

# CHINA FINANCE

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### HIGHLIGHTS

- Finance Minister Liu Kun: NDB is expected to play a greater role in supporting member countries' development and in global economic and financial affairs
- Finance Minister Liu Kun attended and delivered a speech at the 4th Shanghai Cooperation Organization Finance Ministers and Central Bank Governors' Meeting via video link
- Four ministries jointly published a circular on further improving the national student loan policy
- State Council published the *Guideline on Deepening the Reform of the Ecological Protection Compensation System*
- China issued 879.7 billion RMB of local government bonds in August

## 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. Four ministries jointly published a circular on further improving the national student loan policy**

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On September 10, MOF, the Ministry of Education, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly published a circular on further improving the national student loan policy, which provided the following. First, students should apply for an amount of national student loans according to their actual situation. The annual loan limit for each full-time undergraduate student is raised from a maximum of 8,000 RMB to a maximum of 12,000 RMB; the annual loan limit for each full-time postgraduate student is raised from a maximum of 12,000 RMB to a maximum of 16,000 RMB. Second, the national student loans applied by students should be used primarily to pay for tuition and accommodation fees during the school period, and the excess thereof may be used to cover daily living expenses. Third, the proportion of risk compensation for student credit loans is determined at 5% of the loan amount in the current year. The risk compensation is shared by the central and local governments, and the specific sharing ratio is implemented in accordance with the reform plan for the division of central-and-local fiscal powers and expenditure responsibilities in the education field.

### **2. State Council published the *Guideline on Deepening the Reform of the Ecological Protection Compensation System***

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On September 13, the State Council published the *Guideline on Deepening the Reform of the Ecological Protection Compensation System*, which provided the following. First, it is required to focus on important ecological and environmental elements, establish a sound classified eco-compensation system, and gradually explore the protection models. Second, efforts should be made to increase vertical compensation, highlight vertical compensation priorities, refine vertical compensation methods, and improve horizontal compensation mechanisms with a focus on national ecological security priorities. Third, it is important to improve market transaction

mechanisms, expand market-based financing channels, and explore diversified compensation methods. Fourth, it is required to accelerate the rule of law, improve the ecological environment monitoring system, give full play to the regulatory functions of fiscal and tax policies, improve related supporting policies and measures, and enhance coordination of reforms.

### **3. Three ministries published the opinions on further improving the living allowances for the disabled and the nursing subsidy system for the severely disabled**

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On September 16, the Ministry of Civil Affairs, MOF, and the China Disabled Persons' Federation jointly published the opinions on further improving the living allowances for the disabled and the nursing subsidy system for the severely disabled, which provided the following. First, efforts should be made to reasonably determine the coverage of subsidies, refine and improve subsidy policies and regulations, establish a sound mechanism for dynamic adjustment of subsidy standards, and strengthen and improve the work of subsidy withdrawal. Second, it is required to reform and improve the subsidy application procedures and management methods, refine the regulations related to voluntary subsidy application, optimize the level-by-level review process of subsidies, realize the “cross-provincial administration” of subsidy application, strengthen the regular review mechanism of subsidies, and strictly manage subsidy issuance methods. Third, it is important to accelerate the transformation and upgrading of the subsidy management service mechanism, optimize the functions of subsidy information system, improve the operating mechanism for the convenience and benefit of people, improve the dynamic supervision of subsidy issuance, and improve the management of relevant certificates for the disabled.

### **4. MOF and the Ministry of Education jointly published a circular on the issuance of measures for the administration of central special lottery public welfare fund in support of education-related project funding**

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On September 18, MOF and the Ministry of Education jointly published a circular on the issuance of measures for the administration of central special lottery public

welfare fund in support of education-related project funding, which provided the following. First, the off-campus research, study and practice activity project for primary and secondary school students refers to the use of the central special lottery public welfare fund to support the National Primary and Secondary School Student Research, Study and Practice Education Base and the National Primary and Secondary School Student Research, Study and Practice Education Camp, in order to enhance the social responsibility, innovative spirit and practice ability of primary and secondary school students. Second, the project funds are mainly used to support bases and camps to carry out student research, study and practice activities, and to improve the basic conditions of education and teaching for the purpose of effectively carrying out research, study and practice activities. Third, MOF is responsible for reviewing and approving budget proposals submitted by the Ministry of Education.

