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HIGHLIGHTS

- Finance Minister Liu Kun: making constant efforts in safeguarding the basic, inclusive and fundamental needs of the people to improve people's quality of life through development
- Three ministries jointly published a circular on further strengthening initiation management of national science and technology projects
- Ministry of Industry and Information Technology and MOF jointly published a circular on the pilot work of fiscal support for digital transformation of SMEs
- Value-added of China's major industrial enterprises increased by 3.8% year on year in July

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. MOF and the Ministry of Education jointly published the *Financial Rules for Institutions of Higher Education*

On August 2, MOF and the Ministry of Education jointly published the *Financial Rules for Institutions of Higher Education*, which provided the following. First, these rules are applicable to full-time regular institutions of higher education and adult institutions of higher education run by the people's governments at all levels. The above-mentioned schools run by other social organizations and individuals may refer to these rules for implementation. Second, the state implements budget management measures for institutions of higher education, which include verification of revenue and expenditure, fixed quota or fixed-item subsidies, prohibition of top-up for over-expenditure, use of carry-over and balance in accordance with regulations, etc. Third, institutions of higher education should prepare draft annual final accounts according to regulations, which should be reviewed and aggregated by the competent department and then reported to the finance department for approval; strengthen the review and analysis of final accounts, and standardize the management of final accounts; and comprehensively strengthen the management of budget performance and improve the efficacy of using funds.

2. Customs Tariff Commission of the State Council announced that it would grant zero-tariff treatment to 98% of taxable product items of 16 countries

On August 2, the Customs Tariff Commission of the State Council issued an announcement to grant zero-tariff treatment to 98% of taxable product items for 16 countries, including the Republic of Togo, which provided the following. First, starting from September 1, 2022, preferential tariff rate of zero will be applicable to 98% of the taxable import product items originating in the following 16 least developed countries: the Republic of Togo, the State of Eritrea, the Republic of Kiribati, the Republic of Djibouti, the Republic of Guinea, the Kingdom of Cambodia, the Lao People's Democratic Republic, the Republic of Rwanda, the People's

Republic of Bangladesh, the Republic of Mozambique, Nepal, the Republic of Sudan, the Solomon Islands, the Republic of Vanuatu, the Republic of Chad and the Central African Republic. Second, 98% of the taxable items are those with a tariff rate of zero in the annex to the No. 8 Announcement of the Customs Tariff Commission in 2021, with a total number of 8,786 items. Third, zero-tariff treatment will be gradually granted to 98% of the taxable product items of all the least developed countries that have diplomatic relations with China.

3. MOF published a circular on further strengthening the financial management of state-owned financial enterprises

On August 2, MOF published a circular on further strengthening the financial management of state-owned financial enterprises, which provided the following. First, it is important to strengthen financial budget management and reasonably control expenses; strictly implement the requirements on remuneration and business expenditure management, and further strengthen the management responsibility of financial enterprises over subordinate departments and institutions; actively optimize the internal income distribution structure, scientifically design the salary system, and reasonably control the income difference between positions; and establish and improve the deferred payment and accountability mechanism for salary distribution. Second, it is necessary to carry out asset risk classification, accurately and reasonably set aside risk provisions, and reflect business outcomes in a true and fair manner; strengthen non-performing asset write-off and disposal management to effectively prevent moral hazards and loss of state-owned assets; and enhance overseas investment management and effectively prevent cross-border assets risks. Third, efforts should be made to consolidate the principal responsibility of financial enterprises, accurately conduct accounting, and disclose financial accounting reports truthfully and completely. Fourth, the finance authorities should actively perform their responsibilities of state-owned financial capital contributors and effectively safeguard the rights and interests of the owners.

4. MOF and the Ministry of Education jointly published the *Financial*

Management Rules for Primary and Secondary Schools

On August 10, MOF and the Ministry of Education jointly published the *Financial Management Rules for Primary and Secondary Schools*, which provided the following. First, the rules apply to general primary and secondary schools, secondary vocational schools (including technical schools), special education schools, specialized schools, adult secondary schools and adult primary schools run by the people's governments at all levels. Second, the requirements set out in the rules include: reasonably preparing the school budget, strictly carrying out the budget implementation, and preparing the school's final accounts report and financial report in a comprehensive and accurate way to truthfully reflect the school's budget implementation performance, financial status and operational performance; establishing and improving the financial management system, strengthening economic accounting, fully implementing performance management, and improving the efficacy of the use of funds, etc. Third, during budget implementation, fiscal subsidy income and funds under the management of special fiscal account are generally not allowed for budget adjustment; where such adjustment is indeed necessary, the primary and secondary schools should send their request to the competent authorities for review and then submit it to the finance authorities for adjustment.

