

## **China's Scientific Development, opportunity for the world**

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Distinguished guests,

Ladies and gentlemen,

Thank you for giving me the opportunity to address the national conference of the New Zealand China Friendship Society. Since its establishment in 1952, the New Zealand China Friendship Society has made great contributions to the mutual understanding and deepening friendship between our two countries and two peoples. On behalf of the Chinese Embassy in New Zealand, I would like to express our sincere appreciation for your efforts and devotion in promoting the bilateral relations between China and New Zealand in past decades.

Today, my topic is about China's scientific development and its implications for the world. China's scientific development is the main theme of the 12<sup>th</sup> Five Year Plan adopted by the National People's Congress in China recently. So what does "scientific development" mean? Here, I'd like to clarify the term with four emphases:

The first emphasis is on upgrading China's economic structure and growth model from being based on "size and speed" to "quality and efficiency".

As we know, the past 3 decades have witnessed dramatic economic revival in China. However, the continuous double-digit annual economic growth rate depended heavily on the old-style approach characterized by excessive input and high consumption of resources and energy, high pollution and imbalanced regional development, all of which will no longer sustain China's future growth.

Currently, China is at later-stage of industrialization, middle stage of urbanization and early stage of information age. China's productivity is still very low, and its technology development and application level still needs to be enhanced. In 2008, China's national Research & Development fund totaled 457billion RMB, only taking 1.52 % of GDP, compared with 3% in developed countries.

Therefore, the Chinese government urgently calls for the following transitions to upgrade the economic structure and growth model:

- ◆ from the low labor cost to home-grown innovation and high technology
- ◆ from traditional industries to emerging strategic industries and modern services
- ◆ from energy and resources consuming development to low-carbon and green development.
- ◆ from the focus on attracting foreign investment to encouraging domestic businesses to go global
- ◆ from reliance on export to domestic demand

In the 12<sup>th</sup> Five Year Plan, the economic growth rate is set at 7% annually in the next 5 years, which is a marked slowdown from previous ones over the past decades. The slower quantitative growth will make more room for higher qualitative growth in future.

The second emphasis is on ensuring and improving people's well-being, which is also the ultimate goal of "scientific development".

Although China has become the second largest economy, the living standard of Chinese people is still very low. The per capita GDP only takes 1/10 of that of New Zealand, and ranks 127<sup>th</sup> in the world.

Nowadays, while most Chinese people don't need to worry about basic food and clothing, they care more about quality of life and mental pursuit. We notice that recently in some major cities in China, the term "happiness index" is more and more mentioned, which means the level of urban development should not be judged only by economic growth rate, but also by the extent of happiness and dignity people attain in life. While the world may view China from the total GDP and fast economic growth, the rank and file in China concern more about their daily life, for example, inflation, food security, high housing price, unemployment, pollution, insufficient health care and superannuation. To further improve Chinese people's welfare and to satisfy all different kinds of social demands is even greater challenge for the Chinese government.

Currently, the quality of public services in China is far from matching the pace of economic growth. This is why the Chinese government gives high priority to strengthening social programs and improving people's living standards. In the 12<sup>th</sup> Five Year Plan, the ratio of income to GDP is set to rise by 10% over the next 5 years. The social safety network for farmers, urban workers and residents will be further strengthened and a mechanism that ensures the minimum living allowance will be established by 2016. The Chinese government will try its best to listen to the people, understand their needs and worries, and help them achieve their expected "happiness index".

The third emphasis of "scientific development" is on making all-round progress in economic, political, cultural, and social areas.

Some people think that China only focuses on economic reform, neglecting reform in political, social and other areas. This is a misunderstanding. In the past years, we never stopped deepening the reform in government management system, judicial framework, cultural and education industries, and health care system, etc. The Chinese government spares no efforts in strengthening the government supervision, increasing the role of the National People's Congress and multi-party political consultation system, improving the rule of law and collecting public opinion. Chinese people are encouraged to participate in state and social affairs as well as economic and cultural affairs, and to express their concerns and demands directly to governments at all levels. Now there are 200 million internet microblog users in China, among which about 3000 belong to government agencies. The Chinese government tends to make more use of internet as a platform to assist in communicating with the public and being monitored by them.

What I would also like to mention is the fact that China's construction of economic, political or judicial systems is still at the early stage, which means it needs time and efforts to be mature. Take the market economy system for example. China's market economy system was established in 1992 and is only 19 years old, while the western market economy system takes almost 300 years to be mature. We still have a long way to go to further improve the systems. Despite of all the challenges and difficulties ahead, our direction is clear, China will move ahead with political reform, improve socialist democracy and further strengthen the rule of law.

