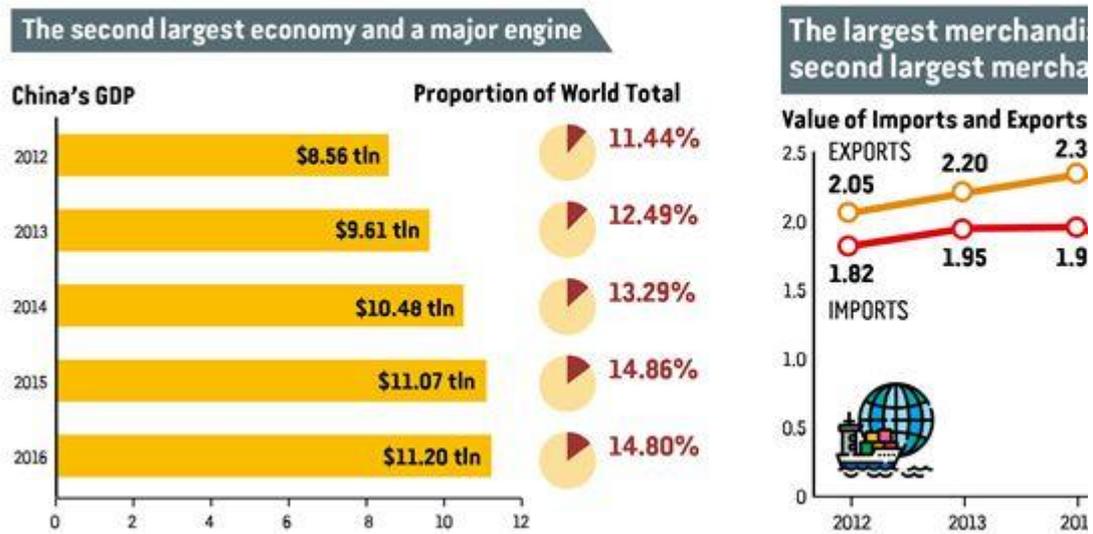


Shouldering Responsibility

China emerges as a major contributor to global economy and governance

By Xu Hongcai | NO. 39 SEPTEMBER 28, 2017



Despite a slight slowdown of its economic growth in recent years, China, the world's second largest economy, continues to be a driving force for global economic recovery. Meanwhile, along with its growing economic status, China has played an increasingly active role in global economic governance over the past five years.

From the macro perspective of economic size and growth speed, China is still the major engine for world economic growth. Its GDP grew 6.7 percent to reach \$11 trillion last year, contributing more than 34 percent to the world's gross value added in 2016.

China's ongoing poverty reduction campaign, in particular, contributes greatly to the world. During the 13th Five-Year Plan (2016–20) period, China has pledged to lift 70 million people out of poverty. Through the government's various targeted policies, these individuals will be employed, with increased income and improved welfare. China's goal is to double its 2010 GDP and per-capita income of residents and achieve a moderately prosperous society in all aspects by 2020. This means that poverty needs to be eliminated; no one can be left behind.

As China is an important part of the global community, addressing China's challenges, most notably poverty, means solving a large part of the world's problems and contributing to humanity.

Whereas in the past China has participated in global governance, it has now become a leader in certain aspects, providing solutions, putting forward proposals and increasingly interacting with the international community.

Against the global backdrop of rising trade and investment protectionism and declining growth momentum, President Xi Jinping introduced the Silk Road Economic Belt and 21st-Century Maritime Silk Road (Belt and Road) initiative in 2013. Based on the principles of extensive consultation, joint contributions and shared benefits, the initiative is China's solution to economic globalization—a major contribution that China has made to global governance during the past five years.

Economic progress

Economic transformation and new types of urbanization since the 18th National Congress of the Communist Party of China (CPC) in 2012 have increased and will continue to increase the income of citizens, whose diversified consumption demands have led to an expansion in imported goods. During the past five years, China has seen average annual imports of nearly \$2 trillion.

