



中国发展高层论坛
China Development Forum

2020

Review

Economic Recovery and International Cooperation in a Post-Pandemic Era





Economic Recovery and International Cooperation in a Post-Pandemic Era

Host

Development Research Center of the State Council

ORGANIZER

Development Research Foundation

CONTENTS

China Development Forum 2020

Vice Premier Stresses Importance of Advancing Opening Up	6
Session I: Opening Ceremony	8
Session II: The 14th Five-Year Plan Framework and Long-Term Targets for 2035	12
Session III: Technological Innovation and Cooperation in a Changing World	22
Session IV: Combating COVID-19 with Global Cooperation	28
Session V: Ushering in a New Development Stage with Dual Circulation	36
Session VI: Roundtable: Building a Resilient Financial System	42

Economic Summit

Parallel Session I

Venue I: How World Economic Recovery Moves from K-Shaped to V-Shaped?	50
Venue II: Sino-U.S. Relations in a Post-2020 Era	56
Venue III: Reshaping Globalization in a Post-Pandemic Era	62

Parallel Session II

Venue I: The Future Direction of the Global Supply Chain in a Post-Pandemic Era	70
Venue II: Digital Economy: Transient Prosperity or Accelerated Transformation?	78
Venue III: Green Recovery: New Global Consensus?	84

Plenary Session

Outlook for China-U.S. Economic Relations	90
---	----

CDF with HUBEI	90
-----------------------	----

CDF Briefing

Epidemic Prevention and Crisis Management in China	94
Epidemic Control and Economic Recovery in China	96
Macroeconomic Performance and the Energy Market under the COVID-19 Pandemic	100
Containing the COVID-19 Pandemic and Progress in Drug and Vaccine Development	104
Webinar on Restarting the Economy while Containing COVID-19 in GUANGZHOU	108
Policy Implications from the NPC and CPPCC Sessions	112
National Security Law: Preserve One Country, Two Systems; Restore Stability	116

CDF Webinar

Global Financial Markets And Economic Trends under The COVID-19 Pandemic	122
Economic Outlook of China and the World in the COVID-19 Pandemic	126
Stimulus Policies and International Cooperation under COVID-19 Pandemic	130
Global Landscape and the Future of Globalization under the COVID-19 Pandemic	134
Outlook on the COVID-19 and Global Economy in the H2 of 2020	138
Global Food Security: Challenges and Policy Options	142

CDF Talk	148
-----------------	-----

CDF Dialogue	168
---------------------	-----

CDF Voice	170
------------------	-----



Vice Premier Stresses Importance of Advancing Opening Up

BEIJING, Nov. 12 (Xinhua) -Chinese Vice Premier Han Zheng has pledged to advance opening up, welcoming foreign firms' investment in the country.

Han, also a member of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee, made the remarks at the opening ceremony of the China Development Forum 2020 on Wednesday.

Stressing the importance of efforts to establish a new development pattern, the vice premier said China aims

to foster more open "dual circulation" involving both domestic and foreign markets rather than a closed domestic loop.

The country will continue to advance opening up to cover a broader scope, more fields and a deeper level, said Han. It will leverage the advantages of its huge market and promote mutually beneficial international cooperation.

He encouraged overseas investors to increase their presence in the market and share its business opportunities,



Han Zheng, Member of the Standing Committee of the Political Bureau of the CPC Central Committee; Vice Premier, the State Council

saying foreign firms are welcome to invest and operate in the country.

The Chinese economy has shown overall stability and an upward momentum, Han said, summing up the country's experience in economic development, which included prioritizing the fight against COVID-19, coordinating epidemic control and economic and social development, and properly handling macroeconomic regulation.

Han also called for an international consensus and cooperation on containing the pandemic and facilitating the recovery of the world economy, proposing global efforts to fight the pandemic, safeguard multilateralism, deepen technological cooperation, create green growth and seek inclusive development.



Session I

Opening Ceremony

Chair

Li Wei, Chairman of the Population, Resources and Environment Committee of the National Committee of the CPPCC, Chairman of China Development Research Foundation (CDRF)

Welcome Speech

Ma Jiantang, Secretary of the CPC Leading Group, Development Research Center of the State Council

Guest Speech

Virginia Rometty, Executive Chairman of IBM

Keynote Speech

Han Zheng, Member of the Standing Committee of the Political Bureau of the CPC Central Committee; Vice Premier, the State Council



Li Wei, Chairman of the Population, Resources and Environment Committee of the National Committee of the CPPCC, Chairman of China Development Research Foundation (CDRF)



Ma Jiantang, Secretary of the CPC Leading Group, Development Research Center of the State Council

Ma Jiantang pointed out that as the pandemic is still raging in other regions, China will continue to work with other countries to combat the pandemic and build a community of health for all as well as a community with a shared future for mankind.

The China Development Forum 2020, sponsored by the Development Research Center of the State Council and organized by the China Development Research Foundation, was held at Beijing Diaoyutai State Guesthouse on November 11 to 13, 2020. The forum kicked off at 19:30 on November 11. The opening ceremony of the first session was chaired by Li Wei, Chairman of the Population, Resources and Environment Committee of the National Committee of the CPPCC, Chairman of China Development Research Foundation (CDRF). Ma Jiantang, Secretary of the CPC Leading Group, Development

Research Center of the State Council, delivered a welcome speech. Virginia Rometty, Executive Chairman of IBM, addressed the opening ceremony as well. Han Zheng, Member of the Standing Committee of the Political Bureau of the CPC Central Committee; Vice Premier, the State Council, made a keynote speech at the opening ceremony.

In his welcome speech, Ma Jiantang noted that despite the delay and the changed form of the forum, the original intention of “engaging with the world for common prosperity” remains unchanged.

He pointed out that as the pandemic is still raging



Virginia Rometty, Executive Chairman of IBM

in other regions, China will continue to work with other countries to combat the pandemic and build a community of health for all as well as a community with a shared future for mankind. China will step up the efforts to foster a new development pattern of “dual circulations” with the domestic and international circulations reinforcing each other, with a view to facilitating the global economic recovery and growth at an early date and injecting firm confidence and sustained impetus into economic globalization and multilateralism.

According to Ma, during the “14th Five-Year Plan” period, China will embark on a new journey toward fully building a modern socialist country on the foundation

created by the moderately prosperous society in all respects. In the upcoming five years, China will attach greater importance to promoting high-quality development, building a new development pattern, creating new growth drivers based on reform and opening up and technological innovation, and making due contributions to the sustained recovery of the world economy.

Ma continued to point out that with the theme on “economic recovery and international cooperation in a post-pandemic era”, the forum set up a platform for discussions over a range of major topics, such as the 14th Five-Year Plan framework and long-term targets for 2035, accelerated building of a new development pattern, the fight

against COVID-19 with global cooperation, cooperation on industrial chain and supply chain, among others. These are key issues facing China's development, as well as hotspot issues closely related to world economic development.

Towards the end of his speech, Ma said that, a week ago, President Xi Jinping stressed in his keynote speech at the opening ceremony of 3rd China International Import Expo that, "China will steadfastly expand all-round opening up. Our aim is to turn the China market into a market for the world, a market shared by all, and a market accessible to all. This way, we will be able to bring more positive energy to the global community." Ma continued that China Development Forum is product of opening up. Despite the adverse effects of the COVID-19, the forum is held successfully, gathering a great many delegates both offline and online. It's a full testament to the sincere and strong wish of both China and foreign countries for exchanges, cooperation and open development, which is an inevitable trend that no force can impede.

Virginia Rometty emphasized the importance of cooperation and economic integration. She holds that we are in a moment of profound global change and that the challenges we are facing are global in nature, and so too are the solutions.

In response to the view of decoupling China from the rest of the world, she stressed the need to take into account the costs and risks behind decoupling. She pointed out that decoupling from China, one of the largest economies in the world, will incur huge economic losses to the people of every country. It's projected that the decoupling may result in inefficient supply chains and distorted supply-demand relationship. In the coming five years, such reverse incentive will waste about US\$1 trillion in global funds, and undermine the security and operability of the economic system that all institutions depend on. In addition, the

decoupling of one sector will exert spillover effects on other industries. For instance, following some recent tensions in the technology industry, it's proposed to decouple the financial system from the banking system, which will have a negative ripple effect on the global economy. The non-financial flow between China and the United States has approached US\$4 trillion. What we need is more commercial and financial certainty, rather than excessive risk. She noted that such decoupling has occurred partially, and some are inevitable, but we must cooperate to overcome such challenges.

She also stressed the need to build a bridge of cooperation between enterprises, the governments, and the people. Cooperation and economic integration have tremendous positive energy, which is conducive not only to market stability, but also to a safer and more peaceful world. She said, "Economic integration and collaboration will bring us more opportunities and prosperity, not less."

Finally, she pointed out that in pursuit of cooperation and economic integration, it is more important for the global business and political circles to play a unique role in cooperation. The China Development Forum plays a key role. It plays a unique role in bringing together the global business community with thought leaders in and out of government—in a spirit of dialogue and collaboration.



Session II

The 14th Five-Year Plan Framework and Long-Term Targets for 2035

Chair

Wang Anshun, Vice President of Development Research Center of the State Council

Keynote Speech

Tang Dengjie, Vice Chairman of the National Development and Reform Commission
Han Changfu, Minister of the Ministry of Agriculture and Rural Affairs

Speakers

Axel van Trotsenburg, Managing Director of Operations of the World Bank
Ahmed M. Saeed, Vice President of Asian Development Bank
Masamichi Kono, Deputy Secretary General of OECD
Amin H. Nasser, President & CEO of Aramco
Mike Henry, CEO of BHP
Hans-Paul Bürkner, Chairman of Boston Consulting Group



Wang Anshun, Vice President of Development Research Center of the State Council



Tang Dengjie, Vice Chairman of the National Development and Reform Commission

Tang Dengjie pointed out that the Fifth Plenary Session of the 19th CPC Central Committee defined the direction, main objectives, tasks, and measures for China's socioeconomic development during the 14th Five-Year Plan period, which will be a guide to action for China's economic and social development in the next five years and beyond.

The China Development Forum 2020, sponsored by the Development Research Center of the State Council and organized by the China Development Research Foundation, was held at Beijing Diaoyutai State Guesthouse on November 11 to 13, 2020. The forum kicked off at 19:30 on November 11.

This session, themed on the 14th Five-Year Plan framework and long-term targets for 2035, was chaired by Wang Anshun, Vice President of Development Research Center of the State Council. Among other distinguished guests were Tang Dengjie, Vice Chairman of the National Development and Reform Commission, Han Changfu, Minister of the Ministry of Agriculture and Rural Affairs,

Managing Director Axel van Trotsenburg of Operations of the World Bank, Vice President Ahmed M. Saeed of Asian Development Bank, Deputy Secretary General Masamichi Kono of OECD, President & CEO Amin H. Nasser of Aramco, CEO Mike Henry of BHP, and Chairman Hans-Paul Bürkner of Boston Consulting Group.

Tang Dengjie pointed out that in the face of highly-complicated international and domestic situations during the 13th Five-Year Plan period, the Party and the country have, under the leadership of President Xi Jinping at its core, made significant progress in various undertakings. The Party and the country have made major breakthroughs in deepening reform, accelerated the modernization of

China's governance system and capacity for governance, and secured decisive victory in building a moderately prosperous society in all respects. Specifically, they are manifested as follows. First, the size of the economy has kept increasing. Second, the economic structure has continued to be optimized. Third, the innovation-driven development has yielded remarkable achievements, evidenced by the booming new technology and new forms and models of business over the past five years. Fourth, the people's living standards have improved significantly. In terms of poverty alleviation, China has achieved great progress and put in place the world's largest social security system. Fifth, China has made significant progress in building ecological civilization. Sixth, the reform and opening up have been deepened in an all-round way. The reform to streamline administration, delegate powers, and improve regulation and services has been pursued with greater intensity. China has stepped up the protection of intellectual property rights and improved the market-based allocation of factors of production and over 97% of prices have been market-based.

In particular, facing the severe impact of the COVID-19 pandemic since the beginning of this year, China promptly made the major decision to coordinate epidemic control with socioeconomic development, and contributed to China's major strategic achievements in epidemic prevention and control. Overall, the goal of the 13th Five-Year Plan is about to be completed and the victory of building a moderately prosperous society in all respects has been in sight.

He further pointed out that the Fifth Plenary Session of the 19th CPC Central Committee defined the direction, main objectives, tasks, and measures for China's socioeconomic development during the 14th Five-Year Plan period, which will be a guide to action for China's

economic and social development in the next five years and beyond.

First, the upcoming next five years will see further advances in economic development. During the "14th Five-Year Plan" period, we stay committed to the new development philosophy, put quality first and give priority to performance, promote high-quality economic growth, and accelerate the building of a new development pattern. Second, new strides will be made in reform and opening up. During the "14th Five-Year Plan" period, we will take greater courage and adopt more measures to remove deep-seated institutional obstacles, stay committed to openness, cooperation and unity for win-win results, and steadfastly expand all-round opening up. Third, social etiquette and civility will be significantly enhanced. During the "14th Five-Year Plan" period, we will promote the development of the cultural undertakings and industries, increase China's culture soft power, improve public cultural services, innovatively implement cultural projects that benefit the people, build a number of national cultural parks, and reinforce the systematic protection of important cultural and natural heritage as well as intangible cultural heritage. Fourth, new progress will be made in ecological conservation. During the "14th Five-Year Plan" period, we will firmly establish and act on the belief that lucid waters and lush mountains are invaluable assets, balance and properly handle the relationship between development and protection, implement the strategy for pursuing sustainable development with greater intensity, build systems for an ecological civilization, and solve the fundamental environmental problems. Fifth, the wellbeing of the people will reach a new height. During the "14th Five-Year Plan" period, we will uphold the philosophy of people-centered development, continue to meet people's new aspirations for a better life, and steadily promote common



Han Changfu, Minister of the Ministry of Agriculture and Rural Affairs

prosperity. Sixth, the efficiency of national governance will make further improvement. The Fifth Plenary Session of the 19th CPC Central Committee clearly defined goals and requirements in terms of improving the socialist democracy and the rule of law, the national administrative system and the social governance, forestalling and defusing major risks, coping with public emergencies, preventing natural disasters, and strengthening security guarantee for development. During the “14th Five-Year Plan” period, we will advance with the times, promote more mature and fully-functioning systems in all sectors, and significantly improve the modernization of the China’s governance system and capacity for governance.

He finally emphasized that as the pandemic hasn’t been brought under full control around the world, all countries are facing the common tasks of combating the pandemic, stabilizing the economy, seeking development, and protecting the people’s livelihood. All countries should

stick together and make concerted efforts. China will stay committed to the new development philosophy, promote high-quality development and build a new development pattern, which will provide investors at home and abroad with new and greater opportunities and vast space for cooperation.

Han Changfu noted that since the start of this year, the Chinese government has coordinated epidemic prevention and control with agricultural development. In a bid to ensure supply, a slew of unconventional policies and measures have been adopted to unclog bottlenecks in the production and supply of agricultural goods and strengthen the point-to-point connection between production and sales. The supply of rice, flour, oil, meat, egg, milk, fruit, vegetable, and fish in large and medium-sized cities such as Wuhan and Beijing remained stable both in quantity and price. On the basis of stable production, China has effectively coped with the COVID-19 pandemic. Despite

the floods in the south, summer drought in the north, continuous typhoons in the northeast, and plant diseases and insect pests, China has made all-out efforts to fight the disasters and strive for harvest. It's for sure that China will have a bumper harvest in grain this year and the output is expected to hit a record high.

He emphasized that since the launch of the “13th Five-Year Plan”, China has scored consecutive bumper harvests. The output has remained stable at more than 0.65 trillion kg and the per capita grain share has stabilized at around 470 kg, higher than the international safety standard of 400 kg per capita. China's food security situation has never been better. The root cause for China's grain and agricultural harvests lies in that the Chinese government has always regarded ensuring food security as the top priority of governance. Han further pointed out that, in accordance with the plan of the Fifth Plenary Session of the 19th CPC Central Committee, the agricultural and rural development during the 14th Five-Year Plan period should focus on the following three major tasks.

First, build on the achievements in poverty alleviation to promote rural revitalization in an all-round manner. During the 14th Five-Year Plan period, we will focus on effectively integrating poverty alleviation with rural revitalization, comprehensively promote rural revitalization in areas that have been lifted out of poverty, vigorously develop rural industries, keep consolidating the foundation for development, improve the development capabilities of the people that got rid of poverty, and consolidate the achievements of poverty alleviation to prevent the return to poverty. In the meanwhile, a whole set of measures such as policies, institutions and working systems that have been proved effective in the fight against poverty will be applied for rural revitalization. We will strive for industrial, talent, ecological, cultural, and organization revitalization in rural

areas in an all-round way, with a view toward a better life for hundreds of millions of farmers.

Second, improve agricultural quality, efficiency and competitiveness, and accelerate agricultural modernization. During the 14th Five-Year Plan period, we will continue to regard ensuring the safety of food and important non-staple foods as the primary task of agricultural modernization, focus on improving the comprehensive agricultural competitiveness in the market, step up efforts to develop functional zones for grain production, major agricultural product protection areas, areas for growing quality and distinctively local agricultural products, ensure the effective supply of grain and important agricultural products, focus on deepening the structural reform of the agricultural supply side, optimize the agricultural production structure and regional layout, continue to boost high-quality, green and branded development of agriculture, and increase the supply of green and high-quality agricultural products. Efforts will be made to promote the modernization of the agricultural industry chain, significantly improve the processing industry of agricultural products, develop new industries and new forms of business such as leisure agriculture and rural e-commerce, and promote the integrated development of primary, secondary and tertiary industries in rural areas. We will also step up efforts to cultivate new types of agribusiness, develop appropriately scaled agricultural operations of various forms, establish and improve social organizations engaged in specialized agricultural services, and encourage small household farmers to become involved in modern agriculture. The overall goal is to promote the high-quality development of agriculture and basically achieve agricultural modernization by 2035, in a bid to ensure that agriculture is not left behind in the synchronized modernization of agriculture, industry, national defense, and science and technology.

Third, implement rural development campaign and continuously promote rural modernization. During the 14th Five-Year Plan period, we will give top priority to rural development to achieve socialist modernization, vigorously implement rural development campaign, and coordinate the planning and construction of county towns and villages. We will initiate infrastructure construction projects in villages, promote the extension of infrastructure to the countryside, improve the rural accessibility to public services, and keep improving the rural living environment, so that hundreds of millions of farmers will enjoy more sense of fulfillment, happiness and security, as well as a life as good as those living in cities.

He further emphasized that China's economy is highly connected to the world economy, and post-pandemic economic recovery requires us to work together. China's agriculture is an important part of opening up and international cooperation. We will unswervingly promote the opening up of agriculture and actively carry out multilateral and bilateral cooperation in agricultural science and technology, talents, trade of agricultural products, and agricultural investment, create opportunities in the process of opening up, and seek common development through cooperation.

Axel van Trotsenburg pointed out that the COVID-19 pandemic is leaving deep scars in the global economy—a contraction of 5.2 percent is expected this year according to the estimates of the World Bank in June. The deep global recession is hitting the poorest the hardest. The World Bank estimates that as many as 150 million people may fall back into extreme poverty by 2021.

According to Axel van Trotsenburg, the solutions to global challenges can only come from strong international collaboration. China's role in this is crucial. Against this background, the 14th Five-Year Plan and the 2035 targets

for China need to focus on three aspects of importance.

First, the 14th Five-Year Plan and the path to 2035 are an opportunity to accelerate economic rebalancing from investment to consumption. Strengthening domestic consumption is a key goal, but progress so far has been limited. Moreover, vast inequalities persist in the quality of health and education services between urban and rural areas. Addressing these inequalities may reduce the need for precautionary savings and boost consumption. It may also be good for growth. The next stage of China's economic growth is likely to be driven by knowledge rather than capital, and for this education and risk insurance matter more than just roads.

Second, China needs further market reforms and opening up. The knowledge-driven economy thrives on the competition of ideas, the rapid reallocation of resources to growing new firms and the smooth exit of old and inefficient ones. The report "Innovative China: New Drivers of Growth", jointly released by the World Bank with the Development and Research Center and the Ministry of Finance one year ago, demonstrates that the 14th Five-Year Plan could still do more to allow markets to play a decisive role in the allocation of capital, labor and land. State-owned enterprises should operate on a level playing field under the principles of competitive neutrality. Further hukou liberalization and the reform of land markets could create major new opportunities, particularly in China's metropolitan areas.

The third point is on Green Growth. President Xi has committed China to achieving zero emissions by 2060. This is commendable. From changes to the power dispatch system, to allow low-cost renewables to compete effectively with coal-based power, to the rollout of the emissions trading system—there are many opportunities for reform in China. In addition, China's greening efforts need to go



Axel van Trotsenburg, Managing Director of Operations of the World Bank



Ahmed M. Saeed, Vice President of Asian Development Bank

beyond its borders.

Ahmed M. Saeed said that the ADB highly commend China's achievements during the 13th Five-Year Plan period. He said China is shifting the focus of future development from quantity to quality, while striving to determine a new economic development model that will help alleviate rather than exacerbate environmental challenges.

He put forward suggestions on two areas that China needs to focus on during the 14th Five-Year Plan period.

First, step up efforts in the institutional reform at the local level. As China's undergoing a transition to higher-quality development, the government is increasingly required to undertake more public investment and public services, provide more social security, and endorse more initiatives relating to environmental protection and climate. However, the authority of office and financial powers of local governments have not been clearly defined. Local

governments have relatively narrow sources of income and do not have independent powers for taxation or debt issuance. Local governments need greater fiscal autonomy, coupled with improved transparency and governance to play the role required of them going forward.

Second, implement the green development initiative. There is no way to achieve global carbon neutrality without China's participation and the fulfillment of the goals requires actions in many areas. For example, the urbanization requires more sustainable solutions, sustainable transportation, smart buildings, and the use of renewable resources. In addition, rural areas need to develop climate-smart agriculture, more flexible food supply chains and investment in disaster prevention management. Furthermore, biodiversity protection must be incorporated into the green financial policy framework.

Masamichi Kono noted that in its latest interim economic outlook, the OECD said the world GDP may



Masamichi Kono, Deputy Secretary General of OECD

contract by 4.5% this year and many economies may not return to the output level in 2019 until 2022. Global trade also fell sharply in the first half of the year by more than 15%. The job market is also relatively sluggish. The world today needs a strong, resilient, green and inclusive economic recovery that could be used as an opportunity to rebuild a better future through joint efforts.

He said that although China is the first country to be affected by the COVID-19 pandemic, China has made swift response that led to the quick recovery of its economy. According to the latest interim economic outlook of the OECD, China is the only G20 country for which its economy is projected to grow by 1.8% this year.

He pointed out that China is drawing up a blueprint for socioeconomic development in the next few years, in a bid to promote a stronger, more resilient, greener and more inclusive recovery through a series of adjustment and reforms. First, a more resilient recovery requires the

application of the principle of competitive neutrality, a level playing field for market participants of different ownership structures, the leverage of funds from private sectors, as well as the access of foreign investment. Second, the recovery must be inclusive. To this end, the measures for economic recovery must attach importance to the demands of the disadvantaged groups, expand the coverage of social security, and support the short-term and long-term needs of those hit hardest by the crisis. We could support the expenditures on social security, public health and education by means of broader-based income tax and more progressive tax system, coupled with real estate taxes. Third, the recovery must be green. Financial stimulus and public investment should support the green recovery and promote the realization of goals in climate response and sustainable development. Finally, the recovery must be based on a strong multilateral system. We need continuous dialogue, a coordinated and supportive multilateral system



Amin H. Nasser, President & CEO of Aramco

to support more open trade and investment.

Amin H. Nasser noted that “the global leadership China has shown in tackling this global pandemic has been truly impressive. If the rest of the world can match China’s determination to create economic momentum while continuing to take strong protective measures, then I am sure we will reunite far sooner.”

He remarked that “a great of uncertainty still lies ahead. It has also reminded the world of an unavoidable truth: that reliable, affordable, and sustainable energy systems are mission-critical to delivering economic prosperity and meeting society’s expectations.”

“Delivering those systems requires a clear vision and a pathway to success. That’s why China’s 2035 targets, together with President Xi’s inspirational dual-circulation strategy and goal of carbon neutrality by 2060, resonate loud and clear with us.” He noted that Aramco stands ready to seize the current opportunity and work with Chinese



Hans-Paul Bürkner, Chairman of Boston Consulting Group

partners to provide China with more and lower-carbon energy.

Hans-Paul Bürkner noted that China’s 14th Five-Year Plan is a new step forward in its quite successful economic development. The linchpin of the 14th Five-Year Plan lies in the domestic and international circulations.

He argued that the dual circulation does not mean self-seclusion, nor does it involve merely the economy itself or merely China’s domestic economy. In his opinion, dual circulation means opening up wider to the outside world and deepening market reform, which sends a signal to the global business community that China will continue to open up and invite more global investment in Chinese market. Meanwhile, it sends a signal to Chinese companies, encouraging them to grow bigger and stronger in overseas markets and develop business in North America, Africa, Latin America and other regions through exports and investment, in a bid to guarantee the competitive edge of



Mike Henry, CEO of BHP

Chinese companies while making a huge contribution to the economic development in other parts of the world. He believes that the dual circulation also means greater investment in digital infrastructure.

Regarding how to promote the domestic and international circulations, he suggested the Chinese government to further improve public services, including housing, medical care, and pensions. For companies in China, they should upgrade their capabilities to ensure competitiveness and lay stress on innovation. Having taken the lead in digitization and artificial intelligence, China should expand their application to boost the development of various industries and sectors, so that they can achieve more efficient and more sustainable development in their respective value chains.

Mike Henry noted that China's achievement over the past four decades in improving the economic and social wellbeing of its population, including lifting hundreds

of millions of people out of poverty, is unprecedented in human history in terms of its scale and speed. This is a testament to both the important role of long-term planning and the benefits of openness, trust and collaboration, including the collaboration along the supply chain.

He pointed out that China's commitment to the goal of carbon neutrality by 2060 demonstrates China's confidence in playing a leading role in critical issues of the international community. He believed that China will make a significant contribution to overcome the climate change. As the world is striving to achieve the low-carbon goals, he looked forward to working with partners in China to make a contribution to the economic, industrial and environmental aspirations in China's 14th Five-Year Plan, and beyond.



Session III

Technological Innovation and Cooperation in a Changing World

Chair

Yu Bin, a member of the Leading Party Group of the DRC

Keynote Speech

Liu Liehong, Vice Minister of the Ministry of Industry and Information Technology

Speakers

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

Jean-Sébastien Jacques, Chief Executive of Rio Tinto plc

Joe Kaeser, President & CEO of Siemens AG

Steven M. Mollenkop, CEO of Qualcomm Incorporated

Chuck Robbins, Chairman & CEO of Cisco



Yu Bin, a member of the Leading Party Group of the DRC



Liu Liehong, Vice Minister of the Ministry of Industry and Information Technology

Liu Liehong pointed out that the temporary and limited impact of the pandemic on the industrial chain and supply chain may gradually evolve to be long-term and systemic. Therefore, it is necessary to take a dialectical view on the current new situation.

The China Development Forum 2020, sponsored by the Development Research Center of the State Council and organized by the China Development Research Foundation, was held at Beijing Diaoyutai State Guesthouse from November 11 to 13, 2020. With the theme on “post-pandemic economic recovery and international cooperation”, the forum set up a platform for discussions over a range of major topics, such as the 14th Five-Year Plan framework and long-term targets for 2035, technological innovation and cooperation, combating COVID-19 with global cooperation, ushering in a new development stage with dual circulation, building a resilient financial system, among others.

The third session, themed on technological innovation and cooperation in a changing world, was chaired by Yu Bin, a member of the Leading Party Group of the DRC. Liu Liehong, Vice Minister of the Ministry of Industry and Information Technology made a keynote speech. The session is also honored to have Ola Källenius, Chairman of the Board of Management of Daimler AG and Mercedes-Benz AG, Chief Executive Jean-Sébastien Jacques of Rio Tinto plc, President & CEO Joe Kaeser of Siemens AG, CEO Steven M. Mollenkop of Qualcomm Incorporated, and Chairman & CEO Chuck Robbins of Cisco.

Liu Liehong pointed out that the temporary and limited impact of the pandemic on the industrial chain

and supply chain may gradually evolve to be long-term and systemic. Therefore, it is necessary to take a dialectical view on the current new situation. First, the long-lasting, wide-ranging and severe impact of the pandemic has fully exposed the fragility of the global industrial and supply chains. Second, as the economic globalization has run into a headwind and some countries has increased the protection of domestic industries amid the COVID-19 pandemic, the global industrial and supply chains have also been hit by non-economic factors. Third, the in-depth development of a new round of scientific and technological revolution and industrial transformation has accelerated the construction of global industrial and supply chains.

According to Liu Liehong, despite various challenges facing the global industrial and supply chains, we should see the inevitable historical trend of economic globalization. The global industrial and innovation chains have become highly interconnected, leading to the unstoppable overall trend of technological innovation, openness and cooperation. In recent years, the Ministry of Industry and Information Technology has, in the principles of technological innovation, openness and cooperation, actively introduced relevant measures to promote innovation and cooperation among enterprises in the manufacturing sector, which have been productive. First, we used large projects as the instrument for promoting cooperative innovation among enterprises. Second, with the focus on the industry's competitive technology, we set up an open, collaborative and efficient platform for innovation. Third, we improved the ability concerning intellectual property and technical standards to create a good ecosystem for innovation. Fourth, we opened wider to the outside world and optimized the environment for technological innovation in an all-round way. At present, China is drawing up the 14th Five-Year Plan to build a

new development pattern, for which it's a must to stay committed to innovation and cooperation. The Ministry of Industry and Information Technology will focus on the two major tasks of technological innovation and openness & cooperation in the next step and reinforce efforts in the following four aspects. First, increase the corporate capabilities for technological innovation. Second, strengthen the supporting capacity for technological innovation. Third, optimize the institutional environment for technological innovation. Fourth, deepen international cooperation in technological innovation.

The Communiqué of the Fifth Plenary Session of the 19th CPC Central Committee made it clear to promote the development of advanced industrial foundation and the modernization of the industrial chain, which is inseparable from the technological innovation and cooperation among enterprises. Liu Liehong said that China welcomes more companies to develop business in China and participate in the technological innovation and cooperation in the manufacturing industry in China. China will, in a more open spirit and a more pragmatic style, create a fairer and more flexible environment for innovation, create a new and broader stage for enterprises and institutions from all over the world to carry out innovation and cooperation, and jointly maintain the stability of the global industrial and supply chains, and open up new prospects amid profound changes unseen in a century.

Ola Källenius held that the COVID-19 pandemic not only wreak havoc on global economy, but also accelerated the transformation of the global automotive industry. The success of digital transformation will have a decisive impact on the fate of many enterprises in the industry, while the success of low-carbon transformation will determine the future of the planet we live on. He noted that China plays a vital role in technological innovation, especially in the



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



Jean-Sébastien Jacques, Chief Executive of Rio Tinto plc

fields of electrification and intelligent networking. During the 14th Five-Year Plan period, China's investment in new infrastructure including 5G, artificial intelligence, and charging facilities will continue to inject new impetus into industrial transformation and technological reform. It's not only vital for China but also in its own interest to stay committed to the path of deepening reform and opening wider to the outside world, especially the published roadmap for opening up the auto industry. Ultimately, fair market access and fair competition will be essential prerequisites for the sustainable development of China's domestic economy. In addition, an open innovation system is of strategic significance for all countries.

Jean-Sébastien Jacques believes that partnership and innovation are as essential for strengthening the resilience of enterprises and society as for addressing the

world's most significant challenges such as health and climate change. The biggest challenge in a decade posed by the COVID-19 has, instead of impeding the process of innovation, pushed all parties to make more active efforts in innovation. For instance, it has accelerated the development of 5G technology. The application of big data and data analysis has experienced explosive growth during the pandemic, so has the demand for data. The artificial intelligence and machine learning have also boosted business development. These technologies are developing at an unprecedented speed. Investment in technology and reflection on the sustainability of the value chain will increasingly become the linchpin in maintaining resilience and rapid adaptability. In fact, companies with stronger digital infrastructure have performed better during the pandemic. Advances in new technologies such as artificial



Joe Kaeser, President & CEO of Siemens AG



Steven M. Mollenkopf, CEO of Qualcomm Incorporated

intelligence, such as blockchain, are creating opportunities for further innovation. In addition, the value chain is often a mechanism that enables companies to have a positive impact on the world. Many companies have adopted sustainability certification as an effective way to build a resilient supply chain and ensure its long-term viability.

