



# INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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**Statement by Mr. Pan  
People's Republic of China**



## **Statement at the Ministerial Meeting of the 50th Meeting of the International Monetary and Financial Committee (IMFC)**

**PAN Gongsheng, Governor of the People's Bank of China**

The current momentum of global growth remains weak, with diverging trends across regions. Inflationary pressures in the advanced economies have eased, although their future monetary policies remain uncertain. Given the complex and volatile global economic and financial environment, members should support the IMF in performing its key role in global governance, promote economic globalization and free trade, keep global industrial and supply chains stable and smooth, improve the global debt governance system, and contribute to the recovery of the world economy. China stands ready to enhance its cooperation with the IMF, and will firmly advance high-level opening-up for more mutual benefits with all parties.

### **I. Global Economic and Financial Developments**

Several trends in the global economy merit close attention. **First, the momentum of global growth remains weak.** A number of advanced economies are still in the midst of a weak recovery, while the growth of emerging Asia is relatively strong.

**Second, the disinflation process has been slower than expected.** Inflation in the major advanced economies has fallen at a marginally slower pace since the beginning of the year. Geopolitical tensions continue to put an upward pressure on commodity prices. Services inflation remains sticky, and domestic constraints are limiting further price declines in many economies. Major advanced economies have started to cut interest rates, but their future paths of monetary policy remain highly uncertain.

**Third, geopolitical uncertainty remains elevated.** 2024 is an election year, with more than 70 countries and regions, including major economies, holding general elections. Potential policy shifts by newly-elected governments may create uncertainty for global trade and investment growth.

**Fourth, the risks to the financial system cannot be ignored.** Currently, central banks in major economies are still keeping their policy rates elevated, which may further expose the vulnerability of commercial real estate developers as well as small- and medium-sized banks. Uncertain path of monetary policy may add to the risk of volatile global capital flows.

**In the face of profound changes in the international environment and multiple challenges to economic development, countries should enhance cooperation to jointly promote global economic and financial stability.** **First**, we should strengthen macroeconomic policy coordination, ensure the safety of the international economic and financial system, and foster greater synergies for global economic growth. **Second**, we should promote inclusive economic globalization, support the multilateral trading system, and uphold genuine multilateralism. **Third**, we should strengthen international exchanges and cooperation in science and technology, and better harness technological advancements for the benefits of mankind. **Fourth**, we should enhance cooperation on green development, uphold the principle of common but differentiated responsibilities, and address global climate change together.

## **II. Economic and Financial Developments in China**

Since the beginning of the year, China has strengthened its macroeconomic adjustments, with a focus on deepening reform and opening-up, expanding domestic demand, and optimizing economic structure. The overall economic performance has remained stable with progress. New quality productive forces have grown steadily, the effort to forestall and defuse risks in key areas has made progress, and high-quality development has been advanced firmly. In the first three quarters of the year, China's GDP grew by 4.8 percent year-on-year, laying a solid foundation for meeting this year's growth target of around 5 percent. The CPI rose by 0.3 percent year-on-year, with a 0.5 percent increase in the third quarter, pointing to a moderate recovery in price levels.

In September 2024, China's production and demands sustained their recovery, high-quality development continued to move ahead, and the national economy remained stable in general while making steady progress. **Industrial production increased steadily, with fast growth in equipment and high-tech manufacturing.** In the first nine months, the total value-added of large industrial enterprises grew by 5.8 percent year-on-year. The value-added of equipment

manufacturing increased by 7.5 percent year-on-year, and that of high-tech manufacturing by 9.1 percent, respectively, 1.7 and 3.3 percentage points higher compared with the growth of total value-added of large industrial enterprises. **The services sector continued to recover, and modern services developed well.** The Index of Services Production increased by 5.1 percent in September, 0.5 percentage point higher than that of the previous month. **Market sales kept increasing, investment in fixed assets expanded, and investment in high-tech industries grew fast.** In September, the total retail sales of consumer goods went up by 3.2 percent year-on-year. In the first nine months, the investment in fixed assets grew by 3.4 percent year-on-year, of which the investment in manufacturing grew by 9.2 percent. **Exports and imports maintained steady increase, and trade structure continued to improve.** In the first nine months, net exports of goods and services contributed to 23.8 percent of the GDP growth, adding 1.1 percent to GDP. **Employment was generally stable.** In the first nine months, the urban surveyed unemployment rate averaged 5.1 percent, 0.2 percentage point lower than that of the same period last year. **For the real estate market,** some of the major market indicators have shown marginal improvement thanks to a host of policy measures.