The last emphasis of "scientific development" is on green development. The 12<sup>th</sup> five-year plan calls for building a resource-efficient and environment-friendly society with specific targets as follows:

- Raising the share of non fossil fuels in primary energy consumption to 11.4%;
- Reducing energy and carbon dioxide intensities by 16% and 17% respectively;
- ◆ Cutting the discharge of main pollutants by 8-10%;
- Increasing forest stock by 600 million cubic meters and raising forest coverage to 21%.

In the past, foreign-invested business in China was evaluated mainly by the economic returns. However, in the future, China will welcome more foreign capital in high-end manufacturing, high-tech industries, modern

services, new energy and environment-friendly business than polluting, energy-and-resources consuming business.

Ladies and gentlemen,

China's scientific development is a blessing not only to itself but also to the world. The more developed China becomes, the greater it will contribute to the world. Some people, with "China's rise syndrome", fear that China's prosperity and development will pose a threat to the world. However, this will never be true.

First, China has never had the intention to be an expansionist power. Confucius told us "harmony is the most precious". It is part of our most cherished cultural tradition and social values. Even at China's peak period, for example, in the 15<sup>th</sup> century Ming Dynasty when Zheng He, the famous Chinese navigator, led a fleet ten times the size of European fleets at the time on seven expeditions to the western seas, reaching as far as the east coast of Africa, we traded tea, silk and porcelain with the local people rather than deposited our flags there. Unfortunately, China endured more than 100 years of foreign occupation and national humiliation from after the Opium War in 1840. Confucius also told us "What you do not want done to yourself, do not do to others". Therefore, China will never impose on others the past painful experience itself once had.

Second, China is a big country with heavy domestic burden, which means China's attention will be mostly focused on domestic development and construction. China has a large population of 1.3 billion people, 130 million of which is under poverty line according to UN standard, and 40 million according to our domestic standard. This means to lift millions of Chinese people out of poverty and to ensure a decent life for them is still the most important task for the Chinese government. We can't afford to expand by force and go into conflict with other countries.

Third, it is common knowledge to Chinese people that only by relying on international cooperation and a peaceful environment can China develop and prosper. This is also recognized in the 12<sup>th</sup> five-year plan, as it emphasizes the need to deepen its friendship with its neighbors, with developed countries and other developing countries, to open more industries up to the world and to be an active player in global economic governance and regional cooperation.

Ladies and Gentlemen,

In a word, China's development is peaceful. It is not a threat to the world but an opportunity.

First, China's development has lifted 300 million people out of poverty. China has fed 1/5 of the world's population with only 7% of the world's arable land, which in itself is a great contribution to world peace and prosperity.

Second, China's development is an engine for world economic growth. As the world's largest commodities exporter and manufacturer, China produces affordable and quality goods for consumers all over the world. China is also the world's No. 2 importer, having imported nearly 1.4 trillion US dollars worth of goods last year, an increase of 38.7%, which has boosted economic growth of its trading partners. Last year, New Zealand exports to China were up 32.9% to 4.92 billion dollars. In addition to that, now China is New Zealand's largest source of overseas students and the fastest growing overseas tourist market.

Third, as a responsible country, China has been playing an active part in promoting the stability and prosperity of the world. China is the largest contributor of peacekeepers among the UN security council members, with 10000 peacekeepers to 24 UN missions. China played a pivotal role during the Asian financial

crisis in 1997. China is an important member of G20 summits and other multilateral institutions. It works closely with the international community in strengthening the reform of global economic governance and overcoming the challenges in such areas as climate change, terrorism and natural disaster. China sent rescue team to New Zealand and Japan respectively after the terrible earthquakes in this past February and March, and offered instant cash and other humanitarian aids.

In the coming years, China's scientific development will present an even bigger opportunity for the international community, which of course includes New Zealand. China will encourage more businesses to go global while attracting foreign investment to our country, which will be a great stimulus to local employment and economy. China will further expand its domestic demand, which will create a huge market for foreign goods and services. China will pay more attention to developing clean energy, low-carbon economy, food security and high-technology industries, in which New Zealand has great potential as a cooperating partner.

New Zealand is one of the leading developed countries in developing relations with China, especially keeping many records in China's foreign economic and trade history. We really appreciate that. Next year we will celebrate our 40<sup>th</sup> anniversary of establishing diplomatic relations. We look forward to even further cooperation in an all round way.

Ladies and gentlemen,

China's development model is unique, different from that of western developed countries. The reason why China has made such great progress in the past decades is that we have found the development model suitable for our own conditions. The model is not perfect and we still have to modulate it step by step. This is a new chapter both for China and for the world. Only with open mind and strategic vision can other countries share the opportunity from China's development. China would like to join with as many countries as possible to build an even brighter future for the world.

Thank you.