

CHINA FINANCE

MONTHLY 中国财政月度资讯

November, 2021

第 11 期

HIGHLIGHTS

- Finance Minister Liu Kun: major achievements and historical experience of Party leadership over fiscal work
- Finance Minister Liu Kun attended and delivered a speech at the G20 Joint Finance and Health Ministers' Meeting
- State Council planned to improve the management of local government special bonds
- Three ministries jointly published the *Measures for the Administration of Total Loss Absorbing Capacity of Global Systemically Important Banks*
- China issued 876.1 billion RMB of local government bonds in October

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. Three ministries jointly published the *Measures for the Administration of Total Loss Absorbing Capacity of Global Systemically Important Banks*

On November 1, the People's Bank of China, the China Banking and Insurance Regulatory Commission and MOF jointly published the *Measures for the Administration of Total Loss Absorbing Capacity of Global Systemically Important Banks*, which provided the following. First, the Measures are applicable to the commercial banks established in China and recognized as global systemically important banks by the Financial Stability Board. Second, the total loss absorbing capacity refers to the total amount of capital and debt instruments that can absorb losses through write-down or conversion into common stock when the global systemically important banks enter the stage of disposal. Third, non-capital debt instruments of the total external loss absorbing capacity of global systemically important banks that meet the eligibility criteria of being paid-in, unsecured and with remaining maturity of more than one year can be fully included into the total external loss absorbing capacity, whereas insured deposits and derivative liabilities cannot be included into the total external loss absorbing capacity. Fourth, global systemically important banks shall concurrently meet the supervisory requirements for total external loss absorbing capacity stipulated in these Measures as well as related capital supervisory requirements. Fifth, global systemically important banks shall disclose relevant information on the total external loss absorbing capacity in accordance with the provisions of the Measures.

2. MOF published a supplementary circular on the *Measures for the Administration of the Special Funds for the Basic Scientific Research Operations of Central-level Non-profit Scientific Research Institutes*

On November 9, MOF published a supplementary circular on the *Measures for the Administration of the Special Funds for the Basic Scientific Research Operations of Central-level Non-profit Scientific Research Institutes*, which provided the following.

First, scientific research institutes may withdraw no more than 20% of the basic scientific research business fees as reward funds, and explore and improve the incentive and guiding mechanism for scientific research project funds. The scope and standards for the use of reward funds are independently determined by scientific research institutes. Second, the surplus of basic scientific research business fees may be used by scientific research institutes in a coordinated way in accordance with the management requirements of basic scientific research business fees, and will no longer be recovered. Third, the ratio of basic scientific research business fees used to support young scientific researchers shall be generally no less than 50% of the annual budget. Fourth, the competent authorities of scientific research institutes and scientific research institutes should strengthen the in-process and ex-post supervision of the use and management of basic scientific research business fees, establish a sound and dynamic supervision mechanism and send real-time warning and reminders to ensure the proper and regulated use of funds.

3. MOF and the National Leading Group for Philosophy and Social Sciences jointly published the *Measures for the Administration of Funds for Projects Supported by National Social Science Foundation*

On November 10, MOF and the National Leading Group for Philosophy and Social Sciences jointly published the *Measures for the Administration of Funds for Projects Supported by National Social Science Foundation*, which provided the following. First, the project funds of National Social Science Foundation are derived from central government's fiscal appropriation, and are used to fund philosophy and social science research, development of philosophy and social science disciplines, talent training and team building. Second, MOF, in accordance with the national philosophy and social science development plan, and in light of the funding needs of the National Social Science Foundation, availability of national financial resources and performance results, may include the project funds into the central fiscal budget and take responsibility for its overall management and supervision. Third, the project funds are used to cover various expenses related to the project research work and paid by the project funds, which consist of direct expenses and indirect expenses.

