

# CHINA FINANCE

## MONTHLY 中国财政月度资讯

February, 2023

第 2 期

### HIGHLIGHTS

- Finance Minister Liu Kun: Making greater efforts to implement proactive fiscal policies in a more effective manner
- Finance Minister Liu Kun, accompanied by Vice Finance Minister Wang Dongwei, attended and addressed the G20 Finance Ministers and Central Bank Governors' Meeting
- State Council deployed arrangements for spring plowing and its preparations
- CPC Central Committee and State Council jointly published the *Guidelines on Further Strengthening Financial and Accounting Supervision*
- China's general public budget revenue in 2022 was 20.3703 trillion RMB

## Brief Introduction to IEFI

Founded in 2007, the International Economics and Finance Institute (IEFI) is affiliated to the Ministry of Finance of China, specializing in international economic and financial studies. Its main functions include macroeconomic research on advanced economies such as U.S., Europe and Japan, and on emerging economies such as BRICS countries; research on global and regional economic and financial cooperation, global governance reform and international development cooperation; participation in bilateral and multilateral financial dialogues; and exchanges with think tanks and government agencies around the world.

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# 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 spring plowing and its preparations**

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On January 28, Premier Li Keqiang presided over an executive meeting of the State Council to deploy arrangements for spring plowing and its preparations, in order to lay a solid foundation for a bumper grain harvest and a stable supply of important agricultural products, which provided the following. First, it is important to do a good job in managing spring planting of wheat and rapeseed and properly prevent spring drought, diseases and pests. Second, it is necessary to clarify the grain and oil production targets in various localities as soon as possible and keep the area of soybean planting at a stable level. Third, cross-regional adjustment transfer and transportation of agricultural materials should be effectively carried out to support farmers in preparing seeds and fertilizers. Fourth, policies such as minimum purchase price and producer subsidy should be earnestly implemented. Fifth, it is crucial to increase support for soybean planting, continue to provide subsidies for wheat disease and pest prevention, allocate funds in advance for disease and pest prevention and control, and offer subsidies for centralized rice breeding in the South to further incentivize farmers and boost output and income.

### **2. MOF published a letter soliciting opinions on the *Accounting Rules for Rural Collective Economic Organizations (Draft for Comments)***

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On January 29, MOF published a letter soliciting opinions on the *Accounting Rules for Rural Collective Economic Organizations (Draft for Comments)* (hereinafter referred to as the *Rules*), which provided the following. First, the *Rules* have specified that rural collective economic organizations include township-level collective economic organizations, village-level collective economic organizations, and group-level collective economic organizations. Second, the *Rules* have clarified that the accounting elements of rural collective economic organizations include assets, liabilities, owners' equity, incomes, expenses and earnings. The said organizations shall conduct accounting based on actual transactions or events and truthfully reflect

their financial position and operating results. Third, the *Rules* have made it clear that the notes to accounting statements are an important part of financial accounting reports, and the information related to state fiscal support and tax incentives need to be disclosed.

### **3. MOF published the *Financial Rules for Public Administrative Units (MOF Order No. 113)***

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On February 8, MOF published the *Financial Rules for Public Administrative Units (MOF Order No. 113)*. First, the Rules will come into force on March 1, 2023. Second, the Rules apply to the financial activities of all types of government organs and political party organizations at all levels. Third, the main tasks of financial management of public administrative units include scientific and reasonable budget preparation, strict budget implementation, and complete, accurate and timely preparation of final accounts; establishment of sound financial management system, implementation of internal control management, and strict control and supervision of the financial activities of public administrative units; comprehensive implementation of performance management to improve the efficiency of using funds; enhanced asset management as well as rational allocation, effective utilization and standardized disposal of assets to prevent the loss of state-owned assets; preparation of final account reports and financial reports in accordance with regulations to truthfully reflect the implementation of the unit's budget, financial status and operation; guidance and supervision over the financial activities of the units subordinate to and under the administrative and financial management of the public administrative units; and enhanced financial management and implementation of internal accounting methods for the non-independent-accounting logistics service departments of government organs.

