

# CHINA FINANCE

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### HIGHLIGHTS

- Finance Minister Liu Kun: reforming and improving global health and climate governance and promoting the establishment of a more sustainable international tax system
- Finance Minister Liu Kun held a virtual meeting with Bruno Le Maire, Minister of Economy and Finance of France
- MOF published a circular on implementing related policies concerning equal treatment to domestic and foreign-invested enterprises in government procurement activities
- MOF published a circular on the issuance of the *Measures for the Administration of Departmental Final Accounts*
- Value added of major industrial enterprises in China in September increased by 3.1% year on year

## 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

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
BEPS	Base Erosion and Profit Shifting
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
CAAC	Civil Aviation Administration, China
CAC	Cyberspace Administration, China
CAFS	Chinese Academy of Fiscal Sciences
CAREC	Central Asia Regional Economic Cooperation
CASS	Chinese Academy of Social Sciences
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, China
GAMS	General Administration of Market Supervision, China
GAS	General Administration of Sport, China
GDP	Gross Domestic Product
IEFI	International Economics and Finance Institute, Ministry of Finance, China
IMF	International Monetary Fund
IPI	Industrial Production Index
IPR	Intellectual Property Rights
LICs	Low-Income Countries
MCA	Ministry of Civil Affairs, China
MCT	Ministry of Culture and Tourism, China
MEE	Ministry of Ecology and Environment, China
MIIT	Ministry of Industry and Information Technology, China
MNR	Ministry of Natural Resources, China
MOA	Ministry of Agriculture and Rural Affairs, China
MOE	Ministry of Education, China
MOF	Ministry of Finance, China
MOFCOM	Ministry of Commerce, China

MOHRSS	Ministry of Human Resources and Social Security, China
MOHURD	Ministry of Housing and Urban-Rural Development, China
MPS	Ministry of Public Security, China
MOST	Ministry of Science and Technology, China
MOT	Ministry of Transport, China
MVA	Ministry of Veteran Affairs, China
MWR	Ministry of Water Resource, China
NAO	National Audit Office, China
NBS	National Bureau of Statistics, China
NCP	New coronavirus pneumonia
NDB	New Development Bank
NDRC	National Development and Reform Commission, China
NEA	National Energy Administration, China
NFGA	National Forestry and Grassland Administration, China
NFSRA	National Food and Strategic Reserves Administration, China
NHC	National Health Commission of the People's Republic of China
NHSA	National Healthcare Security Administration, China
NMPA	National Medical Products Administration, China
NPC	National People's Congress, China
NRTA	National Radio and Television Administration, China
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, China
SAMR	State Administration of Market Regulation, China
SASAC	State-owned Assets Supervision and Administration Commission of the State Council, China
SAT	State Administration of Taxation, China
SMEs	Small and Medium Enterprises
SOEs	State-owned Enterprises
VAT	Value-added Tax
WTO	World Trade Organization

## I. Policy Update

### **1. MOF and the Ministry of Education jointly published a circular on the in-depth implementation of the nutrition improvement plan for rural students receiving compulsory education**

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On October 11, MOF and the Ministry of Education jointly published a circular on the in-depth implementation of the nutrition improvement plan for rural students receiving compulsory education, which provided the following. First, the national basic subsidy standard for nutritional diets will be raised. The funding required for the national pilot areas will continue to be borne by the central government, while funding for the local pilot areas will be borne by the local public finance. Second, it is required to effectively strengthen provincial-level overall planning, implement local expenditure responsibilities, and ensure that the subsidy funds for nutritional and dietary upgrade are made available in time and in full. Third, efforts should be made to continue to strengthen the management of school meals, and further strengthen the management of the use of subsidy funds for nutritional diets. All subsidy funds for nutritional diets should be used to provide students with equivalent high-quality food.

### **2. Three ministries jointly published a circular on the *issuance of the circular on the Measures for Provision against and Management of the Decommissioning Expenses of Facilities and Sites for Centralized Disposal of Key Hazardous Waste***

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On October 12, MOF, the National Development and Reform Commission and the Ministry of Ecology and Environment jointly published a circular on the *issuance of the circular on the Measures for Provision against and Management of the Decommissioning Expenses of Facilities and Sites for Centralized Disposal of Key Hazardous Waste*, which provided the following. First, the decommissioning expenses of facilities and sites for centralized disposal of key hazardous waste are the expenses that enterprises set aside and use on its own, specifically for performing the responsibilities and obligations of decommissioning facilities and sites for centralized disposal of hazardous waste. Second, it is required to establish a special management

system for funds for decommissioning expenses, clarify the procedures, responsibilities and authorities of the withdrawal, amortization and use of decommissioning expenses, and withdraw, amortize and use them in accordance with regulations. Third, the finance department shall supervise and administer the provisioning, use and management of decommissioning expenses in accordance with the law.

