

CHINA'S NEW CONCEPT FOR DEVELOPMENT

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INTRODUCTION

In the first 20 years of the 21st century China is entering a new development stage to comprehensively build a prosperous society and to accelerate its modernization drive. China views these two decades as a period of great strategic opportunity which should be pursued vigorously. From an international perspective, peace and development remain the central themes of our era, and China is working to achieve this peaceful environment for development. From a domestic perspective, 25 years of economic reform and opening up have laid a solid basis for development, and China has achieved favourable conditions to accelerate development. However, opportunities are always accompanied by challenges. A key challenge for China is to adopt new thinking and ideas for development and make a new breakthrough in reform, so as to tightly grasp and make a full use of this opportunity to further promote its modernization drive.

I. CHINA'S DEVELOPMENT TRENDS AND ISSUES

China has experienced rapid economic growth since the late 1970s when economic reform and opening policies was initiated. From 1978 to 2004, China's GDP grew by a yearly average of 9.5 per cent, the highest levels of GDP growth in the world. China has successfully maintained its sustained and rapid economic growth in recent years by improving and strengthening macro-control policies. Confronted with the external shocks of the Asian financial crisis of 1997–1998 and the global economic slowdown in 2001–2002, China adopted proactive fiscal policies, a prudent monetary policy as well as restructuring measures to keep rapid economic growth in line with expanding domestic demands. In 2003, China overcame the serious

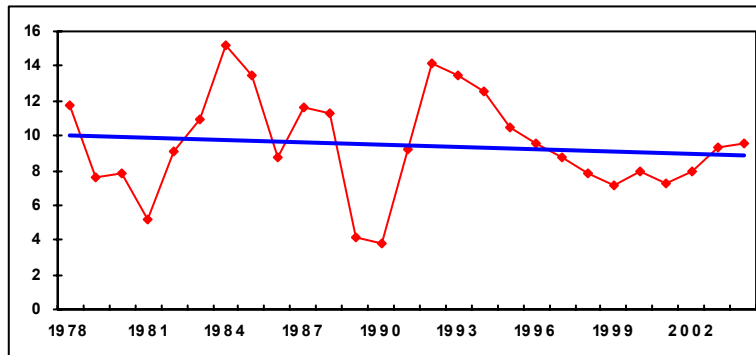
¹ The opinions expressed in this paper are those of the author and do not necessarily reflect the views of UNCTAD. The author remains solely responsible for any shortcomings in this paper.

impact of the SARS epidemic and recorded 9.3 per cent of economic growth, with GDP totaling US\$1.4 trillion; and for the first time GDP per capita surpassing the US\$1,000 mark. In order to avoid economic overheating in some sectors and increasing inflationary pressure, especially over-expansion of fixed-assets investment and price hikes of raw materials and farm produce, China promptly shifted its policy focus and took a series of effective macro-control measures to cool down the economy and keep it on a stable and rapid growth track. GDP rose by 9.5 per cent in real terms.

Opening to the outside world has made China increasingly integrated into the world economy. This integration provides markets for China's exports as well as access to sources of capital, technology, expertise, and resources for China's economic development. From 1978 to 2004, China's external trade volume increased 56-fold, with exports and imports increasing from US\$9.8 and US\$10.9 billion to US\$593.4 and US\$561.4 billion, respectively. China is now the world's third largest trading nation and the second largest recipient of FDI. From 1984 to 2004, the total stock of FDI in China amounted to US\$562.1 billion, with annual FDI inflow increasing from US\$2.7 billion to US\$60.6 billion over the same period. China has also, in recent years, begun encouraging its enterprises to make investments overseas; by 2004 China's investments overseas were valued at US\$37 billion.