5. MOF and the All-China Women's Federation jointly published the *Measures for the Administration of the Central Special Lottery Public Welfare Fund to Support the "Sunshine Station" Project*

On August 11, MOF and the All-China Women's Federation jointly published the *Measures for the Administration of the Central Special Lottery Public Welfare Fund to Support the "Sunshine Station" Project*, which provided the following. First, the "Sunshine Station" project refers to the use of the central special lottery public welfare fund to support the provision of books, cultural, sports and artistic equipment and other materials, as well as personnel training, design and development of theme activities and other professional care services for areas with a large number of left-behind children and villages or communities in low-income areas. Second, the supporting funds provided for each village or community should not in principle

exceed 100,000 RMB per year, and the project funds should be earmarked and used for intended purposes. Third, MOF and the All-China Women's Federation are responsible for formulating project management measures, guiding and supervising the use of project funds and project implementation in accordance with relevant regulations, and organizing and guiding relevant parties to carry out whole-process budget performance management.

6. Three ministries jointly published a circular on further strengthening initiation management of national science and technology projects

On August 12, the Ministry of Science and Technology, MOF and the National Natural Science Foundation of China (NSFC) jointly published a circular on further strengthening initiation management of national science and technology projects. First, starting from January 1, 2023, a joint review mechanism should be established during the project initiation process of national key research and development plan projects, 2030-major science and technology innovation projects, major projects of the NSFC, basic science center projects, and national major scientific instrument research and development projects. Second, it is requested that all relevant departments should not use the number of scientific research projects and amount of funding as the standard for evaluating scientific research personnel. Third, MOF, the Ministry of Science and Technology and the NSFC will jointly carry out plagiarism check, comprehensively improve the efficiency of allocating national science and technology plan funds, and improve the efficacy of fiscal input in science and technology.

7. Ministry of Industry and Information Technology and MOF jointly published a circular on the pilot work of fiscal support for digital transformation of SMEs

On August 17, the Ministry of Industry and Information Technology and MOF jointly published a circular on the pilot work of fiscal support for digital transformation of SMEs, which provided the following. First, the central government will make available reward and subsidy funds to support service platforms which provide digital transformation services for SMEs. Around 100 service platforms are slated to be supported in 2022. Second, the central government will provide reward and subsidy

funds of up to 6 million RMB per service platform for the service platforms that have completed the transformation targets. Third, at the beginning of the implementation period, the reward and subsidy funds are allocated on a pro rata basis for one year; after the end of implementation period, the Ministry of Industry and Information Technology, along with MOF, will review the digital transformation of the pilot SMEs, and determine the reward and subsidy funds on the basis of the number of SMEs that pass the review. Fourth, the service platforms should directly use the reward and subsidy funds for pilot enterprises, and are encouraged to reduce or exempt the software, cloud service and other expenses related to the common needs of pilot enterprises for digital transformation, so as to reduce the costs of digital transformation of enterprises.

8. MOF and the Ministry of Science and Technology jointly published the *Financial Rules for Government-sponsored Scientific Institutions*

On August 19, MOF and the Ministry of Science and Technology jointly published the *Financial Rules for Government-sponsored Scientific Institutions*, which provided the following. First, the rules are applicable to the financial activities of all types of government-sponsored scientific institutions at all levels. Second, the relevant institutions should reasonably prepare budget, strictly implement it, completely and accurately prepare the final accounts report and financial report to truthfully reflect the budget execution, financial status and operational performance. Third, it is important to establish and improve the financial management system, strengthen economic accounting, fully implement performance management, and improve the efficacy of the use of funds. Fourth, it is necessary to strengthen asset management, reasonably allocate and effectively utilize assets, and prevent asset losses. Fifth, efforts should be made to strengthen financial control and supervision of the institution's economic activities to prevent financial risks.

