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HIGHLIGHTS

- Finance Minister Liu Kun: Strengthening regional cooperation is an important means to achieve common development
- Finance Minister Liu Kun held bilateral meetings with World Bank President Malpass, IMF Managing Director Georgieva, OECD Secretary-General Cormann, and FSB Chair Knot
- State Council deployed arrangements for implementing a package of policies and follow-up measures to stabilize the economy
- MOF published a circular on the issuance of the *General Accounting System for Public Finance*
- China issued 680.7 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. State Council deployed arrangements for implementing a package of policies and follow-up measures to stabilize the economy

On November 22, Premier Li Keqiang presided over an executive meeting of the State Council to deploy arrangements for implementing a package of policies and follow-up measures to stabilize the economy, which provided the following. First, the coordination mechanism of important projects should continue to operate efficiently to accelerate fund disbursement and construction of projects, crowd in private and other non-public capital investment, and deliver more concrete outcomes within the year. Second, with the basic completion of the signing of project loans, the focus of work should be shifted to the disbursement of special re-lending funds and fiscal subsidies for loan interests, and urge loan users to speed up purchase and retrofitting of equipment. Third, efforts should be made to stabilize and expand consumption, continue to ensure the smooth transportation and logistical services, and increase financial support for the real economy. Fourth, it is important to seriously deal with wage arrears of migrant workers, hold such acts accountable in accordance with laws and regulations, and ensure that migrant workers are paid in full and on time.

2. MOF published *a circular on soliciting comments on the Asset Appraisal Law of the People's Republic of China (Revised Draft for Comments)*

On November 29, MOF published *a circular on soliciting comments on the Asset Appraisal Law of the People's Republic of China (Revised Draft for Comments)*, which provided the following. First, asset appraisal refers to the professional services provided by appraisal institutions and their appraisers, as entrusted, in appraising and estimating real estate, movable property, intangible assets, enterprise value, asset losses or other economic rights and interests, and issuing appraisal reports. Second, appraisal institutions shall establish and improve the internal management system, supervise the compliance of its appraisers with laws, administrative regulations and appraisal rules, and take responsibility for their professional conduct. Third, the

relevant competent administrative departments of the State Council should organize the formulation of basic rules and standards for appraisal and measures for the supervision and management of the appraisal industry.

3. Four ministries jointly published a circular on further improving the government procurement of agricultural and sideline products in poverty alleviation areas

On December 5, MOF, the Ministry of Agriculture and Rural Affairs, the National Rural Revitalization Administration, and the All-China Supply and Marketing Cooperatives jointly published a circular on further improving the government procurement of agricultural and sideline products in poverty alleviation areas, which provided the following. First, it is important to strengthen the dynamic management of suppliers and products, clarify the division of responsibilities, and step up the supervision and inspection of quality, selling price, authenticity of origin, sales volume of the products sold by suppliers on the “832 platform”. Second, it is necessary to establish and improve price monitoring, quality supervision and user evaluation mechanisms, and take measures to summon suppliers with products of inflated prices and substandard quality and remove such products from the shelves. Third, trading rules should be formulated and improved, and platform service capacity be enhanced.

4. MOF and the Ministry of Education jointly published the *Measures for the Management of the Special Guiding Funds for Central-level Universities and Colleges to Build World-class Universities (Disciplines) and Achieve Development with Unique Characteristics*

On December 8, MOF and the Ministry of Education jointly published the *Measures for the Management of the Special Guiding Funds for Central-level Universities and Colleges to Build World-class Universities (Disciplines) and Achieve Development with Unique Characteristics*, which provided the following. First, MOF is responsible for reviewing and approving the expenditure plan and annual budget of the “special

guiding funds” in conjunction with the Ministry of Education, and for supervising and providing guidance on the use and management of the funds. Second, the special guiding funds will adhere to the principle of “streamlining administration and improving scientific management”, i.e., increasing the autonomy of the use of funds by universities and colleges, and allowing universities and colleges to make independent spending decision within the approved scope. Third, the special guiding funds will be allocated by using the factor method, and the allocation factors mainly include basic factors and quality factors, etc. Quality factors are dominant factors, referring to what has been achieved by those central-level universities and colleges in developing first-class disciplines, hiring and nurturing first-class teachers, cultivating first-class talents, producing first-class outcomes, and undertaking major national tasks.