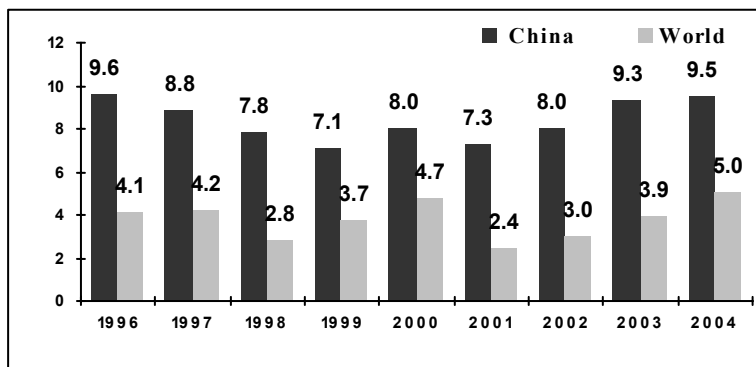
The combination of a sustained and rapid economic rate of growth and targeted government programmes, has made it possible for China to significantly improve the living standards of its people and dramatically reduce poverty levels. Rural poverty population declined from 250 million to less than 30 million over the past 25 years. China was ahead of schedule in achieving most of the Millennium Development Goals (MDGs) by 2002, with the target of halving poverty from 1990 level being met. The proportion of the rural population living on an income below US\$1 per day fell from 31.3 per cent in 1990 to 11.5 per cent in 2000. Progress has also been made in achieving most of the other MDGs. There are currently 30 million people in rural areas still living in poverty and 20 million urban residents living with minimum living standards. Nevertheless, China has already solved the problem of food and clothing, and generally the people continue to attain better standards of living.

Figure 1
CHINA'S ECONOMIC GROWTH: 1978–2004
(Real GDP growth as per cent of previous year)



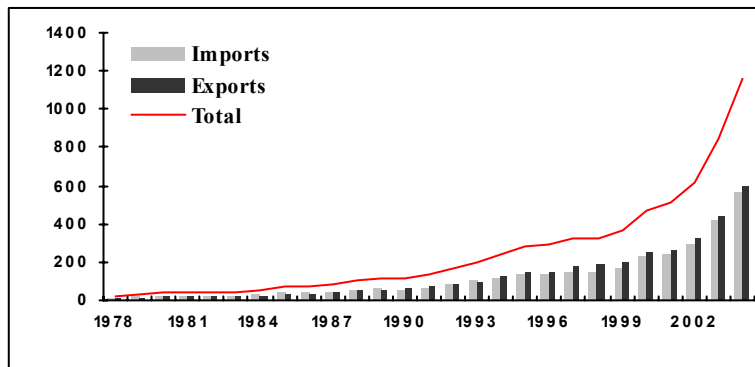
Source: China National Bureau of Statistics.

Figure 2
CHINA AND WORLD GROWTH: 1996–2004
(Real GDP growth as per cent of previous year)



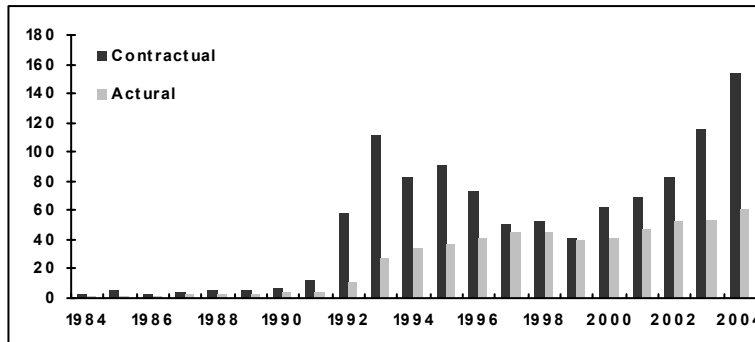
Source: China's National Bureau of Statistics and IMF.

Figure 3
CHINA'S IMPORTS AND EXPORTS: 1978-2004
(Billion of US dollars)



Source: China National Bureau of Statistics.

Figure 4
CHINA'S FDI INFLOWS: 1984-2004
(Billions of US dollars)



Source: China National Bureau of Statistics.

Together with achieving rapid economic growth and drastic poverty reduction, China has also been experiencing enormous structural transformations. These include shifts from central planning to a market-oriented approach and from agriculture to manufacturing and services as well as from a closed to a globally-integrated economy. While rapid growth and structural changes have solved many problems, China is still facing challenges related to advancing economic and social development due to unfinished economic restructuring and accelerated industrialization and urbanization.

These challenges are mainly reflected as increasing income inequalities, rising urban unemployment and rural underemployment, widening urban-rural gaps in infrastructure, education and public services, growing regional disparities in economic and social development, mounting environmental pressures, potential for macroeconomic instability stemming from incomplete reforms including a weak financial system and low-efficient SOEs, and external risks due to integration into the global economy. Many of these problems cannot be solved by growth alone. Without appropriate policy responses, these problems could deteriorate further. China needs a rethinking of its development strategy, and the adoption of a comprehensive and targeted package of policy measures to meet these challenges and make its development sustainable, both socially and environmentally.