### **3. Six ministries jointly published a circular on the plan for the implementation of the knowledge updating project for professional and technical personnel**

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On October 13, the Ministry of Human Resources and Social Security, MOF, the Ministry of Industry and Information Technology, the Ministry of Science and Technology, the Ministry of Education and the Chinese Academy of Sciences jointly published a circular on the plan for the implementation of the knowledge updating project for professional and technical personnel, which provided the following. First, information such as the catalogue of training agencies and evaluation agencies is incorporated into the “two catalogues and one system” of local vocational skills improvement action, and specific vocational training subsidy policies, professional title recognition or confirmation methods are studied and formulated on the basis of actual conditions. Second, government funding will mainly play a supporting and guiding role in project funding, and the project tasks undertaken by governments at all levels will be funded by the same level of public finance. Third, efforts should be made to strengthen the supervision of the use of funds, establish a complete supporting system, and ensure that special funds for training are used exclusively for this purpose.

### **4. MOF and the National Natural Science Foundation of China (NSFC) jointly published a circular on the *issuance of the Measures for Management of Funds for Projects Supported by NSFC***

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On October 13, MOF and the National Natural Science Foundation of China (NSFC) jointly published a circular on the *issuance of the Measures for Management of Funds for Projects Supported by NSFC*, which provided the following. First, the project

funds refer to the special funds used by NSFC to support scientific and technical personnel in carrying out basic research and scientific frontier exploration, as well as the development of talents and team building. Second, the project funds will be included in the central fiscal budget in accordance with the national science and technology development plan and in light of funding needs of NSFC and the availability of national financial resources, and be subject to macro management and supervision. Third, the project funds consist of direct costs and indirect costs, and mainly include equipment costs, business costs, labor costs and other direct costs, costs related to daily use of water, electricity, gas, and heating, subsidy expenditures for related management costs, and performance incentive expenditures for scientific research personnel and other indirect costs.

## **5. MOF published the *Interim Measures for the Compilation of State-owned Assets Report***

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On October 18, MOF published the *Interim Measures for the Compilation of State-owned Assets Report*, which provided the following. First, it is required to establish a coordination mechanism for the compilation of state-owned assets report, and the compilation must be full-scope and all-covering and present both value and physical quantities. Second, the state-owned assets report adopts a combination of synthetic reporting and special reporting. The synthetic reporting comprehensively reflects the management of state-owned assets at all levels; and the special reporting reflects the management of four types of state-owned assets: state-owned assets of enterprises (excluding financial enterprises), state-owned assets of financial enterprises, state-owned assets of public administrative institutions, and state-owned natural resources. Third, it is necessary to take the lead in advancing the construction of a comprehensive state-owned asset information sharing platform to fully reflect the basic information of the allocation, use, disposal and benefits of various state-owned assets.

## **6. MOF and the Ministry of Civil Affairs jointly published a circular on the organization and implementation of the action program for enhancing basic**

## **elderly care services at home and in community in 2021**

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On October 20, MOF and the Ministry of Civil Affairs jointly published a circular on the organization and implementation of the action program for enhancing basic elderly care services at home and in community in 2021, which provided the following. First, program areas will be supported for providing home-based care beds and home-based elderly care services for financially difficult and disabled elderly people as well as partially disabled elderly people at and above 60 years old. Second, funds at various levels used for the program will be coordinated according to local conditions and in light of the physical conditions and the actual needs for elderly care services of the elderly to properly determine the subsidy standards for the provision of home-based care beds and home-based elderly care services. Third, efforts should be made to formulate a list of basic elderly care services at home and in community, improve the support network for professional elderly care services, strengthen the team building of professionals for elderly care services, and leverage more resources to increase support.