4. MOF and the China Meteorological Administration jointly published the *Standards for the Acquisition of Meteorological Observation Station Instruments and Equipments (Trial)*

On November 11, MOF and the China Meteorological Administration jointly published the *Standards for the Acquisition of Meteorological Observation Station Instruments and Equipments (Trial)*, which provided the following. First, the standards are applicable to the asset acquisition of meteorological instruments and equipments for national reference climate stations, national basic meteorological stations, national high altitude meteorological observation stations and national weather radar stations, and mainly include such elements as meteorological observation station category, observation item, instrument and equipment type, upper limit of quantity, upper limit of price, and minimum service life. Second, the standards serve as an important basis for the relevant units of the meteorological departments in compiling related expenditure budgets for the equipment acquisition of meteorological observation stations, making procurement, conducting supervision and inspection, and carrying out asset disposal management. Third, the sources of funds for acquisition of instruments and equipments of meteorological observation stations include fiscal appropriation income and other types of income.

5. MOF published the *Operational Guidelines for the Adjustment of the Use of Local Government Special Bonds*

On November 11, MOF published the *Operational Guidelines for the Adjustment of the Use of Local Government Special Bonds*, which provided the following. First, the adjustment of the use of special bonds, which falls under the scope of fiscal budget management, usually takes place when the new special bond funds intended to finance some projects cannot be used in a timely and effective manner due to changes in the implementation conditions of projects or other reasons and have to be adjusted to finance other projects. Second, the specific circumstances applicable for adjustment include: no demand or less-than-expected demand for special bond funds due to major changes during the implementation of project; surplus of special bond funds after the completion of project; real need for adjustment in accordance with supervisory

inspection opinions or audit opinions after irregularities are detected in the use of special bonds through inspection and audit. Third, the adjustment of special bond funds should give priority to supporting major eligible projects in the key areas specified by the CPC Central Committee and the State Council.

6. Three ministries jointly published the *Implementation Plan for Promoting the High-quality Development of Resource-intensive Regions during the 14th Five-Year Plan Period*

On November 16, the National Development and Reform Commission, MOF and the Ministry of Natural Resources jointly published the *Implementation Plan for Promoting the High-quality Development of Resource-intensive Regions during the 14th Five-Year Plan Period*, which provided the following. First, it is required to coordinate the development and protection of resources and energy, improve the level of resource and energy utilization, and strengthen resource and energy security capabilities to ensure national resource and energy security. Second, it is imperative to enhance science and technology innovation capabilities, accelerate the transition of growth drivers, enhance the competitiveness of industrial and supply chains, and provide guidance for the innovation and development of resource-intensive regions. Third, it is important to promote coordinated regional development, provide guidance for the development transition of resource-rich regions, support the sustainable development of resource-exhausted regions, strengthen the quality and efficiency of infrastructure, and promote the coordinated development of resource-intensive regions. Fourth, it is important to carry out comprehensive management of ecological environment, accelerate green production, build an ecologically livable environment, and promote the green development of resource-intensive regions. Fifth, it is necessary to actively participate in international cooperation in resource, energy and industrial sectors, increase the level of opening up and accelerate the development of resource-intensive regions. Sixth, it is imperative to improve inclusive public services, raise the basic living standards of residents, focus on stabilizing and promoting employment, and support the shared development of resource-intensive regions.

7. MOF published the *Measures for the Administration of the Funds for Key Ecological Protection, Restoration and Treatment*

On November 16, MOF published the *Measures for the Administration of the Funds for Key Ecological Protection, Restoration and Treatment*, which provided the following. First, the treatment funds refer to the funds made available by central government budget for the integrated protection and restoration of mountains, waters, forests, fields, lakes, grassland, deserts and glaciers, as well as the ecological protection and restoration of abandoned industrial and mining lands, so as to improve the quality and stability of the ecosystem. Second, MOF is responsible for reviewing the budgetary requirements for treatment funds, arranging and issuing budgets; organizing and guiding the competent departments and local governments to manage budget performance, carry out budget supervision, and simultaneously issue performance targets after review and deliberation; and guiding local governments to strengthen management of funds, etc.

8. Three ministries jointly published a circular on the implementation of reward and subsidy policies with the support of central public finance for demonstration zones of inclusive finance development

On November 16, MOF, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly published a circular on the implementation of reward and subsidy policies with the support of central public finance for demonstration zones of inclusive finance development, which provided the following. First, the recipients of support are provincial capital cities or counties and districts under their administration, prefecture-level cities, counties, county-level cities and districts, national-level new districts and other established demonstration zones for the development of inclusive finance, and the central government will offer them rewards and subsidies in stages. Second, reward and subsidy funds are used by the demonstration zones in a coordinated way for interest subsidies of agriculture-related loans and SME loans, risk compensation for agriculture-related loans and SME loans, as well as for agricultural-related business fee reduction incentives, capital replenishment, and risk compensation of government financing guarantee institutions.

