

保持增长 超越复苏



专题：促进包容性增长的财政政策

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致谢

2023 年 6 月的中国经济简报是由以下人员组成的团队完成：Ibrahim Chowdhury（项目负责人）、李雨纱（项目联合负责人）、葛君、Elitza Mileva、Sailesh Tiwari、Nicolo Fraccaroli、Katherine Anne Stapleton、Veronica Montalva Talledo、Samuel Hill、李靖禹、赵敏、Maria Ana Lugo 和 Abayomi Alawode。编写团队在此感谢 Mara Warwick、Aaditya Mattoo 和 Sebastian Eckardt 提供的指导和意见，感谢陈天舒、余英、周洛伊、李筱婷、杨林、李明洁和尚宇对简报制作和发布所提供的支持。本报告的发现、解读和结论未必反映世界银行执行董事或其代表的政府的观点。若对简报有任何问题或建议，请与陈天舒联系（tchen@worldbank.org）。

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缩略语

ASEAN	东南亚国家联盟
CAR	资本充足率
CBIRC	中国银行保险监督管理委员会
CHN	中国
CFPS	中国家庭追踪调查
CIT	企业所得税
COVID-19, COVID	2019 年新型冠状病毒肺炎
CO ₂	二氧化碳
CPI	居民消费价格指数
CSS	社保缴费
DRC	国务院发展研究中心
EMDE	新兴市场和发展中经济体
ETS	排放交易体系
EU	欧盟
FDI	外商直接投资
FYP	五年规划
GDP	国内生产总值
GPB	一般公共预算
H1	上半年
H2	下半年
HIC	高收入国家
ICT	信息和通信技术
IP Royalties	知识产权使用费
LGFV	地方政府融资平台
LGSB	地方政府专项债券
LIC	低收入国家
LMIC	中等偏低收入国家
LPR	贷款基础利率
MLF	中期借贷便利
MOF	财政部
NBS	中国国家统计局
NEA	国家能源局
NPL	不良贷款
OECD	经济合作与发展组织
PBC	中国人民银行
POE	民营企业
PPI	生产者价格指数
PPP	购买力平价
PIT	个人所得税

q/q	季度同比
Q1	一季度
Q2	二季度
Q3	三季度
Q4	四季度
REITs	房地产投资信托基金
RHS	右边的
RMB	人民币
sa	季节调整
SAFE	中国国家外汇管理局
SHIBOR	上海银行间同业拆放利率
SME	中小企业
SOE	国有企业
UMIC	中等偏高收入国家
USD	美元
VAT	增值税
WBG	世界银行集团
WDI	世界发展指标数据库
y/y	年度同比
ytd	年度迄今
3mma	3 个月移动平均
12mma	12 个月移动平均

概要

随着出行限制的解除和服务支出激增，2023 年一季度经济活动有所反弹，但 4 月以来增长势头放缓。今年一季度 GDP 同比增长 4.5%，高于 2022 年全年 3% 的增幅。一季度的复苏得益于被压抑的消费需求的释放、房地产活动的初步改善和政策支持等因素。然而，4 月份以来经济增长势头放缓，表明中国的复苏仍然脆弱并且有赖于政策支持。

能够维持经济增长势头的因素——劳动力市场和家庭收入进一步改善、商业信心和私人投资复苏以及房地产市场好转——尚未稳固出现。一季度实际人均可支配收入同比增长 3.8%，仍然低于整体经济增长率。最近的经济反弹也未能缓解青年失业问题，4 月份青年失业率达到 20.4% 的新高。民间投资自 2022 年初以来一直保持低迷。房地产市场的初步好转只集中于大城市，主要是靠政策支持推动在建项目的完工，而新房开工和投资仍然低迷。如下文所述，解决其中的一些脆弱性需要更多超出短期宏观支持的措施。

在消费者支出反弹的带动下，预计 2023 年中国 GDP 将有 5.6% 增长。增长将由消费需求的强劲反弹引领，尤其是对服务消费的需求。基础设施和制造业的资本支出预计将保持韧性。由于外部需求趋于疲软，加上国内需求改善导致进口增速略有回升，预计净出口将拖累增长。

中国经济前景	2021	2022	2023f	2024f	2025f
实际 GDP 增长率 (%)	8.4	3.0	5.6	4.6	4.4
居民消费价格指数 (CPI) (平均百分比变动)	0.9	2.0	1.5	2.4	2.0
经常账户差额 (GDP 占比)	1.8	2.3	1.3	1.0	0.7
广义财政收支 (GDP 占比) *	-4.0	-6.4	-6.5	-4.8	-3.9

来源：世界银行。

注：参见表1注释。

经济前景面临更多下行风险。收入增长缓慢、对劳动市场复苏的持续不确定性和家庭高水平的预防性储蓄可能抑制消费支出。房地产行业尽管出现企稳迹象，但包括房企杠杆率过高在内的一些结构性问题仍未得到解决。如果这些问题长时间持续下去，可能会拖累经济复苏。就外部环境而言，风险来自全球增长路径的不确定性、金融条件收紧超出预期和地缘政治紧张局势加剧。从好的方面来看，就业更快复苏可能会提振市场情绪，并有助于拉动消费增长。

经过了今年的复苏之后，预计中国经济增长将回到结构性减速的轨道。预计 2024 和 2025 年增速将分别放缓至 4.6% 和 4.4%，原因包括结构性因素和外部因素。随着经济走向成熟，趋势增长率往往会下降，因为边际收益会随着物质资本的积累而递减。此外，中国不断攀升的债务水平（2022 年非金融部门负债总额占 GDP 比重升至 287% 的历史新高）将使投资驱动型增长难以为继，而人口红利也随着人口快速老龄化而消退。持续的收入不平等和中国经济的高碳密度给中期增长与发展带来了额外挑战。另外，未来几年全球人均经济增长

预计将低于 2010 年代（世界银行, 2023），这将对中国的出口需求构成压力。地缘政治紧张局势加剧导致重要的供应链出现脱钩，并会限制中国对关键技术的获取。

经济复苏为政策制定者提供了一个重要机会，使其可将工作重点重新放到中国的中长期发展目标上。结构性改革对于巩固经济复苏和实现更长期目标至关重要，即：（i）通过以生产率驱动并且环境可持续的增长，到 2035 年成为高收入国家；（ii）2030 年前实现碳达峰，2060 年前实现碳中和；（iii）在人群中更平等地分享经济发展的成果。

为了重振生产率增长，中国需要依靠创新、技术采用和更有效的资源配置。深化旨在增强市场、私营部门和竞争的的作用的各项改革会对此有所帮助。推动经济向家庭消费需求再平衡对于维持稳健的经济增长十分重要。这可以通过扩大中国社会保障体系的覆盖面和福利充足性、确保各项福利可跨省转移来实现。为了在更长时期内保持经济的有力增长，中国还要解决可能已在制约投资的高负债问题。这需要建立更有力的机制来管理资不抵债、公司重组和破产。在绿色转型方面，应当从使用行政目标和配额转向更多使用包括强化的排放交易体系（ETS）在内的市场化工具，这样有助于在确保可靠能源供应的同时走上更加高效的脱碳道路。最后，为了应对不平等挑战，可以进一步放开户籍制度并使用恰当的财政工具（参见本期专题章节）。

促进包容性增长的财政政策

如上所述，中国的政策制定者将更公平的收入分配和经济增长一道作为关键政策目标。强劲经济增长能够创造就业机会和增加家庭收入，这依然是减少不平等的重要机制。除此以外，财政政策（包括收入和支出措施）在确保人们更平等地分享经济发展的成果方面有一定作用。

