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Today, the world economy is confronted with grave challenges, marked by rising unilateralism and protectionism, mounting trade restrictions, and intertwined challenges such as climate change, energy shocks, and food security. Artificial intelligence is driving a new wave of technological revolution and industrial transformation, bringing both opportunities and risks. The recent intensification of geopolitical conflicts has further dragged down global economic growth, exacerbated volatility in financial markets, and undermined global financial stability.

In the face of these challenges, all countries should practice true multilateralism, firmly safeguard free trade, and build an open world economy. We need to advance the reform of the global governance system, strengthen the voice of developing countries, and foster a more equitable and open global economic and trade order. China stands ready to deepen cooperation with the International Monetary Fund (IMF) and support it in playing an active role in safeguarding global economic and financial stability and promoting sustainable growth.

I. About the work of the IMF

Against the backdrop of rising trade protectionism, coupled with intensified geopolitical conflicts, the IMF, as the leading multilateral financial institution, should take a clear stand against protectionism and defend multilateralism. Meanwhile, it should provide tailored policy recommendations in response to mounting risks, promote stronger communication and coordination on macroeconomic policies among member countries, and safeguard global economic and financial stability.

The intensification of geopolitical conflicts and the persistence of trade tensions continue to highlight the urgency of strengthening the Global Financial Safety Net (GFSN). With the IMF at the center of the GFSN, advancing the quota and governance reforms remains critical to enhancing the IMF's legitimacy, effectiveness, and representativeness. 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. China welcomes the agreement by the membership on the Diriyah Guiding Principles on IMF Quota and Governance Reforms, which offers a useful basis for quota share realignment. We urge relevant countries to complete their domestic procedures without further delay, so as to advance the early implementation of the quota increase under the 16th General Review of Quotas (GRQ). At the same time, we should accelerate the 17th GRQ, including setting clear goals and a road map, and reporting progress to the Board of Governors regularly, to achieve a meaningful quota share realignment as early as possible and maintain the credibility of the IMF.

The rapidly changing international economic and trade environment requires the IMF to further strengthen its role in economic surveillance. The elevated uncertainty around trade policies and the negative supply shock from the Middle East situation will exert a lasting impact on the global economy and financial markets. Against this backdrop, the IMF should further enhance its surveillance role and provide more targeted policy recommendations on the basis of objective risk assessments. China welcomes the IMF's close monitoring of the developments in global trade and trade policies, and supports the IMF in firmly advocating for an open, rules-based global trading system and safeguarding the stability of the international financial system.

We expect the Comprehensive Surveillance Review (CSR) to further clarify surveillance priorities and enhance the quality, even-handedness, effectiveness, and traction of surveillance. In recent years, fiscal space has been eroded across many countries. China supports the IMF in focusing on members' fiscal sustainability and vulnerabilities, and in particular, in further strengthening surveillance of fiscal risks of major advanced economies and their spillover effects. The assessment of global imbalances should be objective and impartial, and the analysis should not be confined to the current account. Instead, it should also take into account the financial account, the international monetary system, and non-economic factors such as geopolitics. At present, trade fragmentation is undermining the foundation of free trade. It should be emphasized that trade protectionism cannot resolve global imbalances, and that stable, rational, and predictable cooperation is extremely valuable.

In recent years, China has played an active role in addressing global debt issues. Resolving debt issues should follow the principle of joint action with fair burden-sharing. China has actively participated in the debt restructuring under and outside the G20 Common Framework, and made the most substantial contribution. China has been actively participating in and facilitating discussions under the Global Sovereign Debt Roundtable (GSDR) to enhance mutual understanding and build consensus on key debt issues. China welcomes the progress made in the review of Debt Sustainability Framework for Low-Income Countries (LICs-DSF) and the review of program design and conditionality. The accuracy of debt risk assessments and the quality of program design should be further improved. China highly appreciates 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). With low-income countries bearing the brunt of the recent Middle East situation, member countries should promptly honor their commitment to channeling the net income of General Resources Account (GRA) to PRGT subsidy resources, so as to ensure the adequacy of PRGT resources.

II. China's economic and financial developments

China's overall economic performance has remained stable with progress, demonstrating strong resilience. In 2025, China's GDP grew by 5 percent, reaching RMB140.19 trillion, and the major targets were fully achieved. This has also provided stable support for the world economy and expanded opportunities for cooperation.

The growth target set in this year's *Report on the Work of the Government* is 4.5-5 percent. Since the beginning of this year, the economy has performed better than expected. In the first quarter, GDP grew by 5 percent year on year, up from 4.5 percent in the fourth quarter of last year. **On consumption**, in the first quarter, total retail sales of consumer goods increased by 2.4 percent year on year, up 0.7 percentage points from the fourth quarter of last year. **On investment**, fixed asset investment grew by 1.7 percent year on year in the first quarter, returning to positive territory. Infrastructure investment increased by 8.9 percent year on year, and manufacturing investment rose by 4.1 percent year on year. **On prices**, in March, headline CPI increased by 1.0 percent, continuing its moderate recovery, while PPI increased by 0.5 percent year on year, back to the

positive territory. **On market sentiment**, China's manufacturing and services PMIs in March stood at 50.4 percent and 50.2 percent, respectively, both returning to expansionary territory. At the same time, **policies to address excessive competition (anti-involution) are taking effect**. Corporate profits have recently rebounded, with profits of large industrial enterprises increasing by 15.2 percent year on year in the first two months. Supported by the recovery in profits, firms' willingness to invest has strengthened, and manufacturing investment has also shown signs of improvement.