### **4. CPC Central Committee and State Council jointly published the *Guidelines on Further Strengthening Financial and Accounting Supervision***

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On February 15, the CPC Central Committee and the State Council jointly published the *Guidelines on Further Strengthening Financial and Accounting Supervision*,

which provided the following. First, it is important to establish a horizontal collaborative working mechanism among finance departments, relevant authorities, public units, intermediary agencies, industry associations and other supervisory entities. Second, efforts should be made to strengthen the vertical linkages between central and local governments and to promote the coordination between the financial and accounting supervision and other types of supervision. Third, it is crucial to step up financial and accounting supervision in key areas, with a view to deepening supply-side structural reforms, doing a good job in stabilizing growth, employment and prices, and safeguarding and improving people's livelihood. Fourth, it is necessary to strengthen economic and financial discipline and severely crack down on violations of financial accounting laws and regulations. Fifth, it is imperative to promote law-based financial and accounting supervision, strengthen the development of talents for financial and accounting supervision, push forward informatization of financial and accounting supervision, and enhance the effectiveness of financial and accounting supervision.

## **5. State Council listened to reports on the implementation of preferential policies for enterprise-related fees and rectification of illegal charges**

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On February 22, Premier Li Keqiang presided over an executive meeting of the State Council to listen to reports on the implementation of preferential policies for enterprise-related fees and rectification of illegal charges, and called for further efforts on consolidating the outcomes of rectifying arbitrary fees, which provided the following. First, policies implemented last year, such as large-scale tax rebate, tax and fee cut, and deferral of payment of taxes and fees, have played a key supporting role in stabilizing employment, protecting people's livelihood, and stabilizing the macroeconomic fundamentals. Second, all localities and relevant departments have worked to implement the preferential policies for enterprise-related fees such as the phased deferral of payment of 14 administrative fees and part of security deposits as well as the subsidies for water, electricity and gas costs. Third, the current economic growth is stabilizing and rebounding, but still faces multiple challenges, as micro, small and medium-sized enterprises and the self-employed are still struggling with difficulties. It is thus necessary to rectify illegal fees and charges related to enterprises

while providing relief to enterprises, optimizing business environment, and stimulating market vitality.



## II. Facts & Figures

### **1. China issued a total of 91.5 billion RMB of local government bonds in December 2022**

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The data published by MOF on January 29 showed that China issued a total of 91.5 billion RMB of local government bonds in December 2022, including 40.3 billion RMB of general bonds and 51.2 billion RMB of special bonds. The average maturity of local government bonds was 6.1 years, including 5.6 years for general bonds and 6.4 years for special bonds; the average interest rate was 2.77%, including 2.74% for general bonds and 2.80% for special bonds.

### **2. China's general public budget revenue in 2022 was 20.3703 trillion RMB**

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The data published by MOF on January 30 showed that China's general public budget revenue in 2022 was 20.3703 trillion RMB, an increase of 0.6% year on year, and an increase of 9.1% after adjusting for the factor of VAT refund. Among them, the central general public budget revenue was 9.4885 trillion RMB, an increase of 3.8% year on year, and an increase of 13.1% after adjusting for the factor of VAT refund; local general public budget revenue was 10.8818 trillion RMB, a decrease of 2.1% year on year, and an increase of 5.9% after adjusting for the factor of VAT refund. Nationwide tax revenue was 16.6614 trillion RMB, a decrease of 3.5% year on year, and an increase of 6.6% after adjusting for the factor of VAT refund; non-tax revenue was 3.7089 trillion RMB, an increase of 24.4% year on year.

### **3. China's general public budget expenditure in 2022 was 26.0609 trillion RMB**

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The data published by MOF on January 30 showed that China's general public budget expenditure in 2022 was 26.0609 trillion RMB, an increase of 6.1% year on year. Among them, the central general public budget expenditure was 3.557 trillion RMB, an increase of 3.9% year on year; local general public budget expenditure was 22.5039 trillion RMB, an increase of 6.4% year on year.