II. CHINA'S DEVELOPMENT STRATEGY FOR MODERNIZATION DRIVE

In the late 1970s, China reversed its development strategy of the previous 30 years and embarked on a programme of economic reform and opening to the outside world. In the early 1980s, China formulated a three-step long-term development strategy to modernize the country: solving the problems of hunger and clothing and lifting most people out of poverty within the 1980s; quadrupling its GDP and per capita GDP as of 1980 and making it possible for people to live a comfortable or a prosperous life by the end of the 20th century; and catching up with the middle-level developed countries by the mid-21st century. In the 1990s, China accelerated its transition from a centrally-planned to a market economy and integration into the global economy, taking a series of important measures such as deepening

economic restructuring in almost all the sectors, making the country strong through developing science and education and tapping human resources, implementing sustainable development strategy and western development strategy, strengthening social safety net, and combining bringing in and going global to encourage its economic and social development and opening up. By the end of the 20th century, China had already achieved its strategic development goals of the first two steps in the modernization drive, quadrupling its GDP and per capita GDP by 2000 from 1980 ahead of schedule.

Since the beginning of the 21st century the development of China's economy and society has moved into a new stage of comprehensively building a prosperous society and of speeding up the process of modernization. China's third stage of implementing its development strategy for modernization consists of establishing an ambitious national objective to concentrate on comprehensively building a prosperous society in the first 20 years of the 21st century, bringing more benefits to more than one billion of its citizens. GDP is expected to quadruple from the level of US\$1.1 trillion reached in 2000, which implies an average growth rate of 7.2 per cent per year, and per capita GDP of US\$3,000 in the final year, compared to US\$940 today. Consequently, by 2020 the average living standard in China is expected to reach the level found today in the upper middle-income developing countries, as defined by the World Bank. In addition to rapid economic growth and increasing average incomes, comprehensively building a prosperous society also involves – explicitly or implicitly – other dimensions of China's overall economic and social development, and includes: optimizing economic structure; enhancing efficiency and productivity; consolidating national strength and international competitiveness; completing market-oriented economic reform; making the economy more dynamic and open; advancing both industrialization and urbanization; narrowing the urban-rural gap and regional disparities; improving the social security system; creating sufficient employment; strengthening education, science, technology and innovation, as well as public health; increasing the capability of sustainable development; and constructing a harmonious society, etc. In brief, comprehensively building a prosperous society will significantly advance China's economic and social development, and will lay a solid foundation to achieve the third-step of the strategic goal of the modernization drive.

While establishing the ambitious objective to build a prosperous society in a comprehensive manner, China views the first two decades of the 21st century as an important period with strategic opportunities that must be seized to accelerate its economic and social development.

Taking a global perspective, it is clear that strategic patterns are changing rapidly and profoundly, and that peace and development have kept their place as the central themes of our era. It is also clear that basic political and economic trends around the world are favourable to China's modernization drive. The intensified globalization of economic activities, rapid progress of science and technology, as well as global adjustments of industrial structures, are providing many opportunities for China to advance its industrialization drive and sustain its development by participating in globalization and giving full play to its comparative advantages such as abundant low-cost labour resources and huge market potential. However, as China has become further integrated into the world economy following its accession to the WTO and more dependent on external markets and resources, a variety of external shocks can more easily affect China's macroeconomic stability. It is imperative for China to incorporate opening policies with development strategy more effectively, so as to make better use of both external and domestic markets and resources.

From a domestic perspective, it is clear that China has many favourable conditions for sustaining its rapid development. A number of impediments stand in the way of development as well. With per capita GDP exceeding US\$1,000, China has entered a golden development period and, as shown by international experiences, a period in which various contradictions arouse. With the acceleration of industrialization, China needs to continuously optimize and upgrade its industrial structure in order to shape a balanced industrial pattern with hi-tech industries taking the lead, supported by basic industries and manufacturing, and complemented by the overall development of various services. Rapid urbanization and the large number of migrants from rural to urban areas also means that China needs to also change the dual nature of its urban-rural economic and social structures and related management systems and institutions as soon as possible.

