

China Development Forum 2021

China on a New Journey of Modernisation

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Session III Expanding China's High-level Opening-up

Moderator

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Speakers

QIAN Keming, Vice Minister, Ministry of Commerce

Ángel Gurría, Secretary General, Organization for Economic Cooperation and Development (OECD)

Ola Källenius, Chairman of the Board of Management, Daimler AG; Chairman of the Board of Management, Mercedes-Benz AG

Frederick W. Smith, Chairman & CEO, FedEx Corporation

John C. Dugan, Chair, Citigroup Inc.

Ulf Mark Schneider, CEO, Nestlé S.A.

Michael Miebach, President & CEO, Mastercard

Key points

- At a new development stage, high-level opening-up is of great significance to establish a new development pattern. Ministry of Commerce will promote a higher level of openness through measures in the following five aspects: lower the barriers to entry, establish open platforms, accelerate institution-based opening-up, optimize business environment and deepen cooperation.
- China's further opening-up of the automotive industry will be conducive to attracting investment, stabilizing the global supply chain and achieving win-win results.

- Cutting the negative list and improving financial service environment will better integrate the Chinese market with the international system.
- The central bank and financial institutions are expected to support the rescue plan for SMEs, so as to boost enterprises' confidence in the opportunities brought by digital economy.
- China-US reciprocal trade relations and constructive dialogues are the best means of building up a strong and resilient supply chain.

Synopsis

Opening-up is one of China's basic state policies. During the 14th Five-year Plan period, China will persist in carrying out opening-up policies on a wider scope, in a wider range of areas, and at a deeper level. The speakers had in-depth discussion about key areas of and major initiatives for opening-up under the new development pattern, and gave insights into how China can establish a new system for higher-level open economy and how nations across the globe can jointly implement reforms on global governance system.

The Chinese leaders have stressed repeatedly that a new development pattern underlines domestic circulation and international circulation with higher level of openness. The new development pattern is built not only for the need of development in China, but also for the benefit of all nations. With the improvement of residents' living standards at home, demand for high-end consumer products, intermediate products, capital goods and services has increased over the years. The gap between demand and supply remains large. Thus, it is necessary to expand opening-up and increase import to fill the gap. A higher level of openness will in turn advance in-depth reforms, further facilitate supply chains and build an effective, standardized and open international market.

China is in an urgent need to integrate optimal global resources and optimize allocation of production factors through international circulation to promote high-quality development. High-level opening-up and optimized environments will bring about high-quality foreign investment, and drive forward upgrade of industrial chains and supply chains to create a new edge in international competitive and cooperation.

China takes its lead in response to COVID-19, contributing over one-third to the global economic growth. China cannot develop in isolation from the rest of the world. The world cannot enjoy prosperity without China. Leveraging the large market in China, we promote international cooperation to achieve common prosperity.

Ministry of Commerce will focus on the following five aspects.

1. We will lower the barriers to entry, lift all foreign investment restrictions beyond the negative list, further cut the negative list for foreign investment and formulate a negative list for cross border trade in services.
2. We will establish open platforms, give full play to the driving roles of 14 kinds of open platforms, including pilot free trade zones and Hainan free trade port, enable major exhibitions to fully perform the role as important platforms and support companies from all over the world to explore investment opportunities in China.
3. We will accelerate institution-based opening-up by aligning with high-level international economic and trade rules, reducing barriers and ensuring that products sold domestically are produced on the same production lines, meet the same standards, and are of the same quality as exported products.
4. We will optimize business environment by creating market-oriented, law-based and internationalized business environment. We will build an open and transparent foreign-related legal system and protect the lawful rights and interests of foreign-invested companies for them to share the dividends of our rapid growth.
5. We will deepen opening-up and mutual cooperation by advancing regional Comprehensive Economic Partnership (RCEP), China Japan Korea Free Trade Agreement as well as Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). We will continue our efforts with World Trade Organization in implementing reforms and deepening economic and trade cooperation.

Ángel Gurría, Secretary General of OECD pointed out that global trade and investment is pivotal to world economic recovery. An open investment policy, improved governance and reduced barriers to foreign investment will help maintain an adequate level of liquidity supply and boost fair competition. China and OECD have jointly promoted Corporate Code of Conduct, which brings about closer international cooperation. The Code is of vital importance to win our fight against COVID-19 quickly and extend access to diagnosis, treatment, vaccine products and public services. In the meantime, international cooperation will bring solutions to issues like technology transfer, intellectual property rights.

High-level opening-up will further facilitate markets, integrate industries and create opportunities for all nations. China has been transforming from the world's factory to the world's market, participating in the international circulation with its edge as a huge market to contribute more resilient supply chain to the world economy.

The innovation environment in China has been significantly optimized. China will continue to strengthen the protection of property rights and promote international scientific and technological exchanges and cooperation, and share scientific and technological achievements for mutual benefit. China will further advance institution-based opening-up and enhance systematic, integral and coordinative opening-up. China strives to promote international cooperation, and share more Chinese knowledge for the improvement of high-level international economic and trade rules.

Speakers from the multinationals stated that China's reform and opening up achieved unprecedented accomplishments. Even under the influence of COVID-19, effective measures taken by the Chinese government have kept Chinese economy growing positively, demonstrating vitality and resilience. Investment opportunities arise from 5G technology, artificial intelligence, charging infrastructure and others. The further opening-up of the automotive industry will be conducive to attracting investment, stabilizing the global supply chain and achieving win-win results.

Robust financial grounds and financial system are crucial to healthy economic development. The international financial institutions have benefited from a shortened negative list, improved financial service macro environment, and a more open securities market to the international capital market. At the same time, these institutions have brought to China financial products, professional skills and risk management tools, better integrating the Chinese market with the international system.

China plans to achieve peak carbon emission by 2030 and reach carbon neutrality by 2060. Foreign-owned enterprises are hoping to maintain technology neutrality in new energy vehicle regulation, accelerate charging infrastructure construction, develop renewable resource market, reduce carbon footprint, and achieve sustainable development in packaging and procurement.

Small and micro enterprises (SMEs) have been hit hard in the COVID-19 crisis. Similarly, they are having difficulties in getting access to funds and digital tools. The central bank and financial institutions are expected to offer a set of policies to support SMEs' development of SMEs, so as to boost enterprises' confidence in the opportunities brought by digital economy.

China-US trade relation is more important than ever. Reciprocal trade relations and constructive dialogues are the best means of building up a strong and resilient supply chain between the two countries. The two sides should continue to explore areas of

cooperation, laying a solid foundation for their common prosperity. Global public health, e-commerce, and actions against climate change are among a number of areas that both parties can cooperate.

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