

CHINA FINANCE

MONTHLY 中国财政月度资讯

■ May, 2023

第 5 期

HIGHLIGHTS

- Finance Minister Liu Kun: Stepping up efforts to study and implement General Secretary Xi Jinping's important statements on the campaign of in-depth research and studies and serve the cause of Chinese modernization with public finance of Chinese characteristics
- Finance Minister Liu Kun met with Yuriko Backes, Minister of Finance of Luxembourg
- Three ministries jointly published the *Circular on Measures for Management of Funds for Agricultural Disaster Prevention and Mitigation and Water Disaster Relief*
- MOF and the Ministry of Education published the *Circular on Issuing the 2023 Urban and Rural Compulsory Education Subsidy Budget*
- Total operating income of China's SOEs from January to March was 19.76306 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. MOF published the *Circular on Doing a Good Job in the Financial Accounting Final Accounts of Central Cultural Enterprises in 2022*

On April 25, MOF published the *Circular on Doing a Good Job in the Financial Accounting Final Accounts of Central Cultural Enterprises in 2022*, which provided the following. First, it is important to further improve and refine the preparation and review process of financial accounting final accounts, and further improve the governance structure of accounting information quality. Second, it is necessary to establish and improve the supervision and management mechanism of state-owned assets, effectively strengthen the analysis and utilization of financial information, and improve the management level of financial accounting final accounts. Third, it is crucial to give full play to the oversight role of the audit of financial accounting final accounts, and do a solid job in rectifying related audit problems. Fourth, the sending, receiving, transmitting, copying and preservation of financial information determined to be confidential or sensitive shall comply with relevant confidentiality requirements.

2. Three ministries jointly published the *Circular on Carrying out the Third Batch of Systemic Demonstration Work on Promoting Sponge City Construction during the 14th Five-Year Plan Period*

On April 27, MOF, the Ministry of Housing and Urban-Rural Development and the Ministry of Water Resources jointly published the *Circular on Carrying out the Third Batch of Systemic Demonstration Work on Promoting Sponge City Construction during the 14th Five-Year Plan Period*, which provided the following. First, cities with favorable basic conditions, high enthusiasm and outstanding characteristics are selected through a competitive process to systemically carry out demonstration work on promoting sponge city construction. Second, the central finance authorities will provide fixed subsidies to the demonstration cities according to administrative regions, and the funds will be allocated in three years in light of the progress of the work. Third, demonstration cities should make overall plans for the use of central and local funds,

improve rules and regulations, planning standards, investment and financing mechanisms and related supporting policies, and systemically build sponge cities across the whole area, along with the construction of urban flood prevention and drainage facilities, underground space construction, and renovation of old residential areas.

3. Three ministries jointly published the *Circular on Measures for Management of Funds for Agricultural Disaster Prevention and Mitigation and Water Disaster Relief*

On April 28, MOF, the Ministry of Agriculture and Rural Affairs and the Ministry of Water Resources jointly published the *Circular on Measures for Management of Funds for Agricultural Disaster Prevention and Mitigation and Water Disaster Relief*, which provided the following. First, the funds are arranged by the central government through transfer payment for matters concerning the shared fiscal powers to support the three expenditures of agricultural production disaster prevention and relief, major animal disease prevention and control, and flood, drought and other water disaster relief. Second, the implementation period of the funds is through 2025. Third, MOF is responsible for the medium-term fiscal planning and annual budget preparation of the funds, issuing fund budgets, organizing, guiding and implementing budget performance management throughout the process, and supervising the use and performance of the funds.

4. MOF and the Ministry of Agriculture and Rural Affairs jointly published the *Circular on the Measures for the Management of Funds for Cultivated Land Construction and Utilization*

On April 28, MOF and the Ministry of Agriculture and Rural Affairs jointly published the *Circular on the Measures for the Management of Funds for Cultivated Land Construction and Utilization*, which provided the following. First, the funds are made available by the central government through transfer payment for matters concerning the shared fiscal powers to support the construction and utilization of cultivated land in various localities. Second, the implementation period of the funds is through 2027. Third, MOF is responsible for reviewing the proposal for the allocation of the funds, organizing and carrying out the preparation of the annual budget for the funds,

allocating and issuing fund budgets, organizing, guiding and implementing budget performance management throughout the whole process, and guiding local finance departments to strengthen fund management and other related work.