5. MOF and the Ministry of Emergency Management jointly published a circular on the issuance of the *Administrative Measures for Setting Aside and Using the Funds for Enterprise Safety Production*

On December 13, MOF and the Ministry of Emergency Management jointly published a circular on the issuance of the *Administrative Measures for Setting Aside and Using the Funds for Enterprise Safety Production*. First, the funds for enterprise safety production refer to the funds that enterprises set aside in accordance with the prescribed standards, and are included in the costs and specially used to reinforce and improve the safety production conditions of enterprises or projects. Second, the Measures are applicable to enterprises and other economic organizations that directly engage in coal production, non-coal mine exploitation, oil and gas exploitation, construction engineering, production and storage of dangerous goods, transportation, fireworks production, civil explosives production, metallurgy, machinery manufacturing, weapons development, production and testing (including civil aviation and nuclear fuel), and electricity production and supply within China. Third, the finance authorities shall supervise and inspect the set-aside, use and management of the funds for enterprise safety production in accordance with the law.

6. State Council deployed a policy package to effectively stabilize the economy, reinforce the foundation for economic stabilization and keep economic growth within a reasonable range

On December 20, Premier Li Keqiang presided over an executive meeting of the State Council to deploy a policy package to effectively stabilize the economy, reinforce the foundation for economic stabilization and keep economic growth within a reasonable range, which provided the following. First, it is imperative to implement the policy package to stabilize the economy, make up for the weak links, and ensure full implementation of the policy measures. Second, efforts should be made to generate more physical gains in the implementation of major projects and equipment upgrading and renovation, and projects that meet construction conditions in winter shall not be halted. Third, it is crucial to reaffirm our commitment to the development of both the public and non-public sectors of the economy, and support non-public sectors to grow better with stronger confidence. Fourth, it is important to support the healthy and sustainable development of the platform economy, and promote the orderly recovery of service consumption in light of actual conditions. Fifth, it is necessary to implement the 16 financial policies such as those for meeting people's basic housing needs and their wish to improve housing conditions, ensuring the delivery of pre-sold homes and supporting financing for the real estate sector enterprises.

7. MOF published a circular on the issuance of the *General Accounting System for Public Finance*

On December 21, MOF published a circular on the issuance of the *General Accounting System for Public Finance*, which provided the following. First, general accounting refers to the professional accounting of economic activities or matters by all levels of government in the accounting, representation and oversight of funds of general public budget, funds of governmental fund budget, funds of state-owned capital operation budget, funds of social insurance fund budget, funds under the management of special fiscal accounts, special-purpose funds, and escrow funds, etc. Second, the System is basically about the establishment of an account title system for budget accounting and an account title system for financial accounting, specifically, it

will appropriately distinguish between the budget accounting functions and the financial accounting functions of the current general accounting system to establish the “dual functions” of budget accounting functions and financial accounting functions, adopt the “dual basis” of cash basis and accrual basis, and support the “dual report” of final account report and financial report. Third, the System will promote the unification of the government accounting standards, meet the needs for the reform of government comprehensive financial reporting, meet the requirements of integrated budget management, and further rationalize the assets and liabilities.

8. State Council Tariff Commission published an announcement on the tariff adjustment plan for 2023

On December 29, the State Council Tariff Commission published an announcement on the tariff adjustment plan for 2023, which provided the following. First, starting from January 1, 2023, provisional import tariff rates that are lower than the MFN rates will be applied to 1,020 goods, including zero tariffs on raw materials for anti-COVID medicines, potash fertilizers, etc., and reduced tariffs on medical supplies such as dentures, small household appliances such as coffee machines, some wood and paper products, iridium oxide for fuel cells, etc. Second, starting from January 1, 2023, import and export tariffs will be increased on some goods, including to abolish the provisional import tariff rates and resume the MFN rates on chestnuts, licorice and its products, large tires, etc., and to increase export tariffs on aluminum and aluminum alloys. Third, starting from July 1, 2023, the 8th step of the MFN rate cut for 62 IT products will be carried out, and the total tariff level of China will be reduced from 7.4% to 7.3% after adjustment. Fourth, in 2023, treaty tax rates will be applied to some goods under 19 agreements originating from 29 countries or regions. In accordance with the relevant provisions of the Regional Comprehensive Economic Partnership (RCEP) and in light of the entry into force of RCEP for Indonesia, starting from January 2, 2023, the RCEP treaty tax rates will be applied to some goods originating from Indonesia. Fifth, in 2023, preferential tax rates will continue to be applied to the least developed countries that have established diplomatic relations with China and completed the procedures for exchange of notes. Sixth, in 2023, surgical robots, laser radar and other taxable items will be added, and the total number

of taxable items will be 8,948 after this adjustment.

