**Address by H.E. Li Keqiang**

**Premier of the State Council of**

**The People’s Republic of China**

**At the Opening Ceremony of**

**The Annual Meeting of the New Champions 2019**

Dalian, 2 July 2019

Professor Klaus Schwab,

Your Excellencies Heads of State and Government,

Distinguished Guests,

Ladies and Gentlemen,

It is a great pleasure for me to come back and meet with all of you in this beautiful city of Dalian. On behalf of the Chinese government, I would like to offer warm congratulations on the opening of the 13th Annual Meeting of the New Champions. My sincere welcome goes to all distinguished guests and journalists who have come all the way to join this event.

In the current international context, the focus of this year’s Annual Meeting on globalization issues is highly relevant. In his important remarks at the G20 Osaka Summit held last week, President Xi Jinping further elaborated on China’s position and propositions on economic globalization and reaffirmed China’s readiness to work with the international community in steering economic globalization in the right direction.

There has been much discussion on economic globalization in the international arena in recent times. First and foremost, we need to recognize that economic globalization, which is a natural requirement and outcome of social productivity growth and scientific and technological progress, has broadened the markets for producers, offered more choices to consumers, and brought about more efficient allocation of resources and factors of production. It has enabled better international division of labor and more effective leveraging of countries’ comparative strengths, thus bolstering the sustained growth of the world economy for the past few decades. Overall this process has delivered benefits to all countries across the world.

The latest round of industrial revolution, born in the age of economic globalization, has closely knitted together global industrial, innovation and value chains thanks to the ubiquitous, networked platforms. This has not only injected fresh impetus into world economic development, but also lowered the threshold for access, presenting unprecedented opportunities for equal and convenient participation and vigorously enhancing inclusive growth.

We now live in a world of profound economic interdependence. Countries rely on each other’s markets. No country can single-handedly provide all the resources and factors of innovation for producers, or offer all the needed goods and services to consumers. Nor can any country sustain its development in isolation from the global system of division of labor. Having said that, we need to acknowledge the lack of inclusiveness that has arisen in the course of economic globalization, such as inequality in opportunity, uneven benefit distribution and shocks to traditional industries and employment. For these issues, we need to make comprehensive and in-depth analyses to find out the root causes and address them with targeted solutions. A problematic tendency we see right now is to simplistically make a scapegoat of economic globalization, which instead of helping matters in any way, will only undercut the foundation of world economic and trade growth.

It is crucial that countries remain committed to the general direction of economic globalization, and advance trade and investment liberalization and facilitation. At the same time, we need to improve institutional arrangements to promote equal rights, equal opportunities, and fair rules for all, so as to better adapt to and guide economic globalization in the direction of mutually beneficial, balanced and inclusive development. At the national level, countries need to pursue inclusive growth by improving the income distribution system, and deliver the benefits of growth more widely in their societies. The international community needs to increase assistance to the less developed countries, and support their deeper integration into the global industrial, innovation and value chains, so that they can grow their economy, create more jobs, and improve their people’s well-being.

Risks facing the world economy have increased to a certain extent, from a slow-down in international trade and investment, intensified negative impact of protectionism, to greater uncertainties and destabilizing factors. In response, various countries have taken proactive measures, such as cutting interest rates or signaling more accommodative policies. Human society makes progress by drawing on past experience and lessons. Years ago, we jointly tackled the international financial crisis by coordinating our policies and achieved notable results. We should earnestly learn from and carry on this experience. At the same time, the medium- and long-term effects of the quantitative easing and excessive money supply adopted in the wake of the crisis should be evaluated, and the pros and cons of such policies should be weighed carefully.

In the face of the downward trends in the world economy, countries need to renew the spirit of partnership as we are all passengers in the same boat. We need to maintain equal consultations, seek common ground while shelving or managing our differences, and forge synergies. The rules-based, WTO-centered multilateral trading system is the bedrock of economic globalization and free trade, and an important underpinning for steady global growth. Its authority and efficacy should be respected and safeguarded. China supports necessary reforms of the WTO. Nevertheless, its fundamental principles such as free trade should be upheld, and the WTO should not waver in fulfilling its mission of opening markets and promoting development and in moving in the important direction of narrowing the development gap and North-South divide.