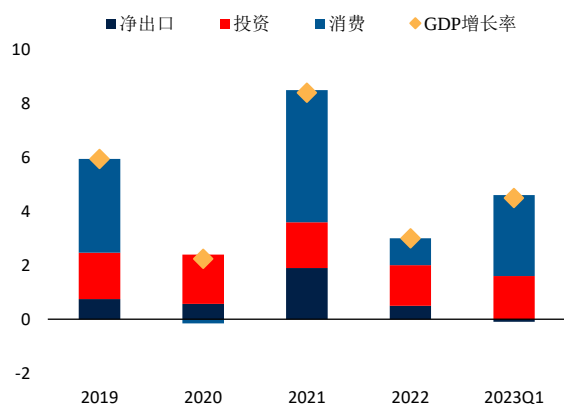
实证证据显示，中国家庭从财政体系中获得的净收益（获得的公共服务和转移支付减去缴纳的税款）是累进的——收入越低的家庭得到的净收益越高。在政府向低收入家庭提供的支持中，公共教育和医疗服务占了很大比重。然而，财政政策对减少不平等的总体作用因增值税（VAT）和其他消费税等累退性间接税而有所降低，因为这类税收的负担不成比例地落在较贫困家庭身上。与类似发展水平的国家和高收入国家相比，中国对增值税的依赖更高，而累进性的个人所得税（PIT）征收较少。

因此，中国利用财政体系来减少不平等还有更大空间——比如可以提高个人所得税和财产税等累进税在财政收入中所占的份额。在支出方面，中国财政体系已经为减少不平等做出了很大贡献，今后的进一步改进可以重点关注缩小优质公共服务获取方面的剩余差距，扩大社会福利的覆盖面、提高福利水平并确保它们可以跨省转移。

图 1. 图说中国经济形势

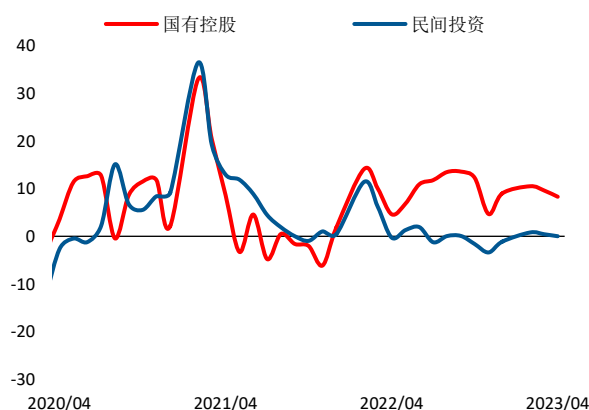
在消费和服务业强劲反弹的支持下，疫后重启带来了经济的恢复

A. 三大需求对 GDP 增长的贡献 (增长贡献率，百分点)



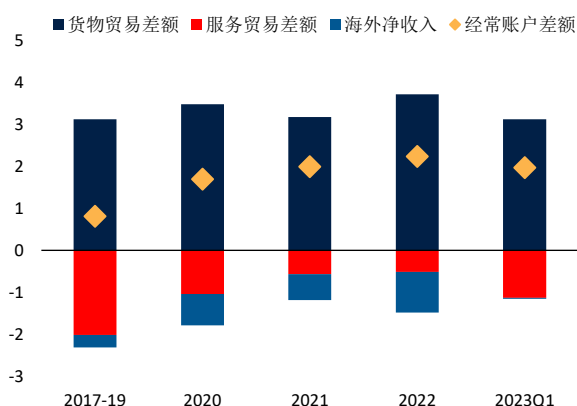
投资的复苏不均衡

C. 固定资产投资 (年同比，百分比)



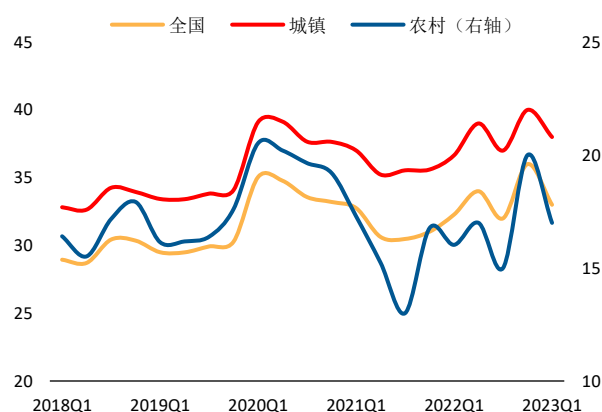
由于仍有大幅货物贸易顺差，中国保持了经常账户顺差

E. 经常账户差额 (占 GDP 百分比)



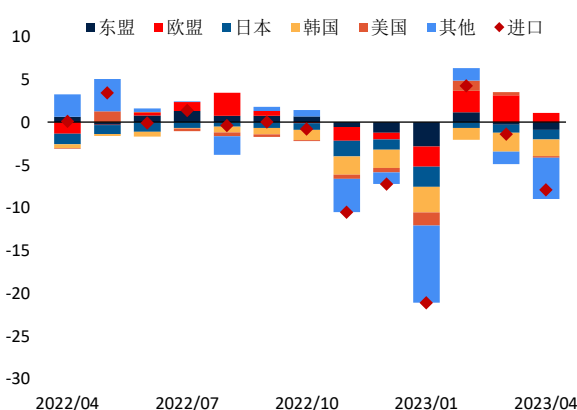
但复苏仍很脆弱，居民储蓄率高于疫情前水平

B. 居民储蓄率 (百分比，经季节调整)



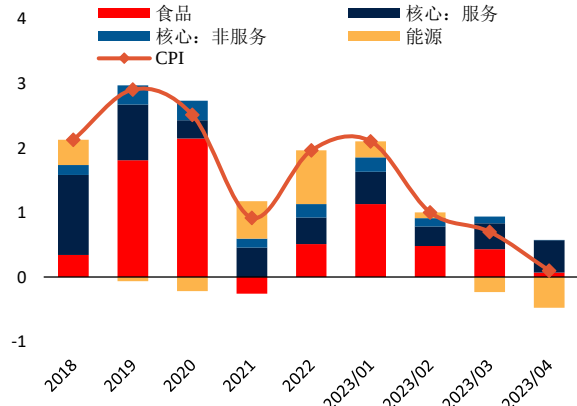
对应国内的不均衡复苏，货物进口仍然疲软

D. 货物进口增长 (年同比，百分比；百分点)



消费复苏刚刚起步，消费价格通胀仍处低位

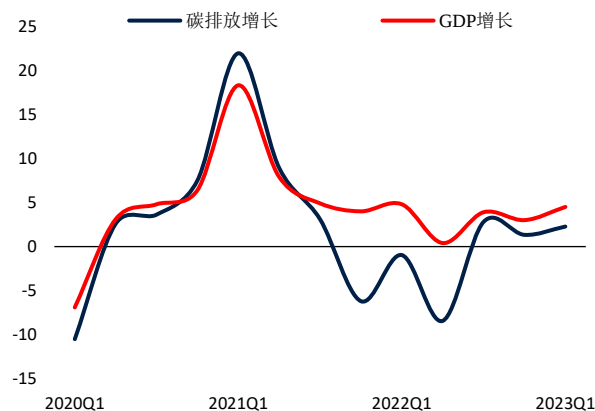
F. 消费价格通胀 (年同比，百分比)



由于复苏主要由服务业拉动，碳排放增长较为温和

G. 碳排放增长

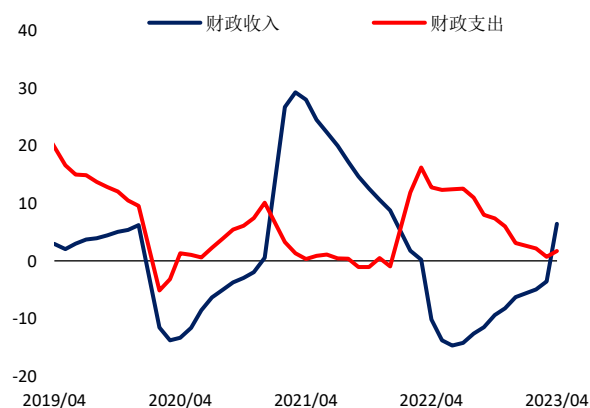
(年同比, 百分比)



