

# CHINA FINANCE

## MONTHLY 中国财政月度资讯

August, 2019

第 8 期







### HIGHLIGHTS

- Finance Minister Liu Kun: work hard to firmly move forward the tasks of fiscal reform and development in the spirit of diligence and frugality
- Finance Minister Liu Kun and Russian First Deputy Prime Minister and Finance Minister Anton Siluaov co-chaired the 8th China-Russia Financial Dialogue in Moscow, Russia
- The State Council Customs Tariff Commission published an announcement on imposing additional tariffs on some imported goods (the third batch) from the United States
- The State Council Customs Tariff Commission published an announcement on re-imposing tariffs on automobiles and parts originating from U.S.
- Value-added of industrial enterprises above the designated size increased by 4.8% year on year in China 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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Website:<http://iefi.mof.gov.cn>

# Acronyms

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ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AMRO	ASEAN+3 Macroeconomic Research Office
APEC	Asia-Pacific Economic Cooperation
ASEAN+3	Association of Southeast Asian Nations, China, Korea and Japan
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
CAC	Cyberspace Administration of China
CBIRC	China Banking and Insurance Regulatory Commission
CEPA	Closer Economic Partnership Arrangement
CMIM	Chiang Mai Initiative Multilateralization
CPA	Certified Public Accountant
CPC	Communist Party of China
CPI	Consumer Price Index
CPPCC	Chinese People's Political Consultative Conference
CSRC	China Securities Regulatory Commission
FDA	Food and Drug Administration
GAC	General Administration of Customs
GDP	Gross Domestic Product
IEFI	International Economics and Finance Institute
IMF	International Monetary Fund
IPI	Industrial Production Index
IPR	Intellectual Property Rights
LICs	low income countries
MCA	Ministry of Civil Affairs
MCT	Ministry of Culture and Tourism
MIIT	Ministry of Industry and Information Technology
MNR	Ministry of Natural Resources
MOA	Ministry of Agriculture and Rural Affairs

MOFCOM	Ministry of Commerce
MOE	Ministry of Education
MOF	Ministry of Finance
MOHRSS	Ministry of Human Resources and Social Security
MOHURD	Ministry of Housing and Urban-Rural Development
MOST	Ministry of Science and Technology
MVA	Ministry of Veteran Affairs
MWR	Ministry of Water Resource
NBS	National Bureau of Statistics
NDB	New Development Bank
NDRC	National Development and Reform Commission
NEA	National Energy Administration
NFSRA	National Food and Strategic Reserves Administration
NHSA	National Healthcare Security Administration
NMPA	National Medical Products Administration
NPC	National People's Congress
OECD	Organization for Economic Co-operation and Development
PBoC	People's Bank of China
PMI	Purchasing Managers' Index
PPI	Producer Price Index
PPP	Public-Private Partnership
QE	Quantitative Easing
QQE	Qualitative and Quantitative Ease
R&D	Research and Development
RCEP	Regional Comprehensive Economic Partnership
SAFE	State Administration of Foreign Exchange
SAMR	State Administration of Market Regulation
SAT	State Administration of Taxation
SMEs	Small and Medium Enterprises
SOEs	State-owned Enterprises
VAT	Value-added Tax
WTO	World Trade Organization

## I. Policy Update

### **1. MOF, the National Health Commission, and the National Healthcare Security Administration jointly published a circular on the comprehensive implementation of the reform of electronic bills for healthcare expenses**

On August 1, MOF, the National Health Commission, and the National Healthcare Security Administration jointly published a circular on the comprehensive implementation of the reform of electronic bills for healthcare expenses, which provided the following. First, the comprehensive implementation of the reform of electronic bills for healthcare expenses. Unify the formats of bills for healthcare expenses across the country, and officially launch the nationally unified bills. The finance departments of all regions should provide funding support for the reform of electronic bills for healthcare expenses; the health departments of all regions should urge local medical and health institutions to do a good job in the reform of electronic bills for healthcare expenses; the healthcare security departments in all regions should promote information exchange with the finance

departments in accordance with the requirements of building the nationally unified healthcare security information system; the local medical and health institutions should retrofit information system, and adjust business processes. To standardize the reimbursement and filing of electronic bills for healthcare expenses, the reimbursement agencies shall promptly report information such as the status of account, the time of account entry, and the amount of funds to the finance department. Second, standardize the nationally unified data entry of electronic bills for healthcare expenses. To standardize the data entry of outpatient fee bills, medical and health institutions, when issuing outpatient fee bills, shall enter data according to the required sequence by filling in all the charging items first and then entering the specific details contained in each item. To standardize the data entry of inpatient fee bills, medical and health institutions, when issuing inpatient fee bills, shall enter data according to the required sequence by filling in all the charging items first and then entering the specific details contained in each item. Local regions may add other information they see fit in line with local reality. Third, further strengthen safeguard measures. Do a good job in implementation and promote the upgrading and transformation of relevant systems; enhance communication and exchange with medical and health institutions, medical expense payers and reimbursement agencies; strengthen publicity work, and make full use of media, internet and other channels to enhance public awareness of electronic bills for healthcare expenses.

## 2. MOF published a circular on the issuance of the *Interim Measures for the Administration of the Monitoring of the Central Department's Budget Performance*

On August 1, MOF published a circular on the issuance of the *Interim Measures for the Administration of the Monitoring of the Central Department's Budget Performance*, which provided the following. First, the general principles. These measures are formulated to strengthen the monitoring of the central department's budget performance, improve the efficiency of budget execution and the effectiveness of fund use. Performance monitoring is organized by MOF and implemented by the central departments at different levels. Second, the division of responsibilities. The main responsibilities of MOF include the overall organization and guidance of performance monitoring of central departments, R&D of measures for performance monitoring management, monitoring the performance of key areas according to work needs, and urging the application of performance monitoring results; the central departments are responsible for implementing budget performance monitoring and their main responsibilities include taking the lead in organizing the budget performance monitoring at the departmental level and conducting daily monitoring of budget performance. Third, the scope and content of monitoring. The scope of central department's performance monitoring covers all project expenditures of the central

department's general public budget, governmental fund budget and state-owned capital operation budget; the content of performance monitoring mainly includes the completion of performance targets, budget fund implementation, extended monitoring of key policies and major project performance, etc. Fourth, the monitoring methods and processes. Performance monitoring adopts the target comparison method. By combining quantitative analysis and qualitative analysis, this method compares performance target realization with the expected performance target, and analyzes and assesses target completion, budget execution, organization and fund management. Performance monitoring includes timeliness, compliance, and effectiveness monitoring. Performance monitoring is the continuous management of the entire process, which is carried out through a combination of daily monitoring by the central departments and regular monitoring by MOF. Fifth, the application of results. The performance monitoring results are used as reference for future budget arrangement and policy formulation, and the effectiveness of performance monitoring is part of the assessment of central department's budget performance management work. If deviation of performance target implementation and management loopholes are found in performance monitoring, timely measures should be taken to correct them. Sixth, the supplementary rules. The central departments may, in accordance with these measures, formulate specific management measures or implementation rules for budget performance monitoring and report to MOF for the record-keeping. These Measures

shall be implemented starting from the date of issuance.

### 3. MOF and SAT jointly published a circular on the addition of tourism industry projects to the Hengqin New Area Preferential Corporate Income Tax Catalogue

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On August 16, MOF and SAT jointly published a circular on the addition of tourism industry projects to the Hengqin New Area Preferential Corporate Income Tax Catalogue, which provided the following. First, add relevant tourism industry projects to the *Hengqin New Area Preferential Corporate Income Tax Catalogue*. The encouraged industrial enterprises that enjoy the preferential corporate income tax policy at a reduced rate of 15% in the Hengqin New Area shall implement the policy in accordance with the Hengqin New Area Preferential Corporate Income Tax Catalogue (2019 Edition). Second, other matters related to the reduced corporate income tax rate of 15% for the encouraged industrial enterprises in the Hengqin New Area shall continue to be governed by the *Circular of MOF and SAT on the Preferential Corporate Income Tax Policy and Catalogue for the Guangdong Hengqin New Area, Fujian Pingtan Comprehensive Experimental Zone, and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone*. Third, the implementation period of this circular will be from January 1, 2019 to December 31, 2020.

### 4. Three departments jointly published a circular on the issuance of the *Implementation Plan for the Government Procurement of Agricultural Products and By-products in Poor Areas*

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On August 19, MOF, State Council Leading Group Office of Poverty Alleviation and Development, and the All China Federation of Supply and Marketing Cooperatives jointly published a circular on the issuance of the *Implementation Plan for the Government Procurement of Agricultural Products and By-products in Poor Areas*, which provided the following. First, the overall requirements. Thoroughly implement the important instructions of General Secretary Xi Jinping on poverty alleviation, adhere to the basic strategy of targeted poverty alleviation, set the goal of promoting the sales of agricultural and by-products in poverty-stricken areas and increasing the income of poverty-stricken households, and fully deploy government procurement policies to encourage budget units at all levels to buy agricultural and by-products in poverty-stricken areas through preferential procurement and reserved procurement in order to support the fight against poverty. Second, mission and goals. Establish an online sales platform for agricultural products and by-products in poverty-stricken areas integrating “transaction, services and supervision” before the end of October 2019; compile a catalogue of key poverty alleviation product suppliers in national-level poverty-

stricken counties before the end of October 2019; starting from 2020, each budget unit will fully launch the procurement of agricultural products and by-products in poverty-stricken areas through the online sales platform. MOF and State Council Leading Group Office of Poverty Alleviation and Development will deploy the online sales platform to regularly report and inform procurement. Third, the key work is to strengthen the supply of agricultural products and by-products in poverty-stricken areas, build a sales platform for agricultural products and by-products in poverty-stricken areas, and guide budget units to purchase agricultural products and by-products in poverty-stricken areas. Fourth, the working mechanism includes the organizational guarantee mechanism, the interest linkage mechanism, the publicity and guidance mechanism, the incentive and disincentive mechanism, and the supervision and reporting mechanism. Fifth, the implementation steps. Before September 15, 2019, the provincial poverty alleviation departments shall submit the *Recommended List of Key Poverty Alleviation Product Suppliers in Poor Counties* filled out by poor counties in their jurisdiction and the reviewed *Suggested List of Key Poverty Alleviation Product Suppliers in Poor Counties* to the State Council Leading Group Office of Poverty Alleviation and Development; before the end of October 2019, the online sales platform will be put into operation, the consumption poverty alleviation database system will be launched, and pilot demonstration will be started in some areas. From 2020, budget units at all levels will fully start the procurement

of agricultural products and by-products in poverty-stricken areas.

