



Xi Jinping, General Secretary of Communist Party of China, as well as President of People's Republic of China, hold talks with Kim Jong Un, Chairman of the State Affairs Commission of the Democratic People's Republic of Korea on March 28 in Beijing (XINHUA)

A significant meeting

Kim Jong Un, the leader of DPRK, made his first international debut to visit China

The Democratic People's Republic of Korea leader Kim Jong Un recently paid an unofficial visit to China. Chinese President Xi Jinping held talks with Kim. Edited excerpts of a Xinhua News Agency report on the event follow:

At the invitation of Xi Jinping, General Secretary of the Communist Party of China (CPC) and Chinese President, Kim Jong Un, Chairman of the Workers' Party of Korea (WPK) and Chairman of the State Affairs Commission of the Democratic People's Republic of Korea (DPRK), paid an unofficial visit to China from March 25 to 28.

During the visit, Xi held talks with Kim at the Great Hall of the People in Beijing. Xi and his wife Peng Liyuan held a welcoming banquet for Kim and his wife Ri Sol Ju and watched an art performance together.

Li Keqiang, Chinese Premier and member of the Standing Committee of the Political Bureau of the CPC Central Committee, Wang Huning, member of the Standing Committee of the Political Bureau of the CPC Central Committee and member of the Secretariat of the CPC Central Committee, and Chinese Vice President Wang Qishan attended related activities, respectively.

During the talks, Xi expressed warm welcome on behalf of the CPC Central Committee to Kim for his first visit to China.

Xi said he appreciated that Kim sent him a congratulatory message after the 19th CPC National Congress on his reelection as general secretary of the CPC Central Committee and the assumption of office of chairman of the CPC Central Military Commission (CMC).

Xi was also grateful to Kim for congratulating him again several days ago immediately after he was reelected China's president and chairman of the CMC of the country.

Xi said Kim's current visit to China, which came at a special time and was of great significance, fully embodied the great importance that Comrade Chairman and the WPK Central Committee have attached to the relations between the two countries and the two parties.

"We speak highly of this visit," Xi told Kim.

For his part, Kim said a series of major and happy events have taken place consecutively in China recently, as the 19th CPC National Congress was held victoriously last year, and the annual sessions of the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference were successfully held not long ago.

Kim said Comrade Xi Jinping enjoyed the support of the CPC and the people of the whole country, became the core of the leadership and was reelected Chinese president and CMC chairman. He said it is his obligation to come to congratulate Xi in person, in line with the DPRK-China friendly tradition.

have stated repeatedly that the traditional China-DPRK friendship should be passed on continuously and developed better.

"This is a strategic choice and the only right choice both sides have made based on history and reality, the international and regional structure and the general situation of China-DPRK ties. This should not and will not change because of any single event at a particular time," Xi said.

The CPC and the Chinese Government highly value China-DPRK friendly cooperative ties, Xi stressed. It is an unwavering principle of the CPC and the Chinese Government to maintain, consolidate and develop good relations with the DPRK, he said.

"We are willing to work together with DPRK comrades, remain true to our original aspiration and jointly move forward, to promote long-term healthy and stable development of China-DPRK relations, benefit the two countries and two peoples, and make new contribution to regional peace, stability and development," Xi said.

Xi made four proposals concerning the development of China-DPRK relations.

Firstly, continue giving play to the guiding role of high-level exchanges. High-level exchanges have always played the most important guiding and promoting role in the history of China-DPRK relations. Under the new circumstances, I am willing to keep frequent contacts with Comrade Chairman through various forms such as exchange of visits, and sending special envoys and letters to each other.

Secondly, make full play of the time-tested valuable practices of strategic communication. It is the splendid tradition of the two parties to have frequent in-depth exchange of views on major issues. Both sides should maximize the important role of party-to-party exchanges, promote exchanges and cooperation between the two countries in various areas, and strengthen communication and mutual trust.

Thirdly, actively advance peaceful development. Socialism with Chinese characteristics has entered a new era, and the DPRK's socialist construction has also ushered in a new historical period. We are ready to make joint efforts with the DPRK side, conform to the trend of the times, hold high the banner of peace, development, cooperation and mutual benefit, continuously improve the wellbeing of the two peoples, and make positive contribution to regional peace, stability and development.

Fourthly, cement the popular will foundation for the China-DPRK friendship. The two sides should, through various forms, enhance party-to-

other of their respective domestic situation. Xi said the 19th CPC National Congress had drawn a grand blueprint for building China into a great modern socialist country in all respects—building a moderately prosperous society in all respects by 2020, having basically achieved modernization by 2035 and building a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious and beautiful by the middle of the century.

The CPC will lead the Chinese people of all ethnic groups in keeping on working with great determination and continuously striving for the realization of the Chinese Dream of national rejuvenation, Xi said.

"We have noticed that Comrade Chairman has led the WPK and the people of the DPRK in taking a series of active measures and scoring achievements in developing the economy and improving people's wellbeing in recent years," Xi said.

