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At the outset, we would like to extend our deepest condolences to the victims of the recent earthquake in Morocco, the hurricane in Libya and the earthquake in Afghanistan, and offer our sincere sympathies to the bereaved families and the injured individuals. We congratulate and commend the Moroccan authorities for overcoming the post-earthquake difficulties and successfully hosting the Annual Meetings of the International Monetary Fund (IMF) and the World Bank Group (WBG). We believe that the governments and peoples of Morocco and Libya can weather the disasters and rebuild their homes.

At present, the world is ushering in a new era characterized by heightened turbulence and transformation, with daunting challenges such as economic slowdown, climate change, and geopolitical tensions. This statement will discuss the global and Chinese economic developments, as well as the Global Policy Agenda of the IMF.

I. Global Economic and Financial Developments

Currently, the momentum of global economic recovery is unstable, and global trade and investment are subdued. The current cycle of interest rate hikes in advanced economies seems close to an end. While the international financial market, in general, has performed well, it is crucial to remain attentive to potential risks such as rising uncertainties in monetary policies, sustained tightening of global liquidity, and escalating geopolitical conflicts.

Several issues and trends in the global economy merit attention. First, inflation may stay higher than pre-pandemic levels for longer. Currently, inflationary pressures in major advanced economies are easing, but inflation is still declining slowly. As labor markets in these economies remain tight, the path to lower inflation could still be tortuous.

Second, global financial stability risks are on the rise. This year, the banking crisis in the U.S. and Europe, coupled with the risk of U.S. debt default, have had an impact on global financial markets. Uncertainties in global financial markets and risk aversion sentiments persist despite swift and strong actions by the U.S. and European regulatory authorities to address banking crisis. The market is still re-valuating financial assets, and the risk of global liquidity tightening may further spill over to emerging markets.

Third, uncertainties are rising in the economic outlook and monetary policies. Since the beginning of current tightening cycle in advanced economies, major economies have exhibited some new and complex features in their economic performance. Central banks welcome resilient economy and labor markets, but whether inflation will steadily decline is yet to be seen. This has added to the uncertainty in monetary policy outlook.

No country can stay unaffected when the world economy faces significant challenges in recovery and sustainable development, and enhancing solidarity and cooperation is the right way forward. First, we need to step up macroeconomic policy coordination, maintain the security of the international economic and financial systems, promote innovations in the digital economy, inject confidence and impetus into global growth, and be partners in promoting the recovery of global economy. **Second**, we need to firmly advance economic globalization, support the multilateral trading system, keep global industrial and supply chains stable and smooth, and be partners in promoting openness and cooperation at the global level. **Third**, we need to jointly protect our green planet as our home. We should uphold the principle of common but differentiated responsibilities, pursue green and low-carbon development, expedite the implementation of the 2030 Agenda for Sustainable Development, and be partners in promoting global sustainable development.

II. Economic and Financial Developments in China

This year, the Chinese economy has continued to recover and has generally been on an upward trajectory. In the first half of 2023, China's GDP grew by 5.5 percent year on year, laying a solid foundation for achieving the annual economic and social development goals. Prices remain stable. The Consumer Price Index (CPI) grew by 0.4 percent year on year in the first nine months.

Recently, social expectations have improved, as positive factors and highlights in the Chinese economic performance are on the rise. **More specifically, industrial production accelerated and the growth of equipment manufacturing rebounded.** In August, the value added of major industrial firms grew by 4.5 percent year on year, 0.8 percentage point higher than that of the previous month. The profits of major industrial firms increased by 17.2 percent year on year, the first positive growth since the second half of last year. The value added of equipment manufacturing went up by 5.4 percent year on year, 2.1 percentage points higher than that of the previous month; the value added of high-tech manufacturing grew by 2.9 percent, up by 2.2 percentage points from July. In September, the official manufacturing Purchasing Managers' Index (PMI) came in at 50.2 percent, bouncing back to expansion territory and registering a 0.5 percentage point increase over the previous month. **Service sector grew fast.** In August, the Index of Service Production increased by 6.8 percent year on year, an acceleration of 1.1 percentage points from the previous month. In September, the Business Activity Index for Services was 50.9 percent, and the Business Activity Expectation Index for Services was 58.7 percent, both staying within the expansion range. **The recovery of market sales accelerated, investment in fixed assets continued to grow, and investment in high-tech industries maintained fast growth.** In August, the total retail sales of consumer goods were up by 4.6 percent year on year, 2.1 percentage points higher than that of the previous month. In the first eight months, the investment in fixed assets increased by 3.2 percent year on year, and the investment in high-tech industries grew by

