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EDITORIALS

United development

THE UNEVENNESS OF THE GLOBAL ECONOMIC recovery means it will become increasingly difficult for the international community to march in step to overcome the economic downturn.

But the difference in the growth priorities of fast-growing developing economies and low-growth rich countries does not undermine the necessity of global coordination to seek sustainable recovery for all.

Leaders of the world's major developed and developing countries, as well as major international institutions should do their best to promote unity, which is needed more than ever to help the world economy find a solid footing after the worst global financial crisis since the Great Depression.

On Friday, President Hu Jintao presented a four-point plan at the G20 Summit in Seoul for achieving strong global economic growth. He urged the international community to not only "champion open trade and promote coordinated development", but also make efforts to reform the global financial system and "narrow the development gap".

Hu's call for greater unity in pursuing balanced growth is all the more important in a world where rising global tensions related to currency issues and global imbalances are tending to make the G20 Summit a platform for expressing disagreement.

Two years after major economies of the world rolled out huge stimulus packages as a joint response to the global financial and economic crisis, the economic situations of emerging markets and rich countries are quite different. On one hand, major developing economies are back on the track of fast growth and are worried about the increasing inflationary pressure at home. On the other, economic growth remains sluggish in most debt-laden rich countries, which have been trying to revive their economies with super-loose monetary policies.

The different pace of recovery in the developed and developing economies has made it difficult for the international community to agree on how their domestic policies to stimulate growth should be synchronized. Worse, some countries' efforts to boost domestic growth, such as the latest round of quantitative easing measures of the United States, may even cause serious fluctuations in the global financial market and macroeconomic instability in the developing countries.

Under such circumstances, G20 leaders should not allow divisions to creep into their fold because of the different and at times conflicting growth priorities different countries have been pursuing. Instead, they should stand firmly together against any beggar-thy-neighbor practice and show greater resolution in reaching a deal to remodel the world economy for fair and sustainable growth.

The G20 Summit in Seoul is the fifth meeting of its kind. And the ongoing global recovery, no matter how fragile and uneven it is, has largely eased the panic the crisis had created.

Yet, to address the underlying imbalance in the global economic and financial systems, the international community should be prepared to go a long way, for which greater unity is mandatory.

People's games

THE 16TH ASIAN GAMES OPENED IN GUANGZHOU yesterday. It's the biggest international event after the Shanghai Expo this year and a major sports event after the Beijing 2008 Olympic Games. What should we expect from the Games and the host city, Guangzhou?

Known as the forerunner of the country's economic reform and opening-up, Guangzhou, capital of Guangdong province, has the economic strength to host a sports event of such magnitude. It is not surprising that the Guangzhou Asiad's opening ceremony and fireworks have been compared with those of the Beijing Asian Games 20 years ago and even the Beijing Olympic Games two years ago.

There are more than enough reasons to believe that everything from sports facilities to the services provided for athletes and working staff will be the best possible and satisfy all participants. Yet money is not everything that can guarantee the success of a sports event. Though the national economy is growing at a fast pace and the country is undergoing rapid urbanization, there is much to be desired when it comes to sustainable and environmentally friendly development of cities. Guangzhou is no exception.

Guangzhou has taken several measures to improve its air quality, ease traffic congestion and make everything people-oriented. The city even gives subsidies to residents to encourage them to use public transport to reduce the number of cars on roads. It is heartening to see that the organizers have realized that residents' participation will contribute greatly to the success of the Asiad. Even those who will not go to the stadiums to watch athletes compete for medals will contribute to the Asiad's success by their behavior and demeanor.

In this sense, the Asiad is an opportunity for Guangzhou to stimulate its residents to act like ideal citizens. This is not just important for the success of an international sports event, but also for the socioeconomic development of the city.

To make the Asiad people's games, the city authorities have indeed involved residents in a lot of activities. Through activities such as stage performances and exhibitions, the residents will be able to communicate with their foreign counterparts. The activities will give a chance to athletes and visitors from the rest of Asia to know about the local culture.

So, the Asiad is also an opportunity for Guangzhou to strengthen its soft power, for which its residents' display of citizenship and overall behavior are perhaps the most important factors, because they can propel economic growth and social progress of the city.

CHINA FORUM | MEI XINYU

APEC's role in recovery vital

Bilateral, regional and multilateral channels should be used to stop Washington from transferring its troubles to others

THE 18th informal Asia-Pacific Economic Cooperation (APEC) economic leaders' meeting will be held in Yokohama, Japan on Saturday and Sunday.

Established in 1989 in Canberra, capital of Australia, APEC now has 21 member economies (19 sovereign states and two regions). Among its members are the world's top economic power and economies of a region with the fastest growth rate. Its members account for about 57 percent of the world's GDP, making it the largest regional economic cooperation forum. And before the global financial crisis, APEC members accounted for 45.8 percent of the world trade.