## **7. MOF published a circular on carrying out special rectification of the asset appraisal industry**

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On October 22, MOF published a circular on carrying out special rectification of the asset appraisal industry, which provided the following. First, efforts should be made to strengthen the supervision and management of asset appraisal institutions and their asset appraisers, effectively regulate the order of the asset appraisal market, and purify the practice environment of the asset appraisal industry. Second, the signing of labor contracts, salary payment, social insurance payment, and personnel file storage, etc. will be examined and inspected to find out whether asset appraisers are affiliated with asset appraisal agencies but do not actually practice or do not work full-time in asset appraisal agencies. Third, it is important to establish a long-term mechanism, explore the use of information technology to monitor and track, and conduct day-to-day reminders and talks with asset appraisal agencies and their appraisers.

## **8. MOF published a circular on implementing related policies concerning equal**

## **treatment to domestic and foreign-invested enterprises in government procurement activities**

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On October 25, MOF published a circular on implementing related policies concerning equal treatment to domestic and foreign-invested enterprises in government procurement activities, which provided the following. First, products produced by domestic and foreign-invested enterprises within the territory of China should not be differentiated, except for the procurement involving national security and state secrets, and domestic and foreign-invested enterprises are entitled to having equal access to government procurement activities. Second, equal and non-discriminatory treatment should be applied to both domestic and foreign-invested enterprises in China when releasing government procurement information, ascertaining and evaluating the qualification of suppliers and establishing evaluation criteria. And no limitations shall be imposed to suppliers in terms of their ownership, shareholding structure or other unreasonable conditions in the process of government procurement, so as to ensure fair competition between domestic and foreign-invested enterprises and provide equal treatment to domestic and foreign-invested enterprises. Third, efforts should be made to keep channels open for complaints, handle the complaints of suppliers in line with law and in a fair manner, and restrain from implementing differentiated and discriminatory treatment when handling complaints from domestic and foreign-invested enterprises to protect the legitimate rights and interests of all suppliers in government procurement.

## **9. MOF published a circular on the issuance of the *Measures for the Administration of Departmental Final Accounts***

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On October 28, MOF published a circular on the issuance of the *Measures for the Administration of Departmental Final Accounts*, which provided the following. First, departmental final accounts refer to the comprehensive annual report prepared by departments in accordance with regulations and their performance of functions to reflect the results and performance of all departmental budgetary revenues, expenditures and balances. Second, administration of departmental final accounts covers the organization of work related to departmental final accounts, design of

reporting system, preparation and review, summary and submission, approval, information disclosure, analysis and use of results, and data management. Third, MOF is responsible for developing the departmental final account reporting system, managing the software requirements for departmental final accounts, assigning work related to departmental final accounts, and carrying out review, summary and management of data. MOF is also responsible for organizing the review, approval and disclosure of central department's final accounts, and for guiding the local finance departments to carry out administration of departmental final accounts.

## II. Facts & Figures

### **1. China's CPI in September rose by 0.7% year on year**

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The data published by NBS on October 14 showed that China's CPI in September rose by 0.7% year on year. Among them, prices in urban areas rose by 0.8%, and prices in rural areas rose by 0.2%; food prices fell by 5.2%, and non-food prices rose by 2.0%; consumer goods prices rose by 0.2%, and service prices rose by 1.4%. CPI in September remained flat from the previous month. Among them, prices in urban areas were flat, and prices in rural areas rose by 0.1%; food prices dropped by 0.7%, and non-food prices rose by 0.2%; consumer goods prices were flat, and services prices rose by 0.1%.

### **2. China's industrial PPI in September rose by 10.7% year on year**

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The data published by NBS on October 14 showed that China's industrial PPI in September rose by 10.7% year on year. Among them, prices of extractive industries rose by 49.4%, prices of raw materials industries rose by 20.4%, prices of processing industries rose by 8.9%, food prices rose by 0.7%, prices of apparel and general daily necessities both rose by 0.4%, and prices of consumer durables rose by 0.2%.

### **3. Value added of major industrial enterprises in China in September increased by 3.1% year on year**

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The data published by NBS on October 18 showed that the value added of major industrial enterprises in China in September increased by 3.1% year on year and by 0.05% month on month. In terms of the three categories, the value added of the mining industries increased by 3.2% year on year; the value added of the manufacturing industries increased by 2.4%; and the value added of the electricity, heating, gas and water production and supply industries increased by 9.7%. In terms of types of ownership, the value added of state-owned and controlled enterprises increased by 4.5% year on year; the value added of joint-stock enterprises increased by 4.0%; the value added of foreign, Hong Kong, Macao and Taiwan-invested

enterprises increased by 0.4%; and the value added of private enterprises increased by 2.8%.

