

Joint efforts to tide over difficulties

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The international financial crisis has spread from parts of the world to the entire globe, from the developed countries to the emerging markets, and from the financial sector to the real economy, which has exerted a big impact on the economic development and people's life worldwide. It is very significant for us to discuss measures on maintaining international financial stability and promoting world economic growth at this critical moment. There are many reasons behind the financial crisis, including both improper macro-economic policies and insufficient financial regulation. Without correct understanding of those reasons, we will hardly be able to draw lessons from it and avoid similar crises in the future. To effectively cope with the financial crisis, countries in the world

should enhance confidence, increase coordination and intensify cooperation.

The top priority of the international community is to take all the necessary measures to restore market confidence as soon as possible and curb the spread of the financial crisis. The major developed economies should undertake their due responsibilities and obligations, implement macro-economic policies that are conducive to economic and financial stability and growth both at home and internationally, take active steps to stabilise their own and the international financial markets and safeguard investors' interests. Meanwhile, they should enhance macro-economic policy coordination, expand economic and financial information sharing, and deepen cooperation in international financial regulation so as to create necessary conditions for stability in both the domestic and international financial markets.

To maintain economic growth is the cornerstone of addressing the financial crisis. Countries should readjust their macro-

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economic policies, take the necessary financial and monetary measures to actively promote economic development and avoid a global economic recession. Joint efforts should be made to stabilise the international energy and food markets, curb speculation and build an enabling environment for the growth of the world economy. The international community should pay special attention to preventing various forms of trade and investment protectionism and pushing for early progress of the Doha round of negotiations.

The international community should earnestly draw lessons from the financial crisis and make the necessary reforms to the international financial system based on full consultations among all stakeholders. Reform of the international financial system should aim at establishing a new international financial order that is fair, just, inclusive and orderly and fostering an institutional environment conducive to sound global economic development. The reform should be conducted in a comprehensive, balanced, incremental and pragmatic manner.

A comprehensive reform needs a general design which should not only focus on improving the international financial system, monetary system and financial institutions and international financial rules and procedures but also take into account the development stages and characteristics of different economies. Balanced reform is based on overall consideration, seeks a balance among the interests of all parties and builds a decision-making and management mechanism with wider and more effective participation. An incremental reform is one that seeks gradual progress and should proceed in a phased manner, starting with the easier issues, and achieve the final objectives of reform through sustained efforts under the precondition of maintaining stability of the international financial market. A pragmatic reform is one that stresses practical results. All reform measures should contribute to international financial stability, global economic growth and the welfare of people in all countries.

Based on those considerations, China proposes implementing the following reform measures: stepping up international cooperation in financial regulation and improving the international regulatory system; advancing reform of the international financial organisations and increasing the representativeness and voice of the developing countries in such organisations; encouraging regional financial cooperation and making best use of the regional fund assistance mechanisms; improving the international currency system and steadily promoting the diversity of the international monetary system.

As economic globalisation moves ahead, the economic and financial ties among countries grows ever

tighter. The ongoing financial crisis not only seriously influences the developed countries but also exerts an impact on the developing ones. And such an impact is going to continue to increase. When coping with the financial crisis, the international community should pay particular attention to the damage of the crisis on developing countries, especially the least developed countries (LDCs) and do all it can to minimise the damage. It is necessary to help developing countries maintain financial stability and economic growth, sustain and increase assistance to them and help them maintain economic and financial stability.

China has also felt the impact of the international financial crisis. It has made timely adjustments to its policies and strengthened macro-economic regulation in response to the crisis. China has maintained stable and relatively fast economic growth and the basic momentum of economic development. China's steady and relatively fast growth is in itself an important contribution to international financial stability and world economic growth. The Chinese government will continue to adopt effective measures to make its macro control more predictable, targeted and effective, expand domestic demand, especially consumption demand, change the economic development mode, readjust the economic structure, strengthen the fundamental position of agriculture, increase the income of farmers, deepen reform, open wider to the outside world and maintain stable and relatively fast economic growth so as to play a constructive role of promoting the steady development of the world economy.

As a responsible member of the international community, China will continue to play an active part in international cooperation to ensure international financial stability and promote world economic growth, support international financial organisations in increasing financing capacity in response to the changes in the international financial market and extend greater support for the developing countries influenced by the crisis. We are willing to actively participate in the trade financing plan of the World Bank International Finance Corporation.

The stability of the international financial markets and sustained development of the global economy are crucial to the well being of all countries and people. Let us tide over the difficulties through concerted efforts and play our own part in maintaining international financial stability and promoting global economic growth.

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This article is based on a speech made by President Hu Jintao following the Washington G20 meeting and outlines China's vision for addressing the global crisis and the role of the G20

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