Jim O'Neill writes: I just spent a week in China, where I participated in the Boao Asia Forum, a conference similar to the annual gathering of the World Economic Forum in Davos. The topic of my panel was what President Xi Jinping has called the Chinese economy's "new normal": an era of relatively slower growth, following three decades of double-digit economic expansion.

But what strikes me most about China's economy is how remarkable it is. Indeed, its performance continues to astound me. Though it undoubtedly faces plenty of challenges, the key question is how likely they are to bring down the economy.

Of the four BRIC countries – Brazil, Russia, India, and China – Xi's is the only one that has met my expectations for growth so far this decade. From 2011 to 2014, the Chinese economy grew at an average annual rate of 8% per year. If it continues to grow by around 7% for the rest of the decade, as the authorities and many observers expect, it will achieve an average pace of expansion of 7.5%, in line with my projections.

The phrase "new normal" is a clever bit of messaging by China's leaders, who must explain to the country's 1.4 billion citizens why the economy will no longer be growing by 10% a year. But there is nothing normal about an economy that is already twice as large as the next largest, Japan, and will possibly outstrip the European Union within the next five years.

I was in China primarily in my role as Chair of the British government's Review on Antimicrobial

Resistance; but I also sought opportunities to speak to people about the challenges facing the economy. Many international observers have been worried about the country's oversupply of housing and the related credit boom, making me wonder whether I have been overly sanguine about these risks. But my conversations persuaded me that both problems are likely to be manageable.

To be sure, the housing market is in the doldrums. But, as many pointed out to me, this is partly the result of deliberate government measures to deflate it (also comforting is the fact that consumers are in general not overleveraged). Some builders will experience problems with credit, and so might some local authorities. But spending by the central government is such a small percentage of the country's total GDP that policymakers have a lot of room for maneuver if intervention becomes necessary in these areas.

Foreign observers frequently speculate that the Chinese authorities may be deliberately overstating the economy's strength. But it is equally possible that the size of some sectors is being understated. After spending a few days in Beijing, it was abundantly clear that China is undergoing a boom in Internet use, including as a consumer platform. Online commerce is offsetting some of the other weaker areas of the economy, and its full impact might actually be underreported in official statistics.

I do worry that the government is not moving fast enough to grant the country's millions of migrant workers official residency in the cities where they work and live. Migrants' continued lack of access to public services might prevent a large rise in consumption as a share of GDP. But, as I was told during my visit, the central government's reluctance to move more quickly reflects its wariness of imposing immense fiscal pressures on local authorities.

Another area of serious concern is health care. At some stage, the central government will have to address the sector's deficiencies. I learned about one example when discussing antimicrobial resistance, to which the government has responded by attempting to limit the quantity of antibiotics a patient may take. The trouble is that many hospitals and doctors rely on drug sales for a large portion of their revenues, which creates a powerful incentive to find ways to circumvent the rules.

Pollution remains a grave challenge as well. But it must also be noted that China's carbon dioxide emissions declined notably in 2014, offering what is perhaps the first tangible evidence that the country is making some progress on this front. Energy efficiency and renewable energy use are both on the rise as well.

Most important, despite the challenges it faces, the Chinese economy's singular importance is now widely recognized. The country's recent international achievements – particular its ability to secure the backing of the United Kingdom, France, Germany, and Italy for its Asian Infrastructure Investment Bank in the face of opposition from the United States – imply a high degree of confidence that China will address its problems successfully.

China’s role within existing international financial institutions could change this year as well. In December, the International Monetary Fund will consider adding renminbi to the basket of currencies that comprise the Fund’s unit of account, known as Special Drawing Rights, alongside the US dollar, the euro, the British pound, and the Japanese yen.

And the world is still waiting for the US to implement a 2010 reform of the IMF that would strengthen the position of China and other large emerging economies in the institution’s governance structure. Given the significance of the Chinese economy, continuing to leave this unaddressed is anything but normal.