

# CHINESE PREMIER LI KEQIANG TALKS ABOUT THE ECONOMY, ASIA-PACIFIC AND TAIWAN

**Q:** China's economic growth has been declining in recent years and we have seen that the projected target of GDP growth in 2017 has been trimmed to about 6.5%. Will this adversely affect the global economy?

**Premier Li:** I read some foreign media commentary describing the projected GDP growth target of about 6.5% this year as moderate downward adjustment. In fact, 6.5% growth is not a low speed and it would not be easy to meet this target. I can't help but recall a martial art performance I saw at Shaolin Temple, during which a child monk can do over a dozen somersaults at one go quite easily, but several such consecutive somersaults for an adult monk would be quite an accomplishment due to their different size. 6.5% of GDP growth in 2017, if achieved, would generate more additional economic output than last year, as this is a growth attained on the basis of RMB 74 trillion yuan, or US\$11 trillion in GDP. And this growth is projected to generate over 11 million new urban jobs. The measures we take

are consistent with the laws of economics, and moreover, slower growth can help us better focus on enhancing the quality and performance of China's economy.

With respect to risks, we are seeing growing uncertainties in the international economic and political landscape. These are the risks on the external front. As for China, stalled development presents the biggest risk. So it is essential that we maintain steady, medium-high growth and that, in itself, is China's contribution to global stability. We take very seriously the risks we face on the domestic front, including the financial sector. We will take prompt and targeted measures to prevent them from spreading.

I should point out that China's financial system is generally secure and we do not foresee systemic risks. We still have a good reserve of policy options and instruments at our disposal. As the express train of China's economy continues to roll along at medium-high speed, we need to fasten our seat belt and ward off acute outbreaks of risks. Still

less will we allow regional or systemic risks to break out.

**Q:** Can you explain the steps you are taking to convince the world that China is committed to free trade and an open economy?

**Premier Li:** Although globalization has encountered some bumps in the road, China has consistently upheld economic globalization and free trade. I believe such a position in itself is a good indication of China's commitment to opening-up. It is fair to say that economic globalization has benefited countries across the world. Some problems may have occurred in this process, for example, with respect to distribution of benefits. But we don't think they are the result of globalization per se but more of an issue of how one responds to it. China is ready to work with other countries to further improve the global governance system. We also believe that economic globalization has been deeply embedded in the global trend of peace, development and cooperation. A closed-

door policy or beggar-thy-neighbor approach leads to no solutions.

Like many countries in the world, China has benefited from economic globalization as it has been opening up ever wider to the outside world. China needs to first run its own things well. But the truth is, this cannot be done with our doors shut. Hence we will only pursue greater openness. Naturally opening-up is a gradual process. The important thing is that we have kept moving forward for the past decades.

Last year, China was still the largest recipient of FDI among developing countries and FDI reached US\$126 billion. In the World Bank's ease of doing business ranking, China moved up 18 spots in 2016 compared with where it was in 2013. We have launched 11 pilot free trade zones starting from Shanghai, and good experience gained from them will be applied across the country. This year we will hold the Belt and Road Forum for International Cooperation and more steps for opening-up will be introduced. We have pro-

posed to many countries the building of free trade zones or the negotiating of investment and trade agreements. These will all contribute to two-way opening-up.

As for liberalization of global trade, we believe all countries need to work together to push it forward. The world belongs to us all and we all need to do our part to make things better. We are open-minded toward the various regional trading arrangements, established or proposed, and welcome progress in them. When they concern China and where conditions are in place, we would follow an open-minded approach and we would be ready to work with others to push them forward. But China has no intention to reach beyond its role or get involved where we shouldn't. China will participate in and support all initiatives that will promote the liberalization of global trade. We the Chinese understand that the opportunities of economic globalization must be seized through opening-up. They should not be missed no matter what challenges we may face.



**HONG KONG:** Former Hong Kong Chief Secretary Carrie Lam, center, waves after she declares her victory in the chief executive election of Hong Kong while former Financial Secretary John Tsang, left, and retired judge Woo Kwok-hing stand with her. — AP

## CHINA'S FAVORITE LAM WINS HK LEADERSHIP, VOWS TO HEAL RIFTS

### VOTE DISMISSED AS A SHAM BY DEMOCRACY ACTIVISTS

**HONG KONG:** Hong Kong's new leader Carrie Lam pledged yesterday to mend political rifts after winning a vote dismissed as a sham by democracy activists who fear the loss of the city's cherished freedoms. The former career civil servant was chosen as next chief executive of the semi-autonomous city by a mainly pro-China committee. She was widely seen as Beijing's favorite candidate.

Her main rival, ex-finance chief John Tsang who was perceived as a more moderate pro-establishment figure, had a clear lead in opinion polls but trailed in the result. It was the first leadership vote since mass "Umbrella Movement" rallies in 2014 calling for fully free elections failed to secure reforms. Pro-democracy activists said none of the candidates truly represented Hong Kong and rejected the vote outright. Hong Kong was handed back to China by colonial ruler Britain in 1997 under a "one country, two systems" formula designed to protect its freedoms and way of life. But 20 years on, there are serious concerns Beijing is undermining the agreement.

