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HIGHLIGHTS

- Finance Minister Liu Kun: the proactive fiscal policies need to be more active
- Vice Finance Minister Zou Jiayi met with Ingrid van Wess, Vice President of the Asian Development Bank
- The State Council published the *Opinions on Implementing the Pilot Reform of State-owned Capital Investment and Operating Companies*
- MOF published the *Key Tasks of Reducing Corporate Leverage in 2018*
- National general public budget revenue rose by 6.1% year on year in July

Brief Introduction to IEFI

Founded in 2007, the International Economics and Finance Institute (IEFI) is affiliated to the Ministry of Finance of China, specializing in international economic and financial studies. Its main functions include macroeconomic research on advanced economies such as U.S., Europe and Japan, and on emerging economies such as BRICS countries; research on global and regional economic and financial cooperation, global governance reform and international development cooperation; participation in bilateral and multilateral financial dialogues; and exchanges with think tanks and government agencies around the world.

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I. Policy Update

1. MOF published a circular on the deduction of urban maintenance and construction tax, education surcharge and local education surcharge with VAT refund at the end of the VAT period

On July 31, the Ministry of Finance (MOF) published a circular on the deduction of urban maintenance and construction tax, education surcharge and local education surcharge with VAT refund at the end of the VAT period, which provided the following. To ensure the effective implementation of the VAT refund policy at the end of the VAT period, taxpayers who are tax refundable are allowed to deduct the VAT refund from the urban maintenance and construction tax, education surcharge and local education surcharge.

2. MOF published a circular on the preferential tax policies for energy-saving and new-energy vehicles and vessels

On July 31, MOF published a circular on the preferential tax policies for energy-saving and new-

energy vehicles and vessels, which provided the following. First, the vehicle and vessel tax will be halved for energy-saving vehicles. Second, the new-energy vehicles and vessels are exempted from the vehicle and vessel tax. Third, the main propulsion plant of the new-energy vessels exempted from the vehicle and vessel tax should be the pure natural gas engine. The engine which adopts the diesel fuel micro-ignition mode and the fuel heat value of which accounts for less than 5% of the total fuel heat value would be regarded as pure natural gas engine. Fourth, the eligible energy-saving and new-energy vehicles will be made public in the *Catalogue of Energy-Saving and New-Energy Vehicle Models Eligible for Preferential Vehicle and Vessel Tax Reduction and Exemption* jointly published by the Ministry of Industry and Information Technology and the State Administration of Taxation. Fifth, the taxpayers will enjoy vehicle and vessel tax exemption if they present the vessel inspection certificate marked with the "pure natural gas powered vessel".

3. The State Council published the *Opinions on Implementing the Pilot Reform of State-owned Capital Investment and Operating Companies*

On July 31, the State Council published the *Opinions on Implementing the Pilot Reform of State-owned Capital Investment and Operating Companies*, which provided the following. First, in light of the targets, tasks and distribution plan determined by the

state, state-owned capital investment and operating companies may be set up through restructuring and new establishment. According to the specific positioning and development needs of state-owned capital investment and operating companies, the relevant state-owned capital may be restructured through free transfer or market-oriented approach. Second, the assets to be transferred to state-owned capital investment and operating companies are the equities (assets) or part of the equities of the existing enterprises. After the equity transfer, the divestiture of SOE's social functions and the resolution of unsolved problems will be sped up, and the distressed assets will be resolved through market-based ways. When the equity transfer involves a listed company, it shall comply with the relevant provisions of securities supervision.

4. The State Council published the *Guiding Opinions on Accelerating the Development of the Nationally Integrated Online Government Service Platform*

On August 1, the State Council published the *Guiding Opinions on Accelerating the Development of the Nationally Integrated Online Government Service Platform*, which provided the following. First, the nationally integrated online government service platform consists of the national government service platform and the government service platforms of State Council departments and various regions. The national government service

platform is the general hub of the nationally integrated online government service platform, and the government service platforms of State Council departments and various regions are the specific platforms for accessing government services. Second, the national government service platform takes the www.gov.cn as the general portal and has an independent service interface and access entry, providing integrated services for users who may access the two portals seamlessly.

5. The State Council Customs Tariff Commission published a circular on imposing additional tariff on some imported goods (second batch) originating from the United States

On August 3, the State Council Customs Tariff Commission published a circular on imposing additional tariff on some imported goods (second batch) originating from the United States, which provided the following. First, the State Council Customs Tariff Commission decided to impose additional tariff on 5,207 items imported from the United States. The measure involves approximately 60 billion USD of imports from the United States. Second, impose an additional 25% tariff on 2,493 items such as dried, smoked and salted beef; 20% tariff on 1078 items such as cold or frozen sweet potatoes; 10% tariff on 974 items such as frozen potatoes; and 5% tariff on 662 items such as fireworks and firecrackers. Third, for the relevant imported goods originating from the United States, the

corresponding additional tariff will be imposed on the basis of the current taxation method and applicable tariff rate. The current tax protection, tax reduction and exemption policies will remain unchanged, and the tariff imposed this time will not be deducted. The implementation date will be announced separately.

6. MOF published a circular on approving the implementation of the program for developing demonstration towns with a strong agricultural industry in 2018

On August 6, MOF published a circular on approving the implementation of the program for developing demonstration towns with a strong agricultural industry in 2018, which provided the following. First, improve the interest linkage mechanism to boost the income of farmers. The program should aim to boost the income of farmers, take into account the local conditions, and actively explore the equity conversion and other operable and sustainable methods to increase farmers' incomes. Second, strictly control the direction of expenditure and enhance the effects of fund use. The provinces shall, according to the specific conditions of the demonstration towns that have passed the review, calculate the allocation of central government's rewards and subsidies according to relevant factors. The poverty-stricken counties that receive the funds must implement the policy requirements for the consolidation of agriculture-

related funds in poverty-stricken counties to maximize the effects of poverty reduction.

7. MOF published the *Measures for the Management of the Revenues and Expenditures of Inter-provincial Farmland Replenishment Funds*

On August 6, MOF published the *Measures for the Management of the Revenues and Expenditures of Inter-provincial Farmland Replenishment Funds*, which provided the following. First, the provinces and municipalities approved by the State Council to implement the farmland replenishment program should pay the inter-provincial farmland replenishment funds to the central finance authorities. The scale of inter-provincial farmland replenishment funds shall be determined according to the scale of inter-provincial farmland replenishment program and the inter-provincial farmland replenishment fund collection standards approved by the State Council. Second, the farmland replenishment fund standard is determined based on two factors: type of farmland and the grain production capacity, specifically, 50,000 RMB per mu for farmland replenishment (100,000 RMB per mu for paddy fields) and 10,000 RMB per 100 kilograms per mu for the standard grain production capacity. Third, the inter-provincial farmland replenishment funds to be paid by the provincial finance authorities shall be transferred to the central finance authorities under the general public budget transfer expenditures and shall be included in the

government revenue and expenditure item “2300602 special upward transfer expenditure”.

8. MOF published the *Measures for the Management of Revenues and Expenditures of the Inter-provincial Transfer of the Surplus Quotas under the Program of Linking New Land Used for Urban Construction with the Decrease of Land Used for Rural Construction*

On August 6, MOF published the *Measures for the Management of Revenues and Expenditures of the Inter-provincial Transfer of the Surplus Quotas under the Program of Linking New Land Used for Urban Construction with the Decrease of Land Used for Rural Construction*, which provided the following. First, the provinces that offer assistance should fully purchase the surplus quotas and pay accordingly. Other qualified provinces are encouraged to offer assistance according to their actual conditions. Second, the funds to be paid are determined according to the quota purchase tasks assigned by the state and approved by the Ministry of Natural Resources as well as the purchase price of the quota. Third, the purchase price of the surplus quotas is determined according to regional differences, specifically, 700,000 RMB per mu for Beijing and Shanghai, 500,000 RMB per mu for Tianjin, Jiangsu, Zhejiang and Guangdong, and 300,000 RMB per mu for Fujian, Shandong and other provinces. The price of additional land used for construction will increase by 500,000 RMB per mu.

9. The State Council published the *Guiding Opinions on Reforming and Perfecting the Comprehensive Supervision System for the Medical and Health Industry*

On August 6, the General Office of the State Council published the *Guiding Opinions on Reforming and Perfecting the Comprehensive Supervision System for the Medical and Health Industry*, which provided the following. First, optimize access to medical and health service elements. Optimize access and administrative licensing procedures for healthcare institutions and practitioners, and implement electronic registration of medical institutions, physicians and nurses. Second, strengthen the quality and safety supervision of medical services. Improve the national medical quality management and control system, improve laws and regulations, technical norms and standards, and strengthen capacity building. Third, strengthen the supervision of the operation of medical and health institutions. Establish and improve the mechanisms for the public hospitals’ comprehensive budget management, cost management, financial reporting, information disclosure, and internal and third-party auditing, and step up supervision over public hospitals’ personnel expenditures, capital construction, equipment purchase expenses and liabilities.

10. MOF published a circular on approving the implementation of the 2018 program for promoting

green, circular, quality and efficient agriculture with special characteristics

On August 7, MOF published a circular on approving the implementation of the 2018 program for promoting green, circular, quality and efficient agriculture with special characteristics, which provided the following. First, further optimize the direction of fund use. The central fiscal subsidies should focus on the development of green, quality, specialty and safe products, resolutely avoid concentrating subsidies on a few enterprises or distributing subsidies and indiscriminately, and prohibit the use of funds for the construction of buildings and training centers as well as for general expenses. Second, further improve the project implementation plan. All provinces should re-submit the adjusted project implementation plans to the Ministry of Agriculture and Rural Affairs and MOF before August 20, and submit the electronic version through the financial information management platform of the Ministry of Agriculture and Rural Affairs.

11. The State Council published a Decision on the abolition of a number of administrative licenses

On August 7, the State Council published a Decision on the abolition of a number of administrative licenses, which provided the following. First, the State Council decided to abolish 11 administrative

licenses, specifically, the registration of enterprise groups, employment permits for Taiwan, Hong Kong and Macao residents in the Mainland, motor vehicle repair and maintenance license, approval of foreign investment in road transport, certification of agricultural machinery maintenance, vessel permit for entry into and exit from fishing ports, preliminary examination and approval of import and export of nationally key aquatic wildlife and their products, preliminary examination and approval of domestic enterprises' investment in overseas enterprises (excluding financial enterprises), filing of the establishment of branch companies, the establishment, change, and cancellation of branches of foreign-invested partnerships, and the invalidation of business licenses. Second, as for the 6 other administrative licenses introduced in accordance with relevant laws, the State Council will request the Standing Committee of the National People's Congress to revise relevant laws and regulations in accordance with legal procedures.

12. The State Council Customs Tariff Commission published a circular on imposing additional tariff on 16 billion USD worth of imported goods originating from the United States

On August 8, the State Council Customs Tariff Commission published a circular on imposing additional tariff on 16 billion USD worth of imported goods originating from the United States, which provided the following. With the approval

of the State Council, the State Council Customs Tariff Commission decided to impose additional 25% tariff starting from 12:01 on August 23, 2018, after the appropriate adjustments are made to List 2 of the Announcement of the State Council Customs Tariff Commission on 50 billion USD Worth of Imported Goods Originating from the United States.

13. MOF published the *Key Tasks for Reducing Corporate Leverage in 2018*

On August 9, MOF published the *Key Tasks for Reducing Corporate Leverage in 2018*, which provided the following. First, give full play to the role of the state-owned enterprises' asset-liability constraint mechanism. Scientifically assess the debt risks of enterprises that exceed the warning line and key supervisory lines, draw up a list of enterprises for special attention and supervision according to the degree of risk, and set clear goals and deadlines for reducing the asset-liability ratio. Second, strengthen the financial institutions' constraints on corporate liabilities. Limit excessive debt financing of highly indebted enterprises through creditor committee, joint credit extension and bank's assessment of the debt risk of corporate clients. Third, improve the trading mechanism of assets converted from equities. Study the use of multi-level capital market to conduct the trading of assets converted from equities, improve the liquidity of the assets converted from equities, and broaden the exit channels.

14. MOF published a circular on the inclusion of the three major food crops into the central government's list of agricultural insurance premium subsidies

On August 9, MOF published a circular on the inclusion of the three major food crops into the central government's list of agricultural insurance premium subsidies, which provided the following. First, the farmers, seed production cooperatives and seed enterprises that engage in the production of the three food crops in line with the regulations may have their agricultural insurance premiums included in the central government's list of agricultural insurance premium subsidies. Second, the insurance agencies should use the model clauses uniformly issued by the insurance regulators, the insurance liability should cover the quantity loss or quality loss caused by natural disasters, pests and diseases and other risks faced by the seed production, and the insurance amount should be the direct costs occurred during the growth period of the subject matter. Third, the seed varieties of the three major food crops that meet the requirements should be provided by the agricultural and seed authorities at all levels to the insurance agencies through appropriate means.