#### **4. China's lottery sales in December 2022 were 61.849 billion RMB**

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The data published by MOF on January 31 showed that China's lottery sales in December 2022 were 61.849 billion RMB, an increase of 29.592 billion RMB year on year, or 91.7%. Among them, welfare lottery sales were 11.831 billion RMB, a decrease of 2.403 billion RMB year on year, or 16.9%; sports lottery sales were 50.018 billion RMB, an increase of 31.995 billion RMB year on year, or 177.5%, which was mainly driven by the football World Cup events.

#### **5. Total operating income of SOEs in China from January to December 2022 was 82.59674 trillion RMB**

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The data published by MOF on January 31 showed that total operating income of SOEs in China from January to December 2022 was 82.59674 trillion RMB, an increase of 8.3% year on year; the total profit was 4.31482 trillion RMB, a decrease of 5.1% year on year.

#### **6. China's CPI rose 2.1% year on year in January**

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The data published by NBS on February 10 showed that China's CPI rose 2.1% year on year in January. Among them, prices rose by 2.1% in both urban and rural areas; food prices rose by 6.2% and non-food prices rose by 1.2%; consumer goods prices rose by 2.8% and services prices rose by 1.0%.

#### **7. China's PPI fell by 0.8% year on year in January**

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The data published by NBS on February 10 showed that China's PPI fell by 0.8% year on year in January. Among them, prices of extractive industry rose by 2.0%, prices of raw materials industry fell by 0.1%, prices of processing industry fell by 2.3%, food prices rose by 2.8%, apparel prices rose by 1.9%, prices of general daily necessities rose by 1.2%, and prices of durable consumer goods rose by 0.3%.

### III. MOF Events

1. On February 3, Vice Finance Minister Wang Dongwei attended and addressed the first BRICS Finance and Central Bank Deputies' Meeting of 2023 via video link. The meeting discussed financial issues such as global economy and multilateral cooperation, infrastructure investment, customs and tax mutual assistance cooperation, and BRICS Think Tank Network for Finance, and adopted key agenda and work plans for BRICS financial cooperation throughout the year.
2. On February 9, Vice Finance Minister Wang Dongwei held a video meeting with Tatiana Rosito, Secretary for International Affairs of Brazilian Ministry of Finance. The two sides exchanged views on China-Brazil cooperation under the G20 Finance Track and BRICS financial cooperation mechanism, as well as bilateral matters under the China-Brazil Economic and Financial Subcommittee.
3. From February 14 to 15, Vice Finance Minister Wang Dongwei attended the 46th Session of IFAD Governing Council. At the meeting, he promoted China's policy proposals related to the Global Development Initiative and the International Food Security Initiative, called on IFAD to actively participate in the above initiatives, and expounded on China's principled position on IFAD13 and the graduation policy.
4. On February 24, Finance Minister Liu Kun, accompanied by Vice Finance Minister Wang Dongwei, attended and addressed the G20 Finance Ministers and Central Bank Governors' Meeting via video link. The meeting discussed the global financial architecture, sustainable finance, infrastructure, financial sector and global economy, global health, international taxation and other related topics.

## IV. Local Finance

### **1. Shandong Finance: built a “full-chain” management model and carry out “full-cycle” budget performance management**

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According to the news released by the Finance Department of Shandong Province on January 31, the Finance Bureau of Zibo City has built a closed-loop and “full-chain” management model, carried out “full-cycle” budget performance management pilots for major policies and projects, and continuously improved the development of budget performance management system. First, carry out “full-chain” performance management around performance target management, performance operation monitoring, performance evaluation and result application. Second, establish a “five-in-one” performance evaluation team led by finance authorities, with the participation of project authorities, the cooperation of project implementation unit, the implementation of third-party institutions, and the guidance of think tank experts. Third, closely follow the project progress through interviews, surveys and other means, and conduct “multi-dimensional” performance management evaluation. Fourth, put forward targeted measures and suggestions to address problems existing in the project implementation process along with problems found in the investigation and the third-party evaluation report.