The ever-expanding regional disparities call for coordination of regional development by means of more balanced development strategies and better targeted policy measures to support less developed regions. Increasing pressures on the environment and natural resources as well as lagging development in public services such as education, health care, and social security are factors that are forcing China to accelerate a transformation in the processes of economic growth in order to achieve overall progress in social development. With market mechanisms playing an increasing and significant role in economic activities, China needs to strengthen and improve macro-control and further perfect its market economic system, so as to maintain macroeconomic stability and sustain a rapid economic growth. While various social contradictions are emerging and becoming acute, China must also establish a long-term effective mechanism to encourage social harmony, coordinate various interests, protect legal rights and maintain social stability.

In order to deal with various contradictions appropriately, meet the severe challenges ahead as well as make its economic and social development sustainable for the benefit of more people, China has to adopt new thinking on its concept for development, explore a suitable road for development, and improve its strategies for development by summing up both its own and international experiences and lessons of development practices. For this purpose, China proposes a new concept based on science to guide its economic and social development while comprehensively building a prosperous society.

The new concept for development gives priority to human development, emphasizes environmental and socially sustainable development, and insists on an overall and coordinated development of the economy, society and the people. The new concept for development is based on science, and reflects the evolution of China's thinking and its understanding of development. The new concept is also based on the distillation of China's experiences and lessons with the development process up to the present day, all of which will be incorporated into China's development strategy and related policies.

III. CHINA'S NEW CONCEPT FOR DEVELOPMENT AND ITS IMPLICATIONS

The concept for development is the general perspective and fundamental viewpoint on the essence, purpose, contents and requirements of development. Different concepts for development will result in different paths and modes of development and development strategies; and these results will in turn bear upon fundamental and overall impacts on development practices. Economic development is the core essence for any concept for development.

China's new development concept is proposed on the basis of science and the distillation of development experiences and lessons both at home and abroad. It is a scientific concept of progress towards a comprehensive, coordinated, and sustainable development path which upholds the people first principle. Fundamental to this scientific concept, in line with the principle of putting the people first, is to achieve overall human development – to plan and encourage development of the fundamental interests for culture and leisure, health and security and to meet their increasing consumption needs.

Comprehensive and sustained economic and social development entails focus on economic, political and cultural construction in a comprehensive manner in order to achieve sustained and sound economic development, as well as overall social progress. A coordinated development also involves achieving an equilibrium between urban-rural and regional development; economic and social development; the harmonious development between man and his environment; domestic development and opening up. A sustainable development seeks to encourage a balanced co-existence between mankind and nature by establishing this equilibrium between economic and social development on the one hand and on the other with the various forces at play – the people, the resources and environment.

In order to build a prosperous society and drive forward modernization, China should seize all available opportunities. As a large developing country, China has to maintain rapid economic growth over a long period; otherwise, there is the risk of being unable to provide a better standard of living for its people, let alone achieve

progress elsewhere. However, a rapid rate of growth cannot be pursued at the expense of quality and efficiency. Rapid economic development should be based on optimizing economic structures and enhancing quality and efficiency. China's economic growth has been fuelled by increasing inputs and expanding investment over a long period of time – at the cost of large expenses in resources with its corollary impact on environment. Consequently, China must take a new road to industrialization and give more emphasis on science and technology, high economic efficiency, low consumption of resources, less damage to the environment, and leveraging its advantages in human resources. China also needs to change the way its economic growth has been handled and promote a strategic adjustment of economic structure, and achieve rapid growth based on technological progress and productivity increases.

Coordinating urban-rural development is determined by China's unique national condition of large population living in the rural areas. The difficulty of comprehensively building a prosperous society and driving modernization forward lies in the rural rather than urban areas. While agriculture only accounted for about 14.6 per cent of China's GDP in 2003, the country's rural population accounts for 59.5 per cent of the total population, and 49.5 per cent of China's labour force is active in agriculture. China's arable land only accounts for 13 per cent of its territory, and has 40 per cent less arable land per capita than anywhere else in the world. With more people and less arable land in rural areas, its comparative advantage is lower in agriculture.

Greater population levels, less arable land in rural areas, and a lower comparative advantage in agriculture, among a number of other systemic and policy reasons have meant that investment have excessively been concentrated in cities and industry for a considerable period of time. This has led to slower development in rural areas, not only on an economic level but also on many other sectors such as education, science and technology, culture and health care, etc. The gap between urban-rural areas has grown increasingly larger, particularly in relation to economic and social development and income inequalities. Without development in rural areas, the living standard of farmers cannot not be raised, which will inevitably affect consumption upgrading and market expansion, and will ultimately hold back China's economic development. In comprehensively building a prosperous society,

China must accelerate the transformation of its dual urban-rural economic and social structure, attach high importance to rural economic and social development, and quicken the pace of urbanization, so as to encourage coordinated development between rural and urban areas.