9. Ministry of Science and Technology and MOF jointly published the *Action Plan for Improvement of Enterprise Technology Innovation Capacity (2022-2023)*

On August 22, the Ministry of Science and Technology and MOF jointly published

the *Action Plan for Improvement of Enterprise Technology Innovation Capacity (2022-2023)*, which provided the following. First, efforts will be made to ensure that extra deduction of R&D expenses, high-tech enterprise tax incentives, tech-firm incubator tax incentives, technology transaction tax incentives, and other preferential policies are fully enjoyed by all those who are eligible. Second, preferential tax policies will be provided for enterprises investing in basic research, and enterprises are encouraged to set up basic frontier research funds, R&D projects and reward programs through donations and other methods. Third, it is important to explore the creation of a mechanism whereby the key research findings of the National Natural Science Foundation of China and the national key R&D plans are matched with the needs of enterprises, and to support enterprises for participating in the construction of national laboratories through R&D cooperation, platform co-construction, and outcome sharing. Fourth, efforts will be made to implement equity and dividend incentive policies for state-owned technology enterprises, and study, evaluate and timely launch the pilot policy of deferred payment of individual income tax for equity incentives of listed high-tech enterprises. Fifth, it is necessary to thoroughly implement the preferential tax policies for venture capital investment, and guide venture capital enterprises to invest early in small enterprises with cutting-edge technologies.

10. State Council deployed a package of policies and measures to stabilize the economy and strengthen the foundation for economic recovery and development

On August 24, Premier Li Keqiang presided over an executive meeting of the State Council to deploy a package of policies and measures to stabilize the economy and strengthen the foundation for economic recovery and development, which provided the following. First, based on channeling 300 billion RMB in policy-backed and development-oriented financial instruments to specific projects, their quota will be increased by 300-plus billion RMB; the balance of special bond quotas worth over 500 billion RMB should be fully utilized according to laws and issued by the end of October. Second, measures will be introduced to support the development and investment of private enterprises and to promote the healthy and sustainable development of the platform economy; localities will be allowed to adopt city-specific

policies, including flexible credit loans to meet people's needs for housing or improved housing. Third, local governments are encouraged to set up risk compensation fund for loans to micro, small and medium-sized enterprises and the self-employed. Fourth, measures will be taken to support power generation enterprises under central administration in issuing 200 billion RMB of special bonds for energy supply.

II. Facts & Figures

1. Lottery sales in China in June reached 31.981 billion RMB

The data published by MOF on August 1 showed that lottery sales in China in June reached 31.981 billion RMB, a year-on-year decrease of 2.629 billion RMB or 7.6%. Among them, welfare lottery sales were 13.078 billion RMB, a year-on-year increase of 1.855 billion RMB or 16.5%; sports lottery sales were 18.902 billion RMB, a year-on-year decrease of 4.485 billion RMB or 19.2%.

2. China's CPI in July rose by 2.7% year on year

The data published by NBS on August 10 showed that China's CPI in July rose by 2.7% year on year. Among them, prices in urban areas rose by 2.6%, and prices in rural areas rose by 3.0%; food prices rose by 6.3%, and non-food prices rose by 1.9%; consumer goods prices rose by 4.0%, and service prices rose by 0.7%.

3. China's PPI rose by 4.2% year on year in July

The data published by NBS on August 10 showed that China's PPI rose by 4.2% year on year in July. Among them, prices of extractive industries increased by 18.8%, prices of raw material industries increased by 11.4%, prices of processing industries increased by 0.9%, prices of means of consumption increased by 1.7%, prices of food increased by 3.7%, prices of apparel increased by 2.1%, prices of general daily necessities increased by 1.5%, and prices of consumer goods fell by 0.3%.

4. Value-added of China's major industrial enterprises increased by 3.8% year on year in July

The data published by NBS on August 15 showed that value-added of China's major industrial enterprises increased by 3.8% year on year in July. In terms of the three categories, value-added of mining industries increased by 8.1% year on year,

value-added of manufacturing industries increased by 2.7%, and value-added of electricity, heating, gas and water production and supply industries increased by 9.5%. In terms of types of ownership, value-added of state-controlled enterprises increased by 5.4% year on year; value-added of joint-stock enterprises increased by 4.4%, value-added of foreign-invested as well as Hong Kong, Macao and Taiwan-invested enterprises increased by 1.9%; and value-added of private enterprises increased by 1.5%.

