

# CHINA FINANCE

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### HIGHLIGHTS

- Finance Minister Liu Kun: Increasing the intensity and effectiveness of proactive fiscal policies to support high-quality development
- Vice Finance Minister Wang Dongwei met with Ajay Seth, Finance Deputy of India
- State Council Tariff Commission published the *Import and Export Tariff Rules of the People's Republic of China (2023)*
- State Council deployed arrangements to further ensure the supply and price stability of important goods and energy products related to people's livelihood
- China's CPI in December 2022 rose by 1.8% 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. State Council Tariff Commission published the *Import and Export Tariff Rules of the People's Republic of China (2023)***

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On January 1, the State Council Tariff Commission (SCTC) published the *Import and Export Tariff Rules of the People's Republic of China (2023)*, which provided the following. First, the import tariff rules integrated the adjustments to tariff items in the SCTC No.11 Announcement of 2022, including the adjustments of MFN rates, treaty rates, preferential rates, general rates and relevant provisional rates, as well as notes on sub-headings. Second, the export tariff rules integrated the adjustments made in the SCTC No.11 Announcement of 2022 to tariff items, provisional export tariff rates, and notes on sub-headings. Third, the imposition of anti-dumping duties, countervailing duties, safeguard measure duties, temporary anti-dumping duties, temporary countervailing duties and temporary safeguard measure duties shall be decided separately by the SCTC.

### **2. State Council deployed arrangements to further ensure the supply and price stability of important goods and energy products related to people's livelihood**

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On January 3, Premier Li Keqiang presided over an executive meeting of the State Council to deploy arrangements to further ensure the supply and price stability of important goods and energy products related to people's livelihood and better meet the consumption needs of people and production needs of enterprises, which provided the following. First, efforts should be made to further consolidate the responsibility of provincial governors in ensuring grain food supply and city mayors in ensuring non-grain food supply, do a good job in spring plowing and sowing preparation as well as supply of fertilizer and other agricultural goods, and further reinforce the foundation for grain production and price stability. Second, it is important to make every effort to improve the supply capacity of medical and pandemic control materials, establish a list of key enterprises to support their full-capacity production, and coordinate efforts to resolve the difficulties encountered by enterprises in supply of

raw and auxiliary materials, employment and financing to ensure uninterrupted production and supply. Third, it is necessary to further strengthen energy supply, and implement policies to help coal-fired power enterprises tide over difficulties. Fourth, it is crucial to ensure the smooth flow of transportation and logistics network and circulation of economic activities. Fifth, local governments will be guided to promptly provide temporary price subsidies to people in need in accordance with regulations. Sixth, market and price supervision will be strengthened to investigate and deal with hoarding and price gouging in accordance with the law.

### **3. MOF published the circular on the issuance of the *Measures for the Management of Reward and Subsidy Funds for Ecological Protection and High-quality Development in the Yellow River Basin***

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On January 4, MOF published the circular on the issuance of the *Measures for the Management of Reward and Subsidy Funds for Ecological Protection and High-quality Development in the Yellow River Basin*, which provided the following. First, the reward and subsidy funds are incentive funds specifically set up by the central finance authorities to support the ecological protection and high-quality development of the Yellow River Basin. Second, the recipients of the funds will cover Shanxi Province, Inner Mongolia Autonomous Region, Shandong Province, Henan Province, Sichuan Province, Shaanxi Province, Gansu Province, Qinghai Province and Ningxia Hui Autonomous Region. Third, the subsidy policy is valid until 2025, and after the expiration of the policy, the follow-up support policy will be determined according to the results of the assessment on the performance of ecological protection of the Yellow River Basin, the actual situation of economic and social development and the implementation effects of the policy.

### **4. MOF and the People's Bank of China jointly published the circular on the issuance of the *Measures for Administration of the Issuance Quota of Savings Treasury Bonds***

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On January 6, MOF and the People's Bank of China jointly published the circular on the issuance of the *Measures for Administration of the Issuance Quota of Savings*

*Bonds*, which provided the following. First, the Measures apply to the allocation and management of the issuance quota of savings bonds (electronic) and savings bonds (certificate). Second, members of the savings bond underwriting syndicate shall sell the savings bonds within their acquired issuance quota. Among them, the issuance quota of savings bonds (electronic) is divided into basic quotas and flexible quotas; the planned maximum issuance amount of the current savings bonds (certificate) shall be distributed by MOF in conjunction with the People's Bank of China to the members of the underwriting syndicate according to the distribution ratio of the selling quota specified in the issuance notice. Third, the Measures are effective on the date of publication.