## 5. MOF and the Organization Department of the CPC Central Committee jointly published a circular on the cessation of requirements for the annual record-filing of training plan and the reporting of implementation progress

On August 19, MOF and the Organization Department of the CPC Central Committee jointly published a circular on the cessation of requirements for the annual record-filing of training plan and the reporting of implementation progress, which provided the following. In order to implement the documents of the CPC Central Committee and the State Council on improving the fund management of research projects supported by public finance and promote the “streamlining of administration, delegations of powers and improving of services”, the relevant matters concerning the annual record-filing of training plan and the reporting of implementation progress are announced as follows: First, starting from August 1, 2019, Article 7 and 21 of the *Measures for the Administration of Training Expenses of Central and State Agencies* will be suspended. Second, all departments must conscientiously implement the *Regulations of Party and Government Organs on Promoting Saving and Opposing Waste* and regulations on training expense management,



improve the training plan preparation and approval system, strictly implement the plan, standardize the management of training expenses, strengthen supervision and inspection, and improve the effectiveness of the use of fiscal funds.

## **6. The State Council Customs Tariff Commission published an announcement on imposing additional tariffs on some imported goods (the third batch) from the United States**

On August 23, the State Council Customs Tariff Commission published an announcement on imposing additional tariffs on some imported goods (the third batch) from the United States, and decided to increase tariffs on 5078 tax items of products worth around 75 billion USD imported from the U.S. First, starting from 12:01 on September 1, 2019, an additional tariff of 10% is imposed on 270 items listed in the first part of Annex 1, an additional tariff of 10% is imposed on 646 items listed in the second part of Annex 1, an additional tariff of 5% is imposed on 64 items listed in the third part of Annex 1, and an additional tariff of 5% is imposed on 737 items listed in the fourth part of Annex 1. Second, starting from 12:01 on December 15, 2019, an additional tariff of 10% is imposed on 749 items listed in the first part of Annex 2, an additional tariff of 10% is imposed on 163 items listed in the second part of Annex 2, an additional tariff of 5% is imposed on 634 items listed in the third part of Annex 2, and an additional

tariff of 5% is imposed on 1815 items listed in the fourth part of Annex 2. Third, for the imported U.S. goods listed in the annexes, the corresponding tariffs shall be levied on the basis of the current applicable tariff rate. The current bonded, tax reduction and exemption policies shall remain unchanged, and the tariffs imposed shall not be reduced. Fourth, the calculation of relevant import taxes: additional customs tariff (duty) = customs duty-paid price  $\times$  increased tariff rate; total tariff (duty) = the amount of duty payable at the current applicable tax rate + the amount of tariff; the VAT and consumption tax on import links are calculated in accordance with relevant laws and regulations.

## **7. The State Council Customs Tariff Commission published an announcement on re-imposing tariffs on automobiles and parts originating from the U.S.**

On August 23, the State Council Customs Tariff Commission published an announcement on re-imposing tariffs on automobiles and parts originating from U.S., and decided to re-impose tariffs on automobiles and auto parts originating from U.S. Starting from 12:01 on December 15, 2019, for the 28 items listed in Annex 1 of *the Announcement of the State Council Customs Tariff Commission on the Suspension of Tariffs on Automobiles and Parts Originating from the U.S.*, an additional tariff of 25% is re-imposed as per *the Announcement of the State Council Customs*

*Tariff Commission on Imposing an Additional Tariff on 50 Billion USD of Imported Goods Originating from the U.S.* For the 116 items listed in Annex 2 of the [2018] No. 10 Announcement of State Council Customs Tariff Commission, an additional tariff of 25% is re-imposed as per *the Announcement of State Council Customs Tariff Commission on Imposing Additional Tariffs on 16 Billion USD of Imported Goods Originating from the U.S.*; for the 67 items listed in Annex 3 of the [2018] No. 10 Announcement of State Council Customs Tariff Commission, an additional tariff of 5% is re-imposed as per *the Announcement of State Council Customs Tariff Commission on Imposing Additional Tariffs on 60 Billion USD of Imported Goods Originating from the U.S.*

## **8. MOF published a circular on the issuance of guidelines for the disclosure standards of grass-root government affairs in the field of fiscal budget and final accounts**

On August 26, MOF published a circular on the issuance of guidelines for the disclosure standards of grass-root government affairs in the field of fiscal budget and final accounts, which provided the following. First, strengthen organizational leadership. Local finance departments and budget departments must conscientiously implement the decisions of the Party Central Committee and the State Council on the disclosure of fiscal budget

and final accounts, strengthen organizational leadership, and do a good job in relevant work. Second, items of disclosure and catalogue of standards. The second-tier items of the disclosure of grass-root government affairs in the field of fiscal budget and final accounts are divided into four categories, including government budget, government final accounts, departmental budget, and departmental final accounts. The catalogue of standards sets out the content (elements) of disclosure and requirements, as well as the basis, time limit, subject, channels, matters, methods and levels of disclosure. Third, the specific work requirements. The principle of the disclosure of budget and final accounts is to make disclosure a norm and non-disclosure an exception, and disclose the budget and final accounts according to the law. The government budget and final accounts shall be disclosed to the public within 20 days after the approval by the people's congress at the corresponding level or its standing committee. The departmental budget and final accounts shall be disclosed to the public within 20 days after the approval by the finance department of the government at the corresponding level. The local finance departments at all levels shall set up an unified platform (or column) at the portal website of government or finance department for the disclosure of budget and final accounts, and publicize the government budget and final accounts and departmental budget and final accounts on the platform (or column). Local finance departments and budget departments shall establish and

improve the confidential review mechanism for the disclosure of budget and final accounts, and conduct strict examinations in accordance with the *Law of the People's Republic of China on the Protection of State Secrets* and the *Regulations of the People's Republic of China on the Disclosure of Government Information*.

## **9. MOF and the Ministry of Education jointly published a circular on the issuance of the *Measures for the Administration of Subsidy Funds for the Improvement and Capacity Enhancement of the Weak Links in Compulsory Education***

On August 29, MOF and the Ministry of Education jointly published a circular on the issuance of the *Measures for the Administration of Subsidy Funds for the Improvement and Capacity Enhancement of the Weak Links in Compulsory Education*, which provided the following. To standardize and strengthen the administration of subsidy funds for the improvement and capacity enhancement of the weak links in compulsory education, and improve the effectiveness of the use of funds, the Measures are formulated in accordance with the relevant laws and regulations. The administration of subsidy funds follows the principle of “central-guided, provincial-coordinated, priority-oriented, performance-focused, rule-based and transparent”. The subsidy funds mainly go to: orderly increase

the supply of educational resources and eliminate “large classes” through the construction, renovation, expansion and repair of necessary school buildings; strengthen the construction of dormitory, canteen, toilet and sports venue in township boarding schools and provide necessary bathing, water drinking and heating facilities and equipments for students according to the basic schooling standards determined by the provincial people's government; set up functional classrooms and equip them with necessary facilities to meet the basic educational and teaching needs of small-scale village schools; improve the school internet-based teaching environment with broad band connection and provide quality digital educational resources for small-scale village schools to support the pilot program of “internet + education”. The subsidy funds are jointly managed by MOF and the Ministry of Education. MOF is responsible for reviewing relevant local materials and data, providing basic data needed for fund calculation, and proposing the plan for the calculation of funding needs. MOF, in accordance with the relevant provisions of budget management, will work with the Ministry of Education to study and determine the budgeted amount of subsidy funds for relevant provinces. The provincial finance and education departments shall clarify the responsibilities of fund arrangement, use and management at the provincial and sub-provincial levels, and effectively strengthen fund management.

## II. Facts & Figures

### 1. China's Economic Development New Driver Index in 2018 grew by 28.7% year on year

The data published by NBS on July 31 showed that with year 2014 as the baseline of 100, China's Economic Development New Driver Index from 2015-2018 was 123.5, 156.7, 210.1 and 270.3 respectively, an increase of 23.5%, 26.9%, 34.1% and 28.7% year on year, suggesting a sustained and rapid growth momentum. In 2018, the five sub-indices achieved different degree of increase. First, the cyber economy index. In 2018, the cyber economy index was 605.4, a year-on-year increase of 67.2%, contributing to 80.8% of the overall index growth. Second, the innovation drive index. In 2018, the innovation drive index was 174.4, a year-on-year increase of 21.8%, contributing to 10.3% of the overall index growth. Third, the transformation and upgrading index. In 2018, the transformation and upgrading index was 143.9, an increase of 8.8% year on year, contributing to 3.9% of the overall index growth. Fourth, the economic vitality index. The economic vitality index for 2018 was 292.0, an increase of 2.7% year on year, contributing to 2.6% of the overall

index growth. Fifth, the knowledge capability index. In 2018, the knowledge capability index was 135.9, an increase of 5.8% over the previous year, contributing to 2.4% of the overall index growth.