The Chinese side expects political stability, economic development and people's happiness in the DPRK, and supports the WPK, led by Comrade Chairman, in leading the people of the DPRK to advance along the path of socialism, as well as the endeavors by comrades of the DPRK in developing economy and improving people's livelihood, Xi said.

Kim said, since the 18th CPC National Congress, the CPC Central Committee with Comrade Xi Jinping at the core has, with tremendous political courage and a strong sense of responsibility, developed new thinking and new ideas, put them into action, and solved many tough problems that were never resolved and accomplished many big things that were long on the agenda but never got done. These achievements fully proved that the lines of the CPC are correct lines that accord with the national conditions. In particular, Comrade General Secretary has put forward the requirements that the Party should exercise effective self-supervision and practice strict self-governance in every respect, which has contributed greatly to Party building and realized the overall Party leadership over all work. At present, the WPK is also intensifying its efforts in fighting against arrogance, bureaucracy and corruption.

Kim said he sincerely hopes that China will continuously make new great achievements in the course of building a moderately prosperous society in all respects and a great modern socialist country.

The two leaders thoroughly exchanged views on the situation of the world and the Korean Peninsula.

Xi said that positive changes had taken place on the Korean Peninsula since this year, and China appreciates the important efforts made by the DPRK.

On the Korean Peninsula issue, Xi said that China sticks to the goal of denuclearization of the peninsula, safeguarding peace and stability on the peninsula and solving problems through dialogue

ALSO IN THIS ISSUE

Integration, globalization and a better world

President Xi reiterates China's commitment to further opening up at the Boao forum

PAGE 2

A new investment landscape

China's pledge to further open its economy is set to bring more opportunities to foreign investors

PAGE 3

Off to a good start

China logged stable growth in the first quarter along with positive structural changes

PAGE 4

China's Role in a Shared Human Future

PAGE 4

Major events in April

PAGE 4

and synchronous measures for the realization of peace," said Kim.

The DPRK hopes to enhance strategic communication with China during the process and to jointly safeguard the trend of consultation and dialogue as well as peace and stability on the peninsula, said Kim.

Before the talks, Xi held a welcoming ceremony for Kim at the North Hall of the Great Hall of the People.

After the talks, Xi and Peng held a welcoming banquet for Kim and Ri. While delivering an address, Xi said that in the beautiful season of spring when everything is coming back to life, the unofficial visit of Comrade Kim Jong Un and Lady Ri Sol Ju to China is of great significance for the two countries to deepen communication, strengthen coordination and promote cooperation, and will push the relations between the two parties and the two countries to a new high in the new historical phase, as well as make important contributions to pushing forward the peace, stability and development in the region.

Xi said he had candid and friendly talks with Chairman Kim Jong Un. "We agreed that carrying forward the traditional friendship between China and the DPRK accords with the common interests of both sides, and is the common strategic choice of both sides."

"No matter how the international and regional situation changes, we will both firmly grasp the global development trend and the overall situation of the China-DPRK relationship, strengthen our high-level exchanges, deepen our strategic communication, expand our exchanges and cooperation, and benefit the people of both countries and the people of all countries," he said.

While addressing the banquet, Kim said that as the situation of the Korean Peninsula is undergoing unprecedented changes, he paid a swift visit to China, out of good wishes for promoting peace and stability on the peninsula, and carrying on and developing the DPRK-China friendship.

He said the fact that he chose China as the destination of his first overseas visit showed his will to carry forward the tradition of the DPRK-China friendship, and how he valued the friendship between the two countries.

"I have had successful talks with General Secretary Xi Jinping on developing relations between the two parties and the two countries, our respective domestic situation, maintaining peace and stability on the Korean Peninsula, and other issues," he said.

"In this spring full of happiness and hopes, I believe my first meeting with General Secretary Xi Jinping will yield abundant fruits



President Xi Jinping (second right) and his wife Peng Liyuan (first right) meet with Kim Jong Un (second left), Chairman of the State Affairs Commission of the Democratic People's Republic of Korea, and his wife Ri Sol Ju at the Great Hall of the People in Beijing on March 28 (XINHUA)

At present, the Korean Peninsula situation is developing rapidly and many important changes have taken place, Kim said, adding that he felt he should come in time to inform Comrade General Secretary Xi Jinping in person the situation out of comradeship and moral responsibility.

Xi has the China-DPRK traditional friendship, established and cultivated meticulously by the elder generations of leaders of both parties and both countries, was the precious wealth of both sides.

Sharing common ideals and beliefs as well as profound revolutionary friendship, the elder generations of leaders of the two countries trusted and supported each other, and wrote a fine story in the history of international relations, said Xi.

He said several generations of the leaders of China and the DPRK have maintained close exchanges and paid frequent calls on each other like relatives.

The two parties and countries have supported each other and coordinated with each other during long-term practices, making great contributions to the development of the socialist cause.

"Both Comrade Chairman and I have personally experienced and witnessed the development of the China-DPRK relationship," said Xi, adding that both sides

people exchanges, consolidate the foundation of popular will for bilateral friendly relations, especially enhance youth exchanges, and inherit and carry forward the fine tradition of China-DPRK friendship.

