

# Openness for greater prosperity, innovation for a better future

Xi Jinping considers China's historic journey of reform and opening-up, and the major measures needed to sustain continued growth in the coming decades

There are certain historic occasions that empower us with the wisdom and strength to move forward. This year marks the 40<sup>th</sup> anniversary of China's reform and opening-up, and the 30<sup>th</sup> anniversary of the establishment of the Province and Special Economic Zone of Hainan. It is reform and opening-up that has given life and prosperity to Hainan, that has turned it from the once backward and remote island into one of China's most open and dynamic regions, and that has enabled Hainan to achieve phenomenal social and economic growth.

Just like the radiance of the sun is reflected by a drop of water, the development of a country may be epitomized by an individual region. Hainan stands as an important historical witness to China's reform and opening-up over the past four decades.

Thanks to the initiative of Deng Xiaoping, the Third Plenary Session of the 11<sup>th</sup> CPC Central Committee in 1978 marked the beginning of China's historic journey of reform and opening-up. Our endeavour started from rural areas to cities, from pilot programs to nationwide projects and from economic restructuring to the comprehensive deepening of reform. Reform and opening-up over the past four decades has made great impacts on China. With united and determined efforts, the Chinese people have added a glorious chapter to the development epic of the country and the nation.

Over the last four decades, the Chinese people have significantly unleashed and enhanced productivity in China through hard work with an unyielding spirit. Heaven rewards those who work hard, and flowers in spring come to fruition in autumn. The focused endeavour in national development and unwavering commitment to reform and opening-up of the Chinese people have brought enormous changes to the country.

China has grown into the world's second largest economy, the largest industrial producer, the largest trader of goods, and the holder of the largest foreign exchange reserves. Over the past 40 years, China's GDP has averaged an annual growth rate of around 9.5% in comparable prices and its foreign trade has registered an annual growth of 14.5% in US dollars.

The Chinese people have emerged from a life of shortages and poverty and are now enjoying abundant supply and a moderately prosperous life. According to current UN standards, more than 700 million Chinese people have been lifted out of poverty, accounting for more than 70% of the global total over the same period.

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Over the last four decades, the Chinese people have blazed a path of socialism with Chinese characteristics through determined exploration with a pioneering spirit. The Chinese people have both a keen awareness of national realities and a global vision. We champion independence and self-reliance while embracing openness and win-win cooperation. We uphold the socialist system while sticking to the direction of reform to develop the socialist market economy.

As we 'cross the river by feeling the stones', we have strengthened top-level planning. We have studied new circumstances, addressed new problems as they emerge and summed up experience accordingly, thus blazing a path of socialism with Chinese characteristics. The successful practice of the Chinese people is a proof that there is more than one path leading to modernisation. With the right direction and with unremitting efforts, all roads will take us to Rome.

Over the last four decades, the Chinese people have kept forging ahead and demonstrated the strength of the nation through keeping pace with the progress of the times. Ours is a truth-seeking nation with an open mind. Our efforts to open up our minds have advanced side by side with our endeavour of reform and opening-up. Our search for new ideas and experiment of practices have been mutually reinforcing.

Such is the great strength of a guiding vision. Ours is a nation that has courageously engaged in self-revolution and self-reform, constantly made improvements to the system of socialism with Chinese characteristics, and kept overcoming institutional and systematic obstacles to development. Such is the great strength of institutional guarantee. Ours is an enterprising and pioneering nation with unprecedented motivation, initiative and creativity. Such is the great strength of the 1.3 billion Chinese people driving history forward as masters of their nation and real heroes.

Over the last four decades, the Chinese people have embraced the world with open arms and actively contributed our share to the world. Reform and opening-up is a great process that has seen China and the world achieve development and progress together. The Chinese people have made opening-up a fundamental national policy, pursued development with an open door, and accomplished a great transition from seclusion and semi-seclusion to all-round openness.