财政收入和支出仍显疲软，预算无法完成的风险增大

I. 财政收入与支出增长

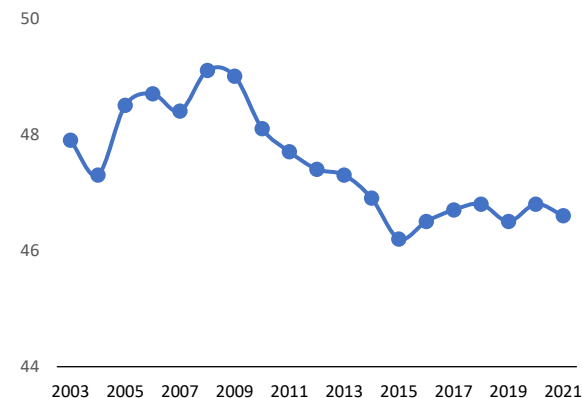
(年同比, 百分比, 年度迄今)



收入不平等在多年的下降后，最近已经稳定在一个相对较高的水平上

K. 基尼系数

(指数)

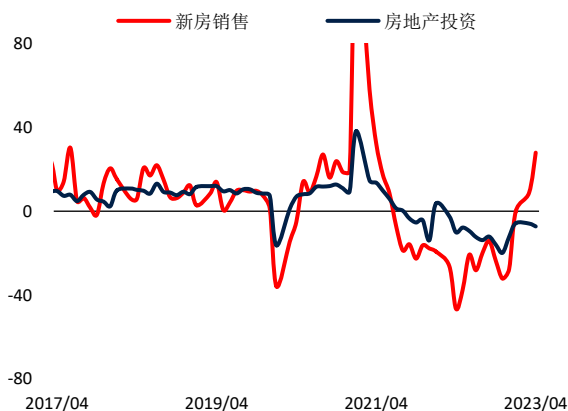


来源：国家统计局；中国海关统计；国家外汇管理局；全球实时碳数据（Carbon Monitor）；《国家统计局住户调查年鉴》；世界银行贫困与不平等数据平台；世界发展指标（WDI）；世界银行。

房地产市场显示出初步但不均衡的趋稳迹象

H. 住房销售和房地产投资

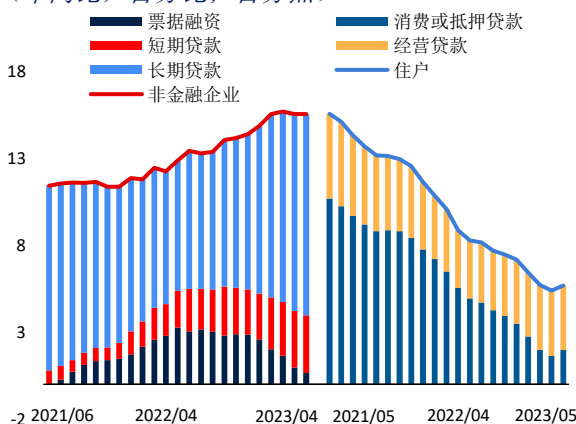
(年同比, 百分比)



经济重开后信贷需求有所上升

J. 企业和居民贷款增长

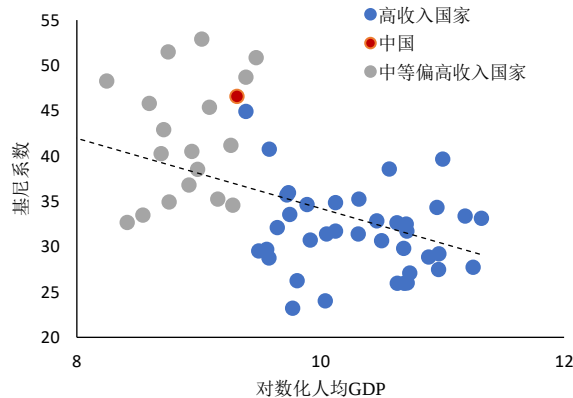
(年同比, 百分比; 百分点)



与处于类似发展水平的国家相比，中国的不平等程度仍然相对较高

L. 收入不平衡和人均 GDP

(美元, 指数)



I. 近期经济形势

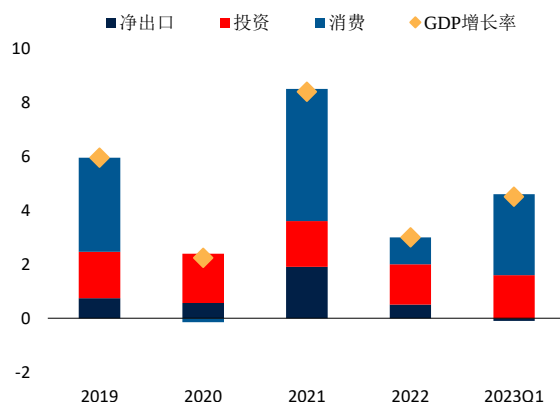
经济在重启中恢复，但复苏仍很脆弱

2023 年一季度的经济活动随着出行限制的取消和服务支出激增而有所反弹，但增长势头自 4 月份以来放缓。2023 年一季度 GDP 同比增长 4.5%，高于 2022 年的 3%。一季度的复苏得益于被压制的消费需求的释放、房地产活动的初步改善和政策支持等因素。然而，4 月份以来经济增长势头放缓，表明中国的复苏仍然脆弱并且有赖于政策支持。然而，能够维持增长势头的因素——劳动力市场和家庭收入的进一步改善、商业信心和民间投资恢复以及房地产市场好转——尚未稳固出现。

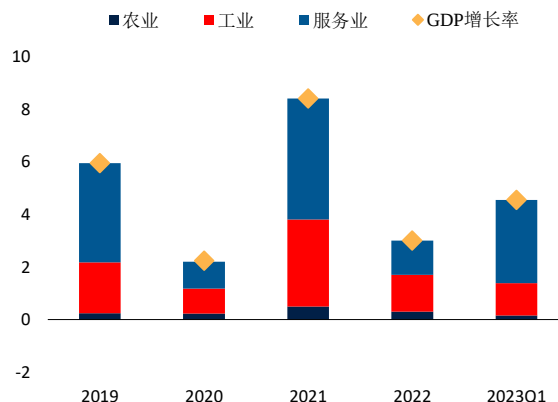
在需求方面，2023 年一季度消费强劲复苏。原本被压抑的需求得到释放，消费拉动了 GDP 同比增长率 3 个百分点，而 2022 年只拉动了 1 个百分点。旅游和其他需要直接接触的服务引领了消费复苏，而耐用品消费复苏滞后。在基础设施和制造业投资支持下，资本形成总额对增长的拉动从 2022 年的 1.5 个百分点小幅上升至 1.6 个百分点，同时房地产投资对增长的拖累有所减少。在充满挑战的全球环境中，净出口对增长的贡献从 2022 年的 0.5 个百分点降至 -0.1 个百分点（图 2A）。

图 2. 消费和服务业拉动经济复苏

A. 三大需求对 GDP 增长的贡献
(增长贡献率, 百分点)



B. 三大产业对 GDP 增长的贡献
(增长贡献率, 百分点)



来源：国家统计局；世界银行。

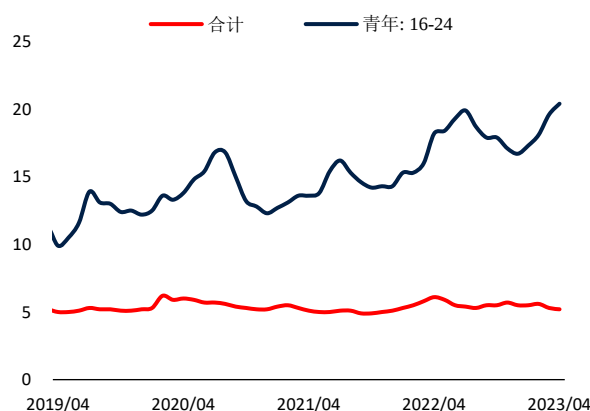
在生产方面，服务业的强劲反弹推动了一季度的增长。服务业一季度拉动了增长 3.1 个百分点，高于 2022 年的 1.2 个百分点（图 2B）。具体来说，酒店、餐饮和交通服务等需要直接接触的服务引领了增长。与房地产相关的服务略有复苏，实现了自 2021 年二季度以来的首次同比正增长。工业对增长的拉动落后于服务业，从 2022 年一季度的 1.5 个百分点降至今年的 1.2 个百分点。就制造业而言，新能源汽车和太阳能电池领跑其他行业。与此同时，农业对增长的拉动从 2022 年的 0.3 个百分点下降为 0.2 个百分点，主要原因可能是恶劣天气的影响。

