

Eddie Yue: Opening remarks - 15th Annual International Conference on the Chinese economy "Macroeconomic management and structural transformation"

Opening remarks by Mr Eddie Yue, Chief Executive of the Hong Kong Monetary Authority, at the 15th Annual International Conference on the Chinese economy "Macroeconomic management and structural transformation", hosted by the Hong Kong Institute for Monetary and Financial Research, Hong Kong, 14 October 2025.

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Distinguished guests, ladies, and gentlemen, good morning and welcome to the Annual International Conference on the Chinese Economy, hosted by the Hong Kong Institute for Monetary and Financial Research. The 15th anniversary of this conference marks a significant milestone in this journey of exploring China's economic transformation and its implications for the global economy.

The changing global economic landscape

The global economic landscape is changing, shaped by multiple transformative forces. The theme of this year's conference, *"Macroeconomic Management and Structural Transformation,"* is particularly timely as China is at the forefront of these transformations. Its journey, therefore, offers valuable insights for economies worldwide.

As we explore the drivers of these changes, it becomes clear that several key factors are at play. On the global side, the urgent need to address climate change is driving the growth of climate finance, which is enabling the transition to a low-carbon economy and the development of new markets such as renewable energy and green technologies. Meanwhile, advancements such as cost-effective artificial intelligence (AI) models, are creating new opportunities.

Alongside these factors, supply chain restructuring, triggered by geopolitical uncertainty and the push for domestic resilience, is introducing new complexities. Demographic trends, such as ageing populations and evolving labour supply dynamics, are also reshaping consumption and investment patterns. Economies must adapt to these shifts while pursuing growth and resilience.

Against this backdrop, China's economic journey has been remarkable, driven by rapid industrialisation, integration into the global supply chain, and a focus on innovation and sustainability. Under the National 14th Five-Year Plan, the country has emphasised high-quality growth, sustaining progress by facilitating industrial upgrades, fostering service-oriented growth, and strengthening domestic consumption.

China's industrial upgrading

For decades, manufacturing has been central to China's economic success. The country's industrial structure has continued to optimise and be upgraded, enabling a shift up the value chain from labour-intensive production to advanced, high-tech manufacturing that delivers greater value-added growth. For example, equipment and

high-tech manufacturing accounted for more than half of China's total industrial output in 2024. By leveraging domestic innovation, China has developed sophisticated production capabilities and become an integral part of the global supply chain, accounting for roughly 30% of total global manufacturing growth over the past five years [1](#).

China's industrial upgrading has also been accompanied by a concerted effort to pursue a green transition, leading the world in investments in renewable energy and green technologies aimed at reducing emissions and creating new industries. As a result, the country has seen a significant expansion in its renewable energy infrastructure, with the cumulative installed capacity of renewable energy sources, such as solar and wind power, now accounting for 56% of the nation's total energy capacity².

As China's industrial upgrading continues, new opportunities are created for growth and innovation in human-capital-intensive industries, such as research and development. By fostering a culture of innovation and implementing market-oriented reforms, these industries can drive productivity growth, strengthening the virtuous cycle between industrial sophistication and services expansion.

The expanding service sector

Fuelled by the ongoing industrial upgrading and the growing complexity of manufacturing capabilities, a ripple effect has spurred demand for services such as logistics, finance, and marketing. As the service sector continues to expand, its role in driving economic growth has become increasingly prominent, with its contribution rising from 48% to 56% over the past decade. As a result, the sector has emerged as a significant source of job creation, with considerable potential for future expansion and development as demand for high-quality services is likely to increase, both domestically and internationally.

A vibrant financial services industry is central to this growth. By efficiently mobilising domestic savings and channelling capital to the service sector, it can unlock new growth possibilities. With advances in digital finance and cross-border capabilities, we can expect to see even greater efficiency and access to global markets for Chinese service providers as market reforms continue to progress.

The rise of domestic-led consumption

China's industrial base upgrade and growing service sector have led to a significant increase in per-capita disposable income. This growth, combined with rapid urbanisation encompassing two-thirds of the population, has created a vast and dynamic middle class of over 400 million people³. As a result, consumption patterns are shifting from goods to services, with per-capita spending on services rising by 7.4% in 2024, driving 63% of the overall growth in per-capita consumption expenditure⁴. These emerging patterns are likely to redefine the economy, with domestic demand becoming a central pillar.

By consolidating domestic circulation, China is enhancing its resilience against global uncertainties and reducing its exposure to external shocks. Despite having a lower

average propensity to consume compared to other economies at a similar stage of development, China possesses considerable opportunities for long-term growth. To unlock this potential, supportive policies are important, and the recent initiatives indeed aimed at expanding access to financial services and strengthen household spending. Moving forward, institutional reforms that foster a diverse range of long-term financial products can help cater to the evolving needs of the population, unlock household savings, and propel economic growth. This, in turn, will help maintain momentum in industrial upgrades, diversify growth drivers, ultimately achieving a balanced and sustainable economic trajectory.

Conclusions

In a shifting global environment, China's pursuit of high-quality growth through industrial upgrading, the cultivation of a dynamic services sector, and the strengthening of domestic demand offers valuable lessons for driving the prosperity cycle for sustainable development. This experience holds broader implications for the rest of the world, especially as China embraces the next chapter of economic development under the new National 15th Five-Year Plan.

With its unique position, Hong Kong is ready to make significant contributions to the country's development. The city's deep and vibrant capital markets can facilitate fundraising for Chinese enterprises, promoting a more efficient funding ecosystem that supports technological innovation and real economy transformation. Additionally, Hong Kong's strong global connectivity can continue fostering the seamless exchange of goods, services, and knowledge between China and the rest of the world, further solidifying its position as a crossroads for international trade, investment, talent and innovation.

This conference is a valuable forum to explore these themes in depth. The papers to be presented will delve deep into China's industrialisation journey, and explore the broader implications for the macroeconomy going forward.

Building on the conference' success of the past 14 years, I am confident that the discussions taking place today and tomorrow will be engaging and insightful. The collective expertise of our distinguished speakers and participants will provide actionable takeaways for policymakers, businesses, and researchers alike.

I wish the conference every success, and thank you once again for joining us.

¹ Xinhua News Agency, September 2025

² Xinhua News Agency, January 2025

³ Xinhua News Agency, December 2023

⁴ Qiushi, June 2025