Kim said he was greatly encouraged and inspired by General Secretary Xi's important views on the DPRK-China friendship and the development of relations between the two parties and countries.

The DPRK-China friendship, which was founded and nurtured by the elder generations of leaders of both countries, is unshakable, he said. It is a strategic choice of the DPRK to pass on and develop friendship with China under the new situation, and it will remain unchanged under any circumstances.

Kim said his current visit aimed to meet Chinese comrades, enhance strategic communication and deepen traditional friendship, hoping to have opportunities to meet with Comrade General Secretary Xi Jinping often and keep close contacts through such forms as sending special envoys and personal letters to each other, so as to promote to a new level the guidance of high-level meetings to the relations between the two parties and countries.

The two sides informed each

and consultation.

China calls on all parties to support the improvement of inter-Korean ties and take concrete efforts to facilitate peace talks, said Xi, noting that China will continue to play constructive role on the issue and work with all parties, including the DPRK, toward the thaw of the situation on the peninsula.

Kim said that the situation on the Korean Peninsula is starting to get better, as the DPRK has taken the initiative to ease tensions and put forward proposals for peace talks.

"It is our consistent stand to be committed to denuclearization of the peninsula, in accordance with the will of late President Kim Il Sung and late General Secretary Kim Jong Il," he said.

Kim said that the DPRK is determined to transform the inter-Korean ties into a relationship of reconciliation and cooperation and hold a summit between the heads of the two sides.

The DPRK is willing to have dialogue with the United States and hold a summit of the two countries, he said.

"The issue of denuclearization of the Korean Peninsula can be resolved, if south Korea and the United States respond to our efforts with goodwill and create an atmosphere of peace and stability while taking progressive

of the DPRK-China friendship, and facilitate peace and stability on the Korean Peninsula," he said.

During the visit, Xi and Peng held a luncheon for Kim and Ri in the Yangyuanzhai Room of the Diaoyutai State Guesthouse. Xi said that the Diaoyutai State Guesthouse has witnessed the development of the traditional friendship between the two countries, and the close relations between leaders of the elder generations of the two parties and two countries "have set an example for us."

"We welcome Chairman Kim Jong Un and Lady Ri Sol Ju to visit China now and again," Xi said.

Kim said that the DPRK-China friendship is especially precious, adding he would like to join hands with Xi to follow the noble will of leaders of the elder generations, carry on and develop the DPRK-China friendship that remains unchanged despite winds and rains, and elevate it to a new high under new circumstances.

Kim also visited an exhibition showcasing the innovation achievements of the Chinese Academy of Sciences since the 18th CPC National Congress. Kim showed his admiration for China's accomplishments in the development and innovation of science and technology, and wrote an inscription to mark the visit.

Integration, globalization and a better world

President Xi reiterates China's commitment to further opening up at the Boao forum

By Yuan Yuan



Chinese President Xi Jinping and his wife Peng Liyuan pose for a group photo with foreign guests attending the Boao Forum for Asia Annual Conference 2018 in Boao, south China's Hainan Province, on April 10 (XINHUA)

Amid a rising tide of trade protectionism in some parts of the world, Chinese President Xi Jinping has declared that China will expand its opening up and continue to advance cooperation with its economic partners.

Xi made the announcement while delivering a keynote speech to more than 2,000 politicians, scholars, and leaders in business and media from over 60 countries and regions at the Boao Forum for Asia (BFA) Annual Conference 2018 on April 10 in south China's tropical Hainan Province.

A more open country

The four-day conference is the first major diplomatic event hosted by China this year.

A series of key measures will be undertaken to broaden market access, create a more attractive investment environment, strengthen the protection of intellectual property rights (IPR) and expand imports.

Import tariffs for vehicles will be significantly reduced, Xi revealed in the speech, and the country will also work hard to increase imports, especially products that are competitive and needed by the Chinese people.

The president said that China does not seek a trade surplus and has a genuine desire to achieve greater balance in the current account.

Market access in China will be broadened to accelerate the opening up of the insurance industry, as well as to ease restrictions on the establishment of foreign financial institutions in China and expand their business scope, while more areas of cooperation between Chinese and foreign financial markets will also be opened.

Instead of primarily relying on favorable policies for foreign investors as in the past, Xi said that instead China will improve the country's investment environment in order to attract foreign investment.

"We will enhance alignment with international economic and trading rules, increase transparency, strengthen property right protection, uphold the rule of law, encourage competition and oppose monopoly," Xi said.

Meanwhile, China is reinstating the State Intellectual Property Office this year to step up law enforcement, significantly raise the cost for offenders and deploy relevant laws as a major deterrent.

"We encourage normal technological exchanges and cooperation between Chinese and foreign enterprises, and protect the lawful IPR owned by foreign enterprises in China," Xi said.

Speaking of the first China International Import Expo to be held in Shanghai this November, another of this year's major diplomatic occasions in China, Xi described the event as not just another expo in an ordinary sense, but a major policy initiative and commitment from China to open up its market.

Xi outlined these measures after first reviewing China's successful experience over the past four decades since the adoption of reform and opening up in 1978.