5. Three ministries jointly published the *Circular on the Administrative Measures for the Selection and Hiring of Accounting Firms by State-Owned Enterprises and Listed Companies*

On May 4, MOF, the State-owned Assets Supervision and Administration Commission and the China Securities Regulatory Commission jointly published the Circular on the Administrative Measures for the Selection and Hiring of Accounting Firms by State-Owned Enterprises and Listed Companies, which provided the following. First, state-owned enterprises refer to exclusively state-owned enterprises, exclusively state-owned companies, wholly state-owned companies, and state holding companies in which the State Council and local people's governments perform the duties of investors on behalf of the state; listed companies refer to joint-stock limited company whose shares are listed and traded on domestic stock exchange. Second, state-owned enterprises and listed companies shall adopt competitive negotiation, public bidding and other methods to ensure that the selection and hiring work is carried out fairly and justly. Third, finance authorities are responsible for supervising and regulating the relevant behaviors of accounting firms participating in the selection and hiring process, including ordering corrections, conducting regulatory interviews, issuing inquiry letters, issuing warning letters and other measures.

6. MOF and the Ministry of Education published the *Circular on Issuing the 2023 Urban and Rural Compulsory Education Subsidy Budget*

On May 19, MOF and the Ministry of Education published the *Circular on Issuing the 2023 Urban and Rural Compulsory Education Subsidy Budget*, which provided the following. First, the standard of public funding for compulsory education schools is raised from 650 RMB to 720 RMB per year per student for primary schools and from 850 RMB to 940 RMB per year per student for junior middle schools. Second, it is important to implement the "two exemptions and one subsidy" policies and the

nutritional meal subsidy policies for students, and make the allocation of subsidies more targeted. Third, efforts will be made to strengthen the safety and security of rural school buildings, and consider factors such as the area of safe school buildings reported by various places in allocating the subsidy funds in 2023. Fourth, it is necessary to continue to implement the special-post program, and ensure that the salaries of special-post teachers are paid on time and in full and the teachers are enrolled in social insurance schemes and paid social insurance premiums, such as pension insurance and medical insurance, in a timely manner. Fifth, it is crucial to deliver rural teachers' living allowances, and the central finance authorities will continue to give incentives and subsidies to provinces that implement the rural teachers' living subsidy policies. Sixth, it is imperative to continue to ensure funding for compulsory education. In allocating subsidy funds, the overall planning at the provincial level must be stepped up, prioritizing support for rural areas, remote areas, underdeveloped areas, etc. Seventh, the management of the use of funds will be strengthened. In filing documents for record, in addition to the results of fund allocation, the allocation principles and methods, as well as fund investment directions should also be reflected.

7. Ministry of Human Resources and Social Security and MOF jointly published the *Circular on Adjusting the Basic Pension for Retirees in 2023*

On May 25, the Ministry of Human Resources and Social Security and MOF jointly published the *Circular on Adjusting the Basic Pension for Retirees in 2023*, which provided the following. First, the scope of adjustment includes retirees who have completed retirement procedures in accordance with regulations and received basic pensions on a monthly basis before December 31, 2022. Second, the national adjustment ratio is determined according to 3.8% of the monthly per capita basic pensions of retirees in 2022; each province may determine its own adjustment ratio at a level no higher than the national adjustment ratio. Third, the method of fixed-amount adjustment and linked adjustment will be adopted with appropriate tilt, and the adjustment methods for retirees in enterprises and public organs and institutions will be unified. Fourth, the funds required for basic pensions will be adjusted. Those who participate in the basic pension insurance for enterprise employees will be paid from the basic pension insurance fund of enterprises, and those who participate in the basic

pension insurance for the employees of public organs and institutions will be paid from the basic pension insurance fund of public organs and institutions.

II. Facts & Figures

1. Total operating income of China's SOEs from January to March was 19.76306 trillion RMB

The data published by MOF on April 27 showed that the total operating income of China's SOEs from January to March was 19.76306 trillion RMB, an increase of 6.4% year on year; the total profit was 1.12471 trillion RMB, an increase of 12.4% year on year.

2. China's PMI in April was 49.2%

The data published by NBS on April 30 showed that China's PMI in April was 49.2%, down by 2.7 percentage points from the previous month, and was below the critical point, indicating the shrinking of manufacturing sector. By scale of enterprises, the PMI of large, medium and small-sized enterprises was 49.3%, 49.2% and 49.0% respectively, down by 4.3, 1.1 and 1.4 percentage points from the previous month, and were all below the critical point. In terms of sub-indexes, among the five sub-indexes that make up the manufacturing PMI, the production index and supplier delivery time index were above the critical point, and the new order index, raw material inventory index and employee index were all below the critical point.

