

Enhanced partnership for greater momentum of growth

Keynote Speech by H.E. Xi Jinping
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At the APEC CEO Summit

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Chairman Alfonso Bustamante,
Leaders of the APEC Business Community,
Ladies and Gentlemen,
Dear Friends,

I am delighted to meet all of you here in the beautiful city of Lima. Geographically, China and Peru are far apart. There is one entry in an English-Chinese dictionary, “from China to Peru”, which means all over the world. Indeed, today we have come to Lima from across the world in pursuit of the same goal — prosperity of the Asia-Pacific region.

Two months ago, the G20 Summit was successfully held in Hangzhou, China, during which I and other leaders had in-depth discussions and reached important consensus on major issues facing the world economy. We expressed concern about the sluggish recovery of the global economy, lack of growth momentum, backlash against economic globalization, weak trade and investment and growing global challenges that cloud the global economic outlook. We agreed that in the face of risks and challenges, all parties need to work together in a spirit of partnership for win-win outcomes, enhance macroeconomic policy coordination and find creative ways to spur growth, so as to build an open world economy that delivers strong, sustainable, balanced and inclusive growth.

The Asia-Pacific is at a critical stage in which it continues to enjoy steady growth but also faces multiple challenges. With unsurpassed economic aggregate and vibrancy, the Asia-Pacific must lead the way and take strong and coordinated actions to energize the world economy and create new opportunities for global growth.

First, we should promote an open and integrated economy. Openness is vital for prosperity of the Asia-Pacific. Thanks to APEC member economies' commitment to trade liberalization and facilitation over the past two decades and more, trade in our region has grown by an average annual rate of 8%, more than doubling its GDP growth in the same period, thus steadily boosting the Asia-Pacific economy. In recent years, global trade has remained weak. According to WTO forecast, for the fifth consecutive year, global trade may grow slower than GDP in 2016. The Asia-Pacific is under similar pressure and is grappling with such challenges as the fragmentation of regional economic cooperation. For any regional trade arrangement to gain broad support, it must be open, inclusive and beneficial to all. We need to put in place a framework for regional cooperation featuring equal consultation, joint participation and shared benefits. Closed and exclusive arrangement is not the right choice.

In this connection, building a Free Trade Area of the Asia-Pacific (FTAAP), which is aptly regarded by the business community as the APEC dream, is a strategic initiative critical for the long-term prosperity of the Asia-Pacific. We should firmly pursue the FTAAP as an institutional mechanism for ensuring an open economy in the Asia-Pacific. We must energize trade and investment to drive growth, make free trade arrangements more open and inclusive and uphold the multilateral trading regime.

There is now heated debate about economic globalization, which has both supporters and skeptics. In my view, economic globalization is in keeping with the law of economics and delivers benefits to all. On the other hand, it is a double-edged sword. While driving global development, it has also created new problems and challenges that need to be dealt with. Globally, a new round of scientific, technological and industrial revolution is in the making, change in international division

of labor is accelerating and global value chains are being reshaped. All these developments have added new dimensions to economic globalization.

APEC was born in the booming years of globalization and owes much of its success to globalization. We need to recognize the changing dynamics in both our respective countries and the external environment, seize new opportunities, assume new roles and create new strengths. At the same time, globalization gives rise to new issues that deserve serious study. We need to actively guide globalization, promote equity and justice and make globalization more resilient, inclusive and sustainable, so that people will get a fair share of its benefits and will see that they have a stake in it.

Second, we should enhance connectivity to achieve interconnected development. Connectivity unleashes potential and underpins interconnected development. We need to build a multi-dimensional connectivity network that covers the Asia-Pacific. After eight years, Latin America is again playing host to the APEC meeting. We should seize this opportunity to align connectivity programs of the two coasts of the Pacific to support and boost the real economy in the whole region. We should follow up on the Connectivity Blueprint adopted at the APEC meeting in Beijing in 2014 and strengthen physical, institutional and people-to-people connectivity, so as to make the Asia-Pacific fully connected by 2025.