15. MOF published the *Measures for Implementing Publicly Funded Education for the Teaching-major Students of Normal Universities Directly Affiliated to the Ministry of Education*

On August 13, MOF published the *Measures for Implementing Publicly Funded Education for the Teaching-major Students of Normal Universities Directly Affiliated to the Ministry of Education*, which provided the following. First, the outstanding non-teaching major students who are willing to teach and meet the requirements may transfer to the teaching major within two years of enrollment, sign the agreement, obtain the refund of tuition fees and accommodation fees, and be offered living allowances. Second, the publicly funded teaching-major students must strictly implement the agreement. If they fail to engage in primary and secondary education as agreed, they must return the public education expenses they have already enjoyed and pay penalty. Third, outstanding publicly funded teaching-major students can enjoy other non-obligatory scholarships, and the establishment of special scholarships for publicly funded teaching-major students is encouraged. Fourth, all localities should implement preferential policies such as rural teachers' living allowances and allowances for teaching in remote areas with harsh conditions, so as to attract publicly funded teaching-major students to teach in rural primary and secondary schools after graduation.

16. MOF published the *Guiding Opinions on Promoting the Third-Party Performance Evaluation of Government Procurement of Services*

On August 14, MOF published the *Guiding Opinions on Promoting the Third-Party Performance Evaluation of Government Procurement of Services*, which provided the following. First, determine the scope of performance evaluation. If the beneficiary of the government's procurement of public services is the general public, third-party organizations shall be brought in to carry out performance evaluation, and evaluation on whether the procurement is economic, well-regulated, efficient and fair. Second, establish a sound indicator system. When budget is compiled, the performance targets and corresponding indicators for government's procurement of services should be set at the same time as a basis for conducting performance evaluation of the government's procurement of services. Third, strengthen information disclosure, supervision and management. The finance authorities and the procurement entities shall improve information disclosure, and promptly and fully make public the evaluation institutions, evaluation standards and evaluation results and consciously accept public supervision.

17. MOF published the *Opinions on Improving the Issuance of Local Government Special Bonds*

On August 14, MOF published the *Opinions on Improving the Issuance of Local Government Special Bonds*, which provided the following. First, speed up the issuance of special bonds. The finance authorities

at all levels, in conjunction with the corresponding project authorities, shall speed up the preparatory work for the issuance of special bonds and issue the bonds once the project preparation gets mature. The provincial finance authorities should reasonably set the pace of special bond issuance, scientifically arrange the issuance plan for the next few months of this year, especially in August and September, and speed up the issuance pace. Second, make the special bond issuance more market-based. The local finance authorities shall not exert influence on the underwriting institutions by means of government deposits in order to bring down the prices. Third, strengthen the reporting of bond information. The provincial finance authorities shall report the schedule of issuance, including time, scale, type and term structure of the local bonds, no later than 6 working days before bond issuance.

18. The State Council published the *Plan for Reforming the Division of Fiscal Mandates and Spending Responsibilities in the Field of Healthcare between the Central and Local Governments*

On August 14, the General Office of the State Council published the *Plan for Reforming the Division of Fiscal Mandates and Spending Responsibilities in the Field of Healthcare between the Central and Local Governments*, which provided the following. First, in terms of public health, basic public health services are clearly defined as the joint fiscal mandates of

central and local governments and the spending responsibilities are jointly borne by the central and local governments. The central government sets the national basic standards for per capita funding of basic public health services, and gradually raises the standards in line with economic and social development. Major public health services such as prevention and control of major infectious diseases nationwide or across regions are classified as the central government's fiscal mandate and the spending responsibility is borne by the central government. Second, medical security mainly includes basic medical insurance subsidies and medical assistance for urban and rural residents. It is clearly defined as the joint fiscal mandate of the central and local governments, and the central government and local governments jointly bear the spending responsibility.

19. The State Council published the *Plan of the Division of Labor for the Key Tasks Identified at the National Teleconference on Deepening of the Reform of Streamlining Administration, Delegating Powers and Improving Government Services and Transforming Government Functions*

On August 15, the General Office of the State Council published the *Plan of the Division of Labor for the Key Tasks Identified at the National Teleconference on Deepening of the Reform of Streamlining Administration, Delegating*

Powers and Improving Government Services and Transforming Government Functions, which provided the following. First, vigorously remove and abolish various regulations and practices that hinder the unified market and fair competition, ensure fair treatment for businesses of different ownership in terms of licensing, government procurement, science and technology projects and standards setting, and eliminate local protection. For industries with monopoly, competitive businesses will be opened up in light of the characteristics of different industries. Second, deepen the reform of the tax system, continue to promote structural tax cuts, study the further deepening of the reform of value-added tax, and implement tax-cut policies such as the expansion of the scope of small and micro enterprises that enjoy the preferential policy of halving income tax. Third, continue to clean up and regulate government-managed funds and administrative fees, and comprehensively implement the list-based fee collection.

20. MOF published a circular on adjusting and promulgating of the 24th edition of the list of energy-saving products for government procurement

On August 15, MOF published a circular on adjusting and promulgating of the 24th edition of the list of energy-saving products for government procurement, which provided the following. First, the listed products include

mandatory and priority energy-saving products for government procurement. Among them, desktop computers, portable computers, and flat-panel microcomputers are mandatory energy-saving products for government procurement, and others are priority energy-saving products for government procurement. Second, if the products that the procurer intends to purchase belong to the mandatory products for government procurement yet this edition of list does not have detailed specification for such products or the products on this list could not meet the working needs, procurement of unlisted products may be allowed. Third, government procurement activities carried out after the issuance of this circular shall implement the current edition of list.

21. MOF published the *Implementation Plan for Supporting the Development of Platforms with Special Features and Promoting the Innovation, Entrepreneurship and Upgrading of SMEs*

On August 16, MOF published the *Implementation Plan for Supporting the Development of Platforms with Special Features and Promoting the Innovation, Entrepreneurship and Upgrading of SMEs*, which provided the following. First, the central finance authorities will support and guide the development parks to develop the four types of platforms for innovation and entrepreneurship, including capital intensive, integrated, high-tech, and talent-led firms. Second, support 200

real economic development parks to create platforms with special features for innovation and entrepreneurship. Each development park will focus on the development of a type of platform with special features for innovation and entrepreneurship. Third, the central finance authorities will provide support by offering rewards and subsidies from the special funds for the development of SMEs. In light of the number of development parks and with the combined subsidies and rewards not exceeding 50 million RMB per development park, the funds will be arranged in a period of 3 years.

22. MOF published the *Procedures for the Public Underwriting of Local Government Bonds*

On August 20, MOF published the *Procedures for the Public Underwriting of Local Government Bonds*, which provided the following. First, the participants in the public underwriting of local government bonds include local finance departments, underwriting syndicate members and other interested investment institutions, technical support departments, and intermediaries. Among them, the underwriting syndicate members include the bookkeepers, the lead underwriters other than the bookkeepers and other members of the underwriting syndicate. Second, the local finance departments may specifically set up an underwriting syndicate for the underwriting of local government bonds, or they may use

the underwriting syndicate following the open tendering method. Third, before the public underwriting, the bookkeepers should inquire all members of the underwriting syndicate about the price and make clear records of the inquiry. Fourth, on the basis of the principle of giving priority to low interest rate or high price, effective subscription would be made one by one until the planned bond issuance amount is reached or all the bonds are effectively subscribed.

23. MOF published the *Guiding Opinions of the CPC Central Committee and the State Council on the Three-Year Action for Winning the Battle against Poverty*

On August 20th, MOF published the *Guiding Opinions of the CPC Central Committee and the State Council on the Three-Year Action for Winning the Battle against Poverty*, which provided the following. First, increase fiscal spending. Continue to increase government investment in poverty alleviation, increase the efficiency of capital use, improve the funding mechanism that is compatible with the task of getting rid of poverty, and support the poverty-stricken areas to shore up the weak links in line with the current poverty alleviation targets. Increase special fiscal support for poverty alleviation and transfer payment on education and medical security. Second, increase financial support for poverty alleviation. Strengthen the management of re-lending for poverty alleviation,

optimize the pricing mechanism of re-lending for poverty alleviation, and guide financial institutions to rationally increase the credit supply for poor households and enterprises that generate employment for poor households. Targeted financial services for poverty alleviation should be strengthened.

24. MOF published a circular on further strengthening the support for poverty alleviation policies and making efforts to improve the organization of labor services

On August 21, MOF published a circular on further strengthening the support for poverty alleviation policies and making efforts to improve the organization of labor services, which provided the following. First, vigorously promote local employment. All localities should actively develop job opportunities, encourage local enterprises and farmers' specialized cooperatives to absorb the employment of poor labor, and support poor areas to develop a number of poverty alleviation workshops, community factories, and employment stations, in order to create more local employment opportunities for poor labor. Second, actively support entrepreneurship to drive employment. The first-time small and micro business startups or self-employed businesses may be provided with one-time startup subsidies if they stay in business for over 6 months and are started up by poor labor or rural migrant workers.

25. MOF published a circular on the implementation of the government accounting standard system

On August 21, MOF published a circular on the implementation of the government accounting standard system, which provided the following. First, starting from January 1, 2019, the government accounting standard system will be fully implemented in all levels of administrative units across the country. Second, the military, the government-sponsored institutions that have been incorporated into the corporate financial management system and implement the corporate accounting standards or small business accounting standards, and the social organizations that implement the *Non-profit Organization Accounting System* would not implement the government accounting standard system. Third, all departments and units should further clean up, verify and categorize asset data such as fixed assets, intangible assets, inventory items, and foreign investment on the basis of 2016 asset stocktaking, in order to provide basic information for accurate depreciation, amortization of expenses and determining of equities.

26. The State Council adopted the measures to promote the stable and coordinated supply of natural gas and bio-ethanol fuel

On August 22, Premier Li Keqiang presided over

an executive meeting of the State Council, which provided the following. First, build a diversified supply system that expands domestic production and stabilizes international cooperation, and strengthen the construction and interconnectivity of facilities such as pipeline network, gas storage, and receiving stations, in order to guarantee the balance between supply and demand and make orderly utilization. Second, increase domestic exploration and development efforts, develop innovative mechanisms to encourage the participation of various investment entities, and support the transfer of mining rights in a market-oriented manner. Third, improve the natural gas peak adjustment, emergency and security mechanisms. Improve the supply of natural gas in this winter and next spring, and ensure that the supply of newly added gas prioritize urban residents and the areas where coal heating is replaced in winter to address serious air pollution. Before the implementation of "coal to gas", a contract must be signed, and differentiated price will be used to address demand peaks and troughs.

27. MOF published the *Procedures for the Underwriting of Local Government Bonds*

On August 24, MOF published the *Procedures for the Underwriting of Local Government Bonds*, which provided the following. First, local government general bonds and special bonds (including special bonds with project incomes to

cover repayment) can be issued through flexible tendering. Second, flexible tendering is carried out by the local finance departments through MOF's government bond issuance system, MOF's Shanghai Stock Exchange government bond issuance system, and MOF's Shenzhen Stock Exchange government bond issuance system for local government bond underwriting syndicate members. In principle, a single price bidding method is adopted, and the bidding target is the interest rate or price. Third, the lower limit of the planned issuance range shall not be less than 80% of the upper limit. Fourth, when flexible tendering is adopted, the actual issuance amount should be the upper limit, the lower limit or the effective bidding amount of the planned issuance range, and the bid multiple is calculated based on the upper limit of the planned issuance range.

28. MOF published the *Guiding Opinions on Accelerating the Development of World-class Universities and World-class Disciplines*

On August 27, MOF published the *Guiding Opinions on Accelerating the Development of World-class Universities and World-class Disciplines*, which provided the following. First, strengthen policy support. Moderately expand the autonomy of colleges and universities over the design of disciplines and appropriately increase the proportion of outstanding undergraduate graduates

who directly pursue doctoral degrees. Establish and improve the mechanism for dynamic adjustment of higher education enrollment plan, implement the high-level talent development plan for urgently needed disciplines, and explore new path of linking postgraduate enrollment plan to the national major scientific research programs and key scientific and technological innovation bases. Second, continue to provide sufficient funding, comprehensively implement performance-based budget management, establish a performance-based management mechanism in line with the rules of higher education and management needs, strengthen university's fundraising powers, and improve the spending mechanism for graduate education on the basis of the existing financial appropriation system.