Since China depends on foreign trade more than most other economies, it is crucial for it to promote regional trade liberalization to ensure a relatively steady and secure market. Except for the European Union, China's largest trade partner, largest export market and major import sources are APEC members.

Therefore, the importance of the informal APEC meeting cannot be understated. That brings us to the question: What should China do at the Yokohama meetings?

To begin with, China has to ensure that APEC's aims and the "Bogor Goals" are not undermined. Liberalizing regional trade and investment (and facilitating trade), and intensify-

ing economic and technical cooperation are the two main aims of APEC. The "Bogor Goals", adopted at the 1994 APEC meeting at Bogor, Indonesia, require developed economies to achieve trade and investment liberalization by 2010. Developing economies have to achieve it by 2020.

APEC has been saying all along that the best way of overcoming the global financial crisis is by strengthening cooperation. In fact, at its 2008 meeting, held under the theme, "A New Commitment to Asia-Pacific Development", APEC declared: "The current global financial crisis is one of the most serious economic challenges we have ever faced. We will act quickly and decisively to address the impending global economic slowdown. We welcome the monetary and fiscal stimulus provided by APEC member economies and will take all necessary economic and financial measures to resolve this crisis."

The 2009 APEC meeting in Singapore, which had "Sustaining Growth, Connecting the Region" as its theme, too, focused on how to deal with the crisis. But the financial turmoil that engulfed the entire world affected the

trade liberalization process. Taking a cue from the "Buy American" slogan of the United States, some economies began resorting to trade protectionism, undermining the liberalization process.

The number of trade protection cases, however, began falling from the fourth quarter of last year. In fact, global trade remedy cases in the fourth quarter of 2009 dropped by about 20 percent year-on-year. And in the first quarter of this year, new temporary import trade remedy cases (including anti-dumping, anti-subsidy and countervailing safeguard cases) declined by 20 percent year-on-year.

But because the pace of recovery of the real economy in developed countries has been slow, leaders of some advanced economies have tried to fall back on protectionism once again to increase their popularity ratings at home. Such moves are creating obstacles for APEC members to realize the "Bogor Goals" of trade and investment liberalization.

From the middle of this year, the Barack Obama administration began taking protectionist measures to garner more public support for

the Democrats in the US midterm elections. In the first half of October, the US began 24 trade remedy cases against China. In such a situation, China has to emphasize that economies have to honor their promises on regional trade liberalization.

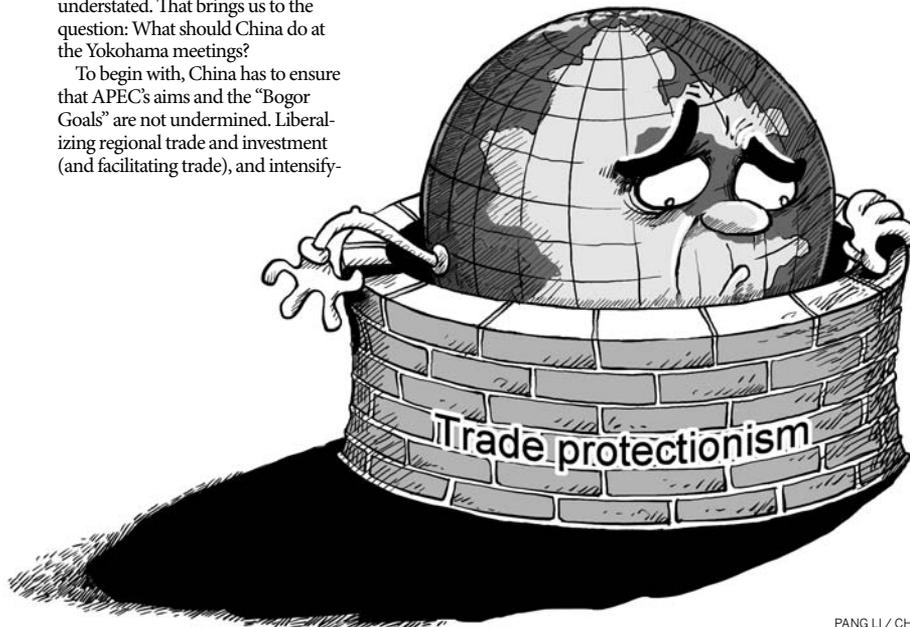
The developed member economies of APEC such as the US usually focus on promoting trade and investment liberalization but ignore economic and technical cooperation. China, on the other hand, insists that equal attention should be paid to both aspects.