尽管服务业需求有强劲反弹，但总体消费复苏仍不彻底。零售业先是在一季度强劲反弹，但由于家具、家电等耐用品销售持续疲软，总体增长势头在 4 月份有所放缓。导致这种情况的原因之一是家庭收入增长缓慢。2023 年一季度实际人均可支配收入同比增长 3.8%，低于整体经济活动的增长率。与此同时，近期的经济反弹并未能缓解青年失业问题。4 月份总体失业率仍然稳定在 5.2%，但 16-24 岁人群的失业率迅速上升至 20.4%，超过了 2022 年 7 月 19.9% 的记录（图 3A）。¹

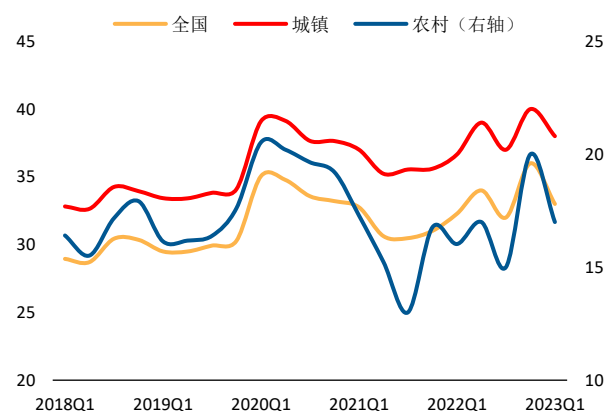
由于就业和家庭收入仍未完全复苏，居民对支出保持谨慎态度，宁愿增加储蓄。2023 年一季度经季节调整的居民储蓄率比 2022 年四季度的峰值略有下降，但仍比疫情前高出 3 个百分点（图 3B）。

图 3. 尽管服务业支出强劲反弹，消费仍未完全复苏

A. 总体失业率和青年失业率
（百分比）



B. 居民储蓄率
（百分比，经季节调整）

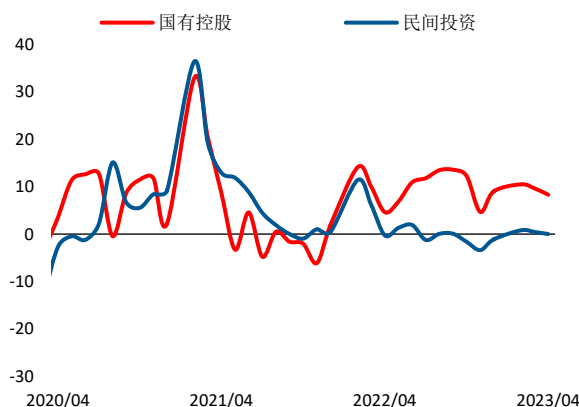
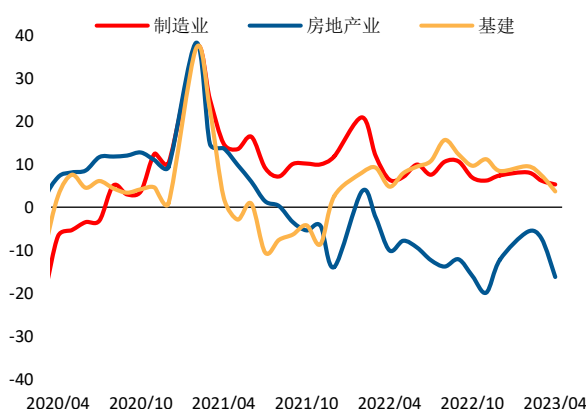


来源：国家统计局；世界银行。

在投资方面，复苏是由公共部门投资拉动，民间投资仍然低迷。2023 年 1-4 月民间投资仍然疲软，同比仅增长 0.4%，而国有控股投资增长 9.4%（图 4A）。公共投资的急剧增加主要来自近期信贷政策放松和政府基础设施投资的推动，而这两项举措都使国有企业不成比例地受益（图 4B）。公共部门投资是一季度经济复苏的重要催化剂，但其增长势头在 4 月份略有减弱。

¹ 参见 2022 年 12 月中国经济简报对青年失业问题的深度讨论。

图 4. 投资复苏不均衡

A. 不同所有制部门的固定资产投资
(年同比, 百分比)B. 不同产业部门的固定资产投资
(年同比, 百分比)

来源：国家统计局；世界银行。

出境旅游支出激增但货物进口仍疲软

受到新兴经济体强劲需求的支撑，一季度中国货物出口强于去年下半年。前四个月的出口量平均同比增长 2.4%，而 2022 年下半年同比下降 4.1%。实际出口的改善得益于对新兴经济体的出口增加，尤其是对东盟的中间产品和电动汽车出口增加（图 5A）。与此形成对比的是发达经济体需求不振，制约了中国向这些市场的出口。与此同时，随着出口价格加快上升，以美元计算的出口额在 2023 年前四个月同比增长 2.5%，而 2022 年下半年为 1.4%。

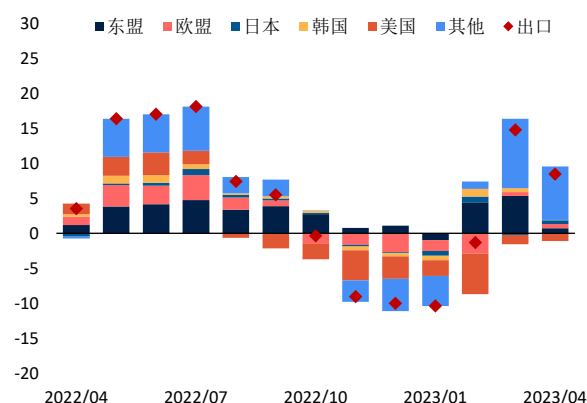
随着国内需求开始复苏，中国的实际商品进口略有改善。随着国内对部分进口商品的需求回升，2023 年前四个月进口量同比增长 0.8%，而去年下半年同比下降 5.1%。发达经济体相对疲软的需求拖累了中国从日本、韩国和中国台湾的半导体等中间投入品进口（图 5B）。与此同时，进口价格的下降，特别是大宗商品全球价格的降低，导致以美元计价的进口下降更为明显，今年前四个月同比下降 7.3%。

随着旅行限制放松，中国的出境旅游激增，与仍然低迷的货物进口需求形成鲜明对比。2023 年一季度，随着出境游逐步恢复正常，旅游消费同比激增 46.5%，飙升至 463 亿美元。旅游消费上升是驱动服务进口增长的主要因素——一季度服务进口同比增长 12.8%（图 5C）。与此同时，知识产权使用费以及金融和商业服务进口继续下降（尽管下降速度低于 2022 年四季度），这可能与地缘政治不确定性加剧有关。服务出口在 2023 年一季度同比下降 13.3%，主要原因是国际货运成本比去年同期大幅下降（图 5D）。

图 5. 出口表现出短期韧性，进口缓慢复苏

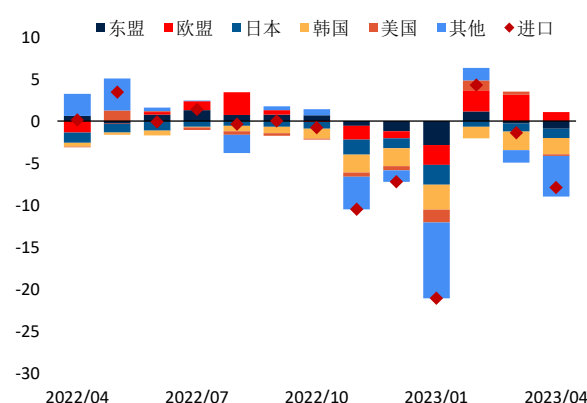
A. 货物出口

(年同比, 百分比; 百分点)



