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**Full text of Premier Li Keqiang's speech at the Opening Ceremony of
the Annual Meeting of the New Champions 2018**

Tianjin, 19 September 2018

Professor Klaus Schwab,

Your Excellencies Heads of State and Government,

Distinguished Guests,

Ladies and Gentlemen,

It is a great pleasure to join you again in Tianjin. Let me begin by extending, on behalf of the Chinese government, warm congratulations on the opening of the Annual Meeting of the New Champions 2018, and a sincere welcome to all guests from afar.

Since its inception years ago, the Summer Davos Forum has borne witness to the efforts by various countries to tackle the global financial crisis and bring about global recovery. As a gathering of new champions in the business community,

the Forum has contributed forward-looking insights to the quest for new pathways and engines for global growth and transformation.

It is encouraging to note the collective global recovery that has emerged following a tortuous journey. This recovery is, to a large measure, driven by the new round of industrial revolution and a new boom in innovation, which has lent fresh impetus to global economic development. That said, our world is faced with rising uncertainties and destabilizing factors, and a growing backlash against globalization. How to boost the new drivers to secure sustained growth of the global economy is a key area of concern for all of us. In this context, the theme of this Annual Meeting, “ Shaping Innovative Societies in the Fourth Industrial Revolution ” , cannot be more relevant.

In his keynote speech at the World Economic Forum early last year, President Xi Jinping stated China ’ s firm commitment to economic globalization, free trade and innovation-driven development. As we mark the 40th anniversary of reform and opening-up in China this year, we have introduced a host of major steps to deepen reform, expand opening-up and advance innovation, aiming to promote both China ’ s own development and global growth.

To boost the new drivers of global growth, we need to firmly uphold economic globalization, which has provided fertile ground for the new industrial revolution. The liberalization of trade and investment and the free flow of factors of production and innovation that accompanied economic globalization have fostered highly interconnected global industrial, innovation and value chains, and enabled the expansion of the new industrial revolution at a speed, scale and depth unseen before. New technologies and new industries emerged in clusters and grew exponentially, making breakthroughs across a wide range of sectors. Economies around the world got involved in this process to varying degrees, with deepening interconnectedness and interdependence. One case in point is the fact that 40% of China ’ s exports in goods and two thirds of its high-tech exports came from foreign-invested enterprises in China.

The rules-based multilateral trading system is the bedrock of economic globalization and free trade, and provides important safeguards for win-win outcomes. The authority and efficacy of the system should be respected and protected. Some WTO rules do need to be improved. The right approach is for all to sit down as equals to find solutions. Throughout this process, the fundamental principles of free trade should be upheld, the interests and concerns of all parties

be accommodated, and the broadest possible consensus on reform be built up. Taking a unilateralist approach will not solve any problems. As no one can thrive on his own in the new industrial revolution, we must draw on each other ' s comparative strengths and act together to nurture and promote innovation for shared benefits. Governments need to support businesses in collaborating on innovation in line with market principles and commercial rules, while fully protecting their intellectual property rights. Greater government-business synergy will facilitate the new industrial revolution.

To boost the new drivers of global growth in the new industrial revolution, we need to make development more inclusive. Different from previous industrial revolutions, the new round of industrial revolution is enabled by online platforms in a ubiquitously networked environment. Lower thresholds of entry have presented all with an equal and accessible opportunity to participate and benefit. Empowered by the Internet, anyone, no matter in urban or rural areas, can easily start his own business, make innovations and create wealth. As we can see, the development of smart phone applications has spawned massive industrial clusters, as tens of thousands of people upload their technical solutions and industrial application proposals onto open platforms. To turn possibilities into reality, an enabling environment is indispensable. It is imperative to enhance institutional arrangements for equal rights, equal opportunities and fair rules, follow a balanced and inclusive development approach, make education universal, and better support the vulnerable groups so as to achieve more inclusive development that benefits all.

To boost the new drivers of global growth in the new industrial revolution, we need to pursue integrated innovation and development. The new industrial revolution holds out infinite promise. Today, natural sciences, social sciences and liberal arts are deeply entwined as never before. And different sectors, enterprises and communities can leverage each other ' s strengths like never before. Artificial intelligence cuts across an array of disciplines such as algorithm, bionics, sensor technology, and ethics.