#### **5. MOF and the China Banking and Insurance Regulatory Commission jointly published a circular on accelerating the standardization, intensification and digitalization of bank confirmation business**

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On January 9, MOF and the China Banking and Insurance Regulatory Commission jointly published a circular on accelerating the standardization, intensification and digitalization of bank confirmation business, which provided the following. First, it is necessary to handle the confirmation business in accordance with the standardized content, format and procedures, strengthen control over the confirmation process, improve the quality of the confirmation work, and realize the standardization of bank confirmation business. Second, it is important to accelerate the intensification of bank confirmation business, and allow accounting firms and banks to centrally handle bank confirmation business, improve processes, strengthen control, and plug loopholes, so as to ensure the quality of confirmation information. Third, qualified accounting firms and banks are encouraged to carry out digital confirmation through the bank confirmation platform to effectively improve the efficiency and effectiveness of confirmation.

#### **6. Six ministries published a circular on further strengthening government accounting of municipal infrastructure**

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On January 11, MOF, the Ministry of Housing and Urban-Rural Development, the

Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of Transport and the Ministry of Water Resources jointly published a circular on further strengthening government accounting of municipal infrastructure, which provided the following. First, municipal infrastructure refers to tangible assets such as engineering facilities that are controlled by the competent authorities of the municipal infrastructure sector at all levels and their affiliated institutions to meet the needs of urban residents and other public service needs, and to promote the sustainable development of the city. Second, municipal infrastructure falls into the categories of transportation facilities, water supply and drainage facilities, energy facilities, sanitation facilities, landscaping facilities, general-purpose facilities, information and communication facilities and other municipal facilities according to their functions and characteristics. Third, the initial measurement of municipal infrastructure should generally be recorded according to its initial purchase and construction costs, i.e., be based on the original evidence provided by the construction unit in relation to the purchase, construction and delivery of existing municipal infrastructure.

## **7. MOF published a circular on matters related to the revision of financial express reports of financial enterprises**

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On January 12, MOF published a circular on matters related to the revision of financial express reports of financial enterprises, which provided the following. First, the main index forms of the financial express report of financial enterprises and the supplementary forms of the financial express report of financial enterprises, such as banking, securities, insurance, guarantee and financial asset management companies, shall be submitted on a quarterly basis. Second, in order to measure the performance evaluation standard value of financial enterprises, the basic data form of the performance evaluation of financial enterprises and the form of the preservation and appreciation of state-owned capital shall be submitted after the fourth quarter of the current year, while the official documents shall be submitted according to regulations after the final accounts of the following year. Third, MOF will grade and announce the performance of each financial enterprise in their preparation of financial final account statements and financial express report.



## **8. MOF published the circular on the issuance of the *Measures for Financial Management of the National Arts Fund***

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On January 16, MOF published the circular on the issuance of the *Measures for Financial Management of the National Arts Fund*, which provided the following. First, the Measures are applicable to all revenues and expenditures related to the National Art Fund which is mainly funded by central fiscal appropriations and donations received from natural persons, legal persons or other organizations at home and abroad in accordance with the law. Second, the budget of the National Arts Fund consists of a revenue budget and an expenditure budget. The revenue budget covers revenues from general public budget appropriations, governmental fund budget appropriations and other sources. Budget of revenues from fiscal appropriations is formulated on the basis of the ceiling determined by MOF and the Ministry of Culture and Tourism. Third, MOF is responsible for reviewing the budget proposals submitted by the Ministry of Culture and Tourism and approving them according to the procedures, as well as for guiding and urging the Ministry of Culture and Tourism to carry out budget performance management.

## **9. MOF published the circular on the issuance of the *Measures for the Administration of Subsidy Funds for the Central Government to Support the Construction of Local Public Cultural Service Systems***

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On January 20, MOF published the circular on the issuance of the *Measures for the Administration of Subsidy Funds for the Central Government to Support the Construction of Local Public Cultural Service Systems*, which provided the following. First, the subsidy funds were set up by the central finance authorities to support and guide local governments to implement the national basic public cultural service standards and the local basic public cultural service standards, promote the equalization of basic public cultural services, improve the level of public cultural services, and safeguard the basic cultural rights and interests of people. Second, the subsidy funds fall into the categories of key project subsidies, general project subsidies and incentive funds, with the specific amount to be determined by MOF according to the project application and the annual budget of the subsidy funds. Third,

in accordance with the relevant regulations on budget management, MOF shall, in conjunction with the relevant central ministries, study and determine the budget and performance targets of subsidy funds in each province, supervise the use of funds, and provide guidance for performance management throughout the whole process.