The fundamentals of China's economy, as well as its advantages such as the vast market, strong economic resilience, and great potential, remain unchanged. China will effectively implement existing policies, introduce additional policies, and ensure that the policies are more targeted and effective, to achieve its economic and social development goals for the year. The continued stable and positive development of the Chinese economy with an increasingly optimized structure will also provide a strong impetus to the global recovery and sustainable development.

**On monetary policy, China has implemented accommodative monetary policy that is flexible, appropriate, precise, and effective. It has strengthened counter-cyclical adjustments and cut interest rates aggressively, creating favorable monetary and financial conditions for the economic and social development.** Since the beginning of this year, the People's Bank of China (PBOC) has adhered to accommodative monetary policy stance and policy orientation, guided by the fundamental principle that the financial system should support the real economy. It has maintained the steady growth of money and credit, steadily reduced the overall cost of financing, and further improved credit structure. At the same time, the PBOC has continued to let the market play a decisive role in the formation of exchange rate, maintained exchange rate

flexibility, strengthened its guidance of market expectations, and kept the RMB exchange rate basically stable at an adaptive and equilibrium level.

In September, the PBOC further unveiled a package of policy measures, including lowering the reserve requirement ratio and policy rates, reducing the interest rates on existing mortgages and unifying the minimum down payment ratios for mortgages, and creating new monetary policy tools to support the stable development of capital market. These measures increased the intensity of monetary policy adjustments and supported the stable growth of the real economy. Among the two new monetary policy tools, one is a swap facility for securities, funds, and insurance companies, which allows eligible institutions to use fewer liquid assets to obtain liquid assets from the PBOC. This tool will significantly enhance the ability of eligible institutions to acquire funds and make investments. The other tool is special central bank lending in support of share buybacks and increases. This tool will guide banks to provide loans to listed companies and major shareholders for share buybacks and increases.

**On financial stability, China's financial system remains stable and sound, and financial institutions are generally healthy and resilient.** Risks related to the real estate market have been gradually addressed and mitigated, and the impact on the financial sector is under control. China's government debt level is in the lower-middle range globally, and policies to resolve local government debt risks are taking effect. The main operational and regulatory indicators of financial institutions in the banking, insurance, and securities sectors are all within reasonable ranges.

**On fiscal policy, China has implemented proactive fiscal policy and strengthened counter-cyclical adjustments. We have guaranteed necessary fiscal expenditures, improved policy quality and effectiveness, and provided essential support for the high-quality economic and social development.** In the first half of this year, China's fiscal operations remained generally stable. We further strengthened counter-cyclical and intertemporal adjustments. By setting sound targets for deficit and local government bond issuance, China has guaranteed necessary fiscal spending. At the same time, RMB1 trillion of ultra-long special treasury bonds were issued. This is not included in the deficit and will be used for key national strategies and enhance capacities to ensure security in key areas.

**On the economic developments in the Hong Kong Special Administrative Region (SAR) and the Macao SAR,** the Hong Kong SAR's real GDP grew by 3.3 percent year-on-year in the second quarter of 2024. Exports of goods grew strongly and investment expenditure continued to rise. The Macao SAR's real GDP grew by 15.7 percent year-on-year in the first half of the year. Exports of services are expected to rise further, and the economy is projected to maintain steady growth in 2024.

### **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 promoting their growth and stability, containing inflation, and addressing climate change challenges. China also commends the IMF for its efforts in promoting global multilateral cooperation, safeguarding the international financial system and multilateral trading system, and reducing the negative impact of economic and financial fragmentation.

