

# Chinese President at Boao Announces New Phase of Reform and Opening Up

by William Jones

April 15—The annual Boao Forum, held on the southern Chinese island of Hainan, April 8-11, which has gathered together leaders from Asia since its inception in 2001, has always attracted interest far beyond the Asia-Pacific region. Boao was established by a number of the Asian countries in the aftermath of the 1997 Asia financial crisis, in an attempt to find Asian solutions to Asian problems. Each year Boao brings together business and political leaders from all over the world to discuss the economic agenda and plan for the future. The growing role of China in the world economy has now made the Boao Forum a focus of intense international interest. And

with the historic 19th Party Congress last year, and the National People's Congress this year, China has embarked on a new era in its reform and opening up policy, which has tremendous implications for the region and the world, and which has been closely watched by business leaders around the world.

The keynote speech of Chinese President Xi Jinping at this particular gathering was therefore awaited with great expectation by the participants and by the world. And they were not to be disappointed.

Speaking on April 10, President Xi gave a broad sweep of China's development since the "reform and opening up" launched by Deng Xiaoping 40 years ago this year. Xi pointed in particular to the development of Hainan Island, where the conference was located, as an example of the progress made during that period. The reform and opening up, Xi said, had transformed Hainan "from the once backward and remote island



*The Boao Forum for Asia, April 2018.*

into one of China's most open and dynamic regions." Hainan is celebrating its 30th anniversary as one of the 16 Special Economic Zones established as a part of the reform and opening up. And Xi's comments on Hainan's development presaged the plans that he would announce a few days later that China intended to make Hainan the country's first international free trade port since the founding of the People's Republic.

The "reform and opening up" had made the rapid development of the Chinese economy possible and had transformed China into the most important locomotive of global economic development. "Over the last four decades," Xi said, "the Chinese people have significantly unleashed and enhanced productivity in China through hard work with an unyielding spirit. Heaven rewards those who work hard, and flowers in spring come to fruition in autumn. The focused endeavor in national development and unwavering commitment to

reform and opening-up of the Chinese people have brought enormous changes to the country.”

This process was never easy and suffered its reverses and reformulations throughout that period. Initially it was thought by most Western observers, and indeed, even some Chinese observers, that China would somehow “morph into” just another G7 or G8 member and adopt “Western norms and habits of thought.” Much of this was based on a lack of understanding of China and its culture, and the struggle which had led to the entry of the People’s Republic of China into the circle of major powers. In addition, the 2008 financial crisis made it clear to the Chinese, and the world, that the Western norms and habits were not terribly conducive to rapid economic development, particularly in the developing world.

### How China Sees Its Mission

These Western expectations also ignored the strong commitment that China had to its socialist heritage. “Over the last four decades, the Chinese people have kept forging ahead and demonstrated the strength of the nation through keeping pace with the progress of the times,” Xi said. “Ours is a truth-seeking nation with an open mind. Our efforts to open up our minds have advanced side by side with our endeavor of reform and opening-up. Our search for new ideas and experiment of practices have been mutually reinforcing. Such is the great strength of a guiding vision. Ours is a nation that has courageously engaged in self-revolution and self-reform, constantly made improvements to the system of socialism with Chinese characteristics, and kept overcoming institutional and systematic obstacles to development.”

The mistaken expectations also ignored the fact that China would not simply “take its place” among the major industrial powers. It was also committed to advancing the needs of the other countries which were suffering extreme poverty and underdevelopment and with whom China maintained strong bonds of solidarity. Through the Belt and Road Initiative and the new model of international relations based on win-win cooperation that China has put forward, it has created a model in which no country will be left behind.

“The world is undergoing a new round of major development, great change and profound readjustment,” Xi said. “Humankind still faces many instabilities and uncertainties. The new round of technological and industrial revolution brings fresh opportunities



Xinhua/Li Xueren

*Chinese President Xi Jinping delivering keynote speech at the Boao Forum.*

and presents unprecedented challenges. In some countries and regions, people are still living in the shadow of war and conflict. A great many people, including the old, women, and children, are suffering from hunger and poverty. Climate change and major communicable diseases remain formidable challenges. Humanity has a major choice to make between openness and isolation, and between progress and retrogression.”

And China is intent that the opening up will continue and be taken to a higher level. China has made remarkable gains in various areas of science and technology, becoming the leader in a number of fields and making unique breakthroughs in a number of scientific areas, and has benefited greatly from its access to the world around it. The native talent of the Chinese people, combined with the gains made in technology worldwide during the last few decades, have led to major breakthroughs by Chinese researchers in many areas of human endeavor. And it was with the help of these breakthroughs that China has been able to lift over 700 million from poverty during that process. Only through an expansion of that important collaboration between East and West can China to move its mode of production to “high-quality” development and innovation.

### China-U.S. Cooperation Will Be a Signal

Xi stressed that China would continue to facilitate investment in China by foreign corporations, assuring

that even up to 51% ownership in some areas, a majority interest, would be available, and that China would also open up new economic areas for foreign investment, including in finance and insurance. China would also strengthen legislation to protect intellectual property rights for Chinese as well as foreign enterprises, and would not require technology transfers from firms wishing to invest in China. President Xi in this way addressed most of the trade concerns which President Trump had raised as the reason for his tariff threat.

While most of these measures had already been laid out in the work report of Premier Li Keqiang at the National Peoples Congress last month and by President Xi in his wide-ranging final speech to the Congress, the emphasis by the Chinese President at such an international forum as Boao gave it even added emphasis. And, in the context of the growing trade problems with the U.S., it was also seen as an olive branch to bring the process back to negotiations and away from threats. The initial positive response by President Trump to Xi's speech in a tweet gives a good indication that this message has been received, and might help avert the threat of any trade war.

Xi also laid out the path China would follow in this new phase of development. "Following the people-centered development philosophy and the new development vision, we will modernize our economic system, deepen the supply-side structural reform, and implement at a faster pace the strategies of innovation-driven development, rural revitalization and coordinated regional development," Xi said. "We will continue to work on targeted poverty alleviation and promote social equity and justice to give our people a greater sense of fulfillment, happiness, and security."

At the same time, President Xi clearly delineated his proposal for a new development model for the world, a model that is inclusive and based on the concept of mutual benefit and win-win cooperation. "We live at a time with an overwhelming trend toward peace and cooperation," Xi said.

"In a world aspiring for peace and development, the Cold-War and zero-sum mentality looks even more out



Xinhua/Yao Dawei

*Meeting between Chinese President Xi Jinping and former President of Kyrgyzstan, Almazbek Atambayev, during the Boao Forum.*

of place. Putting oneself on a pedestal or trying to immunize oneself from adverse developments will get nowhere. Only peaceful development and cooperation can truly bring win-win or all-win results. We live at a time with an overwhelming trend toward openness and connectivity. Human history shows that openness leads to progress while seclusion leaves one behind. The world has become a global village where our interests are intertwined and our economic and social progress interconnected. To promote common prosperity and development in today's world, we have no choice but to pursue greater connectivity and integrated development."

Xi's vision of this new model of international relations has received strong support from all over the world. Almost 100 countries have expressed support for Xi's Belt and Road Initiative. Xi's concept of a "community of a shared future for mankind" has been enshrined in documents of the United Nations, and the presence at Boao of the Austrian President and the Netherlands Prime Minister further underlined the important influence China is having on the Western nations as well. It is hoped that the U.S. President, who has heard Xi Jinping's proposals at Boao on China's reform path, will also hear and understand the implications of the Chinese President's broader proposal. If China and the United States can work together on a win-win basis, this signal will be heard around the world.