

*3rd China-ASEAN Forum on Social Development and Poverty Reduction,  
4th ASEAN+3 High-Level Seminar on Poverty Reduction, and  
Asia-wide Regional High-level Meeting on  
The Impact of the Global Economic Slowdown on Poverty and Sustainable Development  
in Asia and the Pacific*

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## **Remarks by Zheng Wenkai**

***Deputy Director, China State Council Leading Group Office of Poverty Alleviation and  
Development***

Distinguished His Excellency Mr. Nguyen Tan Dung, Prime Minister of Vietnam,

Mr. Misran Bin Karmani, Deputy Secretary-General of ASEAN,

Mr. Haruhiko KURODA, President of the Asian Development Bank,

Ladies and Gentlemen:

Good morning!

September brings to Hanoi a refreshing Autumn breeze and osmanthus fragrance. At this critical moment when the Asian and Pacific countries are all working against the international financial crisis and for the sustainability of poverty reduction and attainment of the Millennium Development Goals, we stage the Third China-ASEAN Forum on Social Development and Poverty Reduction & the Fourth ASEAN+3 High-Level Regional Seminar on Poverty Reduction, under the theme of “The Impact of the Global Economic Slowdown on Poverty and Sustainable Development in Asia and the Pacific”. The meetings were designed to analyze the impact of the crisis on social economic development and poverty reduction of countries within the region, share the measures and experiences against the crisis, reveal challenges facing poverty reduction and social development, explore approaches for a better policy framework of poverty reduction and social development. These will prove to be of great pragmatic significance. Here on behalf of one of the sponsors ----- China State Council Leading Group Office of Poverty Alleviation and Development (LGOP) and one of the supporters of the event ----- International Poverty Reduction Center in China (IPRCC), I extend my warmest welcome and heart-felt gratitude for all the guests present at the forum and seminar.

Starting from 2007, a new sweep of financial crises incubated in the Western developed countries badly affected the social economic development of the Asian and Pacific countries. As a result of the turbulent international financial system and sharp shrinkage of external market demand, signs of economic recessions were felt in the countries by different degrees, along with lower growth, increased unemployment, and exacerbated development imbalances throughout society. A prediction by the Asian Development Bank in this March stated that economic growth in Asian developing countries

would decline from 9% in 2007 and 6.3% in 2008 to 3.4% in 2009 while Southeast Asia would turn out to be as worse as 0.9%. The downtrend would add 62 million and 100 million extreme poor in 2009 and 2010, respectively.

In the wake of the explosion of the crisis, Asian countries instantly took action and adopted a variety of economic stimulus packages, in an attempt to stabilize the market, promote growth, expand employment, and contain the recession. In addition, relief and support for those on low incomes were increased to stabilize and secure their living and employment conditions. International organizations were playing active roles by pouring in more international development assistance, helping with the maintenance of a stable financial order and balances of international payments, and guarantees of social protection and relief, in order to minimize the impact of the crisis. With the concerted efforts of governments and the international community, some effects against the crisis have started to show, such as rising market demand, relieved unemployment pressure, and increasingly stable fiscal and financial status. The economic recession is vanishing day by day.

As the biggest emerging economy in the Asia -Pacific Region, the People's Republic of China is also a victim of the financial crisis. Shrinking external demand made the excess productivity an even worse problem, in turn slowing economic growth, pressuring social employment, sharpening the contradiction between financial revenue and expenditure, hurting production, investment, and living and employment conditions of urban and rural residents. In 2008, the PRC's GDP growth slowed to 6.8% in the fourth quarter. By the end of 2008, as many as 12 million rural workers returned home due to the financial crisis, about 8.5% of the rural workers working out of their hometown. In the first 6 months of 2009, substantial drops in production prices for farm products and the difficulty of being employed in cities have left farmers' national average cash income growing at the lowest speed for 5 years, and the income gap between urban and rural residents is growing.

