

# CHINA FINANCE

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### HIGHLIGHTS

- Finance Minister Liu Kun: Giving full play to the role of fiscal functions to accelerate the realization of scientific and technological self-reliance and self-strengthening at higher levels
- Finance Minister Liu Kun, accompanied by Vice Finance Minister Wang Dongwei, attended and addressed the G20 Finance Ministers and Central Bank Governors' Meeting
- State Council decided to implement a phased moratorium on the payment of some administrative fees and deposits to further help market entities reduce their burdens and get through difficulties
- MOF and the State Administration of Taxation jointly published *an announcement on preferential tax policies for enterprise investment in basic research*
- Total profit of China's major industrial enterprises from January to August reached 5.5254 trillion RMB

## 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.

### Contents

-  I .Policy Update
-  II .Facts & Figures
-  III.MOF Events
-  IV .Local Finance
-  V .Remarks & Opinions

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. State Council decided to implement a phased moratorium on the payment of some administrative fees and deposits to further help market entities reduce their burdens and get through difficulties**

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On September 26, Premier Li Keqiang of the State Council presided over an executive meeting of the State Council which decided to implement a phased moratorium on the payment of some administrative fees and deposits to further help market entities reduce their burdens and get through difficulties, which provided the following. First, the payment of 14 administrative fees worth more than 53 billion RMB, such as arable land reclamation fees, sewage and domestic garbage disposal fees, will be postponed without the requirements for late fees; all localities are encouraged to postpone the payment of local administrative fees and charges related to enterprises. Second, the payment of quality assurance deposits worth about 63 billion RMB for various engineering projects will be postponed. Third, preferential personal income tax incentives will be provided for policy-supported and commercially operated personal pensions, as pre-tax deductions of up to 12,000 RMB per year will be given to contributors, investment income will not be taxed for the time being, and the actual tax burden for receiving pension benefits will be reduced from 7.5% to 3%.

### **2. MOF and the National Forestry and Grassland Administration jointly published guidelines on fiscal policies to promote the construction of national parks**

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On September 29, MOF and the National Forestry and Grassland Administration jointly published guidelines on fiscal policies to promote the construction of national parks, which provided the following. First, the main goal is to give full play to the role of fiscal support and guide to basically establish a fiscal funding mechanism for the nature reserve system with national parks as the mainstay by 2025; and further improve the fiscal funding mechanism for the nature reserve system with national parks as the mainstay by 2035. Second, the key directions of fiscal support are

protection and restoration of ecosystem, creation, operation and management of national parks, coordinated development of national parks, scientific research and education on protection, international cooperation and social participation. Third, efforts will be made to rationally divide the fiscal powers and expenditure responsibilities of the central and local governments in the area of national parks, step up fiscal investment and overall planning, establish and improve the ecological protection compensation system, earnestly implement policies on tax incentives and government green procurement, and actively innovate the diversified funding mechanisms.

### **3. MOF published the *Specific Guidelines for Cost Accounting of Government-sponsored Institutions-- Institutions of Higher Learning***

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On October 9, MOF published the *Specific Guidelines for Cost Accounting of Government-sponsored Institutions-- Institutions of Higher Learning*, which provided the following. First, the costs of government-sponsored institutions herein refer to the resource consumption incurred by the specific cost accounting objects of institutions of higher learning, including human resource consumption, consumption of intangible assets such as intellectual property rights, and other consumption. Second, the guidelines apply to institutions of higher learning that implement government accounting standards and carry out cost accounting work, including full-time ordinary colleges and universities and adult colleges and universities run by people's governments at all levels. Third, finance authorities shall follow relevant provisions of the guidelines to guide institutions of higher learning in carrying out cost accounting work.

