



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
H.E. Jiayi Zou
Vice Minister of Finance

on behalf of
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Currently, the economic globalization is experiencing setbacks, protectionism and unilateralism keep spreading, downside risks and uncertainties for the world economy have significantly increased and the global economic and social development is faced with serious challenges. Against such a background, as a globally important multilateral development institution, WBG should firmly uphold the right direction of multilateralism and international development cooperation, urge all the parties to objectively understand and effectively respond to the opportunities and challenges brought about by globalization, work together to keep the world economy open and make globalization more open, inclusive, universal beneficial, balanced and win-win, so as to make even greater contribution to the development and progress of mankind. I would like to use this opportunity to share some of my views on future reform and development of WBG.

First, firmly support the rules-based multilateral trading system and ensure better integration of developing countries into global value chains to provide a strong driving force for world economic growth.

China commends the World Development Report 2020 for its evidence-based conclusions such as “supporting the rules-based trade system is important for development” and “multilateral trading system matters profoundly in a GVC world” as they are of great significance for safeguarding equitable and fair international economic and trade rules and a rules-based multilateral trading system. We believe that WBG should give full play to its comparative advantages to “operationalize” the policy recommendations in the Report and integrate them with Forward Look, 2018 Capital Package, IDA18 policy commitments and other initiatives, enhance financial and knowledge support for better participation of developing countries in GVCs and international trade, to promote economic growth and job creation in these countries; help developing countries develop effective policies based on their national circumstances and comparative advantages to promote trade liberalization, connectivity and regional trade cooperation, so as to lower trade costs and increase the participation in GVCs and the benefits from such participation; and promote transfer of innovative knowledge and technologies to developing countries in the context of the trend of technological revolution to help these countries accelerate economic transformation and gradually improve their ability to participate in GVCs. At the same time, we hope that WBG will analyze potential impact on developing countries in case of a disruption of GVCs caused by unilateralism and protectionism and provide policy recommendations to deal with this issue.

Second, accelerate the mainstreaming of the Jobs and Economic Transformation (JET) agenda and promote the economic structural transformation and upgrading, productivity improvement and job creation in developing countries.

China welcomes and acknowledges the progress and commitment made by WBG in promoting the JET agenda and encourages WBG to accelerate the mainstreaming of the topic by formulating a JET strategy and an action plan, making it an important vehicle to deliver on its commitment of serving all clients. We

hope that WBG will integrate the JET agenda into its efforts of helping client countries develop effective policies to promote reforms in multi-sectors, enhance business environment, enhance infrastructure construction and crowd in private investment; put more debt financing to productive investments with high returns, support clustered development such as special economic zones, promote integrated development of agri-business, manufacturing, services and digital economy, promote development of human capital and achieve leapfrog development; enhance the linkage to regional cooperation, including working together with regional cooperation initiatives such as the regional cooperation assistance strategy for Africa so as to harness synergies in promoting connectivity, regional value chains, and trade and investment facilitation, and add a policy commitment to regional cooperation under the IDA19 JET agenda to effectively realize the funding benefits of the IDA19 regional window; and distill lessons learned from developing countries in promoting economic transformation and creating jobs, and use south-south cooperation mechanisms to increase knowledge, trade and investment cooperation among developing countries. Besides, WBG's work on country platforms should be carried out under multilateral development framework and aim at enhancing development effectiveness, respect the willingness of recipient countries, stick to the principles of country leadership, country ownership, voluntary participation, consensus-based, and tailored to country specifics. It should respect the respective policy framework and comparative advantage of development partners, and ensure that development partners' assistances conform to the development strategies and priorities of recipient countries.

China has adopted a step-by-step reform approach since its reform and opening-up. Through such measures as increasing rural labor productivity, strengthening infrastructure connectivity, speeding up urbanization, setting up special economic zones and industrial parks, expanding the opening-up and the introduction of foreign capital, supporting the development of the private sector, promoting human capital development and adopting an active employment policy, China has thereby effectively promoted strong long-term economic growth and achieved good results in large-scale poverty reduction.

Third, strengthen capital mobilization, refine the human capital index (HCI) and promote human capital development in developing countries.