Joe Kaeser noted that as the fourth industrial revolution continues to advance around the world, cooperation and coordination are of great importance. In order to connect companies, industries and economies, all parties must work together. In this regard, he made two suggestions. First, more R&D is needed to promote digitalization. We should aim at the transformation of the entire industry, rather than a single site, system or technology. Second, China should strengthen cooperation with multinational companies, especially those with

investment in China. The companies with investment in China constitute an integral part of China's economy (making up 50% in foreign trade and 20% in taxes). They are also China's partners in the upcoming restructuring of the global supply chain. Furthermore, they are China's partners in building a global digital industry and the platform-based innovation ecosystem.

Steven M. Mollenkopf believes that China's 14th Five-Year Plan and long-term targets for 2035 are of far-reaching significance and will continue to foster and promote new impetus for socioeconomic development, for which 5G will be a key factor. Currently, the global deployment of 5G has been gathering pace. In just one year since the deployment of the first batch of 5G networks, more than 95 operators have rolled out 5G services in 40-plus countries and regions. In addition, more than 300 operators have



Chuck Robbins, Chairman & CEO of Cisco

invested in the deployment of 5G technology. The future development of 5G is equally exciting. According to research conducted by the China Center for International Economic Exchange (CCIEE) and China Academy of Information and Communications Technology (CAICT), China's network connections are expected to account for 30% of the world's total by 2025. The commercial use of 5G technology will directly create 540,000 jobs in China in 2020, expected to exceed 8 million in 2030. This year has witnessed increasingly prominent differences in network connections caused by the digital gap, for which 5G will become the key to the solution. The 5G technology will benefit households and businesses in all regions, both rural and urban. For example, the deployment of fixed wireless access (FWA) can provide schools, hospitals, city halls and other institutions with fiber-like wireless connection speeds

through millimeter waves in a cost-effective manner, thereby solving the "last-kilometer" problem in rural areas.

Chuck Robbins stressed in the end that in the common future of mankind, the key to prosperity will lie in innovation and partnership. China is a huge place for innovation. As China advances towards its development goals, the Chinese market will continue to create significant and exciting opportunities. We must ensure to equip the next generation with the proper skills to continue with innovation to benefit the world. He believed that with the joint efforts of the United States and China, the global economy will become stronger. A stable and strong Sino-US relationship will not only bring win-win results for the two countries, but also benefit the whole world.



Session IV

Combating COVID-19 with Global Cooperation

Chair

Zhang Junkuo, Vice President of Development Research Center of the State Council

Keynote Speech

Li Bin, Vice Minister of the National Health Commission

Speakers

Fabrizio Hochschild, Under-Secretary-General of the United Nations
Robert Rubin, Co-Chair Emeritus of the Council on Foreign Relations and former Treasury Secretary of USA
Alex Gorsky, Chairman of the Board of Directors & CEO of Johnson & Johnson
Albert Bourla, Chairman and CEO of Pfizer Inc.
Paul Hudson, CEO of Sanofi



Zhang Junkuo, Vice President of Development Research Center of the State Council



Li Bin, Vice Minister of the National Health Commission

Li Bin noted that the COVID-19 pandemic is the most devastating infectious disease faced by mankind over nearly a century. It's a major test of the global health system and has a profound and long-term impact on the global economy.

The China Development Forum 2020, sponsored by the Development Research Center of the State Council and organized by the China Development Research Foundation, was held at Beijing Diaoyutai State Guesthouse from November 11 to 13, 2020. The forum kicked off at 19:30 on November 11.

The fourth session, themed on “combating COVID-19 with global cooperation”, is chaired by Vice President Zhang Junkuo of Development Research Center of the State Council. Among the distinguished guests are Li Bin, Vice Minister of the National Health Commission, Under-Secretary-General Fabrizio Hochschild of the United Nations, Robert Rubin, Co-Chair Emeritus of

the Council on Foreign Relations and former Treasury Secretary of USA, Chairman Alex Gorsky of the Board of Directors & CEO of Johnson & Johnson, Chairman and CEO Albert Bourla of Pfizer Inc., and Paul Hudson, CEO, Sanofi.

Li Bin noted that the COVID-19 pandemic is the most devastating infectious disease faced by mankind over nearly a century. It's a major test of the global health system and has a profound and long-term impact on the global economy. In the face of the sudden COVID-19 outbreak, President Xi Jinping took charge of the response, adopted extraordinary measures to deal with the extraordinary emergency, and waged an all-out people's war on the virus.

Currently, China has become the first major economy to resume growth since the outbreak. China has always regarded international cooperation as an important part of the anti-epidemic work. It has actively fulfilled its international obligations in an open, transparent and responsible manner, conducted exchanges and cooperation with relevant countries, shared information, and provided assistance to the international community to the best of its ability. At present, the pandemic is still raging around the world. The virus doesn't respect borders or discriminate between races. All human beings are in a community with a shared future. Solidarity and cooperation is the only way to defeat the pandemic and protect the shared home of mankind.

He mentioned that the Fifth Plenary Session of the 19th CPC Central Committee, which concluded not long ago, emphasized the need to remain vigilant and allow not the slightest relaxation to maintain ongoing COVID-19 response, promote the shift from emergency and strictest prevention and control to regular response, and comprehensively improve the ability to guarantee public safety. China will thoroughly implement the guideline of the Fifth Plenary Session, build a medium and long-term coordination mechanism for epidemic prevention and control and socioeconomic development, coordinate anti-epidemic work with socioeconomic development, coordinate domestic efforts in epidemic prevention and control with international cooperation, and strive to win the fight against the epidemic.

China will stay committed to guarding against both domestic resurgence and imported cases, both "people" and "products", while continuing to sum up more "Chinese experience". First, China will strengthen the prevention of epidemic importation, with the focus on the borders. Second, China will step up efforts in the epidemic

prevention and control this winter and next spring by building up testing capabilities, strengthening prevention and control of hospital infections, reinforcing quarantine measures, enhancing medical treatment, and strengthen common preventive measures against influenza and other diseases. Third, step up the response to emergencies. In case of emergency outbreak, initiate emergency response immediately; expand the preventive measures based on testing to eradicate the sources of infection within the shortest time; delineate a large "encirclement" centering on the management of close contacts with confirmed cases; ensure that the infected were treated in dedicated medical facilities where medical specialists from all over the country and all the necessary medical resources were concentrated; make every effort to increase the survival rate; and release epidemic information in a timely manner.

China will pay close attention to address problems, plug loopholes, reinforce weak links, speed up the improvement of systems and mechanisms, and improve its ability to respond to major public health emergencies. China will focus on serving public interests, put emphasis on prevention, adhere to the rule of law, reinforce talent team building, and enrich the connotation of patriotic health campaigns in the new era.

He emphasized that China will hold high the banner of the human health community and actively participate in global health governance. While doing a good job in maintaining ongoing COVID-19 response, China will engage in the international cooperation against the epidemic featuring equal emphasis on both technology and materials and both assistance and cooperation. China will attach more importance to technical assistance and exchanges between institutions and experts in a number of related fields, with a view to improving the ability to respond to major epidemics in the future through mutual learning.



Fabrizio Hochschild, Under-Secretary-General of the United Nations

The pandemic highlights the necessity of reforming the global health governance system. On the one hand, we should attach more importance to the health security issues on the agenda for international cooperation. On the other hand, major powers should assume corresponding international responsibilities, serve as the mainstay, and uphold the leadership of World Health Organization in the global fight against the pandemic. China will continue to take on the mission of building a community of health for all, encourage all countries to make the right choices, join hands to combat the pandemic.

Fabrizio Hochschild pointed out that the COVID-19 pandemic has exposed the fragility of the existing system.

The World Bank forecasts that 150 million people could fall into poverty due to COVID-19 pandemic, the population in absolute poverty will rise sharply, inequality in many countries will increase significantly, and environmental and climate problems will become more severe.

He stressed that in such a turbulent period, it's hoped that all countries put aside their differences and work together to respond to challenges and threats. This is irrelevant to the political system and territorial disputes among countries. The United Nations has put forward an initiative to call on the world to reflect on what our post-pandemic priority would be and how to strengthen cooperation through agencies like the United Nations.



Robert Rubin, Co-Chair Emeritus of the Council on Foreign Relations and former Treasury Secretary of USA

Eighty-seven percent of global respondents believe that global cooperation has never been more important. Therefore, we must make international cooperation more effective. We also need to further expand the scope of COVID-19 testing, further speed up the testing, and make it affordable for all people in all countries. To combat the pandemic, no country can stay immune or run the fight single-handed. We must take swift actions. Meanwhile, we must make long-term preparation for a tough economic recovery. Now the most important and top concern is to develop a new global social contract and establish a fairer order that respects everyone's rights and freedom.

He also proposed that we should pay more attention to the importance of the digital economy in the recovery from the pandemic, including distance education and

medical services. After the pandemic, we should guarantee access to digital service for all people, attach greater importance to information and data security, and strengthen international cooperation to jointly plan for a digital future.

Robert Rubin pointed out that the deterioration of Sino-US relations is very detrimental to the two countries. The China Development Forum and similar platforms for exchanges of leaders in public and private sectors are conducive for the two countries to build trust and constructive relations in the future. Due to the lack in trust, various mechanisms are needed to repair and improve Sino-US relations. The common problems facing the two countries can be resolved through bilateral working groups, and then the bilateral mechanism can be expanded to be multilateral.



Alex Gorsky, Chairman of the Board of Directors & CEO of Johnson & Johnson

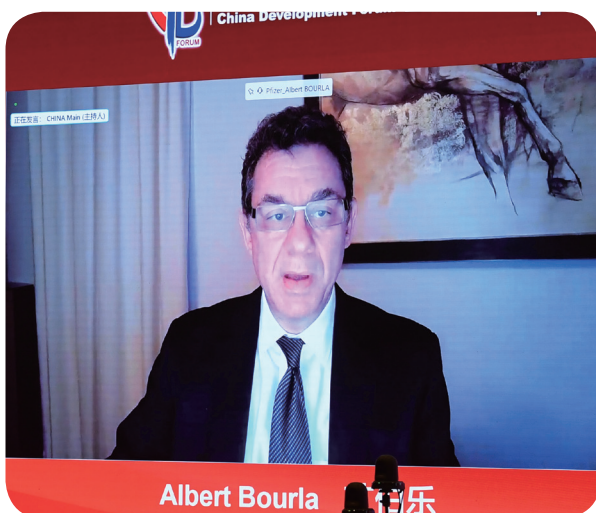
He believes that the new US administration will hope to develop a better and more constructive relationship with China. China and the United States share many common interests, in addition to a number of self-interests. Ideological differences may affect the bilateral relations, but the gap can be bridged. China and the United States should not become enemies, but competitors and partners. The United States must realize that we cannot and should not intend to change China's political regime.

He mentioned that China believes that the United States is in a downward cycle of economic recession. In this process, China and the United States need further cooperation. China and the United States should continue with economic cooperation in the coming decades, build constructive relations, and build trust in the process of

cooperation. Sino-US relations are very complicated. If they develop in an antagonistic manner, it will be harmful to both sides.

Alex Gorsky noted that the anti-pandemic fight requires cooperation and collaboration. During the fight against the pandemic, Johnson & Johnson worked with partners around the world to meet the needs of patients by conducting in-depth scientific research and developing medicine, including vaccines. Vaccines, testing and treatment are important means to combat the virus and require true cooperation.

He emphasized that the impact of the pandemic reminds us that we need a highly resilient and data-oriented global supply chain. We must, on the basis of the established partnerships between corporate departments,



Albert Bourla, Chairman and CEO of Pfizer Inc.

continue to build trust and respond to global health challenges and prevent future pandemics. He also said that China's economic recovery has increased our confidence in the promising growth prospects in China.

Albert Bourla introduced Pfizer's work in the field of the coronavirus vaccine. The vaccine has achieved an efficacy rate higher than 90% in the third phase of the clinical trial, which verified the importance of scientific innovation and cooperation. He pointed out that one company, one vaccine, or one set of treatment is not enough, so Pfizer proposed a "five-point plan" in March calling on unprecedented cooperation within the entire biotech ecosystem, which laid a foundation for the development of the aforementioned vaccine.

He emphasized the need to earnestly learn some lessons from this pandemic and strengthen the healthcare system. We need greater resilience to better respond to future public health crises. Pfizer actively supports China's goal for "Healthy China 2030" and has launched a series of cooperation and exploration in the field of strengthening the health service system and improving medical security. He noted that important medical breakthroughs come from joint efforts. As long as we are united, science will eventually defeat the virus.

Paul Hudson pointed out that the COVID-19 pandemic has brought a lot of uncertainties and fully exposed our vulnerability, which demonstrates that we are closely connected with each other. In the face of the



Paul Hudson, CEO of Sanofi

pandemic, the medical industry has a strong sense of responsibility to provide patients with medicines and treatment plans while making all-out efforts to push ahead with the development and production of the coronavirus vaccine at the earliest date. In his opinion, the development of vaccines is not a competition among companies, but rather a race between companies and the virus. To truly defeat the pandemic requires more companies to work together to produce enough vaccines for all people, including those in remote areas. Sanofi is willing to actively cooperate with governments and global organizations to ensure the availability and affordability of vaccines.

He emphasized that we must make long-term plans and draw lessons from the pandemic. First, the pandemic

shows a high degree of correlation between public health and economic development. China is committed to further promoting innovation and technological development during the 14th Five-Year Plan period. Sanofi is willing to provide support to China and help China become a new global driving force in innovation and technology. Second, prevention and vaccines are of great importance. We can respond to possible epidemics in future through vaccination and a better medical and health system. He mentioned that 2020 is a year full of challenges, but we will surely overcome difficulties through cooperation, draw lessons from the pandemic, and we will definitely grow stronger after this.



Session V

Ushering in a New Development Stage with Dual Circulation

Chair

Long Guoqiang, Vice President of Development Research Center of the State Council

Keynote Speech

Qian Keming, Vice Minister of the Ministry of Commerce

Speakers

George Oliver, Chairman and CEO of Johnson Controls
Kevin Johnson, President and CEO of Starbucks Coffee Company
Robert E. Moritz, Global Chairman of PricewaterhouseCoopers (PwC)
Wolf-Henning Scheider, CEO of ZF Friedrichshafen AG
Oliver Bäte, Chairman and CEO of Allianz SE.



Long Guoqiang, Vice President of Development Research Center of the State Council



| Qian Keming, Vice Minister of the Ministry of Commerce

Qian Keming pointed out that accelerating the establishment of a new development pattern was a major decision made to address new development conditions and stages.

China Development Forum (CDF) 2020, sponsored by the Development Research Center of the State Council and organized by China Development Research Foundation (CDRF), was held between November 11 and 13 at the Diaoyutai State Guesthouse in Beijing. The forum, themed “Economic Recovery and International Cooperation in a Post-Pandemic Era”, discussed a series of major issues such as the 14th Five-Year Plan framework, long-term targets for 2035, technological innovation and cooperation, combating COVID-19 with global cooperation, ushering in a new development stage with dual circulation, and building a resilient financial system, etc.

Session V, which focused on the topic of Ushering in a New Development Stage with Dual Circulation, was chaired by Long Guoqiang, Vice President of Development Research Center of the State Council and featured a keynote speech by Qian Keming, Vice

Minister of the Ministry of Commerce. Guest speakers included George Oliver, Chairman and CEO of Johnson Controls; Kevin Johnson, President and CEO of Starbucks Coffee Company; Robert E. Moritz, Global Chairman of PricewaterhouseCoopers (PwC); Wolf-Henning Scheider, CEO of ZF Friedrichshafen AG; and Oliver Bäte, Chairman and CEO of Allianz SE.

Qian Keming pointed out that accelerating the establishment of a new development pattern was a major decision made to address new development conditions and stages. The new pattern was of vital significance. First of all, it conformed to the natural development laws of economy and drew on the domestic economic circulation of China as a major power. Under the influence of COVID 19, this year had witnessed a weakened international circulation and a relatively more robust domestic circulation. The establishment of a new development pattern would further

promote a large-scale and smooth domestic economic circulation, release the strength of the market, tap the potential of domestic demand, expand driving forces for economic growth, and contribute to the recovery of the world economy. Second, establishing the new pattern was an inevitable and timely choice to achieve high-quality development. As consumption kept upgrading, market demand was becoming more diversified, which called for better products and services, better supply systems which were more compatible with demand, and better technologies and innovations. Establishing a new development pattern would better coordinate resources and expand demand with innovation and high-quality supply systems. Third, establishing a new development pattern represented a major step by China to build a community with a shared future for mankind. Our world was going through profound changes unseen in a century, and the COVID-19 pandemic was accelerating such changes. The world was entering a period of turbulence and transformation and economic globalization had run up against headwinds. The new development pattern was proposed against this background. It aimed to build more consensus on opening up, promote closer exchanges and cooperation within the international community, foster an open global economy with more growth opportunities to offer, and ultimately contribute to a community with a shared future for mankind. Qian Keming stressed that the new development pattern treated domestic demand as the starting point and foothold and called for a greater and smoother domestic circulation that would connect more closely with international circulation and give China a new edge in international economic cooperation and competition. Domestic circulation and international circulation were interconnected and mutually reinforcing rather than isolated and incompatible. Together, they would

not only serve China's development, but also benefit people all over the world. The new pattern could be understood from the following four perspectives. First, it focused on building a smooth domestic economic circulation. That included taking domestic demand expansion as a strategic basis, accelerating the development of a sound domestic demand system, better connecting production, distribution, flow of goods and services, and consumption, and ushering in a higher stage of well-adjusted balance where demand would drive supply and supply, in turn, create demand. The ultimate goal was meeting people's increasing needs for a better life. Second, the new pattern also stressed the importance of international circulation. Establishing a new development pattern would require a higher level of opening up, deeper involvement in international circulation, and better coordination of domestic and international demands, import and export, and incoming and outgoing investments. The ultimate aims would include promoting the high-quality development of the Belt and Road initiative, advancing international cooperation, and achieving mutual benefit and win-win results. Third, domestic and international circulations should boost and reinforce each other, interconnected as they were. On the one hand, we should promote a large-scale smooth domestic circulation that served a robust domestic market and contributed to the alignment of domestic demand with the international supply system, laying the basis for a better international circulation. On the other hand, we should connect with international circulation to secure necessary energies, resources, talents, technologies, markets, and other development elements for better driving and promoting domestic circulation. Fourth, the new pattern saw reform and opening up as a major driving force and sought to integrate domestic demand expansion with deepening supply-side structural reform and optimize the

supply structure to better match it with domestic demand. Meanwhile, the country would also form new institutions of a higher-level open economy, further align domestic and international economic and trade laws, regulations, and standards, engage in more extensive cooperation with other countries for common prosperity and development.

Qian Keming also pointed out that to speed up the establishment of a new development pattern, efforts should be focused on the following five aspects. First, market potential should be further released by establishing sound modern systems for commerce and trade circulation and market-based supply and emergency response. More efforts should be devoted to improving the standards and supporting the innovative development of circulation. Second, market access should be further expanded with continued efforts to shorten negative lists and open up service and other industrial sectors. More efforts should be devoted to encouraging and supporting multinationals as they participated in the development of New Infrastructure and China's central and western regions and took root in the country's domestic market. Third, the platform for opening up should be further upgraded by allowing pilot free trade zones and free trade ports to play a leading role in establishing the new development pattern. Fourth, the Belt and Road Initiative should be further promoted under the principle of extensive consultation, joint construction, and shared benefits. More efforts should be devoted to implementing major construction projects and building a connectivity network of infrastructure centering on major transportation routes like the China-Europe Railway Express and the New International Land-Sea Trade Corridor. Fifth, rules governing China's opening up should be further improved. China would adhere to the principle of mutual benefit and win-win development and continue to promote an open world economy, while at the same time



George Oliver, Chairman and CEO of Johnson Controls

continuing to uphold international economic and trade rules and striving for a higher level of opening up.

George Oliver believed that China was developing an economy driven by consumption and innovation, while at the same time committed to further opening up and facilitating foreign investment. Johnson Controls fully supported China's new development pattern and was willing to assist the country in achieving sustainable urbanization and developing digital economy and smart cities. Johnson Controls expected to further expand its supply chains and R&D investments in China in the future. As a global leader in intelligent buildings with growing local expertise, Johnson Controls looked forward to contributing to China's industrial upgrading, dual-circulation development, and sustainable and high-quality economic growth.

Kevin Johnson saw China as an important market not only because of its huge economic size, but also because



Oliver Bäte, Chairman and CEO of Allianz SE.



Kevin Johnson, President and CEO of Starbucks Coffee Company

of its role as a global innovation engine. In such a dynamic and competitive market, companies must remain highly sensitive to changes and strive to lead industrial reforms with innovation. As important players in dual circulation, multinational companies had a unique edge in driving global growth with China's competitive advantages. Faced with the temporary challenges brought about by the epidemic, Starbucks had accelerated new investment projects in China and with a robust and expanding business, would continue to lead the country's new retail business reform with more local partners that shared Starbucks' values and aspirations for innovation. Looking to the future, the new development strategy of dual circulation would further boost the confidence and long-term determination of multinational companies to develop and prosper in China. A new development stage featuring high-level opening up and high-quality growth would mean boundless opportunities for multinationals.

Robert E. Moritz recognized the utmost importance of China's sustainable economic growth and consumption upgrading to the global economic development. In the new development pattern, adopted by China to advance social goals and achieve high-quality development in the new stage, sustainable growth had formally and strategically moved center stage for countries and companies. The future countries would be measured not only by their GDP growth, but also by the sustainability and inclusiveness of such growth. The international community should strengthen coordination and cooperation to be more responsive to global crises and to achieve global sustainable development goals hand in hand.

Wolf-Henning Scheider applauded China's progress in fighting COVID 19, its effective anti- epidemic and economic recovery measures, and the resilience of its economy for high-quality growth. ZF remained confident in the sustainability and potential development of China's



Robert E. Moritz, Global Chairman of PricewaterhouseCoopers (PwC)



Wolf-Henning Scheider, CEO of ZF Friedrichshafen AG

economy and market. In the face of emerging global economic trends, the Chinese government had adopted the dual circulation strategy and emphasized the vital role of a larger domestic market for attracting foreign investment. While incubating cutting-edge technologies through independent innovation and deepening supply-side reforms, China aimed not only to foster a virtuous circle for its domestic market, but also to greatly improve its people's living standards. In terms of greater international circulation for greater integration into the globe, China had continued to open its market, sign free trade agreements, and enact more mature trade policies such as those to regulate free trade zones and ports, shorten negative lists, and enhance intellectual property protection. Recently, China vowed its commitment to carbon neutrality, laying a solid foundation for a community with a shared future for mankind. ZF expected China to become a more interconnected and resilient economy in the foreseeable future with robust and

sustainable development.

According to Oliver Bäte, much remained to be done in enacting the dual circulation strategy, especially with regards to further opening up and regulating the financial sector. China needed a more mature and better regulated financial market and a more innovative and robust reinsurance industry. China's efforts to further open up its financial market had boosted industrial innovation and strengthened market resilience. In the future, Allianz SE would follow the lead of local financial investment counterparts, work towards a sustainable financial sector with sound risk management mechanisms and effective low-carbon measures, and contribute to China's new development framework and economic dual circulation.



Session VI

Roundtable: Building a Resilient Financial System

Chair

Lu Mai, Vice Chairman of China Development Research Foundation

Keynote Speech

Xiao Yuanqi, Chief Risk Officer of China Banking and Insurance Regulatory Commission
Sun Tianqi, Director of the Financial Stability Bureau of the People's Bank of China

Speakers

Ray Dalio, Chairman of Bridgewater Associates
Jeffrey W. S. Okamoto, First Deputy Managing Director of the International Monetary Fund
Michael A. Wells, CEO of Prudential plc
Noel Quinn, Group Chief Executive of HSBC Holdings plc
Mark Machin, President and CEO of CPP Investments
Lee Yuan Siong, Group Chief Executive and President of AIA Group Limited
Mihály Patai, Deputy Governor of the Central Bank of Hungary



Lu Mai, Vice Chairman of China Development Research Foundation



Xiao Yuanqi, Chief Risk Officer of China Banking and Insurance Regulatory Commission

Xiao Yuanqi believed that in the face of an increasingly complex environment, especially emerging changes and uncertainties in the global financial market, it had become both urgent and vital to build a more resilient financial system.

China Development Forum (CDF) 2020, sponsored by the Development Research Center of the State Council and organized by China Development Research Foundation (CDRF), was held between November 11 and 13 at the Diaoyutai State Guesthouse in Beijing.

Session VI, a roundtable held on the evening of November 12th, focused on “Building a Resilient Financial System” and was chaired by Lu Mai, Vice Chairman of China Development Research Foundation. Xiao Yuanqi, Chief Risk Officer of China Banking and Insurance Regulatory Commission, and Sun Tianqi, Director of the Financial Stability Bureau of the People’s Bank of China, delivered keynote speeches. Guest speakers included

Ray Dalio, Chairman of Bridgewater Associates; Jeffrey W. S. Okamoto, First Deputy Managing Director of the International Monetary Fund; Michael A. Wells, CEO of Prudential plc; Noel Quinn, Group Chief Executive of HSBC Holdings plc; Mark Machin, President and CEO of CPP Investments; Lee Yuan Siong, Group Chief Executive and President of AIA Group Limited; and Mihály Patai, Deputy Governor of the Central Bank of Hungary.

Xiao Yuanqi believed that the COVID-19 global pandemic had drastically and permanently changed our economy and society and led to new scenarios in global finance. For one thing, the unconventional global monetary easing, while playing a positive role, also made the financial



Sun Tianqi, Director of the Financial Stability Bureau of the People's Bank of China



Ray Dalio, Chairman of Bridgewater Associates

system more fragile with diminishing marginal returns and shrinking policy options. For another, financial needs and the real economy were both participating in macroeconomic balance. Lastly, the types and boundaries of monetary policy tools were rapidly expanding, with the focus shifted to balance sheet tools.

In the face of an increasingly complex environment, especially emerging changes and uncertainties in the global financial market, it had become both urgent and vital to build a more resilient financial system. The first step was to better coordinate international monetary and regulatory policies in both direction and operability. The second was to better understand the long-term financial impact of the

epidemic. Contactless finance might become an inevitable choice and financial standards and tools such as the macro-prudential, micro-prudential, and behavioral approaches to monetary policy regulation should respond and adjust accordingly. The third was to find a proper financial structure that suited national conditions and allowed the financial system to play its role.

Sun Tianqi suggested that since the 19th National Congress of the Communist Party of China, the three-year battle to prevent and resolve financial risks had achieved substantial breakthroughs and the financial system had become more resilient, with major risk mitigation projects reaching expected goals. The much too rapid increase in

the macro leverage ratio had been contained, reserving more policy options for responding to the epidemic in 2020. Shadow banking was better regulated, major high-risk financial institutions were better managed, and internet financial risks and illegal fund-raising were better addressed.

Sun Tianqi believed that currently the financial sector should remain vigilant, especially to the following external risks, such as the possibility of a continued global economic recession from the spread of the pandemic, the unconventional monetary and financial easing adopted by developed countries in response to the epidemic and its impact on China and other emerging markets, and rising de-globalization that could disrupt global industrial and supply chain and circulation. Internal risks could include a declining macro-economic growth rate, a larger credit supply by the financial sector to fight the epidemic and support the real economy which could push up the macro leverage ratio in the short term, more pressure on commercial banks to proactively calculate and withdraw reserve and dispose of non-performing assets to improve asset quality; and a more drastic two-way fluctuation of the Chinese currency renminbi exchange rate which called for increased awareness and ability of market players to manage risks.

Sun Tianqi pointed to future measures to step up macro-economic policy adjustments and steadily advance risk mitigation tasks. Proactive fiscal policy must be more effective, prudent monetary policy must be more flexible, and structural policies proven effective in controlling the epidemic must be further strengthened. China should deepen supply-side structural reform in the financial sector and keep improving the structure of its financial system, build a well-functioning monetary policy transmission mechanism, and pave the last mile from financial resource

allocation to the real economy by providing better financial services for private small and micro enterprises and other real economy players with significantly improved availability of loans and significantly reduced comprehensive financing costs. In terms of regulation, China should prioritize risks in crucial sectors, address loopholes in the system, and strengthen financial regulation by making micro-prudential and behavioral regulation more effective and putting in place functional regulation. In terms of reform, China should continue to reform its financial market and enhance its internal stability, deepen its exchange rate formation mechanism reform, and advance the reform of the supporting systems of its capital market. It should manage its bond market in a more coordinated manner and strive to build a well-regulated, transparent, open, dynamic and resilient capital market that would promise better and more stable returns for domestic and foreign investors. In terms of further opening up the financial sector, China should not only honor existing policies, but also introduce new measures such as those to enact pre-access national treatment and negative lists. With uniform access standards, the opening up of the financial market could be more systematic and institutionalized. China should continue to improve its business environment, treat economic entities under all forms of ownership equally, and allow competition to play the fundamental role in the market. A higher level of opening up, together with strengthened regulation, would effectively prevent and mitigate financial risks.

Ray Dalio discovered from the three major reserve currency cycles that in the longer run, the three cycles would continue to repeat themselves. In the first stage, monetary policy was interest rate based and also the most fundamental. It stopped working when interest rate became zero or negative. Stage 2 included the classic quantitative easing and other 2.0 version monetary policies. With capital



Jeffrey W. S. Okamoto, First Deputy Managing Director of the International Monetary Fund



Michael A. Wells, CEO of Prudential plc

only circulating in the financial market and no transmission, it would fail to address the widening wealth gap. Stage 3 was the production of debt through government borrowing and the coordination of monetary and fiscal policies through government direction of checks to those who needed it most. Ray Dalio pointed out that the evolution of the world's major reserve currencies showed that the entire financial system was currently facing risks brought by the US dollar-centric system. In order to avoid risks, one must first find alternatives to the dollar system and then make the renminbi more international as a reserve currency and Chinese assets more attractive to the international market.

Jeffrey W. S. Okamoto remarked that in response to

the negative impact of the epidemic, central banks were adopting a series of policies such as lowering interest rates, expanding asset purchase, and relaxing regulation to increase the liquidity of financial institutions, stabilize the local bond market, and ease the domestic market. However, central banks were left with limited policy options because of future uncertainties. Fiscal policymakers should be aware that lower interest rates and easier financial conditions in the long run could encourage risk-taking and build up financial vulnerabilities. Meanwhile, macro-prudential policy could play a key part in financial stability and policy makers should encourage banks to clean up bad debts, establish effective bankruptcy systems, and put up flexible



Noel Quinn, Group Chief Executive of HSBC Holdings plc



Mark Machin, President and CEO of CPP Investments

lending sectors. In the end, Geoffrey W. S. Okamoto drew attention to the major vulnerabilities of non-bank financial intermediation, which comprised almost half of the global financial sector, as exposed by the epidemic.

Michael A. Wells went through the critical moments of China's reform and opening up and suggested that the younger generation in China were more receptive to digital technologies. According to him, COVID 19 could be catalyst for change and there existed new stimulus for the government and the private sector to promote regulatory reforms. Through interaction with financial institutions and investment of resources, the private sector could contribute to a virtuous dual circulation and a more inclusive finance.

Companies should aid the country not only in avoiding, controlling, and preventing risks, but also in achieving sound technology-driven development.

Noel Quinn offered his suggests on how to help create a more conducive and sustainable environment for business operation. First, in terms of monetary policy, while monetary easing had provided necessary liquidity for the money market and the banking sector during the epidemic, the impacts of negative interest rates remained uncertain on the policy level and not so feasible on the practical level. Therefore, he would not recommend further expansion of monetary policy through negative interest rates. Second, monetary policy itself was not enough. There must be



| Lee Yuan Siong, Group Chief Executive and President of AIA Group Limited



| Mihály Patai, Deputy Governor of the Central Bank of Hungary

fiscal policy to bail the economy out. That would require more refined management for achieving policy goals on the one hand and more policy support for sectors that had been more severely hit by the epidemic on the other hand. Third, one must learn from the crisis and better understand how to cope with the economic damages caused by the epidemic. Non-performing loans might hinder economic recovery after the crisis and undermine the banking sector's efforts to provide financial support for the real economy. In the next few years, the global financial sector would face the common task of managing non-performing loans with portfolio methods.

According to Mark Machin, the global financial

system was more resilient amid the coronavirus pandemic than it was during the last global financial crisis, thanks to the G20 financial regulatory reforms. However, anti-globalization trends and increased geopolitical risks also created barriers to global cooperation. Mark thought it unrealistic to expect large-scale stimulus policies in the short run. Rather, strengthening the resilience of the financial system required the joint efforts of governments and financial market players to coordinate domestic policies to take care of vulnerable social and corporate sectors; to improve the bankruptcy framework and rebuild the balance sheet; to support insurance and reinsurance and ensure the affordability of government subsidies to companies; to help

companies bail out; and to inject vitality into the market through continuous reforms. Mark believed that China had strengthened its financial system with further efforts to open up its financial market and remove risks. He also pointed to the importance of long-term investments in crisis like COVID-19. Environmental, Social and Governance (ESG) issues would affect not only a company's performance and risk profile, but also the stability of a financial system.