**5. MOF published a circular on the issuance of the *Interim Measures for the Management of the Pipeline System for Projects Supported by Central Transfer Payment Funds for Ecological and Environmental Protection***

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On September 26, MOF published a circular on the issuance of the *Interim Measures for the Management of the Pipeline System for Projects Supported by Central Transfer Payment Funds for Ecological and Environmental Protection*, which provided the following. First, the central transfer payment for ecological and environmental protection refers to funds made available through the central general public budget to support ecological and environmental protection, and may include funds for air pollution prevention and control, funds for water pollution prevention and control, and funds for soil pollution prevention and control. Second, in principle, the central transfer payment funds for ecological and environmental protection should be included into the management scope of the pipeline for projects supported by central funds for ecological and environmental protection, into the scope of the coordinated use of agriculture-related fiscal funds by counties lifted out of poverty, or into the long-term mechanism for the consolidation of agriculture-related funds for rural environmental remediation, ecological protection and restoration of forestry and grassland, and forestry reform and development. Third, the central transfer payment budgetary funds for ecological and environmental protection are allocated using the

competitive method. MOF and relevant departments will separately issue project application guidelines, and all localities should apply for projects in accordance with the requirements of the guidelines.

**6. MOF published a circular on the issuance of the *Enterprise Product Costing System: Oil and Gas Pipeline Network Industry***

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On October 8, MOF published a circular on the issuance of the *Enterprise Product Costing System: Oil and Gas Pipeline Network Industry*, which provided the following. First, oil and gas pipeline network facilities are the oil and gas pipelines that meet the corresponding technical conditions and specifications, subject to review, approval or filing procedures in accordance with relevant national and local regulations, and have obtained legal operation qualifications, among other things. The products refer to oil and gas transportation services provided by oil and gas pipeline network facility operators in the production and operation activities, and mainly include crude oil pipeline transportation, refined oil pipeline transportation, etc. Second, the cost items of oil and gas pipeline network facilities operating companies refer to the costs and expense elements classified by economic use in accordance with the characteristics of production and management and in line with management requirements. Third, oil and gas pipeline network facility operators should carry forward the costs of oil and gas transportation services on a monthly basis.

## II. Facts & Figures

### **1. China's CPI in August rose by 0.8% year on year**

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The data published by NBS on September 9 showed that China's CPI in August rose by 0.8% year on year. Among them, prices in urban areas rose by 1.0%, and prices in rural areas rose by 0.3%; food prices fell by 4.1%, and non-food prices rose by 1.9%; consumer goods prices rose by 0.3%, and services prices rose by 1.5%. CPI rose by 0.1% month on month. Among them, prices in urban areas rose by 0.1%, and prices in rural areas rose by 0.2%; food prices rose by 0.8%, and non-food prices fell by 0.1%; consumer goods prices rose by 0.2%, and services prices remained flat.

### **2. China's industrial PPI in August rose by 9.5% year on year**

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The data published by NBS on September 9 showed that China's industrial PPI in August rose by 9.5% year on year. Among them, prices of extractive industries rose by 41.8%, prices of raw materials industries rose by 18.3%, prices of processing industries rose by 8.0%, prices of food rose by 0.9%, prices of apparel remained flat, prices of general daily necessities rose by 0.1%, and prices of consumer durables fell by 0.1%.