3. China's CPI in April rose by 0.1% year on year

The data published by NBS on May 11 showed that China's CPI in April rose by 0.1% year on year. Among them, prices in urban areas rose by 0.2%, prices in rural areas rose by 0.1%; food prices rose by 0.4% and non-food prices rose by 0.1%; consumer goods prices fell by 0.4% and services prices rose by 1.0%.

4. China's PPI in April fell by 3.6% year on year

The data published by NBS on May 11 showed that China's PPI in April fell by 3.6%

year on year. Among them, prices of extractive industries fell by 8.5%, prices of raw materials industries fell by 6.3%, prices of processing industries fell by 3.6%, food prices rose by 1.0%, apparel prices rose by 2.0%, prices of general daily necessities rose by 0.4%, and prices of durable consumer goods fell by 0.6%.

5. Value added of China's major industrial enterprises in April increased by 5.6% year on year

The data published by NBS on May 16 showed that value added of China's major industrial enterprises in April increased by 5.6% year on year. In terms of the three categories, value added of mining industries was flat year on year, while value added of manufacturing industries increased by 6.5% and value added of electricity, heating, gas and water production and supply industries increased by 4.8%. By types of ownership, value added of state-controlled enterprises increased by 6.6% year on year; value added of joint-stock enterprises increased by 4.4%, and value added of foreign-invested enterprises and Hong Kong, Macao and Taiwan-invested enterprises increased by 11.8%; value added of private enterprises increased by 1.6%.

6. China's cumulative general public budget revenue from January to April was 8.3171 trillion RMB

The data published by MOF on May 18 showed that China's cumulative general public budget revenue from January to April was 8.3171 trillion RMB, an increase of 11.9% year on year. Among them, the central general public budget revenue was 3.7561 trillion RMB, an increase of 8.6% year on year; the local general public budget revenue was 4.561 trillion RMB, an increase of 14.8% year on year. The nationwide tax revenue was 7.0379 trillion RMB, an increase of 12.9% year on year; non-tax revenue was 1.2792 trillion RMB, an increase of 6.8% year on year.

7. China's cumulative general public budget expenditure from January to April was 8.6418 trillion RMB

The data published by MOF on May 18 showed that China's cumulative general public

budget expenditure from January to April was 8.6418 trillion RMB, an increase of 6.8% year on year. Among them, the central general public budget expenditure was 1.0196 trillion RMB, an increase of 5.8% year on year; the local general public budget expenditure was 7.6222 trillion RMB, an increase of 6.9% year on year.

8. China's lottery sales in April totaled 50.326 billion RMB

The data published by MOF on May 25 showed that China's lottery sales in April totaled 50.326 billion RMB, an increase of 19.254 billion RMB year on year, or 62.0%. Among them, welfare lottery sales were 15.597 billion RMB, an increase of 3.628 billion RMB year on year, or 30.3%; sports lottery sales were 34.729 billion RMB, an increase of 15.626 billion RMB year on year, or 81.8%.

9. Total operating income of China's state-owned enterprises from January to April was 26.22819 trillion RMB

The data published by MOF on May 26 showed that the total operating income of China's state-owned enterprises from January to April was 26.22819 trillion RMB, an increase of 7.1% year on year; the total profit was 1.43881 trillion RMB, an increase of 15.1% year on year.

III. MOF Events

1. On May 6, Vice Minister Wang Dongwei met with Chen Guangzhe, Vice President for Infrastructure at the World Bank. The two sides exchanged views on deepening infrastructure cooperation between China and World Bank and sharing knowledge with other developing countries.
2. On May 11, Finance Minister Liu Kun met with Jean Jacques Bouya, Minister of State of Territorial Development, Infrastructure and Road Maintenance of the Republic of the Congo, and Jean Baptiste Ondaie, Minister of Economy and Finance of the Republic of the Congo. The two sides exchanged views on bilateral relations, bilateral economic cooperation, and Congo's sovereign debt.
3. On May 17, Vice Finance Minister Wang Dongwei met with Director General of French Treasury Emmanuel Moulin via video link, and exchanged views on issues related to the preparations for the 9th China-France High-level Economic and Financial Dialogue.
4. On May 16, Finance Minister Liu Kun met with Singapore's Deputy Prime Minister and Finance Minister Lawrence Wong at the Diaoyutai State Guesthouse. The two sides had an in-depth exchange of views on the macroeconomic situation of the two countries and bilateral financial cooperation between China and Singapore.
5. On May 18, Vice Finance Minister Wang Dongwei met with NDB President Dilma Rousseff at the NDB headquarters in Shanghai, and exchanged views on cooperation between China and NDB and the 8th annual meeting of Board of Governors of NDB.
6. On May 21, Finance Minister Liu Kun met with Yuriko Backes, Minister of Finance of Luxembourg. The two sides exchanged views on the global economic situation,