Lee Yuan Siong believed that strong fiscal support and effective mood management were crucial to addressing economic uncertainties and achieving economic growth in the wake of the COVID-19 outbreak. In response to the epidemic, policymakers around the globe had adopted unprecedented monetary easing, fiscal support, and countercyclical regulation policies. Whether such policies could achieve expected goals depended on whether they could impact the real economy, increase the income of enterprises and residents, and bail them out financially. A resilient financial system could effectively transmit policy signals to the real economy and reduce the overall impact of the crisis on the economy. Although some cyclical and structural factors made Asia relatively more resilient, one should not ignore the long-term impact of countercyclical policies, such as the systematic instability caused by improper resource allocation. Policymaking should always adhere to the principle of sustained and steady economic growth, while at the same time managing bad assets and reducing moral hazards. As China's practices had shown, once the anti-epidemic measures were lifted and the country began to resume work and production, policy focus could shift from emergency response to growth stimulation, such as that promoting consumer spending and restoring private sector investment. In the process, international policy coordination was required to strengthen global resilience.

Mihály Patai pointed out that the central bank and the government should adopt efficient, innovative, and targeted policies and choose the right policy mix to address challenges. In response to the crisis, central banks had eased monetary conditions, while the green economy and digital economy became top of the government policy agenda. Because of COVID-19, small central banks were also required to adopt new strategies and expand their balance sheets to support the economy. He believed it inevitable that the financial sector be affected by the epidemic, with valuation, liquidity, credit, and solvency risks rising across the board, and a possible deterioration of bank assets and a continuous increase of non-performing loans. Regulators and the central bank should properly assess the quality of loan portfolios and consider introducing new policy measures such as loan suspension and guarantee programs. The only way to properly deal with the economic impact of the pandemic lied in the close cooperation between the central bank and the government. Although crisis management was the top priority at present, one must not forget the long-term goals of improving competitiveness and advancing the welfare of the entire society. Mihály Patai continued to remark that fiscal policy, monetary policy, and structural policy must be coordinated to support competitiveness in the long term. Because of the epidemic, the importance of the sustainable development of digitalization, digital ecology, and a green economy became clearer to us all.

Panel Meeting (I) - Venue I

How World Economic Recovery Moves from K-Shaped to V-Shaped?

Chair

John Zhao, Chairman of Hony Capital

Speakers

Wang Yiming, Vice Chairman of China Center for International Economic Exchanges,
Former Vice President of Development Research Center of the State Council

Laurence D. Fink, Chairman and CEO of BlackRock

Li Yang, Academic Member of Chinese Academy of Social Sciences and Chairman
of National Institution for Finance & Development

Stephen A. Schwarzman, Chairman, CEO and Co-founder of Blackstone

Jason Furman, professor of Harvard University and former Chairman of the Council
of Economic Advisers

Dilhan Pillay SANDRASEGARA, Executive Director & CEO of Temasek International



John Zhao, Chairman of Hony Capital



Wang Yiming, Vice Chairman of China Center for International Economic Exchanges, Former Vice President of Development Research Center of the State Council

Wang Yiming believed that the international community should work hand in hand to fight COVID-19 and tackle global governance challenges, so as to push the global economy back to the track of stable recovery.

China Development Forum 2020 Annual Meeting, hosted by the Development Research Centre of the State Council and organized by the China Development Research Foundation, was convened from November 11 to 13, 2020 at Diaoyutai State Guesthouse in Beijing. The economic summit was held on November 13 and the title for discussion at Panel Meeting (I) Venue I was “How World Economic Recovery Moves from K-Shaped to V-Shaped?”.

The discussion at this session was presided over by John Zhao, Chairman of Hony Capital. Participating guests were Wang Yiming, Vice Chairman of China Center for International Economic Exchanges, Former Vice President of Development Research Center of the State Council,

Laurence D. Fink, Chairman and CEO of BlackRock, Li Yang, Academic Member of Chinese Academy of Social Sciences and Chairman of National Institution for Finance & Development, Stephen A. Schwarzman, Chairman, CEO and Co-founder of Blackstone, Jason Furman, professor of Harvard University and former Chairman of the Council of Economic Advisers, and Dilhan Pillay SANDRASEGARA, Executive Director & CEO of Temasek International.

Wang Yiming pointed out that COVID-19 pandemic has greatly damaged the world economy, and the global economy has suffered a deep recession, with a larger contraction than the 2008 global financial crisis. Firstly, the global economic recovery is becoming more divergent. Due

to financial and medical constraints, developing economies have suffered greater impact of COVID-19. The rapidly increasing infections has further deteriorated the economic prospects. Within advanced economies, different countries have different policies for fighting COVID-19, and present different economic performances. Structural differences in economic recovery are also reflected in different industries and fields. Large-scale technology companies with more prominent advantages in technology and data saw sharply rising turnover and profits, and further increased market concentration. Secondly, rising global debt levels increase hidden risks. In response to the impact of COVID-19, major economies have introduced unprecedented fiscal and monetary policies, with debt level rising sharply and a 9% increase in the average deficit rate. The debt level of some economies has exceeded historical highs, while the decline in potential output levels implies reduction in the tax base, thereby increasing the debt risk. Thirdly, the global supply chain further shrinks. Affected by COVID-19 pandemic, the global flow of goods and people has been blocked, the supply chain has been impacted and partially interrupted, and cross-border trade and investment have shrunk sharply. Therefore, the global supply chain has been further shortened and is developing in a more inward and decentralized direction, and the consequent regionalization and nearshoreization of the supply chain will exacerbate deglobalization. And fourthly, the income gap has further widened. The greater impact caused to low-income groups by COVID-19 pandemic, together with the prices of financial assets pushed up by loose monetary policy, has actually pushed up the wealth of high-income groups. This “K-shaped recovery” feature will exacerbate social inequality.

He believed that the international community should work hand in hand to fight COVID-19 and tackle global governance challenges, so as to push the global economy back to the track of stable recovery. First, strengthening international cooperation in the fight against COVID-19.

Countries should strengthen cooperation in areas such as COVID-19 surveillance, vaccine R&D, and disease prevention and treatment, support each other's efforts to fight COVID-19, and jointly create conditions for the recovery of the world economy. Second, strengthening dialogue on macro policy. It is necessary to make full use of multilateral platforms to strengthen policy dialogue and jointly maintain stable global industrial and supply chains, ease financial risks and various debt risks, enhance cooperation in alleviating the debt of the least developed countries, and promote a more balanced, fair and inclusive economic recovery. Third, jointly promoting green recovery. All countries need to increase green investment with joint actions, develop clean energy and renewable energy, and control global warming within the goals of the Paris Agreement, so that green development becomes a new driving force for economic recovery. Fourth, accelerating the digital transformation. COVID-19 restricts the movement of people, but it has become an opportunity for the world economy to accelerate the digital transformation. All countries should promote international cooperation in the digital field, work together to close the “digital divide” and make digital transformation a new engine for world economic recovery.

Laurence D. Fink said that with the support of unprecedented fiscal and monetary policies, all countries have restarted economic activities around the world, but it is unlikely for the global economy to rapidly recover. As Europe enters a new lockdown, the United States faces both high infection rates and delayed fiscal stimulus. There are still many challenges ahead. In particular, it needs to be pointed out that the United States still needs more fiscal measures to prevent a severe economic downturn. He noted that technology has become an important means to promote the development of the industry, for example, the development of Internet medical and digital financial services. Moreover, remote work is likely to have an enormous impact on the economy in the years to come.



Laurence D. Fink, Chairman and CEO of BlackRock

He believed that the retirement crisis in the post-pandemic era deserves attention. On a global scale, every effort should be made to prevent workers from being unable to retire due to lack of sufficient savings. He hoped to cooperate with the Chinese government, regulatory agencies and market participants to create a better retirement environment for Chinese workers and future retirees. Moreover, he stressed that climate risk is also an investment risk. Investors become increasingly aware of the important role of sustainability in investment decisions. The transition to ESG will be a major change, which will become the norm in the future. For all countries, tackling issues concerning long-term sustainability is essential and can help them attract global investment in the future. What's more, investors are paying more and more attention to social and environmental issues, capital is being re-allocated and investors will assess whether there are climate risks or energy transition risks in the investment.



Li Yang, Academic Member of Chinese Academy of Social Sciences and Chairman of National Institution for Finance & Development

Li Yang said that during the COVID-19 pandemic, the global debt expansion presented a very distinctive feature, i.e., major developed economies, including the United States, Europe, Japan, etc., have implemented currency expansion strategy by fully exploiting the privileges as countries issuing reserve currency, resulting in long-term flooding of global liquidity, which may drag the world into the trap of ultra-low interest rates and negative interest rates. The massive expansion of developed economies has caused countries other than those issuing reserve currency to suffer from the flood of liquidity and the impact of violent fluctuations of currency exchange rate.

He believed that the weak global economic growth is mainly due to the long-term downturn of the real economy, the severe negative impact of COVID-19, and the policies for excessive monetary issuance of reserve currencies and fiscal deficits. Because of this, the real economy is gradually driven to restore vitality through supply-side structural reforms



Stephen A. Schwarzman, Chairman, CEO and Co-founder of Blackstone

so as to promote global economic growth. He stressed that the world must act in concert to quickly stop the spread of COVID-19. Moreover, it is necessary to take effective measures to contain the uncontrolled expansion of global debt, and at the same time carry out effective international coordination to prepare for the long-term global debt reduction.

Regarding global economic recovery, Schwarzman believed that the stable COVID-19 control and economic resilience have led to rapid recovery of China's economy. Although the second wave of COVID-19 will slow down the economic recovery in Europe and North America, the implementation of a series of stimulating fiscal measures will prevent a continuous decline in per capita GDP. He pointed out that the significant increase in recovery of major economies depends on the effectiveness of vaccines

and widespread vaccination. In his opinion, the prospect of global sustainable development is directly related to the recovery from COVID-19, and has something to do with effective global dialogue and cooperation. China and the United States in particular must play an important role. He also said that COVID-19 will speed up the application of disruptive technologies, and faster-growing fields such as technology and life sciences are expected to continue to grow and lead the entire economy.

Jason Furman said that COVID-19 control is a necessary prerequisite for economic recovery. China has made remarkable achievements in fighting COVID-19 and therefore become the only major country whose economy grows positively in the world. He believed that the United States has to do something in the following areas to restore its economic growth: the first is to strengthen virus detection;



Jason Furman, Professor of Harvard University and former Chairman of the Council of Economic Advisers



Dilhan Pillay SANDRASEGARA, Executive Director & CEO of Temasek International

the second is to formulate reasonable monetary and fiscal policies to increase personal disposable income; and the third is to reasonably limit debt expansion, stabilize the stock market, and avoid permanent unemployment. He thought that there is a lack of adequate coordination in current global crisis response strategy. China and the United States are in a critical position. They need to work hard to lead a coordinated global response, particularly in terms of monetary and fiscal policies. He stressed that attention should be paid to the common interests of all countries, including global rules, standards and intellectual property protection.

Dilhan believed that the impact brought by COVID-19 is long-term, which results in uncertain outlook for the global economy. The decoupling in world economy, politics and technology will hinder global economic growth. He said

that countries around the world need to seize opportunities for sustainable development, for sustainable development and climate issues will become the core of future business. All countries need to follow international standards and make contributions to sustainable development. Green finance will play an important role in promoting sustainable development. China has a relatively sound financial system, which can promote the development of green bonds, green technologies and green insurance. He also stressed that better financial products and services should be developed in the future to meet the needs of the real economy.

Panel Meeting (I) - Venue II

Sino-U.S. Relations in a Post-2020 Era

Chair

Lu Mai, Vice Chairman of China Development Research Foundation

Speakers

Fu Ying, Chairman of Center for International Strategy and Security, Tsinghua University

David M. Rubenstein, co-founder and Co-Executive Chairman of The Carlyle Group
Zhang Baijia, Former Vice Director of Party History Research Center of the CPC Central Committee

William Cohen, Chairman and CEO of the Cohen Group

Craig Allen, President of the US-China Business Council

Kurt M. Campbell, Chairman and CEO of the Asia Group and Former Assistant Secretary of State for East Asian and Pacific Affairs, USA



Lu Mai, Vice Chairman of China Development Research Foundation



Fu Ying, Chairman of Center for International Strategy and Security, Tsinghua University

Fu Ying stressed that China and the United States have important domestic issues to be addressed, the conflict between the two countries is controllable, and they need to strengthen coordination and cooperation.

China Development Forum 2020 Annual Meeting, hosted by the Development Research Centre of the State Council and organized by the China Development Research Foundation, was convened from November 11 to 13, 2020 at Diaoyutai State Guesthouse in Beijing. The economic summit was held on November 13 and the title for discussion at Panel Meeting (I) Venue II was “Sino-U.S. Relations in a Post-2020 Era”. The discussion at this session was presided over by Lu Mai, Vice Chairman of China Development Research Foundation. Participating guests were Fu Ying, Chairman of Center for International Strategy and Security, Tsinghua University, David M. Rubenstein, co-founder and Co-Executive Chairman of The Carlyle Group, Zhang Baijia,

Former Vice Director of Party History Research Center of the CPC Central Committee, William Cohen, Chairman and CEO of the Cohen Group, Craig Allen, President of the US-China Business Council, and Kurt M. Campbell, Chairman and CEO of the Asia Group and Former Assistant Secretary of State for East Asian and Pacific Affairs, USA.

Fu Ying said that in the past four years, Sino-U.S. relations have been seriously damaged, with quite negative social atmosphere for both countries. The Americans believe that China is fighting for world hegemony, while the Chinese think that the United States is blocking China’s progress and the people’s pursuit of a better life. Both parties regard the other party as the wrong side.



| William Cohen, Chairman and CEO of the Cohen Group

Fu Ying pointed out that although the U.S. general election is now clear, we should not readily expect China and the U.S. to resume stable relations. When we re-examine Sino-U.S. relations in the future, what counts most is that both sides should accurately judge the intentions of the other party. China has no desire to replace the role of the United States in the world, nor does it believe that the United States has the ability to change China's system. It would be a historic tragedy if such two huge partners as China and the United States slipped into conflict due to misjudgment.

She also stressed that China and the United States have important domestic issues to be addressed, the conflict between the two countries is controllable, and they need to strengthen coordination and cooperation. Whether China and the United States can enter a stage of stable competition and cooperation depends on how the two sides cooperate in the field of economy, technology, politics, security, and global affairs.

William Cohen said that the Biden administration will

take a different approach to Sino-U.S. relations. On the one hand, it has more sense of responsibility, and on the other hand, it will pay more attention to the overall global interests. In the past 4-5 years, there have been strategic mistrust and enormous differences in human rights and military issues between China and the United States. After the Biden administration takes office, it may pay more attention to responsible diplomatic ties and pursue a professional foreign policy.

Cohen added that there are still many problems for both countries to solve many problems in direct foreign investment and the global economy. In the following 15 years, the world will face issues such as serious water shortages, epidemics, nuclear weapons, terrorism, etc. Therefore, China and the United States need to carry out dialogues and negotiations, reach consensus and establish cooperation. In the future, the Biden administration may continue to negotiate with China about issues concerning the sovereignty of the South China Sea, Taiwan and human rights, which



David M. Rubenstein, co-founder and Co-Executive Chairman of The Carlyle Group



Zhang Baijia, Former Vice Director of Party History Research Center of the CPC Central Committee

are also core issues in Sino-U.S. relations. In the high-tech field, the two countries will have to avoid decoupling. In fields closely related to the economy, China and the United States, as the two largest economies in the world, need to work together for their own and global interests. He also said that the United States needs to understand China's history and culture, and believed that the Biden administration will understand this and take action.

David M. Rubenstein held that the Sino-U.S. relations have bottomed out, for which COVID-19, the trade war and the U.S. election are all responsible. In the United States, the Democrats and Republicans have agreed with each other on criticizing China. The Sino-U.S. relations are now ushering in an opportunity for improvement, which is not an easy goal to achieve. From a historical perspective, improving relations face many challenges, and many conflicts often exist between major powers. The Biden administration will work to improve relations between the two countries, but it will also focus on human rights issues. In this process, there may

be inevitable tensions between China and the United States. The members in the Biden team who know China well will work to improve Sino-U.S. relations.

He also said that Trump may run for the U.S. president again. So in the next four years, he may continue to create difficulties for Biden. The China policy of the Biden administration will in particular become one of Trump's tools.

Zhang Baijia expressed the opinion that the Sino-U.S. relations are now facing unprecedented challenges since 1979. The development trend of the Sino-U.S. relations affects not only the respective development of the two countries, but the future of the world as well. First, the reality that the Sino-U.S. relations must face is that the foundation of mutual trust established by China and the United States has changed and structural contradictions have emerged between the two countries. Second, compared with this year, the Sino-U.S. relations may be relatively flat in the next two years, but will be crucial to the development of bilateral



Craig Allen, President of the US-China Business Council

relations. Third, the Sino-U.S. relations may be marked by both competition and cooperation. In terms of repairing the Sino-U.S. relations, the two sides should strive to first resume the strategic dialogue on security and economy and further strengthen the existing crisis management mechanism of the two armies. He also pointed out that the two countries should prevent economic, especially technological decoupling, so as to avoid serious damage to the development of bilateral relations.

Craig Allen believed that the uncertainty about the Sino-U.S. relations has become one of the biggest challenges for U.S. companies in China. The same uncertainty has also become the biggest challenge for Chinese companies in the United States. Changes in policies, regulatory environments as well as the possibility of countermeasures have brought unprecedented challenges to companies. Uncertainties will undermine the confidence, market competitiveness and economic efficiency of both companies.

Allen said that although there are some economic uncertainties and contradictions in the short term, U.S. companies still promise to increase investment in the Chinese market in the long term, including employees, operations and supply chains. In the long run, competition is the normal in the Sino-U.S. relations, but healthy and fair competition will ultimately contribute to consumer interests, innovation and global prosperity. While competing, the two parties should also strengthen the dialogue to rebuild mutual trust and promote cooperation and manage their differences by enhancing international rules.

He also pointed out that Trump may continue to make noise to attract people's attention.

Kurt M. Campbell said that we should not underestimate the huge challenges facing China and the United States and competition will still be the focus of the Sino-U.S. relations. Facing many challenges and threats, Biden has many things to deal with after he is elected, but



Kurt M. Campbell, Chairman and CEO of the Asia Group and Former Assistant Secretary of State for East Asian and Pacific Affairs, USA

the new government will also have many advantages. First of all, the Biden administration will first focus on domestic issues, including the development of and investment in science and technology, but at the same time it will keep in touch with China. Second, the new government will redefine its foreign policy, which has paid too much attention to South Asia and the Middle East before. In the future, it will strengthen its contacts with the Asia-Pacific countries and need to continuously intensify relevant expertise. Third, the new administration will strengthen dialogue and cooperation with Asian and European allies. Fourth, the new administration and team are very concerned about system building, and the United States will conduct more multilateral cooperation. And fifth, the two countries need to rebuild bilateral mechanisms, such as the Sino-U.S. strategic dialogue, to prevent and deal with crises, such as climate change, COVID-19 containment, and vaccine research and development. He also suggested that China should expand

contacts with people from all walks of life in the United States to deepen mutual understanding.

Panel Meeting (I) - Venue III

Reshaping Globalization in a Post-Pandemic Era

Chair

Hai Wen, Deputy Director of School Affairs Committee of Peking University

Speakers

Frederick W. Smith, Chairman and CEO of FedEx Corp

Zheng Guoyu, Vice President of Bank of China

Florent Menegaux, CEO of Michelin Group

Liu Yuanchun, Vice President of Renmin University

Thomas Friedman, Foreign Affairs Columnist of the New York Times

Lawrence J. Lau, Professor of the Chinese University of Hong Kong



Hai Wen, Deputy Director of School Affairs Committee of Peking University



| Frederick W. Smith, Chairman and CEO of FedEx Corp

Frederick W. Smith believed that although COVID-19 will still pose challenges to economic recovery, the global posture of manufacturing and trade is developing in a positive direction.

China Development Forum 2020 Annual Meeting, hosted by the Development Research Centre of the State Council and organized by the China Development Research Foundation, was convened from November 11 to 13, 2020 at Diaoyutai State Guesthouse in Beijing. The economic summit was held on November 13 and the title for discussion at Panel Meeting (I) Venue III was “Reshaping Globalization in a Post-Pandemic Era”. The discussion at this session was presided over by Hai Wen, Deputy Director of School Affairs Committee of Peking University. Participating guests were Frederick W. Smith, Chairman and CEO of FedEx Corp, Zheng Guoyu, Vice President of Bank of China, Florent Menegaux, CEO of

Michelin Group, Liu Yuanchun, Vice President of Renmin University, Thomas Friedman, Foreign Affairs Columnist of the New York Times, and Lawrence J. Lau, Professor of the Chinese University of Hong Kong. Participants agreed that globalization is necessary, but held different views on its prospects.

Frederick W. Smith pointed out that COVID-19 has caused unprecedented challenges to the economies of all countries. Up till now, the U.S. economy has suffered a K-shaped recovery in many areas. Industries and companies at the upper end of the economic chain are booming, while many of those at the lower end are at risk of being left behind.



| Zheng Guoyu, Vice President of Bank of China

Frederick W. Smith believed that although COVID-19 will still pose challenges to economic recovery, the global posture of manufacturing and trade is developing in a positive direction. First, COVID-19 has accelerated the restructuring and diversification of global supply chains. As some countries encourage their manufacturing companies to return, short supply chains may continue to develop. Second, COVID-19 has accelerated the process of digital transformation and e-commerce has presented an explosive growth. According to the statistics of FedEx Trade Index, 74% of small enterprises in the United States believe that enhancing the consumer experience through technology will be conducive to the recovery of companies. Third, the

vast majority of U.S. small business owners still support global trade, regarding it as an opportunity for economic growth, job creation and expanding new markets.

Looking into the post-pandemic era, Frederick W. Smith believed that establishing a stable and rules-based trading system and relaxing market access will help continue to improve living standards and help countries and enterprises achieve common prosperity. FedEx will propose to the new US administration to develop a constructive and reciprocal trade relationship between China and the United States.

Zheng Guoyu expressed his belief that COVID-19 has given rise to new demands and new business formats

in the service industry, and the trade in services is facing new changes and opportunities. He held that the service industry has currently become an important support for many economies and its position in the global economy and international trade continues to improve. Since the start of this year, trade in services has replaced trade in goods as the core force in promoting economic and trade development as COVID-19 blocked global logistics and travels. In the future, trade in services is expected to become the “new engine of globalization”.

Zheng Guoyu noted that trade in services can re-accelerate globalization, which is manifested as follows: Firstly, the digitization and online features of traditional projects in trade in services have become increasingly prominent; secondly, the tradability of traditional services has been greatly expanded; thirdly, the application of new technologies has resulted in new business format of trade in services; and fourthly, service outsourcing has created the possibility for more entities to participate in the global market.

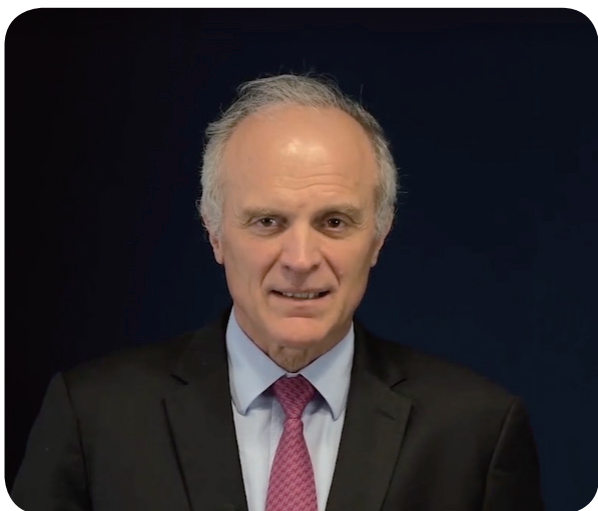
Zheng Guoyu proposed that actions should be taken from three aspects to provide impetus for the recovery of the global economy in a post-pandemic era. First, we will conform to the new trend of reorientation of manufacturing as a service, mutually promote the manufacturing and service industries, and create a new global pattern of “two-wheel drive” with trade in goods and services. Second, we will leverage the opportunities brought about by technological progress to promote the construction of infrastructure for trade in services. We will strengthen the use of advanced information technologies such as the Internet and big data in the field of trade in services, and strive to create and improve the infrastructure and ecosystem for developing emerging trade in services; we will also strengthen international cooperation to help countries with relatively backward

infrastructure for information technology improve and upgrade the system, and expand and tap new markets and new momentum for global trade in services. Third, we will strengthen policy coordination among countries and drive the integration of international rules for trade in services. Rule makers must keep up with the pace of industry development, regularly assess and dynamically update rules for trade in services. Besides, they must also pay attention to the inclusiveness and applicability of rules, strengthen international policy coordination, and create a unified and stable policy environment.

Florent Menegaux believed that globalization should be reshaped in a post-pandemic era so that it can stay true to its original commitment of creating a world that promotes global cooperation in order to achieve inclusive progress that benefits everyone and all places. Global cooperation is the first step to reshape globalization.

Florent Menegaux pointed out that multinational companies have talents, resources and businesses across the world, which can play an important role in reshaping globalization. As a result, multinational companies should become spokespersons for change, action and progress, helping to build a better, more inclusive and more sustainable world. Florent Menegaux hoped that everyone will stand in unity with confidence to contribute to the recovery of the world economy.

Liu Yuanchun put forward four issues that future globalization must face squarely. First, deglobalization has not eased, but has accelerated, instead. The decline in the world’s share of exports in GDP this year outstrips that in the past 12 years; the drop in global direct investment has directly caused a sharp decline in the integration of global direct financing; and the global trade in services has rapidly shrunk. Second, COVID-19 is double-edged to the current deglobalization, which may become more serious



| Florent Menegaux, CEO of Michelin Group

in a post-pandemic era. Global economic stagnation will continue and the dividends of globalization will continue to decrease. COVID-19 has completely laid bare many social problems, and therefore, forces of populism, protectionism and isolationism have risen, further aggravating the world's uncertainty. Third, over the past 100 years, human beings have gone through four waves of deglobalization, but each time have failed to find a way to deal with it. Therefore, we should consider whether existing solutions are capable of meeting the demands of various stakeholders. Fourth, many proposals for global governance in a post-pandemic era have not only failed to solve existing problems, but have become problems themselves as well. Conflicts concerning trade, technology and talent claim to be able to solve

problems, but instead they plunge us into the abyss.

In response to the above problems, Liu Yuanchun put forward four suggestions. First of all, international fight against COVID-19 is the first step to repair globalization. Building a global community of health for all and the introduction of a global plan to fight against COVID-19 are the most urgent and realistic need. Next, economic recovery policies should be better coordinated. We can draw on the experience of the international coordination mechanism for 2008 global economic recovery for the current economic recovery policies. In the next two years, it is of particular importance to strengthen the role of the G20 in macro policy coordination. Thirdly, we should calmly examine our own interests and find structural solutions in line with



| Liu Yuanchun, Vice President of Renmin University

the interests of all countries. Structural solutions can help get rid of the problematic tendency to globalization of internal problems, but it is necessary to avoid the slowness and superficiality of solutions. Finally, it is necessary to strengthen the system of global governance, especially the repair of the multilateral system. In restoring the system of global governance, we need to consider the diversity of stakeholders, the order of priority and the mode of tool set.

Liu Yuanchun held that we should grasp the predicament of globalization and its deeper causes rather than simplify the understanding of it. We should rebuild globalization in conjunction with historical experience, the impact of COVID-19 and the new technological revolution.

Thomas Friedman pointed out that the intrinsic

engine of globalization is Sino-U.S. relations, whose deterioration has led to the degradation of the process of globalization. Between 1979 and 2019, the economies of China and the United States were closely intertwined. There was sufficient space for cooperation between the two countries, and goods, capital, technology and personnel were unconsciously connected and integrated. The “unconscious globalization” between the two countries has promoted the development of globalization. However, in recent years, Chinese manufacturing has been upgraded to be capable of production and export of “deep technology”. Both China and the United States are selling technologies that can penetrate into each other's society, but the two parties have not yet established enough trust to purchase



| Thomas Friedman, Foreign Affairs Columnist of the New York Times

and use these technologies at scale from each other with confidence. Therefore, the contradiction between the changes brought about by "deep technology" and the lack of trust between China and the United States has led to increasingly tense Sino-US relations.

Friedman believed that the Biden administration will carry out a more normal, stable and multilateral policy towards China. He suggested that China and the United States should conduct in-depth dialogue after the Biden administration takes office so that the two sides may make full communication, establish mutual trust, and promote the economic and global development.

Lawrence J. Lau believed that economic globalization

can revive after COVID-19 on condition that the net cost of globalization is reduced and all can benefit from it. Although international trade can improve the overall economy of a country, it will produce winners and losers within a country. A completely free market will only bring greater benefits to winners and not compensate for losers. Therefore, it is the responsibility of the government to make redistribution within a country. However, for a long time, many governments have failed to effectively compensate the losers of economic globalization, leading to the rise of unilateralism, isolationism and protectionism. The way to solve this problem is to levy international trade taxes on the beneficiaries of economic globalization. A small



| Lawrence J. Lau, Professor of the Chinese University of Hong Kong

international trade tax of 0.5% will not have a huge impact on the international trade itself, and will hardly affect the relative prices between imports and exports.

Lawrence J. Lau pointed out that both countries can use local currencies for international trade settlement to reduce transaction costs. First of all, the settlement with their own currency only involves one type of foreign exchange without the need to use the currency of a third country (such as the US dollar), which significantly reduces transaction costs. Next, the use of domestic currency for settlement can reduce the time difference between the order and the actual payment, which further reduces exchange rate risk. Finally, the use of domestic currency for

settlement reduces the need for foreign exchange reserves. To this end, he suggested expanding the use of RMB in international transactions in China. The international trade volume of Japan accounts for 3.7% of the world's total, 3.7% of which is settled in yen, while China's international trade volume in 2019 accounted for 10.7% of the world's total, less than 2% of which were traded in RMB.

Lawrence J. Lau called for understanding economic globalization beyond economics itself and achieving global cooperation in fighting against COVID-19.



Panel Meeting (II) - Venue I

The Future Direction of the Global Supply Chain in a Post-Pandemic Era

Chair

Xue Lan, Dean of Schwarzman College of Tsinghua University

Speakers

Ren Hongbin, Vice Chairman of State-owned Assets Supervision and Administration Commission of the State Council

Edmund S. Phelps, Professor of Columbia University and Nobel Laureate in Economics

Li Yong, President of China National Offshore Oil Corporation

Sanjay Mehrotra, President and CEO of Micron Technology Inc.

Wu Fulin, Governor of the Export-Import Bank of China

Kenneth Rogoff, Professor of Harvard University

Liu Jiren, Chairman and CEO of Neusoft



Xue Lan, Dean of Schwarzman College of Tsinghua University



Edmund S. Phelps, Professor of Columbia University and Nobel Laureate in Economics

Edmund Phelps said, over the past 20 years, the global supply chain has continuously developed, which has greatly improved China's productivity, resulting in China's economic takeoff.

China Development Forum 2020 Annual Meeting, hosted by the Development Research Centre of the State Council and organized by the China Development Research Foundation, was convened from November 11 to 13, 2020 at Diaoyutai State Guesthouse in Beijing. The economic summit was held on November 13 and the topic for discussion at Panel Meeting (II) Venue I was "The Future Direction of the Global Supply Chain in a Post-Pandemic Era". The discussion at this session was presided over by Xue Lan, Dean of Schwarzman College of Tsinghua University. Participating guests were Ren Hongbin, Vice Chairman of State-owned Assets Supervision and Administration Commission of the State Council, Edmund

S. Phelps, Professor of Columbia University and Nobel Laureate in Economics, Li Yong, President of China National Offshore Oil Corporation, Sanjay Mehrotra, President and CEO of Micron Technology Inc., Wu Fulin, Governor of the Export-Import Bank of China, Kenneth Rogoff, Professor of Harvard University, and Liu Jiren, Chairman and CEO of Neusoft.

Over the past 20 years, the global supply chain has continuously developed, which has greatly improved China's productivity, resulting in China's economic takeoff. The United States has also benefited from the globalization of the supply chain, but much less than China in this regard, partly because the United States is already at a high

level of productivity before the formation of global supply chain, Edmund Phelps said.