On financial stability, risks in key sectors have been mitigated in an orderly manner, and the financial system and financial markets continue to function smoothly. 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. **The efforts to resolve the debt risks of local government financing vehicles (LGFVs) have made notable progress.** By the end of 2025, the number of LGFVs and the scale of their debt have declined by more than 70 percent compared with the beginning of 2023. **For small- and medium-sized financial institutions**, we have adopted a multipronged approach to advancing their reform and risk resolution, including "in-situ" remediation, mergers and restructurings, and market exit. The number of high-risk small- and medium-sized financial institutions has halved from its peak.

On monetary policy, China will continue to implement an appropriately accommodative monetary policy. In 2025, the People's Bank of China (PBOC) introduced a number of quantitative, price-based, and structural measures to support the steady growth of the real economy, high-quality development, and stable functioning of financial markets. Since the beginning of this year, macroeconomic policies have been more proactive and impactful. In January, the PBOC rolled out a host of measures, including lowering the interest rate on structural monetary policy tools by 0.25 percentage points, expanding the scale and scope of support, and establishing a RMB1 trillion central bank re-lending facility to support private enterprises. At the same time, the PBOC has maintained adequate liquidity. Since the beginning of this year, the net injection of medium- and long-term funds through open market operations has amounted to around

RMB2 trillion. Overall, China's financing conditions remain accommodative, and financial aggregates are growing at a reasonable pace.

Going forward, the PBOC will leverage the combined effects of existing and incremental policies, and strengthen monetary policy adjustments. We will carefully calibrate the intensity, pace, and timing of policy implementation in light of economic and financial developments at home and abroad as well as financial market performance. We will strike a balance between short-term and long-term objectives, between supporting the real economy and preserving the soundness of the financial system, and between internal and external equilibrium. The PBOC will tap into a mix of monetary policy tools to keep liquidity adequate in the financial system.

On fiscal policy, China will continue with a more proactive policy stance. This year, China's fiscal deficit is set at about 4 percent of GDP, or RMB5.89 trillion, up by RMB230 billion from the previous year. National general public budget expenditure will reach RMB30 trillion for the first time, an increase of 4.4 percent over the previous year. China will continue to issue RMB1.3 trillion ultra-long special government bonds to continue supporting major national strategies and building up security capacity in key areas (two priorities), large-scale equipment upgrades and consumer goods trade-in (two initiatives), and other areas. China will issue RMB300 billion special government bonds to support large commercial banks in replenishing Common Equity Tier 1 capital. In addition, China has increased local government special bond quota by RMB4.4 trillion to support the construction of major projects, implicit debt swaps, and other related work. Fiscal expenditure will place greater emphasis on boosting consumption, investing in people, and safeguarding people's livelihoods.

This year marks the beginning of the 15th Five-Year Plan. China will continue to step up reform and promote high-quality development. On the one hand, China will actively expand domestic demand and share the opportunities of its vast market with the world. More resources will be invested in people and used to improve their livelihoods. We will intensify efforts to implement special initiatives to stimulate consumption, formulate and implement plans to increase the income of urban and rural residents, promote the expansion and upgrade of goods consumption, and boost services consumption. We will also fully tap into and unleash the potential of effective investment, develop new quality productive forces based on local conditions, build a unified

national market with greater depth, thoroughly implement the initiative to enhance the capacity and quality of the service sector, and strive to break new ground in the high-quality development of the service sector. **On the other hand**, China will unswervingly expand opening-up and share the opportunities of high-standard opening-up with the world. We will take the initiative to expand opening-up, proactively align with high-standard international economic and trade rules, and persistently create a world-class and market-oriented business environment underpinned by a sound legal framework. We will take an active part in international financial governance, act firmly on the Global Governance Initiative (GGI), and help build a more equitable, fair, inclusive, and resilient global financial governance system.

On the economic developments in the Hong Kong Special Administrative Region (SAR) and the Macao SAR, Hong Kong SAR's economy has demonstrated resilience with a robust growth of 3.5 percent in 2025. This momentum has continued into 2026, underpinned by strong exports of goods and solid retail growth. Hong Kong SAR's economy is projected to grow by 2.5-3.5 percent in 2026, and its overall inflation is expected to remain moderate in the short term. Hong Kong SAR will remain vigilant to external uncertainties, while continuing to defend its status as a free port, and promote regional and international cooperation. Macao SAR's economy grew by 4.7 percent in 2025. Its most recent unemployment rate and inflation came in at 1.7 percent and 1.2 percent, respectively. Macao SAR will actively integrate itself into the national development agenda, deepen regional cooperation, and expedite appropriate economic diversification.