## II. Facts & Figures

### **1. China's CPI in December 2022 rose by 1.8% year on year**

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The data published by NBS on January 12 showed that China's CPI in December 2022 rose by 1.8% year on year. Among them, prices in urban areas rose by 1.8%, and prices in rural areas rose by 1.8%; food prices rose by 4.8%, and non-food prices rose by 1.1%; consumer goods prices rose by 2.6% and services prices rose by 0.6%.

### **2. China's PPI in December 2022 fell by 0.7% year on year**

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The data published by NBS on January 12 showed that China's PPI in December 2022 fell by 0.7% year on year. Among them, prices of extractive industries rose by 1.7%, prices of raw materials industries rose by 1.2%, prices of processing industries fell by 2.7%, food prices rose by 3.2%, apparel prices rose by 2.4%, prices of general daily necessities rose by 1.3%, and prices of durable consumer goods rose by 0.6%.

### **3. Value added of China's major industrial enterprises in December 2022 increased by 1.3% year on year**

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The data published by NBS on January 17 showed that the value added of China's major industrial enterprises in December 2022 increased by 1.3% year on year. By industries, the value added of mining industries increased by 4.9% year on year, the value added of manufacturing industries increased by 0.2%, and the value added of electricity, heating, gas and water production and supply industries increased by 7.0%. By ownership, the value added of state-controlled enterprises increased by 1.9% year on year; the value added of joint-stock enterprises increased by 3.5%, while the value added of foreign-invested enterprises and Hong Kong, Macao and Taiwan-invested enterprises decreased by 7.5%; and the value added of private enterprises increased by 0.5%.

#### **4. China's GDP in 2022 increased by 3.0%**

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The data published by NBS on January 18 showed that with preliminary calculations, China's GDP in 2022 reached 121.0207 trillion RMB, an increase of 3.0% year on year. By industries, the value added of the primary industry was 8.8345 trillion RMB, an increase of 4.1% year on year; the value added of the secondary industry was 48.3164 trillion RMB, an increase of 3.8% year on year; and the value added of the tertiary industry was 63.8698 trillion RMB, an increase of 2.3% year on year. By quarters, GDP increased by 4.8% year on year in the first quarter, 0.4% year on year in the second quarter, 3.9% year on year in the third quarter, and 2.9% year on year in the fourth quarter.

### III. MOF Events

1. On January 10, Vice Finance Minister Liao Min met with President of GreenPoint Group Daniel Wright and representatives of 15 US companies. The two sides had in-depth and productive discussions on China-US relations, China's consumption drive, pandemic response and further opening-up of the financial industry, China's participation in global cooperation on health, climate change and clean energy, scientific and technological competition, etc.

2. On January 13, Vice Finance Minister Wang Dongwei met with Ajay Seth, Finance Deputy of India, which holds the G20 presidency for 2023. The two sides exchanged views on specific issues such as the priorities and outcomes of the G20 finance track in 2023, international debt cooperation, financial and health cooperation, sustainable finance, reform of multilateral development banks, and infrastructure investment.

## IV. Local Finance

### **1. Shaanxi Finance: continue to work on four fronts to promote comprehensive supervision of financial accounting**

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According to the news released by the Finance Department of Shaanxi Province on January 4, the Finance Bureau of Yan'an City has continued to improve financial management, providing a solid guarantee for the establishment of a modern fiscal system. First, continuing to make improvement of financial management a breakthrough point, they maintained their efforts to optimize supervisory methods by rectifying problems identified in inspection, and carry out supervision and inspection over the use and management of some special funds in the field of education and the disclosure of budget and final accounts. Second, continuing to take the improvement of internal control system as a safeguard, they stuck to their efforts to standardize internal control evaluation, carry out internal control risk assessment and inspection, strengthen internal audit work, and ensure that the internal control system keep pace with the times and remain relevant. Third, continuing to highlight cross-sector collaboration as a guidance, they stepped up their efforts to strengthen cooperation among different departments in terms of analysis, research and assessment of supervisory information, as well as the sharing of supervisory resources. Fourth, continuing to focus on strengthening institutional capacity building, they made efforts to carry out training at different levels and stages, and establish a government supervisory mechanism.