China acknowledges the progress achieved so far with the Human Capital Project (HCP) and would like WBG to continue to help countries improve their human capital through HCP. At present, global human capital development is still faced with challenges and developing countries in particular are suffering from such problems as funding shortages, low spending efficiency and poor management. We hope that WBG will make effective use of its comparative advantages to help developing countries solve the problem of human capital shortage from its roots by mobilizing more resources and eliminating development bottlenecks, and lay a solid talent foundation for inclusive and sustainable development of developing countries. Meanwhile, we hope that WBG will further refine the HCI, especially by making the index reflect the element of workforce skill accumulation to human capital development, so as to better support its members in such areas as raising education quality, improving healthcare, taking advantage of human resource advantages, building innovation capacities, and fostering entrepreneurship, based on the respect for national circumstances and needs.

Fourth, take a prudent and step-by-step approach on IDA voting rights review and make sure that the review will equitably and objectively reflect roles and positions of all parties so as to lay a solid foundation for IDA to play an effective role.

As a soft loan window of WBG, IDA has been playing an important role in such areas as promoting economic growth of low-income countries and raising the living standard of the poor, thereby making a positive contribution to the global cause of poverty reduction and development. Against the current background of serious challenges facing the development outlook of low-income countries, one of the priorities for WBG is to ensure that IDA19 replenishment achieves success. China supports IDA to continuously improve its governance structures such as the voting rights structure so as to fully and objectively reflect the changing world economic landscape and relative economic strengths of different economies. In view of the high complexity and sensitivity of IDA voting rights review, we hope that WBG

will take a prudent and step-by-step approach on IDA voting rights review based on comprehensive analysis and assessment of the implications of all the framework options and ensure that the review will equitably and objectively reflect roles and positions of all parties and protect the rights and interests of donors, especially emerging donors, in order to better incentivize them to increase their contributions while protecting the interests of recipient countries. At the same time, China urges that all outstanding adoptions of IFC capital increase resolutions be secured as soon as possible. And we look forward to working together with all parties in pushing forward 2020 IBRD and IFC shareholding reviews in line with Istanbul Principles and Lima Principles.

This year marks the 70th anniversary of the founding of the People's Republic of China. In these 70 years, China has steadfastly stayed on the path of peaceful development, persisted in multilateralism and adhered to the principle of win-win cooperation, thus having made important contributions to world peace, development and prosperity. China will continue to uphold its vision of global governance featuring consultation, cooperation and benefit for all, work for a new type of international relations and build a community with a shared future for mankind. In the over 40 years since beginning its policy of reform and opening-up, China has been vigorously working to integrate itself into the global system of division of labor and industrial chains. By doing this, China has not only achieved its own development, but also brought benefits to the whole world. In this process, China endured pressure, paid prices and experienced difficulties. However, China will never waver in its commitment to globalization and free trade. China will remain firmly committed to all-round opening-up, actively increase the import of goods and services, advance the opening-up of the manufacturing sector and financial and other modern services sectors, strengthen IPR protection, so as to achieve high-quality development. With its resilience, potential and flexibility, the Chinese economy will successfully withstand various internal and external challenges, maintain its momentum of stable and sound development in the long term, and continue to contribute to world economic development.

The cooperation between China and WBG almost synchronizes with China's reform and opening up process, while the two sides have conducted productive cooperation in such areas as loans and know-how which is mutually beneficial over the past 40 years. China and WBG have become important development partners to each other and there is even bigger potential for such cooperation in future. China is ready to deepen its loan and knowledge cooperation with WBG in such areas as coordinated development between rural and urban areas and between different regions, eco-environment governance and climate change, improving business environment and development of human capital, so as to support high-quality development. At the same time, as the world's largest developing country, China is willing to fulfill its due international responsibilities and obligations while doing its own job well. China will continue to actively participate in the IDA19 replenishment process and utilize such platforms as the Belt and Road Initiative, regional cooperation and south-south cooperation to support global poverty reduction, development and shared prosperity and contribute to the realization of the twin goals of WBG and the 2030 Sustainable Development Goals of the United Nations.