As incomes rise, China's consumption pattern is transitioning from a traditional focus on housing and cars to tourism, cultural activities, information, health services, etc. More than 100 million overseas trips have been made by Chinese tourists annually during the past five years, and their spending, ranked first in the world, contributes to world economic growth.

China's urbanization aims to transform several hundred million farmers into urban residents. Such a huge social transformation will lead to income growth, as well as a boom in infrastructure construction and consumption. By 2020, China will have a middle class of 600 million people, which will create a huge consumption market and a surge in imports.

China has also become a major investing country, with its non-financial outbound direct investment exceeding \$170 billion in 2016, which has helped the host countries create jobs, improve infrastructure and increase tax revenue.

Facing a slowdown in economic growth in recent years, China's leadership has made a rational judgment on the trend, calling it an economic "new normal" that features a slowing growth rate, an improving economic structure and a shift of growth engines from production and investment to services and innovation.

The Third Plenary Session of the 18th CPC Central Committee, held in November 2013, issued a blueprint for economic reform, making it clear that

the market will play a decisive role in resource allocation and that the government should transform its functions. All the ensuing reforms are sticking to this principle.

Therefore, although economic growth has decelerated in recent years, the income of average Chinese is increasing and their welfare is improving. As Xi has said, reform should strengthen people's sense of gain; this is the philosophy of Xi's governance.

Meanwhile, the efficiency and quality of economic growth have been improving, a result of ongoing supply-side structural reform (which has focused on improving the quality and efficiency of the supply side). The nation's economic structure has also been improved; the service industry's contribution to China's GDP has reached 55 percent; and consumption has contributed more than 60 percent to GDP growth. Meanwhile, energy consumption per unit of GDP has been dropping, and China is moving up the global value chain.

"Making progress while maintaining stability" is not only a principle of China's economic policy, but also a methodology to govern the country's economy.

Enhanced quality of economic growth also means the efforts in coping with climate change, reducing resources consumption and carbon dioxide emissions, and protecting the environment have paid off, which are also contributions China has made to the international community.

Role in global governance

When participating in global governance, China always works within the framework of the UN and seeks a synergy between its own development policies and those of other countries. This provides an open, inclusive solution that makes the pie of the global economy bigger.

China's contribution to global governance has two aspects:

It has proposed the concept of a human community with shared destiny, reflecting the Silk Road spirit of peace and cooperation, openness and inclusiveness, mutual learning and mutual benefits; and the Belt and Road Initiative.

In practice, China has been actively participating in international efforts to improve global governance. China has ratified and pledged to strictly implement the Paris agreement on climate change, and the development targets of China's 13th Five-Year Plan comply with the goals of the UN's 2030 Agenda for Sustainable Development. As the host country of the G20 Summit in 2016, China defended globalization, insisted on fighting protectionism and urged G20 members to start implementing the UN's sustainable development goals.

This year's Belt and Road Forum for International Cooperation in May and the BRICS Summit in September focused on the major concerns of developing countries, such as poverty reduction in African countries, industrialization and urbanization in less developed countries and "South-South cooperation." All these are among the UN's goals. China is sparing no effort to strengthen South-South cooperation, and is fighting protectionist activities in order to promote the creation of a more fair and inclusive global governance system.