Third, MOF will organize the review of performance appraisal results and the use of reward and subsidy funds in the previous year, and carry out day-to-day supervision.

9. MOF published a circular on the *Specific Guidelines on Cost Accounting for Government-sponsored Institutions: Public Hospitals*

On November 22, MOF published a circular on the *Specific Guidelines on Cost Accounting for Government-sponsored Institutions: Public Hospitals*, which provided the following. First, those applicable are hospitals at all levels and of all types that implement government accounting standards and carry out cost accounting work, which include general hospitals and Traditional Chinese Medicine hospitals and exclude urban community health service centers, township health centers and other primary-level medical and health institutions. Second, the guidelines are meant to regulate the cost accounting of related hospital professional operating activities, such as medical treatment, teaching, scientific research, and prevention activities. Third, the scope of hospital costs may be adjusted according to the needs of cost information. For example, in order to meet the needs of medical service price supervision and formulation of medical insurance payment standards, measures should be taken to exclude, on the basis of the full medical costs, expenses that do not meet the requirements of relevant laws and regulations and expenses that are compensated by fiscal funds in accordance with regulations.

10. MOF and the Ministry of Science and Technology jointly published the *Interim Measures for the Administration of the Guiding Fund for Application of National Science and Technology Findings*

On November 23, MOF and the Ministry of Science and Technology jointly published the *Interim Measures for the Administration of the Guiding Fund for Application of National Science and Technology Findings*, which provided the following. First, the fund is mainly used to boost the commercialization of science and technology findings generated with the support of fiscal funds, including new technologies, new products, new processes, new materials, new devices and their systems created under the central fiscal science and technology plans, local science and technology plans,

and other public programs and units. Second, derived from the central fiscal appropriation and social donations, the fund aims at supporting the commercialization of science and technology findings by setting up venture capital sub-funds. Third, MOF is responsible for the top-level design, planning and layout of the fund, formulating its management rules, coordinating its operation, performance management and supervision, and performing the responsibilities as the fund investor.

11. State Council planned to improve the management of local government special bonds

On November 24, Premier Li Keqiang of the State Council presided over an executive meeting of the State Council to deploy and improve the management of local government special bonds, optimize the use of funds, and exercise rigorous supervision of funds, which provided the following. First, it is required to accelerate the issuance of this year's remaining quota, improve fund disbursement and expenditure management, and strive for more concrete volume of physical work in project implementation early next year. Second, it is necessary to sort out the special debt projects and funding needs for next year, strengthen overall planning, improve the preliminary work and preparation of project pipeline that meet the needs of economic and social development, and launch mature projects in a timely manner. Third, it is important to make an overall consideration of local conditions and requirements for coordinated regional development, put forward reasonable proposals for next year's special debt quota and allocation plan, strengthen the construction of key areas, and study ways to allocate in advance a proportion of the quotas in accordance with laws, regulations and due procedures. Fourth, it is required to enhance the efficacy of the use of funds, strengthen the review and supervision on recipients of investment, strictly prohibit spending on government buildings, vanity projects for appearance or landscaping, and step up audit supervision and comprehensive tracking of special debt funds.

12. Four ministries jointly published a circular on further regulating and strengthening the management of student financial assistance

On November 26, MOF, the Ministry of Education, the Ministry of Human Resources and Social Security and the People's Bank of China jointly published a circular on further regulating and strengthening the management of student financial assistance, which provided the following. First, it is required to improve the review process of the funds directly allocated for student financial assistance, strengthen the budgeting, record filing, allocation, appropriation, use and issuance of financial assistance funds, and timely put relevant information into the direct fund monitoring system. Second, it is necessary to strengthen daily tracking and monitoring and error correction, and continuously improve the efficiency of budget execution. Third, direct student financial assistance may be issued to students through competent departments or schools, among them, the financial assistance that support tuition exemption of secondary vocational schools, tuition and miscellaneous fees exemption of general high schools, tuition exemption of self-employed veterans, and tuition exemption of students returning to school after having enlisted in military service are used to subsidize schools for their income loss caused by reduction and exemption of tuition or miscellaneous fees, and may be included in the budget and managed and used by schools in accordance with the regulations.