Hailed as "China's second revolution," reform and opening up in China had not only profoundly changed the country but also greatly influenced the whole world, Xi said.

Figures from the speech show that over the past 40 years, China has recorded an average annual GDP growth rate of around 9.5 percent, cultivated a middle-income population of 400 million, and lifted more than 700 million people out of poverty, accounting for more than 70 percent of the global total. China has also

contributed over 30 percent of global growth in recent years.

Xi's speech on the role of reform and opening up in boosting the development of China in the past four decades resonated with many of the scholars and other participants attending the BFA annual event.

Ban Ki-moon, former UN Secretary General and the newly elected Chairman of the Board of Directors of the BFA, described Xi's speech as "very important and inspiring." "President Xi Jinping announced in September 2015 the vision that he'll be committed to creating a community with a shared future that will inspire all member states. He continues this today," he said.

President Xi's speech underscored China's strong support for economic globalization, trade liberalization and connectivity, said Jon R. Taylor, a professor of political science at the University of St. Thomas.

"China has grown into the world's second largest economy, the largest industrial producer, the largest trader of goods and the holder of the largest foreign exchange reserves," said Gu Xueming, President of the Chinese Academy of International Trade and Economic Cooperation of China's Ministry of Commerce. "It could not have reached these heights without the reform and opening-up process. All of these achievements are not easily attained."

"Protectionism prevails in today's world, and the United States puts this idea into practice by imposing heavy tariffs on certain goods imported from China," said Xu Xiujun, a professor with the Chinese Academy of Social Sciences. "The open global economy is now faced with more arduous challenges than ever before."

"China's development has contributed to the overall progress of the world. An open China will exert a more central role in promoting the regional integration of Asia and the globalization of the world," Xu said.

Aravind Yelery, Assistant Director of the Delhi-based Institute of Chinese Studies, applauded Xi's address. Yelery believes that a more open China will bring opportunities to Indian businesses investing in the country. "India has been looking for initiatives and opportunities for ways to engage with China, and the policy of opening up further is good news," Yelery said.

Christian Rainer, publisher and Editor in Chief of Austria-based news magazine *Profil Redaktion GmbH*, shares a similar view. He said that China's decision to further open up will bring more opportunities for trade and investment from Austria, especially for the automotive industry as there are tens of thousands of people in Austria working in this industry. "This is very good for the Austrian people and the Austrian economy."

"Xi's speech shows that China proceeds toward action in a very deliberate and active way," said Allan Gabor, President of Merck China, who has been living in China for 20 years. "For those of us in the business community, the speech provides a lot of transparency and stability. It is very important to us," he added.

More cooperation

Apart from emphasizing China's designs for further opening up in his speech, Xi also reflected on the achievements of the Belt and Road Initiative. "The Belt and Road Initiative may be China's idea, but its opportunities and outcomes are going to benefit the world," Xi

said, adding that China has no geopolitical ambitions, seeks no exclusionary blocs and imposes no business deals on others.

He also pointed out that as the Belt and Road is a new initiative, it is natural that there might be different views on cooperation. "As long as the involved parties embrace the principle of extensive consultation, joint contribution and shared benefits, we can definitely enhance cooperation and resolve any differences," Xi said.

"This way, we can make the Belt and Road Initiative the broadest platform for international cooperation, in keeping with the trend of economic globalization and to the greater benefit of all our peoples," Xi said, adding that China will not threaten anyone else, attempt to overturn the existing international system, or seek spheres of influence, no matter how much progress it has made in development.

Xu Hongcai, a research fellow with the China Center for International Economic Exchanges, echoed Xi's remarks. Xu Hongcai revealed that the world economy is projected to grow 3.9 percent year on year in 2018, compared to 3.6 percent last year. However, it is still below the average growth rate prior to the 2008 financial crisis.

"Currently, trade protectionism is rising. Against this backdrop, China is obligated to call on all parties to work together in the spirit of openness and oppose protectionism and unilateralism," Xu Hongcai said. "Cooperation is essential to global economic development."

Recently, there have been positive developments in Northeast Asia with improvements in China's relations with Japan and South Korea, as well as a possible turnaround in the North Korean nuclear issue. "China hopes countries make the most of this window of opportunity to jointly promote peace, stability, cooperation and development in the Asia Pacific region," Xu Hongcai said.

With the recent conclusion of the annual sessions of the Chinese People's Political Consultative Conference National Committee and the National People's Congress of China, and the 19th National Congress of the Communist Party of China in 2017, China has vowed to promote an open economy of higher quality and greater openness.

"From the platform of the BFA, China once again voiced its stance and determination for further economic liberalization, which will contribute to the advancement of the Asian and world economies," Xu Xiujun said.

"The Belt and Road Initiative is important for all the countries that are attached to it," Gabor said. "China is a very important country for the world. The better China does, the better the world does."

"The initiative is one of the instruments to implement the vision of a shared future for mankind," said Giulio De Metrio, Chief Operating Officer of SEA, Italy's major airport operator. "It is a way of bringing more prosperity to neighboring countries. A good neighbor for China is also a good neighbor for Europe."