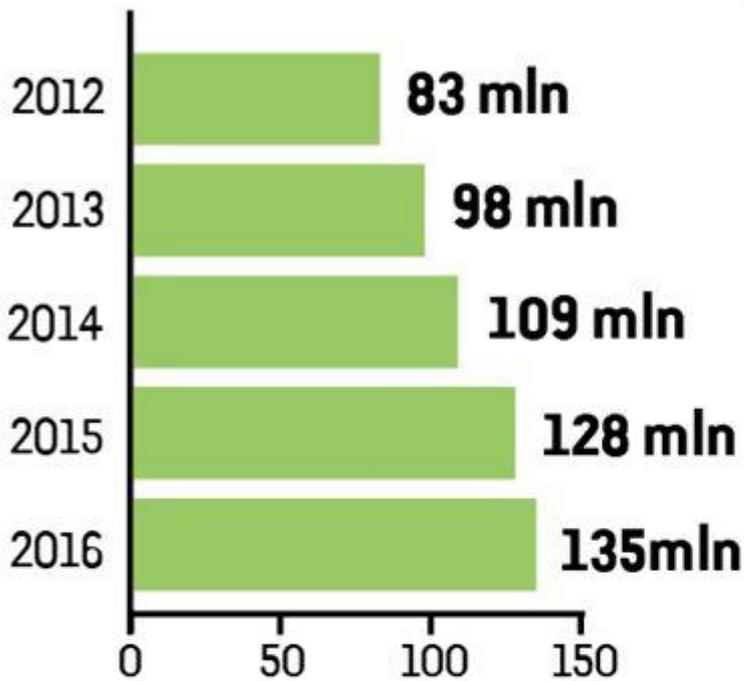
Through the G20 platform, China is strengthening policy coordination with other member states; promoting trade and investment facilitation; and developing a new economy in order to promote the sustainable growth of the global economy.

As Xi said, during his speech at the opening of the Belt and Road Forum on May 14, "Deficit in peace, development and governance poses a daunting challenge to mankind." China is responsible in making up for these deficits.

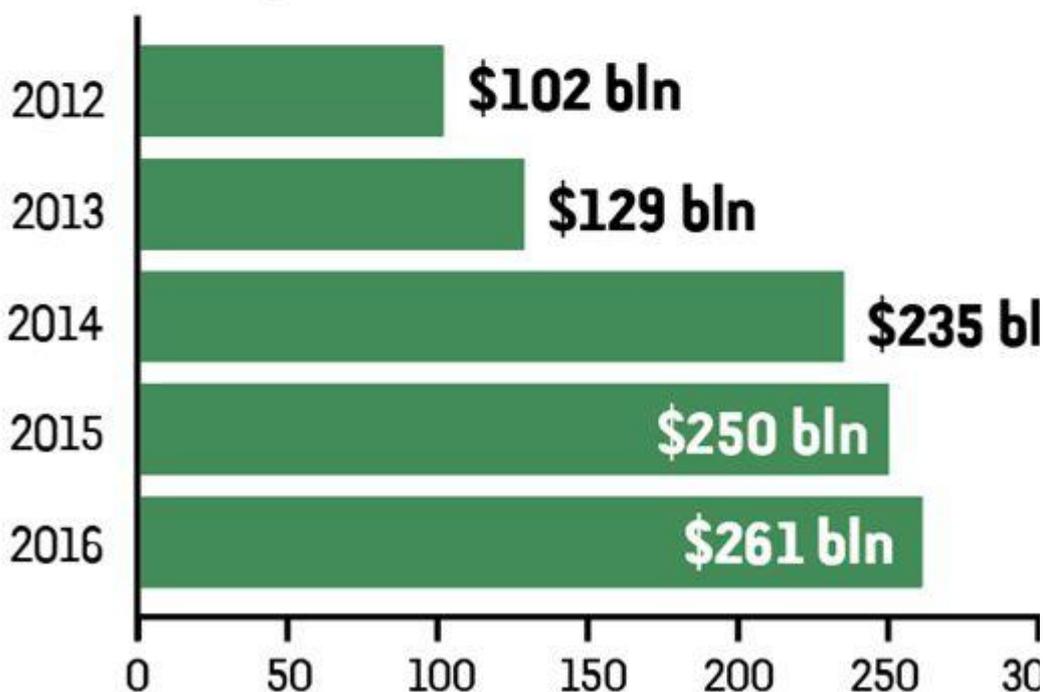
China has moved to the center of the world stage, attracting the world's attention, and it will not shun its responsibilities. China is further opening its market to the world, has set up additional free-trade zones and continues to shorten its "negative list"—the list of sectors in which foreign investment is not permitted—to expand access to the Chinese market for foreign investors.

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Number of Outbound Trips



Spending Overseas



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