II. Facts & Figures

1. Lottery sales in China reached 31.239 billion RMB in September

The data published by MOF on November 1 showed that lottery sales in China reached 31.239 billion RMB in September, a year-on-year decrease of 4.615 billion RMB or 12.9%. Among them, welfare lottery sales were 11.84 billion RMB, a year-on-year decrease of 2.106 billion RMB or 15.1%; and sports lottery sales were 19.395 billion RMB, a year-on-year decrease of 2.509 billion RMB or 11.5%.

2. China issued 737.8 billion RMB of local government bonds in September

The data published by MOF on November 2 showed that China issued 737.8 billion RMB of local government bonds in September. Among them, 136.5 billion RMB were general bonds and 601.3 billion RMB were special bonds; by purposes of issuance, 571.6 billion RMB were new bonds, and 166.2 billion RMB were refinancing bonds. The average maturity of local government bonds was 13.5 years, including 7.8 years for general bonds and 14.7 years for special bonds. The average interest rate was 3.24%, including 3.03% for general bonds and 3.29% for special bonds.

3. China's CPI in October rose by 1.5% year on year

The data published by NBS on November 10 showed that China's CPI in October rose by 1.5% year on year. Among them, prices in urban areas rose by 1.6%, and prices in rural areas rose by 1.2%; food prices fell by 2.4%, and non-food prices rose by 2.4%; consumer goods prices rose by 1.6%, and services prices rose by 1.4%.

4. China's industrial PPI in October rose by 13.5% year on year

The data published by NBS on November 10 showed that China's industrial PPI in October rose by 13.5% year on year. Among them, prices of extractive industries rose

by 66.5%, prices of raw materials industries rose by 25.7%, prices of processing industries rose by 10.8%, prices of food rose by 1.0%, prices of apparel and general daily necessities both rose by 0.8%, and prices of consumer durables fell by 0.1%.

5. Value added of China's major industrial enterprises in October increased by 3.5% year on year

The data published by NBS on November 15 showed that the value added of China's major industrial enterprises in October increased by 3.5% year on year. In terms of the three categories, the value added of mining industries increased by 6.0% year on year; the value added of manufacturing industries increased by 2.5%; the value added of electricity, heating, gas and water production and supply industries increased by 11.1%. In terms of ownership types, the value added of state-owned and controlled enterprises increased by 5.2% year on year; the value added of joint-stock enterprises increased by 4.2%; the value added of foreign, Hong Kong, Macao and Taiwan-invested enterprises increased by 1.3%; and the value added of private enterprises increased by 2.4%.

6. China issued 876.1 billion RMB of local government bonds in October

The data published by MOF on November 23 showed that China issued 876.1 billion RMB of local government bonds in October. Among them, general bonds were 232 billion RMB, and special bonds were 644.1 billion RMB; by purposes of issuance, new bonds were 614.5 billion RMB, and refinancing bonds were 261.6 billion RMB. The average maturity of local government bonds was 13.5 years, including 7.5 years for general bonds and 15.6 years for special bonds; the average interest rate was 3.35%, including 3.15% for general bonds and 3.42% for special bonds.

7. Total operating income of state-owned enterprises (SOEs) in China reached 60.386 trillion RMB from January to October

The data published by MOF on November 25 showed that total operating income of state-owned enterprises (SOEs) in China reached 60.386 trillion RMB from January

to October, a year-on-year increase of 22.1%. Among them, operating income of central SOEs was 33.85156 trillion RMB, a year-on-year increase of 21.3%; and operating income of local SOEs was 26.53444 trillion RMB, a year-on-year increase of 23.0%.

8. Total profit of state-owned enterprises (SOEs) in China reached 3.82504 trillion RMB from January to October

The data published by MOF on November 25 showed that total profit of state-owned enterprises (SOEs) in China reached 3.82504 trillion RMB from January to October, a year-on-year increase of 47.6%. Among them, profit of central SOEs was 2.53265 trillion RMB, a year-on-year increase of 44.0%; profit of local SOEs was 1.2924 trillion RMB, a year-on-year increase of 55.3%.