29. The State Council published the *Opinions on Further Adjusting and Optimizing the Structure and Improving the Efficiency of Using Education Funds*

On August 28, the General Office of the State Council published the *Opinions on Further Adjusting and Optimizing the Structure and Improving the Efficiency of Using Education Funds*, which provided the following. First, continue to provide fiscal support. Reasonably divide the intergovernmental fiscal mandates and expenditure responsibilities in the field of education, and further improve the education transfer payment system. Second, encourage

the expansion of private investment. Support private forces to provide education and gradually increase the proportion of private investment to total investment in education. Third, make scientific planning for education expenditures. All localities should strengthen the coordination between education development planning and medium-term fiscal planning. Fourth, ensure the balanced development of compulsory education. Consolidate and improve the compulsory education funding mechanism that integrates urban and rural areas with a focus on rural areas, and gradually implement the nationally unified benchmark for public funding on compulsory education.

30. The State Council published the *Key Tasks for Deepening the Reform of the Medical and Health System in the Second Half of 2018*

On August 29, the General Office of the State Council published the *Key Tasks for Deepening the Reform of the Medical and Health System in the Second Half of 2018*, which provided the following. First, advance the development of the tiered diagnosis and treatment system in an orderly manner. Improve the supporting measures such as medical insurance payment, personnel management, service pricing and government investment to promote the development of medical consortiums and telemedicine services. Improve the remuneration policies and adjust the pay of medical staff to a reasonable level in

light of the actual conditions of different medical and health institutions. Improve the integrated management of medical and health institutions in counties, townships and villages, and allow county-level medical personnel to work in townships. Second, establish and improve the modern hospital management system. Implement the national plan for medical and health service system and reasonably determine the size of a single public hospital.

II. Facts & Figures

1. China's PMI in July was 51.2%

The data published by the National Bureau of Statistics (NBS) on July 31 showed that China's PMI in July was 51.2%, down by 0.3 percentage point month on month. In breakdown of enterprises, PMI was 52.4% for large-sized ones, down by 0.5 percentage point month on month; 49.9% for medium-sized ones, staying flat month on month; and 49.3% for small-sized ones, down by 0.5 percentage point month on month. In specific terms, the production index was 53.0%, down by 0.6 percentage point month on month; the new order index was 52.3%, down by 0.9 percentage point month on month; the raw material inventory index was 48.9%, up by 0.1 percentage

point month on month; the employee index was 49.2%, up by 0.2 percentage point month on month.

2. Operating revenues of China's cultural enterprises above designated size and related enterprises increased by 9.9% year on year in the first half of 2018

The data published by NBS on July 31 showed that the operating revenues of China's cultural enterprises above designated size and related enterprises in the first half of 2018 were 4.2227 trillion RMB, a year-on-year increase of 9.9%. By regions, the figure was 3.2443 trillion RMB in the eastern region, accounting for 76.8% of the national total; and was 582.8 billion RMB, 350.9 billion RMB and 44.7 billion RMB in the central, western and northeastern regions respectively, accounting for 13.8%, 8.3% and 1.1% of the national total respectively. In terms of growth rate, the figure increased by 13.4% year on year in the western region, increased by 9.7% year on year in the eastern region, increased by 9.6% year on year in the central region, and increased by 2.4% year on year in the northeast region.

3. Total value of China's import and export of goods rose by 8.6% year on year from January to July

The data released by the General Administration of Customs on August 8 showed that the total value of China's import and export of goods from January to July was 16.72 trillion RMB, up by 8.6% year on year. Among them, exports were 8.89 trillion RMB, up by 5% year on year; imports were 7.83 trillion RMB, up by 12.9% year on year; trade surplus was 1.06 trillion RMB, falling by 30.6%. The data also showed that the total value of China's import and export of goods in July was 2.6 trillion RMB, up by 12.5% year on year. Among them, exports were 1.39 trillion RMB, up by 6% year on year; imports were 1.21 trillion RMB, up by 20.9% year on year; trade surplus was 176.96 billion RMB, dropping by 42.6%.

4. China's CPI rose by 2.1% year on year in July

The data released by NBS on August 9 showed that China's CPI rose by 2.1% year on year in July, and up by 0.3% month on month, among which, CPI rose by 2.1% year on year in urban areas, and up by 0.4% month on month, and rose by 2.0% year on year in rural areas, and up by 0.1% month on month. CPI went up by 0.5% year on year for food and up by 0.1% month on month; went up by 2.4% year on year for non-food and up by 0.3% month on month; increased by 1.8% year on year for consumer goods and went up by 0.1% month on month; increased by 2.5% year on year for services, and up by 0.7% month on month.

5. China's PPI rose by 4.6% year on year in July

The data released by NBS on August 9 showed that China's PPI in July rose by 4.6% year on year, and up by 0.1% month on month. The price of the means of production jumped by 6.0% year on year, and up by 0.1% month on month; specifically, the figure surged by 13.4% year on year in the extractive industry, and up by 0.6% month on month; rose by 9.0% year on year in the raw material industry, and down by 0.1% month on month; went up by 4.1% year on year in the processing industry, and up by 0.1% month on month. The price of the means of consumption rose by 0.6% year on year, and up by 0.2% month on month; specifically, the figure rose by 0.7% year on year for food, and up by 0.2% month on month; increased by 0.7% year on year for apparel, and up by 0.4% month on month; rose by 1.1% year on year for daily necessities, and down by 0.1% month on month; and fell by 0.2% for durable consumer goods, and up by 0.2% month on month.

6. Revenue under China's general public budget rose by 6.1% year on year in July

The data released by MOF on August 13 showed that revenue under China's general public budget totaled 1.7461 trillion RMB in July, up by 6.1% year on year, among which, revenue at the central government

level was 860.7 billion RMB, up by 1.2% year on year; revenue at the local government level was 885.4 billion RMB, up by 11.4% year on year. Expenditure under China's general public budget was 1.3944 trillion RMB, up by 3.3% year on year, among which, expenditure at the central government level was 254.1 billion RMB, up by 9.2% year on year; expenditure at the local government level was 1.1403 trillion RMB, up by 2.1% year on year.

7. The value-added of industrial enterprises above designated size went up by 6.0% year on year in July

The data published by NBS on August 14 showed that the value-added of industrial enterprises above designated size went up by 6.0% year on year and 0.48% month on month in July. Specifically, there was an increase of 1.3% year on year in the mining sector, an upswing of 6.2% in the manufacturing sector, and an upsurge of 9.0% in the electricity, heating, gas and water sector. By enterprises of different ownership, there was an increase of 6.2% year on year in state-controlled enterprises, a decrease of 2.8% in collectively owned enterprises, an increase of 6.0% in joint-stock enterprises, and an upsurge of 6.1% in foreign-invested and Hong Kong, Macau and Taiwan enterprises. By regions, there was an increase of 4.7% year on year in the eastern region, an increase of 6.9% year on year in the central region, an increase of 6.4% year on year in the western region, and an increase of 7.3% year on year in the northeastern region.

8. China's fixed asset investment (excluding rural households) increased by 5.5% year on year from January to July

The data published by NBS on August 14 showed that China's fixed asset investment (excluding rural households) totaled 35.5798 trillion RMB in the first 7 months of 2018, up by 5.5% year on year. By industries, investment in the primary industry was 1.2139 trillion RMB, up by 13.7% year on year; investment in the secondary industry was 13.2109 trillion RMB, up by 3.9% year on year; and investment in the tertiary industry was 21.155 trillion RMB, up by 6% year on year. By regions, the eastern region's investment rose by 5.8% year on year; the central region's investment rose by 9.3% year on year; the western region's investment rose by 2.3% year on year; and the northeastern region's investment increased by 3.3% year on year. By types of registered enterprises, the investment of domestic firms was up by 6% year on year; the investment of Hong Kong, Macau and Taiwan firms went down by 6.4% year on year; and the investment of foreign firms was up by 3.1% year on year.

9. China's investment in real estate development increased by 10.2% year on year from January to July

The data published by NBS on August 14 showed that China's investment in real estate development

reached 6.5886 trillion RMB, an increase of 10.2% year on year in nominal terms in the first 7 months of 2018. Among them, the residential property investment was 4.6443 trillion RMB, up by 14.2% year on year. By regions, the real estate development investment was 3.5755 trillion RMB in the eastern region, up by 11.5% year on year; 1.392 trillion RMB in the central region, up by 10.4% year on year; 1.3647 trillion RMB in the western region, up by 5.8% year on year; and 256.4 billion RMB in the northeastern region, up by 17.7% year on year.

10. China's retail sales of consumer goods went up by 8.8% year on year in nominal terms in July

The data published by NBS on August 14 showed that retail sales of consumer goods in July totaled 3.0734 trillion RMB, up by 8.8% year on year in nominal terms. The retail sales of consumer goods in urban areas totaled 2.6388 trillion RMB, up by 8.6% year on year; and the retail sales of consumer goods in rural areas amounted to 434.5 billion RMB, up by 10.1%. In addition, catering revenues amounted to 334.3 billion RMB, up by 9.4% year on year; and retail sales of goods reached 2.7391 trillion RMB, up by 8.7% year on year.

11. China issued 757 billion RMB of local government bonds in July

The data published by MOF on August 17 showed that 757 billion RMB of local government bonds were issued in July, among which, 561.1 billion RMB were general bonds and 195.9 billion RMB were special bonds. In terms of the purposes, 461.4 billion RMB were new bonds and 295.6 billion RMB were swapped bonds or refinanced bonds. As of the end of July 2018, nationwide outstanding local government debts amounted to 17.1557 trillion RMB, a figure within the limit imposed by the National People's Congress, among which, general debts were 10.8481 trillion RMB, and special debts were 6.3076 trillion RMB; government bonds were 16.6463 trillion RMB, and the stock of government debts that are not in the form of government bonds amounted to 509.4 billion RMB.

12. A total of 3.5 trillion RMB of bonds were issued on China's bond market in July

The data released by the People's Bank of China (PBoC) on August 17 showed that 3.5 trillion RMB of bonds were issued on China's bond market in July, among which, 337.3 billion RMB were treasury bonds, 757 billion RMB were local government bonds, 424.6 billion RMB were financial bonds, 586.1 billion RMB were corporate bonds, 116.5 billion RMB were asset-backed securities, and 1.2 trillion RMB were interbank certificates of deposit. In July, the transaction of the money market amounted to 77.3 trillion

RMB, increased by 29.79% year on year and rose by 17.88% month on month, among which, the figure for pledge-style repo was 64.2 trillion RMB, increased by 24.55% year on year and rose by 17.39% month on month; the figure for outright repo was 0.9 trillion RMB, decreased by 59.13% year on year and fell by 9.33% month on month; and the figure for interbank borrowing was 12.1 trillion RMB, increased by 113.1% year on year and rose by 23.52% month on month.

13. 951.72 trillion RMB of transactions of non-cash payment were made in the second quarter of 2018 in China

The data released by PBoC on August 20 showed that 53.358 billion transactions of non-cash payment worth 951.72 trillion RMB were made in the second quarter of 2018 in China, an increase of 44.61% and 0.2% year on year respectively. In the second quarter, there were 52.3879 million transactions of notes and bills worth 35.57 trillion RMB, down by 14.17% and 14.94% year on year respectively. There were 50.812 billion transactions of bank cards worth 216.6 trillion RMB, up by 49.21% and 18.25% year on year respectively. In the second quarter, a total of 2.494 billion transactions of credit transfers, direct debits, entrusted collection of payment, and domestic letter of credit settlement were made, with a total value of 699.55 trillion RMB, a decrease of 10.39% and 3.49% year on year respectively.

14. The operating incomes of SOEs increased by 10.2% from January to July

The data published by MOF on August 24 showed that the operating incomes of SOEs totaled 32.30555 trillion RMB from January to July, up by 10.2% year on year, among which, the figure for central SOEs was 18.79189 trillion RMB, up by 10.2% year on year, and the figure for local SOEs was 13.51366 trillion RMB, up by 10.2% year on year. The operating costs of SOEs totaled 31.06251 trillion RMB, up by 9.6% year on year, among which, the figure for central SOEs was 17.83026 trillion RMB, up by 9.5% year on year, and the figure for local SOEs was 13.23225 trillion RMB, up by 9.6% year on year. The profits of SOEs totaled 2.02394 trillion RMB, up by 21.4% year on year, among which, the figure for central SOEs was 1.31344 trillion RMB, up by 21.3% year on year, and the figure for local SOEs was 710.5 billion RMB, up by 21.7% year on year.

15. The total profits of major industrial enterprises in China increased by 17.1% from January to July

The data published by NBS on August 27 showed that from January to July, the profits of major industrial enterprises in China totaled 3.90381 trillion RMB, up by 17.1% year on year. By types of ownership, the figure stood at 1.19132 trillion RMB for state-controlled ones, up by 30.5% year on year; 12.52 billion RMB for collectively owned ones, up

by 4.1%; 2.7801 trillion RMB for joint-stock ones, up by 21.3%; 942.24 billion RMB for foreign and Hong Kong, Macau and Taiwan invested ones, up by 7.5%; and 1.02151 trillion RMB for private ones, up by 10.3%. By sectors, the figure stood at 336.67 billion RMB for the mining sector, up by 53.4% year on year; 3.30844 trillion RMB for the manufacturing sector, up by 14.3%; 258.7 billion RMB for the electricity, heating, gas and water production and supply sector, up by 17.8%.