### 2. Value-added of industrial enterprises above the designated size increased by 4.8% year on year in China in July

The data published by NBS on August 14 showed that the value-added of industrial enterprises above the designated size increased by 4.8% year on year in July and increased by 0.19% month on month. From January to July, the value-added of industrial enterprises above a designated size increased by 5.8% year on year. In terms of three categories, the value-added of the mining industry increased by 6.6% year on year in July, 0.7 percentage points lower than that in June; the value-added of the manufacturing industry increased by 4.5%, down by 1.7 percentage points; the value-added of the electricity, thermal, gas and water production and supply industry grew by 6.9%, accelerating by 0.3 percentage points. In terms of ownership types, the value-added of state-owned and holding companies increased by 3.7% year on year in July; the value-added of joint-stock enterprises increased by 6.1%; the value-added of foreign-invested enterprises as well as enterprises invested by Hong Kong, Macao and Taiwan decreased by

0.2%; the value-added of private enterprises increased by 7.3%. In terms of sectors, 36 of the 41 major sectors in July maintained a year-on-year increase in value-added. In terms of regions, the value-added of the eastern region increased by 3.0% in July, the central region increased by 7.2%, the western region increased by 7.1%, and the northeast region increased by 2.9%. In terms of products, the value-added of the 336 of the 605 products in July maintained a year-on-year increase.

### **3. China's general public budget revenue from January to July registered an increase of 3.1% year on year**

The data published by MOF on August 16 showed that China's general public budget revenue from January to July was 12.5623 trillion RMB, an increase of 3.1% year on year. Among them, the central general public budget revenue was 6.0411 trillion RMB, an increase of 3.3% year on year; the local general public budget revenue was 6.5212 trillion RMB, an increase of 3% year on year. The tax revenue of the national general public budget revenue was 10.8046 trillion RMB, a year-on-year increase of 0.3%; the non-tax revenue was 1.7577 trillion RMB, a year-on-year increase of 24.8%. From January to July, the general public budget expenditure was 13.7963 trillion RMB, a year-on-year increase of 9.9%. Among them, the central general public

budget expenditure was 1.9608 trillion RMB, a year-on-year increase of 9.5%; the local general public budget expenditure was 11.8355 trillion RMB, a year-on-year increase of 10%. China's governmental fund budget revenue from January to July was 3.8691 trillion RMB, a year-on-year increase of 5.5%. Among them, the central governmental fund budget revenue was 227.7 billion RMB, an increase of 3.1% year on year; the local governmental fund budget revenue was 3.6414 trillion RMB, an increase of 5.6% year on year. From January to July, the governmental fund budget expenditure was 4.4446 trillion RMB, a year-on-year increase of 33.8%. Among them, the central governmental fund budget expenditure was 130.9 billion RMB, a year-on-year increase of 43.1%; the local governmental fund budget expenditure was 4.3137 trillion RMB, an increase of 33.5% year on year.

### **4. Total operating income of SOEs registered a year-on-year increase of 7.7% from January to July**

The data published by MOF on August 26 showed that the main economic indicators of state-owned enterprises (SOEs) in China continued to grow from January to July. The tax payable increased at a low rate, and the tax and fee cut policies have paid off. From January to July, the total operating income of SOEs was 34.47 trillion RMB, a year-on-year increase of 7.7%. Among them, the total operating income of central SOEs was 19.9482

trillion RMB, a year-on-year increase of 6.2%; the total operating income of local SOEs was 14.5218 trillion RMB, a year-on-year increase of 10.0%. From January to July, the total operating cost of SOEs was 33.25265 trillion RMB, a year-on-year increase of 7.9%. Among them, the total operating cost of central SOEs was 18.95165 trillion RMB, a year-on-year increase of 6.3%; the total operating cost of local SOEs was 14.301 trillion RMB, a year-on-year increase of 10.2%. From January to July, the total profit of SOEs was 2.13662 trillion RMB, a year-on-year increase of 7.3%. Among them, the total profit of central SOEs was 1.4119 trillion RMB, a year-on-year increase of 7.7%; the total profit of local SOEs was 724.72 billion RMB, a year-on-year increase of 6.6%. From January to July, the tax payable of SOEs was 2.66456 trillion RMB, a year-on-year increase of 0.5%. Among them, the tax payable of central SOEs was 1.90709 trillion RMB, a year-on-year increase of 0.8%; the tax payable of local SOEs was 757.47 billion RMB, down by 0.1% year on year. From January to July, the ratio of profits to cost was 6.5%, which was basically flat from the same period of last year. Among them, the ratio of profits to cost of central SOEs was 7.6%, an increase of 0.1 percentage points; the ratio of profits to cost and expense of local SOEs was 5.1%, down by 0.2 percentage points. At the end of July, the asset-liability ratio of SOEs was 64.4%, a decrease of 0.2 percentage points. Among them, the asset-liability ratio of central SOEs was 67.5%, down by 0.3 percentage points; the asset-liability ratio of local SOEs was 62.1%, down by 0.1 percentage points.

## 5. Total profits of major industrial enterprises went down by 1.7% year on year from January to July

The data published by NBS on August 27 showed that the profits of major industrial enterprises in China totaled 3.4977 trillion RMB from January to July, down by 1.7% year on year. By sectors, the figure stood as 335.44 billion RMB for the mining sector, up by 4.2%; 2.87737 trillion RMB for the manufacturing sector, down by 3.4%; and 284.89 billion RMB for the electricity, thermal, gas and water production and supply sector, up by 10.6%. By types of ownership, the figure stood at 1.08374 trillion RMB for state-controlled ones, down by 8.1% year on year; 2.5033 trillion RMB for joint-stock ones, up by 0.6%; 850.24 billion RMB for foreign, Hong Kong, Macau and Taiwan invested ones, down by 6.9%; and 884.91 billion RMB for private ones, up by 7.0%.

### III . MOF Events

On August 22, Finance Minister Liu Kun and Russian First Deputy Prime Minister and Finance Minister Anton Siluaov co-chaired the 8th China-Russia Financial Dialogue in Moscow, Russia. Vice Finance Minister Zou Jiayi attended the Dialogue.

## IV. Local Finance

### 1. Finance authorities of Zhejiang Province took effective measures to ensure the implementation of tax and fee cut policies

According to the news released by the Finance Department of Zhejiang Province on August 5, since 2019, the Taizhou Finance Bureau has improved its political awareness, acted fast, implemented concrete measures, and enhanced publicity, in order to ensure that all the tax and fee cut policies take effect and allow small-and- micro businesses to reap more benefits. First, establish a comprehensive fiscal and tax coordination mechanism to ensure that the policies are well implemented. Timely establish a fiscal and tax revenue coordination mechanism and a leading group, with the office hosted by the Finance Bureau to coordinate the city's organization of revenue-related work. Establish a coordination mechanism for finance and tax work as well as a special fiscal and tax work taskforce which may serve to put forward suggestions for the reference of Taizhou City Party Committee and Government. Second, build a policy publicity mechanism featuring comprehensive, innovative and targeted publicity

of tax and fee cut policies. Compile three service manuals for enterprises, public sector and general public; create the "Finance Knows" program at the Taizhou Traffic Radio Station and publicize fiscal policies in the form of Q&A; carry out knowledge contest for tax and fee cut in conjunction with the Taizhou City Taxation Bureau, Taizhou Banking and Insurance Supervision Bureau and Taizhou Vocational and Technical College to popularize policies related to tax and fee cut; organize the first city public finance sports meeting to promote the advocacy of fiscal and tax policies. Third, build a synergistic inter-departmental linkage mechanism to ensure win-win progress. Enhance the linkage between city and county to identify concrete measures for the work of tax and fee cut; enhance the linkage between finance authorities and enterprises and encourage "thousands of cadres to reach out to thousands of enterprises"; enhance inter-departmental linkage, work with the city tax authorities in taking the initiative to report to the discipline inspection commission, the supervisory committee and the audit authorities on the implementation of tax and fee cut policies and report the implementation progress to the city people's congress.

### 2. Finance authorities of Henan Province adopted multiple measures to ensure the effectiveness of tax and fee cut policies

According to the news released by the Finance

Department of Henan Province on August 6, since 2019, the finance authorities of Zhoukou City, Henan Province have actively played its role and adopted a number of effective measures to ensure that all policies and measures for tax and fee cut are well-implemented. First, enhance political awareness and make early planning. The city finance, taxation, human resources and other departments have set up their respective leading taskforce for tax and fee cut, formulated specific implementation plans, and established the mechanism for effective communication and coordination, in order to ensure that all the tax and fee cut policies are implemented without compromise. Second, strengthen publicity and correctly guide public opinion. Make comprehensive use of newspapers, magazines, internet, news media and WeChat public account to explain and publicize the tax and fee cut policy and raise public awareness of the policy. Third, make scientific planning and improve income calculation. Zhoukou finance and tax authorities work closely to analyze tax and fee cut policies such as tax cut and exemption for small and micro enterprises, further VAT reform and cut of social insurance rate, and to measure the impact on the city's enterprises and local fiscal revenue. Fourth, regulate fee collection and implement list-based management. Make public the city's administrative fees and the catalogue of governmental fund projects in 2019 through the portal websites of the city government and the finance bureau. Fifth, strengthen research and ensure the effectiveness of policy. Carry out field research of more than 10 enterprises in

Shangshui, Huaiyang and other counties. Sixth, administer taxes in accordance with the law to ensure that all taxes are duly collected. Promote law-based tax administration and continuously improve the quality of revenue.

