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The current momentum of global economic growth remains weak, with prominent downside risks. The recent abuse of tariffs by the United States has severely violated the legitimate rights and interests of other countries, seriously undermined the rules-based multilateral governance system, dealt a heavy blow to the global economic order, and hurt the long-term stability and growth of the global economy. It has also triggered sharp fluctuations in global financial markets, particularly in advanced economies. This has threatened global financial stability and posed grave challenges to emerging market economies and developing countries.

Against this backdrop, there is an urgent need for countries to strengthen macroeconomic policy coordination, support the multilateral trading system, promote economic globalization that is more open, inclusive, mutually beneficial and balanced, jointly advance trade and investment liberalization and facilitation, and safeguard global economic and financial stability. Upholding true multilateralism, China is an advocate of economic globalization and free trade, and a staunch defender and supporter of the World Trade Organization. We actively engage in global economic governance and are committed to the development of an open world economy. China stands ready to further deepen cooperation with the International Monetary Fund (IMF) and supports it to play a bigger role in safeguarding global economic and financial stability.

I. About the work of the IMF

The global multilateral trading system is now under an unprecedented threat. As the most important multilateral financial institution in the world, the IMF should fully play its role as a trusted advisor, a reliable lender of last resort, an advocate of sound policy frameworks, and a platform for multilateral cooperation. It should actively guide and encourage countries to strengthen international macroeconomic policy coordination and to safeguard global economic and financial stability.

Given the big impact of trade tensions on global economic and financial stability, there is an urgent need to strengthen the Global Financial Safety Net (GFSN). With the IMF at the center of the GFSN, it is critical to continue advancing the quota reform in order to enhance the IMF's legitimacy, effectiveness, and representativeness. The IMF is a quota-based institution. Therefore, quota shares realignment is the most important part of the IMF's governance reform. It should be achieved as early as possible to reflect members' relative weights in the world economy and to increase the representation of emerging markets and developing countries. China has already provided consent in writing to the quota increase under the 16th General Review of Quotas (GRQ). We call on all other member countries to complete their domestic procedures without delay so that the quota increase can come into effect in May this year. At the same time, to deliver member countries' commitment and to maintain the IMF's credibility, the IMF should race against time to develop possible approaches as a guide for further quota realignment by June this year, and speed up preparations for the 17th GRQ, including discussions on a new quota formula. Achieving a timely and meaningful realignment in quota shares is also crucial to ensure fair treatment of member countries.

At the current juncture, enhancing global macroeconomic policy coordination is becoming increasingly important. Trade tensions are affecting global economic growth and inflation through supply, demand, and expectation channels. The IMF should actively guide and encourage countries to firmly support economic globalization and the multilateral trading system. Countries should faithfully strengthen macroeconomic policy coordination and safeguard the security of international economic and financial systems. Meanwhile, the IMF should strengthen its economic surveillance, assess risks objectively, and provide timely policy recommendations. We look forward to the Comprehensive Surveillance Review (CSR) aimed at enhancing the effectiveness of bilateral and multilateral surveillance, so that the IMF can provide its members with more targeted policy recommendations on addressing shocks. Given elevated economic uncertainty and higher market volatility, the IMF should improve its lending toolkit and strengthen crisis response. We welcome the IMF's efforts in reviewing the design and conditionality of its programs, as well as precautionary facilities, to effectively prevent crises and address the changing needs of its membership. We commend the IMF's efforts in improving the financial sustainability of its Poverty Reduction and Growth Trust (PRGT) to ensure effective support for low-income member countries.

In recent years, China has played an active role in addressing global debt issues. The resolution of debt issues should follow the principle of "joint action with fair burden-sharing." Adverse global economic and financial environment could exacerbate debt vulnerability of low-income countries (LICs). In recent years, China has actively implemented the G20 Common Framework and made significant contribution to the debt restructuring of Zambia, Chad, Ethiopia, and Ghana. Outside the Common Framework, China has contributed to the debt treatment of Sri Lanka, Suriname, and Malawi. China has also actively participated in discussions under the Global Sovereign Debt Roundtable (GSDR) to enhance mutual understanding and build consensus on key debt issues. In order to resolve debt issues, it is important to uphold the principle of "joint action with fair burden-sharing." We welcome the review of the Debt Sustainability Framework for Low-Income Countries (LICs-DSF) by the IMF and the World Bank. We encourage the two institutions to take into account the views of emerging creditors and debtors when improving the analytical framework, so as to adapt to the new global sovereign debt landscape.

II. China's economic and financial developments

China's economy remains solid, and the momentum of economic recovery continues to strengthen. In 2024, China's GDP grew by 5 percent, ranking among the top compared with other major economies. Its contribution to global economic growth stays at around 30 percent.

Since the beginning of this year, China's economy has continued to recover. In the first quarter (Q1), the GDP grew by 5.4 percent year on year and by 1.2 percent quarter on quarter. **Industrial production continues to grow fast.** In Q1, the value added of large industrial firms rose by 6.5 percent year on year, 0.7 percentage point higher than that in 2024. In particular, the value added of equipment manufacturing grew by 10.9 percent year on year. **The services sector has maintained solid growth, and services consumption increased.** In Q1, the value added of the services sector went up by 5.3 percent year on year, up by 0.3 percentage point compared with 2024. The number of domestic tourist trips during the Chinese New Year increased by 5.9 percent year on year. **Retail sales rebounded and fixed asset investment increased.** In Q1, the total retail sales of consumer goods went up by 4.6 percent year on year, up by 1.1 percentage points compared with 2024. The fixed asset investment increased by 4.2 percent from a year earlier, 1.0 percentage point higher than that in 2024. **Trade in goods hit a record high compared with the same period in preceding years.** In Q1, the total value of exports and imports of goods registered a historic high of RMB10.3 trillion, a year-on-year growth of 1.3 percent. **Employment remains generally stable.** In Q1, the average urban surveyed unemployment rate was 5.3 percent. **The decline of prices has notably moderated.** In March, the consumer price index (CPI) fell by 0.1 percent year on year. The decline has narrowed noticeably.