III. MOF Events

1. 3. On October 22, Vice Finance Minister Yu Weiping attended and delivered a speech at the 28th APEC Finance Ministers' Meeting via video link. The meeting mainly discussed the topics of responding to COVID-19 for a sustainable and inclusive recovery and the use of fiscal policy and budget management to address ongoing challenges, and also endorsed the Joint Ministerial Statement and new Cebu Action Plan Implementation Strategy.

2. On October 26, Finance Minister Liu Kun attended the 6th Annual Meeting of the Board of Governors of AIIB via video link and delivered a speech. Hosted by the UAE government, the annual meeting, with the theme of “ Investing Today, Transforming Tomorrow” discussed issues such as pandemic response and climate financing.

3. On October 29, Finance Minister Liu Kun attended and delivered a speech at the G20 Joint Finance and Health Ministers' Meeting. The meeting discussed pandemic response, global health governance reform and pandemic prevention, preparedness and response financing, and issued a communiqué.

4. On November 10, Vice Finance Minister Yu Weiping held a virtual meeting with Axel Trotsenburg, the World Bank Managing Director of Operations. The two sides exchanged views on issues such as IDA 20 replenishment, the World Bank's lending program for China, personnel cooperation between China and the World Bank, solar energy projects and so on.

5. On November 17, Vice Finance Minister Yu Weiping led the Chinese delegation to attend the 20th CAREC Ministerial Conference and delivered his statement via video link. The meeting briefed ministers on the progress of the implementation of the *CAREC 2030 Strategy* in key areas such as infrastructure and economic connectivity, and approved the *CAREC Health Strategy 2030* and the *CAREC Digital Strategy 2030*,

and issued a joint ministerial statement.

IV. Local Finance

1. Hunan Finance: take multiple measures and conduct meticulous management to ensure safety and efficiency of social security funds for protecting people's livelihood

According to the news released by the Finance Department of Hunan Province on November 3, finance authorities of Hunan, while increasing investment, have effectively managed and used funds for protecting people's livelihood, and worked to continuously enhance the efficiency of the use of such funds. First, strengthen management of budget preparation and budget execution, fully implement performance-based management, and sort through social security policies related to people's livelihood. Second, establish and improve relevant management systems in a timely manner, regulate the management of funds related to the protection of people's livelihood, and introduce specific management measures. Third, build a multi-level and multi-dimensional supervisory model, conduct comprehensive supervision and inspection over implementation of social policies, fund operation, fund approval and appropriation, and special fund account management, and strengthen fiscal supervision, audit supervision and social supervision. Fourth, enhance cross-departmental coordination and build a strong line of defense for fund safety.

2. Fujian Finance: developing innovative fiscal support measures and further advancing the implementation of the science and technology commissioner system

According to the news released by the Finance Department of Fujian Province on November 5, finance authorities of Fujian have continued to increase fiscal support to make the science and technology commissioner system more practical and concrete. First, innovate the selection and support mechanism, with efforts to promote market-based selection approach, diversified selection channels and team-based selection targeting, and enhance the accuracy of fiscal support for technology. Second, innovate the fiscal service mechanism, and support science and technology

commissioners to implement government-supported science and technology projects, facilitate industrial transformation and upgrading, and build technology innovation platforms to enhance the effectiveness of fiscal support for technology. Third, innovate the fiscal funding mechanism, allow for greater policy flexibility, and stimulate new momentum for fiscal support; provide differentiated support to make allocation of fiscal subsidies more targeted; and make management more coordinated to improve the efficiency of fiscal subsidies.

3. Shaanxi Finance: work on five fronts to comprehensively deepen the reform of government procurement system

According to the news released by the Finance Department of Shaanxi Province on November 9, the Finance Bureau of Yan'an City has comprehensively strengthened procurement management, continuously optimized the business environment in the field of government procurement, and solidly promoted the reform of the procurement system. First, optimize the procurement process, and simplify and standardize the filing procedures for government procurement to improve procurement efficiency. Second, make efforts to promote the disclosure of government procurement intentions, and clearly show the annual procurement project name, procurement demand profile, budgetary amount and estimated procurement time of each budget unit to improve procurement transparency. Third, give play to the functions of government procurement policies, actively implement government green procurement policies, and promote the healthy development of small and medium-sized enterprises. Fourth, make efforts to launch electronic stores and deepen the application of IT technology. Fifth, strengthen day-to-day supervision, and clean up projects without clearly defined service standards and pricing principles to regulate the government procurement market.