### **4. MOF published the *Specific Guidelines for Cost Accounting of Government-sponsored Institutions-- Government-sponsored Scientific Institutions***

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On October 10, MOF published the *Specific Guidelines for Cost Accounting of Government-sponsored Institutions-- Government-sponsored Scientific Institutions*, which provided the following. First, the cost accounting of government-sponsored institutions herein refers to aggregation and allocation of consumption incurred in the

process of meeting their functional objectives by government-sponsored scientific institutions according to determined cost accounting objects and cost items, as well as calculation and determination of total cost and unit cost of each cost accounting object. Second, the applicable objects include all kinds of government-sponsored scientific institutions at all levels that implement government accounting standards and carry out cost accounting work. Third, finance authorities shall follow relevant provisions of the guidelines to guide government-sponsored scientific institutions in carrying out cost accounting work.

#### **5. MOF and the State Administration of Taxation jointly published an announcement on preferential tax policies for enterprise investment in basic research**

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On October 11, MOF and the State Administration of Taxation jointly published an announcement on preferential tax policies for enterprise investment in basic research, which provided the following. First, the expenditures made by enterprises to fund basic research of non-profit scientific research institutions, institutions of higher learning and governmental natural science fund is eligible for 100% pre-tax deduction of the actual amount incurred when calculating taxable income. Second, income of non-profit scientific research institutions and institutions of higher learning that derive from basic research funds provided by enterprises, individuals and other organizations and institutions are exempted from corporate income tax. Third, this announcement is effective from January 1, 2022.

#### **6. MOF published the *Circular on Highlighting Key Areas of Audit, Controlling Audit Risks and Further Identifying Financial Fraud Effectively***

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On October 14, MOF published the *Circular on Highlighting Key Areas of Audit, Controlling Audit Risks and Further Identifying Financial Fraud Effectively*, which provided the following. First, certified public accountants shall pay more attention to 11 areas prone to financial fraud, among them, monetary funds, inventory, construction in progress and purchase of assets, asset impairment, income, overseas business, business combinations, goodwill, financial instruments, abuse of accounting

policies and accounting estimates, related party relationships and transactions. Second, the executives of accounting firms shall “tailor-make” quality management framework in line with their circumstances according to the firm’s scale, service scope, business nature and specific needs. Third, in carrying out practice quality inspection of accounting firms, finance authorities shall pay special attention to whether accounting firms, when it comes to the above-mentioned key areas, implement risk-oriented audit concept, whether relevant audit procedures are in place, and whether audit evidence obtained is sufficient to effectively support the type of audit report opinion.

#### **7. MOF published the *Regulations on the Relevant Accounting Treatment for Transfer, Revocation and Merger of Government-sponsored Institutions***

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On October 18, MOF published the *Regulations on the Relevant Accounting Treatment for Transfer, Revocation and Merger of Government-sponsored Institutions*, which provided the following. First, the regulations apply to units that implement government accounting standards in the event of transfer, merger, division, revocation and restructuring. Second, the regulations shall take effect on the date of promulgation, and are not retroactive for units that have completed transfer, revocation and merger before the effective date of the regulations; units that have not completed transfer, revocation and merger as of the effective date shall still follow the regulations. Third, the regulations aim to further implement the relevant requirements for financial and asset management, and standardize the accounting treatment of transfer, revocation and merger of government-sponsored institutions, so as to better serve the reform of Party and government institutions.

#### **8. Three ministries jointly published the *Circular on Expanding the Implementation Scope of the Policy of Deploying Government Procurement to Support Green Building Materials and Promote Building Quality Improvement***

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On October 24, MOF, the Ministry of Housing and Urban-Rural Development and the Ministry of Industry and Information Technology jointly published the *Circular on Expanding the Implementation Scope of the Policy of Deploying Government*



*Procurement to Support Green Building Materials and Promote Building Quality Improvement*, which provided the following. First, the projects fall under the scope of policy implementation cover hospitals, schools, office buildings, complexes, exhibition halls, convention and exhibition centers, gymnasiums, affordable housing and other government procurement projects, including government procurement engineering projects subject to the bidding and tendering law. Second, bulk and centralized procurement of general green building materials will be explored, whereby government centralized procurement agencies or departmental centralized procurement agencies will regularly collect and aggregate the green building materials procurement plans of purchasers and carry out centralized procurement. Third, government procurement demand standards for green buildings and green building materials will be improved to add the demand standards for building materials products outside the scope, or to refine the demand standards for different building types such as schools and hospitals.