E-commerce is another example of integrated innovation and development. Transaction platforms, which are set up by big companies and joined by micro, small and medium-sized enterprises as well as individual business owners, have created conditions for the direct matching of supply and demand, production and sales, resulting in a large number of new forms of business, new models and new jobs. We must seize this momentum to promote wider application of the

Internet Plus model, clear the hindrance to optimized allocation of production factors, and establish more inter-disciplinary, multi-stakeholder innovation platforms to open up broader space for the development of the new growth drivers.

Ladies and Gentlemen,

China has made vigorous efforts to nurture new growth drivers. Facing a weak global economy and downward pressure on the Chinese economy in the past several years, China, instead of resorting to massive stimulus, stayed the course of reform and innovation guided by the new development philosophy. Seizing the opportunity of the new industrial revolution and harnessing our advantages in human resources and market potential, we have focused on enhancing the new growth drivers and accelerating the shift from traditional drivers of growth to new ones. Our endeavors have produced better-than-expected results: the new drivers have played a key role in sustaining growth, adjusting the economic structure and expanding employment.

We have made vigorous efforts to streamline administration and cut taxes and fees, unlocking market vitality. Our businesses and the general public often encounter red tape and high cost in their investment and operations and in starting a business and accessing government services. To address these issues, we have substantially reduced the number of items requiring administrative approval, reformed the business system, and taken the initiative to slash taxes and fees. In particular, we rolled out a nationwide program of replacing business tax with VAT in a phased manner, which has lowered institutional transaction costs and production and operation costs. The VAT reform has also improved China's business environment and enhanced the quality and performance of Chinese companies.

In the past five years, the number of market entities in China has surged by nearly 80% to more than 100 million, and around 70% of new market entities are in active operation. This has not only accelerated the development of new drivers but also given a strong boost to employment. We are now seeing more than 13 million new urban jobs created each year in China. Employment generates income, which produces new consumption and investment, thus fostering a healthy cycle of economic development.

We have adopted a prudent yet accommodative approach to regulation, contributing to a boom in emerging industries. New industries, new forms of business and new models create new driving forces. In the beginning we may only have limited knowledge of the workings of emerging industries, which can be vastly or even completely different from traditional ones. Therefore, mechanically following old regulatory methods will not work, just like one shouldn't cut the toes to fit new shoes. Instead, we have established a prudent yet accommodative regulatory approach.

Our approach is this: as long as new forms of business and new models do not go against laws or regulations, cross the line of security or damage public interests, we will take an accommodative attitude toward their innovations by leaving sufficient space for their development. If we are not immediately certain about the prospect of these new forms of business and new models, we will allow time to prudently observe their performances instead of imposing a regulatory straitjacket right away.

Any regulatory measures to be taken will be carefully assessed to make sure that they serve the purpose of both deterring malpractices and guiding the sound and orderly development of new forms of business. For those businesses that may entail huge risks or serious social consequences, we will make sure that these risks are dealt with resolutely. This also applies to the regulation of existing forms of business. For those malpractices that involve seeking illegal gains, putting lives and property in danger, cheating and swindling, making or selling fake or substandard goods, and infringing on IPRs, we will mete out serious punishment in accordance with the law, no matter whether they emanate from emerging or traditional businesses, or are conducted online or offline. This regulatory approach has facilitated the rapid rise of emerging industries, such as online shopping, mobile payment and the sharing economy, which have become a hallmark of the thriving new drivers of the Chinese economy.

We have encouraged mass entrepreneurship and innovation, inspiring immense social creativity. China has a workforce of nearly 900 million, among which 170 million have received higher education or training in professional skills. Every year we produce over eight million university graduates and over five million graduates from secondary vocational schools. To tap their vast creative potential, we have made institutional improvements, adopted supportive policies, and fostered an enabling ecosystem for entrepreneurship and innovation. We have strengthened services to encourage university students and returnee migrant

workers to start their own businesses as a way to meet their job needs. We have reformed the science and technology management system and expanded the right of researchers to own and benefit from their scientific and technological achievements.