### **3. Finance Department of Yunnan Province actively implemented forest ecological benefit compensation in support of poverty alleviation**

According to the news released by the Finance Department of Yunnan Province on August 13, in 2019, the Finance Department of Yunnan disbursed a total of 1.86 billion RMB of central and provincial forest ecological benefit compensation funds, in order to implement the "ecological civilization construction leader" strategy, support the fight against poverty and build the "Forest Yunnan". First, strengthen management and build mechanisms to maximize the benefits of compensation funds. Establish leading groups at the provincial, prefecture and county level, and create a platform for joint management from province to county, so as to carry out the work, release compensation tasks and funds and organize inspection and evaluation in a unified manner. Second, increase investment, offer compensation, and strive to protect the interests of farmers. Increase investment and achieve the same compensation standard at the provincial and national levels. The Yunnan Finance authorities have twice raised the compensation standard for



provincial collective public welfare forests. Since 2012, the compensation has been 10 RMB per mu, and since 2014, the compensation has risen to 15 RMB per mu, achieving the parity with the national level in terms of the compensation for public welfare forests. Third, increase income and support the development of industries to boost poverty alleviation. The compensation for forest ecological benefits has directly increased the cash income of forest farmers. For example, there are 14 households in the Latudi Village of Shangpa Town, Fugong County, Nujiang Prefecture. By providing compensation funds for public welfare forests, farming household received a maximum of 8760 RMB and a minimum of 7,220 RMB, averaging 7,500 RMB per household. By combining management, protection and operation and promoting the local employment of forest farmers on the spot, more than 7 million farming households and 23.85 million people gained direct benefits, and 73,000 farmers directly participated in public welfare forest management and received labor income. Yunnan also actively guided forest farmers to rely on public welfare forest resources and vigorously developed industries such as undergrowth planting, livestock breeding, forest product processing and forest tourism. For example, the family of Nu Wenjun from Xiyuegu Group of Qida Village, Puladi Township, Gongshan County, Nujiang Prefecture used 2093.1 RMB of forest compensation funds to purchase seedlings of Amomum tsao-ko, and gained more than 30,000 RMB of annual income by growing 50 mu of Amomum tsao-ko. Diqing Prefecture has also

developed forestry in the mountainous region and built a total of 800,000 acres of woody oil plant base centered on iron walnuts.

#### **4. Finance Department of Guangdong Province developed innovative measures to improve the effectiveness of fiscal investment review**

According to the news released by the Finance Department of Guangdong Province on August 14, since 2019, the Fiscal Investment Review Center of Zhongshan City, Guangdong Province, with the aim to improve the effectiveness of the use of fiscal funds, has strengthened fiscal review, actively explored innovative evaluation models, standardized and optimized the internal management system, and continuously improved the level of fiscal investment review. First, standardize internal review management and prevent and control corruption risks. In accordance with the actual work, the *Procedures for Internal Review of City-level Fiscal Investment Projects* were formulated and promulgated. The manager of Investment Review Center is responsible for organizing internal review and conducting internal collective review of the disputes in project evaluation. Second, perfect the review work paper and improve the quality of review. Issue the *Circular on Further Improving the Work Paper of Fiscal Investment Settlement Review*, further clarify the specific operational rules for number-checking, standardize the intermediary agencies'

number-checking behavior, reduce review errors, improve the quality of fiscal investment review, and ensure the authoritativeness of the conclusions of fiscal investment review. Third, adjust the final confirmation model and optimize the workflow. Add the phase of comment-seeking for the conclusions of the preliminary review; remove the confirmation requirement for “estimate confirmation” and “final settlement confirmation”, and add the requirement for signature confirmation. Fourth, strengthen the management of review experts and give play to their technical advantages. Strictly control the entry of experts to ensure their professional quality. Strictly vet the qualifications of experts, including professional competence, work experience, age and records of malpractices.

## 14 5. Finance authorities of Shaanxi Province took multiple measures to strengthen the city financial credit guarantee company

According to the news released by the Finance Department of Shaanxi Province on August 26, the Ankang Finance Bureau of Shaanxi Province has conscientiously implemented the series of policies of the central, provincial and city government on developing fiscal and financial services for real economy and has taken multiple measures to support the growth of the city's financial credit guarantee company, achieving remarkable results in serving local economic development. First, keep problem-oriented and make utmost efforts to

solve the difficulties. The Ankang Finance Bureau attached great importance to the development of the financial credit guarantee company and actively fulfilled its duties as the regulator and capital contributor. Its principal leaders have conducted several field investigations of the financial credit guarantee company to help the company resolve practical problems and vigorously promote the company's capital increase, share increase, system development and new business operation. Second, strengthen financial support and enhance the company's strength. Innovate fiscal investment methods, make every effort to raise funds and support the financial credit guarantee company. With 9 rounds of capital increase over the past 14 years since 2005, the registered capital went up from 20 million RMB to 1.173 billion RMB, offering a cumulative of 87.88 million RMB of subsidies and reward funds. Third, strengthen policy support and improve the guarantee system. Tightly seize the policy opportunities for the construction of central and provincial government financing guarantee systems, coordinate the issuance of the *Implementation Plan for Ankang City Governmental Financing Guarantee System Construction* in the name of the city government, and take the city financial credit guarantee company as the core to fully promote the construction of a governmental financing guarantee system with Ankang characteristics. Fourth, strengthen service awareness and boost economic development. Since the establishment of the company, it has provided 21.6 billion RMB of guarantee loans for 2,175 enterprises and 3,966 projects, playing an

indispensable role in supporting the development of Ankang's characteristic industries, industrial poverty alleviation and rural revitalization.

## 6. Finance authorities of Shandong Province reformed the fund management system to support the transition of growth drivers

According to the news released by the Finance Department of Shandong Province on August 27, in order to further promote investment by the Shandong Provincial Fund for the Transition of Growth Drivers and accurately support the implementation of major projects for the transition of growth drivers, the Shandong Finance Department proposed 20 policy measures to reform the management system and operational model, so as to improve the level of market-oriented operation of the Fund. First, reform the management system and improve the level of market-oriented operation. In terms of the mechanism for fund establishment, matters like the identification of cooperative institutions and the establishment of fund are to be independently decided by the Fund; on the mechanism for fund operation, "trusted management" is changed into "direct capital injection"; on the fund performance appraisal, a tiered fund evaluation system is established. Second, lower the threshold for establishment and enhance the attractiveness and competitiveness of the Fund. Lower the threshold for fund declaration, with the size of the fund to

be determined by the fund company and the fund management institution through consultation; relax the fund return investment limit, and the proportion of fund invested in Shandong shall not be less than 1.5 times of the capital contribution of the guiding fund; increase the proportion of capital contribution of the guiding fund, and the proportion of guiding fund invested in industrial fund shall be no more than 25%. Third, adopt flexible operational models to achieve accurate support by the fund. Adjust the fund structure and change the three-level structure of "guiding fund, parent fund and fund" into "guiding fund and fund"; innovate the operational models, with the provincial guiding fund working together with the city and county guiding fund and private sector capital to develop customized project fund. Fourth, strengthen policy incentives and improve the efficiency of fund use. Encourage the guiding fund to make greater concession; encourage private investors to purchase the equity or share held by the guiding fund; provide fiscal incentives and offer up to 2 million RMB of rewards for the fund management institutions according to the progress of investment and the actual amount of investment within two years of fund establishment. Fifth, improve services and create a good environment for the development of fund. Improve the project screening and promotion mechanism, and enable the Fund company to take the lead in setting up the fund investment project pipeline; establish an accountability mechanism; improve the service mechanism and establish regular consultation and regular reporting systems.

## V. Remarks & Opinions

### 1. Liu Shangxi: establish new fiscal policy thinking from the perspective of risk-based decision-making

On July 26, at the Publication of *Blue Book of Public Finance: China's Fiscal Policy Report (2019)* & Seminar on the Macroeconomic Situation and Fiscal Policy in the First Half of the Year, Liu Shangxi, Director General of the China Academy of Fiscal Science, said that the traditional method of economic situation analysis is to look at the performance of the “troika” of investment, consumption and export, but this analytical framework based on deterministic thinking can no longer meet the needs of realistic macroeconomic policies. He thus proposed new fiscal policy thinking from the perspective of risk-based decision-making: First, establish a fiscal policy concept underpinned by undeterministic thinking. It is necessary to think out of the traditional deterministic policy analysis framework, formulate, adjust and improve fiscal policies in the trade-off between public risks and fiscal risks, and incorporate uncertainty into the policy analysis framework. Second, inject macro certainty into fiscal policies to stabilize market

expectations. Stable expectations will stabilize the overall situation, thereby minimizing the public risks we face and bring uncertainty into market control. Third, innovate fiscal policy on the basis of public risk management. Fiscal policies from the perspective of public risk management include economic and social policies, and fiscal policies aim to address public risks in the economic and social fields. The measure of the effects of fiscal policies is to help micro-entities to avoid market risks and bring down public risks. (1) Achieve a virtuous cycle of aggregate social supply and demand by stabilizing expectation of micro-entities; (2) Achieve a virtuous cycle of public service supply and demand by promoting employment and human capital accumulation; (3) Achieve a virtuous cycle of financial supply and demand by maintaining liquidity and long-term financing. In addition, he also proposed the concept of institutional change based on public risks. If institutional change is lagging behind and policies are not perfect, then the risks in the market cannot be cleared out and may transform into public risks, resulting in a general increase of the costs of micro entities. Preventing and mitigating major risks is aimed at public risks. We should have a thorough understanding of risks, and promote reforms to better optimize institutional arrangement and resolve public risks.

### 2. Liu Kun: work hard to firmly move forward the tasks of fiscal reform and development in the spirit of diligence

## and frugality

Recently, Finance Minister Liu Kun published a signed article entitled *Work Hard to Firmly Move Forward the Tasks of Fiscal Reform and Development in the Spirit of Diligence and Frugality* in the 15th issue of *China Finance* in 2019. The full text is as follows:

Hard work, diligence and frugality are the traditional virtues of the Chinese nation, the political nature and fine traditions of the Communists, and the source of strength of the Party and our country's great undertakings. As General Secretary Xi Jinping pointed out, "the great rejuvenation of the Chinese nation can never be achieved easily, and the whole Party must be prepared to make more arduous and harder efforts to that end." Our Party must rally and lead the people to effectively cope with major challenges, tackle major risks, overcome major obstacles, resolve major contradictions, and address major problems. We must always uphold and carry forward the spirit of hard work, diligence and frugality to prevent any hedonistic and negative thoughts and behaviors. The finance authorities shoulder important responsibilities in implementing the important instructions of General Secretary Xi Jinping and the decisions of the Party Central Committee. It is necessary to firmly work hard in a spirit of diligence and frugality and do a good job in all aspects of fiscal reform and development.