16. China's lottery sales totaled 426.66909 billion RMB in 2017

The data released by MOF on August 29 showed that nationwide lottery sales in 2017 were 426.66909 billion RMB. The welfare lottery sales were 216.9768 billion RMB. The sports lottery sales were 209.69229 billion RMB. By type, the lotto lottery sales were 262.81446 billion RMB; the toto lottery sales were 92.85218 billion RMB; the video lottery sales were 46.21436 billion RMB; the instant lottery sales were 24.60566 billion RMB; and the keno lottery sales were 182.43 million RMB, accounting for 61.6%, 21.76%, 10.83%, 5.77% and 0.04% of total lottery sales respectively.

III .MOF Events

1. On July 30, Vice Finance Minister Zou Jiayi met with Ingrid van Wess, the Vice President of the Asian Development Bank.

IV .Local Finance

1. Finance authorities of Guangxi Zhuang Autonomous Region took multiple measures to support poverty alleviation through enhanced ecological protection

According to the news released by the Finance Department of Guangxi Zhuang Autonomous Region on July 27, it has effectively increased its support for poverty-stricken areas and poor people, balanced poverty alleviation and development with ecological protection, and advanced poverty alleviation along with sustainable development, so as to enable poor people to gain more benefits from ecological protection and restoration and achieve a "win-win" outcome for poverty alleviation and ecological civilization development. First, vigorously support the major ecological projects. (1) Support the key ecological restoration projects in forestry. From 2017 to 2018, 1.567 billion RMB of funds were raised to support the key ecological restoration projects in forestry. (2) Support the key projects for soil and water conservation. From 2017 to 2018, 365

million RMB of funds were raised to control soil and water erosion and help localities reach the goal of poverty alleviation. Second, step up compensation for ecological protection. (1) The central government increased the transfer payment for ecological functional areas. Since 2009, the autonomous region has set up key transfer payments for key ecological functional areas. With the support of the central government, a total of 12.816 billion RMB of transfer payments for key ecological functional areas have been made from 2009 to 2017. (2) Actively explore and improve the ecological compensation mechanism. Third, vigorously support the development of ecological industries. (1) Support the development of the forest economy, and vigorously implement the special programs to boost the income of farmers engaging in the forest economy. (2) Support the development of specialty industries such as oil tea and flowers. From 2017 to 2018, 175 million RMB of special funds were arranged for the oil tea and flower industry. Fourth, develop innovative ways to support poverty-stricken areas. Actively implement the forest ranger system. In 2016 and 2017, 140 million RMB and 214 million RMB of subsidies were respectively set aside from the key eco-functional zone transfer payment to encourage localities in the autonomous region to arrange more documented poor people to engage in public jobs of ecological protection and actively promote targeted poverty alleviation through forestry development.

2. Finance authorities of Yunnan Province realized full coverage

of electronic management for centralized payment of treasury

According to the news released by the Finance Department of Yunnan Province on July 30, it has comprehensively promoted the reforms at provincial, city, county and township levels, enhanced the safety and efficiency of Yunnan's fiscal payment, increased the administrative effectiveness of government departments, improved the level of public services, and advanced social governance innovation. First, stay safety-oriented, put efficiency first, and solidly establish an electronic management system for centralized payment of treasury. (1) Make coordination and improve working mechanisms. As the electronic payment is a systemic project that covers multiple departments and entails complex coordination, the finance authorities would play a leading and pivotal role to coordinate with central bank and other authorities in planning treasury management, optimizing payment and clearing process, and designing and developing information system. (2) Develop regulations and comprehensively strengthen internal control management. By adopting electronic means, Yunnan Province developed rigorous procedures of information system to forestall human intervention and put in place a closely-knit internal control mechanism with effective checks and balances. Second, make scientific planning and comprehensively promote high-quality and full coverage at the provincial, city, county and township levels. (1) Take long-term view and make scientific planning.

The finance authorities adopt a provincial-level centralized deployment mode to achieve unified communication with central bank and correspondent banks through a provincial-level network, clearing the barriers to the promotion of electronic payment in prefectures (cities) and counties (cities and districts). (2) Strengthen training. The finance authorities at all levels in the province have conducted relevant knowledge and operation training for the financial personnel of nearly 50,000 budget units in the province, which has further improved the electronic management level of the financial personnel in budget units. Third, take the lead to promote electronic management of centralized treasury payment in a new era. (1) Enhance the flow of information and raise the administrative efficiency of all units. After the implementation of electronic payment management in Yunnan Province, through the support of information network technology, Yunnan established an automatic information linkage system between the upper and lower levels of finance authorities as well as among finance authorities, budget units, central bank and correspondent banks at the same level, eliminating the "islands" of information and ensuring the smooth flow of information. (2) Transform functions and improve the level of public services. The use of advanced information technology helps break down geographical and time constraints, which has fundamentally solved the practical difficulties of grassroots units, such as geographical restrictions, insufficient banking outlets, premature settlement time, and untimely payment.

3. Finance authorities of Yingkou City of Liaoning Province consolidated agriculture-related funds to advance the implementation of rural revitalization strategy

According to the news released by the Finance Department of Liaoning Province on August 6, Yingkou City of Liaoning Province published the *Guidelines on Implementing the Consolidation of Agriculture-related Funds in Yingkou City*, coordinated the consolidation of agriculture-related funds, optimized the supply of fiscal support for agriculture, and strengthened the overall planning of fiscal support for agriculture so as to effectively improve the effects of pro-agriculture policies and agriculture-related funds. First, identify the platforms for consolidation of agriculture-related funds. The counties (cities) and districts in Yingkou, in line with the overall plan of agricultural and rural development in the area, have selected the administrative villages with good agricultural foundations, special features, quick results, and strong willingness to improve farmers' quality of life as the pilot villages for the consolidation of agriculture-related funds. The pilot villages will focus on consolidating the agriculture-related funds to swiftly develop a number of demonstration villages for rural revitalization. Second, merge and consolidate various types of agriculture-related funds. The counties (cities) and relevant departments of Yingkou used the pilot villages as a platform to focus spending on

the construction of beautiful villages, support the collective economic development of the villages, road construction, poverty alleviation, comprehensive agricultural development, land improvement, agricultural production, forest ecological protection and restoration, forestry reform and development, water conservancy development, support for settlement of water conservancy projects, and development of specialty towns. Third, strengthen organizational leadership and clarify the division of responsibilities. Yingkou established a leading group for the consolidation of agriculture-related funds and designed the organizational leadership and work tasks in a detailed way. It is determined that the county level is the main body for overseeing the consolidation and is responsible for the specific organization and implementation, for the research and formulation of the consolidation plan, and for ensuring the use of funds in accordance with the laws and planned tasks; counties should ensure that all the agriculture-related funds in the pilot villages and towns are timely put in place, strengthen the management of funds and projects, guarantee the standardized and effective operation of the consolidation of agriculture-related funds, and arrange the agriculture-related funds at various levels, from various channels and in various fields in accordance with the rural revitalization and development plan as well as the design and implementation plan of pilot villages. Fourth, set the tasks and objectives. By 2018, advance the consolidation of agriculture-related funds and

realize the overall consolidation of agriculture-related specific transfer payment funds within and between departments. By 2019, realize the classification and consolidation of agriculture-related specific transfer payment funds and agriculture-related infrastructure investment funds between all departments. By 2020, establish a long-term mechanism with matched powers and responsibilities and effective coordination for the consolidation of agriculture-related funds, and adjust and improve the mechanism in light of the reform of the division of fiscal powers and spending obligation between various levels of government and the reform of transfer payment system.

4. Finance authorities of Loudi City of Hunan Province actively promoted the integration of the village-level small-power list system with “internet + supervision”

According to the news released by the Finance Department of Hunan Province on August 8, Loudi City of Hunan Province has actively promoted the integration of the village-level small-power list system with “internet + supervision” to realize the shift from the disclosure of results to the disclosure of both the process and results of the exercise of power, the shift from the disclosure of village-level financial affairs to the disclosure of village affairs, finance, social security and Party affairs, the shift from the focus on disclosure

of results to the regulated exercise of power, in order to effectively lay a solid foundation for promoting the transparent exercise of village-level small powers. First, consolidate the institutional foundation. Seriously sort through the list of micro powers at the village level, and at the same time, pay close attention to the main links of the exercise of small powers at the village level, establish a full-process working mechanism based on democratic decision-making, democratic management and democratic supervision, improve the supporting systems with respect to engineering project construction, village-level goods and services procurement, village-level zero hospitality spending, and subsidies and travel expense reimbursement for village-level officials, constrain and regulate the actual process of exercising powers, and ensure that powers are always exercised on the right track. Second, broaden the channels of disclosure. On the basis of the “internet + supervision” platform of Hunan Province, the village-level small-power list system will be deeply integrated to create the sub-platform of village-level small-power + “internet + supervision” in Loudi City and add the special sections of “village-level small-power list”, “village-level engineering project”, “results of accessing government services” and “Exposure”. Third, standardize the disclosure of village affairs. Formulate the Guiding Template for the Content of Disclosure of Public Village Affairs in Loudi City and standardize the format, content, method and time requirements of the disclosure of village affairs, finance, engineering projects, targeted

poverty alleviation, social security and assistance. The unified norms have effectively made it easier for villagers to access and understand the information of village affairs.

5. Finance authorities of Maoming City of Guangdong Province actively implemented the task of comprehensively deepening reforms

According to the news released by the Finance Department of Guangdong Province on August 13, the Finance Bureau of Maoming City, in accordance with the decisions and plans of the Municipal Party Committee, has conscientiously implemented various reform tasks and pushed the comprehensive reform to a deeper level. First, vigorously deepen the reform of the fiscal system. (1) Improve the transfer payment system. Rationalize the sub-municipal fiscal revenue divisions, formulate a series of documents such as *Maoming City's Plan for the System of Fiscal Management 2017-2021*, further rationalize the income division between city and districts (county-level cities), make overall plan for the development of each locality, and clarify the expenditure responsibilities of city and districts (county-level cities). (2) Improve the general transfer payment mechanism, and reasonably guarantee the financial needs of all districts (county-level cities). The subsidies from municipal-level fiscal transfer payments to all districts (county-level cities) and economic

function zones in Maoming are at the forefront of the Guangdong Province's eastern and western regions. (3) Promote zero-based budgeting. Starting from 2014, try to implement the zero-based budget reform, rationally establish a standard system for the allocation of quotas for financial support, improve the project evaluation mechanism with a focus on performance, and implement a budget preparation method that reviews the expenses of the current year on an item-by-item basis to make budget preparation more scientific. (4) Regulate local government debt management. At present, the debt risks of Maoming government are generally controllable, and the city's debt is controlled within the limit set by Guangdong Province. Second, explore the establishment of an ecological compensation mechanism. (1) Strengthen the supervision and management of the use of ecological protection compensation funds. After Maoming received the provincial ecological protection compensation funds, it quickly allocated the funds to Xinyi City in full, and urged Xinyi to handle the expenditure according to the prescribed expenditure purposes. (2) Actively raise funds for implementation, increase funding, and improve the water resources and ecological environment protection of Gaozhou Reservoir. Third, actively cultivate new types of agricultural businesses. (1) Since 2016, it has actively participated in the work of the Finance Department of Guangdong Province to explore the establishment of a long-term mechanism for the consolidation of agriculture-related funds. (2) Implement the fund disbursement. According to

the requirements of provincial documents and the distribution plan of the Municipal Agricultural Bureau, the municipal finance authorities timely disbursed the special funds to promote the cultivation of new agricultural businesses.

6. Finance authorities of Hefei City of Anhui Province put quality first when conducting performance evaluation of fiscal funds

According to the news released by the Finance Department of Anhui Province on August 14, the Finance Bureau of Hefei included all the 71 key project expenditures of the municipal departments and the overall expenditures of 48 departments into the scope of third-party evaluation on the basis of comprehensive performance self-evaluation of the municipal budget units. The evaluation made a clean break of the previous model of pure reliance on intermediary agencies, and instead, proposed the combination of "intermediary agency + guiding experts + quartet review + assessment and accountability", which effectively promoted the overall improvement of evaluation quality and achieved the breakthrough from "quantity-focused" to "quality-focused". First, draw up the "road map". (1) Play a coordinating role. Study and formulate detailed and clear implementation plans, determine the "road map", and set detailed phases, steps and time points for advancing the work. (2) Set high standards. On the basis of the analysis of years of data and the screening

of large amounts of material, select outstanding cases and carefully design evaluation programs and "reporting templates" to provide a reference format for evaluation. (3) Keep problem-oriented. Focus on the problems and mistakes commonly found in the evaluation work, put forward practical solutions and measures, and shore up the weak links. Second, clearly define the responsibilities and assign the tasks. Establish a coordination mechanism to enable each department to fulfill its respective duties and responsibilities, and clarify the duties and tasks of the finance departments, the guiding experts, the intermediary agencies and the budget units. Third, strengthen the foundation to enhance capacity. Convene a special training arrangement meeting and combine "case presentation" with "template explanation" to explain the evaluation work in detail. (1) Clarify the work ideas and logical sequence through special training on the evaluation process and specific methods. (2) Clarify the work requirements and specific steps through the careful review of the difficult links such as the development of evaluation plan and the preparation of report. (3) Make detailed explanations on such difficult areas as the setting of evaluation indicators to effectively avoid the problems of untargeted evaluation indicators and unscientific and unreasonable evaluation standards. Fourth, build a strong team to focus on addressing the key problems. In view of the problems of unspecific and unclear project performance targets, create a team of competent and capable staff to concentrate on tackling key problems.