We have sought to exert the primary role of companies in innovation and adopted policy incentives for all companies that increase R&D input. We have built open and sharing platforms to promote collaborative innovation by large, medium and small companies, research institutes, universities and makers, making innovation more efficient and faster. In the past five years, the number of in-force Chinese invention patents has tripled, and the annual volume of technology transactions doubled. The Global Innovation Index 2018 recently published by the World Intellectual Property Organization and other institutions puts China at the 17th place globally, 18 places higher than in 2013.

As an ancient Chinese poem reads, verdant trees and gurgling springs herald a vibrant season. Likewise, the growing ranks of entrepreneurs and innovators are making China a magnet for innovation and business ventures and creating new horizons for economic development powered by new drivers. High-tech industries and advanced manufacturing are spearheading China's industrial development, new forms and models of services keep emerging, and the industrial structure is upgrading at a faster pace. Online sales have increased by more than 30% annually, and new forms of consumption, such as information and green consumption, have seen rapid growth, raising the share of consumption in economic growth to over 60%. China's economic structure and growth pattern has also seen a major shift, with new drivers contributing more than one third to economic growth and two thirds to new urban jobs, which lays a solid foundation for sustained and sound economic growth.

Ladies and Gentlemen,

Let me now turn to China's economic development and policy trends in the current international environment, as this is a topic of much interest. In the first half of this year, China's economy expanded by 6.8%, staying within the medium-high growth range of 6.7-6.9% for 12 quarters in a row. In the first eight months of this year, over 10 million urban jobs were created, and the surveyed urban unemployment rate was kept at a relatively low level of around 5%. Over 18,000 new companies are set up on an average day, and corporate profits of large industrial companies have maintained double-digit growth. On the whole,

the Chinese economy has stayed on the track of steady progress, with growing new drivers and sound fundamentals.

Having said that, China is confronted with a host of difficulties and challenges in economic development. Deeply integrated into the world economy, the Chinese economy is inevitably affected by notable changes in the global economic and trade context. The moderation of growth in domestic investment and consumption has added to the difficulties of some companies and weighed on the stable performance of the economy. Nevertheless, China's development has always been achieved through overcoming all sorts of difficulties and challenges, which have never been insurmountable. There were numerous occasions when we faced severe challenges, yet each time we managed to pull through and only emerged stronger than ever before.

Today's China boasts a more solid material and technological foundation, a fairly complete industrial system, and broad space for urban-rural and regional development. It also enjoys huge new market demand generated by the upgrading of consumption and economic restructuring, abundant and increasingly competent human resources, vibrant entrepreneurship and innovation activities across the society, and a reserve of innovative measures and policy tools for macro regulation. All this gives our economy sufficient resilience, potential and space for maneuver. We have the confidence, ability and means to cope with the current difficulties and challenges. The express train of China's economy will not lose speed but stay on a steady course.

Creating a stable and predictable macro-environment is an important precondition for steady economic performance. China did not resort to massive stimulus in the past; there is no reason why we should do it now. To make sure the economy operates within a proper range, we will continue to develop new and better ways of macro regulation, and keep to the fundamental goals of our macro policies while giving more attention to pre-emptive measures and fine-tuning. Stable employment is always a top priority for a populous country like China; it must be ensured as part of the key parameters delineating the proper range of economic operation. In this connection, we will improve the policy system to put employment first, develop full-fledged job promotion and security mechanisms, strengthen all types of public employment services to attain fairer and more adequate employment.

We will more proactively leverage the fiscal policy in boosting domestic demand and restructuring, and will implement further cuts in taxes and fees. We will pursue a prudent monetary policy with appropriate intensity to keep the macro leverage ratio stable and liquidity reasonably ample. We will see to it that the monetary policy transmission mechanisms are smoothed out in order to channel more funding into the real economy and make financing more accessible and affordable for micro businesses and SMEs.