### **3. Value added of major industrial enterprises in China increased by 5.3% year on year in August**

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The data published by NBS on September 15 showed that the value added of major industrial enterprises in China increased by 5.3% year on year in August. In terms of the three categories, the value added of mining industries increased by 2.5% year on year, the value added of manufacturing industries increased by 5.5%, and the value added of electricity, heating, gas and water production and supply industries increased by 6.3%. In terms of ownership types, the value added of state-owned and controlled enterprises increased by 4.6% year on year; the value added of joint-stock enterprises increased by 6.1%, the value added of foreign, Hong Kong, Macao and Taiwan-invested enterprises increased by 3.4%, and the value added of private

enterprises increased by 5.2%.

#### **4. China's cumulative general public budget revenue was 15.0088 trillion RMB from January to August**

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The data published by MOF on September 17 showed that China's cumulative general public budget revenue was 15.0088 trillion RMB from January to August, a year-on-year increase of 18.4%. Among them, the central-level general public budget revenue was 7.0467 trillion RMB, a year-on-year increase of 18.9%; the local-level general public budget revenue was 7.9621 trillion RMB, a year-on-year increase of 17.9%. Nationwide tax revenue was 12.9627 trillion RMB, a year-on-year increase of 19.8%; non-tax revenue was 2.0461 trillion RMB, a year-on-year increase of 10.4%.

#### **5. China's general public budget expenditure was 15.5371 trillion RMB from January to August**

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The data published by MOF on September 17 showed that China's general public budget expenditure was 15.5371 trillion RMB from January to August, a year-on-year increase of 3.6%. Among them, the central-level general public budget expenditure was 2.0502 trillion RMB, a year-on-year decrease of 3.6%; the local-level general public budget expenditure was 13.4869 trillion RMB, a year-on-year increase of 4.8%.

#### **6. China issued 879.7 billion RMB of local government bonds in August**

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The data published by MOF on September 26 showed that China issued 879.7 billion RMB of local government bonds in August. Among them, general bonds were 243.7 billion RMB, and special bonds were 636 billion RMB; by purposes of issuance, new bonds were 593 billion RMB, and refinancing bonds were 286.7 billion RMB. The average maturity of local government bonds was 12.6 years, including 7.6 years for general bonds and 14.5 years for special bonds; the average interest rate was 3.22%, including 3.05% for general bonds and 3.28% for special bonds.

## **7. Cumulative balance of local government debts in China reached 28.4731 trillion RMB from January to August**

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The data published by MOF on September 26 showed that cumulative balance of local government debts in China reached 28.4731 trillion RMB from January to August. Among them, general debts were 13.5893 trillion RMB, and special debts were 14.8838 trillion RMB; government bonds were 28.2984 trillion RMB, and government debts in the form of non-government bonds were 174.7 billion RMB. The remaining maturity of local government bonds was 7.4 years, including 6.4 years for general bonds and 8.3 years for special bonds; the average interest rate was 3.52%, including 3.51% for general bonds and 3.52% for special bonds.

## **8. Lottery sales in China reached 32.609 billion RMB in August**

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The data published by MOF on September 30 showed that lottery sales in China reached 32.609 billion RMB in August, a year-on-year decrease of 2.17 billion RMB or 6.2%. Among them, welfare lottery sales were 11.451 billion RMB, a year-on-year decrease of 1.799 billion RMB or 13.6%; sports lottery sales were 21.158 billion RMB, a year-on-year decrease of 371 million RMB or 1.7%.

### III. MOF Events

1. On September 3, Finance Minister Liu Kun attended and delivered a speech at the 4th Shanghai Cooperation Organization (SCO) Finance Ministers and Central Bank Governors' Meeting via video link. The meeting discussed the SCO financing mechanism, post-pandemic economic and financial situation, and policy responses.

2. On September 6, Vice Finance Minister Zhu Zhongming attended the opening ceremony of the 2021 Asian Evaluation Week via video link and delivered a speech.