5. China's cumulative general public budget revenue from January to July was 12.4981 trillion RMB

The data published by MOF on August 17 showed that China's cumulative general public budget revenue from January to July was 12.4981 trillion RMB, an increase of 3.2% after adjusting for the factor of tax refund, and a decrease of 9.2% in year-on-year terms. Among them, the central general public budget revenue was 5.7441 trillion RMB, an increase of 2.1% after adjusting for the factor of tax refund, and a decrease of 11.2% in year-on-year terms; the local general public budget revenue was 6.754 trillion RMB, an increase of 4.1% after adjusting for the factor of tax refund, and a decrease of 7.6% in year-on-year terms. The nationwide tax revenue was 10.2667 trillion RMB, an increase of 0.7% after adjusting for the factor of tax refund, and a decrease of 13.8% in year-on-year terms; non-tax revenue was 2.2314 trillion RMB, an increase of 19.9% over the same period of the previous year.

6. China's cumulative general public budget expenditure from January to July was 14.6751 trillion RMB

The data published by MOF on August 17 showed that China's cumulative general public budget expenditure from January to July was 14.6751 trillion RMB, a year-on-year increase of 6.4%. Among them, the central general public budget expenditure was 1.8473 trillion RMB, a year-on-year increase of 6.4%; the local general public budget expenditure was 12.8278 trillion RMB, a year-on-year increase of 6.4%.

III. Local Finance

1. Hubei Finance: work on five fronts to advance high-quality development of beautiful villages

According to the news released by the Finance Department of Hubei Province on August 2, the finance authorities of Huangshi City have vigorously promoted the pilot program of provincial-level beautiful village construction, and achieved notable outcomes in carrying out pilots and demonstration zones in villages. First, plan pilot villages at the county-level, consolidate fiscal funds and policies at all levels, and tilt resources toward the pilot villages, so as to promote the speedy development of the beautiful villages in the pilot areas. Second, actively guide villagers to contribute funds and labor for each pilot village, and encourage the general public and private enterprises to make donation. Third, comprehensively sort through the village project funds, and carry out coordinated management according to the nature of funds to ensure the smooth implementation of beautiful village construction projects in the pilot areas.

2. Shaanxi Finance: providing solid fiscal support for ecological and environmental protection

According to the news released by the Finance Department of Shaanxi Province on August 9, the Finance Bureau of Hanzhong City took active measures to mobilize funds, continued to speed up the release and execution of budget in the field of ecological environment, and made every effort to protect lucid waters and lush mountains. First, 20.271 million RMB of special funds was made available in a timely manner for projects such as emergency response system for heavily polluted air quality in Hanzhong, analysis of ozone causes, and research on pollution control measures. Second, efforts were made to raise the strategic vision and shoulder the responsibility for supporting the battle against water pollution, with 55.1165 million RMB of special funds being allocated for water pollution control and ecological

restoration in the metal-related mineral mining areas of the Han River Basin, and 5.8 million RMB of special funds being arranged for surface water monitoring in province-controlled areas and drinking water source quality monitoring in key national functional areas. Third, 3.5 million RMB of special funds was mobilized to support the work on the creation of “waste-free city”, investigation and analysis of soil and groundwater pollution, and supervision of soil environmental rehabilitation.