### **2. Shandong Finance: Taking practical measures to support the protection and improvement of people's livelihood**

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According to the news released by the Finance Department of Shandong Province on January 16, the Finance Bureau of Linyi City has implemented 20 strong and practical measures to support the protection and improvement of people's livelihood. First, focus on key groups of people, and raise the assistance and aid standards by another 10% for 9 types of people in need, such as recipients of urban and rural subsistence

allowances, to make social security network more solid and reliable. Second, support the employment of residents, fully implement the employment priority policy, and raise the city's social security and employment expenditures to 15.87 billion RMB, an increase of 10.4%, providing a solid guarantee for promoting the realization of high-quality employment. Third, promote balanced development, invest 960 million RMB in the construction, renovation and expansion of kindergartens and primary and secondary schools, while improving the quality and standards of special education and vocational education. Fourth, increase people's access to medical treatment and increase investment in medical and health care to comprehensively improve medical services. Fifth, enhance urban construction, and increase fiscal subsidies for public transport to continuously improve the quality of urban life. Sixth, step up efforts for rural development, and provide 432 million RMB of incentive funds to support the newly reconstructed rural roads.

## V. Remarks & Opinions

### **1. Liu Kun: Increasing the intensity and effectiveness of proactive fiscal policies to support high-quality development**

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On January 4, in an exclusive interview with Xinhua News Agency, Finance Minister Liu Kun stated that the foundation of China's economic recovery is not yet solid, as the external environment is still turbulent and volatile while the domestic triple pressures of demand contraction, supply shock and weakening expectations are still looming. To cope with these risks and challenges, we need to strengthen fiscal macro-regulation, optimize the mix of policy tools, and ensure fiscal sustainability and controllable management of local government debt risks while effectively supporting high-quality development.

#### **I. Stepping up intensity and effectiveness of proactive fiscal policies and strengthening fiscal macro-regulation.**

The first is to increase the intensity of fiscal expenditure. We will coordinate policy tools such as fiscal revenue, fiscal deficit and interest subsidies to appropriately expand the scale of fiscal expenditure. The second is to increase the use of special bonds to stimulate investment. We will rationally determine the scale of local government special bonds, and appropriately expand the scope of their investment and their use as project capital, so as to sustain the driving force of investment. The third is to channel more financial resources to localities. We will continue to increase transfer payments from the central government to local governments, with a tilt towards financially difficult areas and underdeveloped areas, and ensure that the "three priorities" at the grassroots level are fully secured.

#### **II. Focusing targeted policies on market entities to better leverage the effectiveness of special bonds.**



In 2023, the finance authorities will implement targeted policies to meet the needs of market entities and help reduce burdens and boost the vitality of enterprises. The first is to help enterprises tide over difficulties. The current measures of tax and fee cut, tax refund and tax deferral will be extended and optimized as appropriate in light of the actual situation, and the illegal fees levied on enterprise will continue to be rectified. The second is to stimulate vitality. All types of market entities will be treated in a non-discriminatory and equal manner in terms of fiscal subsidies, tax incentives and government procurement, and the environment of business development will be further optimized. The third is to support employment. We will coordinate the use of fiscal policy tools, support job stabilization and expansion through multiple channels, and help key groups of people such as college graduates, migrant workers, and people who have escaped poverty find employment and start businesses.

### **III. Spending every penny on the key areas that matter for the national economy and people's livelihood to effectively guarantee and improve people's livelihood.**

In 2023, we will maintain appropriate expenditure intensity, continue to improve people's livelihood and well-being, and strive to ensure that people will have greater sense of gain, happiness and security. The first is to support the development of a high-quality education system. We will continue to increase the scale of transfer payments for local education. We will study and improve funding mechanisms for compulsory education. We will also support local governments in increasing the supply of resources for inclusive preschool education, improving the schooling conditions of ordinary high schools, and putting in place student financial aid policies. The second is to improve the capacity of medical and health services. We will endeavor to support and improve the public health system and ensure the funding required for pandemic prevention and control. We will appropriately raise the standards of fiscal subsidies for residents' medical insurance, and deepen the reform of public hospitals oriented to improvement of public well-being. The third is to improve the social security system. We will carry out the national overall planning of basic pension insurance for enterprise employees, actively promote the construction of a multi-level and multi-pillar pension insurance system, and ensure the basic

livelihood of special groups such as the people negatively affected by pandemic and disasters, the elderly, the weak, the sick and the disabled. The fourth is to continuously improve the quality of ecological environment. We will accelerate the implementation of integrated protection and restoration projects for mountains, rivers, forests, farmlands, lakes, grasslands and deserts, and actively move forward with the construction of national parks. We will continue to support the efforts to protect our blue skies and defend our waters and soil from pollution, promote the green transition of development model, and conserve the natural environment. The fifth is to ensure that the "three priorities" at the grassroots level are fully secured. We will increase transfer payments to local governments, tilting toward the central and western regions and toward the grassroots-level government of counties and townships. We will urge local governments to strengthen budget management, free up funds to secure expenditures for the "three priorities", and promote smooth fiscal operation at the grassroots level.

