

(Translation)

Prospects of China's Economic Cooperation with the Asia-Pacific

Keynote Address by H.E. Mr. Chen Yuan, Vice Chairman of the National
Committee of the Chinese People's Political Consultative Conference
(CPPCC)
at the 22nd General Meeting of the Pacific Economic Cooperation Council
(PECC)

Distinguished Guests,
Members of the Pacific Economic Cooperation Council,
Ladies and Gentlemen,

It's my great pleasure to attend the 22nd General Meeting of the
PECC. The meeting is a grand regional convention bringing
together people from the government, business and academia for
deliberations on economic cooperation in the Asia-Pacific region
in 2014 and beyond. I would like to take this opportunity to look
into the future of China's economic cooperation with the rest of
the Asia-Pacific.

It is generally acknowledged that the development of China is
inseparable from that of the Asia-Pacific, and vice versa. During
the past three decades, China achieved its development hand in

hand with the rest of the Asia-Pacific. By reinforcing each other, they have jointly ushered in a new era of Asia-Pacific development.

In late 1970s and early 1980s when China launched its reform and opening up process, personages of the Asia-Pacific region developed ideas that culminated in the setup of the PECC. China and other Asia-Pacific economies were thus joined by a common vision. China's membership in PECC is none other than a natural development.

In the early 1990s, China's accession to the Asia-Pacific Economic Cooperation (APEC) boosted China's reform and opening up process, and also enhanced China's economic cooperation and trade relations with other economies in the region. China's economic cooperation with other economies of the Asia-Pacific has continued to intensify. The economic and trade relations between China and the Asia-Pacific economies were then better coordinated.

China's accession to the WTO at the beginning of the 21st century brought about a completely new period in its reform and opening up. An Asia-Pacific production network of global significance came into being between China and the rest of the Asia-Pacific. China's development has also infused dynamism

into that of the Asia-Pacific region.

In this process, China and the Asia-Pacific economies have become increasingly interdependent. China has become either the largest or the most important trading partner with, or a major source of investment for many Asia-Pacific economies. The convergence of interests between China and the rest of the Asia-Pacific region has reached an unprecedented level in width and depth.

It is precisely the effective cooperation between China and the other Asia-Pacific economies that brought about a booming regional economy and turned the Asia-Pacific region into an engine of global economic growth. It has enabled us to withstand the severe impact of the two major financial crises, the Asian one and the recent global one respectively. It has also greatly boosted the recovery and development of the Asia-Pacific economy.

Furthermore, China's effective economic cooperation with the Asia-Pacific economies has also brought about tangible benefits to the Asia-Pacific region. Such mutually beneficial, win-win, open and inclusive cooperation can be narrated as a valuable experience in the Asia-Pacific development.

Ladies and Gentlemen,

Looking around the Asia-Pacific, we are on the threshold of a new development stage. On the one hand, the Asia-Pacific region is still endowed with the driving force for further economic growth and great potential for development. On the other hand, the traditional mode of economic growth that has been employed over a long period of time in the Asia-Pacific is no longer viable. Economies in the Asia-Pacific region, developed or developing ones alike, are all faced with the same task of effecting changes and reform. Some have to change their long-pursued economic strategy of export-driven growth. Others have to boost their domestic consumption while still others should rely more on an investment-driven strategy or even tighten their belts, etc.

The various modalities have one commonality. That is, all economies have to make changes in their economic development mode, carry out economic restructuring, promote reform and innovation, and tap the potential in domestic consumption, innovative dynamism and market vitality, in order to create an endogenous driving force for sustainable and sound economic growth.

In China, we are determined to accelerate the transformation of

the development mode. The economy would no longer rely on an extensive mode of growth driven by investment and export. Rather, the growth would be achieved through greater efforts on promoting domestic consumption and innovation. We would also make efforts to accelerate the economic restructuring by developing a “new economy”, the tertiary industry and through urbanization. At the same time, we would make even greater efforts in pursuing the opening up strategy. We will open up the hinterland and the border regions after the successful opening up of the coastal areas. We will strive to build the Silk Road Economic Belt and Maritime Silk Road. Inbound investment admittance would be relaxed and efforts be made to explore a comprehensive opening up model through China (Shanghai) Pilot Free Trade Zone. We will strengthen our capacity building in the integration of global value chains with international business operation through accelerated pace in pursuing the Going Global strategy by Chinese enterprises. We will make overall arrangement with regard to multilateral, bilateral and regional cooperation and speed up the building of free trade zones.