The year 2020 saw the sudden outbreak of COVID-19 and differences in trade policies between China and the United States, which have made many American companies aware of the fragility of their supply chain. Phelps believed that some changes have taken place at both commercial and political levels in the United States: at the commercial level, if companies fail to purchase the parts needed for production, they have to produce by themselves despite the increase in cost, because they are unable to afford the uncertainty of external supply. At the government level, political pressure has prompted American manufacturers to transfer overseas production back to the United States in order to raise domestic wages within the United States and restore the employment ratio of domestic male labor.

On the part of Phelps, the overall attitude of the United States towards outsourcing and trade depends largely on the feeling of workers in two aspects: one is their satisfaction with the work itself, and the other is whether they feel fair treatment from the US government. However, since the 1970s, the job satisfaction of Americans has continued to decline. Workers in the central region of the United States seem to feel increasingly the stagnant wages, while the high-income groups have found continuous growth in their salaries. Phelps believed that the attitudes of American workers towards global supply chain may depend to a certain extent on China's practices. China's continuous development of economy, accumulation of capital and innovation of technologies will help improve wages in the rest of the world, including the United States. China and the United States work together to reduce pollution, which may help us enter a new era of cooperation. Among the many uncertainties, Phelps believed that one certain thing

is that we must work together to encourage international cooperation, which will benefit every country.

Kenneth Rogoff said that the growth of economy, productivity and trade in the past few decades, especially the rapid growth of China, has maintained a very benign macroeconomic environment, which is very helpful, at least for Europe and the United States to better fight COVID-19.

Kenneth Rogoff pointed out that the current wave of anti-globalization is sweeping the United States, for example, the failure of the United States to sign the CPTPP and the trade friction with China. But the actual roots are by far more than these. There is one view that has been confirmed by economic and academic studies to a certain extent, believing that globalization is helpful to Europe and the United States in general, but it has increased inequality. Many people have the idea that a country may theoretically redistribute income by levying taxes on high-income groups after it becomes more prosperous. But in fact, taxation and wealth transfer have not really occurred, and the low and middle-income groups have not enjoyed significant improvement in income, so they feel they have not really benefited from globalization. Moreover, people will consider their position in society, so there will be opposition to globalization, which is not just from a political party, but from both the left and the right wings.

Kenneth Rogoff believed that the trend of de-globalization or anti-globalization may occur in the future, and the Sino-U.S. trade friction may significantly affect inflation. As a result, the current risks on the global supply chain worry the world not only in terms of trade, but also in terms of the macroeconomic environment in a broader sense.

Ren Hongbin said that the Chinese government attaches great importance to ensuring secure and stable global industrial and supply chains. President Xi Jinping



| **Kenneth Rogoff**, Professor of Harvard University



| **Ren Hongbin**, Vice Chairman of State-owned Assets Supervision and Administration Commission of the State Council

has repeatedly emphasized the need to promote the formation of international consensus and guidelines for maintaining the security of the global industrial and supply chains and removing the interference of non-economic factors so as to ensure stable and smooth global industrial and supply chains. In recent years, central enterprises have actively carried out international cooperation on the basis of market principles and the rule of law, and have joined hands with enterprises from various countries to achieve the integrated development of industrial and supply chains in a higher altitude, at a deeper level and on a larger scale, and become indispensable partners for each other.

Ren Hongbin pointed out that the global supply

chain has suffered severe impact since the outbreak of COVID-19. Central enterprises have fully exploited their advantages, not only strongly supporting the stable operation of China's supply chain, but also contributing to the restoration of the global supply chain order. One is to enhance the resilience of the supply chain by ensuring basic supply. The second is to smooth the supply chain through timely and quality assurance. The third is to promote conservation of the supply chain ecology by driving investment. And the fourth is to ease supply chain risks by strengthening international cooperation on COVID-19 prevention and control.

Ren Hongbin said that the restructuring of the global



| Wu Fulin, Governor of the Export-Import Bank of China



| Liu Jiren, Chairman and CEO of Neusoft

supply chain is accelerating in a post-pandemic era. The State-owned Assets Supervision and Administration Commission of the State Council will support central enterprises and encourage them to further play the leading role and strengthen cooperation with enterprises from various countries around the goal of opening up the supply chain, developing the entire chain in concert, and stabilizing the industrial chain so as to continuously contribute China's share to stabilizing the global supply chain. Firstly, China is willing to deepen cooperation with all parties in improving and upgrading the economic structure to promote the stability of the chain; secondly, China is willing to deepen cooperation with all parties

in implementing innovative development to promote the strengthening of the chain; thirdly, China is willing to deepen cooperation with all parties in co-building the Belt and Road Initiative to promote the extension of the chain; and fourthly, China is willing to deepen cooperation with all parties in establishing a long-term mechanism to promote the consolidation of the chain.

China is actively fostering a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other. In fact, all countries in the world today are in different types of domestic and international circulations. The key to achieving the circulations lies in the normal

operation of the international economic system, as well as the smooth and stable operation of the global supply chain, Wu Fulin said.

Wu Fulin pointed out that three major trends may occur to the global supply chain under COVID-19. The first is limited globalization, close regionalization and adequate localization. The industrial chain is shortened or even deformed. Second, the industry chain tends to be diversified, decentralized, and varied. In order to reduce the risk of over-reliance on single market channels, products and technologies, people have developed a stronger sense of backup. Third, the supply chain has become more information-based, digital and intelligent. Information technology can improve the operational efficiency of the supply chain. Under COVID-19, digital technology is critical to enhancing the resilience of the supply chain.

Wu Fulin believed that under such a circumstance, the international community needs to strengthen cooperation, and the financial industry in particular must play an active part in promoting the orderly operation of the global supply chain. First, it is necessary to improve the adaptability of financial resources and improve and smooth the operation of the supply chain. Second, the financial industry should focus on key nodes to help keep a stable and robust supply chain. Third, it is necessary to deepen the integration of finance and technology to promote efficient and intelligent supply chain financing. And fourth, it is necessary to vigorously develop green finance and promote the green transformation of global supply chain.

Liu Jiren said that in the process of globalization, production efficiency has improved and production costs have been reduced, greatly benefiting the economic development and improving people's livelihood in various countries. However, two factors will bring impact to globalization. The first is political factors. The competition

between countries has made enterprises fear whether they can safely produce or obtain some resources, parts and technologies in the future. The second is the impact of COVID-19, which not only affects the global supply chain, but greatly challenges China's internal supply chain as well. In the past, the supply chain are in the manufacturing sector, but COVID-19 has had a great impact on the service chain. Moreover, technological progress will certainly play an important role in developing the supply chain in the future. The emergence of these problems requires us to rethink the structural adjustment of the supply chain in the future, and changes will take place accordingly in the way of thinking and national strategy.

Liu Jiren believed that all countries should maintain smooth communication as they readjust their supply chains. At the same time, there should be a deeper understanding of the views on certain businesses and directions, such as the supply chain in the high-tech field. Due to the high cost of high-tech investment, short product cycle, and rapid development, the global cooperation helps us to use combined power to produce better products. However, the current changing trend will definitely result in higher costs and lower efficiency, which will negatively affect the recovery and sustainable development of the world economy. We can see that we will face a more complicated situation in the future, and the supply chain system may be different from the past. Therefore, it is very important for countries to cooperate and discuss with each other in terms of mutual benefit and sharing in the overall situation.

Sanjay Mehrotra pointed out that the global economy is facing severe challenges this year, but a transaction volume of more than 700 billion yuan took place at the "Singles Day", with a large number of transactions generated on the platform every second. These transactions were completed through cloud technology. Artificial



Sanjay Mehrotra, President and CEO of Micron Technology Inc.



Li Yong, President of China National Offshore Oil Corporation

intelligence, 5G, cloud platforms, etc. have made a large number of high-frequency transactions possible, promoting the development of various industries, and will also bring new opportunities to the manufacturing industry and the supply chain.

Sanjay Mehrotra noted that there are two key applications that improve productivity in the manufacturing sector. One is 5G because industrial data is currently used at scale in the manufacturing sector to control machines with cloud technology. The advent of 5G has increased the operating efficiency of machines by 10 times, which can achieve lower costs and reduce waste. Moreover, 5G can further expand the amount of industrial data, and it

can also transmit live video to the cloud end in real time to detect abnormalities. The other is artificial intelligence. The application of AI algorithms can enable automatic calculation of a large amount of data and information. By unlocking the manufacturing infrastructure and productivity, 5G and artificial intelligence will add 400 billion to 650 billion U.S. dollars to GDP, and will also play a very important role in supporting the development of the supply chain.

Sanjay Mehrotra held that companies hoping to be invincible in the future must strengthen the resilience of the supply chain and continue to provide customers with production, and an effective system must have data

transparency, so that the entire supply chain can realize efficient operation. The supply chain must be restructured in the future to improve productivity. In the meantime, it must be combined with advanced scenario design to improve the flexibility of the supply chain and cope with any change that may occur on the supply chain. This requires collaboration with various industries and continuous cultivation of partnerships. It is necessary to build a communication framework through global and government collaboration as well as industrial consortia and forums to reduce risks and provide a stable environment. It is of vital importance to companies to make long-term decisions and better promote global economic development.

Li Yong shared three views and practices of CNOOC on the topic of “stabilizing the oil and gas supply chain”. Firstly, expanding the oil and gas resources and market scale is the core foundation for the security and stability of the oil and gas supply chain. In recent years, based on its advantages in the entire oil and gas industry chain, CNOOC has continuously enhanced its “leading” position in oil and gas resources, continued to expand the consumer market, and promoted a smooth industrial chain circulation. On the supply side, CNOOC made great efforts to promote domestic offshore oil and gas exploration and development, strive to become the main force in increasing reserves and production, and reduce foreign dependence; to introduce LNG, continue to expand the supply of green and low-carbon energy; and to strengthen the construction of oil and gas reserves to firmly control the strategic link of competition on the supply chain. On the demand side, CNOOC insists on meeting domestic demand as the starting point and goal of development, fully relying on the market advantages of domestic super-large consumer groups, developing the market and expanding sales.

Secondly, improving the quality and efficiency of industrial development is an inherent requirement for the security and stability of the oil and gas supply chain. It is necessary to insist on scientific and technological innovation as the source of “strengthening” the chain, controlling costs as an important means of “consolidating” the chain, and adjusting the structure to promote transformation as a powerful starting point for “improving” the chain.

Thirdly, adhering to open and shared development is the basic principle for achieving a secure and stable oil and gas supply chain. CNOOC integrates the company’s development into the national energy development strategy and the overall consideration of the world’s energy development, focuses on improving the system and synergy of developing the oil and gas industrial and supply chains, and builds an integrated development model for domestic and foreign, upstream and downstream, and Party A and Party B parties. It will actively respond to the Belt and Road Initiative, focusing on promoting cooperation in the oil and gas field along the “21st Century Maritime Silk Road” and surrounding areas.

Finally, regarding how to establish a global governance system in today’s world to address and control the impact and subversion of the global supply chain, participating experts believed that the first step is to improve the Sino-U.S. relations, which will be the core of the global system in the coming decades and currently seems promising. Besides, Wu Fulin proposed that there was a G20 summit soon after the 2008 financial crisis, and now we need a new G20 summit.



Panel Meeting (II) - Venue II

Digital Economy: Transient Prosperity or Accelerated Transformation?

Chair

Huang Yiping, Deputy Dean of National School of Development at Peking University

Speakers

Li Ying, Director General of the Information Technology Development Department of the Ministry of Industry and Information Technology

Anne Richards, CEO of Fidelity International

Yu Feng, Co-founder and chairman of YF Capital

Daniel Schulman, President and CEO of PayPal Holding Inc

Fu Yingbo, partner and president of Beijing Megvii Co., Ltd.

Stephen Roach, Senior Fellow of Yale University



Huang Yiping, Deputy Dean of National School of Development at Peking University



Li Ying, Director General of the Information Technology Development Department of the Ministry of Industry and Information Technology

Li Ying pointed out that in the general trend of comprehensive digital transformation of the economy and society, developing the digital economy is an irreversible historical process.

China Development Forum 2020 Annual Meeting, hosted by the Development Research Centre of the State Council and organized by the China Development Research Foundation, was convened from November 11 to 13, 2020 at Diaoyutai State Guesthouse in Beijing. The economic summit was held on November 13 and the title for discussion at Panel Meeting (II) Venue II was “Digital Economy: Transient Prosperity or Accelerated Transformation?”.

The discussion at this session was presided over by Huang Yiping, Deputy Dean of National School of Development at Peking University. Participating guests were Li Ying, Director General of the Information

Technology Development Department of the Ministry of Industry and Information Technology, Anne Richards, CEO of Fidelity International, Yu Feng, Co-founder and chairman of YF Capital, Daniel Schulman, President and CEO of PayPal Holding Inc., Fu Yingbo, Partner and CEO of Beijing Megvii Co., Ltd., and Stephen Roach, Senior Fellow of Yale University.

In the discussion at this session, the guests shared their views on the opportunities and challenges of the digital economy, and reached a consensus that the short-term prosperity of the digital economy is likely to accelerate and even evolve into a long-term irreversible development trend.



| Anne Richards, CEO of Fidelity International

In her speech, Li Ying pointed out that COVID-19 has caused enormous impact on economy while promoting rapid development of digital economy. As the global network for fighting COVID-19 becomes denser and the R&D of vaccine progresses, the world economy is expected to return to the prosperity of active face-to-face exchanges in the past, but it will not have a negative impact on the burgeoning digital economy. Firstly, in the general trend of comprehensive digital transformation of the economy and society, developing the digital economy is an irreversible historical process. Secondly, developing the digital economy is key to coping with various risks

and challenges in the future. Thirdly, China is entering the deep-water zone of the development of the digital economy through the exploration of the industrial Internet. China's industrial Internet layout will lay a solid foundation for the faster takeoff of the digital economy.

Anne Richards said that under the new opportunities, the digital economy is a right shared by industries in all fields rather than the privilege of some technology giants. More and more small companies have the opportunity to use large platforms to expand their global business. She further pointed out that digital technology has brought both opportunities and risks.



| Yu Feng, Co-founder and chairman of YF Capital

The revolutionary power of technology has created new business models, and the old ones will be eliminated. With the development of technology, different industries have blurred boundaries and regulators must follow up quickly to better manage mixed industries and ensure fair treatment to consumers.

Yu Feng said that digital transformation is in a sense an irreversible, continuous and long-term development. China has made a forward-looking strategic layout for developing the digital economy, which has provided many new opportunities for the Chinese economy. As an investor, he pays special attention to the three major

directions of China: First, Internet consumption. China is fostering a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other. With the advent of the digital economy, the combination of online and offline interaction will generate stronger domestic demand. The second is the field of science and technology. 5G, AI and Industrial Internet are all key objects for the transformation of China's digital economy. The third is healthcare. During COVID-19, the digital economy will bring global changes to the medical and health field. The wide application of new technologies has pushed



| Daniel Schulman, President and CEO of PayPal Holding Inc



| Fu Yingbo, Partner and CEO of Beijing Megvii Co., Ltd.

ahead breakthroughs in the field of new drug research and development, and also promoted the development of medical services.

Daniel Schulman delivered a keynote speech in terms of digital economy and finance, saying that the economic challenges brought about by the health crisis have greatly accelerated the transformation from real economy to digital economy. For many companies, digital products and digital payment solutions have become more important than geographic locations. He believed that digitalization aims to involve consumers and benefit traders of various sizes, including small businesses

and large retailers with the global flow of goods and services. This two-way value can only be created through partnerships.

Fu Yingbo pointed out that COVID-19 is both an impact and a stimulus for China's digital economy. The digital economy is becoming a new engine for global economic growth and sustainable development. The key driving force for the digital transformation of the economy comes from breakthroughs in cutting-edge technologies such as AI, 5G and big data. After the test of COVID-19, AI has preliminarily verified its revolutionary and restructuring effects to the industry. AI must promote



| Stephen Roach, Senior Fellow of Yale University

the development of the digital economy in three aspects: one is to promote the industrialization of AI and use AI to consolidate the foundation of the digital economy; the second is to facilitate the AI-based industry and promote the deep integration of AI and the real economy; and the third is to accelerate AI governance and promote the sustainable development of technology.

Stephen Roach expressed his views on how China establishes independent innovation. He believed that in 2019, China ranked 14th on the global innovation index, and made great progress in innovation input and output. But this is only a necessary instead of a sufficient

condition for China's future development. If China desires to achieve high-quality development, the biggest challenge is how to catch up with the long-term leading developed countries and transform a world-class digital platform into an independent and innovative model of economic development. In this regard, he proposed that China should refer to the research findings of Nobel Prize winner Edmund Phelps on independent innovation, fully exploit the imagination of human capital, attach importance to individualism, vitality and self-expression, radiate internal innovation and vigor in society, and truly join the wave of independent innovation.



Panel Meeting (II) - Venue III

Green Recovery: New Global Consensus?

Chair

Zhang Zhizhou, DH Fund Management Company

Speakers

Xie Zhenhua, Special Advisor for Climate Change Affairs of the Ministry of Ecology and Environment

Nicholas Stern, Professor of the London School of Economics and Political Science

Liu Shijin, Former Vice President of Development Research Center of the State Council

Jean Lemierre, Chairman of BNP Paribas

Zhang Yuliang, Chairman and President of Greenland Group

Carmine Di Sibio, Chairman and CEO of EY Global

Zhang Bo, Chairman of Weiqiao Pioneering





Xie Zhenhua, Special Advisor for Climate Change Affairs of the Ministry of Ecology and Environment

Xie Zhenhua pointed out that President Xi Jinping announced at the 75th United Nations General Assembly that China will scale up its nationally determined contributions and adopt more forceful policies and measures to strive to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060.

China Development Forum 2020 Annual Meeting, hosted by the Development Research Centre of the State Council and organized by the China Development Research Foundation, was convened from November 11 to 13, 2020 at Diaoyutai State Guesthouse in Beijing. The economic summit was held on November 13 and the title for discussion at Panel Meeting (II) Venue III was “Green Recovery: New Global Consensus?”

The discussion at this session was presided over by Zhang Zhizhou, DH Fund Management Company. Speakers were Xie Zhenhua, Special Advisor for Climate Change Affairs of the Ministry of Ecology and Environment, Dean of Institute of Climate Change and Sustainable

Development, Tsinghua University (ministerlevel), Nicholas Stern, Professor of the London School of Economics and Political Science, Liu Shijin, Former Vice President of Development Research Center of the State Council, Jean Lemierre, Chairman of BNP Paribas, Zhang Yuliang, Chairman and President of Greenland Group, Carmine Di Sibio, Chairman and CEO of EY Global, and Zhang Bo, Chairman of Weiqiao Pioneering.

Xie Zhenhua pointed out that President Xi Jinping announced at the 75th United Nations General Assembly that China will scale up its nationally determined contributions and adopt more forceful policies and measures to strive to peak carbon dioxide emissions by



Nicholas Stern, Professor of the London School of Economics and Political Science



Liu Shijin, Former Vice President of Development Research Center of the State Council

2030 and achieve carbon neutrality by 2060.

He believed that, first of all, this goal reflects the ambition and strength of China in tackling climate change. Based on its own national conditions and economic and social development goals, China has put forward this more ambitious goal by considering both domestic and external situations in a coordinative way in accordance with the goals and requirements of the Paris Agreement.

Secondly, it is both a challenge and an opportunity for China to achieve this goal. Despite the huge difficulties and challenges, this is still an excellent opportunity to accelerate the transformation of production methods, lifestyles and consumption patterns. It can force a green and low-carbon

transformation, technological and policy innovation to transmit a clear signal to market entities and guide the investment of future capital and technology in green and low-carbon circular development. China's practice has proved that the policy actions in response to climate change will not hinder economic development; it will instead help improve the quality of economic growth, foster new industries and markets, expand employment, improve people's livelihood, protect the environment, improve people's health and achieve coordinated development.

Third, China will totally fulfill the goal that President Xi Jinping announced to the world. China will implement the above measures and actions through one and another

five-year plans such as the 14th Five-Year Plan and the 15th Five-Year Plan.

Nicholas Stern pointed out that we are currently facing two global crises, one is COVID-19 and the other is the climate crisis, which require global cooperation to address. Both crises actually originated from long-term successful growth in the past. Now, the previous stage comes to an end, and we must build a new global structure.

He further added that it is necessary to make changes in the form of development in order to achieve sustainable growth and recovery as well as a carbon-neutral economy. First of all, we should not make the mistakes of the 2008 financial crisis, especially in Europe. We need to think more clearly about what kind of investment is needed for short and medium-term development. In the future, more efficient buildings, better urban designs, better and more sustainable vehicles are needed. All these investments must be put in place so as to help us rise to the challenges climate change brings. In addition, labor-intensive industries are very important to economic recovery and can help us achieve a sustainable economic recovery.

He believed that sustainable recovery will be the first step in future changes. The next year will be a very critical year to build a strong ecosystem and a more efficient economic structure.

Liu Shijin pointed out that green development includes but not limited to the usual pollution control and environmental protection. It also has a broader definition, including green consumption, green production, green circulation, green innovation, green financing, etc. In reality, it is an increasingly green and complete economic system. From this point of view, there is no contradiction between green development and economic growth. It can become a new growth momentum for economic growth, for consumption and for innovation.

He believed that three issues deserve our attention. The first is to integrate carbon emissions with pollution

prevention, ecological restoration, and biodiversity protection, and push them ahead in concert. The second is to pay attention to the issue of green accounting. Currently, there is no green accounting method or a unified dimension. He said that their research team drew on the solar energy accounting method to develop an accounting system called ecological yuan, use ecological yuan to make initial calculation of the value of services generated by ecological capital such as vegetation, air, water and soil, and at the same time discount by the impact brought about by pollution, and finally price the ecological yuan through market transactions. The third is to promote green technology. Green transformation, in essence, requires a new set of green technologies to replace the original less-green technologies. The China Council for International Cooperation on Environment and Development has proposed 20 major green technologies in six areas including water, energy, transportation, construction, land use and planning, and food. After popularization, these technologies can generate obvious social and economic benefits. He stressed that China is focusing on urbanization for its current green development, particularly the green technologies to be popularized in urbanization.

Jean Lemierre put forward that the green economy has become a core investment principle in Europe. Green future has become a basic principle followed by most European business circles and financiers. COVID-19 is a milestone and has changed the way people think. A recent survey conducted in Europe showed what concern people the most are climate change, COVID-19 and unemployment.

He stressed that global cooperation is needed to achieve a green and low-carbon transformation. He pointed out that it is a pity that the United States refused to join in global cooperation in many fields and hoped it will do so in the future. The world needs to work together to establish shared mechanisms and norms, which is a core issue.



| Jean Lemierre, Chairman of BNP Paribas



| Zhang Yuliang, Chairman and President of Greenland Group

He also emphasized that China is one of the largest markets for green bonds, so many Chinese banks have made commitments to transition to green and low-carbon development. Chinese leaders also raised very specific goals. He believed that China will make more progress and achievements in this regard.

Zhang Yuliang put forward two proposals on implementing green development in the future. On the one hand, consumption should play its role as an important engine in the economy and provide strong support for the green recovery. To this end, some work should be done in the following five areas: the first is to build a strong supply chain market; the second is to expand middle-income groups; the third is to develop new consumption forms; the fourth is to firmly expand imports; and the fifth is to

formulate realistic tax policies that encourage consumption.

On the other hand, it is necessary to improve the strategy for urbanization. Promoting green urbanization provides an important carrier and momentum for green recovery. Work should be done in the following four aspects: the first is to build world-class urban agglomeration megaregions; the second is to improve the internal spatial layout of the city and build cities with multi-center, city clusters and suburbanization to solve the problem of too dense population and function of central cities; the third is to build green buildings and green infrastructure; and the fourth is to promote urban renewal in an orderly manner.

Carmine Di Sibio pointed out that the past five years were the hottest years in history. Last year, climate disasters cost the world 150 billion yuan. The United



| Carmine Di Sibio, Chairman and CEO of EY Global



| Zhang Bo, Chairman of Weiqiao Pioneering

Nations predicts that climate change will bring about many negative effects. For example, excessive drying and wet hydration will cost two trillion yuan by 2030. He said that now we must seize the opportunity to benefit all from a more sustainable and healthier planet. For example, in the United Kingdom, only 14% of greenhouse gases come from outdated heating technology. If smarter and safer technologies are used, the UK will create new jobs and significantly reduce its carbon footprint, resulting in a win-win result.

He stressed that it is necessary to rethink the global system and mechanism, which needs the participation of all. He called on everyone to take action and use the opportunity presented by COVID-19 pandemic to change and solve the climate problem.

Zhang Bo said that under the context of current COVID-19 pandemic, the world is facing common challenges and green and sustainable development has become a common concern in the world.

He pointed out that, first of all, it is necessary to follow the road of innovation in terms of technology and build a scientific research foundation for green development. Secondly, we must innovate the model to build a solid industrial cluster for green development.

He also pointed out that in the process of fighting COVID-19 and promoting green recovery, Chinese companies should pursue dedication and present their international responsibility.

Plenary Session

Outlook for China-U.S. Economic Relations

Speakers

Zhu Min, Dean of National Institute of Financial Research, Tsinghua University
Lawrence Summers, Harvard professor and former U.S. Treasury Secretary



Lawrence Summers, Harvard professor and former U.S. Treasury Secretary

Summers pointed out that the “Cold War” should not be a model for the two countries with intertwined interests, and the dominant hegemony does not apply to the current international system.

China Development Forum 2020 Annual Meeting, hosted by the Development Research Centre of the State Council and organized by the China Development Research Foundation, was convened from November 11 to 13, 2020 at Diaoyutai State Guesthouse in Beijing. The economic summit plenary was held on November 13 with the theme of “Outlook for China-U.S. Economic Relations”. Participating guests were Zhu Min, Dean of National Institute of Financial Research, Tsinghua University, and Lawrence Summers, Harvard professor and former U.S. Treasury Secretary.

Summers believed that after the general election, the new U.S. political environment can create more favorable opportunities to improve the way the United States and China interact. Currently, the United States and China have reached an important historic juncture as an established power and a rising power. Both countries have complex pasts and complex emotions between each other, but they are in the turbulence of the great era at the same time, so they must cooperate with each other to find a common way forward. China and the United States will not face such a situation where one country succeeds and the other fails. They will have to face and resolve many important issues such as climate change and global health, which are common challenges for all. Both countries cannot expect to assimilate the other party or look forward to the breakdown of the other’s system. Instead, they should hold consensus on some basic issues, especially those concerning the future development of the world, including the new model of major-country relations that China’s leaders talked about a

few years ago.

Summers pointed out that the “Cold War” should not be a model for the two countries with intertwined interests, and the dominant hegemony does not apply to the current international system. China and the United States need to find some important core interests respectively and seek mutual respect. In the meantime, both sides need to focus on the balance of power in some areas, especially those areas where conflicts may occur, including global security.

Summers also noted that former Vice President Biden is a pragmatic diplomat and supports the resolution of differences through dialogue and negotiation. Biden advocates strengthening multilateral cooperation on climate, while supporting the cooperation between the United States and other countries on global public health issues. The outbreak of COVID-19 pandemic reminds all countries in the world of the need to make advance preparation for possible global pandemic in the future and take early action for cooperation. In trade, the United States has been striving to create a fair and open rather than a closed trade system. The next administration will also work to resolve some differences in trade between the United States and China. However, objectively speaking, the adjustments to trade policies made by the U.S. government may have less impact on its own GDP in the future and technology will play a more important role in the future development of Sino-U.S. relations than economic and trade issues. However, in the field of technology and science, China and the United States still face many difficult challenges. Regarding issues such as universities, industrial laboratories, intellectual property rights, and cyber security, the focus of the next stage will be: how China will behave, whether there may be a turning point in cooperation, and fair competition, etc.

In responding to Summers, Zhu Min stated that China and the United States need to think about worst-case scenarios and achieve mutual respect in future interactions. The two countries should cooperate with rather than transform each other on many issues including global security. China has repeatedly emphasized its unwillingness to decouple with the United States or face the new cold war between China and the United States. Both China and the United States need to change their thinking and expand cooperation from traditional



Zhu Min, Dean of National Institute of Financial Research, Tsinghua University

Zhu Min stated that China and the United States need to think about worst-case scenarios and achieve mutual respect in future interactions. The two countries should cooperate with rather than transform each other on many issues including global security.

economic and trade issues to broader issues, such as health and technology. Regarding the concerns of the United States, China has made many positive responses. For example, on the issue of intellectual property protection, the Chinese government has promised to strengthen the protection of intellectual property rights at the legal and company level. In terms of the differences between the two countries in science and technology, the two sides have failed to find the opportunity to discuss and negotiate related issues in the past few years. With regard to climate change, China expects the two countries to conduct dialogue on key issues as soon as possible, and hopes that the Biden administration can lead such dialogues and make substantial progress.





CDF with HUBEI

From Nov. 23 to 25, 2020, the "CDF with HUBEI" event was held in Wuhan and Xiaogan. The event was co-hosted by China Development Forum and the People's Government of Hubei Province, organized by China Development Research Foundation and Hubei Provincial Department of Commerce. More than 100 representatives from 52 top global companies partook in the event.

In response to President Xi Jinping's call to "show solicitude and give a hand", China Development Forum specially planned the event as an extension of the annual meeting, to push forward cooperation between Hubei and multinational companies comprehensively.

The event is made up of several major activities and special events including meetings with regional officials, presentations on key programs and projects in the region, round table discussion on business opportunities, as well as visit to pilot Free Trade Zone and industrial zones. The activities would introduce the achievements of Hubei's post-epidemic economic restoration and its business environment, and promote the key industries and projects in Hubei Pilot FTZ to multinational enterprises. The activities are held in anticipation of accelerating the settlement of projects already under negotiation, attracting more multinational enterprises to focus on, invest in and support Hubei.

Epidemic Prevention and Crisis Management in China

Speakers

Liu Yuanli, Dean of Peking Union School of Public Health (PUSPH)
Xue Lan, Dean of Schwarzman College of Tsinghua University

On February 27, 2020, the first CDF Briefing was held, themed on “Epidemic Prevention and Crisis Management in China”.

Liu Yuanli, Dean of Peking Union School of Public Health (PUSPH), Beijing, China and Xue Lan, Dean of Schwarzman College of Tsinghua University were invited to share their views on the topic.

Liu and Xue agree that since the outbreak of the pandemic, China has exerted all-out national effort and the spirits of “No one, no region is left behind”. The Chinese governments from central to local have responded actively and organized resources across the country to fight the pandemic.

Under China's all-around measures on epidemic prevention and control, the affected areas have been isolated effectively, and the mobility of the general public have been reduced, both of which have played a key role in curbing the continued spread of the epidemic.

At present, the number of newly-reported cases in China has decreased and for some regions it was zero. According to Liu, the worst is over and the turning point has come.

Liu points out that there has never been a precedent of a mega city such as Wuhan, with more than 15 million people, locked down in the human history of epidemic control, a

measure which is necessary but unattainable for cities in other countries such as New York.

In the meanwhile, after the lockdown of Wuhan, the hospitals in China have treated as many patients as possible in a short period of time. Two makeshift hospitals, Leishenshan and Huoshenshan, have been built and put into use rapidly, and medical teams from various provinces have been sent to Hubei in support. These measures mark an innovation in China's epidemic prevention and control.

Xue Lan says, China's crisis management measures to the epidemic can be divided into four phases: discovery, emergency response, national mobilization and balanced measures, and we are now in Phase Four.

On February 23, the national teleconference on the coordination and promotion of the COVID-19 prevention and control and socio-economic development was held in Beijing, calling for the establishment of a socio-economic order in line with the fight against the pandemic and the orderly resumption of work and production.

The response levels of COVID-19 in many provinces have been lowered, indicating an advancing socio-economic development alongside with the continuous measures on the prevention and control of the pandemic.



| Liu Yuanli, Dean of Peking Union School of Public Health (PUSPH)

Liu points out, the two major challenges that China are confronted with are reopening business and schools and controlling imported cases.

For reopening businesses and schools, he says that China's economy is currently undergoing an unsustainable "pause" and must be resumed. But this resumption will inevitably bring up the risk of spreading the virus again, and the government should manage to achieve a balance between them.

For imported cases, he says that upon controlling the domestic epidemic, China will be mainly confronted with imported cases from abroad. Different countries possess different experience and resources in epidemic prevention, so do the risks brought by imported cases. As a big trading country, China needs to balance between ban-lifting and epidemic prevention.

Xue points out, it is estimated that the direct loss caused by the pandemic to China's economy is about 1.38 trillion yuan. In response, China will introduce a number of macroeconomic policies to support economic recovery, including credit relaxation, proactive fiscal policies, tax cuts and fee reductions.

