

**THE PEOPLE'S REPUBLIC OF CHINA****JIN RENQING, Governor**

It is my pleasure to attend the 37th Annual Meeting of the Asian Development Bank (ADB) in this beautiful Jeju Island. First of all, I would like to extend my gratitude to the Government of the Republic of Korea, the host of the meeting, for its cordial arrangements. I would also like to welcome Luxembourg and Palau, the new ADB members, whose entry shows that more and more countries fully endorse the work and achievements of ADB and that the international community bears more expectations upon this organization.

Mr. President, I would like to share with you the Chinese Government's positions on the following three issues.

The Opportunities and Challenges Facing the ADB

In the second half of 2003, the Asian economy resumed stable growth and such a good momentum is expected to continue in 2005. This creates a favorable condition for the developing countries to achieve poverty reduction and the Millennium Development Goals (MDGs). Two-thirds of the world's poor live in the Asia-Pacific region and we have only around ten years to achieve the MDGs. Therefore, there is still a long way to go for us. The regional members should keep closer relations with ADB and other international financial institutions (IFIs) to confront such a formidable challenge.

We have noted that ADB has made enormous efforts in improving the development effectiveness of its operations. It has strengthened its communications with the borrowers and initiated a model of regional cooperation for poverty reduction and development. After strengthening its financial position, ADB has promptly reduced the interest rates and exempted the front-end fees, which deserves our appreciation.

We think that ADB should pay attention to the following issues for improving its development effectiveness.

The Core Role of Economic Growth in Poverty Reduction. What is the most effective and sustainable means for poverty reduction? Experience shows that poverty reduction cannot be achieved without economic development, even though economic growth does not necessarily lead to poverty relief. Therefore, making the pie bigger is the key. After years of study and practice, ADB has transformed its development philosophy, renewing its attention to the core role of economic growth in poverty reduction rather than mechanically compelling all ADB loans to be directly linked with

poverty alleviation. We hope that ADB will further adjust its assistance strategy and actively support the infrastructure and pro-poor projects.

ADB's Strong Points and Comparative Advantages. Why do some countries want to borrow money from ADB? What is the advantage of ADB, compared with other IFIs? In my opinion, besides more favorable concessional loans and capital supplement, another important reason is that ADB loans can bring us advanced expertise and management system. The conventional advantage of ADB also lies in its role as a "family doctor" and the rapid response to the needs of the borrowers with more pragmatic methods and means. At present, the borrowers have a growing capacity in obtaining and absorbing new concepts and knowledge and have higher requirements for ADB's policy consultation, and the quality and efficiency of project preparation. ADB's "family doctor" role is faced with challenges as other IFIs are readjusting their assistance strategies, streamlining their business procedures, and listening more to the borrowers. We hope that ADB will earnestly deal with those challenges by simplifying its business processes, enhancing its efficiency, institutionalizing its operations and working out more innovative assistance products, while updating its development philosophy. It is our conviction that under the leadership of President Tadao Chino, ADB will size up the situation and maintain and sharpen its distinctive strong points and comparative advantages so as to better serve the borrowers.

The People's Republic of China's Economy and the Prospect of Cooperation with ADB

The People's Republic of China (PRC) has scored great achievements in economic and social development since 1980s. Its rural poor was reduced from over 200 million in 1978 to 29 million in 2003, measured with its own poverty line. The PRC's economy has kept a strong growth momentum for years. Its gross domestic product (GDP) increased by 9.1% in 2003 and 9.7% in the first quarter of this year. The rapid economic growth provides a fundamental guarantee for its poverty reduction. The central Government has mapped out a concept of comprehensive, coordinative, and sustainable development that puts people first, a concept that highlights a balanced development between the urban and rural areas, among different regions, between the economic and social progress, between man and nature, and between domestic growth and opening-up. The sustainable development strategy provides a sound policy environment and institutional guarantee for the domestic poverty reduction and development cause and new opportunities to expand and deepen the PRC's cooperation with ADB.

The PRC has always attached great importance to its cooperation with ADB. In 2003, the two sides scored great achievements in policy dialogue and made a record high in the loan size. The PRC will explore new areas of cooperation in lending with ADB, in accordance with the requirement of balanced development. We will actively participate in and support the Central Asia and Greater Mekong Subregion cooperation mechanisms initiated by ADB. We have also decided to donate to the Asian Development Fund (ADF) and make our due contribution to enhancing the regional capacity in poverty reduction and development. It is my belief that as long as the two sides can continue their joint efforts in enhancing our established sound relationship, our cooperation will surely be pushed to a new high.

ADF IX

The Chinese Government would like to extend its congratulation on the consensus reached at the ADF IX negotiations.

China's per capita GDP has just exceeded \$1,000, demonstrating that it remains a lower-middle income country according to the World Bank criteria. It is still faced with a daunting task of development and poverty reduction and continues to be a borrower of the World Bank, ADB and some other IFIs. Even so, we have determined to exert our utmost efforts in donating to the ADF, hoping to make our due contribution to poverty reduction of the regional developing members. More importantly, we hope to reciprocate years of support to our development cause from the international community by sharing the PRC' development experiences with those members. We also expect that the ADF can consolidate its efficiency, bring tangible benefits to the poor, simplify the lending procedures, reduce costs, and enhance the development effectiveness of the projects.

The PRC stands ready to join hands with ADB and other members of the organization for promoting Asia's cooperation, development and mutual benefits.