7. Finance authorities of Guangxi Zhuang Autonomous Region supported the implementation of social security policies to promote the targeted poverty reduction

According to the news released by the Finance Department of Guangxi Zhuang Autonomous Region on August 20, it has actively raised funds to implement various social security policies, fully promoted poverty alleviation policies such as poverty alleviation through enhanced healthcare, employment, elderly care, and social security backstop, and provided basic living security for people with difficulties such as the documented poor people. First, strengthen the social protection and offer assistance to those in need. (1) Constantly improve the social assistance system. Work in conjunction with relevant departments to gradually establish and improve social assistance systems for urban and rural residents such as the minimum living allowance system in the autonomous region. (2) Continuously improve the standard of social protection. Work in conjunction with relevant departments to establish a mechanism linking social assistance and security standards with price increases. (3) Promote the effective linkage between the minimum living allowance system and the poverty alleviation policy. Work in conjunction with relevant departments to promote the effective linkage between the minimum living allowance system and the poverty alleviation policy on policies, targets, standards and management. Second,

focus on poverty alleviation through supporting employment and boost labor incomes. (1) Support the employment of the rural poor migrant workers. (2) Support the improvement of job skills of the rural poor migrant workers. (3) Support the employment of the handicapped. Third, focus on poverty alleviation through enhanced healthcare and promote universal access to medical treatment. (1) Promote the universal coverage of basic medical insurance for the documented poor people and give policy preference to them. (2) Support the further role of the medical assistance system. (3) Support the establishment of a supporting mechanism for medical expenses. (4) Support the promotion of family doctor contracting services and the implementation of health care service projects for women and children in poor areas. Fourth, focus on poverty alleviation through enhanced elderly care to ensure all the elderly people are well cared for. (1) Support the full coverage of old-age insurance for the documented poor people. (2) Further raise the basic pension level. (3) Continuously increase investment in the old-age service system.

8. The Finance Bureau of Bayannur City implemented the reform of “Streamlining of Administration, Delegating of Powers and Improving Government Services”

According to the news released by the Finance Department of Inner Mongolia Autonomous

Region, the Finance Bureau of Bayannur City, in accordance with the *Speech of Comrade Wang Yunliang at the Work Conference on Implementing the "Streamlining of Administration, Delegating of Powers and Improving Government Services" and Rectifying the Associated Errors in the Autonomous Region*, has carried out thorough investigation and comprehensive review, strengthened the implementation of measures, and achieved positive results. First, comprehensively implement the list-based management. Strictly implement the catalogues published by the autonomous region, and work in conjunction with the Municipal Development and Reform Commission to update the catalogue of the municipal administrative fees and charges in real time. Except for the fee items stipulated in the catalogue, the municipal government organs, institutions, and units that perform administrative functions on their behalf may not impose any fees on any legal persons, corporate organizations or natural persons. Second, implement the tax and fee reduction policies in a solid manner. Further regulate the relevant administrative fees and government fund standards, suspend the fees of the first-time application for the resident ID card, and suspend the collection of social security fees for engineering projects and other administrative fees. Third, strengthen the supervision and inspection over fee collection. Carry out non-tax special inspection, promote the reform and cleanup of fee collection, strengthen the supervision and inspection of fee collection, strictly inspect the implementation of charging items and charging

standards of the main units at the municipal level, resolutely put an end to the arbitrary set-up of charging items, seriously investigate and deal with arbitrary charges, and seriously implement the requirements for the cleanup and reform of various fees. Fourth, carry out electronic reform of non-tax revenue collection. Implement the electronic reform of non-tax revenues and establish a new electronic payment mechanism that is compatible with the development of public management and IT application.

9. Finance authorities of Shanxi Province implemented VAT reform to notably reduce the burden on enterprises

According to the news released by the Finance Department of Shanxi Province on August 27, since the implementation of the three major VAT reform measures on May 1 of this year, specifically, reducing the VAT rate, unifying the small-scale taxpayer standards and offering tax rebates, the real economy has benefited significantly, adding new momentum to the high-quality development of the economy. First, Shanxi Province has deepened the VAT reform. (1) Strengthen organizational leadership, develop work plans, and ensure that tasks are assigned in a detailed way. Formulate and publish implementation plans, propose 45 key reform measures, follow the timeline of reform, clarify the division of

labor, and ensure each department fulfils its own duties and responsibilities. (2) Take advantage of the internet to enhance publicity of reform measures. Provide positive guidance and take targeted measures, enhance publicity of priority reform areas, and publish the news of the VAT reform in the news media at all levels of TV stations, newspapers and websites in the province, so as to ensure the full media coverage of policies. (3) Highlight the key content and provide effective and tailored training. (4) Adhere to the key time points, focus on the reform priorities, and ensure that preparations are well done. Improve the preparatory work for measurement of reform impact, and focus analysis on the number of taxpayers affected by the reform measures, the state of tax cut, and the impact on annual tax revenues. (5) Strengthen tracking and monitoring, conduct targeted research, and ensure that policies are well implemented. Pay close attention to the implementation of various policies on VAT reform, collect typical cases through interviews, talks and surveys, comprehensively grasp the changes in the industry, and thoroughly analyze and fully reflect the various achievements of the reform. Second, the performance and effectiveness of the unified small-scale taxpayer standards in Shanxi Province. As of June 30, the province has handled the conversion of 3,303 general taxpayers into small-scale taxpayers, and these enterprises are expected to save 53.09 million RMB of VAT. The unification of small-scale taxpayer standards offers taxpayers more opportunities to making their own choices.

10. Finance Bureau of Changchun City of Jilin Province fully supported the efforts of Changchun in attracting investment and implementing major projects

According to the news released by the Finance Department of Jilin Province on August 28, the Finance Bureau of Changchun City of Jilin Province actively expanded the channels of funds, strengthened fund management, fully implemented policies, and supported the promotion of investment and the implementation of major projects in the city. First, actively expand the funding channels and fully support the implementation of projects. (1) Ensure the smooth progress of projects. In the process of the implementation of annual budget, focus on the major projects in the city, increase linkage with the Happy Changchun Action Plan, the “Warm Wave Plan”, the Poverty Alleviation Plan, the government investment projects and urban construction investment projects, so as to lend full support to reform and development, improve people’s livelihood, fund major projects, implement key decisions, and guarantee policy effects. (2) Ensure the smooth performance of public finance. Study the impact of tax cut and fee reduction, strictly curb local government debts, open new sources of funding, and reduce expenditures. (3) Expand funding channels. In terms of the special investment in the competitive areas, adopt the market-oriented model of subsidized loans, equity investment and fund investment, and give full play to the role of market mechanism and government’s inputs. Second, comprehensively

strengthen fund management and strictly guard against fiscal risks. (1) Strengthen the management of budget implementation. On the condition of ensuring the safety and efficiency of fiscal funds, speed up the pace of fiscal expenditures and make sure that projects are fully funded. (2) Strengthen performance-based budget management. When formulating policies involving fiscal expenditures or deciding on major expenditure items, it is necessary to first carry out financial affordability assessment and put forth project implementation plans and performance targets. (3) Strengthen government debt management. Focus on research to resolve current risks and ensure the continuous funding and operation of projects. Third, implement supportive policy measures to ensure the funding of various tasks. (1) Implement supportive fiscal and tax policies. Make full use of fiscal support and preferential tax policies to give play to the leverage effects of fiscal policies and the guiding role of funds. (2) Provide special financial support. Improve the measures for administering special funds to attract investment, effectively use the special funds for investment promotion, and support the city’s investment promotion activities.

V. Remarks and Opinions

1. Liu Kun: give full play to the functions of public finance and firmly support the fight of the three critical battles

In his recently published article in *Qiushi* magazine, Finance Minister Liu Kun wrote that it is a major decision made by the CPC Central Committee with Comrade Xi Jinping as the core to fight three critical battles against major risks, poverty and pollution in order to build a moderately prosperous society in all respects. In this April, General Secretary Xi Jinping presided over the first meeting of the Central Committee of Economic and Financial Affairs at which the ideas and measures for winning the three critical battles were laid out. The finance authorities must conscientiously study and implement the important instructions of General Secretary Xi Jinping, deeply understand the far-reaching significance of the three critical battles, give full play to the role of public finance, and resolutely support the efforts to fight the three critical battles.

First, supporting the fight of the three critical battles is an important duty of the finance authorities. Public finance is the foundation and an important pillar of state governance. The three critical battles are crucial for the overall national development and the building of a moderately prosperous society in all respects, and the finance authorities thus are duty-bound to support the fight of the three critical battles.

Supporting the fight of the three critical battles is the fundamental responsibility of finance authorities. Since the 18th National Congress of CPC, under the strong leadership of the

CPC Central Committee with Comrade Xi Jinping as the core, the Party and the state have made historic achievements and changes. At present, the fight of the three critical battles is a challenge that must be tackled if we are to build a moderately prosperous society in all respects, and the success of the battles will lay a solid foundation for building a great modern socialist country. The finance authorities shoulder important responsibilities in the process of building a moderately prosperous society in all respects and realizing the Chinese dream of the great rejuvenation of Chinese nation. The finance authorities must adhere to the strategic plan of developing socialism with Chinese characteristics in the new era, strengthen the confidence and determination in tackling the challenges, balance the immediate and long-term goals, maintain the continuity of fiscal work and fiscal policy, be more forward-looking, optimize the allocation of fiscal resources, and adopt stronger and more effective measures to firmly support the fight of the three critical battles.

Supporting the fight of the three critical battles is the inherent requirement of the finance authorities to practice the people-centered development philosophy. The principal contradiction facing the Chinese society has evolved into the contradiction between unbalanced and inadequate development and the people's ever-growing needs for a better life, which means new and higher demands on fiscal work. Fighting the three critical battles is not only about the necessity of addressing

the problem of unbalanced and inadequate development, but also about the requirement to meet people's growing needs for a better life. Public finance is taken from the people and is to be used on the people. In the three critical battles, the finance authorities must fully implement the people-centered development philosophy, focus on the issues that people care most about and have the most direct and immediate bearing on people's interests, highlight the public and fair features of public finance, improve the fiscal and tax system, effectively play the role of preventing and mitigating major risks, eliminating poverty, and improving the quality of ecological environment, and continuously enhance the people's sense of achievement, happiness, and security.

Supporting the fight of the three critical battles is a major task for the finance authorities to promote high-quality development. China's economic development has entered a new era, the basic feature of which is that the economy has shifted from a phase of high-speed growth towards a phase of high-quality growth. Winning the three critical battles is a realistic need to address development problems and achieve high-quality economic growth. The finance authorities must firmly adhere to the new development philosophy, implement the requirements of high-quality development, address both the symptoms and the root causes, take a step-by-step approach, improve the system while strengthening management, and resolutely prevent systemic risks; give full play to the leading role of

government in making inputs, improve the fiscal policy system for poverty alleviation, and concentrate efforts on shoring up the weak links; prioritize funding for environmental protection and ecological development, implement and improve various fiscal and tax policies for green development, and turn the ecological advantage into development advantage.

Second, keep in mind the bottom line and support the fight against the major risks. Preventing and controlling financial risks are key to the fight against the major risks. The prevention and control of local government debt risks are crucial for the smooth functioning of local finance and the healthy development of the real economy as well as the stability of financial market and the overall economic and social development. Since the 18th National Congress of CPC, the finance authorities have put consistent emphasis on fiscal sustainability, actively implemented the budget law, promoted the establishment of a regulated local government debt financing mechanism, strengthened quota management and budget management, carried out debt risk assessment and early warning, established a debt risk emergency response mechanism, set up a regular monitoring mechanism for debt risks, investigated and dealt with illegal financing guarantee, and put in place a "closed loop" management system covering all aspects of local government debt management. Currently, local government debt risks are generally controllable. As of the end of 2017, the outstanding local government debts were

16.47 trillion RMB, which was within the 18.82 trillion RMB debt limit imposed by the National People's Congress in 2017, and the debt ratio was lower than the internationally accepted red line of 100%-120%. At the same time, local governments in some places continue to make illegal borrowing under guises, and the associated risks cannot be ignored.

