

# Macro Note

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## China: Xi Emphasizes Commitment To Reform And Multilateral Trading System With No Major Announcement

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Tuesday marks the 40<sup>th</sup> anniversary of the opening up of China's economy. Contrary to some expectation, President Xi Jinping did not announce new measures or reforms but devoted his 1 ½ hour keynote speech to affirm China's commitment to supply-side reforms and the multilateral trading system and said that China is moving closer to the center of the world stage and will continue to play the role of a responsible major nation. He said China must persevere as reform process is getting harder, highlighting that China may face unimaginable difficulties ahead.

There was also significant mention of the role of the Communist Party in China's transformation over the years and that China must continue on the path of socialism with Chinese characteristics. Xi highlighted three critical battles in his speech which include against poverty, environment and major risks.

The closest reference to China's position in the ongoing trade tensions with the US was Xi's comment that no one is in the position to dictate to China what should be done and China's development does not pose any threat to any country. He emphasized that reforms and opening up must continue to prioritize the people's interests. This signals again that China will not bow to external pressure. There was also no mention of any change to the Made in China 2025 program which has been a contentious issue with the US.

Any announcements of policy measures to cushion the downside growth risks would be left to the Central Economic Work Conference (CEWC) which convenes tomorrow (19-21 Dec). This is expected to focus in the areas of tax cuts and credit policies. ([China: Central Economic Work Conference \(CEWC\) Preview](#), dated 13 Dec 2018).

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