Critics say Lam will deepen divisions but she insisted she wants to unify politically polarized Hong Kong. "My priority will be to heal the divide," she said. Lam pledged to uphold Hong Kong's autonomy and protect its core values, including freedom of expression and an independent judiciary. Asked how she would address concerns Beijing is tightening its grip, she said there was "no difference" between the Hong Kong government and Chinese authorities' views

on safeguarding the city's status and liberties. Beijing's Hong Kong and Macau Affairs Office welcomed Lam's win in a statement which said she "was trusted by the central government".

#### Frustrated activists

Lam is intensely disliked by the pro-democracy camp after promoting the Beijing-backed political reform package that sparked the protests of 2014. It would have allowed the public to vote for the city's leader in 2017, but would have insisted candidates were vetted first.

Despite huge numbers the rallies failed to win concessions and the package was voted down in the legislature by pro-democracy lawmakers in 2015. Political reform has been shelved ever since. Critics also see Lam as loyal to current unpopular chief executive Leung Chun-ying, viewed by opponents as a Beijing puppet. He will step down in July after five years in charge. Lam, 59, who will be the city's first woman leader, was formerly his deputy.

She won comprehensively with 777 votes against 365 for Tsang. The third and most liberal candidate, retired judge Woo Kwok-hing, received just 21 votes. Around three quarters of the 1,194 members of the election committee were from the pro-China camp. Tsang likened his defeat to waking up from a dream, but said there was no evidence Beijing had influenced the result. Since the failure of the 2014 protests, some activists have called for self-determination for Hong Kong or even independence. But the

pro-democracy movement as a whole has splintered and lost momentum. Political party Demosisto, led by high-profile activist Joshua Wong and young legislator Nathan Law, called yesterday's result "a nightmare to Hongkongers". They said they would plan large-scale civil disobedience to coincide with Lam's inauguration on July 1, when China's President Xi Jinping is expected to visit for the 20th anniversary of the handover. Pro-China and democracy protesters faced off outside the voting venue, with some activists later throwing toilet paper over the walls of China's liaison office.

#### Uphill struggle

Analysts said Lam's definitive win showed public opinion was not a major factor for Beijing. "Loyalty trumps everything else," said Willy Lam, of the Chinese University of Hong Kong. He said the new government and Beijing would want to steer clear of the "hot potato" of political reform for fear of igniting further conflict. Lam has said she wants to focus instead on social issues, including housing. But she will face an uphill struggle to unite a city in which young people in particular have lost faith in the political system and their own prospects. With salaries too low to meet the cost of property in an overpriced market fuelled by mainland money, getting ahead in life is increasingly difficult. Concerns of Beijing's interference have been heightened by the disappearance in 2015 of five Hong Kong booksellers, who resurfaced in detention on the mainland. — AFP

## SEX IN THAI CITY FRUSTRATES JUNTA

**PATTAYA:** With mascots dressed as smiling fish and a police rock band, Thai authorities launched a "Happy Zone" at the weekend to improve the image of a city notorious for sex tourism. Stung by foreign headlines portraying the seaside resort of Pattaya as "Sin City" and "The World's Sex Capital", Thailand's junta has begun a new effort to re-brand it. But the contradictions in Pattaya highlight Thailand's challenge in tackling a side of its tourist industry that remains economically vital while being officially excoriated.

"I want people to see that we are not like what they say. We are not allowing prostitution in these entertainment places," provincial governor Pakkaratorn Teianchai told reporters on the infamous Walking Street in Pattaya, southeast of Bangkok. Less than 10 meters away, women accosted foreign men to offer sex for 2,000 baht (\$60). Others lined up with numbers so customers could take their pick. Masseuses in miniskirts offered "happy ending" massages whose euphemistic title has nothing to do with the Happy Zone of the authorities.

"Everyone is here to make a living," said one 35-year-old woman who came originally from a village in central Thailand. Tagged with the number "136", she declined to give her name. "I would rather be a waitress, but then I couldn't send my children to school and I want them to have a better future than this," she said. In fact, sex tourism is not growing as fast as other aspects of Thailand's tourist industry - the only bright spot for an economy whose expansion has been by far the slowest among major Southeast Asian economies since the 2014 coup.

No official figures show its scale. But there is an indication in the balance of male to female visitors. In 2012, there were nearly 6 men for every 4 women. In 2015, the numbers were pretty much even, according to figures provided to Reuters by the tourism ministry. Sex tourism began in Pattaya when it became an R&R spot for U.S. soldiers during the Vietnam War, though prostitution is just as evident in parts of Bangkok and other resorts. The

number of female sex workers in Thailand was put at over 120,000 in a 2014 UNAIDS report. Some estimates run to double that and not all the women who get paid for sex are full-time prostitutes. Given a 305 baht (\$8.80) a day minimum wage, the chance of earning several times more is an obvious lure, particularly in poorer rural regions.