11.3 percent year on year. **Volume of exports and imports of goods has been increasing quarter by quarter, and trade structure continued to improve.** Trade in goods increased month on month in August and September. There were 33,154 newly established foreign-invested enterprises nationwide, representing a year on year increase of 33 percent. In the high-tech manufacturing sector, the actual utilization of foreign investment increased by 19.7 percent year on year (all figures are denominated in RMB). **Employment was generally stable.** In August, the urban surveyed unemployment rate was 5.2 percent, down by 0.1 percentage point over that of the previous month. Youth employment has significantly improved. In many places across China, **the real estate market** has shown signs of recovery with the implementation of policies such as granting favorable mortgage terms to "first home buyers" based on their property ownership status rather than their mortgage history, adjusting and improving the differentiated mortgage policy, and lowering the mortgage rates for existing first-time homebuyers.

Looking forward, China will unswervingly uphold the reform and opening-up policy, and optimize the business environment for private enterprises. They play a pivotal role in the fields of renewable energy, electric vehicles, and semiconductors. We will also stabilize external trade and improve its structure, and invite and utilize more foreign investment. We have the confidence and capability to promote sustained and sound economic development, and inject new vitality into global economic recovery and sustainable development.

On monetary policy, we have implemented a sound monetary policy in a targeted and forceful manner, and enhanced counter-cyclical adjustments. By so doing, we effectively addressed risks and challenges at home and abroad, and reinforced the momentum of economic recovery. In terms of aggregate support, we have maintained liquidity, money and credit at reasonable levels to continuously create a favorable monetary and financial environment. **In terms of structural support,** we have provided well-targeted support to key areas, such as inclusive finance, technological innovation, and green development. We have also stepped up financial support for private enterprises. By implementing measures such as reducing down payment ratios for homebuyers, we have adjusted and optimized real estate financial policy when necessary. **In terms of price,** we have guided the financing costs down, with the average interest rate on corporate loans at historic lows. We have guided financial institutions to appropriately reduce medium- and long-term time deposit rates so as to translate savings into consumption and investment. The RMB exchange rate has remained basically stable at an adaptive and equilibrium level.

On financial stability, China's financial sector remains resilient, and risks are well under control. The banking sector, which holds more than 90 percent of financial system assets, remains generally robust. Large banks, in particular, enjoy high credit ratings. We have made important progress in reforming and defusing the risk of a few distressed small and medium-sized financial institutions. Illegal financial activities have been effectively addressed, and financial markets are functioning smoothly.

On fiscal policy, we have enhanced the intensity and effectiveness of our proactive fiscal policy, and have made it more targeted and sustainable. **First**, several temporary tax and fee preferential policies have been extended and improved, and new targeted measures have been introduced to provide strong support to technological innovation, the real economy, and the development of micro, small and medium-sized enterprises. By combining tax and fee policies, China has supported distressed enterprises in overcoming difficulties and pursuing further development. **Second**, fiscal revenue continues to recover from the previous decline, which is consistent with the momentum of economic recovery. **Third**, fiscal expenditure has grown at a faster but reasonable pace, and spending on key areas, such as people's livelihoods, is warranted. **Fourth**, the expedited issuance and use of special government bonds has mobilized more effective investments.

At the same time, we have taken proactive measures to prevent and defuse the risks associated with the debt of local government financing vehicles (LGFV). China's local government debt risk is structural and generally manageable. The more developed eastern provinces have the capacity to resolve their debt issues independently, while some less-developed central and western provinces can address debt risk through restructuring financing vehicles, selling assets to pay debts, and negotiating with financial institutions. In the meantime, we are strictly controlling incremental LGFV debt, and putting in place a long-term mechanism to prevent the disorderly expansion of LGFV debt.

