

Opening-up for shared development,  
Cooperation for common prosperity  
——Main remarks by Ambassador Ouyang Yujing  
at the 35<sup>th</sup> Asia-Pacific Roundtable

Thank you, Dr. Yose Rizal Damuri,  
Dear Prof. Lin Yifu and Prof. Jane Golley,  
Dr Simon Tay and Dr Asei Ito,  
Dear Friends,

Good morning. It's my pleasure to attend the 35<sup>th</sup> Asia-Pacific Roundtable and I am looking forward to hearing your insightful views and comments on a variety of issues.

The main theme of this session is China's Dual-Circulation Strategy (DCS). This "Dual Circulation Strategy" is China's New Development Pattern with domestic circulation as the mainstay and domestic and international circulation reinforcing each other. Just now, Dr. Yose raised some questions on this topic and I would like to share my views on this.

**Question No. 1: Why do we introduce this New Development Pattern?**

Globally speaking, the world is undergoing drastic changes the pandemic challenge unseen in a century. The world economy still faces strong headwinds on its path toward recovery and is tested by the backlash against economic globalization. At such a critical time when cooperation and coordination is more important than ever, some country yet resorted to unilateralism, protectionism and even bullying, just for the so-called sake of safeguarding their own interest, which actually added to the risks and uncertainties in the world economy.

Some country advocates principle of free trade only when its factories are at the top of the global supply chains with its products selling well in the world. As

long as it feels any loss of these advantages, even in the slightest sense, it will immediately change to protectionism by imposing tariff barriers, exercising unilateral sanctions and resorting to long-arm jurisdiction, not hesitating a minute to protect his own interest at the cost of undermining the global economic ecology.

Speak of this, I would like to recommend a book called *American Trap*, written by a former executive of the French company called Alstom. It discloses the inside story of how the United States helped his own companies to beat their foreign competitors by means of manipulating its domestic law and the state's machinery of violence. I believe you will get a better understanding of Huawei's unfair treatment after reading this book.

Internationally speaking, one prominent feature shared by major economies today is their domestic demands as the main economic driving forces bolstered by the smooth flow of their internal circulations. Take US for instance, its foreign trade degree of dependence is only 20.5%. As the world's second largest economy and the largest manufacturing country, China is facing more challenges than ever before, such as being blocked from accessing to key technologies and insufficient supply of energy. To address these issues, China decides to foster a dual circulation development pattern with domestic circulation as the mainstay and domestic and international circulation reinforcing each other, whose aim is to tap full potential of domestic demand and foster a large internal market. This dual circulation pattern will dissolve and shield China from the negative impact of external shocks and shrinking external demand, and ensure China's steady economic development and social stability under extreme circumstances.

No matter how the world changes, China keeps to the belief that economic globalization is the internal requirement of productivity development which represents an unstoppable trend of history. No country can progress in isolation from the international market. Anyone who attempts to turn back the wheel of history by blocking others' way will only end up blocking himself.

The New Development Pattern is not closed-door circulation, but open domestic and international circulations. China has no geopolitical calculations, nor will lecture others, launch unilateral sanctions or long-arm jurisdiction at the expense of others as some country would like to do. China has no intentions of decoupling or organizing exclusive cliques. On the contrary, China is committed to promoting high-standard opening up, which will provide strong impetus to the New Development Pattern and bring more opportunities to all countries.

**Question No.2: What is in the New Development Pattern?**

First, **we will expand domestic demand and ensure smooth flow of economic activity.** In recent years, China's development model of relying on both ends of the supply chain, supply of raw materials and marketing of products, has undergone gradual changes. The ratio of foreign trade to GDP dropped from 67% in 2006 to a little more than 30% in 2020, with domestic demand and consumption becoming the main driver of its growth. China will continue to deepen supply-side structural reforms and further expand domestic demand. This will usher in a higher stage of well-adjusted balance where demand drives supply, and supply in turn stimulates demand. We will fully leverage the demand of our super-sized domestic market and the strengths of its complete industrial system to support China's long-term economic development.

Second, **we will continue to deepen reform and further spur market vitality.** Reform is crucial for unleashing and boosting productivity. We will apply the new development philosophy. In this philosophy, we will practice an innovative, coordinated, green, open and shared development pattern. We will transform the growth model, accelerate the construction of a modern economic system, strengthen the protection of intellectual property rights, set up a high-standard market system and improve mechanisms for fair competition. All these will help to fully motivate all types of market entities.