3. Sichuan Finance: taking targeted measures to support high-level grain production in Chengdu

According to the news released by the Finance Department of Sichuan Province on August 15, the Finance Bureau of Chengdu City has strengthened policy coordination and financial support to lay a solid foundation for stable and bumper harvest of grain throughout the year. First, measures with “teeth” were enforced for farmland protection, and fiscal support policies were studied and formulated to strengthen farmland protection, in order to ensure food security and prevent farmland from being abandoned. Second, for 11 districts (cities) and counties such as Eastern New District, Qingbaijiang District and Jianyang City, the city-level fiscal subsidy standard is raised to 1,500 RMB/mu, and for 6 districts such as Tianfu New District and Longquanyi District, city and district-level fiscal subsidy is set at 750 RMB/mu respectively. Third, for grain and oil industrial parks rated as city-level star parks, rewards of 10 million RMB are offered for five-star ones, rewards of 5 million RMB are offered for four-star ones, and rewards of 3 million RMB are offered for three-star ones. Fourth, in 2022, a total of 592 million RMB of subsidy funds for protection of farmland have been allocated from the central government, one-time subsidies of 95.87 million RMB have been provided for grain farmers, and subsidy funds of 44.72 million RMB have been made available for the purchase of agricultural machinery, in order to ensure that various grain-growing subsidies are handed out to farmers in full and in a timely manner.

4. Beijing Finance: taking targeted measures to address the weak links in education and promote balanced development of compulsory education

According to the news released by the Finance Bureau of Beijing Municipality on August 24, finance authorities of Beijing have intensified efforts to study and introduce funding policies to accelerate the high-quality and balanced development of compulsory education. First, determine the focus of fiscal support and funding policies, and take the four key tasks of degree education, playground renovation, informatization and campus security as the principal areas of support. Second, establish a municipality-district cost-sharing mechanism whereby municipal-level government determine the proportion of subsidies based on the functional positioning of each district, with a tilt towards ecological conservation areas and new urban development areas, while district-level government raise funds to support policy implementation. Third, strictly verify the fiscal subsidy standards for various projects based on the actual procurement situation of some districts and schools and the price offer from government procurement website. Fourth, increase municipal subsidies for township schools and include all 287 township schools in the municipality into the scope of support, with the funding fully borne by the municipal finance.

IV. Remarks & Opinions

1. Liu Shangxi: common prosperity is not income equalization between the rich and the poor, but all-round development of people

On August 4, Liu Shangxi, President of the Chinese Academy of Fiscal Sciences, pointed out in an article in the *Global Times* that common prosperity is not income equalization between the rich and the poor, but all-round development of people. First, only by focusing on people can we identify the key to promoting common prosperity. To continuously unleash and develop social productive forces, create and accumulate social wealth, while preventing polarization is an arduous task that we will face as we enter a new stage of development. Only by focusing on people can we identify the key to promoting common prosperity. Second, common prosperity means promoting all-round development of people. From the perspective of world history, the inherent logic of promoting common prosperity is often trapped in the conflict between efficiency and equity. In the era of polarization, income equalization between the rich and the poor used to be the basic path to common prosperity. As China has adopted the socialist system with Chinese characteristics, so it took the initiative to turn to the humanistic logic in the process of promoting common prosperity. This is highly consistent with the people-centered development philosophy of the CPC in the new era, and in line with the current strategy of shifting to high-quality and innovation-driven development. Third, it is important to consider economic issues in the context of the society as a whole. Turning to the humanistic logic of social development requires considering economic issues in the context of the society as a whole. The development of people and the free, all-round and equal development of all people can only be clearly understood in the context of the society as a whole; otherwise, one may miss the forest for the trees if they are considered in the economic context alone. Fourth, the general improvement of national capabilities requires a fair starting point and fair access to opportunities. To promote common prosperity, we must get out of the dilemma between efficiency and equity, and between “making pies and dividing pies”. Only by shifting from objects to people, from property and income benchmarks to consumption benchmarks, i.e., from material-based logic to human-based logic, can we truly, gradually and continuously move towards common

prosperity.

2. Yao Yang: China's economic growth still has great potential

On August 5, Yao Yang, Dean of the National School of Development of Peking University, stated at the 4th Yanqi Lake Forum themed “Building and Strengthening Foundations, and Seeking Progress while Maintaining Stability” that China’s economic growth still has great potential, and the focus of growth-stabilizing policy in the second half of the year should be on the demand side, and therefore, he suggested that the government should consider issuing 1.4 trillion RMB of special consumption bonds.