He also suggests that some industries in China, such as



| Xue Lan, Dean of Schwarzman College of Tsinghua University

the digital economy, will witness a new period of growth, and consumer demand will rebound.

Liu holds that the prevention against the coronavirus or other infectious disease may become a "new normal" in the future, and we should make preparations for two aspects.

The first is to recognize and prepare for the long-term existence of the COVID-19. Liu points out that SARS is usually accompanied by fever and is easy to spot, but many cases of COVID-19 are with mild symptoms or even asymptomatic. Therefore, we should be prepared for the long-term existence of coronavirus and epidemic prevention.

The second is to be prepared for the outbreak of unknown infectious diseases constantly.

Liu suggests that researches have shown that the period between infectious disease outbreaks is shortened. Before 1990s, the cycle of the pandemic outbreak was 10-20 years. In the past 30 years, this cycle has been shortened to about two years.

He believes that we will be experiencing new virus caused pandemic very soon. It is essential to prepare beforehand for early detection and control of the pandemic.

Epidemic Control and Economic Recovery in China

Speakers

Zeng Guang, Chief scientist of epidemiology of the Chinese Center for Disease Control and Prevention
Shen Janguang, Vice President of Jingdong Group ; Chief Economist of JD Digits

On March 12, 2020, the China Development Forum (CDF) Secretariat organized the CDF Briefing on "Epidemic Control and Economic Recovery in China". Two panelists, Zeng Guang, Member of the High-level Expert Group of the National Health Commission; Chief scientist of epidemiology of the Chinese Center for Disease Control and Prevention, and Shen Janguang, Vice President of Jingdong Group; Chief Economist of JD Digits, were invited to present their views on the topic. The webinar was moderated by Fang Jin, Secretary-General of China Development Research Foundation (CDRF). Lu Mai, Vice Chairman of the Foundation and Secretary-General of the Forum, introduced the two speakers.

Zeng said that as of March 12, a total of 80,981 cases

of COVID-19 had been confirmed in China, and there still remained 14,884 confirmed cases. There had been no new cases in many areas of Hubei province for more than 10 consecutive days, which was the same as the national level. The continued decline in COVID-19 cases fully demonstrates that China has passed the peak of the outbreak.

Zeng believes that China can reach the peak of this round of epidemic due to four factors: First, the government's efficient action and resolute and effective public transport control measures have made an immediate impact. Second, the provincial governments quickly responded to the central government's call and kept the epidemic under strict control. The third is multi-sectoral cooperation. Within two months,



Zeng Guang, Chief scientist of epidemiology of the Chinese Center for Disease Control and Prevention

the diagnosis and treatment plan was updated with the seventh edition and the guidance document was updated with the sixth edition, which is unprecedented in the history of the prevention and treatment of infectious diseases in the world. Fourth, the support of the whole country. More than 40,000 doctors were transferred from all over the country and the army, which greatly alleviated the difficulty of seeking medical treatment in Wuhan.

As of March 12, a total of 37,371 confirmed cases had been reported in 118 countries worldwide. In response, the World Health Organization has declared COVID-19 a global pandemic. But Zeng believes that this will not affect the existing prevention and control measures and methods. At the same time, it will be the only global pandemic in human history that

could be controlled, because China has already controlled it.

Zeng makes four suggestions for future epidemic prevention and control in China and around the world: First, China should continue to focus on its own epidemic prevention and control. The battle of Wuhan is not over. The patients have not been completely cured, and the virus has not been completely eliminated. The upcoming resumption of work and study will bring risks to epidemic prevention and control. China will adopt sustainable and effective measures to prevent and control the disease at the lowest possible cost. Second, under the premise of self-prevention and control, China will actively support other countries in terms of personnel and materials to tide them over. Third, the prevention and control measures



Shen Jianguang, Vice President of Jingdong Group; Chief Economist of JD Digits

taken by China are not necessarily suitable for other countries. Different countries have different national conditions. They should put scientific epidemic prevention first, respect and listen to the opinions of their national public health experts, and on this basis gradually explore and adopt strategies that suit their own national conditions. The South Korean model, which has shown initial results, is an example. Fourth, strengthen exchanges between Chinese and foreign experts and scholars to learn from each other's experiences in epidemic prevention.

The epidemic has a great impact on China in the short term and will continue. Shen said data from several key industries showed that the impact of the outbreak on China's economy was large in the short term and would continue

for some time to come. According to his analysis, China's manufacturing PMI fell to a record low of 35.7 in February, while the non-manufacturing PMI fell to 29.6. In terms of exports, it dropped by 17.2% in the first two months of this year. Given the continued spread of the global epidemic in the future, it will have a greater impact on China's exports.

Shen said it was still important to contain the outbreak, but the government's focus in the next phase should be on economic recovery. He said the Baidu Migration Index showed a shortage of migrant workers in China compared with the same period last year. At present, only 60% of China's labor force has returned to work, which is far from normal. It is expected that by the middle or end of March, the labor resumption rate will reach 100%.

He also mentioned that under the impact of the epidemic, large enterprises and small and medium-sized enterprises are facing different conditions for resuming work and production. Large enterprises have sufficient production capacity and higher utilization rate of production capacity, which can be quickly restored to their normal level. But the situation for small businesses is worrying. China's small businesses are numerous and employ many workers, but they struggle to provide personal protective equipment and cannot afford to require employees to return to work.

Shen said that China has taken decisive and resolute measures to restore the economy. According to the consumption data, the national economy has recovered to 60%. In addition to the central government's measures, all local governments have also taken a series of measures to help small and medium-sized enterprises.

In terms of financial measures, the newly added local government debt limit is 848 billion yuan, of which the general debt limit is 558 billion yuan and the special debt limit is 290 billion yuan, providing support to enterprises that are heavily in debt. Tax cuts and fee cuts reached 650 billion yuan. Allowing companies to defer social security payments helps them to keep operating at lower costs. In terms of monetary policy, the People's

Bank of China provides 2.7 trillion yuan of liquidity through reverse repos, 300 billion yuan of special-purpose refinancing and an additional 500 billion yuan of quota for refinancing and rediscount. The government also provides subsidies for small and medium-sized enterprises to repay their benefits, keeping the cost of capital at a low level. The government supports specific industries and entities by various means, such as providing loans directly to households, extending loans, and especially providing credit support to the service sector. The government requires banks to continue lending to the retail, catering, logistics, and tourism sectors, allows enterprises in these sectors to refinance, and restricts banks from withdrawing loans to enterprises in stressed sectors. In addition, local governments have adopted a series of policies to stimulate the economy. First, infrastructure stimulus, including the adoption of the New Infrastructure Policy to promote government-led infrastructure construction in 5G, data centers and financial technology, and encourage private enterprises to invest in these areas. The second is to stimulate consumption, with measures similar to those implemented by the government during the 2008 financial crisis to subsidize the purchase of motor vehicles and bring home appliances to the countryside.

Macroeconomic Performance and the Energy Market under the COVID-19 Pandemic

Speakers

Wang Yiming, Former Vice President of Development Research Center of the State Council

Lin Boqiang, University Professor at Xiamen University; Dean of China Institute for Studies in Energy Policy

On March 26, 2020, the China Development Forum (CDF) Secretariat organized the CDF Briefing on “Macroeconomic Performance and the Energy Market during the COVID-19 Pandemic.” Wang Yiming, Member of the 13th National Committee of the CPPCC, Former Vice President of Development Research Center of the State Council and Lin Boqiang, University Professor at Xiamen University, Dean of China Institute for Studies in Energy Policy gave talks on China’s economic and policy prospects and global energy market in the pandemic. The webinar was moderated by Fang Jin, Secretary-General of China Development Research Foundation (CDRF). Lu Mai, Vice Chairman of the Foundation and Secretary-General of the Forum gave the opening remarks.

Wang said that compared to SARS in 2003, this pandemic is more infectious and more widespread. The control measures are more aggressive. Its impact on China’s economy is even bigger than the 2008 financial crisis. An optimistic projection is a 3-3.5% annual growth in an “asymmetrical U-shape.” But uncertainties still abound. The economic recovery is highly contingent on how the global pandemic is controlled in the second quarter. The global economy might fall into recession and negatively impact China’s economy.

Wang said the global supply chains and economy will feel a systematic impact as major economies have begun to adopt measures similar to China, taking strict quarantine and lockdown measures. It is highly probable that U.S. economy



Wang Yiming, Former Vice President of Development Research Center of the State Council

will suffer from severe recession in the second quarter. The European economy is much less dynamic than the U.S.'s and is likely to suffer again from sovereign debt problems in southern European countries. But that still remains to be seen. In addition, there could be secondary risks to the pandemic like food supply problems and fiscal crisis in some oil exporting countries.

In sum, China's economy was hit by the first wave in the first quarter and is now preparing for recovery. The developed world like Europe and the U.S. suffered from the second wave. Whether they will start to recover in the second quarter is still unclear. The second wave has a negative impact back on China's economy, making it hard to rebound strongly and more likely to fluctuate at a low level. Meanwhile, the recession

in developed economies can well last into the third quarter and continue to impact China.

Wang proposed that, policy-wise, China should gradually replace unfocused, piecemeal short-term coping measures with a more holistic and systematic middle-term policy package. The focus of policies should gradually shift from the supply side – putting lives and work back on track – to the demand side – expanding domestic demand.

The most pressing need at the moment is to restart work and production while maintaining prevention and control. But at the same time, China should start to design a policy package for the middle-term in response to the global recession. To this end, Wang made the following points.

First, introducing more proactive fiscal policies. The



Lin Boqiang, University Professor at Xiamen University; Dean of China Institute for Studies in Energy Policy

central government can add another 1% to its 2.8% fiscal deficit ratio last year and another 1 trillion yuan to its fiscal spending. The government should continue with the tax and fee cut. More special purpose bonds should be issued and a higher portion of it should be allowed to invest in construction projects.

Second, having more flexible prudent monetary policies. Specific measures include: to ensure adequate liquidity by, say, lowering the deposit-reserve ratio and interest rates; to deepen market-based reform of interest rates and to lead financial institutions into lower lending rates; and to consider issuing special government bonds to commercial banks and financial institutions.

Third, to unleash domestic demand. China should

induce its residents to resume normal purchasing activities by, say, integrating online and offline selling. China can unleash more consumption by building better Internet and tourism facilities in rural areas and the central west regions.

Fourth, increasing effective investment. Measures include: to begin construction on a number of new types of infrastructure projects; to build better infrastructure and public service facilities for city clusters and megacities; to start construction on a number of major supporting projects for modernization; and to make better use of public-private partnerships to mobilize private capital.

Fifth, ensuring stable and healthy development in the housing market. Houses are for living, not for speculating. While we keep this in mind and protect the residents, we

also need to take measures to prevent real estate companies from massive default, dragging down banks and the financial system with them. Measures to this end include loosening housing price restrictions and encouraging residents to move by introducing a “count housing, not mortgage” rule (allowing people to buy another residence if they do not have one locally registered under their name at the time, regardless of whether they have/had mortgages before).

Sixth, deepening structural reform and further opening up. Measures include: to press forth with SOE mixed ownership reform; to accelerate land reform; to further open up financial, telecommunication, medical and other service industries; to better implement the Foreign Investment Law and relevant regulations and create a conducive business environment.

On energy market, Lin pointed out that the fall of the West Texas Intermediate (Crude Oil) price from \$65/barrel at the start of the year to the recent \$20/barrel can be divided into three stages with respective causes. The first fall is an adjustment to the previous rise. The second fall is due to the shrinking of oil demand in China in the wake of COVID-19 outbreak. In the third stage, the fall is largely because the outbreak has become a pandemic, the economy faces downside pressure and the global oil demand plummets.

Lin believes two uncertainties will affect future oil prices. First, the spread and the duration of the pandemic and, by extension, how much damage it will do to the global economy. Second, how much more oil production OPEC+ countries will generate without effective restraints. With the global demand recession, the oversupply will only further bring down prices.

Projections for these two factors are rather pessimistic, and for good reason. China saw a drop in almost all its economic indicators, according to data for the past two months. China has generally contained the outbreak, but is now in a slow recovery that could last for an indefinite period of time.

He said that while we would think low oil prices are

good news for oil importers like China and the U.S., this is not the whole picture. Oil prices are tightly linked to commodity prices, capital market and stock markets, which, when disturbed, will aggravate the situation in the oil market. A pandemic coupled with failed oil talks will trigger a cascade of problems in the capital market, the commodity prices and the macroeconomy.

Lin argued that the \$20-25/barrel super low oil price is only temporary and will change when the pandemic passes. There are two equilibrium price ranges in the oil market. The higher equilibrium – at over \$50/barrel happens when crude oil producing countries adjust their productions in answer to fiscal demands. The lower equilibrium – at \$35/barrel happens when oil producers do not adjust or control productions and let market competition shape the price.

Lin believes that the lower equilibrium price is a more probable scenario for three reasons. First, China’s oil demand growth is slowing down. But another major growth point is yet to be found. Second, OPEC+ countries have lost some of their share in the global crude oil market as the U.S. increases its shale oil production. Third, the development of clean electric car industry pressures oil prices to come down. Fourth, OPEC+ countries’ recent efforts to cut output have not only failed to effectively raise the price, but have further reduced their influence in the global market.

Lin believes that a low equilibrium oil price – if it came to pass when the pandemic is over – will have three long-term effects. First, the Middle East will become the biggest oil exporter, and the U.S. will be more dependent on it. Second, new energy industries will be in a much less advantageous position in market competition. Third, China needs to reassess its current climate policies. With low equilibrium oil prices, consumers will favor fossil fuels over new energies without effective policy interventions. To meet our climate goals, China, therefore, needs to reassess and adopt more stringent climate policies.

Containing the COVID-19 Pandemic and Progress in Drug and Vaccine Development

Speakers

Zhang Wenhong, Director of Department of Infectious Disease, Huashan Hospital, Fudan University,
Song Ruilin, Chairman of China Pharmaceutical innovation and Research Development Association (PhIRDA)

On April 7, 2020, the China Development Forum (CDF) Secretariat organized the CDF Briefing on “Containing the COVID-19 Pandemic and Progress in Drug and Vaccine Development”. Two panelists, Dr. Zhang Wenhong, Director of Department of Infectious Disease, Huashan Hospital, Fudan University, and Mr. Song Ruilin, Chairman of China Pharmaceutical innovation and Research Development Association (PhIRDA), were invited to present their views on the topic.

The webinar was moderated by Fang Jin, Secretary-General of China Development Research Foundation (CDRF). Lu Mai, Vice Chairman of the Foundation and Secretary-General of the Forum, gave the opening and

concluding remarks.

Zhang said the focus of containing measures in China is shifting from domestic cases to imported cases. In fact, China has categorized its provinces and counties into three levels of risk of COVID-19, high, medium, and low. Risk rating of areas allows different provinces and counties to adopt proper containing measures in accordance with the local situation. Zhang points out that confirmed cases in China stabilized at about 83,000 and most areas have been free of homegrown cases for many consecutive days. Most of the new cases are imported, clustering in first-tier cities such as Beijing and Shanghai. This is why Beijing decides to sustain the containing measures. China will stay alert, as



| **Zhang Wenhong**, Director of Department of Infectious Disease, Huashan Hospital, Fudan University,

international airlines resume to normal after the recovery of the West and because of demands from the world economy. For rather a long run in the future, the focus of containing measures in China will be on imported cases.

Zhang believes it's unnecessary to worry too much about asymptomatic cases. In Shanghai, all asymptomatic cases are imported. These patients can be tested at the airports and strictly isolated for treatment, so the infection will not spread further. Zhang pointed out that symptomatic and asymptomatic status are the two sides of a coin. If there are no sporadic cases, it is probable that there are no asymptomatic infection. In addition, there is no evidence demonstrating that COVID- 19 is chronic,

nor can it be carried by humans for a long time. Zhang said it was possible that asymptomatic patients can recover by themselves and the virus with them may have limited contagion.

Zhang pointed out that the pandemic may come wave after wave. The recent confirmed cases show that outbreaks are mainly in developed countries in North America and Europe, but the infection in these major battlefields are coming under control. However, Luxembourg and Iceland, though reporting fewer confirmed cases, deserve special attention for high infection rate. Ratio of confirmed cases in one million people in these countries has surpassed that of Spain, Italy, and Germany. In Luxembourg, confirmed



Song Ruilin, Chairman of China Pharmaceutical innovation and Research Development Association (PhIRDA)

cases in one million people reached nearly 5,000. The situation is grave and it may breed the next outbreak. On the other hand, Zhang also pointed out that the more adequate medical resources in Europe could help contain the virus. There should not be unnecessary worries.

The future focus of control should be on India and Africa. Cases in India is growing exponentially. Because of ineffective control measures and high population density, India could be the next tricky area in global prevention and control. Besides, African countries have shown signs of outbreak. These countries have a vulnerable medical system and insufficient resources, and may become future epicenters of the pandemic. Zhang recommends

these countries lock down cities as soon as possible and practice social distancing. Meanwhile, other countries should provide assistance. Zhang said history showed that humanity can eventually defeat virus. There is no need to be pessimistic. Global cooperation will accelerate the process to the final victory.

On future developments, Zhang said the first wave of the COVID-19 outbreak is in China, and the second in Europe and America. As the major countries recover, ZHANG Wenhong thought border control may be relaxed at the end of this April, which, however, may increase the risk for China. Meanwhile, the major threat is for the developing countries. In general, imported cases to China

will plateau this summer. More evidence is needed to see if there will be another wave of imported cases after October.

Zhang thinks that the pandemic may last until the end of this year or even next year. The situation in China will completely improve only when the whole world contains the virus. This pandemic shows again the significance and urgency of building the community of shared future for mankind. In addition, Zhang believes that there is no evidence that supports herd immunity strategy. It would require at least 60% of the population be infected, which could not be reached in an affordable case growth. The hope to contain the virus lies in strengthened global cooperation, joint containing efforts, and development in vaccine.

Song said that since the outbreak, Chinese pharmaceutical companies and R&D institutions have been active in clinical trials of COVID-19 drugs. He pointed out that these trials were mainly launched by the researchers, and featured new use of conventional drugs and combined medication. More than 500 clinical trials have been registered at Chinese Clinical Trial Registry. The researchers have launched 169 clinical trials, while the National Medical Products Administration (NMPA) have only approved five clinical trials, much fewer than the former ones. Song believes that the gap is because they are clinical trials in different phases. Drug clinical trials approved by the NMPA are in the phase of drug marketing, which requires more prudence.

On March 24, the International Coalition of Medicines Regulatory Authorities (ICMRA) released the meeting report on the data required for the first human clinical trial of the COVID-19 vaccine candidate. At least 90 institutions worldwide are currently working on the vaccine, among which China and the US take the lead. By the end of March, only two vaccines started human trials:

Ad5-nCoV, a recombinant novel coronavirus (COVID-19) vaccine (adenovirus vector) developed by the Institute of Biotechnology of the Academy of Military Medical Sciences and Tianjin-based Cansino Biologics Inc., and mRNA-1273, a vaccine candidate co-developed by National Institutes of Health and Moderna Inc, USA. As current research has shown no evidence of any significant mutation in the novel coronavirus, according to Zhang, the COVID-19 vaccine is expected to be effective.

Song is confident in China's vaccine development. Since the outbreak of SARS in 2003, China has accumulated advanced experiences in research in its constant fight against coronaviruses, which has laid a solid foundation for the development of the COVID-19 vaccine. The State Council of China has issued the Guideline on Regulating Clinical Trials of COVID-19 Drugs among Medical Organizations, in order to strengthen overall coordination, promote data integration, and improve research efficiency to ensure orderly clinical trials in vaccine development. Considering China's huge market and the compulsory license system stipulated by the Patent Law, Song expressed the confidence that even a vaccine developed first outside China will enter the Chinese market at affordable prices.

Response to a pandemic requires global cooperation. Pharmaceutical innovation helps lay the foundation for the health of the human being. The COVID-19 pandemic has provoked more efforts in pharmaceutical innovation. Song believes that a pharmaceutical innovation mechanism of global cooperation need to be established to meet the threats and challenges of COVID-19.

Webinar on Restarting the Economy while Containing COVID-19 in GUANGZHOU

Speakers

Chen Zhiying, Member of the Standing Committee of the CPC Guangzhou Municipal Committee; Executive Vice Mayor of Guangzhou
Zhang Zhoubin, Deputy Director of Guangzhou Center for Disease Control and Prevention

On April 28, 2020, the China Development Forum (CDF) Secretariat organized the CDF Briefing on “Restarting the Economy while Containing COVID-19 in GUANGZHOU”. Two panelists, Chen Zhiying, Member of the Standing Committee of the CPC Guangzhou Municipal Committee; Executive Vice Mayor of Guangzhou, and Zhang Zhoubin, Deputy Director of Guangzhou Center for Disease Control and Prevention, were invited to present their views on the topic. The webinar was moderated by Fang Jin, Secretary-General of China Development Research Foundation (CDRF). Lu Mai, Vice Chairman of the Foundation and Secretary-General of the Forum, gave the opening and concluding remarks.

Zhang presented Guangzhou’s implementation of differentiated anti-epidemic strategies in different areas. Guangzhou adopted five major measures in different stages of the epidemic Containing COVID-19 in Guangzhou can be divided into three stages. The first stage, contain imported cases from Hubei; the second, contain imported cases from overseas; and the third, contain cases associated with those from high-risk countries and community infection and transmission caused.

Measures include: First, differentiated prevention and control and evaluation were implemented based on different risk levels in counties (districts). The risk levels are ranked by factors such as transportation, sanitation,



Chen Zhiying, Member of the Standing Committee of the CPC
Guangzhou Municipal Committee; Executive Vice Mayor of Guangzhou

public activities, communities (villages), and business activities. Second, scope of investigation and monitoring in high-risk places and groups were expanded. Third, task teams of epidemiological survey were sent, anti-epidemic information platforms were set up in communities, transportation, and public places. A monitoring system was put in place for screening and contact tracing. Principles of early detection, early diagnosis, early isolation and early treatment are recommended and followed. Fourth, three levels of emergency response taskforce were set up at the city, district, and community levels. Fifth, make the anti-epidemic activities normal and keep them for a long run, including conducting relevant research, improving

monitoring system and emergency management system, and carrying out campaigns to enhance awareness of epidemic prevention.

Zhang said that monitoring showed disinfection in public places in Guangzhou has been carried out effectively, and the risk of infection through common physical contact was very low. The Guangzhou CDC has kept outdoor environmental detection, and all results are negative. In addition, the incidence of COVID-19 infection in Guangzhou is actually extremely low, only a few in ten million. At present, the outbreak in Guangzhou has been basically controlled, and a well- functioning anti-epidemic system has been put in place step by step. Chen also



Zhang Zhoubin, Deputy Director of Guangzhou Center for Disease Control and Prevention

pointed out that Guangzhou will continue the scientific approach to build and improve a safe anti-epidemic mechanism.

Chen said Guangzhou has taken four major measures to help enterprises to recover the industrial chain, logistics chain, capital chain, and talent supply chain, and help the economy and society get back on the normal track.

First, a leading group was set up in the government to achieve coordinated guidance and efficient scheduling. A five-level anti-epidemic responsibility system was set up. Second, enterprises have been guided to balance the anti-epidemic requirements and business recovery in line with the demand. The testing capability of Guangzhou

has been greatly improved because of the breakthrough made by related companies, which helped the recovery of production in industries that are essential for urban and rural transportation, anti-epidemic activities, and people's living. Third, measures were taken to facilitate circulation of production factors in industries, markets, economy and society. For instance, use big data and other advanced technology to enhance the connection and communication among cities, support inter-city upstream and downstream suppliers to resume the business more quickly, and provide fast-track passage through customs for major foreign-invested enterprises. Fourth, make targeted policies to help enterprises get over the difficulties. At the early stage of

business recovery, a series of policies were issued to rescue the enterprises affected by the pandemic, including 48 measures to stabilize the growth, 15 measures to ensure the electricity supply to small and micro enterprises, 9 measures to provide credit for those enterprises risking default due to the virus, and 22 measures to develop digital economy. Banks are encouraged to offer loans to enterprises. If the condition allows, rent could be reduced and tax payment postponed.

Except a few businesses that have to keep closed for anti-epidemic requirement, 99.5% of four kinds of leading enterprises and 99.6% of major projects in Guangzhou have restarted. The service industry, especially restaurants, commerce and trade activities, will resume business gradually according to state-level guidance.

Regarding future developments, Zhang believes the containment of the virus will not end in a short time. For the domestic and international prevention and control are not at the same stage, and the containment in various regions and cities sees different results. While China is recovering, the situation overseas remains serious.

Cases caused by the virus are highly aggregated. People should know about the features of the disease and protect themselves. For instance, they should wear masks in crowded places, avoid eating and gathering in a closed space, wash hands and ventilate more often. These measures can help them resist the virus.

Chen believes the pandemic is both a challenge and opportunity to Guangzhou. The city should take

its advantages in economic development, opening up, hub capacity, research, education, healthcare, ecological environment, and business environment to restart and resume the economy.

First, Webinars were held to push forward economic recovery. By now, over 800 new projects have been signed or started in the first quarter with a total amount of 1.38 trillion yuan. Second, Guangzhou will accelerate the comprehensive recovery of work and life in normal anti-epidemic circumstances, and will make more efforts in infrastructure construction. Third, Guangzhou will deepen and broaden international industrial cooperation, working with various overseas cities in efficient coordination for the stability and security of global industrial chain and supply chain. Fourth, Guangzhou will pay attention to the construction of new infrastructure with the priority given to 5G communications and related infrastructure, making active efforts in international cooperation on infrastructure building, for example, rail transportation construction, subway line extension, downtown stations upgrading, the third phase construction of the airport, and an integrated hub of rail and aviation transportation.

Policy Implications from the NPC and CPPCC Sessions

Speakers

Han Yongwen, Special Researcher of Counsellors' Office of the State Council; Representative of the 13th National People's Congress (NPC)
Liu Shangxi, Member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC); Dean of the Chinese Academy of Fiscal Sciences

On June 4, 2020, the China Development Forum (CDF) Secretariat organized the CDF Briefing on “Policy Implications from the NPC and CPPCC Sessions”. Two panelists, Han Yongwen, Vice Chairman of China Center for International Economic Exchanges (CCIEE); Special Researcher of Counsellors' Office of the State Council; Representative of the 13th National People's Congress (NPC), and Liu Shangxi, Member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), Dean of the Chinese Academy of Fiscal Sciences were invited to share their views. The webinar was moderated by Fang Jin, Secretary-General of China Development Research Foundation (CDRF). Lu Mai, Vice Chairman of the Foundation and Secretary-General of the Forum, gave the opening and concluding remarks.

Han believes while the economy is recovering, efforts should be made to ensure the stability on the six fronts and the security in the six key areas.

Han observes that amid dismal growth of global economy, escalated trade frictions, increasing uncertainties in development and other daunting challenges, China's economy

has slowed down since last year. Fortunately, a set of measures from the Central Government managed to stabilize the growth of 6.1% and meet the expectation. Structural improvement has been made on both sides of supply and demand, which paves way for achieving the target of building a moderately prosperous society in all respects.

This year China plans to keep the target of completing a moderately prosperous society in all respects as the core while seeking epidemic containment and socio-economic development. With regular COVID-19 control, the government will step up efforts to ensure the stability on the six fronts, securing the “six”: employment, people's basic needs, market entity survival, food and energy safety, sustained industrial and supply chains, and normal operation of grassroots authority; steadfastly pursue the strategy of expanding domestic demand, ensure economic development and social stability, accomplish the targets and tasks for winning the battle against poverty, and bring to completion of a moderately prosperous society in all respects.

China have not set a specific target for economic growth this year, because some factors are difficult to predict due to



Han Yongwen, Special Researcher of Counsellors' Office of the State Council; Representative of the 13th National People's Congress (NPC)

the great uncertainty regarding the covid-19 pandemic and the world economic and trade environment. Not setting a specific target for economic growth will enable all of us to concentrate on ensuring stability on the six fronts and security in the six areas. We must focus on maintaining security in the six areas in order to ensure stability on the six fronts. By doing so, we will be able to keep the fundamentals of the economy stable. Ensuring security in the six areas will deliver the stability needed to pursue progress, thus laying a solid foundation for accomplishing our goal of building a moderately prosperous society in all respects. We must be clear that efforts to stabilize employment, ensure living standards, eliminate poverty, and prevent and defuse risks must be underpinned by economic growth; so ensuring stable economic performance is of crucial significance.

Han points out that the economy is an integrated system and indicators of economy are interrelated inherently. Although there is not a specific target for economic growth this year, the plans and indicators, such as ensuring employment, target urban new jobs, deficit ratio and M2 money supply, must be backed by a certain economic growth rate. Based on

current progress and last year's growth, he projects China's economy will increase by about 3% by the end of this year.

Han Yongwen points out that with 1.4 billion people, China has huge consumption capacity and potential demand. As the COVID-19 pandemic plunges global economy into recession, China's growth has to depend on domestic demand. We will tap into the potential of domestic market, focus our efforts on improving the people's wellbeing, and strengthen the countercyclical adjustment. We will continue synchronized structural reforms on both sides of supply and demand to enhance their mutual promotion and create fresh opportunities, so as to boost consumption and expand investment in a mutually reinforcing way.

i. Boost consumption. Improve people's spending willingness and power by stabilizing employment, raising income, and maintaining people's livelihood; orderly restart shopping malls and markets, accelerate the rebound of offline and online consumption.

ii. Expand effective investment. This year, 3.75 trillion yuan of local government bonds will be issued, an increase of 1.6 trillion yuan over the previous year, and the proportion of



Liu Shangxi, Member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC); Dean of the Chinese Academy of Fiscal Sciences

available project capital will be increased; and 600 billion yuan will be earmarked for investment in the central government budget, focusing on promoting consumption and benefiting people's livelihood. Priority will be given to new infrastructure and new urbanization initiatives and major projects. In order to expand effective investment, a balanced development of old and new infrastructure should be prioritized.

HAN Yongwen believes that the global pandemic has disrupted supply chains. Restarting business and production in China faces many difficulties. Economic development, especially the production cycle of industries will see more uncertainty. This year, the central government focuses on improving the stability and competitiveness of the industrial chain, and proposes to deepen the supply-side structural reforms, give full play to China's large-scale market advantages and domestic demand potential, and build a new pattern for mutual improvement of the domestic cycle and the international one. This not only begs for a more heightened structure of China's manufacturing industry and modern economic development in the future, but provides new space

for local industrial capital and financial capital, as well as overseas industrial capital and financial capital to enter China's market.

According to this new requirement, the Chinese government has proposed the following work arrangements: First, upgrade the manufacturing industries and promote the emerging industries. The government will increase medium- and long- term loans to the manufacturers, supporting key areas such as high-end equipment manufacturing, traditional industrial transformation and upgrading, and electronic information manufacturing; develop industrial Internet, boost smart manufacturing, and cultivate emerging industrial clusters. Second, ensure the stability of industrial and supply chains, unblocking the logistics and transportation network, vigorously cultivating industrial ecological leading enterprises and fostering a group of advanced manufacturing clusters with international competitiveness. The goal is to cultivate a group of "specialized, fined, targeted and new-type" SMEs. To that end, efforts should be made to implement the industrial Internet innovation development project, build an industrial

Internet platform system, and strengthen the standard docking between industrial Internet platforms, promote the integrated development of advanced manufacturing and modern service industries, and vigorously develop service-oriented manufacturing. Third, cultivate new growth drivers. This calls developing national strategic emerging industry clusters, strengthening innovation and building public service complexes; carrying out plans for digital empowerment of small and medium-sized enterprises and fostering new digital business formats; promoting digital transformation in key areas such as manufacturing and commercial circulation, and developing digital commerce.

Liu believes that the theme of this year's fiscal policy is "to hedge financial and social risks with fiscal risks." By improving the macro environment and micro policies, a positive feedback is formed between demand and supply, creating favorable conditions for future growth.

First, in this year's government working report, the budget deficit rate is flexibly arranged at "more than 3.6%." Affected by the pandemic, uncertainty increases in the economic growth (targeted approximately between 2-3%) and the scale of growth, so the deficit rate that changes with it is also set to a range with room for leeway, instead of a specific value.

Second, the size of fiscal policy this year is unprecedented. On the one hand, the scale of deficit debt financing is huge. At present, the national fiscal deficit is 3.76 trillion yuan, the local government debt is increased by 3.75 trillion yuan, and 1 trillion yuan of anti-epidemic government bonds are issued. The total amount of financing through the issuance of government bonds has reached 8.51 trillion yuan. On the other hand, the scale of tax reduction and fee reduction reached a record high. This year's expected tax cuts and fee reductions are 2.5 trillion yuan, exceeding last year's expected scale of 2 trillion yuan and the actual scale of 2.36 trillion yuan. So totally it reaches 11 trillion yuan with tax expenditures added. In addition, 3 trillion yuan came from the transfer of

the budget stabilization adjustment fund, as well as the funds previously deposited and surplus funds. The actual balance of revenue and expenditure was 17.6 trillion yuan.

