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I. Global economic and financial developments

Currently, the global economy and financial system are facing severe challenges. Trade frictions and protectionism are weighing on the global economy by disrupting supply chains, fueling inflation, and unsettling market expectations. Meanwhile, the new round of technological revolution and industrial transformation is advancing at a faster pace, and artificial intelligence (AI) continues to evolve rapidly. While these developments can bring great opportunities, they also pose challenges to governance. To foster a stable and predictable economic environment, countries should strengthen policy coordination, reduce uncertainties facing market participants, firmly support the multilateral trading system, oppose all forms of protectionist measures, promote a fairer and more equitable global governance system, and build an open world economy.

The assessment of global imbalances and spillovers should be objective, assessment models should be improved on an ongoing basis, and greater attention should be given to the role of financial factors including capital flows, in shaping global imbalances. At the same time, it is essential to fully recognize the impact of structural factors such as the inherent flaws in the international monetary system. Rising trade protectionism, the over-stretching of national security concerns, and the unpredictable policy environment are major drivers of widening global imbalances in recent years. Addressing global imbalances requires each country to do its own homework by advancing structural reforms. Deficit countries should reduce fiscal deficits and raise savings, while surplus countries should boost consumption and investment. Countries should map out medium- and long-term policy plans, with explicit commitments and the resolve to deliver, and avoid policy flip-flops.

II. China's economic and financial developments

China's major economic indicators are within a reasonable range, and economic development remains well on track despite escalating geopolitical conflicts and sluggish global economic recovery. The GDP grew by 4.7 percent in the first half of 2026, laying a solid foundation for achieving the annual growth target of 4.5-5 percent. **On consumption**, total retail sales of consumer goods and services increased by 2.5 percent year on year in the first eight months. In particular, retail sales of services went up by 4.9 percent. The share of services consumption and higher-quality consumption has increased. **On investment**, fixed asset investment declined by 7.2 percent year on year from January to August. Investment has shifted towards innovation-related activities, including research and development, as well as sectors such as advanced manufacturing, digital economy, and green and low-carbon economy. Investment in intellectual property products and high-tech industries grew by 9.2 percent and 5.2 percent year on year, respectively. **On exports and imports**, China's exports and imports grew by 18.8 percent year on year from January to September. Exports were up by 16.4 percent, while imports jumped by 22.3 percent. **On prices**, China's headline CPI continued its moderate recovery, rising by 0.9 percent from January to September, while the PPI increased by 2.3 percent year on year, remaining in the positive territory for seven consecutive months since it turned positive in March. **On enterprise profits**, supported by production expansion and a rebound in product prices this year, profits of large industrial enterprises increased by 15.7 percent year on year from January to August.

On financial stability, the financial system has remained stable, and risks in key areas have been mitigated. By the end of 2025, the capital adequacy ratio, the non-performing loan ratio, and the provision coverage ratio of commercial banks stood at 15.5 percent, 1.5 percent, and 205 percent, respectively, while the comprehensive solvency ratio of insurance companies reached 181 percent, all well above the regulatory standards. Large stated-owned financial institutions have replenished their capital since 2025. This will further strengthen their resilience and ability to maintain sound operation and serve the real economy. Financial support has proved instrumental in addressing the debt risks of local government financing vehicles (LGFVs). The number of high-risk small- and medium-sized financial institutions has dropped substantially from its peak level, and systemic financial risks have been kept at bay.

On monetary policy, China will continue to implement an appropriately accommodative monetary policy. Abundant liquidity and easy financing conditions have created a favorable monetary and financial environment for high-quality economic development and stable financial market performance. In June this year, the People's Bank of China (PBOC) announced several measures to improve the monetary policy framework, including adding overnight reverse repo to the toolkit and narrowing the interest rate corridor to achieve more precise interest rate adjustments. In addition, an RMB repo facility (RMB Repo) for central banks (monetary authorities), international financial organizations, and sovereign wealth funds was created to facilitate their RMB liquidity management and asset allocation. To promote the two-way opening-up of the foreign exchange (FX) market, the PBOC also announced the launch of pilot offshore RMB/FX trading in the Shanghai Pilot Free Trade Zone.

