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At present, the world economy lacks growth momentum. Inflation, though trending down from elevated levels, has been sticky; and interest rates in advanced economies remain high. Given the complex and volatile global economic and financial environment, member countries should support the IMF in continuing to play an important role in global governance, safeguard economic globalization and free trade, keep global industrial chains and supply chains stable, improve the global debt governance system, and contribute to world economic recovery. China is ready to enhance its cooperation with the IMF and will unswervingly advance high-level opening-up to better promote mutual benefit and win-win results with all parties.

I. Global Economic and Financial Developments

Several issues and trends in the global economy merit attention. First, the economic recovery remains slow. An important reason for the resilience demonstrated by the global economy in 2023 was the cumulative effect of previous stimulus policies. As the policy effects continue to recede and the interest rate hikes gradually bite after a lag, the future growth momentum of the global economy may be affected.

Second, inflation will continue to fall slowly. Inflation rates in advanced economies have dropped sharply from above 9 percent to around 3 percent. Given the gradually recovering global supply chains and cooler consumer demand, inflation in advanced economies is likely to fall further. However, considering the stickiness of services inflation and the potential volatility in commodity prices due to geopolitical tensions, the decline of inflation will remain gradual.

Third, the timing of interest rate cuts by central banks of major advanced economies remains highly uncertain. Since the fourth quarter of last year, while central banks of major advanced economies have paused interest rate hikes, their stances have nevertheless diverged.

Fourth, rising political and geopolitical risks weigh on economic growth. More than 70 countries and regions will hold elections in 2024. The election results will have implications for the global political and economic landscape. Moreover, the uncertainty of the election process may also disrupt the global economy. Apart from that, the successive geopolitical conflicts will also increase the uncertainty of global economic development.

Currently, the global environment is experiencing profound changes, and the world economy is facing multiple daunting challenges. Therefore, all countries need to enhance cooperation in the economic field. First, we need to strengthen macroeconomic policy coordination to foster stronger synergy for world economic growth. **Second**, we need to step up international industrial specialization and collaboration to keep global industrial and supply chains stable and smooth. **Third**, we need to increase international exchanges and cooperation on science and technology, so as to create an enabling environment for technological advances to better benefit humanity. **Fourth**, we need to work more closely to pursue green development and actively address global climate change. **Fifth**, we need to strengthen North-South and South-South cooperation with a focus on promoting economic globalization that is universally beneficial and inclusive. We need to fully implement the UN 2030 Agenda for Sustainable Development, strengthen global development cooperation, and bridge development gaps, so as to deliver the benefits of cooperation to all people across the world.

II. Economic and Financial Developments in China

In 2023, China's gross domestic product (GDP) grew by 5.2 percent. With the growth rate high among major economies, China remains the biggest engine for global development. China has set this year's GDP growth forecast at around 5 percent, which is a major positive factor for the world economy. Since the beginning of this year, China's economic recovery has continued to gain momentum. The GDP increased by 5.3 percent year on year in the first quarter of 2024. This good start has laid a solid foundation for achieving the annual economic and social development goals.

More specifically, industrial production registered fast growth and the growth of high-tech manufacturing accelerated. The total value added of industrial enterprises above the designated size grew by 6.1 percent year on year in the first quarter. The value added of high-tech manufacturing increased by 7.5 percent, 2.6 percentage points faster than that of the fourth quarter of 2023. In March, the manufacturing purchasing managers' index (PMI) came in at 50.8 percent, an increase of 1.7 percentage points from the previous month, returning to the expansion territory. **The service sector enjoyed sound momentum of growth and modern services grew fast.** In the first quarter, the value added of services went up by 5.0 percent year on year. In March, the Index of Services Production increased by 5.0 percent year on year. The Business Activity Index for Services was 52.4 percent, while the Business Activity Expectation Index for Services was 58.2 percent, 1.4 and 0.1 percentage points higher than the previous month respectively. **Market sales demonstrated stable growth, investment in fixed assets went up steadily, and investment in high-tech industries grew fast.** In the first quarter, the total retail sales of consumer goods increased by 4.7 percent year on year. The investment in fixed assets increased by 4.5 percent year on year, 1.5 percentage points higher than that of 2023. The investment in high-tech industries grew by 11.4 percent year on year. **Exports and imports of goods grew steadily and trade structure continued to optimize.** In the first quarter, the total value of exports and imports of goods was up by 5.0 percent year on year. In the first two months of 2024, there were 7,160 newly established foreign-invested enterprises nationwide, up by 34.9 percent year on year, the highest level in five years, and the actual utilization of foreign investment in the high-tech manufacturing sector increased by 10.1 percent year on year (all figures are denominated in RMB). **Employment was generally stable.** In the first quarter, the surveyed urban unemployment rate averaged 5.2 percent, 0.3 percentage points lower than that of the same period last year. **Consumer price was generally stable.** In the first quarter, the consumer price index (CPI) maintained the same level year on year. Specifically, it increased by 0.7 percent year on year in February, and went up by 0.1 percent year on year in March. The core CPI was up by 0.7 percent year on year in the first quarter.