#### Crackdown

The latest of many crackdowns in Pattaya happened after foreign newspaper reports last month, which drew an angry response from junta leader Prayuth Chan-ocha, for whom bringing order is a mantra. A handful of bars were raided. Bar owners and working women were fined. Scared to venture out, tourists looking for sex stayed in hotels. Street vendors and shops saw sales tumble. The money which flows to all levels in the city - including law enforcement agencies - fell off.

The Happy Zone approach is a softer way to try to show that something is being done. If it works on Walking Street, the idea will be spread to the less sanitized side streets - the sois. Businesses in the Happy Zone are asked to make the area feel safer, there are increased security patrols, police launched a mobile phone app for visitors to summon them in emergency. "This is a pioneer project to organise a tourist destination and elevate it to promote Thailand's quality tourism," Apichai Kropetch, chief of Pattaya city police, told Reuters. "We will also stamp out prostitution in the area."

There was no sign of that at the weekend. In fact, Pattaya's sex industry has become an attraction in its own right for the millions of Chinese who make up about one in three visitors to Thailand. Led by guides with pennants, the Chinese tour groups thread quickly along Walking Street, past the go-go bars and the beer bars where young Thai women sit down with foreign men. They only pause to take pictures. "We just came here to see. That's all," laughed twentysomething saleswoman Linda Sieng in a group of 11 tourists from Guazhou in southern China. — Reuters

## HOLLANDE SEEKS BETTER TIES WITH ASIA IN THE FACE OF 'ISOLATIONISM'

**SINGAPORE:** French President Francois Hollande called yesterday for efforts to intensify the relationship between Europe and Asia in the face of resurgent "isolationism". He was speaking in Singapore, the first stage of the last international tour of his five-year term which will also take him to Malaysia and Indonesia.

"I appeal for us to intensify our exchanges, our trade, political and cultural agreements," he said. "This is all the more necessary because there is a resurgence of protectionism, isolationism and the questioning of... international institutions," he said in a clear allusion to the United States under President Donald Trump.

Europe, Hollande said, must tell Asia that "we have much to do together, much to defend and much to promote". France and Asia, he insisted, share "the same concept of independence and security". Hollande cited the "very high level" of military cooperation between Paris and Singapore, such as the training of Singaporean fighter pilots in France

and joint work on cyber-security. He was speaking at the Asia-Pacific campus in Singapore of France's ESSEC business school after meeting French students, teachers and business leaders during a visit focused largely on economic issues. Hollande was to hold talks later Sunday with his Singapore counterpart Tony Tan Keng Yam. Today, he will open a forum grouping 170 French start-ups which have a presence in Singapore and make a speech on the regional and international situation to the prestigious Singapore Conference.

Tomorrow he travels to Malaysia, which has a continuing relationship with France in defense matters. Hollande's tour ends Wednesday in Indonesia, where he will make the first visit by a French head of state since Francois Mitterrand in 1986. Barring any surprise developments the French president has only one other major commitment abroad before his term ends in mid-May: the post-Brexit European summit on April 29 in Brussels. — AFP



**SINGAPORE:** French President Francois Hollande (C) reviews a guard of honor during a welcoming ceremony at the Istana presidential palace. — AFP

## CHINA'S PREMIER LI ARRIVES IN NEW ZEALAND FOR TALKS

**WELLINGTON:** China's premier has arrived in New Zealand for high-level talks at a time that both countries are pushing to expand free trade. Premier Li Keqiang arrived at Wellington Airport yesterday, where he was greeted at the military terminal by New Zealand Prime Minister Bill English. The premier stepped off his plane, gave a quick wave toward media and then stepped into a waiting car. His motorcade left for Premier House where he was attending a dinner.

As the motorcade left the air-

port, the premier was greeted by Chinese well-wishers wearing red shirts and holding banners and the flags of both China and New Zealand. Unlike on some previous visits by Chinese leaders, there weren't any visible protesters. Li plans to be in the country until Wednesday. As well as a bilateral meeting with English, the premier is planning to visit a factory and a view a photography exhibition. The premier traveled to New Zealand after visiting Australia, where he warned against protectionism and said China wanted to

expand its trading relationship. New Zealand has also been pushing to expand free trade. Last week English announced a goal to have free trade agreements cover 90 percent of exports by 2030, up from just over 50 percent at the moment. As part of that plan, New Zealand will spend tens of millions of dollars opening a new embassy in Ireland, a new high commission in Sri Lanka, and targeting barriers it considers are holding back trade.

The approach from China and New Zealand stands in contrast

to that of the U.S., where President Donald Trump has pulled out of a planned Pacific free-trade agreement and has expressed skepticism about other such agreements. China and Australia represent New Zealand's largest export markets. China buys huge quantities of milk powder from New Zealand, which is used in high-end infant formula. China and New Zealand signed a free-trade agreement in 2008. English said recently the agreement is working well but needs some fine-tuning. — AP