Metrio said they are very interested in increasing the connectivity between China and Italy. "Currently there are three daily flights to china--to Beijing, Shanghai and Hong Kong," Metrio said. "We hope to have more airlines connecting Milan to other cities in China, including Chengdu, Chongqing and Guangzhou."

(Reporting from Boao, Hainan Province, with contributions from Hou Weili and Liu Ting.)



President Xi Jinping meets with incumbent and incoming members of the Board of Directors of the Boao Forum for Asia in Boao, Hainan Province, on April 11 (XINHUA)

A new investment landscape

China's pledge to further open its economy is set to bring more opportunities to foreign investors

By Yu Shujuni



Solar panels installed at a reservoir in Sihong County, Jiangsu Province, on April 17 (XINHUA)

China's door to the world will be opened ever wider, with broadened market access, an improved investment environment, better protection of intellectual property rights (IPR), lower tariffs and expanded imports. The powerful message sent by President Xi Jinping at the Boao Forum for Asia Annual Conference 2018 held in south China's Hainan Province from April 8 to 11 has reaffirmed global investors' confidence in China.

Despite rising protectionism, "globalization won't stop in China," said Albert Ng, Managing Partner of professional services provider EY's Greater China division and Chairman of EY China, during a panel discussion on investment at the Penn Wharton China Summit 2018 held in the U.S. state of Pennsylvania from April 13 to 15. "China will continue to play a key role in globalization," Ng said.

What cannot be overlooked is that foreign direct investment (FDI) in China has stayed at a high level although its growth rates in recent years have been outshined by those of China's outward investment, Ng said.

FDI inflows into China reached a record high of \$144 billion in 2017, making it the world's second largest recipient of FDI after the U.S., according to a report released by the UN Conference on Trade and Development in January.

Meanwhile, the investment landscape in China is being reshaped while the primary engine of economic growth is shifting from exports and investment to consumption and innovation.

"China's global role has evolved from a low-cost manufacturer in 2000, to the world's growth engine in 2009 and now also an arguably global innovation engine," said Geoffrey Garrett, Dean of the Wharton School of the University of Pennsylvania, in his speech at the opening ceremony of the summit.

Innovation in China will leap forward and become the key driver over the coming years, said Ng. "The speed of innovation and of technological advancement in China will be something that might scare a lot of countries," he added. According to Ng, technological innovation is a key area for investment.

According to the current rates of GDP growth in China and the U.S., China will become the largest economy in the world in 10 years, said Yup S. Kim, Senior Portfolio Manager of Global Private Equity and Special Opportunities at the Alaska Permanent Fund Corp., at the panel discussion. During the next decade, the disposable income of Chinese residents will effectively grow by 30 percent, which will generate a lot of investment opportunities, Kim said.

Alluring market

China's previous focus was on agricultural industries before being known as the "world's factory," but according to Ng, in the future, everyone will have to look at China as being the "world's market," which means opportunities for both Chinese companies and foreign investors.

In the past, foreign companies manufactured in China and then exported all over the world. Today, it is different. Many foreign companies want to sell in China after manufacturing, Ng said. China has become "the world's largest market that nobody can omit."

In November, the China International Import Expo will be held in Shanghai with companies from all over the world invited to attend.

"Its first ever import expo is a key indication

that the Chinese Government is confident that they will be able to attract a lot of foreign companies and that they really want to open up further to the outside world," Ng said.

China has led the world across a range of metrics, said Kim. Even with just a 50-percent Internet penetration, China still represents the largest online population in the world.

The country also boasts the biggest market for electric vehicles, robotics, smartphones, mobile payments, outbound tourism, movie box office sales and online retail, as well as having the largest high-speed rail network, Kim added. "This is an incredibly important part of consumption around the world and is important as an investment destination."

Garrett also described how China accounted for around 40 percent of worldwide investment in renewable energy in 2017. In the same year, more electric vehicles were sold in China than the rest of the world combined, and although having been in the high-speed rail business for only 10 years, there are more high-speed railways in the country than the rest of the world put together. Garrett also predicted that artificial intelligence (AI) investment in China will be much higher than that in the U.S. over the next five years.

More importantly, all of this is being accelerated by further technological advancement in China, Kim remarked. Americans may view Chinese companies as copycats of U.S. companies, "but there's a probable reversal going on today," said Kim.

More and more U.S. giants are looking for product managers and engineering talent from Chinese companies, as they have been able to grasp a much larger percentage of resources and have the approach to distribution channels, Kim added.

Supportive government

Pete Walker, former Senior Partner at McKinsey, pointed out during a speech at the closing ceremony of the summit that the notion at the core of the Chinese model is a strong central government designed to serve the people. While talking about the government's role in the economy, Walker described the Chinese model as a classic example of the U.S. corporate structure: It has a chief executive and a board of directors, with highly talented people who rise through meritocratic processes, deploying five-year plans to get everybody onboard.

Ng said China is not looking at quantity but rather the quality and sustainability of its economic growth. Double digit growth figures will not be the target for many years to come. Stability and employment as well as the improvement of people's living standards are more important to the government.