Third, it is necessary to coordinate monetary policy and fiscal policy, use monetary tools to hedge the market crowding-out effect caused by fiscal policy. Without monetary policy's help, the corporate financing costs may rise. Other monetary policy tools such as monetary financing or RRR cuts are needed to increase liquidity.

Liu points out that, unlike the previous fiscal policy that focused on social infrastructure construction, this year's fiscal policy focuses on people. One is to ensure employment. The central government has proposed that "six stability" and "six guarantees" that put employment first to protect people's basic livelihood. The other is the bailout of market players, especially the small, medium and micro enterprises and self-employed individuals that have been hit hardest by the pandemic. Measures include financing guarantees, issuing consumer coupons on digital platforms, encouraging and facilitating flexible employment, including "stall economy".

Liu believes that on the one hand, the central government needs to shift its financial resources down, strengthen the local financial capacity and mobilize local resources. Fiscal revenues in local governments have been greatly affected by last year's fee and tax cuts plus this year's further fee and tax cuts and the impact of the pandemic. This time, according to the policy arrangement, a deficit of 1 trillion yuan is added, and 1 trillion yuan of anti-epidemic treasury bonds will go down to cities and counties, shifting down the financial resources.

On the other hand, some routine powers and expenditure responsibilities of local governments should be appropriately moved upwards to give full play to the central government's control of risks from local debts. Now that the integration of China's development gradually increased and the spillovers among municipal jurisdictions become more apparent, overall coordination from a higher level of government is needed to solve the difficulties in local finances.

National Security Law: Preserve One Country, Two Systems; Restore Stability

Speakers

Carrie Lam, Chief Executive of the Hong Kong Special Administrative Region
Victor Chu, Chairman, First Eastern Investment Group; Chairman, Hong Kong-Europe Business Council

On 23 June 2020, the China Development Forum (CDF) Secretariat organized the CDF Briefing on “National Security Law: Preserve One Country, Two Systems; Restore Stability”, Mrs. Carrie Lam, Chief Executive of the Hong Kong Special Administrative Region, and Victor Chu, Chairman, First Eastern Investment Group; Chairman, Hong Kong-Europe Business Council were invited to present their view on the topic. The webinar was moderated by Fang Jin, Secretary-General of China Development Research Foundation (CDRF). Lu Mai, Vice Chairman of the Foundation and Secretary-General of the Forum gave the opening remarks.

Following is the speech by Chief Executive Carrie Lam:

Vice Chairman Lu, Secretary General Fang, Victor, ladies and gentlemen,

Good evening. It gives me great pleasure to be speaking at this online briefing session of the China Development Forum (CDF). Last year, for the first time, the Chief Executive of the Hong Kong Special Administrative Region (HKSAR) was invited to attend and speak at CDF’s annual Forum held in Beijing’s Diaoyutai State Guest House. That was a privilege for me and interacting with many multinational companies was a real opportunity for promoting Hong Kong. Subsequent to that, with the support of CDF, Hong Kong was supposed to have a special session in this year’s Forum which unfortunately could not materialise



| Carrie Lam, Chief Executive of the Hong Kong Special Administrative Region

because of COVID-19.

At the Forum in March last year, I talked about the Guangdong-Hong Kong- Macao Greater Bay Area on which an Outline Development Plan was promulgated just a month before then. It was some 15 months ago, but it felt like more distant past because it has been so eventful for Hong Kong since then. I believe that this is an opportune time for me to give you an update about our city. The most significant development in Hong Kong recently is no doubt the National People's Congress Decision to establish and improve legal system and enforcement mechanisms for the HKSAR to safeguard national security, which is also the theme of today's briefing session.

This Decision, which is the first one made by the National People's Congress in respect of Hong Kong matters, is being hailed as the most significant development in the relationship between the Central Authorities and the HKSAR since Hong Kong's return to the Motherland. Its significance is multifaceted. It shows that the Central Government is determined to restore stability in Hong Kong, after a year of escalating violence and riots since last June. It shows that the Central Government is determined to protect the vast majority of law-abiding citizens in Hong Kong from the minority who attempted to undermine national security. It also shows that the Central Government is determined to preserve and better "One Country, Two Systems", a

principle underlying Hong Kong's stability and prosperity since the HKSAR was established 23 years ago.

National security is a matter under the purview of the Central Authorities, be it in China or in any other countries in the world. As the highest organ of state power in China, and HKSAR being an inalienable part of China, the National People's Congress no doubt has the power under the Constitution of the People's Republic of China to enact legislation for the HKSAR to safeguard national security. It is true that as provided for under Article 23 of the Basic Law, the HKSAR has been given the duty and obligation to enact local legislation to safeguard national security. But this act of faith in the SAR does not mean that the Central Authorities have given up their constitutional power, nor should they continue to tolerate risks posed to the nation's sovereignty, security and development interest as a result of a legal vacuum in the HKSAR. After all, national security is not only about the 7.4 million people in Hong Kong, it affects our country's 1.4 billion population.

As the Chief Executive of the HKSAR, directly accountable to the Central People's Government and the HKSAR, I have to acknowledge and confess the hard fact, that is, the HKSAR is unable to enact laws in relation to national security under Article 23 of the Basic Law under the present circumstances. The almost malfunctioning of the Legislative Council, the anti-establishment camp's open resistance of any national security legislation and the demonisation of Article 23 over the years render it almost impossible to complete the task in the foreseeable future.

Without the necessary legal system and enforcement mechanisms in place, Hong Kong has become a gaping hole in national security. This has become intolerable when our city has been traumatized by the escalating violence fanned by external forces since last June. The emergence of various incidents involving explosives and firearms has posed

the risk of terrorism, seriously jeopardising public safety. During this period, organisations advocating "Hong Kong independence" and "self-determination" incited protesters, especially young people, to desecrate and burn the national flag openly, vandalise the national emblem and storm the Central People's Government's office in Hong Kong. These acts smeared the implementation of "One Country, Two Systems" in Hong Kong and challenged openly the authority of the Central Government and the HKSAR Government.

Further, some of the political parties' members proclaimed many times that they would paralyse the HKSAR Government. Some other people begged for foreign governments to interfere with Hong Kong's affairs or even to impose sanctions on Hong Kong. This kind of behaviour has crossed the baseline of "One Country", sabotaging the relationship between the Central People's Government and the HKSAR, threatening China's sovereignty and national security and challenging the authority of the Central Government and the Basic Law. It is impossible to expect the Central Government to turn a blind eye to all these. The National People's Congress Decision to enact legislation for the HKSAR to safeguard national security is a strong and direct response to the situation in Hong Kong. It is a decision not taken lightly, and is a decision which is urgently needed to restore stability in Hong Kong and protect the interests of the people.

Given the significance of the National People's Congress Decision, it is only natural for people to be eager to know its impact and implications on Hong Kong's future. For many multi-national companies which have presence in Hong Kong, I believe that your key concern would be whether Hong Kong will continue to be the ideal place for your companies to thrive. To this, my response would be a resounding "yes".

First, the legislation only targets acts of secession,

subversion of state power, terrorist activities, and collusion with foreign or external forces to endanger national security. Obviously these are not acts and activities that law abiding companies or citizens will be engaged in. The vast majority of people, including the law-abiding multi-national companies, should welcome the return of stability and law and order which have made Hong Kong one of the world's safest cities for many years.

Second, the National People's Congress has made it clear in its Decision and the relevant Explanatory Statement that the legislation will be guided by a number of fundamental principles. These principles include firmly safeguarding national security; upholding and improving "One Country, Two Systems"; adhering to governing Hong Kong in accordance with the law; resolutely opposing external interference; and substantially safeguarding the legitimate rights and interests of Hong Kong residents. From the summary of the explanatory statement to the draft legislation presented to the National People's Congress Standing Committee on 18 June, which was carried in a Xinhua report released on 20 June, these fundamental principles are clearly enshrined in the proposed legislation which embraced important legal concepts as well as the protection of the legitimate rights and freedoms of individuals. Enactment of national security legislation will not change the high degree of autonomy enjoyed by the HKSAR; it will have no impact on the HKSAR's judicial independence, including that of final adjudication as enshrined in the Basic Law. I believe that both businesses and Hong Kong people should find these provisions re-assuring.

When you read some overseas media reports or comments by foreign governments and politicians, you might feel this was not the impression you got. There are allegations that Hong Kong is facing a "death knell" or the principle of "One Country, Two Systems" is proclaimed

dead. But let us pause for a moment and ask: who has the greatest stake in ensuring the continued success of "One Country, Two Systems"? And who has been supporting Hong Kong over the past 23 years to ensure its stability and prosperity? The answer should be obvious. Under the "One Country, Two Systems" principle, Hong Kong's capitalist system, free economy and trusted legal system remain as robust as ever, and the free flow of capital within, into and out of Hong Kong is guaranteed. Hong Kong continues to thrive as an international financial centre, and as a gateway between the Mainland and the World. In short, "One Country, Two Systems" has proved itself to be the best constitutional arrangement for the long-term stability and prosperity of Hong Kong. Both the Central Government and the people of Hong Kong are determined to uphold "One Country, Two Systems".

Since the Decision has been made, the HKSAR Government has been fending off quite a lot of unfair criticisms against it, including from foreign governments. My observations on those behaviours could be summed up by two terms – double standards and hypocrisy. On the former, all those countries which have pointed their fingers at China have their own national security legislation in place. And their governments have been using national security reasons to justify many of their awkward acts and decisions. Hong Kong is an inalienable part of the People's Republic of China and why would it be inhibited from enacting legislation to protect its own soil and its own nationals? On hypocrisy, we have heard vocal remarks about granting citizenship to Hong Kong people or threatening sanctions in order to stand with the people of Hong Kong. We await the likely outcome of these gesturing rhetoric when their own people or domestic politics render those acts unpopular at home.

On our part, we are not unduly worried by such unilateral threat of sanction. Hong Kong will continue to rely

on her fundamental strengths of the rule of law, independence of the judiciary, free and open trade policy, level playing field, free flow of capital, etc. Hong Kong will remain a welcoming, resilient and competitive global economy, playing an irreplaceable role in bringing international and Mainland markets and companies together.

But I will not shy away from acknowledging the damage done to Hong Kong's competitiveness and international reputation by the escalated violence and perceived insecurity since last June. Since early this year, we lost a few world laurels: the Washington-based Heritage Foundation ranked Hong Kong second in the world in its latest Index of Economic Freedom. The result, after a quarter century of topping the Index, was disappointing but not unexpected. The drop in our score was mainly due to security issues which brought down Hong Kong's score in investment freedoms.

In the latest Global Financial Centres Index, Hong Kong dropped from third to sixth, but our strengths on the financial services aspects remain obvious, which cover our freely convertible currency, our world-class banking system and stock market and the professionals who power our financial sector. It helps that Hong Kong again topped the world last year in funds raised through initial public offerings (IPOs), taking in some US\$40 billion. This year, despite an exceedingly challenging environment, we are optimistic as the Hong Kong Exchange has welcomed a couple of major Mainland firms which are listed in the United States to come to Hong Kong for secondary listing.

Just a week ago, the Swiss-based International Institute for Management Development released its annual World Competitiveness Yearbook ranking. Hong Kong placed fifth, still ahead of such nations as Sweden, Canada, the United States, Germany and the United Kingdom. While that was down from second last year, our rankings in "government

efficiency" and "business efficiency" remained unchanged, at first and second respectively. Moreover, our rankings rose from second to first globally in the "legal and regulatory framework" indicator, and from 19th to first in "exchange rate stability." Such top-of-the-world ratings only reaffirm Hong Kong's institutional strengths, particularly in legal and monetary affairs.

Talking about exchange rate stability, I would like to take the opportunity to squash any rumour surrounding Hong Kong's Linked Exchange Rate System, which ensures that the Hong Kong dollar's exchange rate remains stable with respect to US dollar. The system has served Hong Kong and the world well since it was implemented in 1983, and it will continue to do so. We do not need the United States' approval to implement the system, and we have no plan to change it. We also have the ability to defend it from any malicious attack, given the robust health of the Hong Kong banking sector, and the US\$440 billion in our foreign exchange reserve. That, by the way, is more than twice our monetary base.

Further to our fundamental strengths, we continue to enjoy unique advantages brought about by the continuous opening up of the Mainland economy, and our active participation in major national initiatives including the Belt and Road and the Guangdong-Hong Kong-Macao Greater Bay Area. Also, in recent years, we have been doubling our efforts in diversifying our markets, including more focus on the fast-growing ASEAN economies, which as a whole was Hong Kong's second largest trading partner and destined to grow. So Hong Kong does have a lot of opportunities going forward. What we need most now is for the society to get back to normal. This is not only about what the national security legislation aims to achieve that I mentioned at length, but also about the COVID-19 epidemic. So far, our response has worked well. Hong Kong has never had

a complete city lockdown or entirely closed our borders; except the suspension of classes for over four months and the practice of work from home by the HKSAR Government and many private enterprises, Hong Kong people are generally able to move around. Hong Kong has been among the global communities least affected by the virus in terms of the total number of confirmed cases and the number of deaths, which stood at 1177 and six respectively. This is due to a collective coming together, with all sectors of the Hong Kong community doing our part for the common cause.

Since a month ago, we have moved into the state of “relaxation” under the “Suppress and Lift” strategy. Most of the social distancing measures have been eased, transit and passenger transfer services at the Hong Kong International Airport resumed, theme parks re-opened, and students back to school. Subject to the necessary precautionary measures, basically all business premises can operate now.

Hopefully the easing of the social distancing measures would inject some much needed impetus to the economy. Our economy plunged 8.9 per cent in the first quarter year on year, which was a record collapse. Unemployment recently soared to 5.9 per cent, which was the highest in more than 15 years, and the reality is that the figure may go further up, amid hopefully at a slower pace. The latest forecast for 2020 is negative growth of four to seven per cent.

In view of the unprecedented challenge, my Government has taken some exceptional measures to support our enterprises and our people. These measures involve a total of US\$37 billion, including the establishment of an Anti-epidemic Fund of over US\$20 billion. One of the measures is the Employment Support Scheme, which offers a 50% wage subsidy to employers for a period of six months up to November this year with a view to retaining the jobs of the employees.

In short, we are determined to mitigate the economic

fallout of the epidemic, to safeguard businesses and employees as best we can in the short term. In doing so, we hope to ensure Hong Kong’s long-term economic recovery. Hong Kong’s advantages and the many national initiatives that I talked about just now will serve us well down the road. Above all, Hong Kong people’s resilience and our Lion Rock spirit will continue to ensure our success.

Ladies and gentlemen, to conclude, Hong Kong is determined to conquer the political, social and epidemiological crises that have so harmed our economy and shaken our community over the past year. The national security law is our “anti-virus” software and a beacon of hope. It will guide us to a better future and restore our glory as the Pearl of the Orient, a proud Special Administrative Region of the People’s Republic of China.

My thanks to the China Development Research Foundation for giving me this opportunity to speak to you today. While I welcome this virtual connection, I do look forward to hosting a special Hong Kong session in next year’s CDF at the beautiful Diaoyutai State Guest House.

Thank you.



Victor Chu, Chairman, First Eastern Investment Group; Chairman, Hong Kong-Europe Business Council

Victor Chu's remarks:

Good evening, Vice Chairman, Secretary General, Chief Executive, Ladies and gentlemen:

It is a great honor to be invited to join you in this digital briefing. I would be quite brief because the Chief Executive has dealt with the subject extremely comprehensively. And I would just want to share a few thoughts with you. Exactly 25 years ago, in June 1995 edition of the Fortune magazine, the cover story was The Death of Hong Kong. The article tried to suggest that after the handover in 1997 when Hong Kong reversed to the sovereignty of the People's Republic of China, it would be game-over for Hong Kong. Now what happens is just the opposite. Over the last 20 years, Hong Kong has thrived, expanded and greatly prospered under the One Country Two Systems principle. In effect, our way of life, our core values, our institutional market integrity have all been greatly strengthened. Our economy has greatly expanded. Our stock market today is one of the biggest in the world, and our system of rule of law is robust and respected

worldwide. Our public services are transformed. And our public health services have been the envy of the world.

Most importantly, Hong Kong being part of China has greatly benefited from the rapid expansion of the Chinese economy and the steadfast support of the central government over the years. So, the One Country Two Systems principle of governance is the best constitutional arrangement for Hong Kong.

Going forward, our challenge is how to jealously protect Hong Kong's constitutional advantages, Hong Kong's uniqueness and our competitive advantages under this system of government. Although in the last eight months, we have been disrupted profoundly against the backdrop of a worldwide disruption and social changes that the scale and speed of which of world has never seen, but Hong Kong remains robust, our core values are intact, and we believe we can recover very quickly, provided we have the support of the central government, and provided stability can be returned, so that the society as a whole after learning many hard lessons

we can work together to work our social and structural weaknesses with the benefit of an enlightened debate.

What we need to reflect on is our unique weaknesses and strengths and to reimagine how we can best adopt to the challenges of the worldwide uncertainties, challenges, as well as opportunities going forward. The challenge facing the world is profound, not just the coronavirus, but also the disruption of the supply chain, the geopolitical tensions, the fragile world economy. And Hong Kong being an open society, we are really in the eye of the storm. To enable us to recover, and to recapture our stability, we must need a very firm and certain guideline from the central government, so that the red lines are clear, there will be no confusion, no misunderstanding to the limits of the implementation of the “One Country, Two System” concept. So in that respect, I believe that the national security legislation, as the chief executive has articulated, is very helpful for the recovery and stability in the long term reimagining our strategic positioning in the world.

Being part of China, and being an international financial center, Hong Kong has substantial contribution to make both nationally, regionally and internationally. And therefore, it is very important for us to recover quickly so that we can play a stabilizing role for the region.

Rather than weakening Hong Kong’s long-held core values, I think the legislation is actually potentially very helpful in allowing us to deepen our understanding in the “One Country, Two System” principle. “One Country, Two System” means that we have to be clearly, solidly being part of China, respecting national security and national sovereignty while having the autonomy to thrive as an international center for finance, transport and other commerce. So, I think it is very sensible to try to balance the important national security for Hong Kong and also Hong Kong’s ability to thrive entrepreneurially and also playing a good role for the world.

I hope that when this pandemic is over, many of you

can come to visit us. You will see that our management of the pandemic crisis has been exemplary in Hong Kong, although Hong Kong’s success in this aspect is rarely talked about in the international media, which I am very surprised. But as the chief executive has said, we have very few mortalities and our infection is straightly mitigated by very sensible and effective containment, monitoring, and follow through. Our financial system is very robust. Our legal system, our regulatory system are law-tied regime, which gives us a unique advantage in being international financial center. So ladies and gentleman, rather than worrying about the misgivings and the doubts of the national security legislation, which I think in some ways is understandable, I think history will show that the intention and the implementation of this new security legislation is positive and helpful for Hong Kong and the region. And I am very confident, as a leader in Hong Kong’s businesses working on a global bases, that this will pave a very good positioning for Hong Kong, in making sure that our future into and beyond 2047 will be protected. We must give confidence to the central government that Hong Kong respects and protects national sovereignty and national security. It is on our vow unconditional responsibility, and will then we can then discuss with the central government how we can ensure that the core values of wonderful and proven system of the “One Country, Two System” arrangement in continue in the long term. So, we in Hong Kong, together with the Greater Bay Area, can find new ideas, new innovation, so that instead of being depressed in Hong Kong, we will proudly say that the long-term future of Hong Kong is robust and the finest hours in Hong Kong is yet to come. As a betting man, I met someone foolish on Hong Kong. I hope you will share with me the confidence, and we will remain hopeful, positive and active in Hong Kong.

Thank you very much.

Global Financial Markets And Economic Trends under the COVID-19 Pandemic

Speakers

Zhu Min, Chairman of the National Institute of Financial Research of Tsinghua University

Stephen D. King, Senior economic adviser of HSBC Group

Jason Furman, Professor at Harvard University; Former Chairman of the Council of Economic Advisers of the White House

On 17 March 2020, the China Development Forum (CDF) Secretariat organized CDF Webinar on “Global financial markets and economic trends”. Three panelists, Zhu Min, Chairman of the National Institute of Financial Research of Tsinghua University, Stephen D. King, senior economic adviser of HSBC Group, and Jason Furman, Professor at Harvard University; Former Chairman of the Council of Economic Advisers of the White House shared their views on financial markets and economic trends in China, Japan and US in the pandemic. The webinar was moderated by Lu Mai, Secretary-General of the Forum. and Liu Shijin, Vice Chairman of China Development Research Foundation(CDRF), delivered the opening and concluding remarks. Inspector Liu Peilin of the Development Department of the Development Research Center of the State Council, Guan Tao, former director of the Department of International Payments of the State Administration of Foreign Exchange, and Zhang Zhizhou,

CEO of Dunhe Asset Management Co., Ltd., exchanged their ideas as commentators.

Regarding the development of epidemic and overall growth prospects, Zhu believes The United States, the United Kingdom and Sweden are the biggest sources of uncertainty, and their patterns will greatly influence the development of the epidemic. Furman believes that the impact of the epidemic on the economy is characterized by strong destructiveness and great uncertainty, and it will be a long-term and global impact which might not manifest itself immediately.

A global economic recession is very likely to happen. Furman believed that the future trend depends on how countries respond to economic shock caused by the epidemic; China and South Korea have generally contained the outbreak, but it is still far away for the whole world to emerge from this epidemic. Zhu pointed out that a global economic recession in 2020 is very likely to take place.



Zhu Min, Chairman of the National Institute of Financial Research of Tsinghua University

Zhang pointed out that the global economy is experiencing a recession and may even fall into a great economic depression. Risks are reflected in global financial markets. Zhu Min said that the current global epidemic is still developing, the stock market will also change accordingly, and the financial market reflects the uncertainty of the macro economy. Taking 2020 as the benchmark, the Chinese stock market is still above the line; the US stock market has fallen by 30%, but still remains at a high level; and the European stock market has fallen by 40%, almost back to the level during 2008 financial crisis. The decline in the stock market is a rational response and adjustment to the market, and it is not entirely a panic sell-off.

The impact of this epidemic is across the globe, it might ensue cooperation, gaming and even confrontation. Zhu said that the complicated impact, unclear epidemic trends, economic recession, financial turmoil, oil price decline, geopolitics and populism together have brought

great challenges to global cooperation and globalization. Furman pointed out that COVID-19 epidemic is a global crisis. The positive side is that the expansion of government power during the crisis is an important turning point in building a global risk management mechanism. Issues such as Brexit and the Sino-US trade war have been temporarily put on hold, and global interests have become the common goal. However, coordination among countries is not easy, thus requiring joint efforts.

Zhu pointed out that macro-policy paired with restructuring is essential to restore the economy. First, monetary policy can help maintain liquidity, and facilitate the policy transmission mechanism to ensure the right flow of fund; second, fiscal policy can help to keep the businesses afloat, drive consumption, increase employment and training, etc.; third, restructuring can boost the economic efficiency; fourth, global economic and financial policy cooperation is needed. In response to

the poor results of the G7 leaders' statement on epidemic prevention and control, Furman said that actions taken in the G7 countries are more important. The statement can only dispel part of the doubts in the market, practical and prudent fiscal policy is of greater help; the G20 must play a coordinating role.

On the Chinese economy, Zhu said that it had bottomed out last week and began to rebound this week. It is estimated that the impact of the epidemic on consumption in the past two months has reached a loss of 1.38 trillion yuan, accounting for 1.2 percentage points of China's GDP. On the one hand, the consumption is hard to fully recover after the epidemic. On the other hand, due to the "lock down" policy of many countries, this year's contribution of net trade exports to China's GDP may be negative. Therefore, if the 5.5% growth target were to be achieved, the major pull will come from the capital formation. China has taken measures to recover its economy. China has taken many measures to restore the economy. As for investment, the NDRC has accelerated the examination and approval of infrastructure projects, with an annual investment of nearly 6 trillion yuan. New infrastructure investment helps to upgrade technology while boosting the economy. As for boosting consumption, efforts have been made on both the supply side and the demand side. Efforts on the supply side refers to the consumption upgrade and smart consumption. At the same time, local governments have also introduced policies on supply side, including subsidies in tourism and car purchases. Zhu pointed out that the biggest challenge in the process of economic rebound is exports. A "lock down" in foreign countries will have a greater negative impact on trade.

According to Stephen D. King, the pandemic has unprecedented impact on European economy, so the first and even the second quarter will report weak economic

data. The PMI trend in Europe is very similar to that in China earlier this year. Last month the PMI in Germany plunged, which will soon happen in other countries. Once it falls to 35 to 40, quarterly GDP will shrink. Based on current data, euro-zone GDP is estimated to fall by 1.5% in March, and 3% in April. In Italy, extending the lockdown by a week will reduce the annual GDP by at least 0.25% (and probably much higher).

To protect enterprises and employees by avoiding mass bankruptcy and unemployment, specific policies can be issued. First, lower the interest rate to strengthen the confidence in the financial markets and reduce costs of industries. Second, relax capital requirements for banks and increase loans. Third, loosen fiscal policies and establish financial connections with businesses to keep them alive. For instance, cutting payroll tax and hiring costs. In Britain, the government will offer 80% of loan guarantee to lenders to pay the outstanding corporate financing balance. Fourth, introduce a proper universal basic income to close the gap between the employees' basic needs and the wages that companies can afford. Fifth, digest the impact of rising public sector debt through financial markets, like helicopter money. Although it is not normally recommended, failure to take unconventional measures when there is little room for monetary policies can lead to sovereign debt crisis. European Central Bank can also buy stocks, like Hong Kong did in 1998.

But European countries have difficulties coordinating policies. First, euro-zone does not have a common fiscal policy. Second, the credit levels of these countries vary greatly. Third, the European Union allows countries to borrow more, but at the expense of additional austerity policies in the future, about which some countries are concerned. Fourth, the current interest rate in the euro-zone is at its lowest point and cannot be further cut. Fifth,



Stephen D. King, Senior economic adviser of HSBC Group



Jason Furman, Professor at Harvard University; Former Chairman of the Council of Economic Advisers of the White House

European solidarity is under great pressure. The lack of trust among countries may undermine the international order. The damage to global economy will be greater if countries only stand up for their own interests.

Furman points out that the pandemic brings about supply shock, demand shock, liquidity shock and solvency shock. According to the predictions of major investment banks such as J.P. Morgan, Goldman Sachs and Morgan Stanley, actual output will fall by 1% in the second quarter. Furman believes it still downplays the current situation, as more and more industries are shutting down, including leisure, hotels, tourism and aviation transportation.

Furman's suggests the US should first, do everything to ensure the medical supplies. The government can offer

free testing to more people and help hospitals purchase equipment. Second, help vulnerable people, and subsidize special groups (such as those with low income or affected by the pandemic). Currently a family of four is granted \$3000, but larger cash transfer programs are needed in the future. Third, support SMEs. Bail out companies with targeted loans and forbearance, provide affected industries with financial support, address capital flows and close the gap between supply and demand, especially the lack of liquidity of non-financial companies and potential bankruptcy. Fourth, promote global coordination. Protecting family members, employees and enterprises requires global cooperation. America is seeing positive trends, but greater momentum is needed.

Economic Outlook of China and the World in the COVID-19 Pandemic

Speakers

Lin Yifu, Honorary Dean of the National School of Development of Peking University

Lars Feld, Chairman of the German Council of Economic Experts

Kenneth Rogoff, former Chief Economist of the International Monetary Fund

On 31, March 2020, the China Development Forum (CDF) Secretariat organized the CDF Webinar on “Economic Outlook of China and the World in the COVID-19 Pandemic”. Three panelists, Justin Lin Yifu, Honorary Dean of the National School of Development of Peking University, Lars Feld, Chairman of the German Council of Economic Experts, and Kenneth Rogoff, former Chief Economist of the International Monetary Fund shared their views on the economic outlook of China, Europe, and the United States in the COVID-19 pandemic. The webinar was moderated by LU Mai, Secretary-General of the Forum.

The spread of COVID-19 will intensify future uncertainties. Lin said that despite the measures taken by the US and Europe, the effects remain in doubt due to

inefficient lockdowns. This may lead to shrinking demands. Rogoff believed that as the southern hemisphere enters winter, the virus is spreading to the Latin America. The pandemic may demonstrate an alternate pattern between the two hemispheres. As the emerging markets may have massive defaults, the pandemic could trigger the worst global recession in a century.

Feld pointed out that since production capacity remains secure, the global economy will show a V-shaped recovery from the third quarter before returning to previous growth trajectories, but the overall growth will fall from last year. Based on the fiscal and monetary policies taken by countries, it is estimated that the GDP growth of the euro zone will decrease by 2.1% in 2020, in which Italy will fall by 3.6%, Spain 2.0%, and France 1.4%.



Lin Yifu, Honorary Dean of the National School of Development of Peking University

Economic recession in the UK, Japan, and the US will be milder, which will be 1.1%, 1.6%, and 0.4% respectively. Although China is experiencing GDP growth slowdown, it will achieve a 3.8% positive growth this year. In terms of international trade, 2020 will see an extension of the trade-war-induced shrinking global trade volume in the fourth quarter of 2019.

Feld suggested that countries should ensure globalization during the pandemic. G7 or G20 should hold discussions in higher level to promote information exchange, policy coordination, and international trade and investment. Lin pointed out that international cooperation is especially important for southern countries. India, Latin American countries, and African countries have limited capacity and medical equipment and resources against

the pandemic. The international community should provide funds, personal protective equipment, and medical equipment to these countries. If the world does not work together, COVID-19 may not be contained by the end of 2020.

Regarding Chinese economy, Lin predicted that China's GDP growth in the first quarter will be -10% to -6%. The performance of the second quarter relies on global disease control. A positive estimation is about 4%. Unemployment is rising as small and medium sized enterprises (SMEs) are hit hard. Research shows that if the pandemic continues, 85% of the SMEs will suffer from the cash flow that will not sustain over three months and face bankruptcy. Unemployment will rise from 5.2% to 6.2%, much higher than the peak of 4.4% to 4.5% during the

2008 financial crisis. Exports are affected by the pandemic. In January and February, the export of China fell by 17.2%. Due to the lockdowns by Western countries and the collapsing export market, estimated export decrease in March will be 25%. The whole year will see a slump of 10% to 15%. The recovery of China needs to depend on domestic market and demands.

Lin suggested that China should learn from the transfer payment in the US by issuing consumption coupons to challenged households. China can provide aid worth one trillion yuan to Chinese enterprises (especially SMEs and private companies), including tax cuts, fee relieves, interest payment delays, and special loans. China should also increase the investment in new and conventional infrastructures. China can increase debts to over 3% or even by two or three percentage points.

Feld said the pandemic is affecting the supply and demand side of the German economy. Shocks on the supply side are ripping the global supply chain and labor market. Throughout the supply chain, the chemical industry is among the most impacted. Machinery, tool manufacturing and auto industry come second. Food, beverage, and tobacco industries suffer less. By now, the labor supply has remained safe. Shocks on demand are on airlines, hotels, tourism, and entertainment. The economic slowdown has grounded 90% airlines and shut down most restaurants and bars.

To respond to the economic shocks, the European Central Bank (ECB) and Germany have started massive stimulus plans. The ECB provided 1.1 trillion euros of liquidity to the market by buying assets. Germany set up a 600 billion aid fund and added 156 billion euros to the 2020 budget. The aid fund includes 400 billion of enterprise finance guarantees, 100 billion of stock bail-out fund, and 100 billion of loans extended by the KfW

Bankengruppe. The government will invest more in infrastructure. Based on the usage, the final stimulus plan may reach 5% to 10% of GDP. Non-conventional economic measures will increase the debts of European countries, but the risk in Germany is under control. Debts accounts for less than 60% of the GDP of Germany, which is 10% to 20% away from the 80% debt limit after the financial crisis. Germany may restart the fiscal consolidation in 2022, but the government will not change the current debt plan.

Because of the pandemic, the European Union is divided even further and fiscal policies and other coordinating measures are hindered. There is an increasing disagreement between northern and southern Europe. The Netherlands and other northern countries are setting up political barriers in issuing joint bond in the euro zone, while southern countries have a greater call for integration.

Rogoff believed that the US had a good start this year with strong momentum in the labor and stock market, but the pandemic has triggered worries about recession. A conservative estimate is a 20% recession of GDP in the second quarter. More realistically, it may fall by 40% to 50%, and investment may go down by 40%.

The unprecedented stimulus plan is a boost to the market in the short term. The two-trillion-dollar stimulus plan is the largest since WW II, which is about 10% of GDP. The Congress will issue another massive stimulus package this summer if necessary. The Federal Reserve has introduced many policies to inject liquidity to the market and the results have been satisfying. The interventions have risen both the market confidence and the approving rate of President Trump.