### **2. Inner Mongolia Finance: Promoting the “one-visit only” model to take government procurement to a new level**

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According to the news released by the Finance Department of Inner Mongolia Autonomous Region on February 14, the Finance Bureau of Baotou City has promoted the “one-visit only” model for government procurement to offer standardized, regulated and convenient government procurement. First, promote the “one-visit only” handling of enterprise-related matters and continue to optimize the business environment. Second, promote the “one-visit only” handling of agency-related matters to support intermediary agencies in improving the level of intermediary services. Third, promote the “one-visit only” handling of SMEs-related

matters and continuously increase support for SMEs. Fourth, promote the “one-visit only” handling of matters related to evaluation experts to support fair and just conduct of procurement activities. Fifth, promote the “one-visit only” handling of matters related to budgetary units to make it more convenient for budgetary units in conducting government procurement. Sixth, promote the “one-visit only” handling of procurement filing matters, enhance the principal responsibility of purchasers, and improve the accountability mechanism of purchasers for procurement needs and procurement results.

### **3. Guangxi Finance: Working on three fronts to consolidate the foundation for financial management of funds for comprehensive rural reforms**

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According to the news released by the Finance Department of Guangxi Zhuang Autonomous Region on February 23, the finance authorities of Guangxi have established sound financial management system of funds through “efforts on three fronts” to consolidate the foundation for financial management of funds for comprehensive rural reforms. First, clarify the direction for effective use of funds, define the scope of use and the management requirements for expenditures such as fiscal incentives for rural public welfare undertakings and subsidies for beautiful village campaign, optimize the allocation of funds, and consolidate the foundation for the management of funds for comprehensive rural reforms. Second, charter the road map for regulated financial management, clarify the priorities of agriculture, finance, civil affairs, organization and other authorities, and consolidate the foundation of grassroots-level financial management. Third, place great emphasis on the performance of funds, increase the weight of output indicators and outcome indicators from 50% to 60%, and consolidate the foundation of fund performance management.

### **4. Henan Finance: Supporting the construction of socialized service system for agricultural science and technology to boost rural revitalization**

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According to the news released by the Finance Department of Henan Province on February 23, finance authorities of Henan have rallied support for the construction of the socialized service system for agricultural science and technology, and effectively

directed scientific and technological services and resources towards rural areas, thus providing strong guarantee for continuous deepening of agricultural supply-side structural reforms and comprehensive advancement of rural revitalization. First, match industrial demands with scientific research and innovation, promote the high-quality and efficient development of agriculture, and strengthen the underpinning of technological innovation. Second, step up the demonstration and promotion of major leading technologies, especially agricultural technologies, effectively guide various innovative elements to gather in counties, and continuously improve the agricultural science and technology service capacity of the industrial chains in counties. Third, follow closely on the efforts to meet the needs of farmers for agricultural upgrading and income increase, develop the innovation capacity of local farmers, and further extend the reach of technical services.

## V. Remarks & Opinions

### **1. Yu Yongding: China could set its GDP growth target at above 6% for 2023**

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On February 1, Yu Yongding, Academician of the Chinese Academy of Social Sciences, stated in an article in *China Newsweek* that it would be reasonable to set China's GDP growth target of 2023 at above 6%. In addition to the low base, the more important reason behind China's strong economic rebound in 2023 is that there is still more room for expansionary macroeconomic policies in China. In terms of fiscal policy, despite China's serious local debt problem, the Chinese government (central government plus local government) debts as a percentage of GDP is 71.5% (October 2021) according to IMF data. In contrast, Japan's government debts to GDP ratio is 262%, Italy is 151%, the US is 137%, Spain is 118%, Singapore is 118%, Canada is 113%, France is 113%, the Eurozone is 95.6%, and Germany is 69.3%. Given China's high savings rate and sound balance of payments, China's fiscal position is evidently better than most developed countries. That said, we should be prepared for some level of inflationary pressure in 2023. The degree of expansionary macroeconomic policies should fully consider the constraints of the inflation situation. How to achieve the best equilibrium between growth and inflation in 2023 is likely to be an important challenge for Chinese policymakers.