The Belt and Road Initiative proposed by China aims to promote inclusive development by encouraging the integration of more countries and regions into economic globalization. It has created new opportunities for countries and businesses around the world. We welcome the active participation of all parties in order to achieve interconnected and win-win development through mutually beneficial cooperation.

Ladies and Gentlemen,

In the past 40-plus years of reform and opening-up, China has shared opportunities and benefits with other countries through opening-up and actively integrated itself into the international division of labor and the global industrial, innovation and value chains. In this process, we endured huge pressure, paid high prices, and experienced a lot of pain. But we saw economic globalization as an irreversible trend and never lost sight of the general direction of integrating into the world economy. We stood firm in the face of all difficulties and our efforts finally paid off: China has not only achieved its own development, but also brought benefits to the whole world.

The past four decades and more saw China open itself ever wider to the world and fully honor its commitments. China fulfilled all its WTO accession commitments regarding tariff reduction as early as in 2010, lowering its overall tariff level from 15.3 percent before accession to 9.8 percent. On top of that, China’s repeated voluntary moves to cut tariffs in recent years have brought its overall tariff level further down to the current 7.5 percent. According to WTO figures, China’s trade-weighted average tariffs stand at 5.2 percent, lower than most other developing countries and higher than the average level of developed countries by less than 3 percentage points.

We have opened up our markets further by rolling out nationwide the management system of pre-establishment national treatment plus a negative list. China’s manufacturing sector has been basically opened up; restrictions on access to the modern services sector are being reduced; the opening of the financial sector has notably accelerated, leading to a visibly higher level of openness. China is also working to improve its laws to better protect intellectual property rights and step up law enforcement in this area. In 2018, China paid more than US$30 billion in royalties for foreign patents and technologies, a nearly fourfold increase compared with 10 years ago. The amount of paid-in foreign investment in China continued to grow last year, bucking the trend of shrinking FDI worldwide.

Going forward, no matter how the international situation may evolve, China will remain firmly committed to all-round opening-up and building an open economy of a higher standard. We will advance the opening-up of the manufacturing sector by following through on the commitment to ease foreign equity restrictions such as in the auto industry, encouraging foreign investment in high-quality manufacturing, and supporting foreign businesses in investing in advanced manufacturing such as electronics and information technology, equipment manufacturing, pharmaceuticals and new materials and in central and western China. Foreign businesses making such investments will be eligible for preferential treatment in terms of import of self-use equipment, corporate income tax and land use.

The financial and other modern services sectors will also be further opened up. We will move up the lifting of foreign ownership caps in securities, futures and life insurance from 2021 to 2020. Restrictions on foreign investment in value-added telecommunication services and transportation will be reduced, and foreign-funded institutions will receive national treatment in credit investigation, credit rating and payment. Two-way opening of the bond market will be expanded. The reform of the exchange rate mechanism and the convertibility of the RMB under the capital account will be taken forward in a steady manner. The RMB exchange rate will remain generally stable at an adaptive and equilibrium level. China will not engage in competitive devaluation. We will continue to lower overall tariffs voluntarily, remove non-tariff barriers, actively increase the import of goods and services, and enhance import facilitation.

We will further improve laws and regulations concerning opening-up and expedite the drafting of supporting rules and regulations for the *Foreign Investment Law*, which is expected to be finished by the end of this year and enter into force along with the *Foreign Investment Law* on 1 January 2020. In the meantime, we will move faster to overhaul laws, regulations and normative documents that are incompatible with the *Foreign Investment Law*, and will eliminate all remaining restrictions outside the negative lists for the access of foreign investment by the end of this year. We will strengthen IPR protection and introduce a punitive compensation mechanism to crack down hard on all kinds of infringements and counterfeiting. Efforts in all the above areas will make China even more open, transparent and predictable for foreign investment and improve the overall investment environment in this country. The world economy stands to benefit from a more open China.