I. Firmly working hard in a spirit of diligence and

frugality is of great significance for remaining true to our original aspiration, fulfilling our mission, and advancing the great cause of socialism with Chinese characteristics

The report of the 19th CPC National Congress emphasized the original aspiration and mission of the Communists, which is "to seek happiness for the Chinese people and seek rejuvenation for the Chinese nation". This original aspiration and mission are the fundamental driving force for the Chinese Communists to keep moving forward. Hard work, diligence and frugality are of crucial importance for our Party to stay closely in touch with the masses, pursue our original aspiration and mission, and advance the great cause of socialism with Chinese characteristics. Since the 18th CPC National Congress, General Secretary Xi Jinping has repeatedly made important instructions on diligence and frugality. During the Two Sessions of this year, he once again stressed the need to guide work with the spirit of hard work, diligence and frugality. We must profoundly understand the importance of working hard in the spirit of diligence and frugality in the new era, and lay a solid mental foundation for practicing diligence and frugality.

First, we must profoundly realize that working hard in the spirit of diligence and frugality is an inevitable requirement for inheriting and carrying forward the Party's fine traditions and working style. The Party Central Committee has always emphasized that Party and government agencies at

all levels should work hard, strive to save money, and oppose extravagance and waste. Whether it is in the revolutionary war era, or the period of socialist construction and reform and opening up, the reason why our Party can win the true support of the people and make remarkable achievement is largely because our Party follows the fine tradition of diligence and frugality, and share weal and woe with the people. It is fair to say that the history of the Chinese Communist Party is the history of hard work of the Party.

In 1936 and 1939, American journalist Snow twice went to Yan'an and other northern Shaanxi revolutionary bases for interview. He saw Mao Zedong living in a simple cave dwelling, Zhou Enlai sleeping in an earthen bed, and Peng Dehuai wearing a vest made from a captured parachute. On these small things, he felt that the Chinese Communists had an invincible "Oriental Magic", and asserted that this is the symbol of the rejuvenation of the country and the foundation of victory. On the eve of the national victory of the Liberation War, Comrade Mao Zedong, at the Second Plenary Session of the 7th CPC National Congress, required the entire Party to remain clear-headed in the face of victory, and "the comrades must be taught to remain modest and prudent and refrain from arrogance and rashness in their style of work; the comrades must be taught to preserve the style of plain living and hard struggle." In 1957, when Comrade Mao Zedong expounded on the major issues of socialist construction, he further emphasized that "it will take decades

of hard work to make our country prosperous and strong, including implementing a policy of exercising frugality and opposing waste", and "we must strive to save and do more with less money".

In January 1954, Comrade Deng Xiaoping, then Deputy Premier and Finance Minister of the Government Council, pointed out at the National Meeting of the Director-Generals of Finance Department that "in order to put the state finance on a solid foundation and safeguard the construction of socialist industry, all expenditures that can be cut must be cut and any waste must be avoided". Later, when he talked about achieving the goals of "four modernization", he stressed that "if you do not advocate hard work, diligence and frugality, this goal cannot be achieved. We must adhere to our tradition of hard work. Otherwise, there is no hope for our cause".

Comrade Jiang Zemin said that "our fiscal work must be done in a way that is within our means, and we must exercise frugality, increase revenue, reduce expenditure, and do the right thing". He pointed out that "it is necessary to vigorously advocate the noble socialist ideology and morality and the fine traditions of the Chinese nation across the whole Party and the whole society, take proud in hard work, diligence and frugality, and be ashamed of extravagance and waste", and went on to emphasize that this is a test of the political stance, political views, and political discernment of Party member cadres.

Comrade Hu Jintao pointed out that “hard work and diligence, as our Party’s fine tradition and work style as well as the political essence of our Marxist political Party, is a powerful spiritual force that unites the Party and the people and encourages the whole Party and all the people to achieve common prosperity and national rejuvenation. It is an important magical weapon for our Party to maintain close ties with the people. The more we reform and open up and develop the socialist market economy, the more we must carry forward the spirit of hard work and diligence”.

General Secretary Xi Jinping, whether working in Liangjiahe of North Shaanxi, Zhengding of Hebei, Fujian, Zhejiang, Shanghai or working in the central government, has always adhered to and practiced the fine traditions and style of hard work, diligence and frugality. He warned us that “the whole Party must preserve the style of hard work and diligence, refrain from arrogance and rashness, and strive to take the long march of the new era with a sense of urgency”.

It can be seen from these important expositions of the Party’s main leaders that our Party’s thoughts on hard work, diligence and frugality have been consistent. The spirit of Jinggangshan, the spirit of the Long March, the spirit of Yan’an, the spirit of Yimeng, the spirit of Xibaipo, the spirit of Daqing, the spirit of “two bombs and one satellite”, the spirit of fighting floods and the spirit of manned space mission are all vivid manifestation of this precious spiritual asset. In the new era, as we

remain true to our original aspiration and keep our mission firmly in mind, we must always preserve the political qualities of the Communists, and inherit and carry forward this fine tradition and style.

Second, we must profoundly realize that working hard in the spirit of diligence and frugality is required by the studying and implementation of *Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era*.

Since the 18th CPC National Congress, General Secretary Xi Jinping has repeatedly stressed the need to work hard in the spirit of diligence and frugality, and put forward clear requirements for the Party and the government to tighten the belt. On November 15, 2012, General Secretary Xi Jinping emphasized at the First Plenary Session of the 18th CPC National Congress that “we must always be in close touch with the people, share weal and woe with the people, work diligently, and strive to offer people a satisfactory answer sheet”. On December 4, 2012, General Secretary Xi Jinping presided over the meeting of the Political Bureau of the Central Committee, and deliberated and adopted the *Eight-Point Regulations on Austerity* to improve work style and link closely to the masses. On January 17, 2013, General Secretary Xi Jinping made important instructions on practicing frugality and opposing extravagance and waste. He called for targeted, operable and guiding measures to strengthen supervision and inspection, encourage savings, and rectify wasteful practices.

On January 22, General Secretary Xi Jinping pointed out at the Second Plenary Session of the 18th Central Commission for Discipline Inspection that “it is important to improve work style, but the most fundamental thing is to uphold and carry forward the spirit of hard work and diligence”. On October 29, 2013, General Secretary Xi Jinping presided over the meeting of the Political Bureau of the Central Committee, which deliberated and passed the *Regulations of the Party and Government on Promoting Saving and Opposing Waste*, and stressed that it is necessary to promptly formulate implementation rules and supporting measures to put in place a comprehensive system to promote saving and oppose waste. Since then, General Secretary Xi Jinping has repeatedly made important instructions on hard work, diligence and frugality and put forward clear requirements for the implementation of relevant work, effectively promoting the change of the Party’s work style and the transformation of social ethos.

General Secretary Xi Jinping’s series of important expositions on hard work, diligence and frugality are insightful and significant. They are important components of *Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era*, pointing the direction and providing the guidance for the carrying forward the spirit of hard work, diligence and frugality for a new era. If we are to study and implement *Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era* and realize the “two centenary goals” and the great rejuvenation of the Chinese nation, we must

thoroughly understand and accurately grasp the important guiding instructions of General Secretary Xi Jinping on hard work, diligence and frugality, further deepen the ideological understanding, improve the political awareness, integrate the thoughts into the whole process of theoretical thinking and practical exploration, and consciously reflect and implement them in practical work.

How to deepen understanding and improve the awareness? I have four points of feelings and views. First, working hard in the spirit of diligence and frugality concerns the success of the Party and the people’s undertakings. On March 5 this year, General Secretary Xi Jinping pointed out during the meeting with the Inner Mongolia Delegation that “hard work, diligence and frugality are not only an important guarantee for us to grow from strength to strength over the years, but also an important guarantee for us to carry forward and create greater glories”. “The ability to work hard in the spirit of diligence and frugality is of crucial importance for the success of the Party and the people”. We must understand the paramount importance of working hard in the spirit of diligence and frugality from the height of the ruling basis and ruling status of the Party and from the height of the rise and fall of the Party and the people’s undertakings. Second, working hard in the spirit of diligence and frugality reflects the purpose and nature of our Party. General Secretary Xi Jinping said that “people’s longing for a better life is our goal”. He emphasized that “the Party and the government taking the lead in tightening



the belt is aimed to enable people to lead a good life. This is determined by the purpose and nature of our Party". The CPC is a Marxist political party, the vanguard of the Chinese working class, the vanguard of the Chinese people and the Chinese nation, and the leading core of the socialist cause with Chinese characteristics; therefore, serving the people whole-heartedly is the Party's fundamental purpose. The fundamental purpose of working hard in the spirit of diligence and frugality is to make unremitting efforts for the fundamental interests of the overwhelming majority of the people, to solve the most direct and most realistic issues that the masses care most about, and to better meet the people's growing needs for a better life. Only by firmly governing the Party for the public and for the people, working hard in the spirit of diligence and frugality, and always linking closely to the people can we maintain the close ties between our Party and the people and better realize the aim of serving people whole-heartedly. Third, working hard in the spirit of diligence and frugality is the heirloom of our Party and must be adhered to for a long time. General Secretary Xi Jinping said that "in the past, our party relied on hard work, diligence and frugality to accomplish great achievements; now we still need to guide our work with this kind of thinking." "No matter what level of development our country may attain, no matter how much the people's life may improve, the spirit of hard work, diligence and frugality can never be abandoned". We must be soberly aware that China's basic national condition of being still in and long remaining in the primary stage of socialism has

not changed, many important issues concerning the well-being of people's livelihood need further investment, and many things still need to be done for national construction, we must, therefore, avoid the thought of "taking a breath and resting for a while". We must always work hard in the spirit of diligence and frugality, use the "family heirloom" well, manage the "money bag" well, and keep persevering for a long time. Fourth, working hard in the spirit of diligence and frugality is striving to be careful and frugal in all undertakings. General Secretary Xi Jinping demanded that the Party and the government at all levels should firmly establish the idea of belt-tightening and emphasized that "our financial resources are constantly increasing, but we must not squander and waste them. We must practice frugality in all the work, and resolutely resist hedonism and extravagance". Under the new historical conditions, although the material conditions and living standards have improved, the contradiction between income and expenditure and between demand and supply remains eternal. Therefore, we must continue to work hard in the spirit of diligence and frugality, enhance the sense of urgency, plan ahead, and strengthen coordination, "be mindful of the worst, make the best preparation, work hard in the good direction, and strive for the best results", resolutely oppose extravagance and waste, resolutely resist squandering and hedonism, adhere to the glorious tradition of saving, and practice diligence and frugality in all work.

