

Chinese Premier Wen Jiabao delivers a keynote speech during the opening ceremony of the World Economic Forum Annual Meeting of the New Champions, also known as the Summer Davos Forum, in Dalian, a coastal city in northeast China's Liaoning Province, Sept. 14, 2011. (Xinhua/Li Gang)

BEIJING, Sept. 14 (Xinhua) -- The following is the full text of the keynote speech made by Chinese Premier Wen Jiabao at the opening of the World Economic Forum's Annual Meeting of the New Champions 2011 held Sept.14-16 in the city of Dalian in northeast China's Liaoning Province:

Promote Sound, Sustainable and Quality Development

Speech by Wen Jiabao

Premier of the State Council of the People's Republic of China

At the World Economic Forum Annual Meeting of New Champions 2011

Dalian, 14 September 2011

Professor Klaus Schwab, Executive Chairman of the World Economic Forum,

Ladies and Gentleman,

I wish to extend warm congratulations on the opening of the fifth Annual Meeting of the New Champions, or the Summer Davos, and a sincere welcome to you all. The Summer Davos has undergone five years of growth and established its principle of being oriented to the whole world, to the future, to innovation and to youths. Participants have had lively and dynamic exchanges at various forms of discussions, delivering to the world messages of hope, confidence, and courage, particularly at the difficult times of the global financial crisis. The theme of this year's meeting -- Mastering Quality Growth -- represents people's shared desire for robust, sustainable and balanced economic growth, and I wish the meeting a great success.

Three years have passed since the outbreak of the international financial crisis. International organizations, governments, the business communities and the academia are all taking a hard look at the root causes of the crisis and exploring ways to sustain the growth of both the global economy and national economies. With regard to China's economic development, some people have hailed its achievements, while some others have expressed doubt. Some are optimistic about China's economic future, while some others say that China is in trouble. But we in China remain clear-headed and are firm in our confidence.

The first decade of this century has seen major changes in the global political and economic landscape. It has also seen rapid industrialization and urbanization in China. Great progress has been made in China's comprehensive reform, opening-up and modernization endeavor during this decade.

Over the last ten years, China's economy has been growing by 10.5 percent annually. Its GDP and trade volume respectively rose from the sixth and seventh place to the second

place in the world. China's industrial structure is being upgraded; the foundation of its agriculture has grown stronger; development in the central and western provinces has picked up speed; and a mode of regional development with each region tapping its distinctive strength has taken shape. Social services are thriving; and urban and rural income has risen substantially. China has taken on a completely new look as its total economic output and overall national strength significantly increased and people's living standards greatly improved.

We have continued to resolve challenging issues in development by carrying out reform and steadily improved the socialist market economy. An array of important reform measures have been introduced in taxation, finance, enterprises, rural areas and resource prices. These measures have enhanced the vitality of the micro-economy and macro-regulation and raised the efficiency of market allocation of resources. We have made full progress in expanding social services. Nationwide free nine-year compulsory education has been achieved. A basic social security system covering both urban and rural areas has been put in place. Construction of government-subsidized housing is being accelerated. The cherished goal of the Chinese that everyone should have access to education, employment and pay, medical and old-age care and housing is becoming a reality. Through reform, we are removing bottlenecks hampering development and have released the initiative, enthusiasm and entrepreneurial spirit of the Chinese people. This, in turn, has fully activated factors such as labor, capital, knowledge, technology and management, which form the source of rapidly increasing social wealth.

We are pursuing a win-win strategy of opening-up to increase the openness of China's economy. Since joining the WTO in 2001, we have speeded up efforts to change the way of conducting foreign trade, improved the import and export mix, upgraded the processing trade and vigorously developed trade in services. We have pursued the dual strategy of introducing foreign capital and encouraging Chinese companies to invest overseas to achieve greater balance between the use of FDI and overseas Chinese investment. We have taken an active part in the reform of the global economic governance structure and the building of regional cooperation mechanisms, and worked to deepen bilateral and multilateral economic and trade relations. China today is a fully open market economy. The opening-up policy has both benefited China's development and the well-being of its people and contributed to regional and global economic growth.

Ladies and Gentlemen,

With its development entering a new historical stage in the second decade of the 21st century, China is in an important period of strategic opportunities. Peace, development and cooperation remain the trend of our times. The international environment is generally conducive to China's pursuit of peaceful development. Numerous factors -- continuous industrialization, urbanization and agricultural modernization, huge market potential, a relatively high savings rate, better R&D capacity, better education, a more skilled labor force, deepening reform and overall stability -- have created enabling conditions and vast space for continued economic and social development in China. On the other hand, we are still facing a pressing problem, that is, China's development is not yet balanced, coordinated and sustainable and there are many institutional constraints hindering scientific development. As the size of the Chinese economy grows, it will become difficult to keep high-speed growth over a long period of time. However, the new developments, both internationally and in China, have not changed the fundamentals of China's development. We have the right conditions, and we have both the ability and confidence to

maintain steady and fairly fast growth of the economy and bring China's economy to a new stage of development.