On the economic developments in the Hong Kong and Macao SARs, Hong Kong's economy continued its recovery in the second quarter of 2023, driven by in-bound tourism and private consumption. Its GDP is expected to grow by 4.0-5.0 percent this year. Tourism and private consumption will remain the major drivers of growth in the second half of this year. As external demand recovered rapidly after international travel bans were fully lifted, Macao's GDP grew by 71.5 percent in the first half of 2023, and the latest unemployment rate has dropped to 2.6 percent. Strong growth can be expected for the whole year.

III. About the Work of the IMF

China highly appreciates the IMF's efforts to support its members, especially the developing and low-income countries, in responding to inflation, climate change, and energy and food crises. China also commends the Fund for its efforts in promoting global multilateral cooperation and reducing the risk of economic and financial fragmentation.

China looks forward to a timely conclusion of the Sixteenth General Review of Quotas, with quota increase and realignment, in order to restore the IMF as a quota-based institution, reflect members' relative weights in the global economy, and strengthen the voice and representation of emerging markets and developing countries. All parties should work together to achieve both quota increase and share realignment in the Sixteenth Review, and make decisions that will benefit the IMF and the global economy.

China supports the addition of a third Executive Director seat for African countries. Adding an African Executive Director seat and quota realignment are two separate matters and not mutually replaceable. Quota realignment is fundamental to IMF's governance reform, while other measures are its complements.

China supports the IMF's efforts to promote the channeling of Special Drawing Rights (SDRs). We hope that relevant work could be expedited to provide tangible support to vulnerable countries. China took the lead in proposing channeling more than one third of its newly allocated SDRs (10 billion SDRs) to low-income and vulnerable countries, with more than two thirds of which used to support the development of African countries. China calls on SDR-rich countries to continue to channel their SDRs to vulnerable countries through the Poverty Reduction and Growth Trust (PRGT) and the Resilience and Sustainability Trust (RST).

China has played an active role in addressing the global debt distress. China has implemented the G20 Debt Service Suspension Initiative (DSSI) in a responsible manner. China has fulfilled its commitment under the G20 Common Framework and made important contributions to the debt treatment of Zambia. Among the four countries that have requested debt treatment under the G20 Common Framework, China co-chairs the official bilateral creditor committees for three of them. China is also actively participating in and promoting the discussions at the Global Sovereign Debt Roundtable (GSDR), and is working together with relevant parties to deepen mutual understandings on key debt-related issues.

According to World Bank statistics, as of the end of 2021, private creditors held 57 percent of developing countries' public external debt, while multilateral creditors held 31 percent. Timely resolution of debt issues requires joint actions and fair sharing of responsibilities. Private creditors should participate in debt treatment on a comparable basis in a timely manner. We support the effort to explore how to assess and implement comparable treatments. Multilateral Development Banks (MDBs) should also play a crucial role in debt restructuring, especially through providing sufficient grants. We welcome the recent IMF staff guidance on information sharing in the context of sovereign debt restructuring and encourage the Fund to share necessary information as early as possible for macroeconomic forecasts and Debt Sustainability Analyses (DSAs). Moreover, the DSA methodology still has room for improvement, such as introducing the balance sheet approach to calculate the assets generated by debt financing.

The IMF should remain at the center of global financial safety net and ensure fairness when supporting its members. The IMF should continue to play an active role in easing the negative impact of various factors on the global economy, such as the scarring effect of the COVID-19, food and energy crises, tortuous path to lower inflation, and global rising interest rates. It should closely monitor the risks in the financial sector and provide professional analysis and advice.

Given the many challenges facing the global economy at this juncture, the IMF, as a key multilateral financial institution, should continue to enhance the effectiveness of its bilateral and multilateral surveillance, call for the removal of arbitrary restrictions on trade, investment and supply chains as soon as possible, prevent global economic and financial fragmentation, and promote more just and equitable global governance. At the same time, we welcome the IMF's efforts as it continues to focus on digital technology, climate change, and other new trends and issues, with greater attention to the needs of developing countries, so as to promote the digital transformation of the economy and support global inclusive growth. We support the IMF to continue to follow its Institutional View on Capital Flows and help member countries adopt a mix of policy tools to properly address risks in the foreign exchange markets and from disorderly capital flows, in particular growing spillovers from sharp monetary policy changes in advanced economies and the accumulation of global financial stability risks to emerging markets and developing countries.