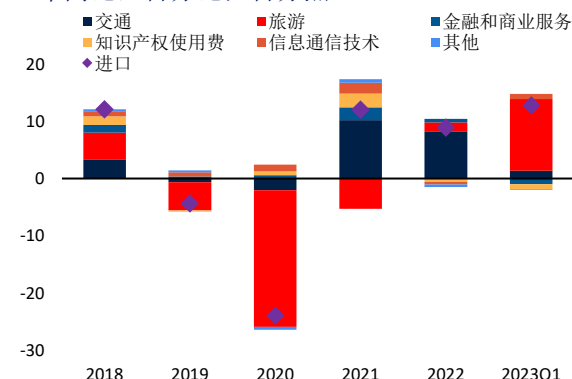
B. 货物进口

(年同比, 百分比; 百分点)



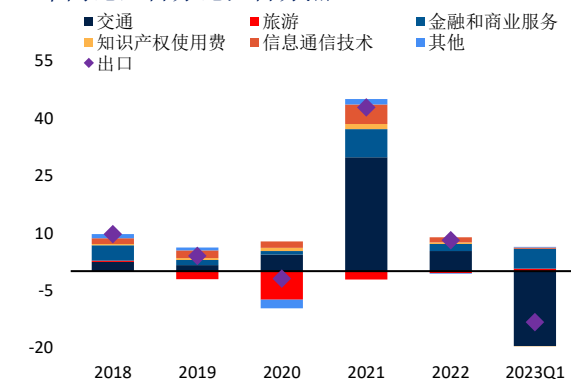
C. 服务进口

(年同比, 百分比; 百分点)



D. 服务出口

(年同比, 百分比; 百分点)



来源: 中国海关统计; 国家外汇管理局; 世界银行。

经常账户保持顺差

商品贸易的较大顺差使中国在 2023 年一季度保持了大幅经常账户顺差。疫情期间，由于中国在每轮疫情之后都能迅速恢复生产，经常账户顺差有所扩大。2023 年一季度经常账户顺差占 GDP 比重为 2.0%，反映了进口需求不振、出口韧性较强这两方面的共同影响（图 6A）。一季度货物贸易的较大顺差（1299 亿美元，GDP 占比 3.1%）远远抵消了服务贸易逆差（470 亿美元，GDP 占比 1.1%）。

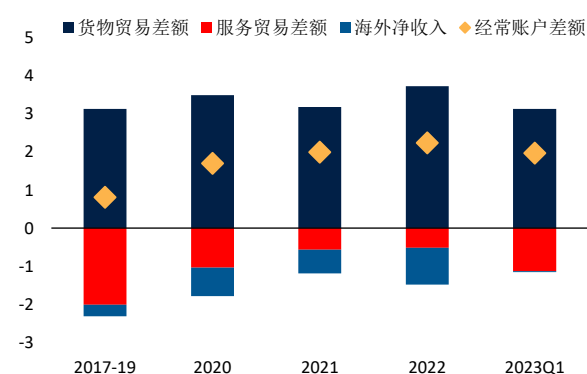
境外投资者对向中国长期投资仍持谨慎态度，一季度金融账户逆差略有扩大。金融账户逆差占 GDP 比重从 2022 年四季度的 0.9% 小幅上升至 1.4%，这主要是由于外商直接投资（FDI）净流出增加，占 GDP 的 0.7%（图 6B）。特别值得一提的是，随着中国企业加大对海外批发零售贸易和物流业的投资，对外 FDI 有所增加。进入中国的 FDI 减少，这可能反映了全球需求增长前景低迷以及中国国内复苏仍面临风险等因素的影响，但在一定程度上也可能是由于地缘政治的不确定性打压了外国投资者的情绪。高频市场数据表明，2023

年一季度证券投资净流出约为 85 亿美元，低于 2022 年四季度的 139 亿美元。股权投资净流入随着中国经济重启而有所增加，部分抵消了由于中国与其他主要经济体利差收窄导致的债券市场资金外流。

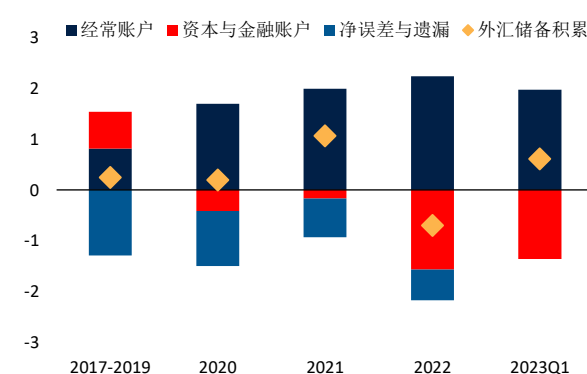
资本外流加上美元走强导致人民币走弱。尽管中国有高额经常账户顺差，但人民币兑美元汇率和贸易加权汇率均有贬值（图 6C）。年初至今人民币兑美元汇率下跌 3.7%。中国仍有良好的外部缓冲。今年前四个月外汇储备增加 771 亿美元，4 月底达到 3.2 万亿美元（图 6D）。

图 6. 经常账户仍有大幅顺差，金融帐户逆差扩大

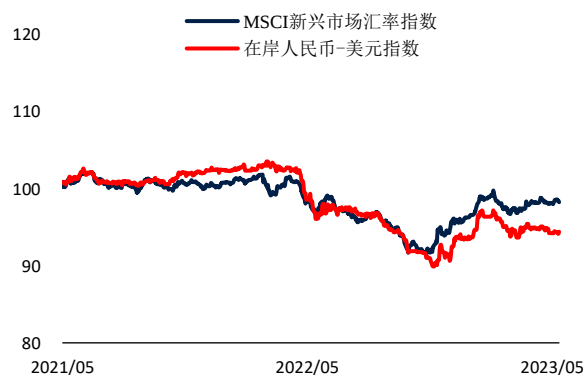
A. 经常账户差额
(占 GDP 百分比)



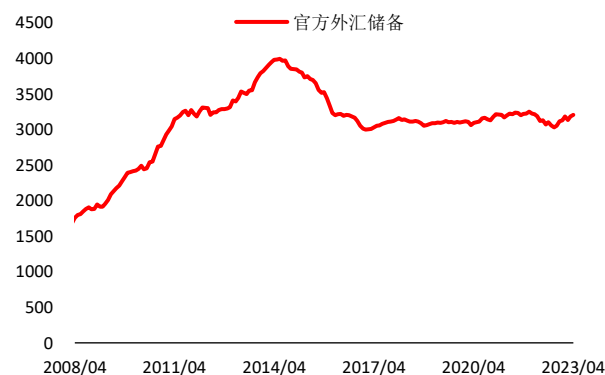
B. 资本净流出
(占 GDP 百分比)