The current 12th Five-year Plan period is a critical stage in China's efforts to build a society of initial prosperity in all respects. Taking into full consideration the future trend and conditions as well as China's goals for 2020 and responding to the need for changing the model of growth at a faster pace, achieving scientific development and bringing the benefits of reform and development to all the people, we have set the following goals and strategic tasks for these five years:

-- China will continue to follow the strategy of expanding domestic demand, with focus on improving the structure of demand and increasing consumer demand to drive economic growth. Domestic demand is crucial and a necessary choice for a big country to achieve sustainable economic growth. China has 20 percent of the world's population. With its per capita GDP exceeding US\$4,000, China has entered a key stage for upgrading consumption structure. To upgrade consumption and raise the quality of life for urban and rural population and strengthen weak links in economic and social development will generate enormous domestic demand. We will endeavor to build a long-term mechanism for expanding consumer demand, create a favorable environment for consumption, improve consumer expectation, boost spending power and upgrade consumption structure. We will expand consumption in the course of advancing urbanization, protecting and improving people's well-being and speeding up the development of service industries. We aim to make urbanization grow by 4 percentage points, and raise the share of the value added created by service industries in GDP by 4 percentage points, so that final demand will become a major force driving China's economic growth.

-- China will continue to develop education as a priority, bring about all-round human development, and promote economic development on the basis of improving the quality of human capital. For a major developing country like China, boosting education and improving quality of human resources will drive economic development and make it more competitive. We will act quickly to achieve economic growth by increasing the quality of human capital rather than by just using more workers. This will enable us to catch up with the progress in technology and change the model of growth, and it holds the key for us to adapt to demographic changes and achieve sustainable development. We will fully implement the outline of the national medium- and long-term plan for education and promote balanced development of education at different levels and of various types. We will ensure equitable education for all, promote well-rounded development of people, train innovation-oriented talents, and advance education in a scientific manner. And we will move faster to make China not only a big country but also a strong country in both education and human resources. This will provide strong intellectual impetus for sustaining China's economic development.

-- China will continue to build an innovation-driven society, speed up the development of an innovation system, and enhance the role of science and technology in driving economic and social development. R&D is crucial in guiding our efforts to accelerate the change of growth model. During the 12th Five-Year Plan period, we will give greater priority to R&D, deepen reform of science and technology institutions, and address the root causes of R&D not fully meeting the need of economic development. We will increase input in science and technology and raise the share of budget for R&D in GDP from 1.75 percent to 2.2 percent. We will follow closely the latest progress in overseas frontier technologies, strengthen basic research and the research of high technologies of strategic importance, and pool resources to make breakthroughs in developing core technologies. We will

enhance capacity to create, utilize, protect and manage intellectual property rights and bring into play the creativity of the whole society. We will accelerate the upgrading of traditional industries by using new technologies, new materials, new techniques and new equipment. We will vigorously develop strategic emerging industries, with a focus at this stage on industries related to energy conservation, environmental protection, new-generation information technology, biotechnology, high-end equipment manufacturing, new energy, new materials and new energy vehicles. Our goal is to develop new pillar industries so as to gain initiative for development in the new scientific revolution and industrial revolution.

China will continue to save resources and protect the environment, follow the path of green, low-carbon and sustainable development, use resources in a more efficient way, and develop stronger capacity for tackling climate change. To conserve resources and protect the environment is crucial to achieving sustainable development, and this is one of China's basic state policies. We will speed up the building of an industrial structure, a mode of production and a model of consumption that are conducive to resource conservation and environmental protection, and promote harmony between man and nature. During the 12th Five-Year Plan period, we will raise the share of non-fossil energy in primary energy consumption to 11.4 percent, reduce energy consumption and CO₂ emission per unit of GDP by 16 percent and 17 percent respectively, and cut total discharge of major pollutants by 8-10 percent. We will improve laws, regulations and standards, strengthen performance-based accountability, overhaul the pricing mechanism for energy and resources and increase fiscal, taxation, financial and other policy incentives. We will promote circular economy, develop low-carbon industrial, construction and transportation systems, promote energy, water, land and material conservation and integrated resource utilization, preserve and repair the eco-system, increase forest carbon sink, and build stronger capacity for tackling climate change.