Kim said in a world of increasing political division with volatility in Western and Latin American countries, among others, "having a unified party and a vision for the next 10 to 20 years is a unique competitive advantage and means opportunities for private enterprises in China."

Kim believes that disruptive technologies such as AI, flying cars, autonomous vehicles, robotics and virtual reality require the government to have an innovative and supportive approach. "This is a critical factor to the attractiveness of the Chinese market today," Kim said.

China is now in a much better position to be able to cultivate and develop those innovative technologies, said Kim, explaining that in China, it takes around four years for a unicorn

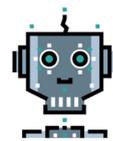
company—a private startup valued at \$1 billion or more—to emerge, compare to seven years in the U.S.

Ng also noted that entrepreneurship is being promoted by the Chinese Government, which will encourage more private investors. He said the local Chinese governments he has talked to at provincial and city-levels are all looking for ways to attract FDI, improve the investment environment and help foreign investors penetrate the Chinese market. "It is still the top agenda of many governments," Ng said.

Investment Opportunities in China

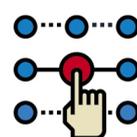
Technological innovation

- Industrial robots
- Intelligent economy and AI industry
- Big data, cloud computing
- 5G



Consumption upgrading

- Unstaffed retail
- Healthcare
- Education
- Leisure
- New energy



Infrastructure

- Inter-city transportation
- High-speed railways
- Airports and communications hubs
- New economic zones



Urbanization

- Infrastructure building
- Rural medical services and healthcare
- Financing and insurance
- Educational equality



Manufacturing upgrading

- Made in China 2025 plan
- Process transformation, automation and informatization
- Shaking off labels of "copycat, cheap and low-end"
- Improving labor productivity



Environmental protection

- Environmental science and technology
- Air, water and soil protection
- Nationwide carbon market

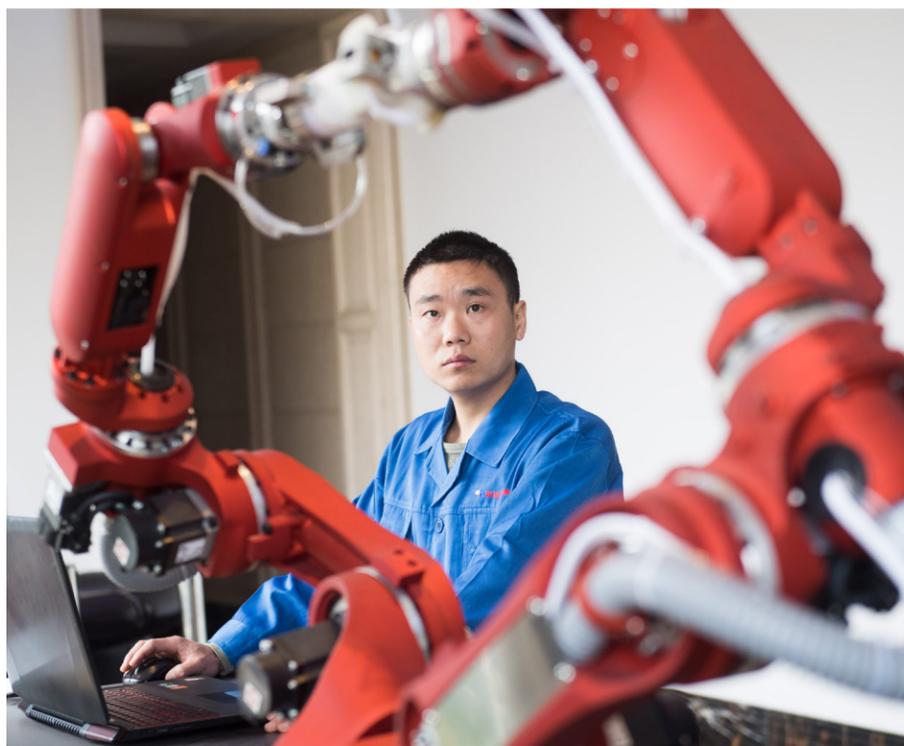


(Source: EY China; designed by Pamela Tobey)

Off to a good start

China logged stable growth in the first quarter along with positive structural changes

By Zhou Xiaoyan



A technician tests an industrial robot in a workshop in Wenzhou, Zhejiang Province, on January 16 (XINHUA)

The Chinese economy expanded 6.8 percent in the first three months of this year on robust domestic consumption and a strong service sector, laying a sound foundation for sustained, healthy growth for all of 2018, according to the National Bureau of Statistics (NBS).

“The growth rate has been within the 6.7- to 6.9-percent range for 11 consecutive quarters, with a stable job market and inflation rate,” Xing Zhihong, an NBS spokesperson, said at a press briefing on April 17.

However, uncertainties in the global market, such as mounting trade protectionism and the spillover effect of possible monetary policy changes of other major economies, are casting a shadow over the world’s second largest economy.

Good signs

Economic indicators for the first quarter demonstrated once again that China has shifted from exports- and investment-driven expansion to consumption-led growth. In the three months, consumption contributed 77.8 percent to economic growth, 46.5 percentage points higher than investment.