### **2. Liu Shangxi: Stabilizing economic growth should be the top priority at present**

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On February 7, Liu Shangxi, Director General of the Chinese Academy of Fiscal Sciences, stated in an article in the *CPPCC Daily* that high-quality development must be based on a certain economic growth rate. Without a certain economic growth rate, high-quality development would be difficult to come by. If we want to promote high-quality development, we must translate high quality into a certain economic growth rate. As things stand now, the driving force of economic recovery and the momentum of quality improvement are obviously weak, and it is thus quite challenging to stabilize the economy. Financial indicators such as business conditions and profits and losses, as well as changes in indicators such as employment and income all show that the situation is not for optimism. The endogenous driving force

of the current economy is obviously insufficient, and the reasons behind are very complex, including the repeated bouts of the pandemic and the impact of international factors, especially the tightening of monetary policies and sharp interest rate hikes in the US, which has stoked the instability of the global capital market and the risks of recession in the world economy. In this case, China, as the world's second largest economy, will inevitably be affected by the global recession. The combination of the above factors has brought greater uncertainty, resulting in an increase in the level of public risks in the entire society, an increase in the cost of market entities, as well as unclear prospects and vague expectations, which is the reason why expectations have weakened since the second half of 2021 and demand contraction has not been fundamentally reversed. Therefore, it is necessary to translate the pursuit of high-quality economic development into a driving force of economic growth.

### **3. Liu Kun: Making greater efforts to implement proactive fiscal policies in a more effective manner**

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On February 16, in his article entitled *Making Greater Efforts to Implement Proactive Fiscal Policies in a More Effective Manner* published in *Qiushi* magazine, Finance Minister Liu Kun stated that in order to effectively cope with the current fiscal and economic situation, and in accordance with the arrangements of the Central Economic Work Conference, proactive fiscal policies of this year should be implemented in a more powerful and effective manner, an approach that fully reflects the general principles of seeking progress while maintaining stability and takes into account the balance between needs and possibilities, short-term and long-term interests, as well as development and security. "More powerful" means to properly intensify the expansion of fiscal policies. The first is to ramp up the intensity of fiscal expenditures, coordinate policy tools such as fiscal revenue, fiscal deficit and interest subsidy, and appropriately expand the scale of fiscal expenditures. The second is to increase investment through special bonds, rationally determine the scale of local government special bonds, and appropriately expand the scope of their investment and use as capital, so as to continue to build up the driving force of investment. The third is to channel financial resources downward lower-level government, continue to increase transfer payments from central government to local governments, tilt allocation



toward financially difficult and underdeveloped regions, and firmly ensure that the “three priorities” at the grassroots level are fully secured. “More effective” means to improve policy effectiveness. The first is to improve preferential tax policies, and enhance their relevance and precision, in order to better help enterprises tide over difficulties. The second is to optimize the structure of fiscal expenditure, improve the performance of fiscal expenditure, and better leverage fiscal funds to effectively drive the expansion of investment and stimulate consumption. The third is to strengthen coordination among monetary, industrial, scientific and technological, and social policies, and build joint policy synergy to promote the overall improvement of economic situation. At present, we should concentrate efforts on five areas:

First, improve tax support policies and ease the difficulties of enterprises. Considering the needs for easing the difficulties of enterprises and the fiscal affordability, we will, on the basis of implementing the policies introduced earlier, further refine the tax and fee cut measures where necessary, step up support for micro, small and medium-sized enterprises, the self-employed, and industries struggling with difficulties, promote the transformation and upgrading of enterprises, enhance their innovation capacity, and boost their vitality and growth momentum.

