



**Asia and Pacific Regional Round Table:
“The China and India Factor: Implications for
Developing Countries in the Asia and Pacific Region”**

KEYNOTE SPEECH

By

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**Speech of the Vice-Minister Mr. Yi Xiaozhun
at “the China + India Factor: Implications for Developing Countries in the Asia
and the Pacific Region”**

**Mr. Chairman, Distinguished Director General Dr. Yumkella, Vice-Minister Mr.
Ajay Shankar, Honorable Guests, Ladies and Gentlemen,**

I am very delighted to be here to discuss with you on the opportunities and challenges faced by the Asia-Pacific region. To begin with, please allow me, on behalf of the Chinese government and also in my personal capacity, to express my appreciation to UNIDO for making efforts in preparing this meeting.

Over the past 30 years, China has taken the reform and opening-up as the basic national policy. Remarkable progress has been made in economic development and living standard of the Chinese people. In a short span of 28 years from 1978 to 2006, China’s GDP increased from 14 billion US dollars to 1.7 trillion US dollars, with an annual average growth rate of 9.5 percent. Our foreign trade volume rose from 20.6 billion US dollars to 1.75 trillion US dollars, averaging an annual growth rate of over 17 percent. In 2006, our total volume of exports and imports ranked the 3rd in the world. For the same period, with the rapid development of trade, bilateral investment and scientific innovation, the Asia-Pacific region has become the most dynamic region. China and other Asia-Pacific countries have brought their advantages into full play to meet the challenges caused by the changing international situation. Many fruitful results have been achieved.

It is our view that China’s sound and stable economic development cannot be achieved without cooperation with and support from other countries in the Asia-Pacific region. However, it is also our firm belief that China’s economic development will further provide many opportunities for other countries in the Region. I am saying so for the following reasons.

First of all, the long-term development plan of China reflects that both the per capita GDP and the total volume of imports and exports of China will be quadrupled by the end of 2020. To ensure the realization of the goal, China’s economy will maintain a growth rate of 7-8%. This will not only benefit the Chinese people, but will make positive contributions to the economic development of other developing countries in

the region. In addition, various researches reflected that China might become the second largest consumption market by 2015. Therefore, it is foreseeable that China will provide a huge, stable and sustainable consumption market to the developing countries in the Region.

Secondly, China has attached great importance to the balance of trade. Upon this, many active measures have been taken to encourage the import. From January to October this year, the volume of China's import has reached 773.48 billion US dollars, with an increase of 19.8% compared to the same period of last year. In order to facilitate the import from the LDCs, zero tariff treatment on many products has been extended by China to 41 LDCs including some in the Asia-Pacific region, such as Laos, Cambodia, Burma, Afghanistan, Maldives, Yemen, Samoa, Vanuatu, Bangladesh and so on. The export to China from these LDCs accounts for 18% of the total volume of their export, and this has kept a good momentum of increase. During recent years, while integrating itself into the multilateral system of WTO, China steadily promotes its establishment on FTAs. So far, remarkable results have been achieved between China and other countries in the Asia-Pacific region. China has signed Free Trade Agreements with ASEAN countries and Chile. And now we are negotiating with Singapore and Peru on FTA respectively. In this October, we have successfully completed the joint feasibility study on the regional trade arrangement with India. The joint feasibility study on the Free Trade Agreement with South Korea is also in the process. Apart from these, we have launched the joint study with Costa Rica. All these measures provide a preferential and transparent environment for the trade and investment facilitation among the developing countries in the Asia-Pacific region, and have yielded sound economic and political effects. Moreover, these have become the new platform to realize the mutual benefits and the common development in a win-win manner between China and countries concerned.

Thirdly, the enterprises of China are being actively encouraged to go global and to develop investment cooperation in the Asia-Pacific region. From January to September of the year 2007, the direct investment abroad of China has reached 14.1 billion US dollars, with an increase of 180% compared to the same period of last year. In the past, the target industry of investment used to be mainly trade, but now it has been gradually shifted to other fields such as manufacture, communication and transportation, scientific research and development, as well as infrastructure.

Meanwhile, the target regions have also been changed to the diversified newly-emerging markets in Asia, Africa and Latin America.

Last but not the least, the Chinese government has been attaching great importance to south-south cooperation and promotion of the realization of MDGs of other developing countries. Against this backdrop, the Chinese government has provided economic assistance to other developing countries in the Asia and Pacific region within its capacity. The aid fields cover infrastructure construction, social welfare, capacity building, and humanitarian aids and so on. According to the statistics, up to present, China has carried out more than 550 technical cooperation projects with other developing countries in the region. More than 15,000 personnel of various professions have been trained, covering economic and trade development, foreign relations, education, telecommunications, disaster rehabilitation and applicable technologies etc. With the economic development and growth of its national strength, China will continue to expand the scale of its aid to other developing countries, including those in the Asia-Pacific region.

In recent years, there have been growing cultural exchanges and tourism development between China and developing countries in the Asia-Pacific region. For example, every year there are more than 5,000 Chinese students going to Singapore to pursue their study and there are about 500, 000 Chinese tourists visiting Malaysia. These exchanges do not only foster the local economic development but also help promote tremendously the mutual understanding and integration of the Chinese economy with that of the countries in the Region.

Ladies and Gentlemen,

As the two most populous developing countries in the world, China and India have been cooperating in many fields and have achieved positive progress in recent years. The bilateral trade between the two countries has experienced rapid growth. In 2006, the bilateral trade volume reached 24.86 billion US dollars, an increase of 32.9% compared with the previous year. From January to June 2007, the bilateral trade between the two countries registered at 17.19 billion US dollars, up by 50.3% compared with the same period of last year. Today, China is the second largest trading partner for India and India is the 10th trading partner for China. The economies of China and India are mutually complimentary to each other and still have large potential for further cooperation. India has made great achievements in the technologies related to information, space and ocean. It is especially worth

mentioning that the software industry of India has taken a leading role in the world. We can learn a lot from the Indian counterparts in these areas.

Ladies and Gentlemen,

There is a huge potential for China and developing countries in the Asia and Pacific region. However, there are also many challenges for us to tackle on the road as we move forward. Ten years ago, in face of Asian financial crises, China made its own efforts in resisting the pressure of devaluation of the RMB, which made critical contributions for the Asia Pacific countries to tide over difficult times. Four years ago when SARS hit China, many Asia Pacific countries lent their helping hands. Three years ago when Tsunami hit Indonesia, countries in the Asia Pacific region once again showed their solidarity by working closely in going through difficult times. Today, in view of growing disparity of the global economy, the stand-off of multilateral trade negotiations, the growing incidence of trade protectionism as well as potential financial crises, developing countries should meet the challenges by co-operating more closely with each other to make ourselves even stronger.

The past experience proves that the mutual cooperation among Asia-Pacific countries will greatly improve our capacity to meet the challenges, and increase the confidence of the world on the Region. China is a member of the Asia-Pacific family. We cannot develop in isolation from the rest of the Asia Pacific region, nor can the Asia-Pacific region enjoy prosperity without China. We are in the same boat. We would like to work with all of you, to seize the opportunities and meet the challenges, and create a prosperous world by making joint efforts together.

Thank you for your attention.