The integration of online and offline sales campaigns has not only boosted online sales volume, but also lifted sales of brick-and-mortar outlets.

Retail sales growth quickened to a higher-than-expected 10.1 percent in March. In total for the first quarter, retail sales grew 9.8 percent while online retail sales surged 35.4 percent and the business volume of the courier sector increased over 30 percent as a result of the e-commerce boom.

Japanese investment bank Nomura said among China’s first-quarter data, the “bright spot” was retail sales. “This is a good sign that growth is rebalancing from investment to consumption,” Nomura said in a research note. “Indeed, underneath the very stable GDP growth over the past five quarters has been a continued rapid rebalancing from old economy industrial sectors and investment toward new economy sectors like tech and service, as well as consumption.”

China’s restructuring efforts are paying off, with the economic structure significantly improved. The service sector is taking the lead as the country makes headway in steering its economy toward high-quality growth and away from inefficient investment, low-end exports and polluting factories.

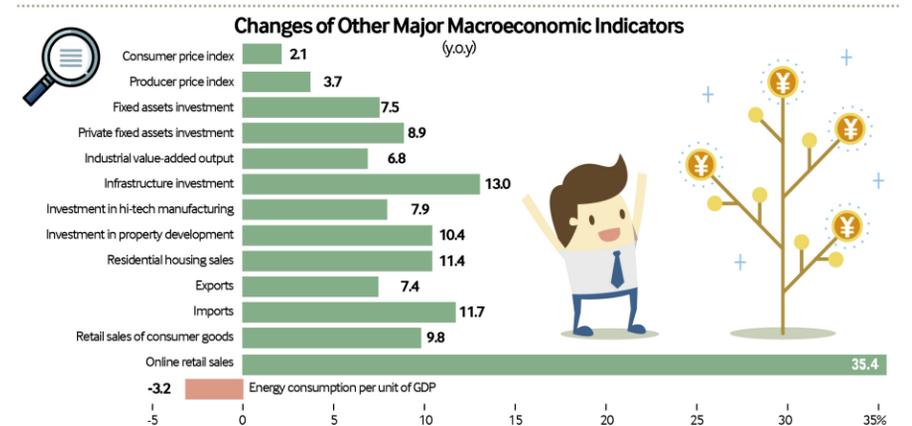
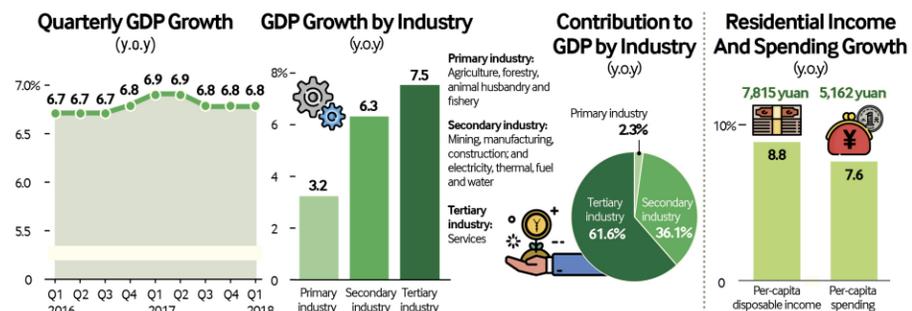
The service sector has been China’s strongest after surpassing the industrial sector in 2012. Service industries accounted for 56.6 percent of the economy and 61.6 percent of its growth in the first quarter, NBS data showed.

The industrial sector is also climbing up the value chain and marching toward medium- and high-end production. Hi-tech and equipment manufacturing segments accounted for 12.7 percent and 32.2 percent, respectively, of the total industrial output.

According to Xing, innovation-driven growth gained more momentum, with around 14,700 new companies founded on average daily. New industries and new business models are thriving. Output for strategic new industries increased 9.6 percent in the first quarter, much higher than the overall growth.

“The Internet Plus strategy has been integrated into all sectors, giving birth to new business models and injecting fresh impetus into the broader economy,” Xing said.

China’s Economy in Q1 2018



(Note: Growth rates have not been adjusted for inflation.) (Sources: National Bureau of Statistics, People’s Bank of China; designed by Pamela Tobey)

Looking ahead

“Investment in the service and high-end manufacturing sectors is accelerating, signaling possible industrial structural changes in the future. New types of consumption—culture, elderly care, healthcare and travel—will boom in the coming years,” Xu Hongcai, deputy chief economist with the China Center for International Economic Exchanges, told *Beijing Review*.

With the ratcheting up of China-U.S. trade friction, there have been mounting concerns that it could damage the Chinese economy in the long run. But Xing said trade tensions between China and the United States cannot hinder a stable and resilient Chinese economy.

“China doesn’t seek trade surplus, which has been narrowing in recent years. Our goal is more balanced trade, which is good for China’s economic growth. An increase in Chinese exports is the result of the competitiveness of Chinese products,” he said.

According to NBS data, domestic demand contributed 105.7 percent to China’s GDP increase on average from 2008 to 2017. It has been the number one driving force of economic growth for the past five years, playing a vital role in helping China cushion the impact of external shocks. Compared with exports and investment, consumption has less fluctuation, therefore the changes in economic structure will help increase the stability of the Chinese economy.