climate change, China-EU relations, China-Luxembourg relations, and fiscal and financial cooperation between the two countries. Vice Finance Minister Wang Dongwei also attended the meeting.

IV. Local Finance

1. Zhejiang Finance: advance the integration of vocational education and industry needs for high-quality economic and social development

According to the news released by the Finance Department of Zhejiang Province on April 24, the Finance Bureau of Hangzhou City has strengthened funding support and policy incentives, in order to advance the integration of vocational education and industry needs and promote high-quality economic and social development. First, fully implement the per-student funding system for vocational education students, and continuously raise the per-student funding level of vocational school students. Second, cooperate with the Bureau of Education to study and formulate interim measures for the distribution of social service income rewards for vocational schools in Hangzhou, and encourage vocational schools to include social services such as social training, technology R&D and services by teachers into teachers' workload. Third, vigorously support the development of vocational schools and assist in the continuous optimization of vocational education resources. Fourth, adopt the "one school, one policy" approach for vocational schools, and provide corresponding financial support after the discipline development plan is approved by the city government.

2. Henan Finance: Giving full play to the role of government procurement in guiding the support for rural revitalization

According to the news released by the Finance Department of Henan Province on April 25, the Finance Bureau of Xuchang City has continued to deploy government procurement policies to support rural revitalization, and ensured that the government procurement policies for agricultural and side products are fully implemented to support areas just lifted out of poverty. First, require all budget units to reserve more than 10% quotas of the total agricultural and side products purchased by their canteens for agricultural and side products in poor areas. Second, encourage more procurement of agricultural and side products in poor areas in addition to the reserved quotas of procurement, and pay attention to the real results of poverty alleviation. Third, include

each unit's procurement of agricultural and side products in poor areas into the evaluation of the effectiveness of consumption-based poverty alleviation work, financial management performance assessment and other evaluations, with a focus on the opening of accounts, reporting of reserved quotas, and completion of reserved quotas.

3. Yunnan Finance: foster first-class government procurement business environment with first-class services

According to the news released by the Finance Department of Yunnan Province on May 11, Finance Department of Yunnan has taken a people-centered approach to foster first-class government procurement business environment with first-class services. First, set up 13 hot-lines for policy inquiry services, procurement management system services, and government procurement cloud and e-store services, with 6 phone operators working to provide the public with inquiry services related to government procurement policy and system operation. Second, integrate the interpretation of government procurement policies and business guidance into general research, special research and on-site research, set up government procurement policy learning courses for research units and their affiliated agencies, and organize government procurement policy training sessions and seminars for local budget units. Third, carry out a series of activities under the "door-to-door service month" program to resolve problems such as the integrated government procurement budget operation for budget units, improve procurement efficiency through a wide range of door-to-door services, and accelerate the progress of budget implementation. Fourth, conduct government procurement supplier dispute mediation, and carry out administrative rulings in accordance with the law.

4. Sichuan Finance: work on four fronts to promote high-quality mobilization of financial resources

According to the news released by the Finance Department of Sichuan Province on May 23, the Finance Bureau of Chengdu City has actively explored ways to improve the quality and efficiency of financial resource mobilization to promote continuous

growth of the scale and quality of the city's financial resources. First, innovate systems and mechanisms to foster efficient and coordinated institutional arrangements for resource mobilization. Second, optimize industrial system structure, strengthen modern industrial system, foster sound industrial ecosystem, attract enterprise investment in major projects, and build up the engine of economic growth. Third, support the cultivation of various high-quality enterprises with tax and fee cut policies to strengthen their sustainable development. Fourth, promote data integration, establish working mechanisms for data sharing, set up a "1+4+N" monitoring and analysis system for financial resources, and carry out joint tax administration.