## **9. State Council deployed measures to accelerate the release of the effects of consumption expansion policies**

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On October 26, Premier Li Keqiang presided over an executive meeting of the State Council to deploy measures to accelerate the release of the effects of consumption expansion policies and to call for instant refund upon application of excess input VAT credits in manufacturing industries to support enterprises survive and thrive, which provided the following. First, the fiscal and financial policy tools should support major project construction and equipment upgrading, and more concrete outcomes should be achieved in the fourth quarter. Second, it is important to promote consumption recovery as the main driver of economy, align major project construction and equipment upgrading with consumption expansion, expand work for relief programs to boost employment, increase income and stimulate consumption, and include the upgrading of equipment of MSMEs and consumer equipment into the scope of special refinancing and fiscal interest subsidy support. Third, large-scale refund of excess input VAT credits will be launched to play a key role in helping enterprises survive and thrive and stabilize the economy.

## **10. Three ministries jointly published an announcement on the collection of consumption tax on e-cigarettes**

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On October 26, MOF, the General Administration of Customs and the State Administration of Taxation jointly published an announcement on the collection of consumption tax on e-cigarettes, which provided the following. First, e-cigarettes refer to electronic transmission systems used to generate aerosols for people to smoke, including cartridges, vaping devices, and electronic cigarette products sold in combination with cartridges and vaping devices. Second, taxpayers in the e-cigarette production phase refer to enterprises that have obtained tobacco monopoly production enterprise license and obtained or are licensed to use the registered trademarks of others' e-cigarette products. Third, e-cigarettes will follow the ad valorem rate method to calculate payable taxes, with 36% tax rate for the production phase and 11% tax rate for the wholesale phase.

## II. Facts & Figures

### **1. Total profit of China's major industrial enterprises from January to August reached 5.5254 trillion RMB**

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The data published by NBS on September 27 showed that total profit of China's major industrial enterprises from January to August reached 5.5254 trillion RMB, down by 2.1% year on year. Among them, profit of state-controlled enterprises was 1.9011 trillion RMB, an increase of 5.4% year on year; profit of joint-stock enterprises was 4.06236 trillion RMB, an increase of 0.8%; profit of foreign-invested and Hong Kong, Macao and Taiwan-invested enterprises was 1.2797 trillion RMB, down by 12.0%; and profit of private enterprises was 1.49555 trillion RMB, down by 8.3%.

### **2. China's lottery sales in August reached 34.476 billion RMB**

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The data published by MOF on September 29 showed that China's lottery sales in August reached 34.476 billion RMB, an increase of 1.867 billion RMB or 5.7% year on year. Among them, welfare lottery sales were 12.671 billion RMB, an increase of 1.22 billion RMB or 10.7% year on year; sports lottery sales were 21.805 billion RMB, an increase of 647 million RMB or 3.1% year on year.

### **3. China issued 390.9 billion RMB of local government bonds in August**

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The data published by MOF on October 8 showed that China issued 390.9 billion RMB of local government bonds in August, including 176 billion RMB of general bonds and 214.9 billion RMB of special bonds. The average maturity of local government bonds was 8.5 years, including 8.0 years for general bonds and 9.0 years for special bonds; the average interest rate was 2.77%, including 2.78% for general bonds and 2.77% for special bonds.

#### **4. China's GDP in the first three quarters reached 87.0269 trillion RMB**

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The data published by NBS on October 24 showed that according to preliminary calculation, China's GDP in the first three quarters reached 87.0269 trillion RMB, a year-on-year increase of 3.0% in constant prices, and 0.5 percentage points faster than the first half of the year. In terms of specific industries, the value-added of the primary industry was 5.4779 trillion RMB, a year-on-year increase of 4.2%; the value-added of the secondary industry was 35.0189 trillion RMB, an increase of 3.9%; the value-added of the tertiary industry was 46.53 trillion RMB, an increase of 2.3%. In quarter-by-quarter terms, GDP grew by 4.8% year-on-year in the first quarter, 0.4% in the second quarter, and 3.9% in the third quarter.