4. Anhui Finance: draw inspiration from Party history to vigorously build the model government agency

According to the news released by the Finance Department of Anhui Province on November 11, Finance Bureau of Wuhu City has highlighted the guidance of Party

building, consolidated the organizational foundation, focused on tackling tough challenges, developed a strong team, and forged ahead to build the model government fiscal agency. First, further implement projects related to people's livelihood, and continue to spend on education, medical care, employment, elderly care, renovation of old residential community, shantytown renovation, and construction of beautiful countryside. Second, improve the efficiency of allocating pro-people funds, strengthen the supervision and inspection over the management and distribution of subsidy funds in counties and districts, and improve the timeliness of the distribution of subsidies for people and farmers through the "all-in-one card" management system. Third, strengthen budget performance management and guide budget departments to enhance ex-ante performance evaluation, performance operation monitoring, performance evaluation and performance results application. Fourth, optimize the dynamic monitoring of funds, and cooperate with the budget integration system to optimize the current dynamic monitoring rules and improve the efficiency of payment execution. Fifth, improve the disclosure of budgets and final accounts in the city, and guide budget units to improve the disclosure of budgets and final accounts through public inspection of budgets and final accounts and business training. Sixth, work vigorously to build a transparent public finance system that is accessible, understandable and subject to the supervision of people.

5. Yunnan Finance: work on four fronts around the central task to continue to support the consolidation of agriculture-related fiscal funds in counties that have escaped poverty for advancement of rural revitalization

According to the news released by the Finance Department of Yunnan Province on November 16, finance authorities of Yunnan have continued to support poverty-escaped counties to use agriculture-related fiscal funds in a coordinated way to consolidate outcomes of poverty alleviation. First, ensure smooth transition of policies and maintain policy support on four fronts in the process of advancing rural revitalization. Second, focus on key policy links, especially provincial-level policies, and gradually transition to conventional policies. Third, enhance the distribution of consolidated funds to ensure that the rights to use the funds are delegated to counties that have escaped poverty. Fourth, spend the consolidated funds on targeted areas and

reinforce the foundation for the development of agricultural and rural industries. Fifth, enhance the management of consolidated funds and accelerate the progress of fund expenditures.

6. Sichuan Finance: deepen interaction between fiscal system and financial sector to support the development of micro and small enterprises as well as “agriculture, rural areas and farmers”

According to the news released by the Finance Department of Sichuan Province on November 18, the Finance Bureau of Ya’an City has adopted various methods to increase support for micro and small enterprises as well as “agriculture, rural areas and farmers” . First, support the sustained development of financial enterprises, significantly raise the level of bank profitability, and step up risk prevention and control. Second, support guarantee institutions to grow bigger and stronger, and require governments at all levels in the city to increase capital injections into city-level guarantee companies. Third, support “business startups and innovation” , encourage and support people to start their own businesses and engage in self-employment, and provide fiscal subsidies to loans offered to eligible individuals and micro and small enterprises in accordance with regulations. Fourth, strengthen the coordination between government, banks and enterprises through measures such as improving financial system, broadening financing channels, and creating an excellent service environment, and make every effort to promote the healthy development of private enterprises and micro and small enterprises. Fifth, support the establishment of a risk-sharing mechanism, set up the risk compensation fund for private enterprises and micro and small enterprises, agricultural guarantee fund, and emergency on-lending fund for small and medium enterprises, and provide loans to eligible entities and enterprises related to “agriculture, rural areas and farmers”. Sixth, support the construction of the city’s financing guarantee system through premium subsidies, operational rewards and risk compensation, guide financing guarantee agencies to increase support for micro and small enterprises as well as “agriculture, rural areas and farmers”, and work to increase the amount and reduce the fees of financing guarantee.