## IV. Local Finance

### **1. Guangxi Finance: accelerate the “internet + government procurement” to significantly cut costs and enhance efficiency**

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According to the news released by the Finance Department of Guangxi Zhuang Autonomous Region on September 8, the finance authorities of Guangxi have accelerated the “internet + government procurement” action, promoted the construction of a unified electronic procurement platform for the whole region, further broke down information silos and enhanced transparency, and effectively improved government procurement efficiency and efficacy. First, leverage the “government procurement cloud” platform and build a comprehensive network platform for government procurement management and services to achieve efficient and convenient electronic procurement. Second, conduct pilot projects across the board, roll out the electronic procurement platform in the whole region, and realize the integrated electronic procurement and resource sharing. Third, continue to expand the functions of the platform, promote the electronic government procurement throughout the entire chain, and achieve “one-stop” processing of government procurement transactions. Fourth, enhance the connection of policies and systems, improve the functions and management mechanisms of the electronic platform, and ensure the regulated development of the “internet + government procurement” work.

### **2. Zhejiang Finance: raise and use financial resources in accordance with law to further deepen law-based fiscal governance**

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According to the news released by the Finance Department of Zhejiang Province on September 9, the Finance Bureau of Wenzhou City has comprehensively deepened the law-based fiscal governance, in order to make fiscal contribution to the endeavor of building a modernized pioneering city and a model city of shared prosperity. First, deepen the reform of fiscal system, actively and steadily advance the reform of the division of fiscal powers and expenditure responsibilities at the city and district levels, promote the competitive bid for deposit of fiscal funds, and establish a reporting

system for state-owned assets management. Second, optimize fiscal, tax and financial policies, deploy a mix of fiscal and tax policy tools, develop innovative market-oriented and law-based approaches, and exercise counter-cyclical adjustment. At the same time, enhance the coordination of fiscal and tax policies with policies on finance, investment, industry, and regional development to foster strong policy synergy. Third, strengthen fiscal support for protection of people's livelihood. Step up fiscal support while improving institutional arrangement under the new normal of the tight balance of income and expenditure, and establish a sound and sustainable livelihood protection mechanism that matches the level of economic development.

### **3. Fujian Finance: concentrate efforts on five fronts to effectively deliver for the people**

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According to the news released by the Finance Department of Fujian Province on September 14, finance authorities of Fujian have raised political stance, actively planned and deployed their work ahead, strengthened organization and leadership, developed innovative working mechanisms, and concentrated their efforts on five fronts to effectively bring tangible benefits to the people. The first approach was to put intensified efforts in the work. A responsibility linkage mechanism was put in place to assign all members of the department leadership as the focal points for cities and districts of the province to ensure that effective support be provided. The second approach was to stress accuracy and pointing to the targets. To ensure full coverage, 20 projects were developed to benefit the whole province; to start with eight cities and districts, focused efforts were made to identify and resolve problems of common concern in the local areas; and to reach the local communities, active efforts were made to help local areas or surrounding communities to address specific matters related to public services and people's livelihood. The third approach was to highlight policy integration. A "fiscal regulations and policies outreach" campaign was carried out to explain to enterprises on the tax incentives and financial support for scientific and technological innovation, financing for technological transformation and foreign trade policies, in order to help enterprises make full use of fiscal policies. The fourth approach was to underline the unique way to improve the normalized direct fiscal fund allocation mechanism, ensure targeted allocation of funds for safeguarding

“three priorities” at grassroots level and deliver benefits to enterprises and people by expanding the scope of directly allocated funds, improving the management of directly allocated funds, and strengthening monitoring of directly allocated funds. The fifth approach was to aim at concrete results by appropriately raising the minimum standards of the provincial minimum living allowances for rural residents, and providing support for the capacity enhancement of primary-level medical and health institutions.

