

Vice Minister Shijin Liu

Vice Minister Shijin Liu of the Development Research Center of the State Council commended the timeliness of the forum, especially for the PRC as it now needs to put greater emphasis on innovation and inclusive growth after experiencing rapid economic growth and development. Innovation will be key for economic restructuring; to provide the driving force for innovation, the PRC will deepen reforms and pursue an inclusive growth model.

The PRC's growth slowed down in the last two years. In 2013, the PRC switched from high-speed growth to middle-level speed growth, albeit upper-middle growth. The economic structure of the PRC is likewise changing. The PRC is said to focus on manufacturing, with investments and export dependence considered high. In 2012, the changes resulted in the proportion of consumption exceeding investments. This trend will remain in the next few years. The share of the services industry will exceed manufacturing not later than 2017. Exports growth will decline from 20% to 5-10% as the competitiveness of the country's exports will decline. There will be transition from farming to non-farming industry. After 2020, the economic aggregate of the PRC will catch up with the United States. The per capita income will also be at par with those of high-income countries.

These developments emphasize the need to deepen reforms to drive innovation that consider inclusive growth. In order to realize inclusive growth, there must be equality of rights, opportunities, and rules. This means lowering the threshold, imposing the negative list, reforming manufacturing endowments including lands, imposing intellectual property rights and promoting its trade, putting in place innovative infrastructure and accelerating venture capital flows. On this aspect, more vertical flow, alongside horizontal flow, must be encouraged to break the hierarchical structure in the whole society. In addition, exchange of talents and expansion of trading systems and mechanisms must be promoted. He emphasized that if big progress is attained in all of these factors, innovation and inclusive growth can be induced. While growth is slower, its quality will be improved and will contribute to the stable growth of Asia and the whole world.