General Secretary Xi Jinping stressed that we must not only act preemptively to forestall risks but also move to address and defuse risks; not only prepare for the defensive battle of risk prevention and control but also fight an offensive battle of tackling risks and turning the crisis into opportunities. In response to local government debt risks, the finance authorities must keep in mind the bottom line, maintain stability, focus on the main problems, open the "front door", block the "back door", resolutely put the brakes on disorderly borrowing, and firmly prevent systemic risks. (1) Strictly keep the local government debt risks within the statutory limit. Local governments shall borrow in a regulated way by issuing government bonds in accordance with laws. We must reasonably determine the local government debt limit, steadily promote the reform of special bond management, and ensure the local government's legitimate and reasonable financing needs are met. (2) Prevent and control the hidden debt risks of local governments. On one hand, resolutely curb the increase of hidden debts. We must resolutely stop illegal financing guarantee and strictly prohibit borrowing in

the name of PPP, government investment fund and government purchase of services. We must strengthen risk control at the source, harden budget constraints, conduct strict project review, enhance financial regulation, and forbid the introduction of new projects financed through hidden debts. On the other hand, we must actively and steadily bring down the hidden debts, hold the borrowers responsible, and enhance the accountability of local governments in their jurisdiction. We must ask the local governments to tighten their belt and bring down hidden debts by making good use of all sorts of assets. Highly indebted areas should vigorously cut project expenditures, "three public expenses" and other general expenditures. We must strengthen supervision and accountability, strictly rectify the irregularities of borrowing, and severely deal with and publicly censure the cases of illegal financing guarantee.

Third, support the fight against poverty. Getting rid of rural poverty is the most difficult task in building a moderately prosperous society in all respects. Since the 18th National Congress of CPC, the Party Central Committee with Comrade Xi Jinping as the core has made a series of major plans for poverty alleviation and development. The finance authorities must conscientiously implement the basic strategy of targeted poverty alleviation, improve the funding and policy system, and vigorously support poverty alleviation. From 2013 to 2017, the central government accumulatively allocated

278.688 billion RMB of local special poverty alleviation funds, an average annual increase of 22.7%; the provincial and sub-provincial poverty alleviation funds also increased significantly. In 832 national key counties for poverty alleviation and development and in contiguous destitute areas and counties, the pilot program for the consolidation of agriculture-related funds was comprehensively launched, and part of the authority for allocating agriculture-related funds was completely delegated to poverty-stricken counties to allow the funds to be used according to local conditions. We must pay close attention to the supervision of government poverty alleviation funds, organize special inspections, and resolutely investigate and deal with violations of laws and regulations in the use of funds. In the past five years, the number of people in poverty has reduced by more than 68 million in China. The production and living conditions of the people in poverty-stricken areas have improved markedly, and decisive progress has been made in poverty alleviation. At present, poverty alleviation has entered the final stage. The remaining 30 million rural poor people are mostly special groups of the poor people. Most of the existing poverty is concentrated in the extremely poor areas. The challenges facing poverty alleviation are still huge, and the problems that need to be resolved remain daunting.

General Secretary Xi Jinping pointed out that the fight against poverty is tight on time and faced

with heavy tasks, and we must work hard and put into real efforts. The finance authorities should follow the plan of the Party Central Committee and the State Council on winning the three-year campaign to fight poverty, enforce the current poverty alleviation standards, focus on extremely poor areas and special groups of poor people, and go all out to support the fight against poverty. (1) Ensure adequate funding. Continue to increase the scale of government special poverty alleviation funds. Increase the general transfer payment to poor areas, and the related special transfer payment will be further tilted to poor areas and poor people. We will implement the requirements of "three increases" and do a good job of supporting the financial arrangements for poverty alleviation in extremely poor areas from 2018 to 2020, with a focus on supporting the "three areas and three prefectures". (2) Conduct targeted poverty alleviation. We will further promote the pilot program for the consolidation of agriculture-related funds in poor counties, implement the decentralization requirements, and support poor counties to advance poverty alleviation in line with local conditions. We must adhere to the current goals and standards of poverty alleviation, neither lower the standard nor blindly raise the standard, and avoid the "welfare trap" and "cliff effect". We must give play to the constraints and guiding role of budget, and work with relevant departments to determine the prioritization of poverty alleviation projects and funds. We must focus on the documented poor people and make

targeted use of poverty alleviation funds to ensure the delivery of benefits to the poor. (3) Strengthen the performance awareness. We must comprehensively strengthen the management of all types of poverty alleviation funds at all levels, build a dynamic monitoring mechanism for poverty alleviation funds, keep accounts of poverty alleviation funds, include all the government funds used for poverty alleviation in the accounts, implement granular and detailed management, and conduct real-time monitoring of funds allocated to projects, people and enterprises. We must implement the *Measures for the Performance-based Management of Funds for Poverty Alleviation Projects*, comprehensively upgrade the performance-based management process of the budget of poverty alleviation funds, and promote the establishment of an accountability mechanism.

Fourth, pursue green development and support the fight against pollution. A good ecological environment is an inherent requirement for the sustainable development of the Chinese nation and a priority for improving people's livelihood and prosperity. Since the 18th National Congress of CPC, the Party Central Committee with Comrade Xi Jinping as the core has summed up the laws governing the development of human civilization and has promoted the ecological civilization with unprecedented intensity. The finance authorities must adhere to the concept of green development, and strive to increase inputs, change methods and improve

mechanisms. In the past five years, the central finance has adjusted its expenditure structure to focus on key areas such as green development, environmental protection, and ecological restoration. The cumulative input in these key areas has reached 1.16 trillion RMB, an average annual increase of 15.7%, much higher than the 9.5% increase in the overall central finance expenditure during the same period. We have developed innovative methods of support, focused on overall and coordinated advancement, supported the pilot ecological compensation for river basins, promoted inter-regional joint prevention and control, and explored the overall restoration of natural ecological elements such as mountains, waters, forests, farms, lakes and grasses. We have held polluters responsible, improved institutional arrangements on taxation, government procurement, paid use of resources and ecological compensation, promoted the reasonable sharing of the costs of ecological and environmental management between government and market entities, and achieved the full coverage of performance-based management for the eco-environmental protection funds. At the same time, we must also be aware that China's environmental pollution is still serious, the ecological and environmental pressure remains high, the ability to provide high-quality ecological products is still insufficient, and the fight against pollution remains arduous.

General Secretary Xi Jinping pointed out that the ecological environment is a major political

issue related to the Party's mission and a major social issue that affects people's livelihood. The finance authorities must conscientiously study and understand the spirit of the important speeches of General Secretary Xi Jinping at the first meeting of the Central Committee of Economic and Financial Affairs and the National Ecological and Environmental Protection Conference, stay problem-orientated, increase financial support for weak links, and ensure the policies of the Party Central Committee on the prevention and control of pollution are well implemented. (1) Coordinate the existing resources with the new resources. In 2018, the central finance allocated a total of 40.5 billion RMB of funds for the prevention and control of air, water and soil pollution, an increase of 19% over 2017, representing the biggest input of resources in recent years. We will sort out the existing funds and other related special funds for pollution prevention and control, step up the adjustment of fund composition in light of performance evaluation, and increase the input of resources for the key work of pollution prevention and control. (2) Concentrate efforts on the key areas. To meet the goal of "substantially reducing the total discharge of major pollutants by 2020 and improving the overall quality of ecological environment", we must improve relevant fiscal and tax policies, support the fight for blue sky, and strive to win the campaign of pollution control of diesel trucks, the treatment of black and odorous water in urban areas, the comprehensive treatment

of Bohai Sea, the ecological protection and restoration of the Yangtze River, the protection of water sources, and the agricultural and rural pollution control. The central finance will expand the scope of pilot cities to support clean heating in the northern region, and the central state-owned capital operating budget will increase investment in pollution prevention and control. Relevant policies should pay more attention to the prevention and control of pollution at the source and promote the adjustment of expenditure composition for such purpose. (3) Take both the immediate and long-term view. We must vigorously promote the transfer payment of key ecological functional areas, the horizontal ecological compensation mechanism, the monitoring and law enforcement of ecological environment, and the division of fiscal powers and expenditure responsibilities, and improve the long-term mechanism of ecological and environmental protection. We must improve the fund allocation mechanism centered at improving environmental quality, and concentrate our financial resources on ensuring the smooth implementation of effective pollution control measures.

The three critical battles are arduous tasks laid out by the Party Central Committee with Comrade Xi Jinping as the core, and have bearing on the decisive victory of building a moderately prosperous society in all respects as well as the well-being of hundreds of millions of people. We must resolutely fight and win the

battles. The finance authorities must thoroughly implement Xi Jinping's thought on socialism with Chinese characteristics for a new era and the spirit of the 19th National Congress of CPC, firmly establish the "four awareness", consciously proceed from the overall interests of the Party Central Committee, enhance the sense of mission and urgency, give full play to the functions, firmly focus on the key tasks, make every effort to advance implementation, resolutely support the fight of the three critical battles, and make new and greater contributions to building a moderately prosperous society in all respects.

2. Liu Kun: build a team of high-quality finance officials who are loyal, clean and responsible

Finance Minister Liu Kun recently wrote in *the People's Daily* that the organization line of the Party in the new era creatively proposed by General Secretary Xi Jinping at the National Organization Work Conference is a pioneering contribution to the Marxist party building theory and provides a fundamental basis for party building and organization work in the new era. The finance authorities must thoroughly study and understand the scientific meaning and substance of General Secretary Xi Jinping's important speeches, improve the mechanisms for the cultivation, selection, management and appointment officials, and focus on building a team of high-quality finance officials

who are loyal, responsible and meet the new requirements of the new era.

First, take political party building as the guide and comprehensively improve the quality and competence of finance officials. High-quality professional officials must first have high quality. High quality is first and foremost about political integrity; and being professional is essentially professionalism with political integrity and leadership. All the businesses conducted by the finance officials are the specific work under the leadership of the Party and the concrete implementation of the Party's line, principles and policies. We must, therefore, put political party building first, emphasize political integrity, and uphold and strengthen the Party's leadership over fiscal work.

It is necessary to strengthen political training and improve the political integrity and political ability of officials. We must use Xi Jinping's thoughts on socialism with Chinese characteristics for a new era to educate and guide Party members and officials to firmly establish "four consciousness", strengthen "four self-confidence", resolutely safeguard the core position of General Secretary Xi Jinping, firmly uphold the authority and centralized leadership of the Party's Central Committee, strengthen political training in urgent and difficult tasks, ensure that all levels of finance officials are absolutely politically reliable, absolutely loyal to the Party, and ensure that all finance work is always moving in the right political direction.

It is necessary to step up professional training and practical training, strengthen the specialized expertise and professionalism of officials, develop the officials' practical ability and practical style, and continuously enhance the ability of officials to adapt to the requirements of socialism with Chinese characteristics in the new era. We must respect the growth law of officials, optimize the growth path of officials, and arrange outstanding officials to go through practical training in local communities, in work on the frontline, and in areas where conditions are harsh through programs that support the development of Tibet, Qinghai and Xinjiang and targeted poverty alleviation programs. We must enforce strict management, avoid the pre-setting of promotion route, prevent the superficial grass-root experience, and effectively promote the officials' quality, style and ability in practice.

It is necessary to strengthen development and training, and build the foundation of officials' belief and ability. We must deeply grasp the new historical position of China's development and the change of the principal contradiction in Chinese society, adapt to the requirements of socialism with Chinese characteristics in a new era, and make efforts to cultivate the leading financial and economic talents, international financial and economic talents, accounting professionals, financial experts, and senior executives. We must take the education of ideals and beliefs as the primary task, embed the improvement of knowledge structure and

the improvement of the ability and quality throughout the process of the growth of officials, and strive to build a team of outstanding public finance talents with political loyalty, dedication, patriotism and innovation.

Second, on the premise of knowing business and knowing people, we must strengthen the basis for selecting and appointing officials. The problematic selection of officials is directly related to the superficial and inaccurate assessment of officials. We must do a good job in the organization of the finance authorities in the new era, grasp the essence, highlight the key points and improve the methods when we assess and judge officials, and earnestly ensure accurate assessment to objectively reflect the integrity, quality and responsibility of officials.

It is necessary to implement classified assessment to make the assessment more targeted and accurate. According to the professional requirements of fiscal work and the differences in duties and responsibilities of different levels and types of posts, we must differentiate the main job requirements of senior officials in different positions, and establish a multi-dimensional and targeted assessment system to focus on political performance, job performance, rectification of errors, and implementation of key tasks.