9. MOF published a circular on the issuance of the Guide to Professional Subjects in Continuing Education for Accountants (2022 Edition)

On December 30, MOF published a circular on the issuance of the Guide to Professional Subjects in Continuing Education for Accountants (2022 Edition), which provided the following. First, this Guide is mainly used to guide the finance authorities of local people's governments at or above the county level, the Finance Bureau of the Xinjiang Production and Construction Corps, and the National Government Affairs Administration to organize and carry out continuing education for accounting personnel. Second, this Guide clarifies the classification and contents of professional subjects in continuing education for accounting personnel, as the subjects are divided into three categories: professional general knowledge, professional core knowledge and professional development knowledge. Among them, professional development knowledge includes five sub-subjects: sustainable information disclosure, basic auditing, basic finance, finance-related laws and regulations, and hot-spot economic and financial issues. Third, this Guide will come into force on January 1, 2023.

II. Facts & Figures

1. Total profit of China's major industrial enterprises from January to October reached 6.97682 trillion RMB

The data published by NBS on November 27 showed that total profit of China's major industrial enterprises from January to October reached 6.97682 trillion RMB, down by 3.0% year on year. Among them, total profit of state-controlled enterprises was 2.26489 trillion RMB, down by 1.1% year on year; total profit of joint-stock enterprises was 5.08774 trillion RMB, down by 2.1% year on year; total profit of foreign-invested enterprises and Hong Kong, Macao and Taiwan-invested enterprises was 1.66172 trillion RMB, down by 7.6% year on year; total profit of private enterprises was 1.96412 trillion RMB, down by 8.1% year on year.

2. China issued 680.7 billion RMB of local government bonds in October

The data published by MOF on November 30 showed that China issued 680.7 billion RMB of local government bonds in October, including 134.7 billion RMB of general bonds and 546 billion RMB of special bonds. Newly increased local government bonds were 455.5 billion RMB, including 15.6 billion RMB of general bonds and 439.9 billion RMB of special bonds; refinancing bonds were 225.2 billion RMB, including 119.1 billion RMB of general bonds and 106.1 billion RMB of special bonds.

3. China's PMI in November was 48.0%

The data published by NBS on November 30 showed that China's PMI in November was 48.0%, down by 1.2 percentage points from the previous month, and was below the critical point. By the scale of enterprises, the PMI of large, medium and small-sized enterprises was 49.1%, 48.1% and 45.6% respectively, down by 1.0, 0.8 and 2.6 percentage points from the previous month respectively, and were all below

the critical point.

4. Total operating income of SOEs in China from January to October was 66.41996 trillion RMB

The data published by MOF on December 1 showed that total operating income of SOEs in China from January to October was 66.41996 trillion RMB, an increase of 8.9% year on year; total profit was 3.61969 trillion RMB, down by 3.3% year on year; taxes payable were 4.94874 trillion RMB, up by 11.1% year on year.

5. Lottery sales in China totaled 29.718 billion RMB in October

The data published by MOF on December 2 showed that lottery sales in China totaled 29.718 billion RMB in October, an increase of 327 million RMB year on year, or 1.1%. Among them, welfare lottery sales were 10.991 billion RMB, a decrease of 1.592 billion RMB year on year, or 12.7%; sports lottery sales were 18.727 billion RMB, an increase of 1.920 billion RMB year on year, or 11.4%.

6. China's CPI rose by 1.6% year on year in November

The data published by NBS on December 9 showed that China's CPI rose by 1.6% year on year in November. Among them, prices in urban areas rose by 1.5%, and prices in rural areas rose by 1.7%; food prices rose by 3.7%, and non-food prices rose by 1.1%; consumer goods prices rose by 2.3% and services prices rose by 0.5%.

7. China's PPI fell by 1.3% year on year in November

The data published by NBS on December 9 showed that China's PPI fell by 1.3% year on year in November. Among them, prices of extractive industries fell by 3.9%, prices of raw material industries rose by 0.3%, prices of processing industries fell by 3.2%, food prices rose by 3.9%, apparel prices rose by 2.3%, prices of general daily necessities rose by 1.4%, and prices of durable consumer goods rose by 0.4%.

8. Value-added of China's major industries enterprises increased by 2.2% year on year in November

The data published by NBS on December 15 showed that the value-added of China's major industries enterprises increased by 2.2% year on year in November. By the three major categories, the value-added of mining industries increased by 5.9% year on year, the value-added of manufacturing industries increased by 2.0% year on year, and the value-added of electricity, heating, gas and water production and supply industries decreased by 1.5% year on year. By types of economic ownership, the value-added of state-controlled enterprises increased by 2.2% year on year, the value-added of joint-stock enterprises increased by 4.0% year on year, the value-added of foreign-invested enterprises and Hong Kong, Macao and Taiwan-invested enterprises decreased by 3.7% year on year, and the value-added of private enterprises increased by 1.6% year on year.