Ladies and Gentlemen,

As we head into the second half of this year, the performance of the Chinese economy may be a topic of great interest to many of you. On the whole, the Chinese economy has registered steady growth and has been operating within a proper range. The economic fundamentals remained stable with a positive momentum. Major economic indicators match our expectations. More jobs have been created, as can be seen from the relatively low surveyed urban unemployment rate in May, which was around 5 percent. The economic structure has continued to improve. The services sector has been steadily expanding; profit growth of industrial enterprises has re-entered positive territory; the growth of high-tech manufacturing and strategic emerging industries has notably outstripped that of the overall industrial sector; and a bumper harvest for summer grains is on the horizon. Consumer prices increased mildly. And foreign exchange reserves have remained stable and saw a moderate increase. In the first five months of this year, the average number of newly-registered businesses has risen substantially to 18,900 every day, reflecting vibrant start-up and innovation activities and confidence among market entities across the country.

That being said, the Chinese economy does face some new downward pressure. The increase in uncertainties and destabilizing factors externally is affecting some businesses and weighing on export and market expectations. Slowing growth in effective domestic investment has added to the difficulty in maintaining stable economic performance. Yet, we have long seen challenges coming and have been making full preparations by acting proactively to tackle head-on the complex and difficult situation both at home and externally. Such efforts, especially larger-scale tax and fee cuts, have produced initial results. With its huge market, ample human resources, full-fledged industrial system and dynamic new growth drivers, the Chinese economy enjoys solid overall strength and resilience, potential and flexibility, sufficient to sustain its sound development in the long term.

In the coming months and years, we will unswervingly focus on development as China’s top priority. We will continue to follow the guiding principle of pursuing progress while ensuring stability, step up efforts in reform and opening-up, deepen the supply-side structural reform, and work holistically to pursue stable growth, continued reforms, structural adjustments, and higher living standards, and guard against risks while ensuring stability. We will work to ensure stable employment, a stable financial sector, stable foreign trade, stable foreign investment, stable domestic investment, and stable expectations. We will maintain economic performance within the proper range, pursue high-quality economic development, and make sure this year’s main economic and social development goals will be achieved.

To this end, we must implement well the macro policy measures we have introduced, continue to improve macro regulation in innovative ways, and do a good job in anticipatory adjustment and fine-tuning in order to create conditions for the steady operation of the economy. This does not mean that we will resort to massive stimulus measures, or return to the old approach of expansion in scale and inefficient growth. Maintaining stable growth, first and foremost, is to ensure stable employment, which is a key parameter defining the proper range of economic performance. We cannot allow mis-steps when it comes to employment. We must fully implement the employment-first policy, encourage job creation through business start-ups, strengthen support for flexible and new forms of employment, and keep employment stable and expanding through various means.

Reform is the fundamental driving force for development. We will continue to deepen reforms to foster a world-class, market-oriented business environment governed by law and further invigorate all market entities. Improving the business environment is a crucial step in unlocking and strengthening productive forces and enhancing global competitiveness. China will slash taxes and fees to reduce the burden and pressure on market entities. At the same time, we will streamline administration, delegate power, improve compliance oversight and provide better services to give a boost to all market players. These two major initiatives are mutually reinforcing and will foster strong synergy in energizing the market and improving the business environment.

Larger-scale tax and fee cuts are being implemented as scheduled. Timely measures will be taken to address problems down the road to ensure their full implementation. We will continue to deepen the above-mentioned reform of government functions to further ease market access, substantially reduce the number of items requiring administrative permits, and rescind any management measures that may involve approvals in disguised forms. Bottlenecks hindering businesses’ ability to start operations and obtain construction permits will be eliminated. We will promote fair and impartial regulation, improve government services, strengthen protection of property rights in accordance with the law, and create a market environment where companies under all types of ownership and from both home and abroad are treated as equals and compete on a level playing field.

To ease the difficulties faced by enterprises in accessing affordable financing, we have taken a combination of measures from cutting the required reserve ratio and real interest rates to expanding direct financing and supporting accelerated development of market-based venture capital. These measures have significantly improved access to financing and lowered the overall costs.