In this process, China has lived up to its responsibility as a major country. From 'bringing in' to 'going global', from WTO accession to the Belt and Road Initiative, China has made significant contribution to mitigating the Asian financial crisis and the global financial crisis. Contributing over 30% of global growth in recent years, China has become a key anchor and driver for the world economy and a positive force in advancing the noble cause of global peace and development.

Today, the Chinese people can say with great pride that reform and opening-up, China's second revolution if you like, has not only profoundly changed the country but also greatly influenced the whole world.

An ancient Chinese classic teaches that heaven has its own law and those who embrace it will prosper. China's reform and opening-up meets its people's aspiration for development, innovation and a better life. It also meets the global trend toward development, cooperation and peace. As such, China's reform and opening-up can and will be a great success!

Four decades of reform and opening-up has given us many valuable inspirations. The most important one is that for any country or nation to achieve rejuvenation, they must follow the logic of history and the trend of the times in their pursuit of progress and development.

The world is undergoing a new round of major development, great change and profound readjustment. Humankind still faces many instabilities and uncertainties. The new round of technological and industrial revolution brings fresh opportunities and presents unprecedented challenges.

In some countries and regions, people are still living in the shadow of war and conflict. A great many people, including the old, women and children, are suffering from hunger and poverty. Climate change and major communicable diseases remain formidable challenges. Humanity has a major choice to make between openness and isolation, and between progress and retrogression.

In this complex and changing world, where are we headed and where is the future of Asia? To answer these fundamental questions of our time, we must not let our vision be blocked by floating clouds. Instead, we must dispel the clouds to see the sun, as we say in Chinese, so as to have a keen grasp of the law of history and the trend of the world.

We live at a time with an overwhelming trend toward peace and cooperation. In a world aspiring for peace and development, the cold-war and zero-sum mentality looks even more out of place. Putting oneself on a pedestal or trying to immune oneself from adverse developments will get nowhere. Only peaceful development and cooperation can truly bring win-win or all-win results.

We live at a time with an overwhelming trend toward openness and connectivity. Human history shows that openness leads to progress while seclusion leaves one behind. The world has become a global village where our interests are intertwined and our economic and social progress interconnected. To promote common prosperity and development in today's world, we have no choice but to pursue greater connectivity and integrated development.

We also live at a time with an overwhelming trend toward reform and innovation. A Chinese philosopher recognized as early as over 2,500 years ago that one doesn't have to follow a beaten path if he wishes to benefit the people and one doesn't have to observe old conventions if he wishes to get things done. Reform and innovation are the fundamental driving force of human progress. Those who reject them will be left behind and assigned to the dustbin of history.

To follow the trend of our times and advance the well-being of all people, I proposed the initiative to build a community with a shared future for mankind and I have since had many in-depth discussions with various parties. I am glad that this proposal has been welcomed and endorsed by a growing number of countries and their peoples. It has also been written into important UN documents. I hope that people around the world will work together toward this community with a shared future for mankind and make Asia and the world peaceful, tranquil, prosperous, open and beautiful.

With the future in mind, we need to treat each other with respect and as equals. We should uphold the five principles of peaceful coexistence, respect the social system and development path independently chosen by each country, respect each other's core interests and major concerns, and follow a new approach to state-to-state relations featuring dialogue rather than confrontation, and partnership instead of alliance.

We must refrain from seeking dominance and reject the zero-sum game. We must refrain from beggar-thy-neighbour and reject power politics or hegemony with the strong bullying the weak. Instead, we must properly manage differences and work together for enduring peace. With the future in mind, we need to promote dialogue and share responsibility. We should act on the vision of common, comprehensive, cooperative and sustainable security, and firmly uphold the international order and system underpinned by the purposes and principles of the UN Charter.

An integrated approach should be taken to counter traditional and non-traditional security challenges, and coordination should be enhanced both bilaterally and multilaterally. We must ensure that various security mechanisms coordinate with each other in an inclusive and complementary manner rather than undercut each other. This will lead us to universal and common security.