C. 人民币汇率
(指数, 2020 年 12 月 31 日 = 100)



D. 外汇储备
(10 亿美元)



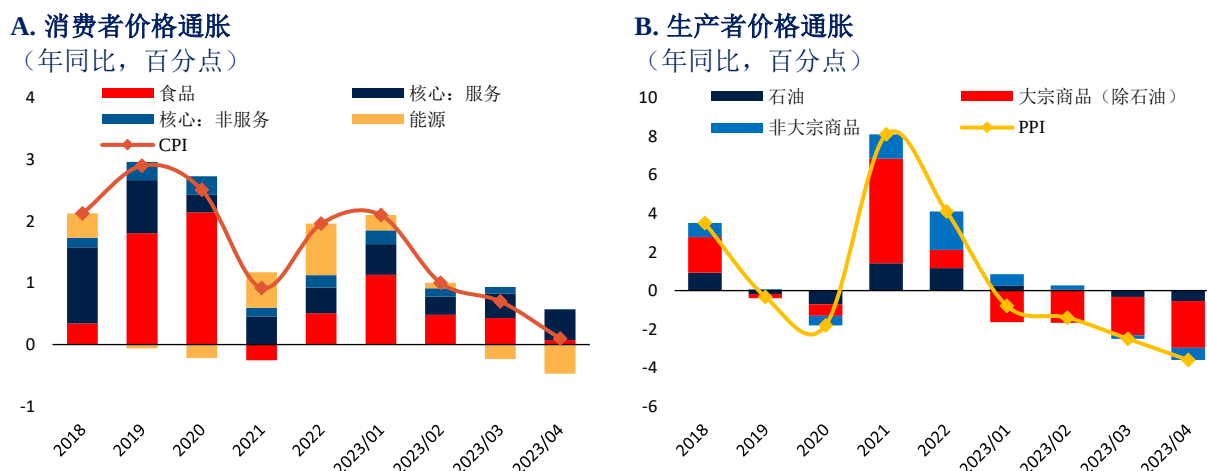
来源：国家外汇管理局；Wind 数据库；世界银行。

尽管需求有所改善，但消费价格通胀仍然疲软

2023 年前四个月，中国的消费价格通胀仍然低迷，反映出消费需求复苏不均衡。前四个月的总体通胀率为温和的 1.0%，主要原因是能源价格从去年的高基数下降（图 7A）。与此同时，不包括波动较大的食品和能源价格的核心通胀率在 1-4 月间平均为 0.8%，远低于

于疫情前 1.8% 的平均水平。在服务价格通胀回升的同时，商品价格通胀放缓——原因是消费者情绪依然较为谨慎，需求低迷，尤其是耐用消费品需求不振。

图 7. 国内外需求疲软，通胀保持低位



来源：国家统计局；世界银行。

全球石油和金属价格下跌导致今年以来大部分时间生产者价格通胀呈下降趋势。2023 年前四个月 PPI 通胀平均为-2.1%，并且已经连续七个月下降。这在很大程度上是由油价从去年的高基数下跌、住房建设低迷导致黑色金属价格下滑以及国内外商品需求疲软所导致（图 7B）。

服务业主导的经济复苏使得碳排放温和增长

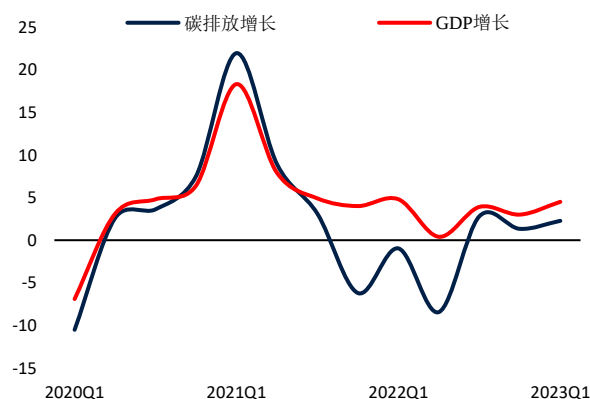
由于经济复苏是以服务业为主导，2023 年一季度中国碳排放量呈温和增长。中国二氧化碳排放在经历了 2022 年的低增长之后，今年一季度估计同比增长 2.3%（图 8A）。与 2020 年底至 2021 年初由投资驱动的经济反弹相比，今年的复苏主要由消费和服务业主导，因此碳排放增长相对缓慢。一季度的排放增长主要来自工业部门排放反弹，拉动了总碳排放增长 1.7 个百分点。电力部门只拉动了 0.5 个百分点，交通部门拉动了 0.4 个百分点。居民部门拖累了 0.5 个百分点——这可能是由于疫后开放导致在人们在家中时间减少（图 8B）。

近期能源部门的发展动态——可再生能源投资大幅增加的同时煤炭生产与进口也在激增——凸显了脱碳面临的挑战。2021 年能源危机发生后，能源安全被作为一个优先事项，导致煤炭进口持续激增，2023 年一季度同比增长 97%。这在一定程度上是由于去年的基数较低，但当时的进口也仍大大高于疫情前的水平：2022 年一季度煤炭进口额比 2019 年一季度高出 76%。另一方面，2022 年下半年批准新建的燃煤电厂快速增加（平均每月批准发电能力超过 10 吉瓦），但此后有所放缓，2023 年一季度共批准约 10 吉瓦。与此同时，今年一季度光伏发电装机容量也快速增长，同比增长 34%；所有可再生能源发电量同比增长 11.4%。

图 8. 2023 年一季度碳排放量温和增长

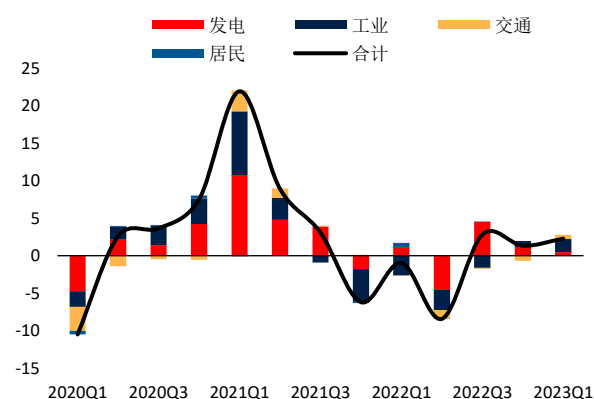
A. 碳排放增长与 GDP 增长

(年同比, 百分比)



B. 各部门碳排放

(年同比, 百分比; 百分点)



来源: 全球实时碳数据 (Carbon Monitor); 世界银行。

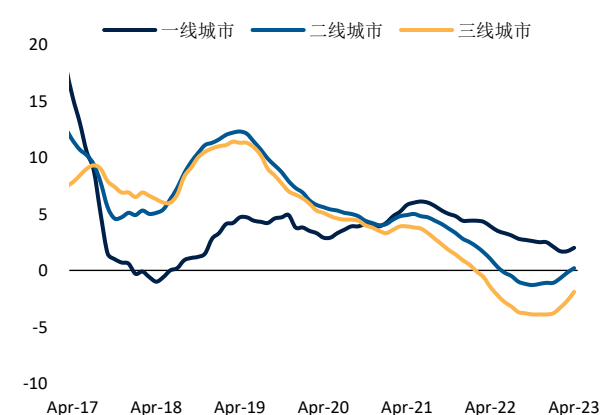
房地产市场的复苏仍不均衡

房地产市场的复苏集中在大城市, 复苏动力主要是政策支持推动了在建项目的完工, 但新项目开工与投资仍然低迷。新房销售在经历了长期低迷之后, 2023 年 1-4 月销售额同比增长 8.8%。这一方面是由于 2022 年前四个月的基数较低, 但另一方面也反映了初步复苏迹象。一线和二线城市新房销售价格同样有所上升。这些改善一方面是因为经济重启、此前被压抑的需求得以释放, 另外也要归功于首次购房房贷利率降低等措施 (图 9A)。虽然在政策支持下房地产竣工面积有所增加 (主要为已出售但此前工程停滞的项目), 但 2023 年前四个月房地产投资下降 6.2%, 新房开工下降 21.2%, 表明房地产持续复苏的到来尚需时日 (图 9B)。

图 9. 房地产市场初步显示企稳迹象

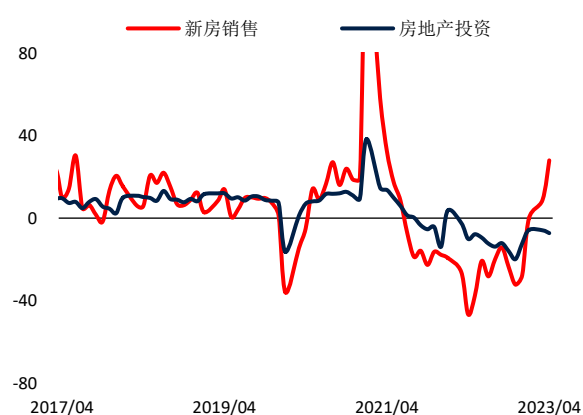
A. 各类城市新房销售价格

(年同比, 百分比)