Three years ago, I put forward the Belt and Road initiative. It aims to strengthen connectivity to facilitate free flow of factors of production and create a platform of win-win cooperation and shared benefits for all. Over 100 countries and international organizations have joined or expressed support for the initiative, forming a strong “circle of friends” brought together by the common vision, mutual trust and friendship. The Asian Infrastructure Investment Bank (AIIB) is up and running. The Silk Road Fund is in place. A number of major projects have been launched, generating huge economic and social benefit. Guided by the principle of extensive consultation, joint contribution and sharing benefits, China will work with other parties to promote greater connectivity of policy, road, trade, currency and people, increase complementarity of our respective development strategies and deepen mutually beneficial cooperation. By doing so, we will drive growth and improve people’s lives. China welcomes all parties to join this initiative to meet challenges, share opportunities and seek common development.

Third, we should boost reform and innovation to create more internal driving force. The Asia-Pacific has come a long way in pursuit of development, and every progress has been made as a result of reform and innovation. Reform and innovation are worthy undertakings, but they are also difficult to accomplish. As an old Chinese saying puts it, courage to take on challenge will make a difficult job easier. A proverb in Latin America says that there is no greater difficulty than lack of resolve. In 2014, APEC leaders adopted in Beijing the APEC Accord on Innovative Development, Economic Reform and Growth, charting a course of innovative development for the Asia-Pacific. This year, the G20 Hangzhou Summit adopted the G20 Blueprint on Innovative Growth, highlighting reform and innovation and formulating specific plans of action.

We APEC members should act on these consensus and principles. We should change growth model, resolutely adjust economic structure through reform and raise total-factor productivity. We should step up macro-policy coordination, firmly advance structural reform and increase positive spillovers. We should accelerate efforts to explore new development philosophy, model and pathway, energize social creativity and the market, move our industries and products up the global value chain and expand space for development.

Fourth, we should promote win-win cooperation to forge strong partnership. Partnership is an important bond for Asia-Pacific cooperation and our natural choice for meeting current challenges. While we all believe that the 21st century is the Asia-Pacific century, happiness will never befall us by itself. Two years ago, APEC leaders reviewed the course of 25 years of APEC cooperation and put forth the guiding principles for forging partnership in the Asia-Pacific. Last year in Manila, we again called for building partnership in the Asia-Pacific in the spirit of mutual trust, inclusiveness and win-win cooperation.

We should commit ourselves to building a community of shared future. This will bring us closer instead of keeping us apart. We should continue to deepen and expand cooperation in our region. We should build platforms and set rules together and share development outcomes, and any attempt to undercut or exclude each other must be rejected. We should encourage equal participation, full consultation, mutual assistance and shared development. Every effort should be made to foster a sound and stable environment for development, and no factor should be allowed to obstruct the development process of the Asia-Pacific.

Ladies and Gentlemen,
Friends,

The common development and prosperity of the Asia-Pacific calls for enhanced cooperation at the regional level and concrete action by each APEC member. China, a developing country with the world's largest population, has maintained steady and sound growth, thus giving a strong boost to growth in the Asia-Pacific and the world. In the past several years after the outbreak of international financial crisis, China contributed to nearly 40% of global growth, playing a key role in driving global recovery. In recent years, with global growth remaining sluggish, China's economy has encountered some difficulties and challenges. But we have maintained confidence and made proactive adjustments. As a result, China has remained a leader of sustaining growth among major economies and contributed to over 25% of global growth.

China has begun to implement its 13th five-year plan this year. We have adapted to and steered the new normal of economic development, continued to carry out reform across the board, pursue innovation-driven development and accelerated the shift of growth model and economic structural adjustment. Thanks to these efforts, China's economy is operating within a proper range. In the first three quarters this year, China's GDP grew by 6.7%. Final consumption expenditure contributed to 71% of GDP growth. The added value created by services accounted for 52.8% of GDP. The energy consumption per unit of GDP dropped by 5.2% year on year. A total of 10.67 million urban jobs were created, and the gap between urban and rural income continued to narrow. The performance of China's economy has steadily improved; new driving forces are becoming stronger; new businesses are emerging; and many regions and sectors are going through encouraging transformation. All this shows that enabling factors are growing in strength.

China has entered a decisive stage for building a society of initial prosperity in all respects. Guided by the vision of innovative, coordinated, green, open and shared development, we will prioritize supply-side structural reform, foster a new economic structure, and strengthen new forces driving development to ensure steady and sound growth of China's economy.