-- China will put people's interests first, pay more attention to ensuring and improving people's well-being and pursue common prosperity. Everything we do is to enable all the people to have better lives, and this is the criterion to measure the performance of all of our work. Our goal is to bring the benefit of development to all, ensure and improve people's well-being, and advance social progress in all respects. We will give priority to job creation in promoting economic and social development and create equitable job opportunities for all. We will adjust income distribution, ensure that personal income grows in step with economic growth and that labor remuneration grows in step with increase of

productivity. We will gradually raise the share of personal income in national income distribution and the share of labor remuneration in primary distribution. We expect that per capita urban disposable income and per capita rural net income will both grow by more than 7 percent annually. We will put in place systems providing basic old age care and basic medical and health care for the whole urban and rural population, and extend the coverage of government-subsidized housing to 20 percent of the urban population.

-- China will continue to deepen reform and opening up and resolutely remove institutional hurdles to increase the momentum of pursuing sustainable development. China owes its rapid development in the past 30 years and more to reform and opening up, and this will be equally true for its future development and progress. We will continue to advance both economic and political structural reform to create strong impetus for economic and social development. We will uphold and improve the basic economic system, speed up fiscal, taxation and financial reform, reform of prices of factors of production, reform of monopoly sectors and other important fields, and strive to make major progress in these reforms. We will exercise governance pursuant to law and address the institutional causes for over concentration of power and lack of checks on it. We will protect people's democratic rights and their lawful rights and interests so as to uphold fairness and justice.

China cannot develop itself in isolation from the world and the world also needs China for its development. Here, I wish to reiterate that China's opening up to the outside world is a long-term commitment which covers all fields and is mutually beneficial. China's basic state policy of opening up will never change. We will continue to get actively involved in economic globalization and work to build a fair and equitable international trading regime and financial system. We will continue to improve foreign-related economic laws, regulations and policies so as to make China's investment environment in keeping with international standard, transparent and more business friendly.

Ladies and Gentlemen,

While the world economy is slowly recovering, uncertainties and destabilizing factors are growing. Both the advanced and emerging economies have experienced slowdown in growth. Sovereign debt risks are growing in some countries, causing turbulence on the

international financial market. Unemployment in major advanced economies remains high, while emerging economies are facing upward inflationary pressure. All this shows that world economic recovery will be a long-term, difficult and complicated process. In addressing the Davos forum in early 2009, I said that the crisis is a global challenge. To overcome the crisis, we need to have confidence, strengthen cooperation and live up to our responsibility. The crisis also puts to the test the international community's sincerity for and commitment to cooperation, and it puts to the test our wisdom. I still hold this view today. With so many uncertainties facing global economic recovery, the international community must have more confidence, enhance cooperation and jointly tackle the challenges. We should strengthen dialogue and coordination on macroeconomic policy and accelerate the building of a just, equitable, sound and stable new world economic order. Governments should fulfill their responsibilities and put their own house in order. The major developed economies should adopt responsible and effective fiscal and monetary policies, properly handle debt issues, ensure the safety and stable operation of investment in the market, and maintain confidence of investors around the world.

China's economy is generally in good shape. Since the beginning of this year, its economic growth has taken an orderly shift from being driven by policy stimulus to self generating growth, moving in the right direction of macroeconomic regulation. In the first half of this year, China's GDP grew by 9.6 percent, and its trade surplus decreased by 17.6 percent, thanks to increasing domestic consumption. A total of 6.55 million urban jobs have been created. Price rises as a whole are under control, market supply of important goods is ensured and structural adjustment of economic sectors is moving forward. Business profits and government revenues are increasing quite fast. People's income has steadily increased, and their lives have further improved. Since the second quarter, the economic growth has dropped somewhat, but this is mostly the result of proactive macro regulation and is not beyond our expectation. We will address the pressing challenges in the economy and continue to implement a proactive fiscal policy and a prudent monetary policy. We will maintain continuity and stability in macroeconomic policy and make our policy responses more targeted, flexible and forward-looking in light of changes in the economy. We will maintain control over the intensity, pace and focus of macroeconomic regulation and strike a balance among maintaining stable and fast economic growth, adjusting economic structure and managing inflation expectation. This will enable us to

maintain general stability of prices as a whole, prevent major economic fluctuations and meet this year's goals for economic and social development.

I am confident that China's economy will grow over a longer period of time, at a higher level and with better quality and make new contribution to robust, sustainable and balanced growth of the global economy. We sincerely welcome foreign companies to actively involve themselves in China's reform and opening up process and share the opportunities and benefits of China's prosperity and progress.

Thank you.