Transcript of World Bank Group President Jim Yong Kim's Press Conference in Shanghai, September 15, 2013

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Jim Yong Kim
Shanghai, China

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John Donnelly: Hi everyone, take a seat. My name is John Donnelly. I'm Communications Advisor to Dr Jim Yong Kim, the President of the World Bank Group. This press conference, he will open it up with a statement and then we'll take questions. We only have about 25 minutes unfortunately so we'll try to make it as quick as possible. Before you ask questions I'll have you identify yourself. We also have here Jin-Yong Cai who is the Chief Executive Officer and Executive Vice President of the International Finance Corporation, the private sector arm of the World Bank Group. Jim? All yours.

Jim Yong Kim: Thank you.

Thank you very much for joining us today. First I'd like to thank the Chinese people for the very warm welcome that I have received on this and every other visit that I've made. I know from my last visit to China that the World Bank Group shares with the Chinese people a passion for ending poverty and boosting shared prosperity. And for the last 30 years China has grown at incredible speed, about 10 per cent a year, which is historic and has lifted more than 500 million people out of poverty. That's remarkable. It's historic, but the rapid growth of China has taken a toll as China's leaders are well aware.

I am very encouraged by the Chinese Government's commitment to reforms to sustain growth and to improve the lives of its people. Data released in August suggests that
economic growth is stabilising and China's growth goal for this year appears within reach. The target, 7.5 per cent, is still high by global standards but of course slower than in past years. Chinese is moving from its old model of export oriented growth toward a less investment driven and more consumer driven economy. Instead of focusing on the quantity of its growth, China is now focusing on structural reforms to improve the quality of growth.

We continue to support China as it moves to reform its fiscal system, its financial oversight, land rights and social programs to achieve growth that reaches more people. Achieving sustainable and clean growth is a big part of this goal. It links directly to a fundamental challenge in our fight against poverty - climate change. Climate change is a real and present danger which can set back years of development and progress, hitting the poor the hardest. China is a vital partner in tackling this challenge.

China is now the largest contributor to global greenhouse gas emissions by volume. Its emissions are comparable to those of the countries of the European Union. But China is also becoming a bigger part of the solution in the fight against climate change. China now leads the world in small hydroelectric power projects and in wind capacity which has doubled every year since 2005 and reached 61 gigawatts in 2012. Its renewable energy consumption between 1990 and 2010 was as high as all European countries combined.

The world can learn from China's experience. Shanghai is at the forefront of that effort and we will go immediately after this briefing to look at cutting edge programs that promote low carbon growth. We're now working collaboratively with China on a broad climate change agenda, which includes promoting clean energy, reducing traffic jams and air pollution and improving flood risk management. This effort to work with the Government as a strategic partner will both improve the lives of Chinese citizens as well as become a key pillar in a global effort to prevent even more disastrous impacts from climate change. I'm happy now to take your questions.

John Donnelly: Great. Again, please identify yourself and your institution.

Reporter from Hongkong TV: I'm from Hong Kong TV. I have a question on the free trade zone initiative approved by the Government. The initiative is going to allow more market liberalization of interest rate and also better convertibility of the Chinese currency, the RMB Yuan. I'd like to ask the view of the World Bank President on the newly approved free trade zone initiative?
Jim Yong Kim: Well, I think's a very positive development. You know I travel all over the world and work with ministers of finance and governments and also with the private sector, and what's key is that every single country in the world is trying to become more competitive and I think this free trade zone will allow China to become more competitive.

These kinds of financial sector reforms can be difficult but they're critical and we want to be as supportive as we can be of the Government in tackling these kinds of difficult financial sector reforms, even at a time when growth is slower than in the past.

Reporter from AFP: Hi, Mr Kim. I'm a reporter with AFP. You mentioned in your speech earlier that the August data showed China economy is stabilizing, so I'm just wondering if the World Bank will consider revising your forecast for China's economic growth this year and how do you see the outlook? Thanks.

Jim Yong Kim: We think the growth will be at about 7.5 per cent. So the data from August suggests to us that China will reach its goal of 7.5 per cent. In terms of the outlook for the future, I think the most important thing for us is that the Government is committed to financial sector reforms and also fiscal policy reforms that we think will pave the way for medium and long term growth. We think this is the right path. Everyone in the world is looking at Chinese growth numbers. Chinese growth is important to everyone in the world, but the fact that the Government is saying well, it's a little bit slower but we're committed to quality and we're committed to the reforms we need to take, I think is cause for great optimism for the medium and long term growth of the Chinese economy.