China now has 76 million plus self-employed traders, creating about 200 million jobs, and over 36 million companies, 90 percent of which are medium, small and micro businesses. Given their sheer numbers and the wide range of sectors they cover, these businesses play an important role in generating jobs, facilitating people’s daily lives and stimulating consumption. They deserve every support from the government. We will enhance inclusive financial services and encourage financial institutions to provide more loans to small and micro businesses through targeted cuts in the required reserve ratio, targeted Medium-term Lending Facility and higher tolerance for nonperforming loan ratio. We will support big enterprises in working with medium, small and micro companies in an integrated way to better leverage their comparative strengths and form more competitive industrial chains.

We will foster a more enabling environment for the development of private businesses. We will fully implement fiscal support policies such as general-benefit tax and fee cuts, increase policy loan guarantee, make good use of the instruments for supporting bond financing for private businesses, and remove all implicit barriers to private investment. When we can secure a sound business environment where hundreds of millions of market entities are invigorated and motivated, we will have a solid foundation for the steady growth of the Chinese economy.

Innovation is a key engine of development. We will fully implement the strategy of innovation-driven development and cultivate and strengthen new drivers of growth. We will better harness scientific and technological progress to support development. Measures such as allowing additional tax deductions for R&D spending will be implemented and improved to encourage greater R&D input from the business sector, and innovation results will be applied and commercialized at a faster pace. We will support the upgrading of Internet Plus and expand Intelligent Plus to empower the transformation and upgrading of traditional industries. A prudent yet accommodating regulatory approach will remain in place to sustain the healthy growth of emerging industries. We will promote faster development of modern vocational education, and train high-caliber skilled workers in all professions. The nationwide business start-up and innovation initiative will be taken forward. We will further improve policies supporting innovation-driven development, enhance public services across the board, build open and sharing platforms, and make our economy more innovative and competitive.

The purpose of China’s development is to improve the lives of our people. Their aspiration for a better life motivates all our endeavors. We will work to foster a healthy cycle of economic growth and higher living standards for the people, and continue to unleash domestic demand. China has nearly 1.4 billion people and boasts a middle-income population of over 400 million. The upgrading of consumption that comes with better lives for the people entails huge market demand. So our efforts to meet people’s needs for a better life will create boundless opportunities for fostering a robust market and stronger growth drivers. We will encourage a greater role of the private sector in developing social services to increase the supply of medical, cultural, tourism and sports services, and target the most acute bottlenecks affecting the daily lives of our people, by accelerating the development of community-based elderly care and childcare services. We will adopt pro-consumption policies to unlock the potential of consumption and make people’s lives better.

Effective investment will be scaled up as needed to promote the construction of public utilities, roads and new-generation information infrastructures. Sprucing up aging residential areas in cities is not only the call of our people, but also a means to stimulate effective investment and consumption. This year, pilot programs in this endeavor will be intensified with funding support from the central government and the participation of the private sector through market-based modalities.

Delivering a better life to our people is a never-ending process. The Chinese government will continue to put people first in pursuing development, explore innovative means to enhance people’s well-being, and provide more quality public goods and services to better share the fruits of reform and development among our people.

Ladies and Gentlemen,

The Annual Meeting of the New Champions has been held in China for 13 years. When it was launched 13 years ago, the new round of industrial revolution was just on the horizon, globalization was picking up pace, and new forms of business, new technologies and new business models were burgeoning. The focus on “New Champions” for the Summer Davos back then still remains meaningful today. Many growth enterprises, which were mere seedlings a dozen or so years ago, have grown into “towering trees”. We would like to see that all types of market players, large companies and growth enterprises alike, compete on a level playing field and achieve common development. We hope that companies with famous brands and long traditions will continue their record of excellence, and more small and medium-sized firms will stand out and become “New Champions”.

Openness, inclusiveness and win-win cooperation are the sure way to lasting prosperity of the world economy. China is prepared to join hands with all other countries to make economic globalization more open, inclusive, balanced and beneficial for all, and together create a brighter future for humankind!

In conclusion, I wish the Annual Meeting of the New Champions 2019 a full success!