In terms of boosting productivity and promoting low-carbon transition and emission reduction, China has, since the beginning of this year, adhered to the market-oriented approach with government guidance, actively advanced the renewal and technological upgrading of production and service equipment, and promoted the trade-in of consumer goods. This strategy not only promotes consumption and stimulates investment, but also enhances advanced production capacity, boosts productivity, promotes energy conservation and carbon reduction, mitigates safety risks, and benefits the people and enterprises. Essentially, the equipment and consumer goods replacements can achieve multiple gains in one move.

On monetary policy, we have implemented a sound monetary policy that is flexible, appropriate, targeted, and effective. We have enhanced macroeconomic adjustments and control, and strengthened both aggregate and structural adjustments. These efforts have consolidated and bolstered the upward trend of the economy. In terms of aggregate support, we have maintained the steady growth of money, credit, and social financing at reasonable levels. On February 5, the People's Bank of China (PBOC) lowered the reserve requirement ratio by 0.5 percentage points, releasing 1 trillion yuan of long-term liquidity. **In terms of structural support**, we have continued to optimize the credit structure and prioritized efficiency, thereby enhancing the efficiency of monetary policy in promoting economic restructuring, transformation and upgrading, and the shift from old growth drivers to new ones. **In terms of price**, the cost of social financing has declined steadily. In February, the PBOC guided down the 5-year loan prime rate (LPR) by 25 basis points. We have also maintained the RMB exchange rate basically stable at an adaptive and equilibrium level.

On financial stability, China's financial risks are on the decline in general and well under control. The banking sector, which plays a dominant role in China's financial system, has demonstrated resilience. In particular, large banks have maintained high credit ratings. We have made important progress in reforming and defusing the risk of a few distressed small and medium-sized financial institutions. Moreover, illegal financial activities have been effectively curtailed, and financial markets have performed smoothly. To further bolster the legal guarantee for financial stability, China is formulating the *Financial Stability Law*.

On fiscal policy, the intensity of our proactive fiscal policy has been enhanced appropriately and its quality and efficiency have been improved. We have balanced development needs with fiscal sustainability, and have set the deficit-to-GDP ratio for this year at 3 percent. It is proposed that, starting this year and over each of the next several years, ultra-long special treasury bonds be issued. These bonds will be used to implement major national strategies and build up security capacity in key areas. One trillion yuan of such bonds is planned to be issued in 2024.

In the meantime, we have effectively prevented and mitigated the risks associated with local government debt. The policy mix for defusing debt risks has yielded positive outcomes. Thanks to the concerted efforts of all parties involved, the overall risks of local government debt have been reduced. The payment of principal and interest on local government statutory debt was ensured, while the size of implicit debt decreased gradually. Positive progress was made in the settlement of government debts owed to enterprises, and the number of local government financing vehicles (LGFVs) dropped. Overall, the risks associated with local government debt in China are well under control.

On the economic developments in the Hong Kong and Macao Special Administrative Regions (SARs), the inbound tourism and private consumption, plus labor market improvements and government support policies and measures, have fueled the robust recovery of demand in the Hong Kong SAR. Its GDP grew by 3.2 percent in 2023 and is projected to continue to grow in 2024 by 2.5-3.5 percent. As international travel bans were lifted, Macao's economic activity rebounded significantly. Its GDP surged by 80.5 percent in 2023, and the latest unemployment rate fell to 2.2 percent. Macao is expected to maintain its double-digit growth in 2024.

III. About the Work of the IMF

China highly appreciates the IMF's efforts to support its members, especially the developing and low-income countries, in promoting economic growth and stability, responding to inflation, and dealing with climate change. China also commends the IMF for its efforts in promoting global multilateral cooperation, safeguarding the multilateral trade system, and reducing the negative impacts of economic and financial fragmentation.

