Transcript of Press Conference with World Bank Group President Jim Yong Kim and IFC EVP and CEO Jin-Yong Cai in Beijing

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World Bank Group President Jim Yong Kim and IFC CEO Jin-Yong Cai
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Transcript

MR. DONNELLY: Hi, good afternoon everyone. Thank you for coming on a late afternoon, I appreciate it very much. My name is John Donnelly, I'm the Communications Advisor for World Bank Group President Jim Yong Kim. President Kim and Jin-Yong Cai, who is the CEO and the Vice President of the International Finance Corporation, will be here for your questions. We'll start with President Kim - will have an opening statement and then we'll take questions. Thank you.

DR. KIM: Thank you very much, thank you for coming. I'd like to thank, once again, the Chinese people and Chinese leaders for the very warm welcome that they've extended to me. My trip reminds me of our common commitment to ending poverty and boosting shared prosperity.

We all know that China lifted half a billion out of poverty in the last 30 years, an incredible feat fueled by record economic growth and rapid urbanization. The urbanization sent 260 million rural migrants into the cities.
The World Bank Group is committed to building on more than three decades of a strong and successful partnership with China. In recent years we've completed two landmark joint studies, China 2030 and the Urban China Report. They called for major reforms on everything from the financial sector to the environment, land sales and the hukou system. China's moving ahead on many of these.

I just finished my meetings with President Xi Jinping, Premier Li Keqiang and Vice Premier Liu Yandong and many other senior officials. We've agreed to launch a third major study, this time looking at China's health sector reform.

It's clear to me that as China gets wealthier it's also determined to get healthier. The health sector is growing faster than the overall economy. How this growth is managed will have a tremendous impact on China's economy.

We'll do the study in collaboration with the Ministry of Finance and the National Health and Family Planning Commission and with the World Health Organization. We hope that the study will help China accelerate its efforts to provide affordable, quality care, especially for its aging population and the rising middle-class facing chronic diseases.

With urbanization, longer life expectancy, a more sedentary lifestyle, air pollution and more processed food, people are more prone to various diseases, especially diabetes, hypertension and other chronic diseases.

These chronic conditions now account for a staggering 80 per cent of the overall disease burden. More than 200 million patients suffer from hypertension and more than 90 million from diabetes.

Many of the challenges facing China today are similar to those faced by high income countries for decades, non-communicable diseases, aging, rising citizen demand and expectations and unsatisfactory quality. China has an opportunity to leapfrog decades of bad practice by developing a new model of healthcare delivery and implementing them at scale. In particular, China can move to a people-centered approach, providing more health care for the money while tapping emerging information, communication and medical technologies.

My discussions this morning with the vice ministers from both ministries, WHO Director-General, Margaret Chan and others, marked the start of a search for bold, sustainable options for health sector reforms, including in the private sector.
Our study will draw on the best global knowledge and Chinese experience to offer practical solutions to help China strengthen its performance in health service delivery, at the lowest possible cost, while improving the health of all its citizens.

If China is as successful in this process as we think they can be, we believe its healthcare reform can become a model for many other countries.

This will not only benefit China’s 1.3 billion people. The entire world will benefit.

Thank you and I’m now happy to take your questions.

**MR. DONNELLY:** Okay thank you. I’ll take questions now. Just please identify yourself and your organization. Thanks.

**QUESTION:** Dr. Kim, my name is Tom Mitchell with the *Financial Times*. It seems everybody wants their own development bank these days. The BRICS Bank is about to launch - there are also discussions to double the capital base of the Asian Infrastructure Investment Bank. Do you welcome these new entrants? Do you see them as a threat? How will it change how the World Bank operates?

**DR. KIM:** Any estimate of the infrastructure needs in developing countries starts at about $1 trillion a year. So we did about $60 billion of business last year, and if you add up all the private sector investments, northwards of $150 billion a year. All of the investments that are currently existing will not reach the need that exists currently in developing countries, so we welcome any new organizations, any countries, the BRICS Bank, AIIB. We think that the need for new investments in infrastructure is massive and we think that we can work very well and cooperatively with any of these new banks once they become a reality.

In fact we have been going through a reform process at the World Bank Group over the past year, precisely because we knew that there would be new entrants in the business. We feel that our advantage is that we have 70 years of experience and we have the best technical knowledge, knowledge not just of papers and evidence and data, but we have experience of putting together actual solutions to problems. So we’re now prepared with our global practices and cross-cutting solutions areas to work very closely with the BRICS Bank or the Asian Infrastructure Investment Bank and provide them with the kind of knowledge and solutions that would help them be more effective in building infrastructure in developing countries.
So for us, our competition is poverty, our enemy is lack of economic growth. Another enemy is a growth that's not inclusive. So as long as we're clear on what we're doing and what we're battling, we have actually no choice but to welcome any new entrants, because every new entrant will help us battle poverty and help us to share prosperity.

**MR. DONNELLY:** Another question at the back.

**QUESTION:** Sun Yan, with CCTV. There are now different discussions about the slowdown of the Chinese economy. What is your opinion on it? Do you worry about that? What do you think of Chinese economy's performance in the first half of the year? Thank you very much.

**DR. KIM:** We work very closely with the Chinese Government on the China 2030 report. In that China 2030 report were all the seeds of the reform process that's happening today. China made a decision that they were going to go through a process where growth would move away from investment to consumption, domestic consumption, and that instead of focusing so much on exports, that there would be other ways of growing the economy. So when you're making that kind of shift, when you're making the kinds of changes that the Chinese Government is going through, it should not surprise anybody that growth has slowed down. So our estimate this year to be 7.6 per cent, next year around 7.5 per cent and it will continue at that level.