According to Xing, after years of supply-side structural reform and an accelerating shift to an innovation-driven economy, China has gained a great deal of internal growth momentum so that its economy is resilient enough to make adjustments based on external changes.

The spokesperson said China’s increasingly domestic consumption-led growth, its expanding innovative edge and ample room for policy adjustments make the country “fully capable” of handling trade friction with the United States.

Xu, however, warned that China should not underestimate the negative impact of external factors on its economy, especially during the next three months.

“The U.S. Federal Reserve is likely to increase its benchmark interest rates again in June. Combined with the possible escalation of China-U.S. trade tensions, it could deal a blow to Chinese exports, cross-border capital flow and domestic industries,” Xu said.

He added that further tax reductions by the U.S. Government could possibly undermine the competitiveness of China’s manufacturing industry as international capital and imported production and technological capacities are likely to flow back to the United States following preferential tax policies.

“To cope with these challenges, China should continue to advance innovation-driven growth and supply-side structural reform, placing a priority on lowering costs for businesses,” Xu suggested. “New measures of reform and opening up should be implemented as soon as possible, unleashing more reform dividends.”

Major events in April

April 4: China responds to U.S. tariff proposals with restraint

Keywords: China; Ministry of Commerce; tariff

China’s Ministry of Commerce said on April 4 that China has responded with restraint to the U.S. tariff proposals.

April 8: China-Made jetliner completes crosswind flight test

Keywords: China; ARJ21-700 aircraft; flight test

China’s first homegrown regional jetliner, the ARJ21-700, has completed a crosswind flight test.

April 9: English, French editions of Xi’s book on poverty relief go digital

Keywords: Xi Jinping; poverty relief

E-books of the English and French editions of Chinese President Xi Jinping’s book on poverty relief were released on April 9.

April 10: Xi addresses opening ceremony of BFA annual conference

Keywords: Xi Jinping; BFA

Chinese President Xi Jinping started to deliver a keynote speech at the opening ceremony of the annual conference of the Boao Forum for Asia on the morning of April 10.

April 10: President Xi hails 40 years of reform, opening-up

Keywords: Xi Jinping; 40; reform and opening-up

China began its historic journey of reform and opening-up in 1978, and the Chinese people have added a glorious chapter to the development epic of the country and the nation over the past four decades, President Xi Jinping said on April 10.

April 16: China’s Q1 GDP grows 6.8 pct year on year

Keywords: GDP; 6.8 percent; Q1

China’s GDP expanded 6.8 percent year on year at comparable prices in the first quarter of 2018, unchanged from the growth rate in the previous quarter, according to the National Bureau of Statistics.

April 25: China announces tax cuts worth 60 bln yuan for innovative, small businesses

Keywords: China; State Council; tax cuts

China will make further tax cuts worth over 60 billion yuan (about \$9.5 billion) to drive innovation and entrepreneurship and boost the development of small and micro businesses, the State Council said on April 25.

April 26: Xi calls for high-quality growth through developing Yangtze River Economic Belt

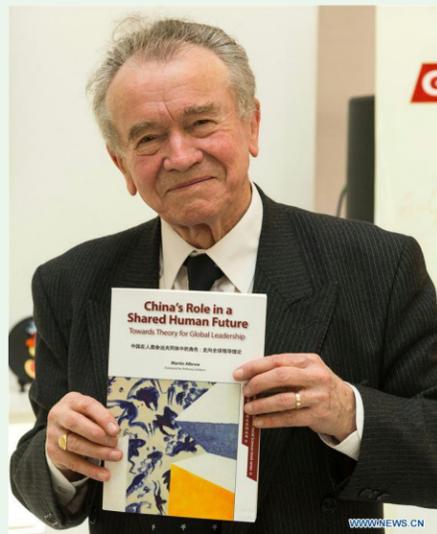
Keywords: Xi Jinping; high-quality; Yangtze River

Chinese President Xi Jinping on April 26 called for achieving high-quality economic growth through developing the Yangtze River economic belt.

April 27: Premier Li calls for building clean government

Keywords: Li Keqiang; transformation; clean government

Premier Li Keqiang on April 27 called for accelerating the transformation of government functions and building a clean government to create an orderly and upright environment for economic and social development.



China’s Role in a Shared Human Future

The English edition of Prof. Martin Albrow’s book, *China’s Role in a Shared Human Future*, was launched on April 10th at the 2018 London Book Fair.

Albrow, renowned sociologist, pioneer of the theory of globalization and author of the book, offers a new perspective for observing the impact of China’s development on the world.

The book explores China’s role as a leading power in the international community, based on comparative research on Max Weber’s classic sociological theory and current, cutting-edge theories and practice.

“The main purpose of the book was to show the rest of the world that China has a very sophisticated way of thinking about the globe, about leadership and what China can achieve in the world. The idea of this book is to go to the world and tell them that China has a good understanding of global issues, and it’s very well prepared to contribute positively to the world,” said Albrow.