V. Remarks & Opinions

1. Gao Peiyong: Fiscal and financial risks should be the red lines that cannot be crossed when considering macro policy allocation

On April 27, Gao Peiyong, Vice President of the Chinese Academy of Social Sciences, delivered a keynote speech at the 5th International Symposium on Government and Market Economics. According to Gao Peiyong, the reason why China's fiscal deficit ratio has been kept below 3% in the past five years is mainly based on two considerations. First, macro policy allocation requires cost-benefit analysis. The cost-benefit of macro policy allocation should be calculated completely and comprehensively, with special attention paid to the costs, and fiscal and financial risks should be the red lines that cannot be crossed when considering macro policy allocation. Second, macro policies and reforms need to be coordinated. The contradictions arising in economic operation include cyclical contradiction, structural contradiction and institutional contradiction, while macro policies can only address the short-term problem of cyclical contradiction. In the face of the triple pressures, especially the pressure of weakening expectations, a large number of problems need to be addressed by reforms. Therefore, it is necessary to classify and screen the contradictions and problems arising in the current economic operation, and determine which can be solved by deploying macro policies and which cannot, so as to prescribe the right solution and implement targeted policies.

2. Liu Kun: Stepping up efforts to study and implement General Secretary Xi Jinping's important statements on the campaign of in-depth research and studies and serve the cause of Chinese modernization with public finance of Chinese characteristics

On May 12, Finance Minister Liu Kun pointed out in an article published in *Party Building Research* that we should firmly grasp the overall requirements of the Party-wide campaign of in-depth research and studies, and earnestly align our thinking and actions with the Party Central Committee's decision and deployment on the Party-wide

campaign of in-depth research and studies.

First, adhere to the Party's mass line. In carrying out in-depth research and studies, we must adhere to the Party's mass line, learn from the masses with modesty, stay responsible to the masses, enthusiastically serve the masses, and sincerely accept the supervision of the masses, so as to truly discover problems, reflect public opinions, and distill experience. It is necessary to ensure that public finance taken from the people is used for the people, stand firmly on the side of people, take the realization, safeguard and advancement of the fundamental interests of the broadest masses of the people as the mission and ultimate purpose of our fiscal work, and thoroughly research and study the most practical problems that are of the greatest and most direct concerns to the interests of the people, especially employment, education, medical care, childcare, old-age care, housing, and other urgent and difficult problems for the masses. We must promote common prosperity, improve people's livelihood and well-being, consolidate and expand the achievements of poverty alleviation, narrow the development gap and income distribution gap between urban and rural areas, keep safeguarding and improving people's well-being in the course of development, and strive to ensure more people enjoy the benefits of modernization in a fairer way.

Second, adhere to the facts-based approach. In carrying out in-depth research and studies, we must establish a realistic and pragmatic style. Whether or not we can and dare to seek truth from facts in research and studies is not only a matter of level of understanding, but also a matter of commitment to Party. Only by being selfless and putting the interests of the Party and the people in the first place can we truly seek truth from facts. In the new era and new journey, how to make public finance better serve the cause of Chinese modernization, comprehensively improve the level of modernization of fiscal management, and give full play to the underpinning role of fiscal and tax reform are all questions that we must answer under the new historical conditions. It is necessary to proceed from the reality of China's economic and social development, carry out research and studies in an in-depth, truthful, detailed, targeted and efficient manner, seek truth with our own ears and eyes, and study and formulate fiscal policies that fit China's national conditions and needs of social development, and put forward

targeted recommendations and measures.

Third, adhere to the problem-oriented approach. In carrying out in-depth research and studies, we must have a clear purpose, and must aim at and face the problems. We should take the initiative in research and studies, and should not only visit the prearranged places, but also visit some places that are not prearranged, conduct some random research and studies without notification or arrangement to investigate progress and key problems in the tax and fee cut policy, the effectiveness of the use of fiscal funds, the modernization of budget system, and the optimization of tax structure, and identify the impediments existing in the implementation of the fiscal policy, so as to objectively, accurately, and thoroughly understand and grasp the real situation, and better improve our work and make scientific decisions. Only by carrying out in-depth research and studies, truly discovering and resolving problems, can we truly grasp the context, understand the underlying dynamics, and make new progress in the development of the fiscal undertakings.