#### **4. Total operating income of state-owned enterprises (SOEs) in China reached 53.99819 trillion RMB from January to September**

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The data published by MOF on October 28 showed that total operating income of state-owned enterprises (SOEs) in China reached 53.99819 trillion RMB from January to September, a year-on-year increase of 23.0%. Among them, operating income of central SOEs was 30.30801 trillion RMB, a year-on-year increase of 22.0%; and operating income of local SOEs was 23.69018 trillion RMB, a year-on-year increase of 24.4%.

#### **5. Total profit of state-owned enterprises (SOEs) in China reached 3.5 trillion RMB from January to September**

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The data published by MOF on October 28 showed that total profit of state-owned enterprises (SOEs) in China reached 3.5 trillion RMB from January to September, a year-on-year increase of 55.4%. Among them, the profit of central SOEs was 2.34023 trillion RMB, a year-on-year increase of 52.0%; and the profit of local SOEs was 1.15977 trillion RMB, a year-on-year increase of 63.0%.

### III. MOF Events

1. Recently, Vice Finance Minister Liao Min met respectively with Gregory Gilligan, Chairman of the American Chamber of Commerce in China, Myron Brilliant, Executive Vice President and Head of the International Affairs Division at the U.S. Chamber of Commerce, and Tom Linebarger, Chairman of the U.S.-China Business Council. The two sides conducted in-depth and productive communication on issues such as China-U.S. relations and China-U.S. economic and trade relations, macroeconomic situation of China and U.S., China-U.S. economic and trade agreement, China's further opening-up, and the demands of U.S. companies operating in China.

2. On October 11, Finance Minister Liu Kun held a virtual meeting with Daniele Franco, Minister of Economy and Finance of Italy. The two sides exchanged views on key issues under the G20 Finance Track, such as global health cooperation, international debt agenda, international taxation, climate change and green transition.

3. On October 11, Finance Minister Liu Kun held a virtual meeting with Bruno Le Maire, Minister of Economy and Finance of France. The two sides exchanged views on issues under the Finance Track of G20, such as international debt agenda, international tax cooperation, climate change and green transition, as well as issues related to bilateral financial cooperation between China and France.

4. On October 13, Finance Minister Liu Kun attended and addressed the virtual G20 Finance Ministers and Central Bank Governors Meeting to discuss global economic situation, global public goods and support for vulnerable economies, international taxation, financial supervision, etc.

5. On October 15, Finance Minister Liu Kun attended and addressed the ministerial meeting of the 104th Development Committee of the World Bank to discuss the way the World Bank provides financing in the post-pandemic era and the World Bank's

role in future crisis.

## IV. Local Finance

### **1. Guangdong Finance: fully advance ex-ante performance evaluation to effectively manage public finance**

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According to the news released by the Finance Department of Guangdong Province on October 11, the Finance Bureau of Huizhou City has taken the “target + benefit + problem” approach to fully advance ex-ante performance evaluation, so as to achieve tangible outcomes on three fronts. First, clarify the scope of projects for evaluation, clarify the division of responsibilities of various budgetary departments, fiscal fund units and third-party agencies, and clarify the operating mechanism for evaluation. Second, enhance the coordination between budgetary departments and finance departments, improve the accuracy of budget preparation, and make the use of results more purposeful. Third, address the unevenness in performance management, build a scientific and standardized ex-ante performance evaluation mechanism, and improve the comprehensive, full-process and full-coverage budget performance management system.

### **2. Jiangsu Finance: deploy a mix of fiscal policies to contribute to the overall revitalization of rural areas**

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According to the news released by the Finance Department of Jiangsu Province on October 12, finance authorities of Jiangsu have actively performed fiscal functions, concentrated efforts on key tasks, introduced detailed policy measures, and deployed the “1+2+N” mix of fiscal policies to contribute to the overall revitalization of rural areas. First, keep policies stable, adjust and optimize special funds, tilt support to key areas, and ensure the orderly connection of fiscal policies. Second, support the improvement of the regular inspection and dynamic adjustment mechanisms, consolidate and enhance the outcomes in protecting the livelihood of rural low-income population, strengthen the asset management of aid and assistance projects, and continue to consolidate and expand the results of poverty alleviation. Third, boost people’s income through employment, especially the rural low-income

population, build long-term mechanisms for the development of economically disadvantaged villages, and grow local industries to cultivate the development engine for rural revitalization.