With the future in mind, we need to engage in cooperation for win-win results. We should stay committed to openness, connectivity and mutual benefits, build an open global economy, and reinforce cooperation within the G20, APEC and other multilateral frameworks. We should promote trade and investment liberalization and facilitation, uphold the multilateral trading system, and jointly foster new technologies, new industries and new forms and models of business. This way, we will make economic globalization more open, inclusive, balanced and beneficial to all.

With the future in mind, we need to uphold inclusiveness and seek harmony without uniformity. We must strengthen bilateral and multilateral cooperation in culture, education, tourism, youth, media, health, poverty reduction and other fields. We need to promote mutual learning among civilizations as it will help us build bridges of friendship, drive social progress, and safeguard peace for the region and beyond.

With the future in mind, we need to treat nature with respect and treasure our planet. It is important to have a vision of green, low-carbon and sustainable development, and respect, accommodate and protect nature. We need to increase exchanges and cooperation, share experience and jointly meet challenges in climate change, environment protection, energy conservation and emission reduction. We must pursue further progress along the path of sustainable development featuring increased production, higher living standards and healthy ecosystems so that our future generations can enjoy blue skies, clear water and lush mountains.



The 19<sup>th</sup> CPC National Congress held last October ushered socialism with Chinese characteristics into a new era and drew a blueprint for turning China into a great modern socialist country in all respects. This new era of socialism with Chinese characteristics marks a new chapter in China's rejuvenation and its effort for shared prosperity with the rest of the world.

Each age and generation have their own challenges and missions. China has come a long way, but it has to overcome new challenges on its way ahead. In this new era, the Chinese nation will continue to improve itself through reform. We will stay committed to advancing reform in all respects, and prevail over whatever challenges that may lie ahead. We will tackle long-standing problems with courage and resolve, and break the impediments of vested interests to see the reform through.

The Chinese people will continue to take bold steps in innovation to boost development. Following the people-centered development philosophy and the new development vision, we will modernize our economic system, deepen the supply-side structural reform, and implement at a faster pace the strategies of innovation-driven development, rural revitalization and coordinated regional development. We will continue to work on targeted poverty alleviation and promote social equity and justice to give our people a greater sense of fulfillment, happiness, and security.

The Chinese people will continue to increase openness and expand cooperation. We will stay committed to the strategy of opening-up for win-win results. We will pay equal attention to 'bringing in' and 'going global', and break new ground in opening China further through links running eastward and westward, across land and over sea. We will adopt policies to promote high-standard liberalization and facilitation of trade and investment, and explore the opening of free trade ports with Chinese characteristics.

The Chinese people will continue to work together with the rest of the world and make greater contribution to humanity. China will stick to the path of peaceful development, actively pursue global partnerships, firmly support multilateralism, and take an active part in reforming the global governance system. By doing so, we will be able to build a new type of international relations and promote a community with a shared future for mankind.

No matter how much progress China has made in development, China will not threaten anyone else, attempt to overturn the existing international system, or seek spheres of influence. China will stay as determined as ever to build world peace, contribute to global prosperity and uphold the international order.

A comprehensive study of world development trajectories shows that economic globalization is an irreversible trend of our times. In line with this conclusion, I emphasized in my report to the 19<sup>th</sup> CPC National Congress that China will continue to adhere to its fundamental national policy of opening-up and pursue development with its door wide open. I wish to make it clear to all that China's door of opening-up will not be closed and will only open even wider!

What has happened proves that opening-up was key to China's economic growth over the past 40 years and in the same vein, high-quality development of China's economy in the future can only be achieved with greater openness. Opening-up is a strategic decision made by China based on its need for development as well as a concrete action taken by China to move economic globalization forward in a way that benefits people across the world.

China will adopt the following major measures to pursue further opening:

- First, we will significantly broaden market access. A number of landmark measures are to be launched this year. On services, financial services in particular, important announcement was made at the end of last year on measures to raise foreign equity caps in the banking, securities and insurance industries.

We will ensure that these measures are materialized and at the same time make more moves toward further opening, including accelerating the opening-up of the insurance industry, easing restrictions on the establishment of foreign financial institutions in China and expanding their business scope, and opening up more areas of cooperation between Chinese and foreign financial markets.