9. China's cumulative general public budget revenue from January to November was 18.5518 trillion RMB

The data published by MOF on December 20 showed that China's cumulative general public budget revenue from January to November was 18.5518 trillion RMB, an increase of 6.1% after adjusting for VAT refund, and a decrease of 3% in natural terms. Among them, the central general public budget revenue was 8.576 trillion RMB, an increase of 6.8% after adjusting for VAT refund, and a decrease of 2.9% in natural terms; local general public budget revenue was 9.9758 trillion RMB, an increase of 5.4% after adjusting for VAT refund, and a decrease of 3% in natural terms. Nationwide tax revenue was 15.2826 trillion RMB, an increase of 3.5% after adjusting for VAT refund, and a decrease of 7.1% in natural terms; non-tax revenue was 3.2692 trillion RMB, a year-on-year increase of 22.2%.

10. China's cumulative general public budget expenditure from January to

November was 22.7255 trillion RMB

The data published by MOF on December 20 showed that China's cumulative general public budget expenditure from January to November was 22.7255 trillion RMB, a year-on-year increase of 6.2%. Among them, the central general public budget expenditure was 3.1483 trillion RMB, a year-on-year increase of 6.4%; local general public budget expenditure was 19.5772 trillion RMB, a year-on-year increase of 6.2%.

11. Total profit of major industrial enterprises in China from January to November reached 7.71796 trillion RMB

The data published by NBS on December 27 showed that total profit of major industrial enterprises in China from January to November reached 7.71796 trillion RMB, down by 3.6% year on year. Among them, total profit of state-controlled enterprises was 2.40497 trillion RMB, up by 0.5% year on year; total profit of joint-stock enterprises was 5.64120 trillion RMB, down by 2.8% year on year; total profit of foreign-invested enterprises and Hong Kong, Macao and Taiwan-invested enterprises was 1.83785 trillion RMB, down by 7.8% year on year; total profit of private enterprises was 2.26369 trillion RMB, down by 7.9% year on year.

12. China issued 246.9 billion RMB of local government bonds in November

The data published by MOF on December 30 showed that China issued 49.1 billion RMB of new bonds in November, including 3.6 billion RMB of general bonds and 45.5 billion RMB of special bonds. 197.8 billion RMB of refinancing bonds were also issued nationwide, including 120.7 billion RMB of general bonds and 77.1 billion RMB of special bonds. In total, China issued 246.9 billion RMB of local government bonds, including 124.3 billion RMB of general bonds and 122.6 billion RMB of special bonds. The average maturity of local government bonds was 9.9 years, including 7.5 years for general bonds and 12.4 years for special bonds; the average interest rate was 2.83%, including 2.77% for general bonds and 2.89% for special bonds.

13. China's lottery sales in November were 51.844 billion RMB

The data published by MOF on December 30 showed that China's lottery sales in November were 51.844 billion RMB, an increase of 18.737 billion RMB or 56.6% year on year. Among them, welfare lottery sales were 13.078 billion RMB, a decrease of 110 million RMB or 0.8% year on year; sports lottery sales were 38.766 billion RMB, an increase of 18.847 billion RMB or 94.6% year on year.

14. Total operating income of SOEs in China from January to November was 73.00105 trillion RMB

The data published by MOF on December 30 showed that the total operating income of SOEs in China from January to November was 73.00105 trillion RMB, an increase of 8.5% year on year; and total profit was 3.85959 trillion RMB, a decrease of 4.4% year on year.

III. MOF Events

1. From November 12 to 15, during the 20th G20 Summit in Bali, Indonesia, Vice Finance Minister Wang Dongwei held bilateral meetings with Saudi Deputy Finance Minister Alkhalaf, French Treasury Director General Moulin, U.S. Treasury Advisor and Nominated Under Secretary Shambaugh and Acting Under Secretary for International Affairs Baukol, ADB President Masatsugu Asakawa and Vice President Saeed, World Bank Managing Director Trotsenburg and Vice President Ferro. They exchanged views on multilateral and bilateral economic and financial issues of shared interest and the way forward for further strengthening cooperation.

2. On November 22, Vice Finance Minister Liao Min met with Amcham Chairman Colm Rafferty and representatives of Amcham member companies, and held one-on-one discussions with representatives of relevant U.S. enterprises in China, exchanging views in an in-depth and productive manner on topics such as China-U.S. relations and China-U.S. economic and trade relations, U.S. restrictive measures against China, and concerns of U.S. enterprises operating in China.

3. On November 24, Finance Minister Liu Kun attended and delivered a welcome speech at the 21st CAREC Ministerial Conference via video link. Under the theme of Revitalizing Regional Cooperation for a Green, Sustainable and Inclusive Recovery, the conference discussed the progress made by CAREC over the past year and its plan for future development.