#### **5. Total profit of China's major industrial enterprises from January to September reached 6.24418 trillion RMB**

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The data published by NBS on October 27 showed that total profit of China's major industrial enterprises from January to September reached 6.24418 trillion RMB, a year-on-year decrease of 2.3%. Among them, total profit of state-controlled enterprises was 2.09479 trillion RMB, a year-on-year increase of 3.8%; total profit of joint-stock enterprises was 4.55934 trillion RMB, down by 0.4%; total profit of foreign-invested enterprises and Hong Kong, Macao and Taiwan-invested enterprises was 1.48145 trillion RMB, down by 9.3%; and total profit of private enterprises was 1.7005 trillion RMB, down by 8.1%.

### III. MOF Events

1. On September 29, Vice Finance Minister Wang Dongwei attended and addressed the Business Session of the 55th Annual Meeting of the ADB Board of Governors. Under the theme of Positioning Climate Resilient Green Economy for the Post COVID-19 World, ADB's current priorities and future development were discussed at the meeting.

2. On October 10, Vice Finance Minister Wang Dongwei and Abdulmuhsen Saad Alkhalaf, Assistant Finance Minister of Saudi Arabia, co-chaired the second China-Saudi Arabia Financial Sub-committee Meeting via video link. The two sides conducted in-depth exchange of views on such issues as current macroeconomic situation and policies, multilateral and bilateral financial cooperation, investment in infrastructure, as well as cooperation between financial institutions from the two sides, and reached consensuses on several fronts.

3. On October 11, Vice Finance Minister Wang Dongwei attended and addressed the G20 Joint Finance and Agriculture Ministers' Meeting via video link. The meeting discussed the coordination between G20 finance and agriculture ministers, initiatives on response to global food security challenges, etc.

4. From October 13 to 14, Finance Minister Liu Kun, accompanied by Vice Finance Minister Wang Dongwei, attended and addressed the G20 Finance Ministers and Central Bank Governors' Meeting via video link. The meeting discussed issues such as global economy, international financial architecture, sustainable finance, infrastructure investment, international taxation and financial sector.

5. On October 20, Finance Minister Liu Kun attended and addressed the 29th APEC Finance Ministers' Meeting via video link. The meeting discussed global and regional economic and financial situation, sustainable finance, economic digitalization and

other topics.

6. Recently, Finance Minister Liu Kun held a video meeting with Ranil Wickremesinghe, Sri Lankan President and Finance Minister. The two sides exchanged views on the current economic situation and sovereign debt issues of Sri Lanka.

7. On October 25, Finance Minister Liu Kun, accompanied by Vice Minister Wang Dongwei, attended and addressed the opening session of the NDB Workshop on New Overall Strategy via video link. The workshop discussed the theme of Scaling up Development Finance for Sustainable Future.

8. On October 26, Finance Minister Liu Kun, accompanied by Vice Minister Wang Dongwei, attended and addressed the 7th Annual Meeting of the Board of Governors of AIIB via video link. Under the theme of Sustainable Infrastructure toward a Connected World, the Annual Meeting discussed the role of infrastructure in economic recovery, development and connectivity.

## IV. Local Finance

### **1. Yunnan Finance: support social stability and economic prosperity and continuously enhance the wellbeing of people**

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According to the news released by the Finance Department of Yunnan Province on September 27, finance authorities of Yunnan have stepped up efforts to implement proactive fiscal policy and accelerate the establishment of a modern fiscal system, providing a solid guarantee for Yunnan's high-quality leapfrog development. First, to make fiscal contribution to the construction of the "three positions", the provincial finance authorities always put "public" before "finance", and took multiple measures to raise funds to ensure the enforcement of major decisions. Second, efforts were made to consolidate the fiscal foundation for winning the battle against poverty, improve the performance management, dynamic monitoring, announcement and daily supervision mechanism of poverty alleviation funds, and enhance the overall planning and consolidation of fiscal funds for poverty alleviation. Third, fiscal support was provided for coordinating overall pandemic prevention and control with an integrated pandemic prevention and control system at borders.

