and significant progress in poverty reduction, the PRC, a low-income developing country with a large population, still has a lot to do to help its poor. The key to reduce poverty is to accelerate economic growth that is built upon economic efficiency. It is predicted that the PRC's economy will enjoy an annual growth rate of 7 percent from 2001 to 2005. As an open economy, the PRC's future growth will be exposed to the external economic environment. We are closely following the changes and development of the international economic situation, and stand ready in adopting relevant measures if necessary. We will continue to adopt appropriate macroeconomic policy, and to boost domestic demand for sustainable development. In the near term, we will continue to carry out a proactive fiscal

policy together with a prudent monetary policy and increase capital investment through various channels. With market stimulus, we hope to see an impetus to the economic growth.

The PRC's increasing integration into the global economy will, in the short term, subject its economy and businesses to major challenges, yet at the same time bring more opportunities and room for development as well. The PRC will actively seize the opportunities while meeting the challenges.

The PRC will continue to work hard to improve its socialist market economy. We will take further steps to restructure state-owned enterprises and accelerate the establishment of a modern enterprise system. Efforts are also made to improve its social security system and generate more job opportunities for those laid-off.

The strategy to speed up development in the western region of the country is a major policy by the PRC Government to fight against poverty, promote rational layout of production, and enhance balanced regional growth. At present and for some time to come, more resources will be focused on infrastructure, ecological and environmental protection, science, technology, and education, as well as further opening-up in the country's central and west sectors. In this regard, we welcome concessional financial resources and policy suggestions from the international community including ADB.

Under the leadership of President Chino, ADB continues to make progress in promoting regional economic growth, poverty reduction, and environmental protection. On this occasion, we would like to express our appreciation to both the staff and the Management of ADB for their hard work and achievements obtained. We support ADB in promoting regional economic cooperation. It is our sincere hope that ADB will work more closely with its borrowers and continue to make a contribution to the regional economic cooperation and development. The PRC no doubt will take an active part in this process.

We have noticed that, in the year 2000, ADB achieved a substantial increase in net income and the relevant financial indicators were improved. It is therefore our hope that, in the process of net income review, ADB will use part of its net income to reduce or waive fees and interests of ordinary capital resources lending as per the improved financial position so as to ease the borrowers' burden.

As two thirds of the world's poor live in Asia, poverty reduction in this region remains an arduous and difficult mission for ADB. To ensure ADB's financial capacity to satisfy its borrowers' needs for resources is a major challenge. In this connection, ADB should review as soon as possible its capital adequacy. As technical assistance (TA) is a major instrument for ADB to achieve its purpose, it is imperative to solve the problem of insufficient funding for TA. Moreover, mobilizing more concessional resources for poverty reduction lending is a significant issue that has a bearing on whether or not ADB can fulfill its mission. In a word, while giving ADB the mandate to reduce poverty, its shareholders should have more responsibility to enable ADB to do its job properly. To

this end, all shareholders, the developed ones in particular, should do their own part. The PRC and ADB have enjoyed friendly cooperation over the past 15 years. The PRC Government and people appreciate ADB for its strong support and assistance over the years in its economic development, reform, and opening up to the outside world. It is our sincere hope that such friendly cooperation will continue to develop in the future.

We are now in a new century when economic globalization intensifies, mutual economic interdependence deepens, and information technology is widely applied. Let's hope that countries in the Asia-Pacific and the world as a whole join hands together for cooperation of mutual benefits and common progress so as to make our world a better place to live in.

* Statement delivered in Chinese. Translation supplied by the delegation.