Fourth, adhere to the firm approach of tackling tough problems and overcoming difficulties. In carrying out in-depth research and studies, we must have the courage and ability to carry on our fight, face up and rise to the challenges, and turn the outcomes of in-depth research and studies into practical results in advancing work and overcoming difficulties. We are engaged in a great and unprecedented cause, as the external environment is unstable, uncertain and unpredictable, the triple pressure of shrinking demand, supply shock, and weakening expectations remains high, and the challenges in fiscal revenue and expenditure are still grim. In the face of the volatile situation and the new tasks as well as the emergence of new contradictions and problems, we must closely focus our efforts on the major issues in applying the new development philosophy, fostering a new development paradigm and promoting high-quality development, achieve greater self-reliance and strength in science and technology, expand domestic demand, deepen supply-side structural reforms, build a modern industrial system, enforce the "two unwavering support", attract and utilize foreign investment, comprehensively advance the key matters in rural revitalization and reform and opening up, promote the development of a beautiful China, protect the

ecological environment and safeguard ecological security, optimize the allocation of fiscal resources to focus on the implementation of the strategy of Chinese modernization, make up for shortcomings and strengthen the weak links, so that the formulation of fiscal and tax policies, the design of institutional arrangements, and the administrative methods can better serve the cause of Chinese modernization.

Fifth, adhere to the systemic approach. In carrying out in-depth research and studies, we must be comprehensive, objective and accurate, so as to have a full and systemic picture in mind. The systemic approach is a basic way of thinking and working. Only by looking at the overall and local, current and long-term, macro and micro, primary and secondary, special and general relations, and observing things from the comprehensive and systemic perspective of universal connection and changing development, can we grasp the underlying dynamics and law of matters. We must always bear in mind the national priorities, keep following what General Secretary Xi Jinping and the Party Central Committee are concerned about, carry out in-depth research and studies with systemic and forward-looking thinking and overall planning, advance fiscal work in a comprehensive way, actively provide suggestions to the Party Central Committee in strengthening fiscal macro-management and governance, continuously make research and studies more scientific, systemic and effective, and strive to achieve broad-based and overall outcomes with our efforts in research and studies.

3. Zhu Guangyao: Speeding up efforts to unleash the benefits of RCEP, with a view to accelerating regional economic development

On May 21, former Vice Finance Minister Zhu Guangyao pointed out at the Jointly Build the World's Largest Free Trade Area - 2023 RCEP Media & Think Tank Forum that what happened over the last one and a half years since RCEP came into effect showed that RCEP is a broader market opening initiative built upon the rules of the WTO and is conducive to the business and economic expansion of all RCEP members, as it brings vigorous business opportunities to enterprises and real benefits to consumers in the region.

At present, the global economy is facing grave challenges and immense downward pressure. Irresponsible policy measures, trade wars, technological blockades, and decoupling attempts of some economies have further exacerbated the already weakening global economy. US monetary policy has taken a sharp turn, raising the federal benchmark interest rate ten times since March last year from 0% to 0.25%, and then to 5% and even to 5.25%. The banking crisis in the US is unfolding, with serious spillover effects on global trade and investment.

International trade faces formidable challenges, which highlights the importance of RCEP. RCEP member countries should make greater efforts to better realize the potential of RCEP. From the perspective of commodity trade, commodity trade between RCEP members can be further strengthened. From the perspective of investment, investment between RCEP member countries may continue to rise with the decline in institutional transaction costs and production costs of participating in the industrial chain in the region. From the perspective of service trade, especially the expansion of tourism, with the WHO declaring the end of COVID-19 as global public health emergency, tourism in the RCEP region will see great development. From the perspective of policy coordination and mutual reinforcement between RCEP and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Digital Economy Partnership Agreement (DEPA), with the smooth implementation of RCEP, related countries will benefit from it and gradually realize the importance of mutual coordination and cooperation. On this basis, member countries should deepen communication and strengthen mutual inclusiveness. As the world's second largest economy and the world's largest commodity trading country, China is making its best effort to further improve and enhance the functions of RCEP, and will work with other RCEP members to enable RCEP to play a greater role in promoting trade and investment.

Journal Title: China Finance Monthly

Editor: International Economics and Finance Institute

Publisher: Editorial Office, China Finance Monthly

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

Telephone: 86-10-68141100

Fax: 86-10-68527620

E-mail: iefi@iefi.org.cn

未经许可 不得转载

Copyright Reserved.

Publishing Date: June 2023