### **2. Shandong Finance: work on three fronts to support integration of budget performance management**

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According to the news released by the Finance Department of Shandong Province on October 13, the Finance Bureau of Binzhou City has actively promoted the informatization of performance management and put in place a "budget + performance" system. First, rely on integrated budget management system to carry out process control and audit tracking over projects that are subject to performance target management, and conduct declaration, review, approval and disclosure in synchronization with preparation of budget. Second, promote the establishment of a performance monitoring and tracking mechanism that "combines departmental daily monitoring with centralized fiscal monitoring" to monitor and track project management, use of funds and achievement of performance targets in the process of

budget implementation in real time. Third, rely on integrated budget management system to establish and improve the support mechanism for key projects throughout the life cycle before, during and after project.

### **3. Shandong Finance: create five mechanisms to comprehensively improve the efficiency of treasury management**

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According to the news released by the Finance Department of Shandong Province on October 28, Finance Bureau of Qingdao City has created five mechanisms to comprehensively improve the efficiency of treasury management, in order to provide solid financial support for the high-quality development of the city's economy and society. First, establish a high-level coordination mechanism to enhance the mobilization of treasury funds. Second, innovate treasury fund scheduling mechanism to improve the support capacity of treasury funds. Third, upgrade treasury monitoring mechanism and improve the risk prevention and control capacity of treasury funds. Fourth, establish a direct fund allocation mechanism to improve the efficient operation of funds. Fifth, establish a treasury fund evaluation mechanism to strengthen the management and assessment of treasury funds, promote the scientific and accurate scheduling and use of treasury funds at all levels, and build the synergy for treasury management work.



## V. Remarks & Opinions

### **1. Liu Kun: Giving full play to the role of fiscal functions to accelerate the realization of scientific and technological self-reliance and self-strengthening at higher levels**

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On September 28, Finance Minister Liu Kun pointed out in an article in *Guangming Daily* that it is imperative to focus on accelerating the realization of scientific and technological self-reliance and self-strengthening at higher levels, and continue to provide policy and financial support for promoting historical, comprehensive and structural changes in China's scientific and technological undertakings.

Strengthen fiscal support and consolidate the material foundation for innovation. We maintained our efforts to prioritize science and technology as the key areas of fiscal expenditure, strengthened the overall mobilization of financial resources, and stepped up funding for major strategic tasks such as scientific and technological research, especially under the circumstances of fiscal revenue shortfall in recent years. For instance, from 2012 to 2021, the national fiscal expenditure on science and technology reached 8.25 trillion RMB, an average annual growth rate of 8.42%. Catalyzed by fiscal spending, China's society-wide R&D investment increased from 1.02 trillion RMB in 2012 to 2.79 trillion RMB in 2021, with an average annual growth rate of 12.4%, ranking second in the world for 9 consecutive years, and rose from 1.91% to 2.44% as a percentage of GDP, providing strong financial support for acceleration of scientific and technological innovation.

Optimize the structure of science and technology expenditure, with a focus on strategic and key areas. We made every effort to ensure that we do a good job in making breakthroughs in core technologies in key fields, improved the fiscal funding management mechanism that suits the new national system for making breakthroughs in core technologies in key fields, supported the adoption of systems such as "appointing task force leaders" and "performance competition", worked around the clock to tackle "stranglehold" problems, and worked to firmly keep the lifeblood of

science and technology in our own hands. We continued to increase fiscal investment in basic research, and improved the diversified investment mechanism. For example, China's basic research funding increased from 49.88 billion RMB in 2012 to 181.7 billion RMB in 2021, an average annual growth of 16%, and its share in society-wide R&D investment increased from 4.8% to 6.5%. We steadily supported the strengthening of national strategic scientific and technological capacity, enhanced the capacity for systematization of scientific and technological research, advanced the construction of national laboratories and the reorganization of national key laboratories, accelerated the development of world-class universities with Chinese characteristics, and improved the innovation capacity of national scientific research institutions. We gave priority to supporting the all-round training, attraction and use of scientific and technological talents, and endeavored to cultivate a large-scale, high-quality and well-structured contingent of scientific and technological talents.

