

## Wu Xiaoling: China and Africa as developing countries

Statement by Ms Wu Xiaoling, Deputy Governor of the People's Bank of China, at the 39th Annual Meeting of the Board of Governors of the African Development Bank (Group), Kampala, 25-26 May 2004.

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Mr. Chairman, Mr. President, fellow Governors, ladies and gentlemen,

First of all, please kindly allow me, on behalf of the Chinese Government and the Chinese delegation as well as in my own name, to express our thanks to the government of Uganda for hosting this Annual Meeting, which gives us the pleasure of visiting the beautiful city of Kampala and receiving the warm hospitality of the Ugandan people. Our appreciation also goes to the management of the African Development Bank for their excellent arrangement for the Annual Meeting.

This year marks the 40<sup>th</sup> anniversary of the founding of the African Development Bank Group. The past 40 years witnessed the unremitting efforts made by the African Countries to promote economic development, social progress and poverty alleviation. As the largest multilateral development financial institution in Africa, the African Development Bank has played an important role in this process. I would like to express, on behalf of the Chinese government, our respect to the previous and current directors, management personnel and all the staff for their contribution to the development of the Bank over the past 40 years, and our appreciation for the important role the Bank has played in the economic development of Africa.

Mr. Chairman, China is the largest developing country in the world, and Africa is the continent with the largest number of developing countries. China and Africa have a long history of friendship with very fruitful bilateral cooperation. We not only share similar experiences in the past, but also face a common task of promoting economic development and raising people's living standard in the future. The Chinese government pursues independent foreign policy for peace and advocates the establishment of an equitable and fair world order. Promoting the friendly cooperative relationship with the developing world including the African countries has always been a fundamental element of China's foreign policy. In October 2000, ministers of China and African countries gathered in Beijing and jointly set up the Sino-Africa Cooperation Forum, opening a new chapter in the cooperation between China and Africa. Over the past three years, cooperation, friendship and mutual trust between China and African countries have further strengthened. In the area of bilateral trade and economic cooperation, in 2003, trade between China and African countries reached USD18.55 billion, an increase of 49.7 percent over the previous year. The Chinese government has taken active measures to increase imports from African countries, and encouraged domestic enterprises to invest in Africa. In addition, the Chinese government has provided training to nearly 7,000 African personnel in various areas. Honoring its commitment ahead of schedule, China reduced the bilateral debts of 31 African countries totaling USD1.3 billion. In the coming years, China will take further steps to enhance its support to African countries, including continuing to provide assistance within its capacity, expanding market access and strengthening cooperation in human resources and tourism.

Since it became a member of the African Development Bank in 1985, China has actively supported the work of the Bank. It has provided funds totaling USD300 million in the replenishments of the resources of both the African Development Bank and the African Development Fund. Up to now, China and African Development bank have had nearly 20 years of cooperation. Serving as a link, African Development Bank has played an important role in the cooperation and friendship between China and Africa.

We are pleased to note that, although adversely affected by the generally weak global economic performance, African economy grew by 3.7 percent in 2003, a growth rate higher than the global average of 3.2 percent. In many African countries, with significantly strengthened macroeconomic management capability, the macroeconomic environment has improved. In particular, fiscal deficits have been kept at relatively low levels, inflation has been effectively contained, and terms of trade have improved. Nevertheless, the African economy is still confronted with severe challenges. The primary task is to achieve sustained and rapid economic growth, a prerequisite to meet the Millennium Goals by 2015. China's experiences show that, in the course of social development, countries need to formulate their poverty reduction and economic development strategies in light of their own conditions. In particular, attention should be paid to properly handling the following issues. First, countries need to

strike a proper balance between stability, development and reform. In other words, the speed of development and the pace of the reforms should be carefully weighted against people's capability to absorb relevant shocks. The ultimate goal is to improve people's living standard. Second, importance should be attached to properly addressing the issues in the development of agriculture and the rural areas, particularly in those countries where agricultural population constitutes the overwhelming majority. Third, the most effective way to reduce poverty is to help the poor people develop their local economy. African countries play a leading role in their own development. Meanwhile, cooperation and support from the international community are needed. It is worth noting that the economic development is unbalanced among African countries. While more financial support should be provided to countries with sound performance, necessary assistance should also be given to those small and weak countries that have just emerged from war to help them resume the normal political and economic order and meet the basic living need of the people.

In 2003, the African Development Bank continued to promote poverty reduction and sustainable economic growth in the African region. Despite the difficulties resulted from the temporary relocation of the headquarters to Tunisia, the Bank successfully fulfilled the loan target of 2003. The total amount of the projects approved in 2003 increased significantly by 11 percent, with total loans and grants reaching UA1.76 billion. For countries of the African Development Fund, the Bank has taken measures to align their national strategy reports with the poverty reduction strategy reports, and to provide loans in light of their performance. The Bank has also step up its assessment of development results of these countries. We are satisfied with the above progress.

New Partnership for Africa's Development (NEPAD) clearly points out the way forward for Africa's future development. We encourage the Bank to actively participate in the implementation of this plan. The roles of the Bank involve policy guidance, technical assistance and advisory services on one hand, and coordination among African countries, African regional organizations, international institutions and global investors and donors on the other. Under the framework of Sino-Africa Cooperation Forum, China actively supports NEPAD and the regional and sub-regional cooperation of African countries. We call on the international community, particularly the developed countries, to take concrete actions to contribute to the achievement of the Millennium Goals by improving the terms of trade of African countries, further reducing their debts and increasing development assistance to them.

Lastly, we sincerely hope that under the leadership of President Kabbaj and the Board of Directors and with the joint efforts of the management and all the staff, the African Development Bank Group will overcome potential difficulties, and, by pursuing earnest reforms, make new contributions to the economic and social development in Africa.

Thank you.