In general, a concept of “Five Coordination”, i.e., coordination of urban-rural development, regional development, economic and social development, human development and the nature, and domestic development and opening up further clarify the guiding principles for China’s reform and development in this new century and stage. These five enrich the contents of the scientific concept for development and provide cutting-points for putting the scientific concept for development into practices. By focusing on the “Five Coordination” and giving due consideration to various interests involved, China is thus able to achieve a comprehensive, coordinated, and sustainable development while putting people first.

Coordinating regional development is of the utmost importance for a country like China with its vast territory and large population. From the beginning of the period of economic reform and opening up, China took a series of preferential and flexible policies to accelerate the development of its coastal areas. With the supporting policies and location advantages, the east coast has taken a lead in development, and has contributed significantly to the sustained and rapid economic growth of the whole country. At the same time, regional disparities have also grown. The interior areas were lagging behind not only in economic and social development but in the development of physical infrastructure such as roads, railways, power, telecommunications and water supply as well. In order to address these regional disparities and achieve a balanced development, China has taken a series of development strategies to guide and coordinate regional developments. In 1999, China launched a Western Region Development Strategy to accelerate economic and social development in the less developed western provinces, with a focus on improving infrastructure, protecting the environment, encouraging private sector investment, and creating conditions for the proliferation of a wide range of economic activities based on the market economy. The western region, which includes 12 provinces, occupies 71 per cent of China’s territory, and has a population and GDP which accounts for 29 per cent and 17 per cent, respectively, of the whole country.

Economic and social development indicators such as per capita GDP, urbanization ratio, primary enrollment ratio, life expectancy, and poverty ratio are significantly lower in relation to national levels. Without development in the western region, China could not successfully achieve its goal to comprehensively build a prosperous society and advance modernization. After the implementation of the Coast Opening Strategy and the Western Region Development Strategy, China has recently begun to implement the Northeast Old Industrial Base Development Strategy, aiming to further coordinate development among various regions.

Coordinating economic and social development is an inevitable requirement of comprehensively building a prosperous society in China. Sustained and rapid economic development has lifted millions of people out of poverty and solved the problem of food and clothing for the Chinese people. However, social problems such as unemployment, urban poverty, healthcare, social security and protection for rights and interests have emerged and become acute in the process of economic development, structural adjustment, and systemic reforms. Compared with its rapid economic development, China has lagged behind in the reform and development on education, science and technology, public healthcare, social security system, and other social services and could not meet the increasing demands of the people. In comprehensively building a prosperous society, it is imperative for China to accelerate social development in all its aspects.

Coordinating harmonious development between man and nature is an urgent task for China in order to achieve sustainable development. As was proved by practices in China and abroad, the massive scale of development, natural resources utilization along with industrialization and technical progress has not only brought huge benefits to mankind. These activities have also brought serious damage and pollution to the environment and its natural resources. Environmental protection has become an increasingly important preoccupation and clean production, green economy, recycling economy, to mention a few among other methods aimed at environmental protection, has gained in popularity worldwide. China's accelerating industrialization and advancing modernization, its large population, low resources endowment, and a vulnerable ecosystem has exerted increasing pressures on

the environment and natural resources and has threatened China's sustainable development.

In order to achieve coordinated development between the economy, society, population, resources and the environment, China needs to live its economic growth efficiently: to advocate healthy lifestyles and consumption behaviour, actively engage in economizing resources and strengthen ecosystem construction and environmental protection so as to increase the potentials for a sustained development.

Coordinating domestic development and opening up is an inevitable choice for China to make good use of both internal and external markets and resources and to increasingly enhance international competitiveness. The globalization of various economic activities is a general trend of the world economy. Upon accession to the WTO, China has become further integrated into the world economy, with international competition becoming internalized and domestic competition internationalized. Because China depends on international markets and resources more heavily, fluctuations in the world economy also affect China's economic performance more easily. In order to sustain its rapid economic development and to increasingly enhance its international competitiveness, China has had to insist on opening policies. Not only should domestic development and reform have international environments taken into consideration; an opening to the outside world should also serve the requirements of domestic development. By fully participating in globalization, China will not only continue to take in foreign capital, advanced technology, as well as expertise to develop hi-tech industry and transform traditional industry. China will also go abroad to expand regional economic cooperation and tap international markets and resources.