Both now and in the time to come, China will take the following steps in pursuing economic development:

First, we will carry out supply-side structural reform to accelerate the shifting of growth model. We will deepen economic reform in all areas, improve government institutions to ensure that the market will play a decisive role in resources allocation and the government will play a better role. We will increase aggregate demand as called for while advancing structural adjustment through reform. We will promote the reorganization of industries to achieve optimal performance, improve allocation of factors of production and make supply structure better adapt to changes in demand. This will provide steady internal driving forces for sustaining sound growth.

Second, we will promote innovation-driven development and replace old growth drivers with new ones. We will continue to pursue the strategy of innovation-driven development and deepen R&D structural reform to change outdated mindset and remove institutional obstacles, fully leverage the role of science and technology in economic and social development, and tap into all sources of innovation. We will further pool the efforts of businesses, universities and research institutes to energize business organizations, people, the market and capital to drive innovation-based development. We will encourage new technologies, new industries and new businesses so that progress in innovation will be applied in economic operations and turned into

new forces driving growth.

Third, we will promote high-standard, two-way opening-up to deliver win-win outcomes. I have stressed on many occasions that China will not shut its door to the outside world, but open itself even wider. We will pursue an opening-up strategy with greater resolve and foster a wide-ranging, deeper and multi-faceted environment of opening-up. We will give greater access to foreign investment and continue to set up high-standard pilot free trade zones in China. We will create a rules-based and enabling business environment in line with international standard, and ensure that there is a level playing field for all companies in China, both domestic and foreign. I am convinced that these steps will make China's investment climate more open, favorable and transparent, thus allowing foreign companies to share in China's growth opportunities. We encourage more Chinese companies to go global, increase outbound investment, and set up new platforms for pursuing mutually beneficial cooperation. We will fully involve ourselves in economic globalization by supporting the multilateral trading regime, advancing the FTAAP, and working for the early conclusion of the negotiations on the Regional Comprehensive Economic Partnership.

Fourth, we will promote shared and green development to make life better for our people. As an ancient Chinese saying goes, "Bringing benefit to the people is the fundamental principle of governance." There is also a Peruvian saying, "The voice of the people is the voice of God." We should respond to people's aspiration for a better life and ensure that the fruits of development are shared by them. We will improve the mechanism of income redistribution, make the cake bigger and share it in an equitable way, and expand the middle-income group. We will intensify our crucial fight against poverty so that by 2020, all of the 55.75 million people in rural China living under the current poverty line will be lifted out of poverty. We will redouble efforts to build a healthy China by providing our people with full life-cycle health services. As a Chinese saying goes, clear rivers and green mountains are as valuable as mountains of gold and silver. We will continue to pursue the strategy of sustainable development, promote green, low-carbon and circular development, and build a beautiful China with blue skies, green land and clear rivers so that our people can live in a sound environment created by development.

China's economy has a promising future, and China's development will present great opportunities to the world. It is estimated that in the next five years China will import US\$8 trillion of goods, introduce US\$600 billion of foreign investment and invest US\$750 billion overseas and Chinese tourists will make over 700 million outbound visits. All this means a bigger market, more capital, a greater variety of products and more valuable cooperation opportunities for countries around the world.

Ladies and Gentlemen,
Friends,

Since becoming an APEC member 25 years ago, China has forged ahead with other APEC members. Together, we have pursued development and shared prosperity. Together, we have advanced opening-up and deepened integration. Together, we have blazed new trails and taken bold initiatives. And together, we have pursued shared development based on mutual respect and assistance. Throughout these years, China and the economies in the Asia-Pacific have moved increasingly close to each other. Indeed, China has become a main trading partner and export market for most of the APEC members.

We all know that sweet potato and other varieties of potato originated in Latin America. I once used sweet potato as an example to make a point to a group of Chinese business leaders. I said that the vines of sweet potato may stretch in all directions, but they all grow out of its roots. Similarly, no matter what level of development it may reach, China, with its root in the Asia-Pacific, will continue to contribute to its development and prosperity. China is committed to peaceful development and a win-win strategy of opening-up. While striving for its own development, China will also work to promote the common development of all Asia-Pacific countries and create more opportunities for people in our region.

The business community, as the most dynamic force in the global economy, plays a crucial role in driving reform, development and innovation. I hope you will take the lead in pursuing win-win cooperation and make new contribution to economic growth in both the Asia-Pacific and the whole world.

In conclusion, I wish the CEO Summit full success!

Thank you!

(Source: People's Daily)