The stimulus plan will ease part of the downward pressure, but the US economy will still come under huge pressure in the second quarter when the curve reaches the peak. If COVID-19 is contained, the economy will



| **Lars Feld**, Chairman of the German Council of Economic Experts



| **Kenneth Rogoff**, Former Chief Economist of the International Monetary Fund

begin a V-shaped recovery in the third or fourth quarter. If the pandemic rebounds and hinders work resumption, the future will be more uncertain. The aftereffects of the financial crisis are huge amount of debts on the government. In the next twelve months, stimulus plans, tax cuts, and aids will increase the US debts by 5 to 10 trillion dollars, which will shift the economy to low growth mode. High debts will not necessarily entail higher interest rates and inflation because the economy also depends on policies. There are possibilities of falling foreign investments, single digit inflation, soaring real interest rates, and slumping stock market.

Disease control in the US remains difficult. The US

government still does not have a consensus on the risk of the pandemic. The real infection rate is much higher than that of China, South Korea, Italy, and Germany. The elderly, children, and people with obesity seems to have higher risk, but it lacks statistical support. Experts believe that vaccine is the only solution, but mass production of vaccines has to wait until the second half of 2021. The best way for now is massive testing and monitoring. Personal information has to be shared if necessary, but it is hard to practice in the US as shown by the rejection to lockdowns and sharing privacy. Different prevention and control measures of different states also pose difficulties to coordination.

Stimulus Policies and International Cooperation under COVID-19 Pandemic

Speakers

Lord Nicholas Stern, Professor of the London School of Economics and Political Science and Former President of the Royal Economic Society

Joseph E. Stiglitz, Professor at Columbia University; Recipient of the 2001 Nobel Memorial Prize in Economic Science

Liu Shijin, Vice Chairman of the Committee for Economic Affairs, CPPCC; Former Vice President of the Development Research Center of the State Council

On 14 April, 2020, the China Development Forum (CDF) organized the CDF Webinar on “Stimulus Policies and International Cooperation under COVID-19 Pandemic”. Three panelists, Lord Nicholas Stern, Professor of the London School of Economics and Political Science and Former President of the Royal Economic Society, Joseph E. Stiglitz, Professor at Columbia University; Recipient of the 2001 Nobel Memorial Prize in Economic Science and Liu Shijin, Vice Chairman of the Committee for Economic Affairs, CPPCC; Former Vice President of the Development Research Center of the State Council, commented on the stimulus policies adopted by European countries, the United States and China, and shared their views on the economic prospects and international cooperation. The webinar was moderated by Lu Mai, Secretary-General of the Forum.

Stern points out that we have to rescue the world economy now, and move from rescue to recovery and the

recovery has to be the beginnings of a global transformation.

The rescue to recovery period in Europe needs a major return to Keynes. Europe will need to use more aggressive monetary and fiscal policies and increase debt financing. A strong investment in infrastructure and buildings will be an important part of the rekindling of demands. The service sector also needs assistance to address acute liquidity issues. At the same time, Europe should learn from mistakes not to go into austerity soon after the recovery period. The measures combined are critical to bringing Europe out of this problem.

In the rescue to recovery period, we must have a clear vision of the world economy. A much more sustainable, inclusive and resilient economy means energy and city organization in different ways, stronger public transport, preservation of natural habitat, and so on. These issues have been emphasized in the European Green Deal and hopefully



Lord Nicholas Stern, Professor of the London School of Economics and Political Science and Former President of the Royal Economic Society

are also central to the 14th Five-Year Plan. To achieve responsible investment for the environment, strategies have to be in place, as well as the right policy and finance. The world looks to China as it will be the first out of this crisis. People will be watching what China does and if it embarks on a more sustainable and resilient way of growth.

China and Europe should and could get together to help the developing nations. The collaboration is of fundamental importance in its own sake, and also demonstrates the spirit of international community acting together. It can happen through recourses, medical equipment and finance. China needs to think about forgiveness of debt of some developing countries. Besides, since China's strategic plans have set off to pursue economic transformation and green development, similar to the themes of the European Green Deal, Europe and China can make joint declarations to show the coherence of strategy.

Stiglitz analyzed US stimulus plans. He identified 3 strengths and 4 weaknesses of America shown in the pandemic. The strengths are strength of science, the quick societal response, and the great job by local authorities, while the weakness includes the shortsightedness in the market economy, inadequacy of the markets during crises, the government's failure in anticipating and preparing for the crisis, and the problem of inequality.

The US administration faces three challenges in response: to minimize the number of infected people and deaths, to protect the vulnerable and to prepare the economy for future recovery, all of which require directive measures. In terms of the response on the health side, besides inadequate supplies (tests, medical equipment, protective gears and so on), America still faces two problems. First, poor people without sick pay are likely to spread the virus. Second, hospitals are underfunded, but the republicans in

the Senate resist providing additional assistance for them. The second challenge is to address the most vulnerable. Stiglitz is afraid that the 2.3 trillion stimulus package may be poor in implementation. The service sector, which is a pillar of US economy, is badly hit and will inevitably report higher unemployment rate. The small businesses will have to go through a complex process to ask for assistance, and the banks prioritize the better enterprises. Part of the administration is flawed. In the program of cash distribution, the checks will go out only to the people who have paid taxes and had a bank account, who are apparently not the most impoverished and vulnerable. The third challenge is to prepare economy for the recovery. The pandemic shocks the supply and the demand side at the same time. While the companies and households reduce their investment and consumption, certain preventative encouragement measures should be in place to guard against a bankruptcy cascade.

China can help the emerging market and the developing countries in two aspects. First, China can support a higher SDR allotment in IMF to help the countries that are unable to respond to the pandemic. Second, there should be a global debt moratorium. The international community should solve the problems in an orderly manner, for example, through an international sovereign debt restructuring mechanism.

Liu points out China's first quarter imports and exports is better than expected, but more serious impact is likely to ensue in the second quarter. It is estimated that annual foreign trade will drop by 15%-20%. Trade in services can fall still further. Input-output analysis suggests that a 1% fall in imports and exports will cost 0.2 percentage points of GDP growth. Some foreign trade enterprises have already seen a sharp decrease in orders.

When the second wave of infection will abate is dependent on the situation in other countries. The second wave will be longer and have a deeper impact on growth.

China, therefore, needs to be well prepared for a prolonged battle and should measure growth with different standards from those in normal times as we battle the pandemic. It is advisable to measure performance by relative growth rate. Were it not for the second wave of infection, the last two quarters could have seen a rosy 8% growth, 2% higher than usual with the economic rebound and the effects of stimulus policies. But factoring in a second wave, growth could drop by at least 2-3%, landing at about 3%. But an annual growth of 3% is already a remarkable achievement at a time when the global economy is in deep recession and almost all countries have negative growth rates.

Short-term economic policies need to focus on three tasks: recovery, bailouts and risk-prevention. First, recovering supply and demand that had been interrupted by the pandemic. The most pressing need at hand is to recover demand. Second, bailing out struggling enterprises and offering relief to individuals, focusing especially on SMEs and low-income groups. Third, preventing and controlling risks that might arise from existing structural problems in the economy. Special care has to be taken to prevent the financial system from sliding into dislocation or coming to a standstill due to the lack of liquidity.

Middle- and long-term policies should be able to unearth new drivers of growth. The biggest "structural potential" for China in the next decade lies in the development of city clusters and megalopolises. City clusters solve the structural problems of metropolises and expand urban areas. By distributing functions and merging neighboring areas, major and mega-cities are upgraded into city clusters. The development of city clusters can offer at least 0.5%-1% annual growth to the Chinese economy in the ensuing decade, not only cushioning the blow from the pandemic, but fueling China's high-quality growth in the years to come.



Joseph E. Stiglitz, Professor at Columbia University; Recipient of the 2001 Nobel Memorial Prize in Economic Science



Liu Shijin, Vice Chairman of the Committee for Economic Affairs, CPPCC; Former Vice President of the Development Research Center of the State Council

In the spirit to further deepen reform, China has put forward a reform and development package in a recently published guideline, aiming to develop city clusters by improving the market-based allocation of production factors. The document consists of a timely and accurate assessment of problems in the current system, mechanism and policies concerning city clusters development. It made clear that deepening reform is the best stimulus policy. Measures include the followings:

- To facilitate the designing and the adjustment of designs for cities and city clusters that have been receiving migrants and have shown huge development potential and publish the plan as soon as possible to boost confidence;
- To begin constructing a series of well-planned urban transportation and communication infrastructure projects;
- To make plans for and phase in the construction

of affordable urban residences for incoming population, especially for migrant workers;

- To facilitate the free trade of rural collectively-own construction-used land and rural residence land, starting with pilot programs in small towns;
- To improve the hukou system and other policies pertaining to floating population management and to provide favorable conditions for migrant population to live, work and do businesses in peripheral towns and cities of city clusters.

In addition, it is advisable to allow some megalopolises to run the reform and development plans on a trial basis, such as the Guangdong-Hong Kong-Macao Greater Bay Area and some provincial capitals with promising prospects. Whatever successful models that emerge from the trial runs can be subject to wider application.

Global Landscape and the Future of Globalization under the COVID-19 Pandemic

Speakers

Zheng Yongnian, President and Professor of the Chinese University of Hong Kong, Shenzhen; Dean of the Advanced Institute of Global and Contemporary China Studies
Thomas Friedman, Columnist for the New York Times
Martin Wolf, Chief Economics Commentator at the Financial Times

On May 12, 2020, the China Development Forum (CDF) Secretariat organized the CDF Webinar on "Global Landscape and the Future of Globalization after the COVID-19 Pandemic". Three panelists, Zheng Yongnian, President and Professor of the Chinese University of Hong Kong, Shenzhen; Dean of the Advanced Institute of Global and Contemporary China Studies, and Martin Wolf, Chief Economics Commentator at the Financial Times, were invited to present their views on the topic. The webinar was moderated by Lu Mai, Vice Chairman of China Development Research Foundation (CDRF) and Secretary-General of the Forum.

The pandemic has exacerbated structural problems, and the problems of high unemployment and inflation have become more acute. Friedman pointed out that the pandemic

will accelerate the emergence of structural contradictions, further widen social inequality, and deepen fault lines and divisions. Wolf said that major economies such as the United States, Europe, China and India are experiencing slower economic growth, lower productivity, sharply declining trade growth, high debt, and even rising populism. The U.S. stock market is currently priced optimistically and at a reasonable level. Major oil producers such as Saudi Arabia and Iran have little external debt and Russia has ample reserves. However, with oil prices unlikely to recover in the near future, governments should cut spending as much as possible. If the global economy does not recover, high debt levels will persist, and defaults may become possible. Weak growth and rising interest rates could lead to serious inflation over the next two decades.



| Thomas Friedman, Columnist for the New York Times

Zheng pointed out that the economic impact of the COVID-19 pandemic has surpassed that of the Great Depression. In the last century, the United States survived the Great Depression mainly because the World War II drove the development of its entire industrial system. However, the United States is now in decline and no longer able to play a leading role in the world. China does not yet have sufficient leadership and appeal, and countries around the world have not yet reached a clear consensus on the response to the epidemic. Wolf believes that COVID-19 pandemic has been combined with economic shocks in an unprecedented way. If the pandemic is not successfully contained, the cost to the economy will be huge, and it will take a long time for normalcy to be restored, which may lead to a W-shape recovery.

On the global landscape and globalization after the COVID-19 Pandemic, Zheng pointed out that the COVID-19 discourse is a continuation of the anti-China aspects in the United States, and anti-China sentiment is running high at its elite level and among the general public. Wolf said that the anti-China stance was based largely on Trump's "America first" rhetoric, which Trump hopes will deflect accusations of inadequate epidemic prevention and encourage voters to vote for his re-election. Friedman pointed out that the past 40 years have been a golden period in Sino-American relations, when the two countries reached an unconscious integration, which was crucial to globalization and to the prosperity of the world, but it is now over. Tensions between China and the United States built up before the outbreak and will continue after the pandemic.



Zheng Yongnian, President and Professor of the Chinese University of Hong Kong, Shenzhen; Dean of the Advanced Institute of Global and Contemporary China Studies

The uneven pace of economic recovery in various countries has hindered globalization. Friedman pointed out that the current global response to the epidemic has several major models, such as the Chinese model of quarantine and national surveillance, the Swedish model of social distancing and herd immunity, and the chaotic American model. Different countries adopt completely different strategies, and their uneven pace of economic recovery will be the obstacle to the next step of globalization. China has been able to go ahead and restart its economy before it gets the vaccine. Even if China restarts its factories, while the United States, India and other countries do not, it is difficult for the global value chain and supply chain to return to their previous state.

Zheng believes that globalization will not revert, but

"hyper globalization" or "unlimited globalization" cannot go on. In the future, western countries will selectively move the industrial chain related to national security and life safety back to their own countries, and the layout of the global industrial chain will become more decentralized. It is expected that by the 2060s or 2070s or so, there will be a re-emergence of globalization based on economic sovereignty, where all countries produce a certain product, but trade on the basis of comparative advantage. Friedman pointed out that in the short term, trade will turn inward rather than relying on the old global supply chain, but in the long run, technological developments will encourage countries, enterprises and individuals to act globally.

To resolve the structural conflict discussed, Wolf



| **Martin Wolf**, Chief Economics Commentator at the Financial Times

recommends that countries work out a coordination mechanism that is reasonable, legitimate, mutually beneficial and has a solid political foundation between China, the United States, and the European Union, so as to maintain the stability of the entire system of globalization. China and the West need to find areas where they can maintain their core interests, pursue economic development in harmony and conduct necessary cooperation. Friedman believes that if China can reach a relatively rational agreement with Europe, it will, to some extent, set a template for people of insight in the United States to abandon their policy of isolating China.

On China-US relationship, Zheng pointed out that it is inevitable for the Trump administration to politicize trade. The phase-one economic and trade agreement is beneficial

to the U.S., who will not abolish it though there may be conflicts in the coming dates. Friedman thought that, while Trump is eager to strike a trade deal with China, he also wants to take anti-China measures to help him get re-elected. The tension between China and the United States caused by changes in the structure of trade will certainly exist and continue in the future. China and the United States should build a new framework of genuine mutual trust so as to enhance the resilience of developing countries and the world as a whole, meet the economic needs of people, and jointly respond to the challenges of climate change.

Outlook on the COVID-19 and Global Economy in the H2 of 2020

Speakers

Gian Maria Milesi- Ferreti, Deputy Director in the Research Department of the International Monetary Fund

Michael Ryan, Executive Director of WHO Health Emergencies Programme

Huang Yiping, Professor of Economics and Deputy Dean of National School of Development (NSD), Peking University

On July 23, 2020, the CDF Secretariat organized the CDF Webinar on “Global Pandemic and Economic Prospect of the Second Half of 2020”. Gian Maria Milesi-Ferreti, Deputy Director in the Research Department of the International Monetary Fund, Michael Ryan, Executive Director of WHO Health Emergencies Programme; and Huang Yiping, Professor of Economics and Deputy Dean of National School of Development (NSD), Peking University, were invited to share their views on the topic. The webinar was moderated by Lu Mai, Vice Chairman of the Foundation and Secretary-General of the Forum.

Ryan points out that the world pandemic affects the whole population, and has clear impact on the economy. Many countries, particularly countries in East Asia, have demonstrated a comprehensive strategy focusing on important components: suppression of transmission, reduction of mortality, community engagement, and

empowerment supported by strong government and society, leading to an epidemic that is under control in which the economy can begin to recover and return to some normal. On the other hand, it remains unknown when this pandemic will end and things come back to normal. We need to contain the virus, control the virus, be alert, and build the capacity of the system to react quickly to any change in the epidemiological situation.

Ryan observes that the vast majority of the world's population remain susceptible to infection with this virus, and we do not know how much protection natural infection gives. Therefore, the vaccine development and vaccination are important. Currently about 150 to 200 different vaccines are under development, 25 of them are in clinical trial and five vaccines from the UK, the USA and China have entered into phase three. While we're seeing a big step forward in the vaccination platforms, there are no guarantees with



| Gian Maria Milesi- Ferreti, Deputy Director in the Research Department of the International Monetary Fund

vaccination. WHO believes the vaccines should be shared as global goods, as free as possible at the point of access and available to all on the basis of need. Besides, the vaccinations should be delivered through a health system and by health workers. WHO has been strengthening health systems to make sure that particularly weak health systems are ready to receive the vaccines. Ryan says that it is normal to fear or feel optimistic about the pandemic, but what matters more is to manage the risks behind. Although it is recovering, it is irrational to rush to reopen the economy.

Ryan says that the past decade has seen many problems. Because of insufficient investment in public health architecture and the lack of resilience of the health system, the health resources were inequitable, the health system was not flexible or adaptable, and the supply chains of health resources were not durable. These problems have led to more economic loss in the pandemic. Investment in health

system and economic restoration are not contradictory, but beneficial to each other. He advises to strengthen the health system while the economy is restored, instead of waiting for the trickledown effect of economic recovery. Pandemic can be got rid of only when the health system is rebuilt and the confidence reshaped in the health system.

On the economic impact of the pandemic, Gian Maria believes that the COVID-19 crisis has very different features compared to previous downturns. There was a collapse in consumption of services, and in particular of contact intensive services, such as travel, hospitality, arts, entertainment and restaurants. It is also a crisis that hits employment heavily because those contact intensive services are services that have typically high employment rates, and impact the income distribution.

Gian Maria predicted that the global economy would contract by an unprecedented 5 percent in 2020 and 2021,



Michael Ryan, Executive Director of WHO Health Emergencies Programme



Huang Yiping, Professor of Economics and Deputy Dean of National School of Development (NSD), Peking University

with developed economies contracting by 8 percent. We will see economic recovery next year, but the recovery in advanced economies will still not reach the level of 2019, or even return to pre-epidemic levels. Emerging and developed countries in Asia that were better able to control the pandemic at the early stage experience comparatively less of decline in economic activity. South Korea and Japan, for example, started out very badly, but had relatively better economic situations compared to the U.S. and the U.K. The recovery in 2021 will not be as strong as we would wish. This is predicated on no second wave of infections and the pandemic remain broadly under control. But there will be a large number of bankruptcies, which will worsen in 2021. Gian Maria also says there are still so many uncertainties about the outlook for the global economic recovery, therefore

there are different scenarios. A second outbreak in 2021 would be devastating for the world economy.

Gian Maria believes that overall, developing countries and emerging economies sans China will experience an unprecedented contraction of 3 percent next year. The most affected region has been Latin America, and the situation in Mexico and Brazil is very serious. This fundamentally reflects the fact that in that region, the pandemic has not been brought under control yet. The number of infections is extremely high. A decline in commodity prices has also affected Russia. In India, it seems that the initial number of infections is not very high, but the number of later infections is rising very rapidly. China is actually projected to have positive growth and will return to its normal growth rates. With the exception of China, emerging economies have

contracted sharply.

Huang believes that right now China looks to be having a v-shaped recovery, but there are still uncertainties. China's economic recovery is uneven. First, exports are greater than imports. The rebound in external demand has contributed significantly to economic growth. Second, investment is stronger than consumption. Partly because of the risk of an outbreak, consumers are becoming more cautious, at least in the short term. Consumption has been relatively weak either because some household income was affected, or the social security system is not very strong. Third, the manufacturing sector recovered faster than the service sector.

Regarding economic response, Huang noted that Chinese government policies can be divided into three categories. The first is to control the epidemic, such as lockdown or social isolation. The second is to support enterprises and households, including supporting their cash flow and balance sheet. The third is related to the economic reconstruction after the pandemic.

The Chinese government has also introduced many measures for small and medium-sized enterprises, such as targeted lending, rent relief, subsidies and temporary interest relief. On the whole, China has adopted flexible monetary policies and proactive fiscal policies. China's fiscal deficit has exceeded 3% of GDP for the first time.

One highlight in the economy under the pandemic is the digital economy, including e-commerce and digital finance. The digital economy has played a very important role in macroeconomic stabilizer. Offline businesses may go out of business, but online business has grown. Banks were not allowed to open during the epidemic, but new online banks, such as WeChat bank, were very active. Their lending volume also dipped, but it was much more mild compared to traditional banks' lending.

Huang suggests China continue to introduce policies to

encourage financial institutions to support the real economy. In some developed countries and emerging markets, fiscal expenditure is mainly directed towards job stability, unemployment insurance and cash distribution. But China's direct financial support for SMEs and the household sector is limited, requiring financial institutions to provide more credit to SMEs.

Huang notes that it is difficult for China to rely on external demand as much as before. On the one hand, even without COVID-19, the global economy would have slowed down significantly. China has grown from a small economy to a large one, which means that China's purchasing behavior in the international market will influence the market price, so we cannot rely as much as in the past on the external economy. But external markets will remain important in the future, and long-term sustainable growth will require cooperation with the rest of the world.

Gian Maria suggest, first, a timely economic response and a comprehensive monetary policy should be adopted to effectively prevent panic in the financial system and restore market confidence. Second, provide adequate support to health systems and effectively protect people and businesses, while deciding whether to support certain sectors that have shrunk substantially or to make a strategic shift to reallocate resources. Third, it is needed to seize the unprecedented opportunity to transform from a high-carbon economy to a greener and job-creating economy. This requires international support for the more vulnerable countries. Fourth, a return to international cooperation and multilateralism is necessary. We have a highly integrated global economy that plays an important role in people's livelihoods, poverty alleviation, etc.

Global Food Security: Challenges and Policy Options

Speakers

Maximo Torero, Chief Economist and Assistant Director-General of the Food and Agriculture Organization of the United Nations
Liam Condon, Member of the Management Board of Bayer AG; President of Bayer Crop Science Department
Fan Shenggen, Professor of the School of Economics and Management of China Agricultural University

On September 23, 2020, The China Development Forum (CDF) Secretariat organized the CDF Webinar on “Global Food Security: Challenges and Policy Options”. Three experts, Maximo Torero, Chief Economist and Assistant Director-General of the Food and Agriculture Organization of the United Nations, Liam Condon, Member of the Management Board of Bayer AG; President of Bayer Crop Science Department, and Fan Shenggen, Professor of the School of Economics and Management of China Agricultural University discussed the situation, challenges and countermeasures regarding the global food security. The conference was moderated by Lu Mai, Vice Chairman of China Development

Research Foundation (CDRF).

On risks to global food security, Fan pointed out that many factors are in play, including wars, economic shocks, anti-globalization, climate change, plant and animal pests, increasing inequality, etc. Currently, nearly 690 million people around the world are suffering from chronic hunger, which accounts for 8.9% of the world’s population, 2 billion people are lack of essential microelements, 2 billion suffer from overweight or obesity, 144 million children suffer from aplasia, and 47 million children are emaciated.

Torero stated that the goal of eliminating hunger by 2030 may not be achieved. The amount of population



Maximo Torero, Chief Economist and Assistant Director-General of the Food and Agriculture Organization of the United Nations

in hunger has been rising slowly since 2014 – increased by nearly 60 million in five years, and the most affected areas are sub-Saharan Africa and South Asian countries. The world has not made much progress in terms of child stunting, low birth weight, and exclusive breastfeeding. The trend of adult obesity has not been reversed either. Torero argued that climate change/extreme weather, regional conflicts, and economic slowdown are the three main reasons for increasing population in hunger. These factors will continue posing threat to food security in the next few years, and the root of these factors is inequality. Evidences have shown that income and wealth inequality increased the likelihood of food insecurity and weakened

the positive impact of economic growth on personal food security.

Torero noted that COVID-19 is an unprecedented shock that is undermining the efforts to eliminate hunger. By 2020, the total number of malnourished people in the world may increase by 83 million to 132 million, which is likely to be underestimated. As people's income and savings decrease, the COVID-19 may result in increased inequality. According to data from UNICEF, 6.7 million children under the age of 5 will experience dystrophic wasting this year.

Fan noted that the COVID-19 has caused dual pressure of a sharp drop in producer prices and an



Liam Condon, Member of the Management Board of Bayer AG;
President of Bayer Crop Science Department



Fan Shenggen, Professor of the School of Economics and
Management of China Agricultural University

increase in urban consumer prices. But for whichever side is, the most suffered are vulnerable populations. Food supply chains in China, Ethiopia, Nigeria, and many other parts of the world cannot work smoothly. The overstock, low-sales, and wastage of agricultural products have seriously affected farmers' income. As for the demand side, due to the rising food prices, urban consumers' purchasing budgets are squeezed, and disadvantaged groups have to reduce their nutritional intake of eggs, milk, fish, meat, vegetables, etc., and switch to staple food, which might be harmful to health.

Condon believes that the COVID-19 has magnified the imbalance in the world's food system. During the

pandemic, part of the food supply chain was broken. In some African countries, people are living in starvation, while in other parts of the world, food waste and overnutrition are still significant.

Panelists agree that work on a resilient food system is urgently needed.

Torero said that in order to cope with the challenges posed by climate variability and extreme weather, countries need to take more actions to enhance the resilience and adaptability of farmers and agricultural/food systems. First, establish a climate risk monitoring and early warning system. Second, promote measures to reduce vulnerability. For example, construct

infrastructures targeted at climate change at the farm level (such as food storage facilities), build more effective water management systems, and support farmers to grow a variety of crops in order to diversify risks. Third, strengthen the economic resilience. In the short term, countries need to protect people's purchasing power through social security programs, public health policies and price adjustment policies. In the long run, countries need to achieve inclusive structural transformation, create a healthier food environment, and promote poverty alleviation and social justice. Fourth, governance innovation. Policy design must be linked to governance analysis, and adapt to national priorities, political and economic realities. Innovative institutional arrangements can also encourage different sectors and actors to achieve food security and nutrition goals through coordinated actions.

Fan stated that the future food system should be able to: improve the efficiency of the use of land, labor and natural resources; reduce agricultural carbon emissions; meet the triple challenge of hunger, malnutrition and obesity; resist shocks, resume production better and faster; protect biodiversity and sustainable resources and environment; take vulnerable groups such as farmers, women, and children into consideration so that they can benefit from the improved food system. To achieve these goals, the following measures need to be taken.

1.Improve the resilience of the food system. Combine short-term relief and long-term development goals to improve capabilities of global prevention, prediction, preparation, and response to shocks as well as disaster recovery. It's also important to establish systematic thinking, support interdisciplinary research, and promote balanced development to protect

vulnerable groups.

2.Prioritize scientific research investment. Optimize the food system by strengthening scientific research investment. It is needed to enhance the sustainability of the intensive development model and cultivate crops with high yield, environment- adaptable and rich in nutrients through bio-enhancement.

3.Improve farmers' resilience. It is needed to strengthen the rural land security system, reduce land fragmentation, and expand access to funds, investment, and ICT. Inclusive agricultural business models should be promoted to help small farmers adapt to changing food needs and a modern supply chain with higher quality standards. Risk management model of small farmers can be improved by strengthening social security, insurance, and income diversification. A carbon credit system is also needed to expand the carbon market to the agricultural sector.

4.Establish and expand the social security system to improve long-term resilience. A more targeted and effective cross-departmental safety net should be set up; social security for the urban poor and hungry population need to be enhanced.

5.Empower women. Increasing the proportion of women working in the agricultural sector is helpful to ensure global food security, nutrition and health, and build a resilient food system.

6.Set up resilience management of natural ecology. Promote intensive production; stop human activities expanding to forest zone and natural habitats of wild animals; track, monitor and respond quickly to zoonotic diseases; formulate laws, regulations and policies to protect wild animals, and focus on implementation, monitoring and effect-evaluation.

The Future Structure of The World Will be Different



| Ray Dalio, Chairman and Co-CIO of Bridgewater Associates

I think the world will be a radically different place than the world we've come from. I would say that if you would take the money, credit and the debt, that system won't work the same as it worked before because there's a structural inability to use interest rates to stimulate monetary policy. We used to employ quantitative easing to distribute financial assets through the central bank and the lending system in an effective way. That will not exist in the same way because we are no longer in a period that distributes money and credit to those who need it the most. I think you are going to see a heated argument about how wealth should be divided. We were in a very capitalist era where corporate tax cuts favored business, and now we're going to be in a rethinking process. And the question is whether that can be done together in a bipartisan way, or whether there are going to be difficult conflicts internally, and how those will go. And then of course, there is the issue of the rising of China and its relationship with the United States in that period of time. We're certainly going to be in an era of moving from globalization to "itself-sufficiency." In other words, we are going to have to restructure systems in terms of greater

polarization. So the efficiency that we've seen that came from globalization where the best production was the most efficient produce things has passed, and the independence in the building of those things and the tensions will be the character of the environment going forward.

Host (Lu Mai): The economic gap between the rich and the poor is a serious inequality issue around the world. Is there a solution?

Ray Dalio: If we can rise above ourselves and realize that we have to solve these problems in a matter that's for the greater good that we have to create a system and it could be a domestic system, or a world system in which the size of the pie is grown, we will have the wealth and the creativity and the inventiveness to be able to drive a much better world. The cost of fighting is painful, so the challenge is one of human nature. The challenge is whether parties can rise above themselves, or will they fight for wealth and power in the way that they have fought throughout the history.

Broadband and 5G are the Economic and Educational Lifeline



| Steve Mollenkopf, CEO of Qualcomm

This pandemic has highlighted the critical role that broadband has played in facilitating remote workforce, distance learning, telemedicine, communications, entertainment and social connection. It also has highlighted the digital divide and the clear need to address this accessibility gap globally. It has quickly become clear that the widespread access to wireless connectivity offers solutions to some of the greatest challenges we're facing. Broadband, and 5G in particular, is proving to be the economic and educational lifeline. We have always believed that connectivity will become a vital part of everyone's life. This unprecedented moment has once again shown this to be true. We need telemedicine, education from home, and the ability to stay connected online. These are things that 5G was designed to do. Therefore, despite our current challenge, I also see this as a moment for the telecom industry to press forward.

Host (Tian Wei): People say geopolitics, which

already existed before this pandemic, is likely to be exacerbated as a result of COVID-19. How would a multinational company like Qualcomm, who have partners around the world in different cultures, economies, and political systems, be able to function and thrive out of these very complicated realities?

Steve Mollenkopf: Quite frankly, I'm hoping that we will be focusing on launching 5G and not be impacted by the factors you mentioned. I will tell you that, even given all of the apparent tension that you read sometimes in the newspaper, we've been very happy in the way in which the collaboration has worked with our Chinese partner. And I hope they're happy as well. We expect to be able to continue that, regardless of what the situation will be. In a time like this, I think it is even more important for business leaders to really show that we know how to work together. I think it is very important to lead the way here, and we'll be very happy to do that.

My Worries and Hopes for China-US Relations



David Rubenstein, Co-Founder and Co-Executive chairman of the Carlyle Group

Without doubt, the US-China relationship is the most important bilateral relationship in the world, and it has been so for at least a dozen years or not more. The US and China do an enormous amount of trade, investing, and cultural exchanges together. We are allies in so many different global efforts to improve the world. However, my fear is now that because of the political season in the United States, and because of other factors beyond our control, what we are going to see is a blame game. I hope that all of us can recognize that the US-China relationship is far more important than the current political campaigns.

Very often in the past, the two largest economies in the world rarely get along very well, and very often in various parts of the world such conflicts actually result in military confrontations. I don't hope and I don't believe that will happen here, because I think the differences between China and the United States can be resolved without any types of military confrontation. Military confrontation is not

something that should be on the table. And I don't think we should have a cold war or any types of diplomatic wars or economic wars, because the stakes are simply too high.

Host (Tian Wei): How can we see the consensus exchanged between the US and China being implemented in real actions?

David Rubenstein: Well, I think the best thing to do is have conversations. I think American business leaders should come to China, assuming the health situation allows, and talk with Chinese business leaders. Chinese business leaders should be encouraged to come to the United States, and the same is true of healthcare officials of the two countries. The best thing that we can do right now is to see the U.S. and Chinese healthcare officials cooperating in developing drugs and vaccines.

Supply Chains Worldwide Need to be Adjusted under the Pandemic



Sanjay Mehrotra, President and CEO at Micron Technology Inc.

The pandemic has created many obstacles to businesses. Supply chains worldwide have to adjust to a cascade of effects. In the future, we must reimagine the supply chain to ensure greater productivity as well as more flexibility and agility. Any business that hopes to compete and win on a global scale must prioritize supply chain resiliency and risk mitigation. The advancements that must be made can be thought of in two categories: innovation in manufacturing and transparent collaboration up and down the supply chain. Connectivity, machine intelligence and flexible automation are the technology megatrends that will drive future development in the manufacturing industry. Advancement in industrial IOT, hybridization of robots, and predictable artificial intelligence can help us to plan ahead, reduce down-time, drive greater efficiency and even react swiftly to unforeseen disruptions such as those experienced through this pandemic. The other key learning from this pandemic has been the need to reduce current reliance on human capital and physical presence.