As a large and populous country, China's long-term development should be based on expanding domestic markets and demands. However, these development goals cannot be achieved in isolation. The key question is how to coordinate domestic development with opening up as China is increasingly integrated into the global economy.

IV. CHINA'S POLICY STRATEGY FOR IMPLEMENTING THE NEW CONCEPT FOR DEVELOPMENT

The new concept for development is a guiding principle for China's economic and social development while achieving its goal of comprehensively building a prosperous society in the first two decades of the 21st century. To put the new concept for development into practice, China needs to reshape its development strategies and related policies, especially focusing more on the following aspects:

Sustaining rapid growth based on quality and efficiency

Although China has successfully maintained rapid growth and stability in recent years by improving macroeconomic management, the quality and efficiency of this growth are still a matter of concern. The resource-intensive and less efficient growth pattern characterized by a high input/output ratio, low employment content and high environmental cost to a large extent results from unfinished economic reform and defective economic structure. The acceleration of economic reform and focus on breaking up local protectionism, facilitating migration, commercializing the banking sector, opening administratively monopolized sectors to private investors, reducing government intervention in resources pricing, gradually liberalizing interest rates, among other factors, will improve efficiency of resource allocation and sustain rapid growth through domestic market integration and freer flow of goods and services, capital, and resources as well as technology diffusion. Accelerating the development of the services sector and building an enabling environment for the private sector will create more jobs. Stricter measures for environmental protection and incentives for clean production will reduce damage to the environment.

While enhancing the quality and efficiency of growth, macroeconomic policies should be well designed according to changing economic conditions to maintain rapid growth and macroeconomic stability. China has become a market-based economy, with most prices determined by market forces and enterprises responsible for their own profits and losses. China's macro-control measures should therefore gradually be shifted towards standardized fiscal and monetary policies such as regulating interest rates and the taxation ratio and reducing direct intervention of governments in economic

activities. These control measures should make the economy grow more robustly.

Reducing urban-rural inequalities

China has taken a series of policy measures to increase the income of farmers and encourage rural development. These measures include reducing the fiscal burden on farmers by (i) restructuring rural taxation by introducing tax-for-fee reform, (ii) abolishing agricultural tax, (iii) granting direct subsidies to grain planters, (iv) increasing government expenditure on rural education, science and technology, public health, and infrastructure, and (v) helping rural surplus labor find jobs in non-farming sectors. To contain the widening urban-rural gap, an integrated approach should be adopted. As around 50 per cent of the labour force is engaged in agriculture, improving the performance of agriculture represents the most direct way to reduce urban-rural inequalities. Moreover, given the available arable land and irrigation constraints, the agricultural development should focus on increasing farm productivity, diversifying crop plantation, and strengthening comprehensive grain production capacity.

While increasing government investment in rural infrastructure such as roads, electricity, and telecommunication, China is also taking steps to rebuild rural financial systems, i.e. restructuring rural credit cooperatives and establishing various agricultural services networks such as farm produce processing, storage and transportation, marketing and distribution, as well as technical and information services. All these are intended to help farmers increase their income through improved financial and producer services.

An effective way to increase farmers' income is to reduce the number of farmers. This will involve many aspects of institutional reforms such as creating more jobs in non-farm sectors, eliminating discriminatory policies to migrant workers, providing training and employment services. To be able to cope with rapidly increasing migrants from the rural to urban areas, urban housing and infrastructure and the development of an urban social security system as well is envisaged.

Addressing regional disparities

Regional disparities in China result from different natural endowments, geographic factors and policy effects. China's recent development strategy has placed more emphasis on a balanced growth pattern focused on accelerating development in the lagging geographic regions, especially selected provinces in the interior and western parts of the country.

The Western Region Development Strategy that was launched in 1999 has borne fruit; it has improved infrastructure such as transportation, communications and power. The Strategy has helped to protect the natural environment through conversion of marginal lands into forests and water resources management, thus laying a foundation for development. However, the effects of this Strategy have had a negligible effect on creating an attractive climate for foreign and private investment; on the conditions for dynamic activities based on market economy; and on narrowing coastal/interior income inequality. Unattractive business environments and high transport costs as well as artificial low resources pricing are still impediments to the development of the interior and western regions. Additional supportive policy measures should focus on improving investment and the business climate to attract investment, invigorate local economic activities to create more jobs, reduce transport costs by bringing in more competition, give more autonomy in resources pricing and standardize intergovernmental transfer payments.