4. On December 2, Finance Minister Liu Kun attended and delivered a keynote speech at the first ASEAN+3 Economic Cooperation and Financial Stability Forum via video link. In his speech, he expounded on the spirit of the 20th CPC National Congress, laid out China's macroeconomic situation and policy direction, expressed China's views on the current global and regional economic and financial situation, and called on all parties to implement the consensus of the ASEAN+3 Leaders'

Summit, further strengthen macro policy coordination and regional financial cooperation, and jointly respond to current global and regional economic and financial challenges, in order to promote regional economic recovery and sustainable development. Vice Finance Minister Wang Dongwei also attended the video conference and made a thematic speech, introducing China's views on the current ASEAN+3 financial cooperation, and stressed the importance of strengthening regional financial safety net, enhancing the role of AMRO, and promoting regional economic and financial integration.

5. On December 2, Vice Finance Minister Wang Dongwei co-chaired the 14th China-EU Economic and Financial Dialogue with the heads of the Directorate-General for Economic and Financial Affairs and the Directorate-General for Financial Stability, Financial Services and Capital Markets of the European Commission. The meeting discussed global and China-EU macroeconomic situation and policies, multilateral and bilateral economic and financial cooperation, financial industry development and financial market supervision cooperation, etc. Relevant economic and financial officials from China and the EU also participated in the meeting.

6. On December 8, during the 7th 1+6 Roundtable Dialogue in Huangshan, Anhui Province, Finance Minister Liu Kun held bilateral meetings with World Bank President Malpass, IMF Managing Director Georgieva, OECD Secretary-General Cormann, and FSB Chair Knot to have in-depth exchange of views on major international economic and financial issues of shared interest, among them, global and China's macroeconomic situation, climate change, international debt, and food security. They also discussed the way forward for further strengthening cooperation. After the meetings, Minister Liu Kun signed a Memorandum of Understanding with Georgieva on cooperation between the Ministry of Finance and IMF. Vice Finance Minister Wang Dongwei also attended the above-mentioned meetings.

7. On December 20, Vice Finance Minister Wang Dongwei, together with representatives of People's Bank of China, Ministry of Economy and Finance and

Central Bank of Cambodia, co-chaired the 2nd ASEAN+3 Finance and Central Bank Deputies' Meeting of this year via video link. The meeting discussed the global and regional macroeconomic situation, the institutional development of the AMRO, the ASEAN+3 Future Initiative, the CMIM, and the Asian Bond Market Initiative, and reached a number of consensus on further strengthening macroeconomic policy coordination, deepening regional financial cooperation, enhancing regional economic and financial resilience, and jointly promoting economic recovery.

8. On December 29, Vice Finance Minister Zhu Zhongming attended and addressed the virtual signing ceremony of the memorandum of understanding to establish an office of the IFRS Foundation in Beijing.

IV. Local Finance

1. Hebei Finance: work on four fronts to promote green development

According to the news released by the Finance Department of Hebei Province on November 28, the Finance Bureau of Chengde City has given full play to the role of fiscal functions and provided full fiscal support for ecological civilization and green development. First, it took the initiative to explore the path for the role of public finance in supporting ecological civilization. Second, it carried out dynamic tracking, formulated the full-chain and closed-loop management measures featuring “clear responsibility, sound project pipeline, speedy implementation, and effective performance evaluation”, so as to improve the performance of the use of funds. Third, it conducted precise allocation, enforced an open competition mechanism for municipal projects, and improved the effectiveness of funds. Fourth, it implemented policies in an integrated and comprehensive manner to enhance the effects of macro regulation by giving play to the role of macro-regulation and green tax system and leveraging the guiding role of government green procurement.

2. Guangxi Finance: work on three fronts to support the water supply canal system for drought control in central Guangxi

According to the news released by the Finance Department of Guangxi Zhuang Autonomous Region on December 7, the Finance Bureau of Laibin City has actively taken measures to support the orderly progress of construction of water supply canal system for drought control in central Guangxi. First, efforts were made to regulate fiscal investment review process, optimize fiscal review procedures for application of funding, and cut the required approval time. Second, the Finance Bureau of Laibin City worked to increase fiscal investment, actively seek the support of financial institutions, and broaden the channels for fund raising. Third, they managed to closely monitor the whole process of project construction, and track project document review, technical consultation, and construction progress verification; took the initiative to provide policy consulting services, strengthen operational guidance, prioritize the

payment of migrant workers' wages, and then apply for phased project funding according to the contract after the completion of quality assessment.