It is necessary to assess officials at close range and enhance the truthfulness of assessment. We must contact the officials in a regular and close-

range manner, conduct multi-angle assessment of officials through various channels such as democratic life meetings, annual assessment, training of officials and heart-to-heart talks, realize the regular, institutionalized and universal coverage of assessment, and conduct evidence-based assessment of officials so as to provide effective support for the accurate assessment and scientific selection and appointment of officials.

It is necessary to strengthen the comprehensive analysis and judgment and make the assessment more comprehensive. We must give full play to the leading role of the party organizations, promote democratic work style, combine the day-to-day assessment with the annual assessment, combine the assessment of officials with job vetting, and maximize the synergistic effects of various assessment mechanisms. We must not only look at the consistent performance of officials, but also observe the performance of officials in making major decisions, completing key tasks, and solving outstanding problems, so as to identify talents on the basis of their performance in minor and major matters.

Third, with the goal of selecting and appointing good officials, we must promote the development of the leadership teams and teams of officials at the finance departments. The National Organizational Work Conference further clarified the guidelines and essential requirements for selecting and appointing officials. We must strictly implement the standards and timely

identify and reasonably appoint the officials who are loyal, clean and responsible.

It is necessary to highlight political standards and put business first. We must resolutely implement the standards for selecting good officials, implement the important requirements of loyalty, cleanness and responsibility, follow the six basic criteria for leading officials as set out in the Party Constitution, deeply assess the officials' political loyalty, political commitment, political responsibility, political ability and political self-discipline, balance the long-term goals with current tasks of fiscal reform, combine business needs, organizational needs and job requirements, put the right officials in the right positions, and effectively select, train and cultivate good officials.

It is necessary to optimize the structure and function of the leadership teams. We must strengthen leadership teams at all levels by appointing competent officials and truly select officials who are politically determined, enterprising, active, daring to take responsibility, able to control the overall situation, good at team development, adopt democratic work style, and have high popular support. With the goal of optimizing the leadership team structure and enhancing the overall function, we must take into account the structural requirements of age, gender, specialty, experience, etc., and strive to achieve the complementarity of age, knowledge, ability and experience among the leadership teams at the finance departments.

It is necessary to strengthen the development of the echelon of finance officials. We must adopt systemic and holistic thinking, establish a long-term mechanism for continuous discovery and dynamic management, ensure the reserve of officials at all levels, ensure sufficient quantity and high quality, and fully incentivize the officials of all ages. We must strengthen the dynamic judgment of the structure of the teams of finance talents, and deeply analyze the composition of age, specialty, experience, etc., shore up the weak links, reasonably set the entry criteria, and attract outstanding talents through various channels such as examination and selection.

Fourth, enforce strict management and make efforts to create a sound political ecology at the finance departments. It is responsible to enforce strict management of officials. We must improve the management and supervision mechanism, strengthen the supervisory systems, and earnestly use the systems to manage ideas, work, conduct and discipline. We must highlight the political inspection of leadership teams at all levels, uphold the “four consciousness” as the political benchmark, take the party building as the guide, strengthen the role of political supervision, and constantly purify the political ecology of the finance departments.

It is necessary to establish and improve the mechanism of the week of education for warning purposes. In light of the typical cases of corruption

in the public finance system in recent years, we must use the cases to educate the Party members and officials so as to deter them from corruption. We must grasp the key points, conduct anti-corruption talks when officials are appointed, and implement a “dual talk” mechanism involving line superiors and heads of HR department, so as to effectively enhance the educational effect.

It is necessary to improve the internal control system and strengthen the supervision over the selection and appointment of officials. We must continuously strengthen the internal control to give play to the role of internal control as “filter” and “safety valve”. We must step up supervision throughout the process, enhance accountability, and resolutely prevent the promotion of problematic officials. We must establish a joint meeting system for supervision of officials, improve the coordination between the HR department and discipline inspection, inspection, complaint reporting, audit and other departments so as to increase supervisory synergy.

Fifth, use positive incentives to encourage officials to take a new role in the new era. At present, China’s economy has shifted from a high-speed growth stage to a high-quality growth stage. The comprehensive deepening of reform has entered a new stage, and the reform has become more complex, sensitive and arduous. To implement the new development concept, promote high-quality development, deepen the reform of the fiscal and tax system, and accelerate the establishment

of a modern fiscal system, it is urgent to select finance officials who dare to take responsibility, can get things done and can make outstanding performance.

It is necessary to adhere to the right direction of appointing officials. Officials can only promote fairness and establish authority when they are selfless. The rightful appointment is the biggest incentive for officials. We must integrate political education, ideological guidance, benefit guarantee and humanistic care, and take measures to give green light to those who dare to try, provide strong backing for the hard-working people, create a virtuous cycle of incentives, encourage finance officials to take responsibility and get things done, and strive to achieve results that can stand the test of practice, people and history.

We must encourage and care for officials, incentivize them politically, support them at work, offer them decent benefits, and provide them with psychological care. We must vigorously publicize the good deeds of outstanding officials in the public finance system, and inspire the enthusiasm of finance officials to contribute to the cause of public finance. We must establish mechanisms to allow for and address errors, adhere to the requirements of seeking truth from facts, analyze specific issues on a case-by-case basis, and take a clear stand in supporting officials who are willing to assume responsibility, who take a down-to-earth approach in their work, and who do not seek personal gain.

The new era must have new features. We must thoroughly study and implement Xi Jinping's thoughts on socialism with Chinese characteristics for a new era, earnestly implement the Party's organizational line in the new era, focus on building a team of high-quality, loyal and clean officials, and constantly write a new chapter in the new era of fiscal reform and development.

3. Liu Shangxi: speed up the pace of reform to reduce institutional costs

In his recently published article, Liu Shangxi, Director General of the China Academy of Fiscal Sciences, said that the supply-side structural reform is the main task of the economic work in this year and in the future, and cost reduction is an important part of it. If the costs of a small number of enterprises remain high, it is because the cost control of enterprises is not done well. But if the costs of the majority of enterprises are high, it is then because of high macro costs. Therefore, the current cost reduction is about reducing macro costs, namely, reducing institutional costs by deepening reforms.

First, the root causes of the rapid rise lie in the higher costs of Chinese enterprises. In the past, China's economic development was low-cost and low value-added, and now it has become high-cost, but overall it is still low added value and economic development costs are getting increasingly higher. The root cause is the lagging

reform of the institutional mechanisms and the high institutional costs. (1) The mismatch of resources, high inputs and low outputs are leading to high economic operating costs. Overcapacity means low equipment utilization rate and a large amount of ineffective costs; high leverage means heavy financial costs. All these are the costs of resource mismatch. (2) The tightening of global resource and environmental risk constraints have led to rising costs. China is carrying out the modernization of its economy and has larger population than that of developed countries combined, yet the resource-saving and environment-friendly society has not been formed in China, and the corresponding institutional mechanisms and technical conditions are still being built. It is inevitable that the resource and environmental risks would lead to an increase in economic and social costs. (3) The aging of population has led to an increase in corporate costs. (4) The lack of social integrity has led to higher costs. Lack of social integrity and rising risk levels would contribute to overall increase of economic and social operating costs. (5) The slow progress of science and technology has led to high costs of enterprises. Slow technological progress has led to high raw material consumption, energy consumption, and management costs.

Second, slow institutional changes and risk spillovers have led to increase of costs. The costs of production and living are essentially caused by the transformation of risks. If the public risk

level rises faster than the institutional changes, the macro costs will go up, and the micro costs will rise as well.

Third, the key to cost reduction is to accelerate the pace of reform. To reduce the public risk level of the whole society, we must accelerate the pace of institutional innovation and strike a balance between the system and the risk. (1) Accelerate the reform of market-based flow of factors of production. Remove the institutional barriers to the market-oriented allocation of labor, land, capital, and energy. (2) Speed up the reform of state-owned assets and state-owned enterprises, vigorously address the resource mismatch caused by zombie enterprises, and strengthen the state-owned economy through optimized allocation of capital. (3) Speed up the reform of the management system of scientific research institutions, realize the deep integration of enterprises, universities and research institutions, and unleash the creativity of talents. (4) Accelerate the reform of the social identity system, realize the full and effective allocation of human resources and talents, and enhance the internal motivation of human resources. (5) Speed up the financial regulatory reform, reduce financial distortions, and break the paradox of "more money is more expensive". (6) Speed up fiscal and tax reforms, advance state governance system through reforming the way money is collected and spent, and accelerate the transformation of government functions. (7) Strengthen and improve the economic

rule of law, protect property rights, stabilize expectations, and improve the level of social integrity.

4. Liu Shangxi: removing the barriers to risk governance is key to the fiscal and tax reform

In his recently published article, Liu Shangxi, Director General of the China Academy of Fiscal Science, said that the report of the 19th CPC National Congress put forward new requirements for China's fiscal and tax reforms. Compared with the Third Plenary Session of the 18th CPC Central Committee, the three major tasks of fiscal and tax reforms were adjusted in sequence: the reform of the fiscal relations between the central and local governments, or the "fiscal system reform" as mentioned in the past, is now put in the first place, while the budget reform and the tax reform are advanced simultaneously and the three aspects of reform should become an integrated whole. This change is not only a change in order, but also a readjustment of the relationship between the fiscal reform, the budget reform and the tax reform.

Obviously, the fiscal system reform has become a leading reform. The current fiscal and tax reforms can be summarized as "one body and two wings", namely, the fiscal system reform is the main body, and the tax system reform and the budget reform are two wings. Whether it is the budget reform

or the tax reform, it is impossible to break away from the fiscal system reform, and neither is it possible to circumvent the division of powers and expenditure responsibilities between the central and local governments. Therefore, the reform of fiscal system is naturally closely related to the budget reform and the tax reform.

If we look at the fiscal and tax reforms in the context of the 40 years of Reform and Opening up, we can see that the fiscal and tax reforms are advancing along with the Reform and Opening up. The fiscal and tax reforms have different goals and tasks at different stages. With the advent of a new era, various risks and uncertainties have become more prominent, and new tasks have been proposed for the fiscal and tax reforms. The *Blue Book of China's Fiscal Report* stated that the main task of the current public finance is shifting to public risk management. Today, public risk is increasingly becoming the basis of policy formulation and reform. Only by preventing and resolving public risks can reform be truly problem-orientated. In fact, the reform goal itself is also to prevent and resolve public risks.

At present, there is an urgent need to further explore public risk theories. From the perspective of fiscal and tax reforms, the public risks that we currently face are a holistic concept rather than a concept of a certain field. For example, fiscal risks, financial risks, and economic risks all have public risks entailed in addition to their individual risks, and risks in different fields may metastasize to

each other. In addition, the risk itself is uncertain, and therefore, we must understand public risks as a whole if we are to truly improve the ability to prevent and resolve public risks.

Specifically, we must start with the fiscal and tax reforms, remove the barriers to risk governance, and make the role of public finance the foundation and pillar of national governance more solid.

5. Liu Kun: the proactive fiscal policies need to be more active

On August 28, at the fifth meeting of the Standing Committee of the 13th National People's Congress, Finance Minister Liu Kun reported to the Standing Committee of the National People's Congress on the implementation of the budget this year that the relevant departments of the State Council had conscientiously implemented the budget law and the *Guiding Opinions of the People's Congress on Shifting the Focus of Budget Review and Supervision towards Expenditure Budget and Policies*, enforced the requirements of National People's Congress on budget, made efforts to implement proactive fiscal policies, deepened fiscal and tax reforms, paid close attention to budget execution and performance management, and strengthened the prevention and control of the risks of local government debts, thus helping promote the sustained and healthy development of the economy and society.

First, focus on supporting the three major battles. (1) Actively prevent and resolve local government debt risks. Strictly control the hidden debt risks of local government. Organize the inspection of illegal borrowing and debt guarantees in some areas and deal with them in a serious manner in accordance with regulations, and publicly censure a number of typical cases. Further improve the regulatory policies, start with regulating the financial institution's investment in and financing of local government and state-owned enterprises and strengthening supervision over the issuance of bonds by enterprises, and resolutely curb the increase of hidden debts. Balance the relationship between risk prevention and steady growth. This year's local government debt limit was raised by 2.18 trillion RMB over last year in order to meet the financing needs of major local public welfare projects. Increase the bond varieties and pilot the issuance of special government bonds for the renovation of shanty towns. Continue to promote the swap of government debt stock to alleviate the pressure on local governments to repay debts. From January to July, a total of 1.086616 trillion RMB of bonds were issued to swap debts. (2) Vigorously support poverty alleviation. From January to July, the nationwide government special expenditure for poverty alleviation was 224.452 billion RMB, an increase of 38.9%. The central government's special subsidies for local poverty alleviation worth 106.095 billion RMB have been fully disbursed, and the additional 20 billion RMB of funds were mainly used to support the extremely poor areas

such as the “three regions and three prefectures”. Promote the pilot consolidation of agriculture-related funds in poverty-stricken counties in strict accordance with the scope and standards of the regulations so as to further improve the effectiveness of consolidation. Establish a dynamic monitoring mechanism for poverty alleviation funds and establish a general ledger for all funds used for poverty alleviation to timely monitor the use of all types of funds at all levels in all localities. Introduce measures for performance management of funds for poverty alleviation projects to improve the efficiency of poverty alleviation projects. Adjust and regulate the financing methods for relocation with the purpose of poverty alleviation, and strictly control the financing risks in the poverty alleviation area. (3) Step up efforts on pollution prevention and control. The central government budget allocated a total of 40.5 billion RMB of funds for prevention and control of air, water and soil pollution, representing the biggest investment in recent years. From January to July, the national fiscal spending for pollution prevention and control was 96.753 billion RMB, an increase of 16.5%. Launch the incentives for the ecological protection and restoration of the Yangtze River Economic Belt, guide local governments to establish a horizontal ecological protection compensation mechanism, and promote joint efforts for protection. Continue to support the comprehensive improvement of rural environment and energy conservation and emission reduction in key industries. The

environmental protection tax was smoothly levied and the fee-to-tax conversion proceeded stably.