The recent fluctuations in the RMB exchange rate have been seen by some as an intentional measure on the part of China. This is simply not true. Persistent depreciation of the RMB will only do more harm than good to our country. China is steadfast in its commitment to a market-oriented exchange rate reform. We will not engage in competitive devaluation; we will work to create conditions for keeping the value of the yuan stable. Given the healthy fundamentals of the Chinese economy, our sound balance of international payments and abundant foreign exchange reserves, there is every reason that the RMB exchange rate will remain basically stable at an adaptive and equilibrium level.

The Chinese economy is now at a crucial stage of shifting from traditional drivers of growth to new ones. We will adhere to the general principle of seeking progress while maintaining a stable performance, and focus on supply-side structural reforms to invigorate the market, bolster self-driven development and unleash the potential of China's domestic demand. Through these efforts, we aim to keep the economy at a medium-high rate of growth and move our industries to a medium-high level.

First, China will work even harder to advance reform and opening-up. We will deepen reforms in all respects, especially reform in fundamental and key areas. By further streamlining administration, delegating powers, strengthening compliance oversight and improving government services, we will further widen market access, raise policy transparency, and exercise fair and impartial regulation to create a market environment in which companies of all ownerships, be they Chinese or foreign-owned, are treated as equals and compete on a level playing field. We will deliver and step up policy measures in support of the private sector, remove all hidden obstacles to their investment, protect all types of property rights, and incentivize entrepreneurial and innovation activities.

This year, we have taken steps to significantly ease market access for foreign investors in services sectors, particularly the financial sector, and lowered tariffs

on some imported goods. This is a voluntary choice China has made in light of its own development needs. Going forward, we will open up further to enhance convergence with international economic and trade rules, and foster a world-class business environment. We will encourage more Chinese companies to go global in an orderly way and to pursue third-party cooperation with full sensitivity to local conditions. China's economic growth now accounts for about 30 percent of the world's total. The Chinese market is simply too big for any far-sighted business leaders to ignore and we welcome businesses from all over the world to share in China's development opportunities.

Second, China will work even harder on restructuring. Our country is still at the lower end of the industrial chain. We will continue to encourage businesses to transform and upgrade traditional manufacturing by harnessing new technologies and new business models. At the same time, we will give strong support to emerging industries and services sectors, phase out outdated production capacities through market-driven and law-based measures, and promote integrated development between the primary, secondary and tertiary industries to substantially raise the quality of made-in-China goods and services.

Given that consumption has now become the primary driver of China's economic growth, we need to increase household incomes through multiple channels to expand the spending power of our consumers. The new personal income tax law to be implemented soon will notably reduce tax burdens on individuals, particularly low- and medium-income earners. We will introduce more effective policies to boost consumption and meet the diversified and individualized needs of our people. We are aware that there are still short planks in infrastructure and livelihood areas. To shore them up, we will expand effective investment and encourage private sector participation in these areas. This will enable us to provide more public goods and services, and boost the economy while improving living standards.

Third, China will work even harder to stimulate innovation. Raising China's innovative capacity requires a multi-pronged approach. We will foster an innovation-friendly environment in which basic research and applied basic research are supported, more corporate R&D spending is encouraged, and innovation outcomes are commercialized at a faster pace. We will introduce more effective policies and new mechanisms to make innovation platforms such as makerspaces and incubators more market-based and professional, and

achieve integrated and synergized development of industries, universities, research institutes and end users in both online and offline activities.

To protect IPR is to protect and promote innovation. China cannot realize innovation-driven development without respect for and protection of IPR. Therefore, we have put in place a complete legal framework for IPR protection and set up special tribunals to handle IPR cases. Since China's accession to the WTO, intellectual property royalties paid by Chinese companies to overseas proprietors have increased by 14 times. Going forward, we will further strengthen law enforcement and introduce a more rigorous mechanism of punitive compensation for IPR infringements to deter violations and better protect innovators from all sectors.

Ladies and Gentlemen,

The new industrial revolution unfolding before our eyes is changing the world in profound ways, ushering in an era of unlimited space for innovation and infinite possibilities to develop and prosper. China is ready to join the rest of the world in nurturing new drivers for the world economy and harnessing the industrial revolution for the wellbeing of all peoples. To conclude, let me wish the Annual Meeting a full success!

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Your comments are welcome.