In response to the negative impact of the crisis, the PRC Government is engaged in active actions and effective measures to curb the slowing tendency of economic growth, which have helped with production, living, and employment of vulnerable people, and have maintained a continued and stable process of poverty reduction. The measures taken include:

**First, the economic stimulus package was put into full use, further consolidating the foundation for harmonious social and economic development.** The PRC Government emphasized the package on livelihood projects like welfare housing, rural infrastructure, ecological protection, and post-disaster reconstruction. On the basis of expanding internal demand and stabilizing the market, imbalances between rural and urban areas and between regions are being relieved and the most urgent problems facing some poor groups of people are being addressed.

**Second, proactive financial and fiscal policies have stabilized the market environment for enterprise output and people's living.** Price contradictions have been relieved, a plan of tax cut was launched, administrative fee collection was lifted and exempted, deposit and loan interest rates and the deposit reserve rate of financial institutions were both lowered, taxation of exports was adjusted, market fluctuation was contained, development of labor-intensive small and medium enterprises was promoted, and the lives of the PRC's people was taken back to normal.

**Third, specialized policies aiming at expanding employment was rolled out to bring job-losers back to the posts and absorb new job-seekers.** Small and medium enterprises and the service sector were not only exempted from tax, but also provided with subsidies and encouraged to absorb labor. A work-for-relief plan was practiced in all the public engineering projects to drive up the employment of rural workers. College students were favored with preferential policies if they work in grassroots levels of governments, Mid and West regions, and small and medium enterprises. Groups with difficulty in finding jobs or with no jobs and in earthquake-hit areas were provided with employment assistance. Training opportunities were also increased, especially for laid-off and rural workers.

**Fourth, input in public services and social protection was increased to better protect urban low-income earners.** In 2009, the PRC government raised funding for urban and rural compulsory education and government health inputs in overall expenditure on social health. Educational support for students of poor families was increased, while reforms to the rural health system were accelerated. Also increased were the investment in the minimum living allowance in both urban and rural areas, temporary support for especially poor families, subsidies for the construction of low-rent housing in cities and overhauling run-down houses in rural areas, basic pensions for the retired, and financial support for bereaved families.

The above measures proved to be as effective as anticipated, for they not only stabilized the market, promoted economic growth, and helped poor people out in the short run, but also laid a solid foundation for sustained optimization of patterns for economic and social development in the long run.

Ladies and Gentlemen,

In the 2-year process against the financial crisis, the PRC Government continued with the specialized poverty reduction efforts at a stable and steady pace.

**First, poverty standard was raised to expand the coverage of rural poor entitled to support.** In 2008, the poverty standard was lifted to CNY1,196 to include all those on low incomes and thus the poverty reduction policy now covers a total of 40.07 million in numerical terms.

**Second, the development-based poverty reduction approach was carried on, while support for rural poor regions was intensified.** In 2009, the government input in rural poverty reduction was increased by CNY3 billion, the highest in history. Approaches such as village-based development, agricultural industrialization, training for labor transfer, resettlement, and integrated treatment for poor regions of particular types, have been intensified to push forward development of poor regions in terms of economic growth, human resources, social undertakings, environmental protection, and so on.

**Third, pilot schemes were launched for the combination of rural minimum living allowance system and poverty reduction policies, known as “walking poverty reduction on two legs.”** Effective methods included integrating rural social security, relief and assistance, enhancement of economic, natural, and human condition in poor regions, balanced social resource development, self-development, and self-accumulation of poor communities.

**Fourth, economic growth patterns were readjusted and strategies of unifying urban–rural development were optimized.** Economic growth was made more pro-poor in regions and communities.

Services were more equally available to both urban and rural areas, thus setting a solid foundation for narrowing development gaps between urban and rural areas, between regions, and between social classes, and for the construction of a socialist, harmonious society.

Ladies and Gentlemen!

With the signs of economic recovery in the Asian Pacific Region, the crisis is yet to completely disappear. The pressures of a downward economic trend are still here and unemployment remains a problem. Governments and international organizations in the region propose continuing with expansionary economic policies, intensifying fiscal and financial reforms, resolving the structural defects of social economic development, increasing support for rural development, and accelerating development of public services and social security. With these favorable measures, one can expect stable and steady economic progress, harmonious social and economic development, and timely regional attainment of the Millennium Development Goals.

Finally, I wish the forum complete success!

Thank you!