On fiscal policy, China will continue with a more proactive policy stance. China will maintain the magnitude of general public budget expenditure this year. The scale of new government bond issuance will reach a record high of RMB11.89 trillion. The total amount of central government transfers to local governments is expected to reach RMB10.42 trillion, exceeding RMB10 trillion for four consecutive years. In terms of spending structure, more fiscal resources will be channeled to boost consumption, improve people's well-being, foster new quality productive forces, and support coordinated efforts to promote development and prevent risks. In the second half of the year, China will accelerate fiscal spending, step up policy support for expanding domestic demand, and strengthen fiscal reform and management.

III. About the work of the IMF and the WBG

China highly appreciates the efforts of the IMF and the WBG in helping member countries, particularly developing and low-income countries, foster economic growth and safeguard global economic and financial stability.

Given that trade policy uncertainty remains elevated and rising trade restrictions are proliferating, the IMF should continue to conduct in-depth analyses of their impact on the global economy and financial markets, provide tailored policy recommendations, and firmly advocate for an open, rules-based global trading system. Meanwhile, China supports the IMF in strengthening surveillance of areas with significant global implications, including climate change and artificial intelligence. China reiterates that the IMF surveillance should be objective, even-handed, and impartial in surveillance, in order to actively promote multilateralism and strengthen international cooperation.

As the leading multilateral financial institution in the world, the IMF should take a clear stand against protectionism, defend multilateralism, and promote international

cooperation and policy dialogue. It should help its membership better address mounting risks and safeguard global financial stability through economic surveillance, lending support, and technical assistance.

Against intensifying geopolitical fragmentation and persistent trade tensions, strengthening the Global Financial Safety Net (GFSN) is critical. Continued efforts to advance the quota and governance reforms is essential to enhancing the legitimacy, effectiveness, and representativeness of the IMF, which sits at the center of the GFSN. As a quota-based institution, the IMF should complete quota share realignment as early as possible to reflect the relative weights of its members in the global economy and to strengthen the representation of emerging market and developing countries (EMDCs). China urges countries to complete their domestic procedures without delay if they have not done so yet, in a bid to advance the early implementation of the quota increase under the 16th General Review of Quotas (GRQ). China calls for accelerating the 17th GRQ in accordance with the Diriyah Guiding Principles on IMF Quota and Governance Reforms adopted in April, reaching agreement on a new quota formula as early as possible, making a clear timetable and a roadmap, and achieving a meaningful and timely quota share realignment, to maintain the credibility of the IMF.

Successive global shocks, elevated uncertainty, and profound changes in the global landscape have placed greater demands on the IMF's economic surveillance. China welcomes the Comprehensive Surveillance Review (CSR) to further clarify surveillance priorities, improve the quality and approach of surveillance work, and enhance its even-handedness, effectiveness, and traction. Fiscal sustainability in the major economies has come to the fore amid rising global inflationary pressures and higher financial market volatility. China supports the IMF in further strengthening surveillance of fiscal risks of the major advanced economies and their spillover effects.

In recent years, China has played an active role in addressing global debt issues. Resolving debt issues should follow the principle of joint action and fair burden sharing. China has actively participated in the debt restructuring both under and outside the G20 Common Framework, and has made the most substantial contribution. In the meantime, China has been working to enhance mutual understanding and build consensus on key issues through the Global Sovereign Debt Roundtable (GSDR), ensuring that all parties effectively implement the principle of comparability of treatment under the Common Framework. Economic growth is the fundamental solution to addressing debt challenges and restoring debt sustainability in developing countries. China welcomes the IMF's completion of the review of the Debt Sustainability Framework for Low-Income Countries (LICs-DSF) and the review of program design and conditionality, which will further strengthen debt risk assessments and make program design and conditionality more targeted and effective. China highly commends and actively supports the IMF's efforts to help members address complex economic challenges and promote growth through the Poverty Reduction and Growth Trust (PRGT) and the Resilience and Sustainability Trust (RST). China urges members to honor their commitment to channeling the net income of General Resources Account (GRA) to PRGT subsidy resources as early as possible, so as to ensure the adequacy of PRGT resources.