### **3. Shanxi Finance: introduce measures for the performance management of funds raised from government special bond projects**

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According to the news released by the Finance Department of Shanxi Province on October 18, finance authorities of Shanxi have advanced the life-cycle performance management of special bonds covering “borrowing, using, management and repayment”. First, establish a comprehensive, full-process and full-coverage fund performance management system for special bond projects as the cornerstone. Second, highlight “project pipeline management” and “informatization” to create a special bond performance management model in line with actual conditions. Third, keep oriented to goals, problems and results. Fourth, refine and clarify the implementation procedures, departmental responsibilities, evaluation indicators, and scoring criteria for the performance management of special bonds. Fifth, work closely on the five major links of ex-ante performance evaluation, performance target management, performance operation monitoring, performance evaluation management, and use of evaluation results for special bond project funds. Sixth, realize the synchronized review of ex-ante performance evaluation reports and project funding requirements, the synchronized evaluation of special bond funds and other fiscal funds, the synchronized approval of indicators and project performance targets, the synchronized monitoring of budget implementation progress and the degree of achievement of performance targets, the synchronized use of performance evaluation results in subsequent arrangements, and the synchronized disclosure of performance evaluation results and final fiscal accounts information, so as to enhance the synergy and efficiency of special bond performance management.

### **4. Yunnan Finance: strictly and resolutely implement the fiscal requirements for belt-tightening**

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According to the news released by the Finance Department of Yunnan Province on

October 21, the finance authorities of Yunnan, with the aim to establish an economical financial guarantee mechanism, have fully implemented various policies and measures on belt-tightening. First, strengthen management of the “three public expenses”, cut non-mandatory and non-essential expenditures, and take the lead in enforcing the requirements of government belt-tightening. Second, deepen the zero-based budgeting reform, build a “one center and four pillars” budget compilation and review system, and promote the integration of budget performance management. Third, harden the budgetary constraints, accelerate the progress of budget implementation, and tighten financial management. Fourth, strengthen the coordination of four budgets, increase the clean-up of the stock of funds, and step up the consolidation of expenditure items.

#### **5. Inner Mongolia Finance: take concrete actions to enforce the five aims set at the 13th Party Congress of Baotou City and advance the assessment of government investment with new progress**

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According to the news released by the Finance Department of Inner Mongolia Autonomous Region on October 25, the Finance Bureau of Baotou City has made every effort to promote high-quality development of investment review in Baotou Government. First, give full play to the new functions of fiscal investment review, with the aim to exercise more rigorous and strict control over the use of fiscal funds. Second, continue to develop innovative working mechanisms and improve the institutional building, with the aim to make new ground in review work under the new circumstances. Third, make extra efforts to improve the work conduct, with the aim to provide first-class services for the investment projects of Baotou Government. Fourth, continue to carry out comprehensive team building, with the aim to build an all-round team with professional, high-quality and strong capabilities. Fifth, strengthen Party leadership and continue to integrate business operation with Party building, with the aim to develop stronger grassroots Party organizations.

#### **6. Liaoning Finance: enhance overall planning of bond projects to boost development potential**

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According to the news released by the Finance Department of Liaoning Province on October 27, finance authorities of Liaoning have clarified the application policies, standardized the application process and established an assessment mechanism to lay the foundation for scientific and accurate planning of bond projects and to foster a sound atmosphere for boosting development with project implementation. First, plan bond project pipeline and optimize the bond project pipeline structure by closely following policy guidance and development goals. Second, consolidate fiscal resources and give full play to the “new engine” effects of bond policy to crowd in more resources. Third, optimize the issuance structure and financing channels of bond projects, forestall risks, and ensure that the project schedule matches the issuance quota. Fourth, standardize the full life-cycle management of bonds, and take the lead in developing a classified supervisory pattern for project funds.

## V. Remarks & Opinions

### **1. Gao Peiyong: deeply understand and grasp the theoretical origins of the modern fiscal and tax system**

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On October 12, in his published article, Gao Peiyong, Vice President of the Chinese Academy of Social Sciences, pointed out that an important prerequisite for establishing a modern fiscal and tax system is to deeply grasp its theoretical origins. Only on the basis of complete and accurate understanding of the fiscal thinking and the origin of the fiscal theories can a modern fiscal and tax system be truly established in letter and spirit.