**It is imperative to continue efforts to align quota shares in order to enhance the IMF's legitimacy, effectiveness, and representation.** The 16th General Review of Quotas (GRQ) was concluded with an equiproportional quota increase for all member countries, which ensures that the IMF remains a quota-based institution. China calls on all parties to complete their domestic procedures as soon as possible so that the quota increase can be achieved promptly.

However, the current quota shares of IMF members still cannot reflect their relative weights in the global economy. The IMF should accelerate the preparation for the 17th GRQ, including starting without delay the discussions about a new quota formula, so as to honor its solemn commitment to establishing an overall arrangement to guide the realignment of quota shares by June 2025, which will lay the foundation for a meaningful quota share realignment. The preparatory work for the 17th GRQ does not have to wait for the entry-into-force of the resolution on the 16th GRQ.

**The IMF should ensure fairness in treating its members.** Fairness is the cornerstone of member's trust in the IMF and is also key to consolidating its central role in the global financial safety net. The IMF should continue to advance its governance reforms and respond equitably to the demands of all members. Achieving a meaningful realignment of quota shares as soon as possible is also crucial to ensure fair treatment of its members.

**China welcomes the IMF's addition of a third Executive Director chair for Sub-Saharan African countries.** This is an important step in improving the IMF's governance and enhancing the representation of emerging market economies and low-income countries. However, in order to fundamentally address the IMF's representation and governance issues, the key is still to carry out a meaningful quota share realignment.

**China supports the IMF's efforts to reform the Poverty Reduction and Growth Trust (PRGT).** The PRGT is one of the IMF's main lending facilities to support low-income member countries. The reform will improve the financial sustainability of the PRGT and ensure its long-term capacity to support its low-income members.

**China welcomes the IMF's Review of Charges and the Surcharge Policy and the related reforms.** The adjustment of charges and surcharge policy will help strike a better balance between reducing the cost of borrowing and safeguarding the IMF's balance sheet. It will further enhance the IMF's capacity to provide financial support to its members.

**China has played an active role in addressing global debt distress.** China has actively implemented the G20 Common Framework and made significant contribution to the debt restructurings of Zambia, Chad, Ethiopia, and Ghana. Beyond the Common Framework, China has also contributed to the debt treatment of Sri Lanka, Suriname, and Malawi. China also actively participates in the Global Sovereign Debt Roundtable (GSDR) and works with relevant parties to enhance mutual understanding on key debt issues.

**In order to address debt problems in a timely manner, it is important to uphold the principle of "joint action with fair burden sharing."** Private creditors should participate in debt resolution on a comparable basis in a timely manner. We support the IMF as it explores ways to assess and implement comparable treatments. Multilateral Development Banks (MDBs) should also play a crucial role in debt restructurings, in particular by providing sufficient grants and making substantial contribution to debt relief efforts. We call on the IMF to accelerate its lending support to members in need of debt restructuring and encourage it to share as early as possible its macroeconomic forecasts and Debt Sustainability Analysis (DSA). As the IMF and the World Bank are currently reviewing their low-income country debt sustainability framework (LICs-

DSF), we call on their staff to listen to emerging creditors and debtors and come up with plans for improving analytical approaches to reflect new features and new changes in the international sovereign debt landscape. We also call on borrowers, MDBs, and private creditors to act collectively on a case-by-case basis to address potential liquidity challenges.

On the 80th anniversary of the Bretton Woods system, economic globalization is facing unprecedented challenges. As a key global multilateral financial institution, the IMF should faithfully support the genuine multilateralism, call for the removal of arbitrary barriers to free flows of trade, investment, and technology, oppose deglobalization and abuse of security concept, and prevent global economic fragmentation. We encourage the IMF to pay more attention to the voice of emerging markets and developing countries, and to promote fair and just global governance. We congratulate Madam Kristalina Georgieva on her second term as the Managing Director of the IMF and look forward to continued fruitful cooperation with the IMF.