Hence, at the informal APEC meeting in Yokohama China should highlight the need to create a more equitable and stable development environment for developing countries' foreign direct investment. The prevailing situation and possible course of development make it incumbent for APEC to accept microeconomic policy coordination as one of its themes along with promoting regional trade liberalization and economic and technical cooperation.

The problem is that post-crisis era macroeconomic policies of some economies are highly uncoordinated. For example, the US' quantitative easing monetary policy is harmful for the entire world. Moreover, because of the Republicans' victory in the midterm elections and the strengthening "Tea Party" movement "against big finance and big government" in the US, the Obama administration will find it more difficult to pass (let alone implement) financial measures to stimulate the economy. Instead, it has to rely more heavily on quantitative easing monetary policies, which means printing more dollar notes.

Hence using bilateral, regional and multilateral channels to stop the currency flood generated by the US and to prevent Washington from transferring its troubles to other economies under the pretext of "macroeconomic policy coordination" will be in the interest of all countries and regions.

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PANG LI / CHINA DAILY

GIORGIO NAPOLITANO

Future of Sino-European ties bright

Chinese and Europeans have had a long history of contacts, but for long they lacked real mutual understanding. During the 19th and 20th centuries, China and Europe began to come closer, but conflicts and confrontations dominated their exchanges, leading to a long dissonance between the two sides.

The founding of the People's Republic of China opened a historic chapter. Italians, like many other European people, have been witness to the birth of New China and regard it as a sign of world progress and Europe's new partner. New China covered a long journey and experienced dramatic changes before becoming one of the main actors on the world stage.

The currents of history, like the ones in the great Yangtze River, are fierce and irresistible, and have brought Chinese and Western people close. China's millennium-long culture teaches us to be patient when watching the determinant element of mankind advance.

Today, China is well aware of economic interdependence as a driving force of its exceptional accomplishments. Global interdependence means that no country can afford to ignore international situations and competitions if it wants to fulfill its goals. Interdependence also means that we can merge efforts, resources and national strengths of the entire

world to enable them to play a bigger role in the development of mankind.

China, rather the whole of Asia, has become a protagonist in the international arena. China has lifted millions of its people out of poverty and, through arduous efforts, has transformed itself from a self-sufficient society into a sustainable and rapidly growing economy. It has played a determinant role in breaking the boundaries between "industrialized nations" and "developing nations". So the lines between the two are becoming increasingly blurred.

The "China miracle" has produced some exemplary effects, especially for Asian nations. China has acted as a locomotive of the world economy after it (especially the developed world) was battered by the global financial crisis. Its role of bolstering the global economy is in no way inferior to the ones played by Germany, the United States and Japan during earlier world crises.

To continue to play its role on the international stage, China needs to maintain regional and world stability, because that is necessary for its rapid and peaceful emergence. Its success is not only inseparable from its insightful and courageous economic and social policies, but also partly related with sustainable global economic growth before the 2008-2009 slump, as well as the trade liberalization and simultaneous

development in neighboring countries and regions. Over the past two decades, China has enjoyed a stable and peaceful internal and external environment, a prerequisite for development.

Europe is not averse to the roles played by other countries. It will not try to block the efforts made by other international players such as China, other Asian economies or emerging countries elsewhere to play a bigger role on the international stage.

The influence of China, Asia and other emerging regions is bound to rise. As an Italian and European, I believe such an evolution is positive. The success of China and other emerging nations such as India and Brazil means a qualitative change in international relations, from which all of us can benefit. What we are playing is a win-win game, not a zero-sum game, as reflected in our bid to reconstruct the international order.

China still needs domestic, regional and world stability despite the remarkable progress it has made in a number of fields. It also needs to work hard to eradicate poverty and improve people's livelihood in many of its underdeveloped regions.

Success usually increases a country's responsibilities. China remains the largest emerging country. It is also the world's second largest economy and a permanent member of the United Nations Security Council.

Therefore, it has to continue playing its important role in maintaining peace and security from the perspectives of its territorial integrity as well as its economic weight, strategic resources and political influence.

China has developed a unique capability to exert positive influence on Asia-Pacific and other regional affairs. Its influence on the efforts to denuclearize the Korean Peninsula and to resolve the Pakistan and Afghanistan issues can be cited as ready examples.

China's progress is not embodied in its economic growth alone. It has made substantial headway in promoting political reform and the rule of law. Progress has also been made in protecting human rights and pushing for openness in and liberalization of the market.

A globalized world offers huge space for Sino-European cooperation in fields such as counter-terrorism, nuclear non-proliferation, climate change, anti-organized crimes operations, trade liberalization, monetary rebalancing and development of renewable energy and resources.

The potential for Sino-European dialogue mechanism has been tapped and its future looks bright.

The author is the president of Italy. The article is part of the speech he delivered at the Party School of the CPC Central Committee on Oct 26.