The real estate market and local government financing vehicles (LGFVs) have shown positive changes. Their drag on economic growth is weakening. The risk from the real estate market has been mitigated. Thanks to supply-side and demand-side policy supports, as well as self-adjustments by property developers, the risk from the real estate market has substantially abated. Home sales have picked up and home prices have shown signs of stabilization. It has been clarified that local governments can use funds raised through special bonds to acquire reserve land and purchase unsold housing which would then be offered as social housing. This will further stabilize the real estate market. **Local government financing vehicle debt has dwindled.** To address the debt issue of LGFVs, China has announced a program to swap their outstanding implicit debt, spun off their financing activities for local governments, and transformed them into market entities through market-based restructuring. These policy efforts have produced desired outcomes. The number of LGFVs and their outstanding debt have declined significantly. **The financial system remains sound in general, and financial institutions are healthy.** At the end of 2024, the capital adequacy ratio, the non-performing loan ratio, and the provision coverage ratio of commercial banks stood at 16 percent, 1.5 percent, and 211 percent, respectively, all well above the regulatory standards.

On monetary policy, China will continue to implement an appropriately accommodative monetary policy. The People’s Bank of China (PBOC) made a number of large monetary policy adjustments last year. In particular, it adopted a host of incremental policies in September. These policy measures have effectively boosted market confidence. **In terms of aggregate support**, the PBOC cut the reserve requirement ratio (RRR) and policy rate twice and guided down the Loan Prime Rate (LPR). **In terms of structural support**, the PBOC introduced re-lending facilities in support of sci-tech innovation, technological transformation, and affordable housing. It also created two monetary policy tools to support the capital market. **On monetary policy transmission**, the PBOC improved monetary policy framework, included government bonds in open market operations, promoted the reform of quarterly value-added accounting of the financial industry, and strengthened the oversight of interest-rate policy implementation.

In 2025, the PBOC will lower the RRR and policy rate as warranted by economic and financial developments at home and abroad, as well as financial market performance. We will adopt a policy mix to keep liquidity abundant, lower the liability cost of banks, and persistently bring down the overall financing costs for the real economy. Meanwhile, we will step up financial support for major national strategies, key areas, and weak links, and will improve the two pro-capital market monetary policy tools to support the stable development of the capital market. We will also improve the interest-rate adjustment framework and improve monetary policy transmission channels. With regards to exchange rate, we will continue to let the market play a decisive role in the formation of exchange rate, while maintaining exchange rate flexibility. At the same time, we will better guide expectations and keep the RMB exchange rate basically stable at an adaptive and equilibrium level.

On fiscal policy, China will adopt a more proactive stance. In 2025, China's budget deficit is set at 4 percent of GDP, or RMB5.66 trillion, up by RMB1.6 trillion from the previous year. **Fiscal expenditure will increase.** The general public budget expenditure is RMB29.7 trillion, up by 4.4 percent from a year ago. **More government bonds will be issued.** Local governments are allowed to issue an additional RMB4.4 trillion special bonds. The central government will issue RMB1.3 trillion ultra-long special bonds. On top of that, the central government will issue RMB500 billion special bonds to support large state-owned banks to replenish core tier 1 capital. **Fiscal support for local governments will be stepped up.** Planned transfer payments stand at RMB10.34 trillion, up by 8.4 percent from the previous year in comparable terms.

In a nutshell, China has factored in all kinds of uncertainties when formulating this year's macroeconomic policies. We have abundant policy tools to deploy, and if necessary, we will introduce new incremental policies in a timely manner to forcefully and effectively address external uncertainties. **Meanwhile, China will actively promote economic restructuring and high-quality development.** On the domestic front, we will boost consumption, improve investment efficiency, expand domestic demand through a multi-pronged approach, and foster stronger synergy between consumption and investment. We will turn domestic demand into the main driver and anchor of economic growth. In the meantime, we will fully unleash the vitality of all types of market entities. On the external front, China will continue to promote high-level opening-up. We will steadily advance institutional opening-up in terms of rules, regulations, management, and standards. We will create a world-class and market-oriented business environment underpinned by a sound legal framework for the benefit of all.

On the economic developments in the Hong Kong Special Administrative Region (SAR) and the Macao SAR, Hong Kong's economy has maintained solid growth. Its real GDP grew by 2.5 percent in 2024, and prices went up moderately by 1.1 percent. However, rising global policy uncertainties and possible shifts in the global trade landscape pose downside risks to its near-term growth. Hong Kong will continue to defend its status as a free port and promote regional and international cooperation. Macao's real GDP grew by 8.8 percent in 2024. The unemployment rate stayed below 2.0 percent and the latest reading on inflation came in at 0.2 percent. Macao will properly address the pressure from external uncertainties, actively engage in the cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area, and continue to improve the well-being of Macao residents.