



Economy

China's economy heading in right direction: Wen

(Agencies)

Updated: 2010-07-01 07:47

BEIJING - Chinese Premier Wen Jiabao believes the world's third-largest economy is moving in the "expected direction", the government said Wednesday.



Serbian Prime Minister Mirko Cvetkovic (L) shakes hands with Chinese Premier Wen Jiabao during a meeting in Hangzhou, Zhejiang province June 25, 2010. [Agencies]

"The domestic economy is developing in the expected direction under the government's macroeconomic controls," Wen said during two days of meetings this week with economists and business executives.

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The comments were posted on the central government's website ahead of the release of key economic data next month which is expected to show that economic growth slowed in the second quarter.

They came as the People's Bank of China said the economy was likely to maintain steady and relatively rapid growth in 2010, adding that it would face more "favourable factors" this year, according to a statement on its website.

Wen said policymakers must continue to strike a balance between maintaining stable and reasonably fast economic growth, carrying out economic restructuring and managing inflation expectations.

"The domestic and international economic situation is still extremely complex," Wen said.

His comments came after Chinese President Hu Jintao, in a speech to the Group of 20 summit in Canada at the weekend, called for caution in exit strategies from economic stimulus programmes to safeguard the global recovery.

China's economy expanded by a blistering 11.9 percent in the first three months of the year, fanning inflationary pressures and raising fears it was at risk of overheating.

Royal Bank of Scotland economist Ben Simpfendorfer has forecast 11.1 percent growth in the second quarter after government measures aimed at reining in the real estate sector and a slowdown in manufacturing activity.