B. 新房销售与房地产投资

(年同比, 百分比)



来源: 国家统计局; Wind数据库; 世界银行。

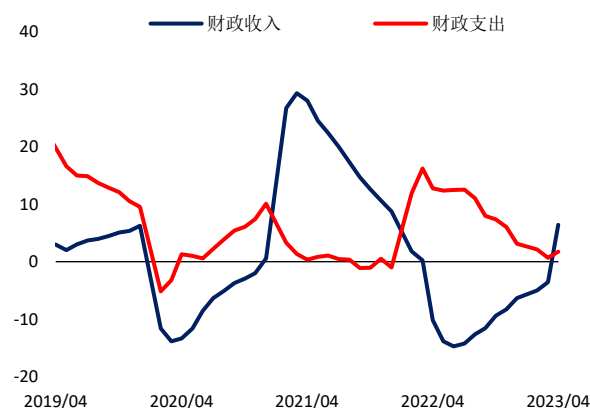
财政压力持续存在，地方层面尤为突出

2023 年前四个月的财政收入和支出均保持疲软，增加了预算无法完成的风险。由于房地产投资持续疲软，土地出让收入同比下降 21.7%（2022 年同比下降 23.3%）。此外，由于消费税和个人所得税的下降抵消了增值税和企业所得税征缴的增加，税收收入也有所下降。2023 年前四个月广义财政支出比去年同期只增长 1.7%（图 10A），主要来自于教育、社保和就业支出增加。1-2 月社会保障和公共卫生支出保持高位，但随后随着新冠病毒感染浪潮的消退而显著下降。总体而言，随着收入增加，2023 年 1-4 月的广义财政赤字占 GDP 比重收窄至 1.3%，而去年同期为 1.7%（图 10B）。

图 10. 财政收支均保持疲软

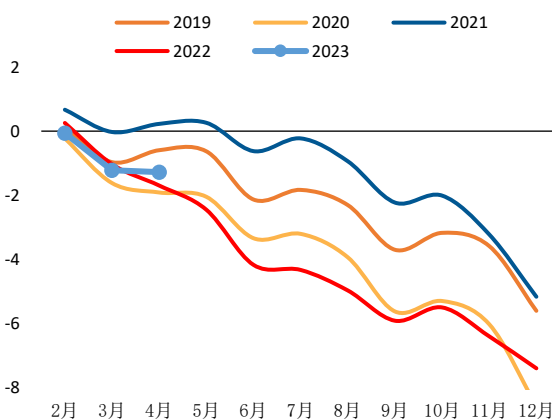
A. 广义财政收支变动

（年同比，百分比，年初至今）



B. 广义财政赤字

（占 GDP 百分比）



来源：财政部；世界银行。

注：中国的预算体系包括：（i）公共财政预算，包括税收和非税收入、经常性支出和部分资本性支出；（ii）政府性基金预算，主要反映地方政府的土地租赁收入和特定基础设施和社会项目支出；（iii）社会保障基金预算，记录社保缴款和支出；（iv）国有资产经营预算，即国有企业基金预算。广义预算结余是指（i）、（ii）、（iii）、（iv）之和减去政府稳定基金净提款。（iii）和（iv）只报告年度数据。一般公共预算中的地方财政收入不包括中央的转移支付，中央财政支出不包括对地方的转移支付。

地方政府继续面临土地出让收入疲软的壓力，这在一定程度上将由中央转移支付的增加来弥补。随着房地产市场逐渐趋稳，政府预计土地出让收入将与去年持平。2023 年的其余融资缺口将通过增加中央对地方转移支付、发行政府债券和提取财政储备金来填补。2023 年用于地方基础设施投资的年度债券融资额度定为 7.7 万亿元人民币（占 GDP 的 5.9%），略高于 2022 年的 7.5 万亿。

经济重启后信贷需求上升

出于对资本外流和金融稳定风险的担忧，中国人民银行保持了适度宽松但谨慎的政策立场。人民银行的干预更多是通过下调银行存款准备金率而不是降息——2022 年五年期贷款市场报价利率降低 35 个基点，但 2023 年迄今未下调；2022 年降准 60 个基点后，2023 年人民银行再次降准 25 个基点。鉴于非金融部门债务高企（见下一节），当局试图在支

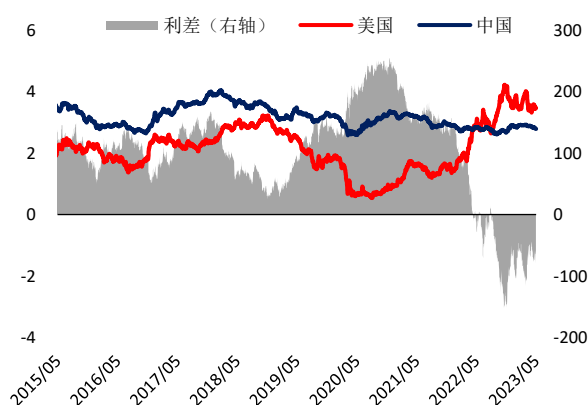
持经济增长的短期措施与限制杠杆率上升的长期努力之间保持平衡。在其他主要央行大幅加息的背景下，中国与它们的不同政策走向会导致资本外流，这种担忧也限制了人民银行的的操作空间。自 2022 年 4 月以来，中国十年期国债收益率与美国十年期国债收益率之间的利差一直为负（图 11A）。尽管中国人民银行提供了流动性，但自 2022 年 12 月以来短期市场利率波动较大，可能反映了疫情管控放松后不确定性的增加（图 11B）。

继 2022 年信贷需求低迷之后，随着经济重启，非金融部门信贷增长有所回升。2023 年前四个月，非金融部门信贷增长率从 2022 年的平均 9.5% 增至 9.8%（图 11C）。促成这种回升的因素包括企业信贷增加、消费信贷和住房贷款改善以及政府债券发行量上升。对基础设施项目的持续支持推动了企业贷款的扩张（通常由政策性银行提供）和政府债券发行加快。短期和长期住户贷款均有增长，一方面反映出居民信心有一定改善，另一方面也反映出降低房贷利率的政策发挥了作用（图 11D）。