Host (Fu Xiaotian): Some people may worry that we are entering a de-globalization phase. Do you share the same view?

Sanjay Mehrotra : We have always advocated for US and China to collaborate, to work, to resolve their differences through negotiation. We are very encouraged by the signing of the phase-one deal as we believe it paves the way for future collaboration between US and China. Good US-China relations and collaborations are important-- not just for US and China economies, but also for the global economies as well. So we certainly look forward to an environment with open trade between the countries, because an environment of collaboration will really enable customers as well as suppliers to continue to drive innovation and bring the benefit of a globalized economy to people around the world.



Sustainability as a Strategic Cornerstone



| Pablo Isla, Executive Chairman of Inditex

A strategic cornerstone of Inditex is promoting end-to-end value chain sustainability. Our determined progress towards the most demanding sustainability standards is complementary and underpinned by the efficiency of our long-standing business model. Genuine sustainability is driven by the total commitment of everyone at the company. Sustainability has been embedded into all of our processes and decisions, including design, material selection, productive processes, logistics management, our stores and head offices. For us, such engagement is necessary and absolute. It extends not only to our grand global commitments but also into smaller-scale initiatives that are readily transferable to every household- including saving energy; using water economically; recycling waste and giving up single-use plastics.

Host (Fu Xiaotian): Do you see a possibility that the supply chain will be altered or shortened in the future?

Pablo Isla : One of the essences of the key elements of our business model is the flexibility of our supply chain. It would be impossible to achieve the targets that we have for 2023 and 2025 without the support of our suppliers. We have suppliers based in many different countries, in Spain, Portugal, Morocco, and of course, China. For us what is key is the long-term relationships with our suppliers, and this will continue to be the case in the future. We believe very much in this idea of long-term relationships with our suppliers, working with them closely. Our suppliers are totally committed to our concepts, particularly our Chinese suppliers who strongly support our 100% sustainable development targets.

Investment in Health Means Investment in Economic Prosperity and National Security



| Albert Bourla, Chairman and CEO of Pfizer Inc.

This pandemic has undeniably and irrevocably changed our world. Healthcare heroes working around the clock to combat the disease, and patients fighting valiantly against the disease. If we listen carefully to the lessons this pandemic has to offer, we'll hear loud and clear that we must increase our global investment in public health and healthcare systems. The need for investment in public health starts at the local level, in adequately resourced systems for disease prevention, disease detection, and for quick and effective response. Investment in health means investment in economic prosperity and national security. Along with increased investments in health, I believe that an increased trust in, and regard for, science will emerge from this pandemic. The magnitude of the current pandemic will help drive significant transformation. To ensure that science does win this battle against COVID-19, research development needs to be more collaborative than ever. If we

are linked by biology, we are also connected by trade and commerce, and will remain so after the pandemic.

Host (Li Sixuan): And in your opinion, what is a more ideal public health system that can really foster an inclusive and sustainable healthcare system?

Albert Bourla : I think every country needs to find its own recipe. I 'm afraid there is not one single recipe that can be applied to all countries. You can't cut and paste from one country to the other, but you can learn from other countries. For example, when we speak about China, I believe that the steps that you have been following are positive steps. Every country needs to value innovation and reward innovation, so that the development of new drugs is encouraged and the necessary medicines are provided to all citizens.

Innovation in the Banking Industry Facilitated under the Pandemic



| **Bill Winters**, CEO of Standard Chartered

There are many non-bank or new bank competitors that are trying to offer the services provided by traditional banks. We are seeing through the COVID-19 pandemic right now that new trends in industry are important, and we know that this the nature of the banking industry will change. We know that, as it has always been the case, the winners in the banking industry will be those who deliver superior customer services, good and consistent advice, and superior risk management services. And if the banks don't get it right, other players in the field will. Therefore, we are very keen to partner within and outside the industry to make sure that we deliver that innovation in a continuous way. We certainly have the view in Standard Chartered that consumers' transactions should be done very efficiently on these platforms. The same view applies to the cooperate side that we need to continuously innovate to provide blockchain-type or paperless-type solutions to promote global trade.

Host (Li Sixuan): Being a global bank, you monitor

capital flows as a very good proxy for global economic activities. What is your take on the recent debate on the end of globalization?

Bill Winters : Globalization is not dead. It is true that there are winners and losers in the globalization process, but its benefits to the globe is clear and dominant. International trade will not cease, there's simply too much value to be yet derived. We have to remind ourselves from time to time that globalization has lifted billions of people out of poverty. If we can get globalization right, we can bring more people out from the poverty trap. I think it is reasonable, and inevitable, for countries to re-configure their supply chains. We also know that new global supply chains and international cooperation are being established in developing countries in Asia and Africa. Therefore, I do not fear about future setbacks in globalization, but I think there will be adjustment in the structure and form of globalization.

Technological Innovation and Post-Pandemic Recovery



George Oliver, Chairman and CEO of Johnson Controls

The world will never be quite the same again post-COVID-19. More than ever before, people want to live and work in a safe, secure, and sustainable environment. In this global emergency, outcomes will hinge on hospital efficiency and scalability. In developing resilient hospitals, it's essential to consider factors such as - human empowerment, processes, technology, and space - and the holistic interplay between these factors. We see China is playing a leading role in technologies, innovation, and quality development. China is also playing the role of a leading incubator and promoter. China continues to increase its investment in R&D, infrastructure, manufacturing, talents and most importantly, supportive policies. All of these paved a favorable environment to incubate technologies. In closing, I believe that post-pandemic economic restoration needs involvement not just from the government but also from companies and individuals.

Host (Li Sixuan): What are you most concerned about for the future of 2020 and beyond?

George Oliver : Our main concern is whether we can isolate the virus inside the facility to stop the further spread and buy more time for the vaccine to become available. Because only then can we truly get back to normal. In doing so, we need to motivate employees, redefine job responsibilities, take better advantage of digital technology and change the way we work. These efforts open up more possibilities for us and bring about change in all aspects of ourselves.

Digitalization Makes Enterprises More Resilient



Jean-Pascal Tricoire, Chairman and CEO of Schneider Electric

The reason for more demand for digitals has been resilience. As people were getting locked down in their houses, we're experiencing some stress due to the augmented demand at many places. With everything digitalized and connected, data can be sent and analyzed to provide predictive maintenance guidance and directing the services of service teams with higher efficiency. People without access to digital means and internet were operating in the dark. Digitalization and connectivity allow people to predict what could happen, and make sure that they could react accordingly. What we have learnt the most in this crisis of the pandemic is the importance of partnership built on trust. We see that when we face a challenge together, it is only by tackling the issues in a very local manner, putting together all the people and enterprises that can solve the problem, and making sure to employ both digital and physical intervention, that we can face and conquer the challenge. We see that the places where the recovery happens fastest are the places with strong local empowerment and places where mutual trust can be built between the partners and the customers. This trust enables partners and customers to work together to find

solutions to the crisis, and this is the most efficient way.

Host (Wang Guan): COVID-19 outbreak leads to the rising of trade barriers, tariff wars, high-tech export bans. How is Schneider dealing with these policy uncertainties?

Jean-Pascal Tricoire : You have to react in a very local manner. We at Schneider have always focused on localization. We believe in empowering our local teams on their local markets and making sure that they operate in a very integrated manner with the local ecosystem, as in the ecosystem consisted of suppliers, integrators, partners, and other people we work with. Therefore, from this point of view, the process of localization has been important far before the COVID-19 outbreak. And our prior focus on localization has been very helpful because it allows us to control and reduce our exchange of flows between continents. Now, as a businessman and as a human being on this small planet, I wish that the world will build more bridges in the future, because this is what we need in front of the real challenges of humanity, such as the climate change.

An Open World is Needed to Cope with the Pandemic



Werner Baumann, Chairman of the Board of Management of Bayer

During the pandemic, Bayer has been looking at a few key priorities that has guided our actions. First of all, when it comes to our people, it's always safety first. Secondly, we make sure that we can continue to produce the products, focusing exclusively on the very basic needs for health and nutrition of people around the world. And then third, we step up to doing whatever we can in terms of humanitarian support. Bayer and actually all our people have been helping the communities by providing monetary support, donation, free-of-charge availability of our products and a lot of volunteering.

Host (Wang Guan): Do you think the disruptions to medical supply chains will impel it to be reorganized or localized?

Werner Baumann : As a matter of fact, the supply chain would have worked well throughout the crisis also if there had not been government interference in many countries that closed borders. So I think a world of open countries and open borders is crucial. Significant tensions will lead to redundancy of capital stock and additional investments. Therefore that money is going to be missing for more innovation and a more sustainable environment.

Economic Outlook Post COVID-19 Requires Long-term Mindset



Mark Machin, President and CEO of CPP Investments

The world post COVID-19 will face a number of new challenges. Global economic growth is going to be slow. While we don't know exactly what the world will look like, we do know it will be different in the next couple of years. Some of the changes in business model and consumer behavior are expected to stick in the long run. We should look at the long-term trends that we think may have had 3 to 5 years of acceleration from this crisis. Healthcare, innovative medicines, AI and any energy transition. As we sit in this crisis right now, it is one of the things that lots of us have talked about there is a potential crisis over the years. The other potential crisis that we continue to talk about is climate change. So I think it is really important that we all, including government and policy makers, take the opportunity of this crisis to look into ways to accelerate that energy transition towards the low carbon energy world. I would say all of that puts the spotlight on having a long-term mindset.

Host (Wang Guan): What would be your expectation on some of the longer term and long-lasting changes brought about by COVID-19 to investment strategies and investment themes?

Mark Machin : These changes lie in two aspects. On the investment side, a number of people are going to be looking at how their investments perform during that stress period. On the other hand we are looking at the longer-term trends of what's happening here as well as the longer-term changes in behavior. People are clearly going online for medicine, entertainment, exercise, groceries, and fintech. I think their online adoption have been accelerated by 5 years due to COVID-19, particularly in the West. That's something that we expect to stick after COVID.

Achieve Sustainable Development through the Balance between “People, Profit and Planet”



| Florent Menegaux, CEO of Michelin group

COVID-19 does test the solidity of our convictions and our models. At this juncture, Michelin's strategic vision, to be “All Sustainable”, is more relevant than ever. It means that everything we do must meet 3 inseparable criteria, “People, Profit, Planet”. When we talk about PEOPLE, we mean that people's well-being and development is our top priority. As for PROFIT, Financial independence is critical to maintain our leadership. This impels us to mitigate the impact of the crisis on our environment and on our business. When it comes to PLANET, we're aiming for sustainable growth capable of creating fair, balanced value that will be profitable for the company and beneficial for our employees, the planet and its inhabitants. “People, profit, planet” is all about the balance between these 3 criteria. Balance is the key. In reference to the COVID-19 crisis, it can't be an excuse to roll back environmental actions. It is actually an opportunity to build a new sustainable economic and industrial model. Michelin will remain true to our commitment regarding the environment and we will continue to work hard to make mobility really sustainable.

Host: Regarding the decoupling between China and US and a lot of geopolitical tensions, as a multinational, how do you strategize in this atmosphere?

Florent Menegaux : As a multinational, we are Chinese in China, American in America, French in France. Michelin is present in 170 countries. We believe we are all citizens of the same world. Thus we all have the duty. Personally, I'm a French citizen. However, I live in Europe. And I have been living in many countries around the world, which makes me a citizen of the world at the same time. But I don't think being all of these at the same time is a matter of opposing things.

I believe in multilateralism. As global corporations, we have our footprint around the world rather than solely focusing on one country. We benefit from exchanging across different sensitivities, technologies, and types of culture, which makes us much richer.

Pandemic Forces Reform, Reform Activates Innovation



Song Zhiping, the Chairman of the China Association for Public Companies, the Chairman for China Enterprise Reform and Development Society

Reform vitalizes the enterprises and innovation adds impetus to them. This tough time actually provides a good opportunity to push for reform. Recently we've seen that China has put in place a series of reform policies. In the aspect of capital market, policies like registration-based IPO system on the second board, new Securities Law, and free-trade port policy for Hainan are being introduced intensively. The three-year action plan for SOEs reform is being laid out as well. The enthusiasm of us all is important in the current hard time. And these reform measures are actually aimed to mobilize the initiative of the management, technical experts and working staff. In our fight against COVID-19 and during the resumption of work and production, we still need to vigorously advance innovation and transformation. In particular, China's enterprises must reinforce endeavors to tackle those bottlenecks in technology as well as establish complete and independent innovation system.

Host: Given the possible negative legacies of stimulus

policy, what do you think are the problems we need to bear in mind regarding this round of investment?

Song Zhiping: Speaking of expanding investment, we are immediately reminded of the 4-trillion-yuan investment during the financial crisis. But I have to say that 4-trillion-yuan is important to us. At the beginning of the financial crisis in 2008, a number of projects are suspended. But many enterprises pulled through thanks to the 4-trillion investment. Subjectively speaking, the last round of investment did have negative legacies. Among these repeated construction is a case in point. As a result, the return on investment is not high. The investment this time focuses on "new infrastructure, new urbanization initiatives and major projects". New infrastructure relates to the economy. New urbanization construction is what we need now. Major projects are in fields such as water conservation and transportation. In this round of investment, we shall be mindful of repeated construction. Planning shall be carefully made and strictly checked so as to ensure profits for investment.

Establish Pandemic Preventing Mechanism Globally through Deep Cooperation



Stefan Oschmann, Chairman of the Executive Board and CEO of Merck

COVID-19 provides an opportunity for progress that requires collaboration. All sectors and societies across the world can engage in laying a global foundation to systematically prevent pandemics in future, building on partnership and solidarity. Health, global security and international stability are strongly linked. And our globalized, urbanized world is more prone to pandemics than ever. Therefore, pandemic preparedness is a must. It will pay off, not only in financial terms. For one thing, preventing pandemics systematically will take planning and mechanisms similar to those for military defense. These approaches can also be standard in health care. Most importantly, international coordination and cooperation will be critical to success, which means close collaboration with authorities, health care companies and the scientific community.

Host (Yang Rui): Considering the negative impact of the rising ultra-nationalism and populism, why do you still express cautious optimism about the connectivity of entrepreneurs and multinationals? Also, given the talk about whether WHO should be reformed and whether multilateral

institutions should be overhauled, I would like to know your thoughts on WHO's role.

Stefan Oschmann: My optimism is based on the observation I make about people in this crisis. I see that people in the face of such a crisis forget other topics and they want to make a positive contribution. I observe that there is actually more cooperation than ever before in the different industries in which we are working, and that gives me hope. WHO is an organization that we absolutely need. We need to have a strong, well-functioning, global health organization. However, that doesn't mean that there is no room for improvement. For instance, when it comes to the breadth of the scope, WHO should focus more on challenges that we are facing on right now. Secondly, WHO is clearly underfunded. Besides, public-private partnerships has long been the strength of WHO. We need to actually enhance such cooperation. But on all accounts, an active discussion about how to improve WHO doesn't mean that one is opposed to the basic mission of that organization.

Address the Crisis through Mutual Learning and Global Collaboration



Pascal Soriot, Chief Executive Officer of AstraZeneca

China is rapidly emerging from the COVID-19 pandemic, demonstrating to the world that control of the pandemic is possible. Many practices in our company are implemented globally based on the experience we gained in China. For instance, COVID-19 has had a massive negative impact on people's willingness to go to the hospital, since they are scared to be infected. But for patients with chronic diseases, if they don't get diagnosed and treated early enough, they will suffer from health problems. Regarding this, the industry, the private companies, and the public can collaborate to enable patients to be better treated without necessarily having to go to the hospital, making health care more resilient. In particular, the power of digital and internet should be leveraged. The virus respects no borders. And we don't know when the next crisis is going to happen. So we need to make sure we work together even more closely than ever to share expertise, knowledge, and best practices.

Host (Yang Rui): How to make the low-income economies capable of buying the very expensive vaccines? How to meet the huge demand of infected people in developing countries?

Pascal Soriot :We've learned that this virus doesn't know borders. We either deal with the disease globally, or it comes back to our own countries. So we have to be able to vaccinate people with low income. Our vaccine doesn't cost a lot, actually costs a couple of Euros. Meanwhile international organizations and many governments around the world, including China, have pledged to contribute to the universal access of vaccine. So I do think with joint efforts we can actually vaccinate low-income countries, provided companies are willing to do it at no profit, of course.

Challenges and Opportunities Co-exist for Global Economy in the Post-COVID Era



| Li Tong, CEO and Chairman of BOCI

The impact of COVID-19 on global economy will obviously outstrip that of the 2008 global financial crisis. After the virus hit, major countries around the world have introduced large-scale monetary and fiscal supports. In some countries the monetary policy was eased even more than that after the 2008 financial crisis. Although the extremely loose liquidity environment prevents another global financial crisis, we still need to prepare for the long-term effects of the easing policies. Meanwhile, rehabilitating the economy in the wake of the virus is very challenging. Firstly, the gap between rich and poor may widen further all over the world, leading to a further surge of populism. Secondly, the trade protectionist forces may rise further, continuing to hinder the process of globalization. Thirdly, the virus disruptions and the wide applications of digital economy will permanently change some business models. But we are pleased to see that many countries are actively promoting structural reforms, defending global free trade, and insisting on international cooperation and mutual benefit against the short-time wave of anti-globalization. China is also actively stepping up reform and opening-up, creating a more competitive business environment, taking the initiative to strengthen international

trade cooperation, and contributing to defend economic globalization.

Host (Yang Rui): What is your understanding of globalization in the context of emerging de-globalization?

Li Tong: Globalization means different resource endowments based on the comparative edges of different economies. At the macro level, globalization itself is an important outcome of human civilization progress and in essence it points to the best allocation of the world's limited resources. In this sense, globalization defines the trend and it is irresistible. At the micro level, we suggest the companies we serve make sufficient estimation and anticipation of the possible effects of de-globalization on our production, and perform good risk management and reasonable planning. At the same time, enterprises shall not attend to their immediate interests only but eye the future. They shall be aware that globalization is a spiral-up trend. It is normal to see short-term twists. However, the long-term direction of its development is inevitable.

Emphasize on Preventing Possible Pandemic in the Post-COVID Era



Christopher Weber, CEO of Takeda Pharmaceutical Company

It is clear that the frequency of these pandemics will only increase because of the global population increase, international travel, urbanization, livestock management and global warming; unless we take bold steps to actively do something about it. A strong public sector and a strong health care system are essential to dealing with a pandemic once it arises. However, I personally believe that we should also do everything in our power to focus on preventing transmissible diseases in the first place. The solution for them comes from researchers and academia. This is why we need to fund these research bodies accordingly, supporting innovation in diagnostic kits, vaccines and treatments against possible emerging pathogens and diseases. Speaking more broadly from a societal point of view, to prevent future pandemics, we need to go even further in reconsidering our ever-closer proximity to animals. It has been brought about through increasing levels of urban encroachment into their natural domains, the explosion in demand for livestock, as well as increasing scale, industrialization and density of

farming methods. It is also a response to external factors such as the shift in land use. Furthermore, we need to prevent new communicable diseases caused by climate change.

Host (Li Sixuan): What is your biggest takeaway from this global public health crisis?

Christopher Weber: I think the first point is that the world was not prepared for it. So looking towards the future, we should be better prepared for the next one. The second point is that we need a bigger and stronger global collaboration. We have seen many countries almost competing against each other. But it would have been a better situation if there is a stronger global cooperation. Thirdly, I hope that government will continue to invest on health care, not only to prevent the next pandemic, but also to finance the transformative therapies that are coming.

Companies in Capital Market Should Think Hard about Resilience and Sustainability



| Anne Richards, CEO of Fidelity International

As for enabling capital markets to connect the value created in the economy, the accessibility of those markets both to businesses and savers is a crucial point. At Fidelity International, we think really hard about the concept of resilience and the concept of sustainability. These two concepts are distinct but quite closely related, shaping the investment landscape for years to come. Drilling down on what I mean by those here, what we've been looking at is the ability up the next to withstand shocks. It is less about just in time planning and more about just in case planning. We know it's very hard to predict the exact nature and timing of a specific unexpected shock. But we think you can do a lot to prepare in advance to reduce the impact of those shocks when they do happen. It really doesn't matter how apparently resilient a company or an industry is in the short term. If it's unsustainable as a business model regarding its long-term environmental impact, the very survival of the business might be threatened.

Host (Li Sixuan): How can we incorporate the notion of sustainability in this investment process?

Anne Richards: The first thing is that every single company in our investment universe now has ESG rating. This is not about what a company has done historically in terms of the ESG, but where it's going to. We will assess whether a company is on an improving trend or not. The other point is that we have absolutely seen this year that in the throes of a great crisis, better managed, better governed companies that we rated more highly in terms of ESG criteria have had better financial performance. There's a strong linkage between strong ESG performance and better resilience. And that's why I believe companies shall pay continuous attention to ESG. It's here to stay but not a nice-to-have. Investors should also be aware of it, since it's a predictor of future financial performance and is really quite intrinsic to why sustainability matters.

New Economy and Social Infrastructure Development



Bao Fan, Chairman and CEO of China Renaissance Group

The unexpected COVID-19 outbreak disrupted the daily lives of millions of people. The reason why we managed to minimize the impact of the pandemic is the establishment of infrastructure backed by new economy companies. New Economy companies, in an unexpected way, have actively shaped nearly all aspects of China's infrastructure development. For example, e-commerce, food delivery, and transportation enabled us to meet our offline demands, while cloud technology, AI, and big data providers enabled us to meet our online demands. As new economy companies built systems to support their business goals, these systems eventually serve to support the broader foundation of our societies. The emergence of New Economy industries in China has improved the income and consumption of low- and middle-income groups. In addition, these companies can bring their innovative technology and business model abroad to both help the local markets to build suitable infrastructure and lay the foundation for future market development.

Host (Tian Wei): With the current emphasis on the real economy, how will the emergence of the new economy facilitate the growth of the real economy?

Bao Fan : We should not regard the new economy as the opposite of the real economy. It is important to acknowledge that the new economy has already integrated with the real economy. Almost every offline store uses cloud technology, mini programs, and digital systems to divert customer traffic and support payment venues. The supply chain platform that supports such merchandise is likely to be developed by new economy logistics companies. Therefore, it is hard to pull apart the New Economy and real economy. The key to your question is how to improve the efficiency of the whole society. What the new economy offers on the table is effectively matching supply with demand through innovation and meeting consumption demand in a more productive way to increase the efficiency of the broader economic system.

Social Resilience and Sustainable Development



Martin Lundstedt, President and CEO of Volvo Group

The kind of full-scale shutdown we're experiencing through this pandemic is rare. If there is anything positive that can come out from this tragic pandemic situation, it is the acceleration of our steps to bring future development to our society, particularly in building a resilient and sustainable society on a global scale. When we talk about sustainable development, it is important to consider and apply the concept through economic, environmental, and social aspects. The global economy takes time to recover, and it is through good cooperation that the global economy can have a re-start that will be more V-shaped than U or L shaped. We believe that the business community is an indispensable part of the greater society, and cooperation teamwork across organizations and beyond organizational and national boundaries are required to promote economic recovery. We are relying on global cooperation to drive innovation for a green and sustainable future.

Host (Tian Wei): You mentioned the concept of geopolitics, wealth gap, and social divisions several times in your speech. With this in mind, how does Volvo Group assure its access to the latest local information and provide suitable solutions to the local business entities?

Martin Lundstedt : First and foremost, the heritage Volvo Group comes from a very small country that is highly dependent on globalization and international relations. What we have learned over all these years is the importance of being a fair player across different regions. You need to invest not only in sales and services but also in the development of regional value chains. It is also important to understand that cooperation on an international scale will continue to be key in constructing a truly resilient society.

The Importance of Company Culture and Values



Howard Schultz, Former CEO and Chairman
Emeritus of Starbucks Coffee Company.

I have attended meetings that Starbucks host for the parents of our employees. It is one of the most extraordinary things that we do at Starbucks. We award the manager of the year on these meetings, and I remember an exceptional meeting that I attended two or three years ago. When we made the announcement for the manager of the year, the winner of the reward came to the stage, and he is greeted with a standing ovation from all of the colleagues. And when he is on the stage, two people enter walked down the aisle and entered the large assembly space that holds more than a thousand people. They were his parents, who spent live their whole life in rural China and have never been on an airplane. It was an extraordinary moment. I want to emphasize that this was not a moment about an American cooperation but our Chinese employees. It spoke to the values and the dream of China. It was the most magical moment through my 40 years at Starbucks. And again, it didn't happen in America. It happened in China.

Host (Lu Mai): The US society's ethnic structure is gradually changing. Do you think the U.S. government and people are prepared to adapt to that?

Howard Schultz: People from different backgrounds, different colors of skin are living and getting along with each other every single day in every city and community in America.

Although the news often reports significant racial discrimination issues and stories, the majority of millions of Americans is longing for a society that values a sense of humanity, respect, and the sense of dignity for everyone. In my opinion, the future changes of the ethnic composition of the US society will not undermine the values and aspirations of Americans.

Like every other country, we have challenges, issues, political problems, but we will move forward. If we look back in history, the problems of the past were much greater than the problems and challenges that we are experiencing now and in the future.

Cooperation and Competition between US and China



William S. Cohen, Former US Secretary of Defense and Chairman of the Cohen Group

We are currently engaged in "World War III" with one common enemy - the virus. Everyone is fighting the same enemy on a global basis. Every country aspires to secure a leading position in the playing field of healthcare and safety, poverty alleviation, and economic propensity. In order to achieve that, we need to connect and collaborate with allies whenever we can. US and China can certainly cooperate in multiple fields, but real competition coexists. It is important to collaborate when the alliance is required and compete when our country's interest is challenged. That is what competition is for, as long as it is fair, open, and transparent.

Host (Lu Mai): Do you see the possibility of China and the US cooperating in combating the pandemic or any other field?

William S. Cohen :Absolutely, we have much to learn from each other. Both of our countries have great scientists, and there is no one virus that only fits for Chinese people or the American people. The real key issue for us and the world is how we manufacture, deliver, and distribute the vaccine in volume distribute vaccines on a national and global scale. It is important where we find issues to work together, and fighting viruses is certainly one area. And it is essential to locate areas where we build the bridges to have conversations with each other to try to reduce the tensions and differences to find out where we could compromise. I do believe that problems should be approached through a "win-win" situation. We have to consciously construct the communication bridges; otherwise we will become isolated islands. And that will impede cross-border trades and cause more tensions and lead to potential conflicts.



Business Leaders Show Their Support for Fight against Pandemic





Under the mandate of "engaging with the world for common prosperity", China Development Forum Secretariat have invited CEOs, founders or board chairmen of the world's top companies at the forum to deliver video messages in "CDF Voice" to share their thoughts on the fight against the epidemic and future economic trends.

The entrepreneurs all expressed their best wishes for China's success in curbing the outbreak. Sanjay Mehrotra, president and CEO of Micron Technology, said he was deeply impressed by the collective strength and solidarity of Chinese. Michel A. Khalaf, president and CEO of MetLife, described the strength and resilience shown by China in the fight against the epidemic as a great testament to the spirit of the Chinese people. Frank Mars, chairman-designate of Mars Group, said that China has many supporters around the world, and that globally, many governments, NGOs, the World Health Organization, multinational companies and even individuals have extended a helping hand to China.

The companies have all made incredible efforts in response to the epidemic and lent their expertise to aid China to fight against the virus. In terms of infrastructure, Schneider Electric has provided security in building power system for Huoshenshan Hospital and Leishenshan Hospital; The CT equipment donated by Philips became the first diagnostic imaging equipment installed and

commissioned at Leishenshan Hospital; Daimler donated two negative pressure ambulances which were urgently deployed to Huoshenshan Hospital and Leishenshan Hospital in Wuhan. Among biopharmaceutical companies, Pfizer and AstraZeneca provided professional protective medical supplies to healthcare workers at the front line; Bayer Group said it was actively seeking effective treatments for the disease; Takeda Pharmaceutical has been accelerating the development of new drugs for COVID-19 and exploring the ways to treat the infection. In the aspect of finance and insurance, Prudential Group provided additional coverage for policyholders diagnosed with coronavirus; AXA Group offered free insurance to frontline medical staff and media reporters; HSBC increased loan lines for MSME and provided specific industries affected by the outbreak with targeted support.

Most entrepreneurs were optimistic about the impact of the outbreak on China's economy. Volkmar Denner, chairman of the Bosch Group, said he was fully confident that China's economy would continue to grow sustainably once the epidemic was over. Chief Executive of HSBC Holdings Noel Quinn said HSBC had faith in China's economic outlook and would dedicate more more resources to the country. Laurence D. Fink, chairman and CEO of BlackRock, stated that BlackRock was committed

to keeping on strengthening its investment and presence in China and was convinced that China's economy would recover. Leif Johansson, chairman of the board of AstraZeneca, thought that China would not only overcome the epidemic but be stronger, and that he would continue to work hand in hand with China to get through the difficult time. Bill Winters, CEO of Standard Chartered, considered controlling the epidemic to be the top priority, as well as getting the economy back on track, restoring the supply chain system to normal, easing the impact on market supply and moderating the shocks to financial markets. He was confident in the resilience of Standard Chartered's business and the resilience of China as a whole. Albert Bourla, CEO of Pfizer, said China's leadership in the global economy was originated in its decades-long commitment to openness and increasingly close ties with the world, which was a fact that cannot be impeded by any virus.

Various entrepreneurs believed the fight against the epidemic required global cooperation. According to Dow CEO Jim Fitterling, the crisis that has yet to end gives us a lesson: the destiny of mankind is indivisible - what affects partners and friends also affects us. Steve Mollenkopf, CEO of Qualcomm, held that China's tremendous efforts to contain and tackle COVID-19 were not only for China itself, but also for the world. Stephen A. Schwarzman, co-

founder, chairman and CEO of Blackstone, deemed that the severity and impact of the outbreak remained unclear, but the deeper understanding and mutual trust between China and the U.S. would be an important drive for the world economy in the long run. Mehrotra, president and CEO of Micron Technology, expected the world to triumph in this battle against the virus, returning to thriving and prosperous growth.

Speaking about the China Development Forum, Andrew Forrest, chairman of FMG Group, stressed that over the past 20 years, the world's best business leaders have been able to learn about China and the Chinese nation thanks to the Forum. Jean-Sébastien Jacques, CEO of Rio Tinto Group, pointed out that the Forum provided an opportunity for people to exchange ideas frankly and see into the future trends; And that in an era of uncertainty, such a communication platform was needed for the world to work together in the face of common challenges. MetLife President and CEO Khalaf looked forward to participating in this year's Forum as a time for China and the world to celebrate containing the outbreak successfully by joint efforts.

Patrons



أرامكو السعودية
 saudi aramco



BHP

BlackRock
 贝莱德



BNP PARIBAS
 法国巴黎银行

CHUBB
 安 达 保 险



CICC
 中金公司



CM CAPITAL
 CORPORATION

CPP Investments

加拿大
 养老基金
 投资公司

EVONIK
 Leading Beyond Chemistry



万事 达 卡




SANOFI


STARR
 COMPANIES
GLOBAL INSURANCE & INVESTMENTS



Qualcomm
 高通



力拓 RioTinto

Allianz
 安联保险集团


 中銀國際
 BOCI

Media Participants

Radio and Television			
CCTV News	CCTV Business	CGTN	CNR
News Agency			
Xinhua News Agency	China News Service		
Newspapers and magazines			
People's Daily	Economic Daily	CHINA DAILY	China Economic Times
China Youth Daily	Global Times	Economic Information Daily	Social Science In China Press
21st Century Business Herald	China Development Observation	China Economic Report	New Economy Weekly
Sanlian Lifeweek Magazine	The Beijing News		
Website and app			
People.cn	Xinhua Net	CCTV-News APP	China Fortune Media Group
Caixin Media	CAIJING Magazine	Sina Finance	Tencent News
Yicai Media Group	The Paper	Sohu	Jiemian Cailianshe
Ifeng Phoenix			



中国发展高层论坛
China Development Forum
2020



中国发展研究基金会
China Development Research
Foundation



WeChat: DRC_CDF



WeChat: cdrf_news



Sina Weibo: @中国发展研究基金会

Dongcheng Office

Address: Floor 15, Tower A, Imperial International Center, No. 138,
Andingmen Wai Avenue, Dongcheng District, Beijing
P.C.: 100011 Tel: 86-10-64255855
E-mail: comm@cdrf.org.cn

Xicheng Office

Address: Floor 4, Dongliandasha, No. 8 Deshengmen Avenue, Xicheng
District, Beijing
P.C.: 100009 Tel: 86-10-84084008
E-mail: comm@cdrf.org.cn