



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)

NINETY-FOURTH MEETING
WASHINGTON, D.C. – OCTOBER 8, 2016

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Statement by

H.E. Jiwei Lou
Minister of Finance

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1. The Global Economy

The global economy continues a mild recovery with challenges such as weak drivers of growth, structural problems, sluggish trade and investment, financial market volatility, ageing, headwind to globalization, and growing pressure on natural environment and climate. All these indicate that the world economy is undergoing profound adjustments to address both the cyclical problem of insufficient aggregate demand, and deep structural challenges. At the same time, the 2030 Agenda for Sustainable Development entails arduous tasks of international development that poses higher needs of financing.

In face of those risks and challenges, all the parties should honor their commitments of building an innovative world economy to generate new drivers of growth, an open world economy to expand the scope of development, an interconnected world economy to forge interactive synergy, and an inclusive world economy to strengthen the foundation for win-win outcomes. This is an important message delivered by China at the recently concluded successful G20 Summit in Hangzhou. We would like to work with all the other parties to promote strong, sustainable, balanced and inclusive growth of the world economy.

2. China's Economy

This year, the Chinese government continues to adopt the general work guideline of making progress while maintaining stability, with focus on structural reforms and proper expansion of aggregate demand that have contributed to steady progress of the economy. First, the Chinese economy runs in a proper range. In the first half of this year, China's GDP grew by 6.7%, which is still a relatively high growth rate in the world. The first eight months of this year witnessed China's sound industrial output, expanded consumption, stable price, improved corporate performance and stable employment. The surveyed unemployment rate kept at around 5.1%. Second, industrial upgrading and structural adjustment are accelerated. The contribution rate of services to economic growth increased to 59.7% and accounted for 54.1% of GDP in the first half of this year. The contribution rate of final consumption to GDP reached 73.4%, and value added of strategically emerging industries grew by 11% in the first half of this year. Third, progress has been made in structural reforms. Deregulation measures have been implemented in a faster pace. The number of various types of market entities has increased constantly, and the number of newly registered companies went up by 28.9% in the first eight months of this year. 31 provinces have introduced plans of household registration reform. Coal production capacity was cut by 95 million tons and steel by 21.26 million tons in the first seven months of this year. Investment in irrigation, water conservancy and ecological environment continued to increase rapidly.

In the coming period, the Chinese government will continue to strengthen fine-tuning of its policies in line with the changing domestic and external economic environment, properly expand aggregate demand, boost structural reforms and rely more upon market forces and reform measures to promote stable and sound

growth, accelerate transformation of economic development pattern for better and faster growth, and thus bring benefits to the world economy.

3. Forward Look of the WBG

To carry out the 2030 Agenda for Sustainable Development in the next 15 years, and while serving the full spectrum of clients across the globe, the WBG should strengthen all-dimensional cooperation with developing countries, and provide tailored solutions to their development needs. The WBG should increase support to low income countries (LICs), be more attentive to their voice, respect the autonomy of their economic development, and help them better address the challenge of extreme poverty. The WBG should better engage with middle income countries (MICs), strengthen support to institutional innovation, and help MICs enhance capacity to tackle external risks. With the help of the WBG, the positive spillovers of MICs' economic development will bring benefits to LICs, and help LICs increase labor productivity, introduce foreign investment and development experience, better integrate into the global value chain, and enhance their capacity of autonomous development.

To maximize development impact, the WBG should continue to deepen reform, be more responsive to clients' demand, and commit to be better and bigger. At the same time, the WBG should refine its strategic priorities to (1) help member countries advance structural reform, accelerate infrastructure development, and promote economic diversification and industrial upgrading, and to (2) strengthen tripartite and multi-party cooperation and regional economic cooperation, and enhance the role of the private sector through developing strategic partnership, PPP and other forms to mobilize more resources for poverty reduction and development. We support the WBG to play a role in meeting global challenges such as climate change, natural disasters, pandemics, violence and conflict, and formulate rational institutional arrangements, according to its Articles of Agreements and in line with its division of labor with other international institutions. Meanwhile, the WBG should ensure that its support to poverty reduction and development remain intact, and that all recipients be treated on an equal footing.

4. The Dynamic Formula and Voice Reform

We support the IBRD's Voice reform and enhancement of its financial sustainability to make the IBRD better and bigger. We believe that discussing the rules of share allocations and capital increase should align with the Istanbul principles, the Lima principles and the 2030 Agenda for Sustainable Development. The reform should aim at increasing the overall shares and voting power of DTCs, reflect the changing weights of the global economy, and enhance the legitimacy and effectiveness of IBRD's governance structure.

Capital increase is an important means for share realignment, and the fundamental way to strengthen financial capacity and sustainability of the WBG. We look forward to successful replenishment of IDA 18 at a relatively high level, support IBRD and IFC to strengthen their financial and lending capacity through capital increase, and encourage the WBG to promote modernization of its governance structure. At the same time, we support the WBG to mobilize more resources for global sustainable development through strong partnership.

Finally, we congratulate Dr. Kim on his re-election as President of the WBG. We believe that under his leadership, this institution will play a greater role in the global development agenda for poverty reduction, shared prosperity and realization of the SDGs.