Third, we must profoundly realize that working

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hard in the spirit of diligence and frugality is an objective need for doing a good job in all aspects of fiscal reform and development. The spirit of hard work, diligence and frugality are to be upheld by the Party for the management of public finance and the basic principles must be followed for budgetary revenue and expenditure arrangements. All along, the fiscal work has always adhered to the correct political direction, resolutely implemented the decisions of the Party Central Committee, focused on the center and served the overall situation, and strived to maximize the effects of precious fiscal resources to provide a strong backing for the cause of revolution and construction. At present, socialism with Chinese characteristics has entered a new era, and economic development has shifted from a period of rapid growth to a stage of high-quality development. The main contradiction in our society has evolved into a contradiction between the growing needs of people for a better life and the inadequate and unbalanced development. Compared with the past, the connotation and focus, the concepts and methods, the environment and conditions, and the level and the requirements of development are all very different from the past, and the people's yearning for a better life has become more intense. The environment facing economic and social development is more complex, with growing uncertainty and more risks. Effectively responding to these risk and challenges and addressing the problem of inadequate and unbalanced development has put forward new and higher requirements for optimizing the allocation of fiscal resources and exercising fiscal regulation.

Public finance is taken from the people and used by the people. The fiscal system arrangement reflects the relationship between government and market, local and overall, current and long-term, and priority and non-priority, and is closely related to the needs of people in all aspects of their good life. In order to better play the role of public finance in the new era, we must firmly establish the awareness of working hard in the spirit of diligence and frugality, properly balance and handle various relationships, cut back on unnecessary expenditures, constantly optimize the structure of fiscal expenditures, focus on supporting the deepening of supply-side structural reforms, and put more energy and resources into promoting reform and development, safeguarding key areas and strengthening weak links. We must keep people-oriented, highlight the public nature and fairness of public finance, fully consider the level of economic development and financial resources, arrange the expenditures related to people's livelihood according to the principle of sustainability and basic protection, and make more effective institutional arrangements to bring more benefits of reform and development to all people.

II. Implement the spirit of hard work, diligence and frugality from the political position and height of providing important guarantee for the success of undertakings

Public finance is the foundation and an important pillar of state governance. MOF is in charge of the "money bag" and the specific service work for

the Party Central Committee. We must profoundly understand the rich meaning of General Secretary Xi Jinping's exposition on hard work, diligence and frugality, and implement them in line with the reality of fiscal work.

(1) Enhance political position and raise the ideological consciousness for implementing the instructions of General Secretary Xi Jinping on working hard in the spirit of diligence and frugality. The important instructions of General Secretary Xi Jinping are the political requirements of the Party. Resolutely implementing the important instructions of General Secretary Xi Jinping is the basic political rule of the Party and an important political responsibility. The national fiscal system should thoroughly study and profoundly comprehend the general principles and practical requirements of General Secretary Xi Jinping's expositions on hard work, diligence and frugality, strive to achieve the unity between knowledge and practice, and continuously improve the consciousness and firmness in implementation. It is necessary to further improve political position, work hard in the spirit of diligence and frugality from the height of "four awareness", "four self-confidence" and "two safeguards", make belt-tightening of the Party and government a long-term policy of fiscal work, effectively implement and reflect it in the whole process and all aspects of fiscal reform and development, open up new sources of revenue, practice frugality, and oppose extravagance.

(2) Adhere to the development ideology centered

on people, and do everything possible within our means to ensure and improve people's livelihood. General Secretary Xi Jinping pointed out that "to protect and improve people's livelihood, we must focus on the most direct and most realistic issues that people care most about, and do everything possible within our means." In recent years, we have continuously increased investment in people's livelihood, focused on improving and implementing the policy of keeping employment stable, and introduced a number of policies to support the stable employment of enterprises and increase employment apprentice subsidies. We will vigorously support the development of fair and quality education, and maintain sustained and steady growth of fiscal investment in education. We will promote the improvement of the pension insurance system, and have introduced a central adjustment system for basic pension insurance funds of enterprise employees to ensure that pensions are paid in full and on time. We will support the Healthy China initiative, and raise the fiscal subsidy standards for urban and rural residents' medical insurance and basic public health service projects. We will consolidate the results of drug price reform and continue to deepen the comprehensive reform of public hospitals. At the same time, we must strengthen the management of policies related to people's livelihood, establish and improve the fiscal constraint mechanism, strengthen the performance evaluation of expenditures related to people's livelihood, timely adjust the budget and improve policies in light of the evaluation results, and strive to do things

better and more effectively. However, there are still some problems in the field of safeguarding and improving people's livelihood. For example, there are policies introduced in violation of laws and regulations, blind expansion of the scope of government protection, over-increase of the fiscal subsidy standards, and construction of projects that go ahead of the stage of development.

We must do everything possible within our means and properly deal with the relationship between developing the economy and safeguarding people's livelihood. We must constantly increase the protection of people's livelihood on the basis of sustaining economic development, while avoiding making unrealistic commitments that exceed financial capacity, and make sure the policy is based on a more stable and sustainable foundation. First, we must further increase fiscal investment in people's livelihood. We will benchmark the binding tasks of building a moderately prosperous society in all respects, make fiscal arrangements and long-term development plans for the next two years, and provide sufficient financial support to make up for the shortcomings in areas related to people's livelihood. In response to the public concern, we will work to resolve outstanding problems in the fields of employment, education, elderly care and medical services. Second, we must ensure that policies are sustainable. We will make comprehensive consideration of factors such as the stage of economic development, financial affordability and the practical needs of people, in order to effectively prevent the unsustainable

system due to unscientific design of policies related to people's livelihood. It is necessary to reasonably guide the expectations and take care to prevent the loss of public trust because of the failure to fulfill policy objectives on time and excessive commitment and excessive publicity. Third, we must strengthen the inter-regional coordination of policies related to people's livelihood. We will not only encourage the fast-growing regions to take the lead and play a leading role, but also strengthen macro-control and avoid problems caused by excessive disparities in basic public service level between regions.

(3) We will deepen the reform of budget management system and harden the budget constraints. In the report of the 19th CPC National Congress, General Secretary Xi Jinping proposed to establish a comprehensive, rule-based and transparent budget system that uses scientific standards and imposes effective constraints. In accordance with the requirements of the *General Plan for Deepening the Reform of the Fiscal and Tax System* reviewed and approved by the Third Plenary Session of the 18th CPC Central Committee and the meeting of the Political Bureau of Central Committee, we have implemented a series of regulations in terms of budget openness, budget control methods and local government debt management, basically putting in place a scientific and complete budget management system. The central government will release local transfer payments in advance to promote the integrity of local fiscal budgeting. We will strictly control

the expenditure policy and rigorously control the adjustment in budget execution. We will resolutely curb the increase in local government debt, and actively and properly bring down the debt stock, playing an important role in promoting the belt-tightening and strengthening budget constraints.

In the next step, in view of the low accuracy of local and unit budget preparation, the lack of solid budget execution, and the slow progress of expenditure, we must further improve the awareness of budgetary rules and laws and consolidate the reform results, so as to lay a solid foundation for working hard in a spirit of diligence and frugality. First, constantly improve the budget law and legal system. We will actively cooperate with relevant departments to complete the revision of the implementation rules of Budget Law as soon as possible. We will improve the basic expenditure standards system, and classify and study the fiscal security policy. We will study and put forward the framework and overall plan of the project expenditure standards system, formulate the annual development plan, and effectively implement it. Second, further strengthen budget preparation and execution management. We will promote all-round government budget management, speed up the unified budget allocation, and strictly control the scope and scale of budget at the beginning of the year. We will adhere to the principle of “budget first, expenditure later”, prohibit unbudgeted expenditure, and strictly control budget adjustment. Third, continue to move forward the disclosure of final accounts. We will constantly expand and

standardize the content, scope and methods of disclosure, further improve the transparency of budget and final accounts, take the initiative to accept the supervision of the NPC and the CPPCC, accept the audit supervision and public supervision, and force the government at all levels to change their idea of spending money through open and transparent supervision. Fourth, accelerate the IT-based processing of fiscal information. We will benchmark advanced experience, find existing gaps, keep both goal-oriented and problem-oriented, and construct a unified system for core fiscal work in accordance with the work plan that has been issued, so as to provide strong technical support for strengthening budget management.

(4) We will strengthen the development of the system for promoting saving and opposing waste, and put an end to extravagance and waste at the source. General Secretary Xi Jinping pointed out that “we must vigorously carry forward the fine tradition of diligence and frugality of the Chinese nation, vigorously advocate for the virtue of saving and shame of waste, and strive to foster the atmosphere of saving in the society”. Since the 18th CPC National Congress, MOF has resolutely implemented the instructions of General Secretary Xi Jinping on promoting saving and opposing waste, actively played its role in coordinating the formulation and revision of the *Regulations of the Party and Government Agencies on Promoting Saving and Opposing Waste* as well as more than 20 supporting policies related to the management of conference expenses, travel expenses and

training expenses, established and improved a scientific and reasonable public service expenditure standards system, and provided an operable system for implementing the spirit of the Eight-Point Regulations and putting an end to extravagance and waste at the source.