Reporter from International Finance News: I am from the International Finance News. I have a question all about (Inaudible). First one is that by research with our Chinese development council, so would you share with us the key findings and also the project that WBG will be involved in. Secondly, how much will WBG increase the investment in first and second tier cities, and does that mean that WBG transfer its focus from the rural area to urban areas? Thank you.

Jim Yong Kim: So the urbanization study is still being prepared and so one of my purposes of coming is to discuss some of the preliminary findings with the government officials. We will publish the urbanization study in December. What I can tell you now, though, is that we have taken a comprehensive view of urbanization, looking at everything from transport, to
energy, to financing, to land rights and the movement of people. We know that over the next 20 years 300 million people will move to the cities in China. In 2011 for the first time there were more city dwellers than rural dwellers in China and of course that number is going to grow over time.

We feel that this study is moving in such a promising direction that not only will it have implications for China but it will have implications for the entire world. And we intend to work with the Chinese Government to help countries all over the world in thinking about their urbanization processes. And while our focus on urbanization was a request of Premier Li Keqiang when I came here, I think this is very wise because the cities are growing very, very quickly, but it doesn't mean that we're going to take our attention away from the rural areas. There's still a lot very important issues that we'll continue to address.

Reporter from China Securities News: I am from the China Securities News. I have two questions about the financial crisis. It has been five years since the bankruptcy of Lehman Brothers. I am wondering to what extent do you think has the global economy recovered from this crisis and how do you comment on the performance of the major economies? The second question is what do you think is the biggest lesson you can draw from this crisis?

Jim Yong Kim: Well first, nobody is satisfied with the global growth numbers that we're seeing, but if you think back to a year ago we're in a completely different situation today. The US economy is growing. The European economies are now getting back to growth and even the Japanese economy is growing after very vigorous efforts on the part of the Government to unleash its three arrow strategy. Now, I think it's been quite a long time since we've seen the US, Europe and Japan growing at the same time. And so while I said nobody is satisfied with the current growth numbers, we're in a much different position than we were five years ago.

I think that we learned a lot about what can be accomplished with concerted joint activity, for example in the Eurozone. When I took this job a year ago people were saying that the Euro would be gone in a few months, that the Eurozone would collapse, and we've seen a lot of difficulties being handled by the leaders in the Eurozone. Now, I think if you were to look at the biggest lessons, first thing, the one thing that we realized is that international cooperation is absolutely critical. The G20 meeting, the leaders' meeting which I just returned from was actually formed as an effort to provide a forum for discussing these critical issues.
So we know that international activities are really important that financial regulation is something that we really have to pay attention to. But let me just say one thing that's worrisome and that every country in the world is struggling with. It's that even though we're getting back to growth, the situation of unemployment is still very serious in many countries. In Spain, young people, more than 50 per cent of young people are unemployed. So every single country in the world has a focus on getting back to growth that creates jobs, especially for young people. So getting better, no one's satisfied, but we now have to really focus on getting back to growth that creates jobs, especially for young people.

John Donnelly: Jin-Yong Cai will answer that question and sorry, then we have to end the press conference because of time.

Jin-Yong Cai: Just one point. One of the bitter lessons we learned is really to make sure the capital markets, financial markets is healthy. I think when you look at the financial crisis and start from the outset, [inaudible] on balance the financial market in the US and so we are very happy to see in this new wave of reform capital markets, financial market reform is very much at the centre in the reform agenda in the Chinese Government. So they are very supportive and we all try to be helpful in every way we can be of help.

John Donnelly: Thank you very much for coming out on a Sunday. We appreciate it. I'm sorry we don't have more time, but thank you.

Reporter: I just have one question about tapering.

Jim Yong Kim: About what?

Reporter: Tapering of QE.

Jim Yong Kim: The timeline for what? For tapering of the quantitative easing?

Reporter: Yes.

Jim Yong Kim: Well, I think that nobody knows yet but it's going to be dependent on what happens with the US economy. I think Chairman Bernanke's been clear. Remember, what everyone wanted him to do was to communicate early about quantitative easing and then do it smoothly, and every indication is that's just what's happening. The reaction of the
market has been in anticipation of the tapering of QE. Fundamental to all of that is that the US market is growing. This is good news for the world. There will be some short term bumps in the road but the one message that is important for us to send is that the rise in interest rates as a result of the announcement of tapering of QE has exposed weaknesses in economies in emerging markets.

So our message is very strong to the emerging markets - think about those weaknesses and begin to move. The deepening of the financial markets is key, but also things like improving the business environment and fiscal policy reforms so that public spending, public sector spending is made to be more efficient and more effective. Every single country has to now focus on making those kinds of reforms that it needs in order to grow jobs, especially for young people.

**Reporter**: Thank you very much.