This means that to develop a modern fiscal and tax system in the new stage of development, we must break through the limitations of traditional thinking on viewing public finance purely as financial or economic matters, and instead, build the fiscal and tax system as an important part of the national governance system. We should not regard public finance as purely public finance, fiscal and tax system as purely fiscal and tax system, nor should we be contented with taking public finance as economic matters or fiscal and tax system as economic system. The way forward for establishing a modern fiscal and tax system is to act from the strategic angle of the overall development of the Party and the nation, take the advancement of the modernization of the national governance system and capabilities for governance as the central line, implement the “requirement for giving better play to the fundamental role of public finance as an important pillar in national governance” throughout the entire process and across all aspects of establishing a modern fiscal and tax system, and roll it out in the coordinated reforms of economic system, political system, cultural system, social system, and ecological civilization system.

This also means that to develop a modern fiscal and tax system in the new development stage, we must assume the historical mission of promoting high-quality development, and reshape the fiscal and tax system from a higher starting point, at a

higher level, and for higher goals. It is necessary to perform well the traditional fiscal functions that are mainly in economic domain and support the government's economic activities, but also play well the modern fiscal role that is in the domain of national governance and support the national governance activities. The right path for establishing a modern fiscal and tax system is to proceed from a high starting point, keep big picture in mind, center around the major events and general trends related to the overall development of the Party and the nation, base on the new tasks and requirements of the new development stage, make sure that the need for a sound fiscal and tax system that meets the requirement of high-quality development would run throughout the entire process and all aspects of establishing a modern fiscal and tax system, and define the role and functions of public finance in light of the close linkage and interaction between public finance and economic, political, cultural, social and ecological civilization spheres.

## **2. Liu Kun: reforming and improving global health and climate governance and promoting the establishment of a more sustainable international tax system**

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On October 13, Finance Minister Liu Kun attended the G20 Finance Ministers and Central Bank Governors Meeting and delivered a speech. Liu Kun stated that President Xi Jinping had recently put forward the Global Development Initiative at the 76th UN General Assembly, calling on G20 to increase support for developing countries and vulnerable groups to ensure that benefits of development are shared by all. All parties should practice true multilateralism, promote fair access to vaccines, adopt responsible macroeconomic policies, and jointly deal with the negative spillover effects of policies.

Liu Kun pointed out that to reform and improve global health and climate governance, the international system with the United Nations as its core should be upheld, and the main channel status of the WHO and the UNFCCC should be respected. China is willing to work with all parties to continue to implement the *Common Framework* in accordance with the principle of “collective action and fair burden-sharing”. Moreover, in the process of debt treatment, it is crucial to take a case-by-case approach, respect the autonomy of borrowing countries, keep in mind its purpose and

objectives, and also urge multilateral development banks such as the World Bank to take concrete actions.

Liu Kun highlighted that the final consensus reached on the “two-pillar” solution for addressing the tax challenges of economic digitalization is of great historical significance to the establishment of a fair and just international economic order. With a commitment to the spirit of multilateralism and an open and cooperative attitude, China will continue to promote the establishment of a fairer, more stable and more sustainable international tax system for the steady recovery of the world economy.

### **3. Liu Kun: enhancing both crisis response and crisis prevention in a coordinated way and promoting stronger, greener, and more healthy global development**

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On October 15, Finance Minister Liu Kun attended and delivered a speech at the Ministerial Meeting of the 104th Development Committee of the World Bank. Liu Kun stated that Chinese President Xi Jinping solemnly proposed the Global Development Initiative at the 76th UN General Assembly, calling on the international community to accelerate the implementation of the 2030 Agenda for Sustainable Development and build a global community of development with a shared future. China expects the World Bank to step up mobilization of financial resources, enhance both crisis response and crisis prevention in a coordinated way, and promote stronger, greener, and more healthy global development. The World Bank should follow the principle of “collective action and fair burden-sharing” to actively participate in the international debt relief initiative. China urges the World Bank to adhere to the rules and procedures of multilateral institutions and release the results of Doing Business 2021. China supports the conclusion and proposal on IDA voting rights review and expects developed countries to make more contributions to IDA20. At the same time, all parties should abide by the Lima Principles and jointly promote substantial progress in the shareholding review in 2025.

Liu Kun pointed out that the Chinese economy continues to recover steadily with a sound momentum of development. Based on the new development stage, China will

implement the new development philosophy, build a new development paradigm, and continue to promote innovation-driven and green development as well as common prosperity. China is willing to move with the times and further deepen its partnership with the World Bank, and to promote green, resilient and inclusive development of the global economy.

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