Improve preferential tax policies to stimulate the vitality of innovation and creation. We combined phased measures with institutionalized arrangements, and launched preferential tax policies to encourage scientific and technological innovation in a step-by-step and systemic manner. We concentrated such efforts on high-tech enterprises with special innovation capacity, allowed high-tech enterprises to enjoy corporate income tax at a reduced rate of 15%, and better promoted the innovation and development of market entities. We increased the pre-tax deduction ratio of R&D expenses from 50% to a maximum of 100%, and at the same time, allowed for full pre-tax deductions and extra deductions of basic research expenditures incurred by scientific research institutions funded by enterprises, and encouraged enterprises to increase R&D investment, especially basic research investment. We enhanced the commercialization of scientific and technological achievements, and offered tax reduction and exemption to eligible technology transfer income. We focused efforts on attracting and using talents, and implemented personal income tax incentives for high-end and scarce talents in the Guangdong-Hong Kong-Macao Greater Bay Area and Hainan Free Trade Port. In the six years since the 13th Five-Year Plan, China's new tax cut and fee reduction have exceeded 8.6 trillion RMB, and the "subtraction" of government revenue has brought about the "addition" of enterprise benefits and the "multiplication" of the innovation momentum of the whole society.

Strengthen the principal role of enterprise innovation and support the efforts to translate strong science and technology into strong industries and strong economy. We took an application-oriented and demand-driven approach, deployed the innovation chain around the industrial chain, improved the capital chain around the innovation chain, and supported enterprises to enhance their independent innovation capacity. We implemented insurance compensation policy for the use of the first (set) of major technical equipment and the first batch of new materials, and addressed the bottleneck of initial application in a market-oriented manner to promote the iterative upgrading of products. We implemented fiscal reward and subsidy policy for the high-quality development of the “small giant” enterprises, and support the specialized and sophisticated SMEs to focus on and grow their main business line. We consolidated the special funds for industrial base reconstruction and high-quality development of manufacturing industry, focused support for key industries and key industrial chains, supported research and breakthrough of a number of weak links in technologies, and promoted the stabilization, optimization and upgrading of industrial and supply chains.

Deepen the reform of fiscal management for science and technology and build a dynamic management and operation mechanism. We deepened the reform of central fiscal management for science and technology plans, drastically optimized and consolidated nearly 100 science and technology plans, built a science and technology plan system with reasonable layout, clear positioning and Chinese characteristics, improve management methods, strengthened overall coordination of projects and funds, and improved the quality and efficiency of the allocation of scientific and technological resources. We continued to reform and improve the management of central fiscal funds for scientific research, expanded the autonomy of scientific research units and personnel, increased the incentives of scientific research personnel, reduced the administrative burden of scientific research personnel, and truly put the funds at the service of creative activities. We promoted the reform of the division of central and local fiscal powers and expenditure responsibilities in the field of science and technology, and clarified the direction and focus areas of central and local fiscal support according to the level of public nature of scientific and technological matters and the scope of benefits of scientific and technological achievements.

## **2. Wang Dongwei: China stands ready to work with all parties to jointly promote global food security**

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On October 11, Vice Finance Minister Wang Dongwei attended and addressed the G20 Joint Finance and Agriculture Ministers' Meeting. Wang Dongwei stated that China has always attached great importance to the issue of global food security. The Global Development Initiative proposed by President Xi Jinping identified food security as one of the eight key areas of cooperation, and recently China has also put forward the International Food Security Cooperation Initiative. As the developing country that provides the largest amount of financial assistance, dispatches the largest number of experts and carries out the largest number of projects under the framework of South-South cooperation of the UN Food and Agriculture Organization, China has made important contributions to safeguarding global food security with practical actions.