#### **4. Gansu Finance: advance integrated budget management in an efficient way**

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According to the news released by the Finance Department of Gansu Province on September 15, the Finance Bureau of Lanzhou City has strengthened organization, clarified the division of responsibilities, and adopted a comprehensive and granular approach to advance the integrated budget management of Lanzhou in a solid and orderly manner. First, establish a leading group for the construction of integrated budget management system, formulate a detailed task list, and specify the division of responsibilities and the time limit for completion of goals. Second, comprehensively sort out the business process of budget preparation and budget execution in Lanzhou, identify the differences between current practices and the business process and management model of integrated budget management, and propose specific solutions one by one. Third, organize and carry out training on the operation of integrated budget management system of municipal budget units to effectively improve the understanding and application capabilities of the financial management personnel. Fourth, establish a coordination mechanism for close collaboration between the competent departments and the finance authorities in counties and districts to help resolve their problems related to system construction in a targeted manner.

#### **5. Guangdong Finance: work on five fronts to accelerate budget performance management**

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According to the news released by the Finance Department of Guangdong Province on September 28, the Finance Bureau of Jieyang City, with a focus on the goal of “full implementation of budget performance management”, has concentrated efforts on the

entire budget performance management chain, accelerated the development of budget performance management system, and promoted the integration of performance management into budget management. First, establish rules and regulations to clarify the entrusted third-party selection, working procedures and assessment management, and set up the mechanism for entrusting third-party institutions to participate in the implementation of budget performance management. Second, make the declaration of performance goals as a precondition for budget application, clarify the division of responsibilities and procedural requirements for management of budget performance goals, and strengthen the management of budget performance goals. Third, correct deviations during implementation process, track the expenditure progress of various departments over the fiscal funds included in the scope of provincial monitoring, the operation of performance goals, the use and allocation of funds, etc., and strengthen the monitoring of budget performance. Fourth, focus on ex-post tracking, establish the performance monitoring mechanism for key projects, and strengthen management of budget performance evaluation. Fifth, establish the mechanism for feedback and rectification of performance evaluation results, supervise and urge for rectification of projects with problems such as slow implementation progress and irregularities in use of funds, and strengthen the use of budget performance results.

## **6. Shaanxi Finance: take five measures to provide strong fiscal support for aligning efforts to consolidate and expand the achievements of poverty alleviation with efforts to promote rural revitalization**

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According to the news released by the Finance Department of Shaanxi Province on October 8, the Finance Bureau of Hanzhong City has adopted five measures to provide strong fiscal support for aligning efforts to consolidate and expand the achievements of poverty alleviation with efforts to promote rural revitalization. First, fully understand the shortcomings such as unfavorable natural conditions, high infrastructure construction costs, problems accumulated over past years, and poor self-development ability of poverty-stricken households, and accurately grasp the policy requirements. Second, align efforts to consolidate and expand the achievements of poverty alleviation with efforts to promote rural revitalization, and further clarify the responsibilities of relevant departments for the integration of agriculture-related

funds. Third, require that the matching funds at the city and county level be no lower than the actual investment scale of the special fiscal funds for poverty alleviation of the previous year and ensure “prioritized and tilted support”. Fourth, promote the performance evaluation of the special fiscal funds for agriculture, further implement the principal and direct responsibilities of project fund management entities, strengthen the use of evaluation results, and ensure the benefits of funds. Fifth, establish an effective fund management mechanism, further improve the institutional arrangement, and seek to transform institutional advantages into governance efficiency.

## V. Remarks & Opinions

### **1. Liu He: seizing the opportunities arising from the development of digital economy and vigorously supporting the development of non-public sector**

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On September 6, Liu He, member of the Political Bureau of the CPC Central Committee and Vice Premier of the State Council, attended and addressed the 2021 China International Digital Economy Expo via video link. Liu He stated that General Secretary Xi Jinping attaches great importance to the development of digital economy and has made a series of important instructions, which must be studied and understood in an in-depth way and be implemented conscientiously. In the development of digital economy, it is imperative to apply the new development philosophy, actively create conditions with a strong sense of promoting innovation and preventing crisis, and seize development opportunities to achieve high-quality economic and social development. We must take talent development as the top priority, fully unleash the entrepreneurial spirit, step up efforts to attract and train capable personnel, and tap into people's imagination and creativity to make it possible for supply to create demand. We must be good at fostering a sound soft environment, continue to improve the rule of law, carry out infrastructure construction appropriately in advance, optimize the supply of resources and services, protect fair competition, and oppose monopoly. We must be good at identifying and leveraging comparative advantages, make innovations in light of the industrial characteristics of different regions, and use differentiation to promote competition.