In the Asia-Pacific region, various economies are taking measures to carry out economic transformation and development, improve economic growth quality and efficiency, and address all kinds of outstanding contradictions and problems. Various

economies are putting forward new programs of cooperation to facilitate physical, institutional and people-to-people connectivity. Cooperation in areas like green economy, blue economy and new energy is being pursued and expanded. Various economies are dedicated to opening up and development, improving the Asia-Pacific production network, promoting economic integration, and avoiding fragmentation.

It is quite obvious that China and the rest of the Asia-Pacific region share the same mind-set in reform and economic transformation. With our interests converging, we share the same approaches and our cooperation would be mutually beneficial.

The new round of China's reform is in the interest of the Chinese people, and also in conformity with the desires of the Asia-Pacific and the rest of the world. China's new round of reform will lead to an expanded Chinese market with greater volume, build up China's capacity for outbound investment, maintain a long-term medium to high speed growth, and help maintain the world regime of open economy and free trade. It will also help address the trans-Pacific imbalance of trade and promote inclusive and sustainable regional economic growth.

At the same time, the success of China's new round of reform

also hinges on the deepening of the Asia-Pacific economic cooperation. The Asia-Pacific region, as a community with increasingly closer cooperation and aligned interests, is faced with the common challenge of development transformation. In order to realize better and faster regional development, we need to enlarge the cake of common interest first and have the people of all economies to benefit from the bonus of their development. Secondly, we need to promote the integration of production chains and value chains in the course of economic restructuring so as to create new industrial clusters for growth in the Asia-Pacific region and continue to retain the position of the Asia-Pacific region as the world economic engine. Thirdly, we shall push the regional economic integration to a new high by creating synergy on the basis of taking lessons and drawing strengths from various regional free trade arrangements. Fourthly, we should promote connectivity with a view to benefiting peoples on both sides of the Pacific and securing a free flow of production factors across the region.

Ladies and Gentlemen,

We are not sure yet how long the new round of development transformation would take. However, what we know is that only through cooperation can we succeed as a region.

A regional partnership in the new era calls for top-level designing. Asia-Pacific today is already an inseparable community of common destiny with converging interests. We should intensify our macro-policy coordination, engage in exchanges in executing reform and growth policies, and realize synergy through concerted actions.

The regional partnership in the new era also calls for continued commitment to open regionalism. The regional diversity has predetermined the existence of differentiated approaches to regional economic cooperation. These approaches are mutually complementary and reinforcing each other. We should maintain an open, positive and supportive approach to them so as to bring about a higher level of regional integration.

The regional partnership in the new era has to be promoted in a comprehensive manner, with innovative development, reform and growth as the driving force, connectivity as the basis, and higher level of regional economic integration as the orientation.

The regional partnership in the new era also calls for exploration and innovation. We should be bold enough to explore new ideas, new vision and new ways in the Asia-Pacific economic cooperation and governance, blaze a new path of cooperation and win-win results, and build a community of integrated

interests and common destiny.

The regional partnership in the new era calls for financial cooperation. Firstly, we need to promote monetary cooperation and jointly maintain regional financial stability. Secondly, various sources of financing should be channeled to infrastructure building, especially to the energy sector, communication, telecommunication, and municipal construction, etc. The Asia Infrastructure Investment Bank initiated by China represents an important effort in this regard. Thirdly, we need to further optimize the capital market. The emphasis should be put on direct financing to better serve the real economy; Cross-border financial trading and clearing mechanism has to be improved to promote regional capital market connectivity. A regional rating agency should be established to provide financial service to the capital market. Fourthly, the circulation of local currencies within the region has to be facilitated to further boost regional trade and investment.

PECC is shouldered with the great responsibility of providing intellectual input on the economic cooperation to the Asia-Pacific region. I wish the general meeting a great success in your mission to accelerate economic cooperation in the Asia-Pacific region.

Thank you all!