7. Guangdong Finance: coordinating financial support for the effective renovation of old urban residential communities

According to the news released by the Finance Department of Guangdong Province on November 24, finance authorities of Guangdong have actively guided localities to provide financial support for the effective renovation of old urban residential communities in accordance with local conditions. First, prioritize spending of fiscal funds for basic construction projects of the renovation of old residential communities in cities and towns, including retrofitting of water, electricity and gas network of old residential communities, exterior wall repairs, and elevator installations. Second, accelerate the diversification of financing, crowd in private sector capital, and attract financing from residents. Third, effectively leverage funds and benchmark against performance targets to speed up project construction, strengthen the leadership of Party building, and build up project pipeline. Fourth, gradually explore the establishment of “replicable and scalable” models in work coordination and project generation and promotion, and focus on tackling issues such as community public environment improvement, rain and sewage diversion, etc.

8. Shanxi Finance: strengthening fund performance management of government special bond projects and improving the efficiency of the use of special bond funds

According to the news released by the Finance Department of Shanxi Province on November 25, finance authorities of Shanxi have strengthened the fund performance management of government special bond projects, improved the efficiency of the use of special bond funds, and effectively prevented and resolved government debt risks. First, establish an overall framework with a comprehensive, full-process and full-coverage fund performance management system for special bond project at its core. Second, create a distinctive model with the two characteristics of “project pipeline management” and “information management” . Third, keep a goal setting, problem solving and result-based approach to provide direction for the way forward. Fourth, refine implementation procedures, departmental responsibilities, evaluation indicators and scoring standards, and clarify the implementation path. Fifth, focus on

the five major links of ex-ante performance evaluation, performance target management, performance operation monitoring, performance evaluation management, and application of evaluation results throughout the entire process chain of special bond project funds. Sixth, work towards the simultaneous review of ex-ante performance evaluation reports and project funding requirements, the simultaneous approval of special bond fund indicators and project performance targets, and the simultaneous monitoring of budget implementation progress and performance target achievement levels.

V. Remarks & Opinions

1. Liu Kun: G20 members should enhance their capability of responding to major public health emergencies

On October 29, Finance Minister Liu Kun attended and delivered a speech at the G20 Joint Finance and Health Ministers' Meeting. Liu Kun stated that defeating the pandemic at an early date and restoring economic growth is the top priority of the international community. President Xi Jinping has actively advocated for building a global community of health for all, and stressed that G20 members should shoulder their responsibilities in global cooperation against the pandemic and enhance the capability of responding to major public health emergencies. It is recommended that all G20 parties concentrate efforts on the following aspects: First, reform the global health governance system with the United Nations at its core. G20 may build consensus and mobilize resources for this process, and the newly established G20 Joint Finance and Health Task Force can also provide support and cooperation. Second, improve the pandemic financing system by following the principles of efficiency and equity. It is necessary to make full use of the existing funding mechanisms to improve the efficiency of the use of funds. Developed countries should honor their ODA commitments, and multilateral development banks should also expand their efforts in mobilizing more resources, so as to jointly provide financial support for developing countries. Third, strengthen coordination between finance and health authorities by adhering to the result-oriented approach. China's finance and health authorities have jointly introduced health policies and jointly disbursed health subsidies to ensure that people are not deterred from seeking medical treatment due to concerns over medical expenses and that treatment of COVID-19 cases and pandemic prevention and control in localities are not affected despite financial difficulties. Going forward, China will continue to strengthen the coordination between finance and health authorities, with constant efforts to further reform and improve its public health system.

2. Liu Kun: major achievements and historical experience of Party leadership over fiscal work

On November 8, in his article published on the Study Times, Finance Minister Liu Kun stated that looking back over the past century, our Party has attached great importance to and continuously strengthened its leadership in fiscal work, identifying the direction and providing the guidance for fiscal development and reform. A string of remarkable achievements have thus been made, as fiscal functions keep deepening and expanding, national fiscal strength grows increasingly stronger, fiscal macro-adjustment keeps improving, fiscal support gets more targeted and effective, reform of fiscal and tax system advances further, level of fiscal management continuously rises, and international financial cooperation moves further forward.