#### **IV. Strengthening government debt management and firmly guarding against systemic risks.**

Regulation of local government financing platform companies is an important measure to prevent local government debt risks. Attaching great importance to this issue, MOF will continue to regulate financing management, and strictly prohibit the establishment of new financing platform companies; regulate the disclosure of financing information, and strictly prohibit linking the local government credit with that of the financing platform companies; properly handle the debts and assets of financing platform companies, divest them of government financing functions, and prevent local SOEs and public institutions from becoming financing platforms. In the next step, we will further break the expectations for government bailout, push forward the market-oriented transformation of financing platform companies in different categories, and advance the formation of a virtuous mechanism with clear boundaries, well-defined responsibilities and controllable risks between government and enterprises, so as to promote the sustainable development of public finance.

## **2. Zhu Guangyao: Enhancing efforts to address the “four deficits” in 2023**

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On January 6, in his keynote speech at the 7th New Finance Forum, former Vice Finance Minister Zhu Guangyao stated that we should endeavor to avoid “four scenarios” in 2023, and at the same time, address the “four deficits” of governance deficit, trust deficit, peace deficit and development deficit.

First, we should avoid a deep recession in the global economy. At present, some countries have slipped into recession, for instance, Sri Lanka is in a debt crisis, and the UK government has officially announced that the UK economy would fall into recession. Against the backdrop of the sharp turn of monetary policies and the rising interest rates in major Western countries, China has repeatedly warned that the world needs to prevent the impact of the sharp turn of monetary policies in major developed economies on the world economy and financial markets. This scenario warrants high alert.

Second, we should avoid the outbreak of international financial crisis in the context of global economic recession, which is closely related to the sharp turn of monetary policies in developed countries. At the same time, the debt situation of the world’s major economies has undergone significant changes. Among them, the US federal government’s borrowing has breached the ceiling on December 2, therefore, how to deal with the federal debt ceiling problem and how to reach a new policy consensus on raising federal debt ceiling is a major challenge for the US. With the Republican Party dominating the House of Representatives in Congress, how to build a bipartisan consensus to raise federal debt ceiling is also a major challenge. We hope that the US could resolve this problem and avoid a big blow to the international financial market.

Third, we should avoid the formation of two parallel markets globally. In the past year, the US introduced the *CHIPS and Science Act* and the *Inflation Reduction Act*, which constituted protectionist measures that violate WTO rules and would cause a greater negative impact on the stability of the global industrial and supply chains. We should address the question of how to uphold the WTO rules and how to compete in a fair

environment through negotiation and consultation.

Fourth, we should avoid the impact of geopolitical conflicts on global energy and food prices. Recently, G7, together with the EU, Australia and other economies, imposed a price cap on Russian crude oil exports (60 dollars per barrel), and will apply such cap to all Russian oil products after February 5 this year, which will be a big shock to the stability of the global energy market. We hope that the stability of oil supply could be promoted on a reasonable basis through negotiation and communication, so as to ensure sufficient global energy and food supply.

### **3. Zhu Guangyao: Fundamentals sustaining China's steady and long-term economic growth remain unchanged**

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On January 17, former Vice Finance Minister Zhu Guangyao delivered a keynote speech at the 2023 Macro Situation Forum hosted by the Chongyang Institute for Financial Studies of China Renmin University. According to his speech, the world we live in is in a state of fragmentation, and the common challenges facing mankind is not a single challenge, but complicated ones with multiple crises overlapped. It is worth noting that China's economy has great potential, strong resilience, ample room for maneuver, and the fundamentals sustaining China's steady and long-term economic growth remain unchanged. If China's economy is to grow, it must first benefit its people, and at the same time, also shoulder the responsibilities and obligations that the world requires of it. To this end, we should adhere to the direction of socialist market economy and pursue high-level opening up to the outside world.

Zhu Guangyao stated that over the past years, China's contribution to world economic growth has stayed around 30%. We should quickly and comprehensively implement the arrangements and requirements of the Central Economic Work Conference so that China's economy can return to the level of potential growth rate as soon as possible, i.e, 5%-6%. We are fully capable and confident that we could achieve this goal.

Zhu Guangyao stressed that China's savings rate of up to 45%, the constantly

increasing fixed asset formation rate, as well as the low depreciation rate of fixed capital, should be fully exploited. In addition, we should fully implement the requirements of the 20th CPC National Congress, take an innovation-driven approach, and seek to improve total factor productivity, in order to ensure that its economic growth benefit Chinese people, contribute to the development and stability of world economy, reverse the current state of fragmentation in the world, and return to the right track of win-win cooperation.

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