DEVELOPMENT COMMITTEE
(Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries)

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Statement by
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Minister of Finance
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95th Meeting of the Development Committee

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The momentum of global economic recovery has been getting stronger since the beginning of this year. Meanwhile, the downward risk has increased due to uncertainties from the economic policies of the major advanced economies and resurgence of trade protectionism. Against this background, the Forward Look of the World Bank Group (WBG) was unveiled in response to the growing demand of the member states for more funding and knowledge cooperation, as well as the expectations of the international community for the WBG to get deeper involved in the global agendas. The Forward Look is also a useful exploration by the WBG into new growth paths and new approaches to strengthening the momentum of globalization.

China welcomes the progress made by the WBG in implementing the Forward Look and expects the WBG, the largest multilateral development bank, to play an increasingly important role in realizing the Sustainable Development Goals (SDGs), advocating multilateralism and building the community of common destiny of mankind. To this end, I would like to take this opportunity to share some of our observations as the following:

1. **Implementing the Forward Look to promote more inclusive and sustainable growth**

The current challenge to the world economy and globalization stems from insufficient growth momentum, increasing imbalances and deficient inclusiveness of development models. Those factors constitute a challenge to the WBG’s efforts to end extreme poverty and promote shared prosperity.

We believe that the WBG should effectively implement the Forward Look, adhere to the principle of customer orientation, and focus on helping member states advance structural reforms, improve market environment and promote innovative development, thus creating more room and strength for member countries to achieve long-term sustainable development; promote development models which benefit all and help member countries increase employment, narrow income gaps, improve safety net and make their economy more inclusive; work more vigorously to support regional, south-south, north-south, tripartite and quadripartite cooperation, so as to advance connectivity, especially to promote development of cross-border infrastructure as well as regional and global economic integration; participate in delivery of global public goods based on the WBG’s comparative advantages, help member countries address climate change, natural disasters, epidemics, violence, conflicts and other crisis and risks, and make development more resilient; promote multilateralism, oppose protectionism in all forms, and create a favorable external environment for developing countries.

The WBG needs to increase its financial strength and lending capacity, which is one of the major pillars of the Forward Look and important support for the implementation of the strategy. The most fundamental and effective way to do so is capital increase. We support the WBG to achieve a large scale of capital increase according to the timetable and roadmap agreed in Lima.
2. Promoting voice reform to guide global economic governance

Promoting voice reform is on top of the WBG agenda this year. Recently, countries have had rounds of discussion on the share allocation rules and selective capital increase, based on the dynamic formula agreed at the last Annual Meetings. The discussion has led to a deeper understanding of the pros and cons of various options. At the next stage, the selection among various options should be in line with the Istanbul and Lima principles to ensure overall increase of DTC’s shares and voting power in this round of voice reform, so as to better reflect the changing weights of the world economy.

In this process, we always support to adopt a package approach to advancing the shareholding realignment in a gradual and steady manner, while accommodating concerns of smallest poor countries and balancing aspiration and interests of all parties. Given the actual difficulties faced by some countries of capital increase, the share allocation rules should demonstrate a degree of flexibility and give opportunities to member countries which are willing for greater contributions. In this regard, a large scale of selective capital increase is beneficial not only for a meaningful shareholding realignment, but also for strengthening capital base of the Bank, thus leading to win-win outcomes.

At present, the task of timely implementing voice reform and the roadmap of capital increase is still demanding. It is hoped that member countries will bear in mind the overall interests of improving the legitimacy and effectiveness of the Bank's governance structure, safeguarding the Bank’s leadership in cooperation of international development, and upholding reputation of the Bank to provide more political impetus to the implementation of the agreed roadmap, and to send a clear, strong and positive signal on international economic cooperation and global economic governance. China is willing to strengthen communication and cooperation with the other parties in a constructive manner to help reach consensus as soon as possible.

3. Serving all member countries and increasing value added in the cooperation with middle-income countries

The cooperation between China and the Bank has a history of over 30 years with ever expanding content and extent. In this process, China’s role in its partnership with the Bank has been evolving from being a major borrower to a borrower as well as a shareholder, a donor, a source of development experience and a new-type of development partner, which reflects the evolving characteristics of partnership between the Bank and its member countries at different stages of development, highlights the unique value of cooperation between the Bank and middle-income countries (MICs), and demonstrates the positive impact of such cooperation on common development of the MICs, the Bank and the world at large.

At present, China is working with the Bank to formulate the new Country Partnership Framework based on the five development concepts of innovation, coordination, green development, opening up and sharing highlighted in China’s 13\textsuperscript{th} Five-Year Plan. The two sides should focus financial cooperation more on sustainable development and social equity, pay more attention to the delivery of public goods at the national, regional and global levels; tap into the comparative advantages of the Bank as a knowledge bank to facilitate China's institutional reforms in the vital areas and at the key links; strengthen engagement with countries along the Belt and Road Initiative and African countries to deepen international cooperation for development through south-south, tripartite/quadripartite and regional platforms, so as to boost national, regional and global development.

Meanwhile, the two sides should strengthen cooperation at the global level. At the G20 Summit hosted by China last year, participants agreed to establish the Secretariat of the Global Infrastructure Connectivity Alliance in the Bank, demonstrating G20’s trust in the Bank. This will help mobilize more resources for infrastructure development. Also China has made important contributions to the recently concluded IDA18 Replenishment. At the next stage, China hopes that the Bank will render stronger support to the Belt and Road and other initiatives to deepen all-dimensional partnership with China and jointly contribute to the common development of the international community.