After the 3rd Plenary Session of the 11th CPC Central Committee, with the continuously deepening reform and opening-up, finance authorities actively participated in various economic diplomacy activities. For instance, China resumed its legal seat in the World Bank, joined the Asian Development Bank and other international institutions, established financial exchange and cooperation mechanisms with relevant countries, and increasingly engaged in international economic and financial exchanges. Since the 18th CPC National Congress, we have coordinated domestic development with international cooperation, and deepened pragmatic cooperation in the economic and financial sector to serve the major-country diplomacy with Chinese characteristics and create a favorable external environment for China. We have also made good use of important platforms such as G20, BRICS, “1+6” roundtable dialogue, APEC, ASEAN+3 and other important economic and financial cooperation platforms to strengthen multilateral and bilateral economic and financial dialogues, and have achieved positive progress in cooperation over fields of macroeconomic policy coordination, trade and investment, and international taxation. We have initiated the establishment of the Asian Infrastructure Investment Bank which now has a total of 104 members and has fostered a brand-new image as a new type of professional, efficient and clean multilateral development bank for the 21st century. We have promoted the establishment of the New Development Bank, and made smooth progress in its institutional building, membership expansion, and

business operations. We also initiated the establishment of the CAREC Institute to promote knowledge sharing and development cooperation among countries in Central Asia. We set up the Multilateral Cooperation Center for Development Finance to strengthen the coordination with international institutions and regional cooperation mechanisms, and to make the implementation of the Belt and Road initiative more substantive on the ground. We deepened cooperation with the established multilateral and bilateral development institutions such as World Bank, Asian Development Bank, and International Fund for Agricultural Development to support domestic reform, opening up and high-quality development. We took the initiative to significantly reduce the overall tariff level to 7.4%, and actively supported the formation of high-standard free trade area network. Moreover, we provided preferential tariff treatment under 17 free trade agreements or preferential trade arrangements for 28 countries or regions, with a view to fostering a new and open economic system of higher level.

3. Liu Shangxi: the key for common prosperity to go beyond distribution lies in breaking the social status system

On November 16, Liu Shangxi, President of the Chinese Academy of Fiscal Sciences, pointed out in an interview that first, common prosperity itself includes “enlarging the cake” and “dividing the cake”, which has to do with both issues of efficiency and equity. Second, “dividing the cake” should not affect “distribution expectations” or weaken the correlation between hard work, contribution and distribution expectations, otherwise it would be difficult for the cake to grow larger. Third, breaking the dual structure brought about by the long-standing urban-rural divide is vital for advancing common prosperity, which is first and foremost about breaking the social status system that hinders vertical mobility between rural and urban residents, regular and non-regular employees, and workers and administrative officials. Fourth, common prosperity includes tertiary distribution but is not limited to tertiary distribution, the key to which is the improvement of social moral standards and the enhancement of social self-organization ability through the formation of social promotion mechanisms such as “social enterprises” and “mutual assistance insurance”. Fifth, it is recommended to appropriately expand and increase the proportion of

central government debt, and not to further expand or increase the proportion of local government debt. This means that some powers and expenditure responsibilities should be appropriately shifted up, so that the corresponding fiscal policy measures can be reflected more at the central level.

4. Yu Weiping: promoting new progress of CAREC cooperation in 2022

On November 17, Vice Finance Minister Yu Weiping attended and addressed the 20th CAREC Ministerial Conference via video link. Yu Weiping affirmed the positive role of the CAREC program in promoting connectivity and prosperity and responding to the pandemic in Central Asia, and put forward three points on future cooperation: First, efforts should be made to strengthen pragmatic cooperation and implement the *CAREC 2030 Strategy*; Second, we should put people's life first and strengthen regional health cooperation; Third, we should stick to the innovation-driven approach and speed up the development of digital economy in the region.

Yu Weiping stated that the Chinese government has aligned the efforts of consolidating and expanding the results of pandemic prevention and control with economic and social development. Consequently, economic development has maintained steady growth with a sound momentum. China will move faster to foster a new development paradigm and promote high-quality development. China's development will bring more new opportunities to countries including CAREC member states. As the host of CAREC next year, China is willing to work with all parties to implement the outcomes of this year's Ministerial Conference, strive for new progress in CAREC cooperation next year, and make new contribution to prosperity and development of the region.

Journal Title: China Finance Monthly

Editor: International Economics and Finance Institute

Publisher: Editorial Office, China Finance Monthly

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Publishing Date: December 2021