Now one of the decisions that the Chinese leadership made is that they're going for a more sustainable, higher quality growth and they're on that trajectory right now. In fact we're very encouraged by the fact that despite the lower growth rates, the Chinese Government has continued on the path of these reforms. We encourage them to keep going down the path of those reforms.

Are there other things that need to be done? Absolutely and in my meetings with leaders, including the Minister of Finance and the Governor of Central Bank, they are very much aware of the need for these kinds of reforms. So they're all balancing very carefully the need to maintain as high a growth as they can while at the same time committing to the reforms. The growth of China in the medium and long term is critical for the global economy and to be able to sustain high quality growth in China, they're going to need to stick to the reform agenda. So far so good, that's exactly what they're doing.

**MR. DONNELLY:** at the front.
QUESTION: I'm from China Business News. I have a question on the upcoming China-US strategic dialogue. People are talking about the results coming from this dialogue. Some people say that the best they can hope coming out of this dialogue is that there is no deterioration of the relationship between China and the US. What kind of expectation do you have from this bilateral dialogue? What kind of topics are you most interested, and in your view, the outcomes of this dialogue, what kind of political or economic impact it will have on China and US and other countries?

DR. KIM: Thank you for that question. We feel that it's always critical for representatives for high-ranking leaders in the two largest economies in the world to continue to have conversations. We don't know the agenda so we don't quite know what to expect, but there are many areas where there is overlapping interest and concern. For example, most people don't understand that China and the United States have both made dramatic commitments to battling climate change, to reducing their carbon footprint, and I know that those talks are underway.

The leadership of these two countries combined could have a huge impact on the battle against climate change. Also there are simply so many areas of joint interest, trade, for example, and the stability and peace in East Asia. My guess is that all of those issues will be on the agenda. Knowing all the principles now that will be in this meeting, I think that there are many, many foundations for these two countries to build a closer, more effective working relationship and I hope that's the result of this meeting.

QUESTION: Thank you. I am from the international engineering magazine under the Ministry of Commerce. We understand that the World Bank is promoting innovation on the financing side. In this regard do you have any income plan to encourage private sector participation in infrastructure development? If so, do you have any specific country focus or are there any areas that you focus particularly on? Do you have any plans in China?

Jin-Yong Cai: I will answer this question on behalf of Dr. Kim. The need for global infrastructure as Mr. Kim has said is huge, and there is a lot of capital out there. There are lots of need to to get this infrastructure built. The reason the capital has not gone to the places where the need is really a perception and also in reality the real risk in building up this infrastructure. So World Bank as the leading multilateral institution, we have been finding different ways to try to help not only finance from our own balance sheets and also
to mobilize from private sector by de-risking those transactions. Thus we view ourselves as the key player in making that happen.

The key is to find a way. Innovation through financing partnership to really connect the dots and to de-risk those infrastructure projects so investor capital can flow into those areas. There are multiple tools in the bank. In the IBRD we have this product called the partial risk guarantee to provide the risk mitigation. There's a part of the World Bank called the Multilateral Investment Guarantee Agency, MIGA, provides political guarantee for private capital. IFC, we have equity, we have risk guarantee, we have a variety of tools to help in de-risk those projects.

That's what we view as our key role. We don't have - really, there's not particular focus area, wherever we feel there is a need for infrastructure and there is interest from private sector, we want to be there to be the partner, many in Africa, in South Asia, in Latin America, in many parts of the world.

MR. DONNELLY: Okay. We have time for one more question. Take in the far back there.

QUESTION: President Dr Kim. I am Martina Fuchs from CCTV News. Thank you for your time. In the latest economic update the World Bank for China said that growth is slowing down and is becoming more volatile. I was wondering how this is impacting the rural-urban gap issue and what kind of policy actions you are recommending to the Government to take to fight the poverty and also the widening gap between rich and poor?

DR. KIM: If you look at the study we just completed, the Urbanization Report and then you look at the study that we've just been asked to do, healthcare, in both of those areas a primary concern is to address this rural urban gap. So in the urbanization study we talked about many different issues but one of them was reform of the hukou system so that migrants will have access to services when they come to the cities. We also talked about land reform in the sense that giving more rights to small farmers in the rural areas so that they're more encouraged to keep their land.

In addition, the report looks at ways of helping cities finance themselves through taxes and other ways so that they're not so inclined to sell farmland and have urbanization that is really a sprawl situation. In healthcare again the primary concern is how you equalize access to quality service between the rural and the urban dwellers. I've already made my
statement about the growth rate that this is something that one would expect when you're going through a reform process.

On the other hand, I think in both of these studies I've been very impressed by the commitment of the Government in addressing those very issues. We hope we can help with that, both with the current study on urbanization and also the future one in healthcare.

**Jin-Yong Cai:** If I may just add one point, to address the income inequality, the best way is to create jobs, and creating good jobs require multiple interventions. One area the World Bank Group has been very actively involved is to help to develop the capital markets which can finance small and medium enterprises and to allow the new job creation companies to have access to finance. So we have multiple transactions in this area. I think going forward, once those projects become public, you are going to see we have many areas working closely with the Chinese counterparts.

**MR. DONNELLY:** Thank you very much for coming. If you would like copies of the statement at the beginning, we have copies available for you. Thank you.