Second, strengthen the mobilization of fiscal resources and maintain necessary expenditure intensity. We will, in light of the needs of macroeconomic management, step up mobilization of fiscal funds, optimize the combination of policy tools, concentrate financial resources on priority areas, increase resources on areas that lay the foundation for long-term growth and bolster weakness to optimize economic structure, and guarantee adequate funding for implementation of major national strategic tasks. In line with the major decisions and deployment of the CPC Central Committee, we will adjust and improve fiscal policies, enhance their relevance and effectiveness, and place more emphasis on their sustainability.

Third, vigorously optimize expenditure structure and continuously improve the efficiency of expenditure. Party and government organs will be required to tighten their belt, strictly control general expenditures, strengthen the budget management of

the “three public” funds, and work to reduce administrative operating costs. With a view to promoting high-quality development, we will actively support key areas such as scientific and technological research, rural revitalization, major regional strategies, education, people’s basic livelihood and green development. We will improve the mechanism for directly allocating central government funds to prefecture and county-level governments, and promote the regulated and efficient use of fiscal funds.

Fourth, balance the level of financial resources between regions and promote the equalization of basic public services. We will continue to increase transfer payments from central government to local governments and improve the level of local financial capacity. We will promote the reform of the sub-provincial fiscal system, improve the long-term mechanism for bolstering financial capacity at the county level, and promote the downward channeling of financial resources. We will promote the establishment of a system of standards for funding basic public services, improve the system of expenditure cost differences between regions, promote the linkage between the allocation of transfer payment funds and the cost of public services, and enhance the scientific and rational allocation of funds.

Fifth, exercise strict economic and financial discipline and effectively prevent fiscal risks. We will administer matters and manage finances according to law, harden budget constraints, strictly regulate the management of fiscal revenues and expenditures, improve supervision and monitoring mechanisms, and resolutely investigate and deal with violations of laws and regulations. We will curb the increase of hidden debts, properly resolve the stock of debts, resolutely prohibit illegal borrowing, regulate the management of local government financing platform companies, and firmly prevent the occurrence of systemic risks.

#### **4. Zhu Guangyao: The international political and economic order established after World War II is standing at critical crossroads in 2023**

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On February 23, at the Global Governance Forum of the Chongyang Institute for Financial Studies of Renmin University, former Vice Finance Minister Zhu Guangyao

stated that the Russia-Ukraine conflict and a series of sanctions and counter-sanctions have had huge impact on the international political and economic order established after World War II, it is thus necessary to study such impact. First, we should have a basic understanding of the international political and economic order established after World War II. The international political order established after World War II is the one centered on the UN, with the UN Charter as its purpose and international law as its foundation. Closely related to the international political order, the international economic order established after World War II is the one with the IMF, the World Bank and the WTO as its pillars. Over the past 78 years since the end of World War II, this system has played a crucial role in maintaining post-war peace and promoting global development. However, at the same time, we must also recognize its shortcomings and the urgent needs for reform and improvement. The voice and representation of emerging market and developing countries are severely inadequate, and with the rapid economic development of emerging market and developing countries, the disparity between such voice and representation and the economic strength of these countries is getting more glaring. Second, sanctions and counter-sanctions surrounding the Russia-Ukraine conflict have greatly damaged the current international economic order and aggravated the global energy and food crisis. Since the outbreak of the Russia-Ukraine conflict, the US and other Western countries have imposed 12,695 sanctions on Russia, of which 2,675 were imposed before February 24, 2022; and 10,020 sanctions have been enforced from February 23, 2022 to now. Sanctions are a double-edged sword, with significant negative effects not only on the sanctioned party but also on their enforcers. Third, negotiation is the only correct choice to the settlement of the Russia-Ukraine conflict and is conducive to maintaining and improving the existing international political and economic order. China will put forward its position on the political settlement of the Ukrainian issue, and will always stand on the side of peace and dialogue. This is China's policy position on the resolution of the Ukrainian crisis.

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**Journal Title:** China Finance Monthly

**Editor:** International Economics and Finance Institute

**Publisher:** Editorial Office, China Finance Monthly

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Publishing Date: March 2023