On manufacturing, we have basically opened up this sector with a small number of exceptions on automobiles, ships and aircraft. Now these industries are also in a position to open up. Going forward, we will ease as soon as possible foreign equity restrictions in these industries, automobiles in particular.

- Second, we will create a more attractive investment environment. Investment environment is like air, and only fresh air attracts more investment from the outside. China relied mainly on providing favourable policies for foreign investors in the past, but now we will have to rely more on improving the investment environment.

We will enhance alignment with international economic and trading rules, increase transparency, strengthen property rights protection, uphold the rule of law, encourage competition and oppose monopoly. We established a host of new agencies such as the State Administration for Market Regulation as part of a major readjustment of government institutions this past March, the purpose of which is to remove the systematic and institutional obstacles that prevent the market from playing a decisive role in resources allocation and enable the government to better play its role.

In the first six months of this year, we will finish the revision of the negative list on foreign investment and implement across the board the management system based on pre-establishment national treatment and negative list.

- Third, we will strengthen protection of intellectual property rights (IPR). This is the centerpiece of the system for improving property rights protection, and it would provide the biggest boost to the competitiveness of the Chinese economy. Stronger IPR protection is the requirement of foreign enterprises, and even more so of Chinese enterprises. This year, we are re-instituting the State Intellectual Property Office to strengthen the ranks of its officers, step up law enforcement, significantly raise the cost for offenders and fully unlock the deterrent effect of relevant laws.

We encourage normal technological exchanges and cooperation between Chinese and foreign enterprises, and protect the lawful IPR owned by foreign enterprises in China. At the same time, we hope foreign governments will also improve protection of Chinese IPR.

- Fourth, we will take the initiative to expand imports. Domestic demand is the fundamental driving force for China's economic development, and it is an essential requirement for us to meet the people's ever-growing need for a better life.

China does not seek trade surplus; we have a genuine desire to increase imports and achieve greater balance of international payments under the current account. This year, we will significantly lower the import tariffs for automobiles and reduce import tariffs for some other products. We will import more products that are competitive and needed by our people. We will seek faster progress toward joining the WTO Government Procurement Agreement.

We hope developed countries will stop imposing restrictions on normal and reasonable trade of high-tech products and relax export controls on such trade with China. This November, we will hold the first China International Import Expo in Shanghai. It is not just another expo in an ordinary sense, but a major policy

initiative and commitment taken of our own accord to open up the Chinese market. Friends from around the world are welcome to participate in the Expo.

I wish to emphasize that with regard to all those major initiatives of opening-up that I have just announced, we have every intention to translate them into reality, sooner rather than later. We want the outcomes of our opening-up efforts to deliver benefits as soon as possible to all enterprises and people in China and around the world.

I am confident that with these efforts, China's financial sector will be much more competitive, our capital market will continue to enjoy healthy development, the building of a system of modern industries will be accelerated, our market environment will be greatly improved, and intellectual property rights will be effectively protected. In short, China will enter a new phase of opening-up.

Five years ago, I put forward the Belt and Road Initiative (BRI). Since then, more than 80 countries and international organizations have signed cooperation agreements with China. The BRI may be China's idea, but its opportunities and outcomes are going to benefit the world. China has no geopolitical calculations, seeks no exclusionary blocs and imposes no business deals on others.

It must be pointed out that as the BRI is a new initiative, it is perfectly natural for there to be different views. As long as the parties embrace the principle of extensive consultation, joint contribution and shared benefits, we can surely enhance cooperation and resolve differences. This way, we can make the BRI the broadest platform for international cooperation in keeping with the trend of economic globalization and to the greater benefit of all our peoples.

As a Chinese saying goes, *"A mountain is formed by accumulation of earth and an ocean is formed by accumulation of water."* Happiness and a bright future will not appear automatically; success only favours those with courage and

perseverance. Let us dedicate ourselves to openness and win-win outcomes, be brave to change and break new ground, and keep striving for a community with a shared future for mankind and a better tomorrow for Asia and the world. ■

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