The IMF is a quota-based international financial institution. The realignment of quota shares is essential for the Fund's governance, representativeness, and legitimacy. The Sixteenth General Review of Quotas (GRQ) has been concluded recently as scheduled with an equiproportional increase in quotas for all member countries. It will boost the IMF's crisis relief capacity. However, the current quota shares cannot reflect the relative weights of member countries in the global economy. Realignment of quota shares is crucial for improving the IMF's governance structure and its ability to fulfill mandates.

Member countries should do their utmost to complete the domestic approval procedures for the outcomes of the Sixteenth GRQ and consent to the quota increases by November 15, 2024. China calls for an appropriate permanent increase in normal access limits under the General Resource

Account (GRA), which was temporarily increased in March, after the Sixteenth GRQ takes effect, so that the quota increase can benefit the IMF's membership.

More importantly, member countries should collaborate to push for the IMF quota reform and achieve quota share realignment as soon as possible. In order to better reflect the relative weights of member countries in the global economy, in particular to increase the voice and representation of emerging markets and developing countries, all parties should reach consensus on a new quota formula as quickly as possible. Doing so will lay the foundation for quota share realignment, and ensure that the IMF remains a rule-based institution truly committed to multilateralism.

China supports the IMF's creation of a third chair on the Executive Board for Sub-Saharan Africa this year. Quota share realignment is a cornerstone of the IMF's governance reform. It is important to note that adding an African chair on the Board and quota share realignment are two distinct matters and not mutually substitutable.

China supports the IMF's efforts to promote the channeling of Special Drawing Rights (SDRs). We hope that relevant work can be expedited so that vulnerable countries can get tangible support. China took the lead in proposing and channeling more than one third of its newly allocated SDRs (10 billion SDRs) to low-income and vulnerable countries. More than two thirds of them are expected to be used to support the development of African countries. China calls on SDR-rich countries to continue to channel their SDRs to vulnerable countries through the Poverty Reduction and Growth Trust (PRGT) and the Resilience and Sustainability Trust (RST).

China has played an active role in addressing the global debt distress. China has fulfilled its commitment under the G20 Common Framework and made important contribution to the debt treatment of Zambia. In addition to efforts under the Common Framework, China has also contributed to the significant progress in the debt treatment of Sri Lanka, Suriname, and Malawi. China is also actively participating in and promoting the discussions at the Global Sovereign Debt Roundtable (GSDR) and is working together with relevant parties to deepen mutual understanding on key debt-related issues.

Timely solution to the debt issue requires us to follow the principle of collective action and fair burden sharing. Private creditors should participate in debt treatment on a comparable basis in a timely manner. We support the IMF to explore how to assess and implement comparable treatments. Multilateral Development Banks (MDBs) should also play a crucial role in debt restructuring, especially through providing sufficient grants. We call on the IMF to accelerate its lending support to member countries in need of debt restructuring, and encourage the IMF to share as early as possible necessary information about the macroeconomic forecasts and Debt Sustainability Analysis (DSA). At present, the IMF is conducting a review of the low-income country debt sustainability framework (LICs-DSF). We call on the Fund's staff to make proposals on improving the analytical methodology so as to reflect the new features and changes in international sovereign debt.

The IMF should remain at the center of the global financial safety net and ensure even-handedness in surveillance, lending, and capacity development. The IMF should continue to play an active role in easing the negative impact of various factors on the global economy, such as the scarring effect of COVID-19, tortuous path to lower inflation, elevated global interest rates, economic and financial fragmentation, and rising protectionism. It should closely monitor the risks in the financial sector and provide professional analysis and advice to its member countries in order to help them rebuild policy buffers and accelerate economic growth.

Given the grim and complex challenges and risks facing the global economy, the IMF, as a key multilateral institution, should continue to improve the effectiveness of its bilateral and multilateral surveillance, call for the removal of arbitrary restrictions on trade, investment and supply as soon as possible, prevent further economic and financial fragmentation, and foster fair and equitable global governance. We welcome the IMF's efforts as it continues to focus on emerging trends, such as digital technologies and green low-carbon transition, particularly its heightened attention to the needs of developing countries. This includes promoting the free flow of green low-carbon technologies and products, driving the digital transformation of economies, and supporting inclusive global growth. In today's highly interconnected world, the spillover effects of our macroeconomic policies are more pronounced than ever. We support the IMF's recommendations in line with its *Institutional View* on Capital Flows and its assistance to member countries in finding the right mix of policy tools to effectively manage risks in the foreign exchange market and navigate disorderly capital flows.