3. Shandong Finance: scale up funding to support the renovation of old residential communities

According to the news released by the Finance Department of Shandong Province on December 9, finance authorities of Shandong have given full play to its fiscal functions and continuously scaled up funding to support the renovation of old residential communities. First, they maintained their efforts to carefully study the latest national policy trends and formulate practical annual work plans to create solid foundation for the renovation. Second, in addition to fiscal funding, they managed to raise funds from diversified sources to fully support the renovation of old residential communities. Third, they took a tailored and differentiated approach for basic, improved and upgraded renovation. Fourth, they continued to follow the “government-guided, unified planning, diversified financing and local-specific” principles, and work closely with housing and urban-rural development authorities to scientifically formulate plans and promote more orderly implementation. Fifth, they made persistent efforts in conducting regular supervision to further regulate the use of funds.

4. Shandong Finance: work on four fronts to strengthen performance evaluation of state-owned asset management

According to the news released by the Finance Department of Shandong Province on December 12, the Finance Bureau of Zibo City has actively carried out performance evaluation of state-owned asset management to continuously improve the efficiency of asset management. First, strengthen the awareness of the importance of the work, and carry out asset management performance evaluation in terms of asset allocation, asset use, and asset disposal in accordance with the principles of “combining asset management with budget management, asset management with financial management, and physical management with value management”. Second, improve target setting, and further strengthen the control of key links such as asset purchase, use and disposal

by aligning overall performance objectives and phased performance objectives. Third, strengthen organization and implementation, allow finance authorities to take the lead, hire professional third-party institutions, and carry out key evaluation of the state-owned assets of institutions by means of on-site inspection, data verification, reports, interviews, questionnaire surveys, etc. Fourth, strengthen the application of results, and in light of the results of performance evaluation, urge the relevant institutions to rectify in a timely manner, so as to foster a virtuous circle of feedback, rectification and improvement.

5. Shaanxi Finance: Working closely on “ex-ante, interim and ex-post” links to achieve high-quality budget performance management

According to the news released by the Finance Department of Shaanxi Province on December 14, Jiayang City has striven to build a budget performance management chain that covers “ex-ante, interim and ex-post” links so as to achieve high-quality budget performance management. First, strengthen ex-ante performance evaluation, clarify the scope of evaluation, delineate departmental responsibilities, improve the evaluation mechanism, strengthen the use of results, and exercise effective control over budgetary funds. Second, promote interim performance monitoring, and employ early warning indicators to timely identify possible problems in the use of funds. Third, deepen ex-post performance evaluation, develop a performance evaluation model of “self-evaluation + departmental evaluation + fiscal evaluation”, and achieve full coverage of the performance evaluation over all the four government budgets.

6. Shandong Finance: explore a new path for revitalization of state-owned assets and establish a new model for administration of government drones

According to the news released by the Finance Department of Shandong Province on December 21, the Finance Bureau of Rizhao City has explored a new path for professional management of state-owned assets of public administrative institutions and established a new model for administration of government drones. First, take stock of the existing drones, improve drone allocation, and prepare annual plans and budgets for drones in light of asset stock, performance targets, and availability of

financial resources, so as to reasonably determine the allocation of drones. Second, do a good job in asset acceptance and registration, and conduct dynamic management of the purchase, use and disposal of government drones through an asset information management system to realize IT-based management. Third, make scientific allocation of resources, break the silos of scattered distribution and ineffective utilization of drones in various departments, employ digitization and other means to facilitate drone transfer and sharing between departments, so as to smooth out the circulation of drones. Fourth, make good use of performance evaluation, scientifically establish a performance evaluation index system, and enhance the effectiveness and efficiency of the use of government drones through performance evaluation.

7. Yunnan Finance: further improve the system for management of special funds for ecological and environmental protection

According to the news released by the Finance Department of Yunnan Province on December 22, finance authorities of Yunnan have put forward detailed requirements in optimizing the structure of expenditures, standardizing fund management procedures and improving project pipeline management, in order to further improve the system for management of special funds for ecological and environmental protection. First, optimize the structure of expenditures, and clarify the scope and focus of support for the central funds for water, soil and air pollution prevention and control and the funds for rural environmental improvement. Second, standardize the fund management procedures and improve the fund management mechanism for finance authorities and ecological and environmental authorities to cooperate and supervise each other. Third, strictly implement the central and provincial project pipeline system, and refrain from supporting projects that are not included in the project pipeline. Fourth, strengthen the management of budget execution, and specify the time requirements for fund allocation and disbursement. Fifth, establish a regular scheduling system and strengthen the supervision over the availability of project funds, implementation and management of project, and achievement of performance goals.

8. Anhui Finance: continuously optimize the business environment for government procurement

According to the news released by the Finance Department of Anhui Province on December 30, Finance Bureau of Fuyang City has improved institutional arrangement and taken multiple measures to continuously optimize the business environment for government procurement. First, actively expand the scope and steadily increase the scale of government procurement. Second, improve government procurement rules, further regulate government procurement behavior, strengthen the responsibility of purchasers and budgetary units, and optimize and simplify the government procurement process. Third, improve work efficiency, accelerate the flow of fiscal funds into the real economy, ease the financial pressure of SMEs, and continuously optimize the government procurement environment. Fourth, further promote reforms and vigorously support the development of SMEs. Fifth, innovate management models and help enterprises reduce their burden and grow better. Sixth, implement pro-business policies and ease the financing difficulties of SMEs.