The Northeast Old Industrial Base Development Strategy that was recently launched seems to have learnt some lessons from the Western Region Development Strategy and had placed more emphasis on mechanisms and institutional innovations such as deepening SOE reform, a pilot value-added tax transformation and socialization of social security. These all have been found to be more effective in encouraging local economic development.

Addressing regional disparities is a long-term challenge in China. The specific strategies and policies need to be more clearly targeted and better designed. Further, effective policies to reduce regional disparities should be made compatible with promoting national economic growth.

Strengthening social security system

As China is experiencing a rapid transition into a market-based economy and its accompanying enormous structural transformations, an urgent task now facing China is to strengthen its social security system which is an essential component of a market economy. China's current social security system covers only a small part of the population, mainly urban employees in SOEs and collective enterprises. This leaves most of the population unprotected – employees in private and foreign-funded enterprises, the migrant workers, and farmers. The system also suffers from financial weaknesses, decentralized management, segmented urban-rural schemes and imperfect laws and regulations. The general direction is to establish a suitable social security system compatible with economic development levels in China. The objective is to build a system that is independent of enterprises and institutions, diversified fund sources, standardized protection regime and socialized management and services.

The basic principles incorporate extensive coverage, appropriate standards, social pooling combined with individual account, and basic protection supplemented by other social insurances. China is currently in the process of strengthening its social security system by focusing on urban pension, unemployment benefits, basic medical insurance, industrial injury insurance, and minimum living standard scheme. Various social security schemes are also being tested in selected rural areas. Priorities in social security reform include extending social security in urban areas by widening coverage and to include migrants, centralizing the financing and provision of social security at the provincial level, and establishing income maintenance and basic insurance schemes in rural areas.

Making growth environmentally sustainable

Despite remarkable progress to improve the environment over the past 15 years, China is still facing many challenges such as air pollution, water pollution, solid waste pollution, land degradation and desertification. And continued economic growth is still exerting increasing pressures on the environment and natural resources.

To make growth environmentally sustainable, China needs to enhance public awareness and participation in environmental protection and insist on a sustainable development strategy. The legal and institutional systems for environmental protection and natural resources management should be improved and strengthened, including a nationwide system of monitoring, recording, and reporting the discharge of pollutants. While strengthening regulatory system and improving law enforcement, China needs to make great use of market-based instruments in environmental protection, such as providing economic incentives to the development of renewable energy, internalizing social costs for coal-fired power generation, opening pollution treatment sectors to private investors, granting investment tax credit to enterprises applying clean production lines, and increasing charges on emissions. The Government should continue to play a leading role in environmental protection, including putting more resources into environmental protection and ecosystem rehabilitation and implementing stricter evaluation on the environmental impacts of construction projects. Environmental protection, economic development and poverty reduction are inextricably linked. Thus, growth that is environmentally friendly requires more comprehensive policies and integrated approaches.

In general, adopting and implementing the new concept for development involve arduous works on many aspects. China needs to rethink its various specific development strategies and policies and reshape them with the new concept for development incorporated.

V. CONCLUSION

China's remarkable achievements on sustained economic development, large-scale poverty reduction, as well as its gradual transition to a market economy have been admired by international society. As indicated by the Asian Development Bank in its Country Strategy and Program (2004–2006) for China, "When the economic history of the last part of the 20th century is written, the People's Republic of China will be recognized as one of the world's great development success stories." In its first assessment report on China's progress in attaining the MDGs launched in 2003, the UNDP also praises China for having made enormous progress toward achieving its MDGs.

Despite its remarkable achievements in economic and social development, China is also facing many new challenges, some of these have been raised on a number of occasions by international organizations such as the United Nations Country Team in China, the World Bank, and Asian Development Bank; these challenges include how to address income inequalities and regional disparities, how to make development socially and environmentally sustainable, how to complete reform agendas, how to tackle the social, economic and fiscal risks that may threaten future growth and distributional performance.

China has full understanding of its problems and challenges ahead to comprehensively build a prosperous society and advance its modernization drive. The new concept for development has been chosen in order to tackle existing problems and meet future challenges; it also represents China's new thinking on development. By putting it into practice and incorporating it in specific strategies and policies, China will be able to make new progress in sustaining economic and social development.

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