The WBG should better play its countercyclical role and help member countries address global development challenges with stronger action. Against the backdrop of overlapping shocks and widening development deficits, the WBG, as one of the world's leading development institutions, should play a stronger countercyclical role and help reinvigorate global growth. China supports faster implementation of its priority strategies on jobs, energy, agriculture, education and

skills, and Fragility, Conflict, and Violence (FCV), while developing the Middle-Income Countries Strategy and IFC 2030. These efforts will provide stronger support to member countries in tackling development challenges. We look to the WBG to step up international cooperation on artificial intelligence, help developing countries strengthen digital capabilities and bridge the digital divide, and enable AI to become an important driver of shared prosperity and common security. China looks to the WBG to take prompt and appropriate steps to address constraints such as the statutory lending limit to maintain adequate, stable, and sustainable financing capacity. Its financial strength should remain commensurate with its development mandate so that it can better respond to the development needs of member countries. We also encourage the WBG to strengthen its Knowledge Bank, policy advice and capacity building, thereby helping member countries build stronger capacity for self-driven development.

The WBG should fully mobilize private capital to support a virtuous cycle of growth, jobs, and development. Development is the fundamental solution to the jobs challenge. China supports the WBG in placing jobs at the center of the development agenda and advancing work in three mutually reinforcing areas: infrastructure investments, improvements in the business and regulatory environment, and private capital mobilization. These efforts are essential to creating more and better jobs in priority sectors. China supports the measures set out in the paper Private Capital Mobilization and Jobs and welcomes the WBG's efforts to build a global mobilization platform that helps developing countries strengthen their private sectors, strengthen the endogenous drivers of growth and development resilience, and foster a virtuous cycle in which growth and jobs reinforce one another. China encourages the WBG to catalyze business environment reforms, uphold a fair and open international economic and trade order, and build open and inclusive investment partnerships, so as to enhance the effectiveness of private capital mobilization and better support private sector development in developing countries.

The WBG should improve the global governance system and enhance the representation and voice of the Global South. The collective rise of the Global South has become a key force driving the emergence of a multipolar world, making reform of global governance an irreversible trend. As an important pillar of global economic governance, the WBG should respond to profound changes in the global economic landscape, improve its shareholding and governance structure, strengthen its legitimacy and effectiveness, and reinforce its leadership as a premier multilateral institution. China is disappointed by the continued lack of concrete results. The persistent misalignment has further deteriorated, while the reform process has remained deadlocked for nearly a decade. We call on all parties to demonstrate stronger political commitment and continue efforts to resolve the issue of unallocated shares, upholding the integrity and credibility of the rules-based shareholding review process. Looking ahead to the 2030 Shareholding Review, all parties should remain committed to the Lima Principles and the Dynamic Formula and advance a comprehensive package of reforms in a coordinated manner, including a Selective Capital Increase, an increase in basic votes, and voice reform. These measures should strengthen the representation and voice of emerging market and developing countries, build a fairer and more equitable governance structure, and provide a solid institutional foundation for the WBG to play a stronger leadership role in global development.

China stands ready to further strengthen and deepen its mutually beneficial partnership with the WBG and jointly implement the new Country Partnership Framework. China supports a gradual shift in bilateral cooperation toward knowledge collaboration, making effective use of WBG financing to provide more global public goods for the international community, and expanding cooperation with the private sector to channel additional development financing and practical solutions. These efforts will contribute to the implementation of the 2030 Agenda for

Sustainable Development, promote shared prosperity, and help build a community with a shared future for mankind.