V. Remarks & Opinions

1. Liu Kun: Strengthening regional cooperation is an important means to achieve common development

On November 24, Finance Minister Liu Kun attended and delivered a welcome speech at the 21st CAREC Ministerial Conference via video link. Liu Kun stated in his speech that the impact of the pandemic is still lingering and world economic recovery remains weak, promoting global development, therefore, has become a vital issue for mankind. The Global Development Initiative proposed by Chinese President Xi Jinping aims to accelerate the implementation of the UN 2030 Agenda for Sustainable Development and jointly steer global development toward a new stage of balanced, coordinated and inclusive growth. Strengthening regional cooperation is an important means to achieve common development, and the CAREC member countries should uphold true multilateralism, enhance mutual trust, build consensus, strengthen policy coordination, deepen practical cooperation, advance strategic coordination, and promote stable regional economic recovery and sustainable development.

Liu Kun stressed that the 20th CPC National Congress made it clear that China is committed to promoting the great rejuvenation of the Chinese nation through a Chinese path to modernization, adheres to its fundamental national policy of opening to the outside world, pursues a mutually beneficial strategy of opening up, and strives to create new opportunities for the world with its own development. China stands ready to work shoulder to shoulder with other CAREC member countries to forge ahead and jointly promote the green, sustainable and inclusive development of the CAREC region and the world at large.

2. Wang Dongwei: China and EU should work towards more outcomes of dialogue and cooperation in various fields through existing mechanisms

On December 2, Vice Finance Minister Wang Dongwei co-chaired the 14th China-EU

Economic and Financial Dialogue with the heads of the Directorate-General for Economic and Financial Affairs and the Directorate-General for Financial Stability, Financial Services and Capital Markets of the European Commission. Wang Dongwei elaborated on the major achievements of the 20th CPC National Congress, as well as the current economic situation and fiscal policies in China. He pointed out that, as President Xi Jinping emphasized, China and EU are two major forces for safeguarding world peace, two markets for securing common development, and two civilizations for promoting human progress. The two sides should work towards more outcomes of dialogue and cooperation in various fields through existing mechanisms. This Dialogue aims to implement the important consensus of China-EU leaders and the 9th China-EU High-level Economic and Trade Dialogue, and seeks to further deepen China-EU economic and financial policy exchanges and practical cooperation. Both sides should continue to strengthen macroeconomic policy coordination, deepen cooperation under multilateral frameworks such as the G20, and enhance alignment between China's Belt and Road Initiative and Global Development Initiative with EU's Global Gateway Strategy. At the same time, it is also important for both sides to actively promote pragmatic cooperation in taxation and government procurement, financial supervision, two-way opening of financial market, green and sustainable finance, and infrastructure connectivity, create a fair, just and non-discriminatory business environment for Chinese and European enterprises, and jointly oppose protectionism.

3. Zhu Guangyao: Strengthening macroeconomic policy coordination and effectively dealing with the adverse impact caused by the sharp turn of monetary policies in developed economies on the international financial market

From December 14 to 16, former Vice Finance Minister Zhu Guangyao attended and addressed the Sina Finance 2022 Annual Conference and the 15th Golden Kirin Forum. In his speech, he stated that the year of 2022 is tough, but the upcoming year of 2023 would herald more formidable challenges. IMF and the World Bank, two major international financial institutions, have forecasted that the global economy may fall into recession in 2023. Zhu Guangyao pointed out that on the international level, it is crucial to strengthen macroeconomic policy coordination, especially to

effectively deal with the shock of the sharp turn of monetary policies in developed economies to the international financial market. In the US, the federal government debt ceiling has been breached, and the possible dramatic turbulence in the US financial market warrants concern and vigilance. The US Treasury Secretary Janet Yellen has expressed publicly that a collapse in the US treasury market might be likely to happen. If Congress does not raise the debt ceiling in time, a financial storm in the US could be triggered. In the UK, the UK is currently in recession and is the first developed country to fall into recession. In the Eurozone, inflation continues to worsen, and further measures by the ECB are bound to put more pressure on the economy. In Japan, the market is watching closely whether Japan would be forced to abandon the 10-year government bond yield cap. For years, Japan has kept 10-year government bond yield at an upper limit of 0.25% and a lower limit of -0.25%, but when the current inflation rate exceeds 3%, and it may be difficult for the Bank of Japan to stick to this policy.