Wang Dongwei pointed out that what causes global food security risks is complex and requires systematic and coordinated response. The central coordinating role of UN should be given full play to support the work of the three UN agencies of food and agriculture, i.e., FAO, IFAD and WFP. In addition, Wang Dongwei elaborated on China's principled position on strengthening practical cooperation and working together to safeguard global food security under the G20 framework, and stressed that China stands ready to work with all parties to jointly promote global food security.

## **3. Liu Kun: G20 countries should join hands to overcome difficulties, pursue common development, and promote cooperation**

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On October 13 and 14, Finance Minister Liu Kun attended and addressed the G20 Finance Ministers and Central Bank Governors' Meeting via video link. Liu Kun pointed out that facing a more complex and challenging global economic situation, G20 countries should join hands to overcome difficulties, pursue common development, promote cooperation, uphold true multilateralism, and promote the implementation of Global Development Initiative. First, measures should be taken to strengthen macro policy coordination in response to such global challenges as

inflation, food and energy insecurity, and prevent serious negative spillovers from policy adjustment of certain countries. Second, efforts are needed to mobilize development finance at a broad scale and undertake objective analytical work on the root causes of debt vulnerability. Multilateral creditors like the World Bank and commercial creditors should also take actions to implement debt treatments in accordance with the principle of “joint action and equitable burden-sharing”. Third, efforts should also be made to facilitate investment in infrastructure and give full play to the role of G20 in building consensus and mobilizing resources, so as to provide more quality and sustainable infrastructure investment that will deliver benefits to the people. Fourth, following the principle of common but differentiated responsibilities, G20 countries should promote international cooperation in response to climate change in pursuing development. Fifth, it is necessary to work together to build a fair and sustainable modern international tax system, taking into account country circumstances and concerns, to advance relevant work of the two-pillar solution to address tax challenges arising from the digitalization of economy.

Liu Kun stressed that China will adhere to the underlying principle of pursuing progress while ensuring stability, and put in place relevant policy measures, so as to provide strong impetus for recovery of global economy and broader market opportunities for all countries.

#### **4. Liu Kun: NDB should take the implementation of the New Overall Strategy as an opportunity to adhere to its mission and continue to uphold openness, inclusiveness and high-standards**

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On October 25, Finance Minister Liu Kun attended and addressed the opening session of the NDB Workshop on New Overall Strategy via video link. Liu Kun pointed out that NDB has achieved fruitful outcomes in the past seven years since its establishment and has become a landmark achievement and an important platform for BRICS cooperation. President Xi Jinping stressed at the 14th BRICS Summit on June 23 this year that “we should support greater development of NDB and a steady process to admit new members.” The Chinese government has always attached importance to and supported the development of NDB, and as the BRICS presidency

in 2022, China has actively promoted the inclusion of NDB-related agenda into the Summit outcomes to help amplify NDB's impact.

Liu Kun stated that as the world is undergoing changes unseen in a century and global development is entering a new period of turbulence and shifts, NDB should take the implementation of the New Overall Strategy as an opportunity to adhere to its mission and support member countries in implementing the UN 2030 Agenda for Sustainable Development. It should take an open and inclusive approach to steadily and continuously advance the expansion of membership, practice true multilateralism, and forge a "BRICS model" of multilateral cooperation; it should adhere to high standards, build an open, inclusive, diverse, cooperative and professional institutional culture, and strive to become a new type of multilateral development institution in the 21st century.

Liu Kun emphasized that China will strive for the great rejuvenation of Chinese nation by following the Chinese path to modernization, continue to actively promote the building of a community with a shared future for mankind, bring new opportunities to the world with China's new development, and contribute wisdom and strength to world peace and development as well as progress of human civilization.

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