In the first half of the year, having withstood unexpected shock, China’s economy regained stability and secured recovery. In the second half of the year, China’s economy needs to sustain its recovery while maintaining stability. In terms of inflation, Yao Yang highlighted that if the CPI is divided into food and non-food prices, one may find that the non-food prices are very stable, and the rise in food prices is largely due to the increase in pork prices. As consumer demand is not strong at this moment, inflation is unlikely to occur. In view of the challenge of insufficient demand, Yao Yang emphasized that China’s economy is still undergoing recovery. The premise of demand expansion is to expand consumption and control the pandemic. Consumption can be further boosted by handing out consumer coupons and cash. It is advisable to take the special treasury bonds issued in 2020 in response to the pandemic as an example, and consider issuing 1.4 trillion RMB of special treasury bonds for consumption, which can be subscribed by provinces, and then followed up with consumer coupons and cash after subscription. Yao Yang suggested that a minimum subscription limit can be set to avoid excessive disparity between provinces, autonomous regions and municipalities.

3. Zhu Guangyao: discontinuation of lending and change of capital flows led to the Asian financial crisis, and the operational readiness of CMI should therefore

be enhanced

On August 19, former Vice Finance Minister Zhu Guangyao attended and addressed the Symposium on 1997 Asian Financial Crisis: 25 Years On, pointing out that as the world is facing new challenges of financial crisis, it is meaningful to look back on the Asian Financial Crisis and review the extraordinary achievements of the institutional arrangement for Asian financial cooperation that has started from scratch. The Asian financial crisis that broke out in 1997 was a frantic plunder of the wealth of East Asian countries, with Thailand, the Philippines, Indonesia, and South Korea suffering huge losses. The outbreak of the Asian financial crisis was caused by the sudden stop of lending and rapid directional change of capital flows. The greed of international speculative funds and the unscrupulous means of investment precipitated the outbreak of the financial crisis. In response, Thailand directly suppressed the spot market, forcing the central bank to raise interest rates, which had a negative impact on the stock market; the shock of speculation to the Hong Kong dollar market came with more complicated and varied impact, and the huge sell-off of Hong Kong stocks also exacerbated financial turmoil in Asia.

Zhu Guangyao stressed that the Asian financial crisis has underscored the importance of building a regional safety net among East Asian countries. The signing of the Chiang Mai Initiative (CMI) was a milestone for enhanced cooperation among ASEAN+3 countries, and the operational readiness of CMI should be enhanced. The first is to clarify the cost standard for lending at an early date; the second is to pragmatically advance the institutionalization of Chiang Mai Initiative Multilateralization (CMIM), and the 240 billion US dollars of funds determined by the CMIM can be divided into callable capital and paid-in capital; the third is to take a multilateral approach for turning CMIM into a physical entity, which can be established in the form of a limited company, and then be upgraded to an international organization.

4. Liu Kun: making constant efforts in safeguarding the basic, inclusive and fundamental needs of the people to improve people's quality of life through

development

On August 26, Finance Minister Liu Kun pointed out in the *Study Times* that the finance authorities, committed to people-centered development philosophy and mindful of the overall national interests, have sought guidance from the spirit of General Secretary Xi Jinping' s important statements to continuously step up our work on safeguarding the basic, inclusive and fundamental needs of the people to improve people's quality of life through development. First, we prioritized spending on poverty alleviation. During the eight years of battle against poverty, the fiscal funds earmarked for poverty alleviation at central, provincial, city and county levels reached nearly 1.6 trillion RMB. Second, we have done our best to guarantee the funding for pandemic prevention and control. Efforts have been made to ensure that people are not deterred from seeking medical treatment for concerns over expenses, and that medical treatment and pandemic prevention and control are not affected by funding problems in localities. Third, we have insisted on putting development of education first. The national fiscal funding for education as a share of GDP has been consistently kept at more than 4%, with a tilt towards financially difficult areas and weak links. Fourth, we have continued to increase investment in health. Immense efforts have been made to strengthen the development of public hospitals, primary medical and health institutions, and health personnel, and to reduce the burden of medical expenses on people. Fifth, we have made continuous efforts to raise the minimum standards of basic pension for retirees and basic pension for urban and rural residents, and launched the national pooling of basic pension insurance for enterprise employees to ensure that pensions are paid in full and on time. Sixth, we have enhanced our work to vigorously promote the construction of a modern public cultural service system and support the development of cultural undertakings and cultural industries, so as to enrich the cultural life of the people.

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