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# At a Crossroads

Global leaders need to work together to meet challenges

By Xu Hongcai

The world economy has enjoyed a cyclical recovery in recent years, and consequently, insufficient growth drivers and imbalanced development followed. At the same time, there is mounting populism, protectionism and unilateralism. Regional hotspots continue to be in turmoil, terrorism is rampant, while globalization has been hampered and the multilateral trade system threatened, especially in peace, development and global governance. The world is at a crossroads, witnessing profound changes.

### Common challenges

The U.S. economy is performing well, but it is unsustainable. Its momentum of growth is bound to slow down by next year. Facing different economic situations, European countries and Japan have adopted differentiated policies. As the U.S. Federal Reserve is poised to hike interest rates, the volatility of global capital flow has intensified, while the currencies of some emerging economies have depreciated sharply. The New York Stock Exchange has fallen into a correction and other stock markets have plunged as a result. The fear haunting people is whether there is a new round of international financial crisis around the corner.

With the development of globalization, common challenges, together with the pursuit of common prosperity, have encouraged people from all countries to jointly build a community with a shared future. As Chinese President Xi Jinping said, humankind has reached an age of great progress, great transformation and profound changes from a historical perspective. Still in terms of reality, we find ourselves in a world fraught with challenges.

During the 2018 Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting, to be held in Papua New Guinea in November, leaders need to confront the reality that global growth requires new drivers, development needs to be more inclusive and balanced, and the gap between the rich and the poor needs to be narrowed. Deficits in peace, development and governance pose a daunting challenge.

In addition, world economic growth slowed in the first three quarters of the year, and some emerging economies were trouble-ridden. The international financial market experienced

fluctuations and a negative impact from the U.S. dollar appreciation and China-U.S. trade frictions, bringing more uncertainties to global governance.

Faced with these challenges, the international community is waiting for the leaders of all countries to abandon prejudice and egoism. These major countries must undertake their responsibilities and make contributions to coping with challenges. This is also the reason why the 2018 APEC Economic Leaders' Meeting is themed "Harnessing Inclusive Opportunities, Embracing the Digital Future."

The Asia-Pacific, the most vigorous region in the world economy, possesses an important strategic status. During the meeting, can leaders turn challenges into opportunities in response to the changing world situation? That will greatly influence, and even determine, the future political and economic structure of the world.

### Chinese insight

In recent years, as a major developing country, China has participated on the international stage and proposed solutions to the common problems facing the world.

In the field of peace, China calls for building a community with a shared future for mankind and jointly pursuing the Belt and Road Initiative. It is proposing that countries should foster partnerships based on dialogue, non-confrontation and non-alliance. Major countries should respect each other's core interests and main concerns, keep their differences under control, and build a new model of relations featuring non-conflict, non-confrontation, mutual respect and win-win cooperation.

Big countries should treat smaller ones as equals instead of imposing their will on the latter. No country should open a Pandora's box by willfully waging war or undermining the international rule of law. Nuclear weapons should be prohibited and destroyed over time to make the world free of them. Guided by the principles of peace, sovereignty, inclusiveness and shared governance, the world should turn the deep seas, the polar regions, outer space and the Internet into new frontiers for cooperation rather than a wrestling ground.

In the field of development, China is implementing the UN 2030 Agenda for Sustainable Development, integrating the Sustainable Development Goals into its 13th Five-Year Plan for National Economic and Social Development during 2016-20. It is also pursuing innovative, coordinated, green, open and inclusive development. China will accelerate the construction of a modern economic system to achieve high quality, high efficiency, and inclusive and sustainable development.

China is taking an initiative to participate in the reform of global governance and fulfill its international commitments. At the 2016 G20 Summit in Hangzhou, China, for the first time, systematically expounded its basic concept of global governance, which is equality-based, open, cooperation-driven and sharing. It promoted the G20's transformation from a crisis response mechanism to a long-term cooperation mechanism for economic governance. During the Ninth BRICS Summit in Xiamen in 2017, China expanded its BRICS Plus model for dialogue and cooperation, which has injected new vitality into BRICS cooperation.

China also proposed the Belt and Road Initiative, led the establishment of the Asian Infrastructure Investment Bank, and aimed to provide new public goods to the international community. Based on the principle of consultation, contribution and shared benefits, China has upgraded cooperation models with both developed and developing countries and promoted building a community with a shared future to guide the global governance system, with the UN as its core, to develop in a more just and rational direction.

Regarding the heated debate on World Trade Organization (WTO) reform, China hopes that the reform will address the concerns and reflect the needs of most members. The primary purpose of the WTO should not be changed and its fundamental principle not challenged through gradual reform. At the same time, the reform should strengthen the authoritativeness and leadership of the WTO and consolidate the basic functions and role of the free trade principle and the multilateral trading system to better promote global free trade and economic globalization. The reform should not deviate from the overall direction of trade liberalization and is not meant to reinvent the wheel.

### Greater openness

As the world's second largest economy, China's contribution to global economic growth has averaged over 30 percent annually. Its opening up will continue to have positive impact on the global multilateral trading system and global governance.

In the first half of the year, the Chinese Government completed the revision of the negative list on foreign investment. It is also committed to creating a modern market system featuring sound rules, openness, orderly competition, high efficiency, and a stable, fair, transparent and predictable business environment.

In the first three quarters of the year, it can be concluded from the indicators of growth, employment, inflation and balance of payments, that China's national economy maintained a generally steady and sound performance with a good momentum. In an optimized economic structure, new growth drivers emerged along with transformed conventional growth drivers, improved quality and returns. Solid progress was made in high-quality development. The smooth operation of China's economy has made an important contribution to the world as a whole.

Although there are fluctuations in the financial market, the

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The International Convention Center in Port Moresby, Papua New Guinea. It is one of the venues for the Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting to be held from November 15-17

overall situation is controllable and financial stability has been maintained. There are many favorable factors for domestic economic growth. For example, China's economy has become increasingly resilient, the domestic market has great potential, and there are many selectable policies. Next, China will deepen reforms and further opening up, which will continue to benefit its people and the world at large.

As a member of APEC, China's stable growth has injected new impetus into regional cooperation in the Asia-Pacific region. China is willing to strengthen bilateral and multilateral cooperation in many fields. It has assumed responsibility for promoting economic development in East Asia, leading regional integration and maintaining regional peace and stability.

China is willing to work with East Asian countries to jointly oppose trade protectionism and accelerate the negotiation process on the China-Japan-South Korea Free Trade Agreement and the Regional Comprehensive Economic Partnership, creating favorable conditions for the Free Trade Area of the Asia Pacific. As for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, China will adopt a positive attitude as long as it conforms to the WTO's principle of openness, inclusivity and transparency, and is conducive to promoting economic globalization and regional economic integration.

Looking to the future, China will continue to act as a responsible major country and to work with all countries in the world to maintain world peace, stability and common prosperity by keeping its own economy stable. China will also make more efforts to promote world economic integration and contribute to an open world economy.

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The author is deputy chief economist with the China Center for International Economic Exchanges