Through years of cutting back on spending, the central government's "three public" expenditures have decreased year by year, and decreased by 46.2% in 2018 compared with 2012, effectively reducing administrative operating costs. This year, we also formulated and issued the *Circular on Implementing the Requirements of "Belt-Tightening" to Further Strengthen and Regulate the Budget Management of the Central Departments and the Administrative Measures for the Management of State-owned Assets of Central Administrative Institutions* and other documents. We also introduced further regulations on departmental budget compilation, departmental asset management and the disclosure of information on budget and final accounts.

Style building has no end. The removal of the root cause of "formalism, bureaucratism, hedonism and extravagance" will be a long-term process, and the problem of hedonism and extravagance must continue to be tackled. In the next step, we must continue to take effective measures in accordance with the important instructions of General Secretary Xi Jinping and the decisions of the Party Central Committee and make unremitting efforts to promote saving and oppose waste. First, we must

improve the institutional arrangement. In view of the actual situation and changes in market prices, we will continue to improve the management system and standards system of public expenditure. We will strengthen guidance for local system construction, strengthen supervision, and promote the formation of a long-term mechanism where people are unable and unwilling to practice waste and extravagance. Second, we must work to ensure effective implementation of measures. We will strengthen planning and approval management, strictly control the total amount of official activities and scope and standards of expenditure, and enforce requirements on daily management and supervision. Third, we must make efforts to cut expenditures. We will further reduce general expenditures and continue to strictly control the "three public" expenditures.

(5) We will fully implement budget performance management and effectively manage the use of fiscal funds. General Secretary Xi Jinping pointed out that "the government's money can't be squandered, so it is necessary to control the expenditure", and repeatedly stressed that "the money should be spent on priority matters". Implementing budget performance management is an important step to optimize the allocation of fiscal resources and improve the effectiveness of the use of fiscal funds. It is also an important starting point for the Party and the government to take the lead in tightening the belt. In recent years, the finance authorities have actively explored budget performance management, and have done

a lot of work in performance target setting and performance evaluation mechanism construction. The basic framework of budget performance management system has been initially established.

In the next step, we must follow the requirements of the *Opinions of the Party Central Committee and the State Council on the Comprehensive Implementation of Budget Performance Management* to promote the establishment of a comprehensive, full-process and full-coverage budget performance management system to achieve regular, institutionalized and standardized budget performance management. First, expand the scope of implementation. We will gradually extend performance management to cover all fiscal funds as well as all grassroots units and end-users of funds, and strengthen the performance accountability of fund users. Second, optimize business processes. We will deepen the integration of budget and performance management, and deeply embed performance management in budget management to achieve an organic integration. We will accelerate the development of core performance indicators and standards by different industries, fields and levels. Third, improve the quality of evaluation. We will take strong measures to rectify the problems of unscientific performance target setting, low-quality self-assessment and insufficient role of third-party evaluation, strictly review performance targets, and urge the relevant departments to conduct performance self-evaluation in a way that objectively reflects performance. Fourth, strengthen the application

of results. We must do a good job in rectifying performance problems, and on the basis of the results of performance evaluation, vigorously reduce inefficient and ineffective expenditures and establish a clear incentive and disincentive mechanism.

(6) We will strengthen financial discipline to ensure the safe and efficient use of funds. General Secretary Xi Jinping once pointed out that “whether it is the life discipline, organizational discipline, or financial and economic discipline, political discipline, the problem is that the disciplines are not implemented well. Some people think that discipline is a scarecrow and don’t care about it. Now it is time to enforce strict discipline”, and went on to emphasize that “we must strengthen financial and economic discipline, enhance fund management, step up discipline inspection and audit supervision, and strictly investigate malpractices and corrupt behaviors. Since the 18th CPC National Congress, we have vigorously enhanced the financial and economic discipline, formulated and issued the *Circular of the Ministry of Finance on Comprehensively and Strictly Enforcing Financial and Economic Discipline and Strictly Managing Central Departmental Budget*, organized the campaign on the implementation of the *Eight-Point Regulations on Austerity*, the strict enforcement of financial and economic discipline, the special supervision and management of public finance and the special inspection of fiscal funds for poverty reduction, made great efforts to address the outstanding problems in the implementation of

financial and economic discipline, sent out a strong and deterring warning signal, and vigorously tackled corruption at the source and promoted the construction of a long-term mechanism.

Although we have achieved positive results in the strict enforcement of financial and economic discipline, cases of the violation of financial and economic discipline still occur from time to time, and some have resulted in financial losses and waste. In the next step, we must follow the important instructions of General Secretary Xi Jinping, ensure the strict use of power, and effectively curb various cases of the violation of laws and regulations with binding institutional constraints and strict disciplinary mechanism. First, make efforts to strengthen institutional constraints. We will work to establish an institutional management system that meets the new requirements by starting with the improvement of the system of official reception, financial budget, assessment and accountability, and supervision. With a focus on key links such as budget allocation, implementation and policy formulation, we will promptly revise the internal control measures for budget preparation and budget execution, and urge the relevant departments to strengthen internal control, in order to effectively prevent operational and integrity risks. Second, strengthen the supervision of funds in key areas and the constraints on the exercise of core power. MOF is the department that manages money, and is prone to power rent-seeking. We must pay close attention to the management and use of funds in

key areas such as poverty alleviation, improve the dynamic monitoring mechanism of fiscal funds, and adopt various forms such as daily supervision and special inspection to track policy implementation and problem rectification. When it comes to major project layout, financial allocation and work arrangement, we must earnestly comply with the laws and serve the public interest, and must not use the public resources under management to seek unfair benefits for any individuals and agencies. We must strictly require family members, children, relatives and friends not to interfere in political affairs and use their own official powers to influence matters. Third, seriously rectify the problems identified by the audit. We will keep records of and rectify the problems identified by the audit, and earnestly assume the responsibility for reviewing and supervising the budget management of the relevant departments. On the one hand, it is necessary to supervise and guide the departments to rectify specific problems. On the other hand, it is also necessary to profoundly analyze the causes of problems and to propose rectification measures to tackle both the symptoms and the root causes. Fourth, seriously investigate and deal with violations of law and discipline. We will continue to maintain high-pressure of the anti-corruption struggle, and enforce full coverage and zero tolerance, so that the economic and financial discipline would be a red line that shall not be crossed.

III. Adhere to the two-pronged approach and strive to do a good job in all aspects of fiscal



reform and development

Since the beginning of this year, the macro-economic situation has been complicated, the global economic growth expectation has weakened, the external uncertainty has increased, and the risk and challenges facing the global economy have increased. The domestic economic operation is generally stable, and the main indicators are still in a reasonable range. However, the foundation for economic stability still needs to be consolidated. In accordance with the decisions of the Party Central Committee and the State Council, we must continue to adhere to the general principle of making progress while maintaining stability, promote high-quality development, pursue the supply-side structural reform as the main task, implement the “consolidation, enhancement, upgrading and unblocking” policy, make overall plans to promote steady growth, reform, structural adjustment, improvement of people’s livelihood, prevention of risks and maintenance of stability, implement various measures of proactive fiscal policy, further stabilize employment, finance, foreign trade, foreign investment, investment and expectations, and better promote the sustained and healthy development of the economy and society. At the same time, we will continue to carry out the thematic education of “remaining true to the original aspiration and keeping the mission firmly in mind”, bear in mind the fundamental purpose of serving the people whole-heartedly, earnestly implement the general requirements of “keeping the original aspiration, shouldering

the mission, finding the gap and working on the implementation”, combine the thematic education with the “two learning and one action” as well as the central fiscal work to ensure progress on both fronts.

(1) Intensify efforts to implement proactive fiscal policies to ensure the implementation of various policies for tax and fee cut. Implementing a larger-scale tax and fee cut is a major strategic move made by the Party Central Committee. It is an important measure to deepen supply-side structural reforms and a key step to deal with the current economic downturn and external pressure. Since the beginning of this year, the MOF leadership has attached great importance to tax and fee cut, and carried out coordinated planning and meticulous organization to implement tax and fee cut as an important political task as well as the primary measure to strengthen the effectiveness of the implementation of proactive fiscal policy in 2019. From January to June this year, China has registered a total of 1.17 trillion RMB of tax and fee cut, including a tax cut of 1.04 trillion RMB. Enterprises and the general public believe that this year’s tax and fee cut is very aggressive, and their sense of gain and satisfaction is high.

In the next step, we must strictly follow the important instructions of General Secretary Xi Jinping, and continue to implement the measures for tax and fee cut in greater detail with relevant departments. First, strengthen communication, coordination and inspection. Promote the sharing

of data on tax and fee cut, track and improve performance monitoring and analysis, and increase the guidance for and supervision of the work of local finance departments. Second, strengthen the budget management of fiscal revenues and expenditures. Supervise and guide local governments to increase revenues and reduce expenditures, raise revenues through multiple channels, further reduce general expenditures, and support the implementation of tax and fee cut policies. Strengthen guidance for regions that find it difficult to complete the annual revenue and expenditure budget, and adjust the budget according to the law when budget adjustment conditions are triggered. Third, strengthen publicity and training. Innovate publicity methods, provide targeted training for corporate finance personnel, and help companies to make good use of policies. Fourth, conduct timely research of policy response plan. On the basis of extensive research, promptly respond to the new situation and new problems that arise during the implementation of policy and ensure the decrease of tax burden of all industries.

(2) Pay close attention to reforms and implementation, and make policy preparation for further the deepening of reforms. General Secretary Xi Jinping required that “we must continue to hold high the banner of reform, stand at a higher starting point to plan and promote reforms, strengthen the resolve and courage of reform, summarize and apply the new experience accumulated since the 18th CPC National Congress, and make persistent efforts to unswervingly carry out the reforms”.