Third, also the one which I want to put special emphasis on: **We are committed to opening-up and sharing development opportunities with other countries.** President Xi Jinping has sent out a clear message, the new development pattern is by no means an enclosed domestic economic circulation, but an open one in which with domestic circulation being the mainstay and domestic and international circulation reinforcing each other. The world economy is confronted with more instability and uncertainty in recent years. Protectionism and unilateralism are mounting. Yet China has not stalled in its pursuit of opening-up. Instead, we have taken a variety of policy steps to open China even wider, such as fully implementing the Foreign Investment Law together with its supporting rules and regulations; shortening the negative list for foreign investment, etc. China will continue to foster a conducive international business environment based on strict observance of market and legal rules.

China will continue to advance trade and investment liberalization and facilitation, negotiate and conclude high-standard free trade agreements with more countries, and actively engage in bilateral, multilateral and regional mechanisms for trade and investment cooperation so as to build a higher-standard open economy. Here, I would like to highlight our position again: **China is committed to opening-up, and will open even wider to the world.**

The last question: **What does the New Development Pattern mean to regional countries?**

I think I can answer this question with three “more”s. The first is **more opportunities.** China has a 1.4 billion population, 400 million of which falls into the middle income group, which means a super-large market to the world. China’s economy kept buoyant despite the pandemic impact. In 2021, China became the second largest consumer market in the world, with GDP per capita surpassing 12,000 US dollars and total retail sales of social consumer goods reaching 7 trillion US dollars.

China's market enjoys unique advantages. Its unparalleled economic scale, ample growth space for all industries, ever-increasing middle class population, upgrading of the consumer structure, all of which contribute to ensure its outstanding economic performance in the long run. The total import into China is estimated to top 22 trillion US dollars in the coming decade. Here, I would like to take durian as an example. The Malaysia produced durian is a superstar in the Chinese market, loved by many. Its export volume to China has increased more than 100% since it was first introduced to the Chinese market in 2016. With further unleashing of its potential, China will provide a more vigorous and diverse market to the world, and help to keep the world economy develop on more solid and sound footing.

The second key word is **more cooperation**. The New Development Pattern will enable China to further deepen its international cooperation with an outcome of shared benefits to all. China will take a more active role in international labor division, more efficiently integrate into global industrial, supply and value chains, and more enthusiastically expand exchanges and cooperation with other countries. All of these will provide a strong and steady force to foster a sound regional integrated market.

China will do its best to see Regional Comprehensive Economic Partnership (RCEP) be fully implemented, start China ASEAN Free Trade Area version 3.0 at a date as early as possible, and expand and promote new economic cooperation areas such as digital and green economies. China and ASEAN will collectively promote high-quality Belt and Road cooperation and build the New International Land-Sea Trade Corridor. China will further its vaccine cooperation with foreign partners, promote its global distribution with more fairness and equability, and ensure its accessibility and affordability in developing countries. By doing this, China will help to bridge the vaccine gap and consolidate the global immunization system.

The third is **more benefits**. Since the New Development Pattern was put forward two years ago, it has already seen a steady increase of economic and trade exchanges whose benefits have been genuinely tasted and shared by regional countries and their people. ASEAN remained China's largest trading partner for two consecutive years since the New Pattern was introduced. The total trade volume of goods between China and ASEAN amounted to 878.2 billion US dollars, witnessing 28% increase than that of 2020, and 37% increase than that of 2019.

President Xi made a promise on “the Special Summit to Commemorate the 30th Anniversary of ASEAN-China Dialogue Relations”, that China will always be open to ASEAN countries, and China will try to import 150 billion US dollars of agricultural products from ASEAN in the coming five years. China is committed to the principle of equality and mutual benefits, welcoming all companies in the region to invest in China. In 2021, China's actual use of foreign capital amounted to 173.48 billion US dollars, seeing an increase of 14.9% than last year, among which 29.4% and 29% come from “Belt and Road” and ASEAN countries respectively, making important contribution to this region's economic recovery.

Dear friends, the Asia-Pacific region is home to us all. It is our duty to keep this area safe and prosperous, which will do good to all. I believe, as long as we choose to stand on the right side of history, follow the trend of economic globalization, keep to openness and cooperation, make smooth flow of both the domestic and international circulations, we will surely win the fight against the pandemic and harvest a better future in both the Asia-Pacific and the world.

Thank you!