Zhu Guangyao stressed that the uncertainty of the global economy and financial market will increase significantly in 2023, bringing both opportunities and challenges for China. In this context, China should adhere to innovative, coordinated, green and open development for all as it moves faster to pursue a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other, and always take China's economic development and Chinese people's aspiration for a better life as its strategic goals and the most central tasks.

4. Liu Kun: Carrying out in-depth study and implementation of the spirit of the 20th CPC National Congress and writing a new chapter of public finance in building a modern socialist country in all respects

On December 19, Finance Minister Liu Kun pointed out in an article in *Study Times* that pursuing reform and opening-up is a crucial move in making China what it is today. Since the 3rd Plenary Session of the 18th CPC Central Committee, the CPC Central Committee with Comrade Xi Jinping at its core has carried out top-level design and made strategic arrangements for deepening reforms in a comprehensive way, and broke through the shackles of dogmas and old mindsets and the barriers of

entrenched interests with unprecedented resolve and resilience, thereby realizing historic changes, systemic reshaping and holistic reconstruction across the board. Among them, the reform of fiscal and tax system has moved with fast and steady steps, and international economic and financial cooperation has further deepened, providing strong support for the comprehensive advancement of reform and opening-up. We revised and promulgated the Budget Law and the Regulations for the Implementation of the Budget Law, improved the all-round, whole-process and full-coverage budget performance management system, and innovatively created and normalized the direct transfer of central fiscal funds to prefecture and county-level governments, so as to make budget management more scientific, regulated, law-based and transparent. We continued to deepen the reform of VAT and corporate income tax, basically put in place a personal income tax system that combines comprehensive and classified taxation of income, and launched large-scale reduction of taxes and fees, in order to ensure that the tax burden of all industries was reduced rather than increased and to keep China's macro tax burden at a low level among the world's major economies. We actively promoted the reform of the division of fiscal powers and expenditure responsibilities between central and local governments, created the transfer payments for shared fiscal powers, and issued and implemented the guidelines on further promoting the reform of fiscal system at the sub-provincial level, with the result that the allocation of financial resources between central and local governments has become more appropriate and the fiscal system further improved. We also deepened practical economic and financial cooperation, initiated the establishment of the Asian Infrastructure Investment Bank, promoted the establishment of the New Development Bank, and supported the creation of a high-standard free trade area network, making positive contributions to the development of the new systems for a higher-standard open economy.

Keeping in mind the reality, we should not neglect the challenges that China's development remains unbalanced and inadequate, reform tasks in key areas are still arduous, and the effort for reform and opening-up is an ongoing process and will never end. At this new starting point, the finance authorities will firmly uphold the principle of further deepening reform and opening up, endeavor to remove deep-seated institutional obstacles, make unswerving efforts to expand high-level

opening up, and better translate the superiority of China's system into the effectiveness and efficiency of national governance. Pivoting towards building a high-standard socialist market economy, we will further improve the modern budget system, optimize the tax structure, improve the fiscal transfer payment system, further perfect the tariff system, strengthen multilateral and bilateral economic and financial dialogue, participate in global economic governance, and make tireless efforts to take macroeconomic governance capacity to a new level.

5. Liu Kun: More direct and effective efforts will be made to leverage the role of proactive fiscal policies in 2023

On December 29, at the National Fiscal Work Conference held via video link, Finance Minister Liu Kun stated that in 2023, efforts will be made to ramp up proactive fiscal policies and enhance their effectiveness, and to leverage the role of proactive fiscal policies in a more direct and effective way.

Liu Kun pointed out that since the beginning of this year, finance authorities at all levels have earnestly implemented a package of policy measures to stabilize the economy, and various fiscal policies have been launched early and expeditiously to stabilize the macroeconomic situation. More financial resources were channeled to lower-level governments to ensure the smooth operation of grassroots finances, and efforts were made to support food and energy security, keep industrial and supply chains stable, and promote the overall stabilization and improvement of the economy. Looking ahead to 2023, the implementation of proactive fiscal policies should focus on five aspects: first, improve supportive tax and fee policies and seek to alleviate the difficulties of enterprises; second, strengthen the overall planning of financial resources and appropriately expand the scale of fiscal expenditure; third, vigorously optimize the expenditure structure and continuously improve the expenditure efficiency; fourth, balance the allocation of financial resources between regions and promote the equalization of basic public services; fifth, enforce strict economic and financial discipline and effectively prevent fiscal risks.

Liu Kun stressed that economic and social development tasks in the year ahead are arduous and faced with many challenges. To implement the requirements of the Central Economic Work Conference, we should step up fiscal macro-regulation, strengthen the coordination of various policies, and build the joint force to promote high-quality development.

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