Liu He emphasized that we must vigorously support the development of the non-public sector so that it can play a greater role in keeping growth and employment stable, adjusting economic structure, and promoting innovation. The non-public sector of the economy has contributed 50% plus of tax revenue, 60% plus of GDP, 70% plus of technological innovation, 80% plus of urban employment, and 90% plus of market entities. We must adhere to the reform direction of socialist market economy, continue to advance high-level opening up to the outside world, stick to the basic economic system of the primary stage of socialism, work unswervingly to consolidate and

develop the public sector and encourage, support, and guide the development of the non-public sector, and resolutely protect property rights and intellectual property rights. The principles and policies for supporting the development of non-public sector have not changed now, and will not change in the future.

## **2. Bai Chongen: realize the potential of China's economic growth under the "twin carbon" goals**

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On September 15, Bai Chongen, Dean of the School of Economics and Management of Tsinghua University, participated in and delivered a speech at the 2021 China Non-public Sector Economic Development Forum held in Tianjin. Bai Chongen stated that China is currently faced with an uncertain international environment, and multiple factors such as digital intelligent technology, new materials, biological technologies, and new service industries represented by information intelligent technologies are affecting the economic growth potential as well as the realization of the "twin carbon" goals. For China, achieving the "twin carbon" goals entails huge challenges and greater costs for adjusting the energy structure, but at the same time, opportunities and challenges coexist. First, the realization of the "twin carbon" goals will help apply the new development philosophy, achieve innovation-driven development, stimulate innovation across society, foster more scientific and technological innovation, and promote transformation and upgrading of enterprises. The government's increased support for innovation will also accelerate the pace of achieving the "twin carbon" goals, lead to a virtuous circle and a high-quality innovation environment, and thereby speed up economic development. Second, the "twin carbon" goals will help achieve high-quality development targets, advance institutional reforms, address problems such as access difficulties for the private sector and excess capacity, reduce the demand for fossil energy that is highly dependent on foreign sources, and replace them with low-carbon energy for safer development. Third, the realization of "twin carbon" goals will promote common prosperity. If the allocation of carbon quotas in the carbon trading market is designed to tilt more to the demand side and users, or even to the residents, the low-income residents, with carbon quotas at hand, would gain a source of income in carbon trading, which is conducive to helping achieve the goal of common prosperity.

### **3. Liu Kun: NDB is expected to play a greater role in supporting member countries' development and in global economic and financial affairs**

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On September 28, the handover and move-in ceremony of the permanent headquarters building of the New Development Bank (NDB) was held in Shanghai. Finance Minister Liu Kun delivered a speech via video link.

Liu Kun pointed out that since NDB opened six years ago, with the joint support of its member countries and under the leadership of its management team, NDB has made excellent achievements. With rising international influence, NDB's role has been increasingly recognized by the international community. It is hoped that NDB would take the headquarters building move-in as a new starting point, follow through on the spirit of the 13th BRICS Summit, continue to make innovation, further build comparative advantages, and play a greater role in supporting member countries' development and in global economic and financial affairs.

Liu Kun stated that China, as a shareholder and host country of NDB, will continue to provide strong support and good services to NDB. China is willing to work with other member countries to build NDB into a new type of multilateral development institution in the 21st century and make it an important platform for practicing multilateralism, further promoting the development of emerging economies and developing countries, and building a community with a shared future for mankind. Next year, China will assume the BRICS presidency and we will support NDB's efforts for participating in the BRICS meetings and sponsoring related side events.

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