Second, deepen the supply-side structural reform.

(1) Support the elimination of ineffective supply. Continue to support the resettlement of workers laid off in the process of cutting overcapacity in steel and coal industries. From January to July, a total of 5.03 billion RMB of special subsidies and rewards were allocated. Orderly resolve the unsolved problems of state-owned enterprises, and support the central enterprises in handling “zombie enterprises” and managing extremely difficult enterprises. (2) Accelerate the development of new growth drivers. Implement the innovation-driven development strategy. From January to July, the national fiscal spending on applied research and basic research was 85.82 billion RMB and 30.07 billion RMB respectively, an increase of 55.5% and 11.4%. Pay close attention to the implementation of the central government’s reform of science and technology management and reform of fund management for scientific research project, and implement preferential personal income tax policies for the cash incentives from the commercialization of findings by scientific and technological personnel. Extend the pilot tax incentives for venture capital and angel investment to the whole country. Extend the loss carryover period of high-tech enterprises and high-tech SMEs from 5 years to 10 years. Remove the restrictions on the extra deduction of entrusted overseas R&D expenses. Adjust and improve the subsidy policy

for new energy vehicles, increase the threshold for subsidies, and optimize subsidy standards. (3) Substantially reduce the cost of the real economy. Intensify reduction of taxes and fees, and further reduce the burden on market players. Cut the VAT rate in the manufacturing industry, introduce the uniform standard for small-scale VAT payers, increase the deduction standard for enterprise's purchase of equipment, expand the scope of small-scale and low-profit enterprises that enjoy the preferential policy of halving their corporate income tax, clean up and regulate a batch of administrative fees, and lower the charging standards for the employment security fund of handicapped people as well as other government-managed funds. Extend the time period of the policies of reducing the employer's contribution rate to basic pension insurance of employees, unemployment insurance and work injury insurance rate, as well as the housing provident fund contribution rate, and allow the eligible areas to further reduce the work injury insurance rate by 20% or 50%.

Thirdly, effectively protect and improve people's livelihood. (1) Support the development of fair and quality education. 84.4% of the central government education transfer payment went to the central and western regions and was tilted towards areas with harsh conditions and poverty-stricken areas. From January to July, the national fiscal spending on general education and vocational education reached 1.476545 trillion RMB and 141.824 billion RMB

respectively, an increase of 7.6% and 6.6%. Implement the guaranteed funding mechanism for urban and rural compulsory education, accelerate the comprehensive improvement of the basic schooling conditions of weak schools in poverty-stricken areas, support the implementation of the third-phase pre-school education action plan, the universal high school education plan and the modern vocational education quality enhancement plan, and promote the development of top-notch colleges and universities at central and local levels. (2) Strengthen social security work. Implement the central adjustment system for the basic pension insurance of enterprise employees to ensure the timely and full payment of pensions in all localities. Accelerate the transfer of part of the state-owned capital to replenish the social security fund. The transfer of the five pilot central enterprises was basically completed, and the two pilot provinces are actively advancing the transfer. Establish the mechanism for determining the pension benefits for urban and rural residents and for adjusting the pensions, and raise the level of basic pension for urban and rural residents. Carry out the third batch of pilot reforms for home-based and community-based elderly care services in 36 cities. Support local governments to provide assistance for poor people, beggars and orphans. (3) Improve the level of medical security. The fiscal subsidy standard for basic medical insurance of urban and rural residents was raised by 40 RMB, half of which was used to improve the level of

major illness insurance. Continue to deepen the comprehensive reform of public hospitals and support the training of health personnel. Improve the performance-based wage policy at grass-root medical and health institutions and expand their autonomy of internal distribution. (4) Increase housing security. The central government timely allocated 122.7 billion RMB of special funds for urban affordable housing projects, supporting the renovation of urban shanty towns, the construction of supporting infrastructure for public rental housing, and the disbursement of rental subsidies. From January to July, the renovation of 4.06 million units of houses in shanty towns broke ground, with a groundbreaking rate of 70%. Continue to support the renovation of houses for four types of people, including the documented poor households. (5) Promote the development of cultural and sports undertakings. Implement the pro-people cultural projects and support the free entry to more than 50,000 public cultural facilities. Strengthen the protection of cultural heritage and promote the carry-forward of traditional Chinese culture and the going-global of Chinese culture. Support the construction of national fitness facilities and sports events, and promote the opening of major stadiums to the public for free or at low charges. At the same time, remove import tariffs on some medicines, including anti-cancer drugs, and lower import tariffs on automobiles, car parts and some daily consumer goods to better meet people's needs.

Fourthly, deepen the reform of the fiscal and tax

system. (1) Accelerate the reform of the division of fiscal mandates and spending responsibilities between the central and local government. Introduce the plan for reforming the division of fiscal mandates and spending responsibilities between the central and local government in the fields of basic public services and health, and advance such reform in the areas of education, science & technology and ecological environment. (2) Deepen the reform of the transfer payment system. Optimize the structure and raise the budgeted central-to-local government general transfer payment as a share of the total transfer payment budget to 62.7%. Consolidate special transfers in the same field, reduce the number of special transfers to 73, and improve the evaluation and exit mechanism for special transfers. Study and improve the central-to-local transfer payment system, and establish the transfer payment for common fiscal mandates under the category of general transfer payment. (3) Strengthen the performance-based management of budget. The scope of performance targets was extended from the general public budget to the government fund budget and the state-owned capital operation budget. Conduct self-assessment of the performance of the central-level projects and the central-to-local special transfer payment projects, and make random inspection of the self-evaluation results to improve the self-assessment quality. Expand the scope of key performance evaluation and vigorously promote the disclosure of performance information. (4) Promote tax reform and tax legislation. The reform of personal income

tax system is underway, and the draft amendment to the *Personal Income Tax Law* was submitted to the Standing Committee of the National People's Congress for deliberation and was open for public comments. Implement the principle of law-based taxation and accelerate the legislation of such taxes as vehicle purchase tax and resource tax. At the same time, actively advance the revision of the rules for the implementation of the Budget Law.

(5) Improve the reporting on the management of state-owned assets to the Standing Committee of the National People's Congress. Report the state of the management of state-owned assets to the Standing Committee of State Council, establish a mechanism for the work of reporting on the state-owned assets, and prepare a comprehensive report on state-owned assets in 2017 and a special report on state-owned assets of financial enterprises.

We will conscientiously implement the decisions of the Party Central Committee and the State Council, adhere to the general principle of making progress while maintaining stability, maintain the overall economic and social stability, deepen the supply-side structural reform, support the three major battles, accelerate the construction of a modern economic system, and promote high-quality growth. The proactive fiscal policies need to be more active, and the policies should be more forward-looking, flexible and effective to play a greater role in expanding domestic demand and making structural adjustment. We must stabilize employment, financial sector, foreign trade,

foreign investment, investment, and expectations, and work to ensure the achievement of the objectives and fulfillment of tasks of economic and social development. Focus should be put on the following work:

First, keep economic performance within a reasonable range. Pay close attention to economic performance, make opportunistic and targeted adjustment in light of changing situation, and serve the real economy in a more effective way. While further implementing the various policies of cutting taxes and fees introduced at the beginning of the year, the policy of increasing the deduction rate of business R&D expenses to 75% will be expanded from technology-based SMEs to all enterprises, and the 113 billion RMB of VAT rebates to advanced manufacturing and modern services sector were basically disbursed before the end of September. Accelerate the capitalization and operation of National Financing Guarantee Fund, and provide rewards and subsidies for the local government which have achieved notable effects in expanding the size of and cutting the costs of financing guarantee for small and micro enterprises, so as to continue to reduce burdens for enterprises and improve the business environment. Make timely allocation of budget and disbursement of funds, smooth out the peak and trough of treasury cash deposits, and promote faster execution of local and departmental budget. Identify the shoring up of weak links as a key

task of deepening the supply-side structural reform, step up efforts to address the weak links in the infrastructure sector, supervise and guide the localities to speed up the issuance of new bonds, and ensure the construction of the ongoing projects with importance. Continue to promote the swap of government debt stock, and support local governments to free up their resources for expanding effective investment. Regulate the application of PPP model to attract private investment. At the same time, improve the protection of people's livelihood, put stable employment in a more prominent position, ensure the spending related to people's basic livelihood such as wages, education, social security, and strengthen poverty reduction in poverty-stricken areas.

Second, support the development of a modern economic system. Enhance the implementation of the innovation-driven development strategy, keep demand-oriented and problem-oriented, and improve the mechanism for the allocation of financial resources for technology development. Continue to support the improvement of the supply quality of manufacturing sector and the overall competitiveness of the industrial chain. Accelerate the establishment of the mechanism for inter-provincial transfer of the surplus quotas under the program of linking new land used for urban construction with the decrease of land used for rural construction, and use all the associated proceeds to consolidate the results of poverty alleviation and support the

implementation of rural vitalization strategy. Strengthen environmental protection, expand the scope of central government's support for the northern region's clean heating in winter, support the three-year actions for the treatment of black and odorous water in key cities and the treatment of sewage in the central and western regions, and continue to carry out major programs of ecological protection and restoration.

Third, advance the implementation of important reform measures. Implement the plan for reforming the division of fiscal mandates and spending responsibilities between central and local government. Continue to accelerate the reform of the division of fiscal mandates and spending responsibilities in various fields, and promote the introduction of reforms in the fields of transportation, science and technology, and ecological environment. Introduce document for full implementation of performance-based budget management, and build a comprehensive performance-based budget management system with full process and full coverage. Improve the management of state-owned financial capital and continuously make the management more scientific, standardized, market-oriented and specialized. Promote the establishment of a long-term mechanism to advance the steady and healthy development of the real estate market. Make overall plans to implement the pilot program of centralized and unified supervision of the state-owned assets of the central Party and government agencies and government-sponsored institutions,

as well as the pilot work of reforming state-owned capital investment and operation companies. Improve the state-owned asset reporting mechanism to ensure that the report on state-owned asset management is completed on time.

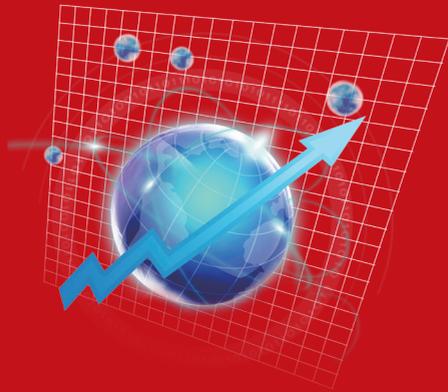
Fourth, strengthen local government debt management. Press ahead with deleveraging and get the intensity and pace right. Address both the symptoms and the root causes, and control the local government debt risks in accordance with the laws. Resolutely curb the increase of hidden debts, urge the rectification of irregularities in government-invested funds, PPP projects, and government procurement of services, and prohibit all kinds of illegal guarantees and borrowing in disguised forms. Properly resolve the hidden debt stock, require the provincial government to bear the overall responsibility for the debts within their jurisdiction and the governments below the provincial level to bear their respective

responsibilities, and focus on strengthening the debt resolution of high-risk areas. Further improve local construction projects and fund management, strengthen fiscal constraints, and effectively curb the construction of projects that do not have the repayment capacity. Continue to apply high pressure on supervision, establish a sound cross-departmental joint disciplinary mechanism, and seriously hold the illegal financing guarantee of local government, state-owned enterprises, financial institutions and intermediary agencies to account to ensure lifelong accountability and retroactive investigation. Study and introduce measures to accelerate the market-oriented transformation of financing platform companies and the disclosure of local government debt information, accelerate the reform of the accrual-based comprehensive financial reporting system of the government, and improve the long-term mechanism for debt management.'

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