We must further strengthen our responsibility, follow the important instructions of General Secretary Xi Jinping and the decisions of the Party Central Committee, and continue to move forward the various reform tasks involving MOF. First, accelerate the reform of the division of fiscal powers and expenditure responsibilities between central and local government. At present, the reform plan for the division of fiscal powers and expenditure responsibilities in the fields of science and technology, education and transportation has been promulgated, and reform plans in the fields of ecological environment, emergency rescue and natural resources are being researched and formulated. It is necessary to pay close attention to the revision and improvement work and introduce the reform plan as soon as possible. At the same time, it is important to do a good job in reforming the central-local revenue division and improving the transfer payment system. Second, conscientiously implement the principle of law-based taxation. Among the 18 types of taxes currently in force, there are 8 types of taxes for which laws have been enacted. We must actively cooperate with the NPC to speed up the work related to the legislation of resource tax, deed tax, urban maintenance and construction tax, stamp duty, VAT, land appreciation tax, customs duty and consumption tax. Third, speed up the pilot project of state-owned capital investment and operation companies directly authorized by the State Council, as well as the pilot project of centralized and unified supervision of the operational state-owned assets of the central Party and government

organs and institutions. Do a good job in reporting to the Standing Committee of the NPC on the management of state-owned assets. Fourth, on the basis of systematically reviewing the progress of reform tasks, work to study the issues related to the further deepening of reform, with a focus on advancing the modernization of the state governance system and governance capacity and establishing a modern fiscal system.

(3) Block the “back door” and effectively prevent and defuse local government debt risks. Since the 18th CPC National Congress, in accordance with the decisions of the Party Central Committee and the State Council, we have adhered to the principle of “opening the front door and strictly blocking the back door”, strengthened and standardized local government debt management while meeting the needs of debt financing for local economic and social development in accordance with the law. At present, China has basically established a local government debt management system and the risks are generally controllable. In the next step, we must implement the important instructions of General Secretary Xi Jinping and the decisions of the Party Central Committee, further improve the system, pay close attention to implementation, work more on “opening the front door”, risk monitoring, due debt response, supervision and accountability, and make efforts to prevent systemic risks.

(4) Continue to consolidate and improve the outcomes of the central special inspection of poverty alleviation and support the fight against

poverty. Last year, the Tenth Central Inspection Team conducted a special inspection of MOF on poverty alleviation. The MOF Party Group attached great importance to it, earnestly worked on the rectification of problems in accordance with inspection feedbacks, and achieved phased progress in rectification. In the next step, we must conscientiously study and implement the important exposition of General Secretary Xi Jinping on poverty alleviation, further enhance the sense of responsibility and urgency of poverty alleviation, strive to give full play to the role of the public finance, and resolutely support the fight against poverty. First, concentrate resources to speed up efforts of strengthening the weak links in the field of poverty alleviation. We will fully support the resolution of outstanding problems in compulsory education, basic medical care, housing security and drinking water safety, with a focus on the areas of extreme poverty. Second, optimize the fiscal policy system for poverty alleviation. Improve the support for poor areas and poor people, and enhance the precision of fiscal policies for poverty alleviation. Further promote the pilot projects on the consolidation of agriculture-related funds in poverty-stricken counties and improve the effectiveness of consolidation policies. Third, comprehensively implement performance management to further improve the management level of poverty alleviation funds. Conduct real-time and dynamic monitoring of all types of poverty alleviation funds at all levels as soon as possible, and carry out ex-ante, interim and ex-post performance management of poverty alleviation

project funds. Fourth, conscientiously summarize and refine advanced practices and successful models, and propose policy recommendations on public finance supporting poverty alleviation and the implementation of rural revitalization strategy. At the same time, conscientiously implement the relevant MOF arrangements of poverty alleviation work and continue to provide assistance to the poor areas supported by MOF.

(5) Enhance the sense of political responsibility and mission, and carry out the thematic education of “remaining true to the original aspiration and keeping the mission firmly in mind” in a solid and orderly manner. In the early stage, under the strong supervision and guidance of the 23rd Central Guiding Group, the MOF Party Group earnestly fulfilled its principal responsibilities, played a leading and demonstrative role, kept firmly in mind the objectives and tasks of the thematic education, and moved forward various work in a solid and orderly manner. In the next step, we must strictly follow the important instructions of General Secretary Xi Jinping, strictly implement the requirements of the Party Central Committee and the Central Guiding Group, and ensure the effectiveness of thematic education activities.

First, make further efforts to raise awareness. Seriously study and implement General Secretary Xi Jinping’s important exposition on “remaining true to the original aspiration and keeping the mission firmly in mind”, study General Secretary Xi Jinping’s speeches at the Thematic Education

Work Conference, the 15th Collective Study of the Central Political Bureau, and the Party Building Work Conference of Central and State Organs as well as his important speech delivered during the inspection in Inner Mongolia, thoroughly read the Party Constitution and *the Compendium of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era*, deepen the understanding of our Party’s original aspiration and mission, enhance the awareness of the risks and test faced by the Party, develop a firm belief and a strong sense of responsibility, and practice the acquired knowledge in day-to-day work to promote fiscal reform and development.

Second, make greater efforts to find the gap. The MOF Party Group and the leadership of all units must listen to opinions and suggestions in various ways on the basis of previous investigation and research, solicitation of opinions and identification of problems, work to identify problems in the political construction, ideological construction, organizational construction, work style construction and discipline construction of Party, and figure out specific measures to rectify the problems. Comprehensively and systematically sort through the performance in implementing the important instructions of General Secretary Xi Jinping, and keep detailed records. Carefully analyze the root causes of existing problems, hold high-quality thematic democratic life meetings, and effectively enhance the ability of self-purification, self-perfection, self-innovation, and self-improvement.

Third, make greater efforts on rectification. The MOF Party Group and the leadership of all units must strengthen the consciousness of facing the problems head on and the courage of rectifying the problems, adhere to the problem-oriented approach, and solve the problem with real efforts. Make systemic efforts to rectify the outstanding problems identified in this thematic education, and to carry out special rectification work in accordance with the actual situation of MOF. The comrades of the MOF Party Group must earnestly implement the “two responsibilities” and give full play to the “leading role”. The responsible persons of all units should, while doing a good job of rectifying their own problems, take the initiative to shoulder the responsibility for the problems existing in their units. The identified problems must be rectified and remedied. The system and mechanism that ought to be perfected should be perfected, the loopholes that ought to be closed should be closed, those that ought to be criticized should be seriously criticized, and those that ought to be held accountable should be dealt with seriously.

Fourth, make greater efforts to strengthen supervision and guidance. The comrades of the MOF Party Group should fulfill the “one post and two responsibilities” and strengthen supervision and guidance of thematic education in the units under their charge. The guiding groups within MOF should strengthen their responsibility and strictly handle the key tasks such as study session, investigation and research, review and rectification and special democratic life meetings, in order to

enhance the effectiveness of work. The Office of the MOF Leading Group for Thematic Education should improve the working mechanism, keep abreast of the progress of work, and strengthen coordination and supervision.

Struggle in the past created history and current hard work will shape the future. In the new journey of comprehensively building socialist modernization, the finance authorities should be more closely united around the Party Central Committee with Comrade Xi Jinping as the core, and follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strengthen the “four consciousnesses” and the “four self-confidence”, ensure the “two safeguards”, make in-depth study and implementation of General Secretary Xi Jinping’s important guiding instructions on hard work, diligence and frugality, remain true to the original aspiration and keep the mission firmly in mind, give full play to the role of the public finance, and effectively promote the sustained and healthy development of economy and society and the stability of the overall society, in order to lay a decisive foundation for the completion of the task of building a moderately prosperous society in all respects and celebrate the 70th anniversary of the founding of the People’s Republic of China with outstanding achievements!

**3. Liu Kun: finance authorities of China and Russia should actively promote cooperation in the economic and**

## financial field

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On August 22, Finance Minister Liu Kun and Russian First Deputy Prime Minister and Finance Minister Anton Siluanov co-chaired the 8th China-Russia Financial Dialogue in Moscow, Russia. Minister Liu Kun said that this year marks the 70th anniversary of the establishment of diplomatic relations between China and Russia. This dialogue is conducive to the implementation of the important consensus reached by President Xi Jinping and President Putin in the economic and financial field in June this year, and provides impetus to the development of China-Russia relations in the new era. In order to implement the consensus of the heads of state of China and Russia, the finance authorities of the two countries should actively promote cooperation in the economic and financial field. First, strengthen communication and coordination of macroeconomic policies. Adopt effective macroeconomic policies, accelerate structural reforms, enhance macroeconomic policy communication and coordination, jointly

safeguard multilateralism and the free trade system, and promote the stable and healthy economic development of the two countries and the world. Second, support each other on major international economic and financial issues. China actively supports Russia in hosting the 2020 BRICS Leaders Summit and is willing to strengthen cooperation with Russia under the G20 framework and on MDBs such as NDB and AIIB, work together to call on IMF and the World Bank to accelerate the reform process, jointly safeguard the interests of developing countries, and promote the improvement of global economic governance. Third, explore new areas of innovation and cooperation. China is willing to further strengthen exchanges and cooperation on fiscal and tax policies with Russia, share experiences on issues such as budget management, tax policies and treasury management, promote accounting standards equivalence and audit regulatory cooperation, and provide policy support for local fiscal and tax cooperation.

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**Journal Title:** China Finance Monthly

**Editor:** International Economics and Finance Institute

**Publisher:** Editorial Office, China Finance Monthly

**Mailing Address:** IEFI, Ministry of Finance, China, 100820

**Telephone:** 86-10-68141100

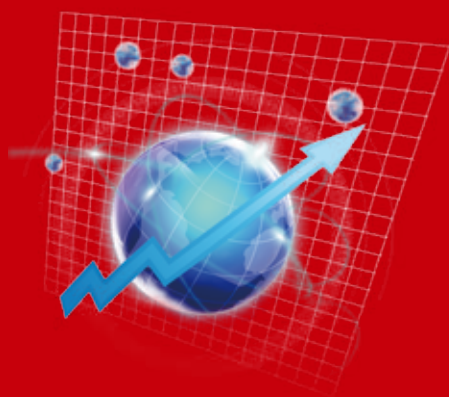
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Publishing Date: September 2019



**CHINA FINANCE MONTHLY**