图 11. 中国人民银行保持了适度宽松而谨慎的政策立场

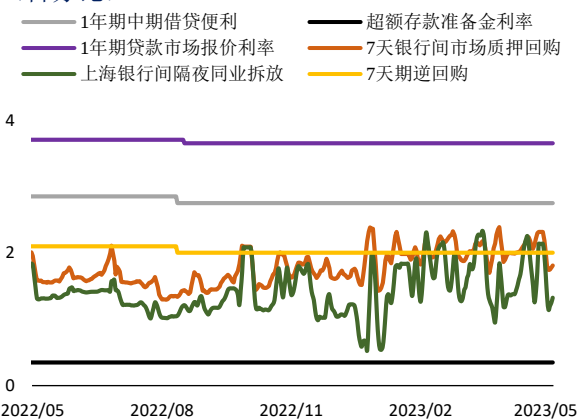
A. 中美十年期国债收益率

（百分比；基点）



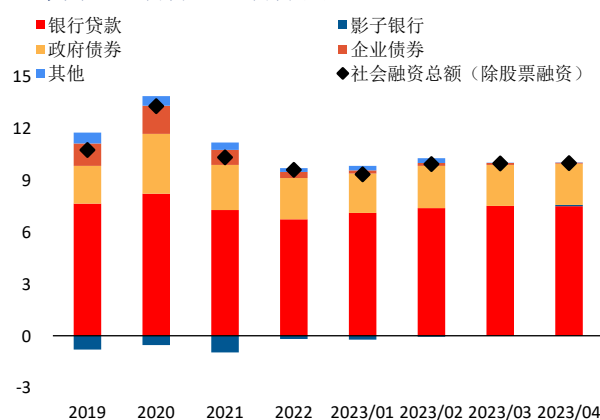
B. 政策利率和市场利率

（百分比）



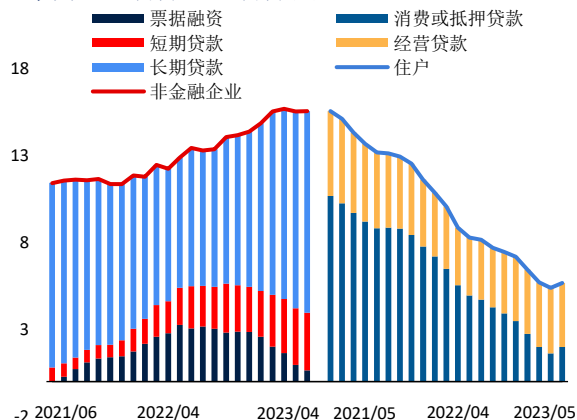
C. 非金融部门信贷增长

（年同比，百分比；百分点）



D. 企业和住户贷款增长

（年同比，百分比；百分点）



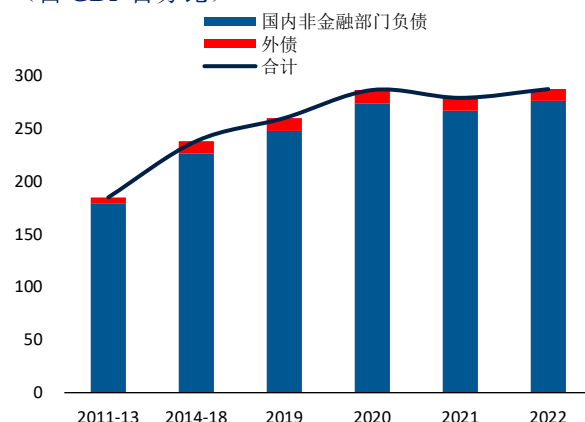
来源：中国人民银行；Wind 数据库；CEIC 数据库；世界银行。

随着信贷增长，债务继续上升

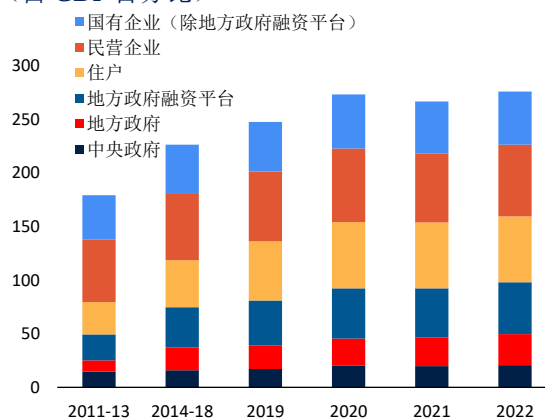
中国的债务占 GDP 比重在 2022 年升至新高。包括外债在内的非金融部门债务增至 GDP 的 287%，为历史最高水平（图 12A）。经济增长急剧放缓，加上为了给国有部门的大规模刺激计划融资而增加举债，导致国内非金融部门债务比重急剧上升近 10 个百分点。另一方面，到 2022 年底，外债仍然很低，占 GDP 比重甚至略微下降了 1 个百分点，现在约为 11.2%。总体而言，总债务与 GDP 比率比疫情前高出 27 个百分点。

图 12. 债务水平升至新高

A. 非金融部门债务构成
(占 GDP 百分比)



B. 国内非金融部门债务
(占 GDP 百分比)



来源：中国人民银行；Wind 数据库；CEIC 数据库；世界银行。

总债务的增加是由企业和政府部门推动。不确定性高、家庭收入增长缓慢以及房地产行业疲软限制了居民部门的杠杆率，2022 年居民负债基本保持稳定，占 GDP 的 61%。另一方面，政府实行的信贷宽松措施导致企业债务上升（图 12B）。疫情期间，政府严重依赖的基础设施刺激，同时面临因房地产市场低迷、整体经济活动疲软和减税等因素导致的收入减少。地方政府的融资缺口虽然在一定程度上由政府间财政转移支付的增加而得到弥补，但仍不得不扩大举债，导致债务上升。这引发了人们对一些高杠杆省份地方政府债务风险的担忧（见专栏 1）。

专栏 1. 中国地方政府债务跨省分析

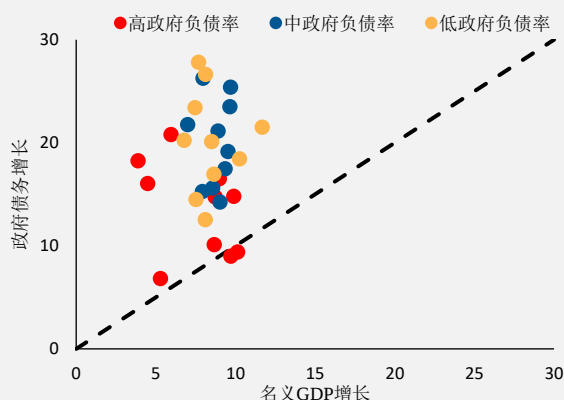
新冠疫情期间地方政府债务迅速扩大。全国来看，从 2019 年到 2022 年，预算内地方政府债务比率（以未偿政府债券占名义 GDP 的百分比衡量）上升了 7.3 个百分点，达到 GDP 的 29%。地方政府融资平台债务也在增加，但增长速度较慢，这在一定程度上是由于 2014 年预算改革要求地方政府转向更透明的预算内融资（世界银行，2017）²。在几乎所有省份，预算内政府债务的

² 在新预算法下，地方政府对地方政府融资平台的债务不负有法律义务。但是，许多地方政府融资平台负责公共产品和服务的提供（如公共基础设施）且高度依赖地方政府的财政支持，如土地所有权转让、补贴、拨款和信贷担保。因此，一些地方政府融资平台债可以考虑为地方政府的或有负债。理想情况下，决定某

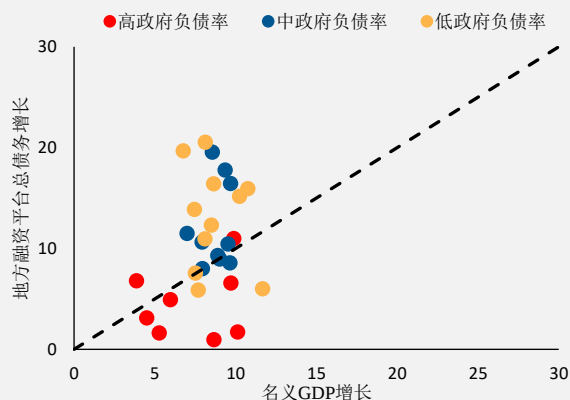
增长速度都快于名义 GDP 增速（图 13A）。然而，一些高杠杆省份已经出现资产负债表约束，这些地方的政府债和平台债增长率都相对较低（图 13B）。

图 13. 疫情期间地方政府预算内和预算外融资

A. GDP 与政府债务增长
(年同比, 百分比)



B. GDP 与地方融资平台债务增长
(年同比, 百分比)



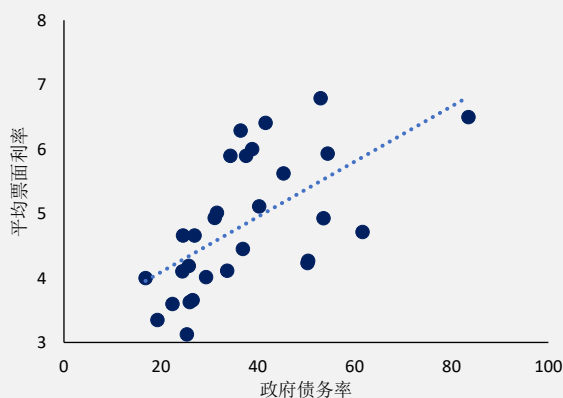
来源: Wind 数据库; 国家统计局; 世界银行。

注: 图 A 中政府债务与 GDP 比率的高、中、低分组分别对应三个三分位。

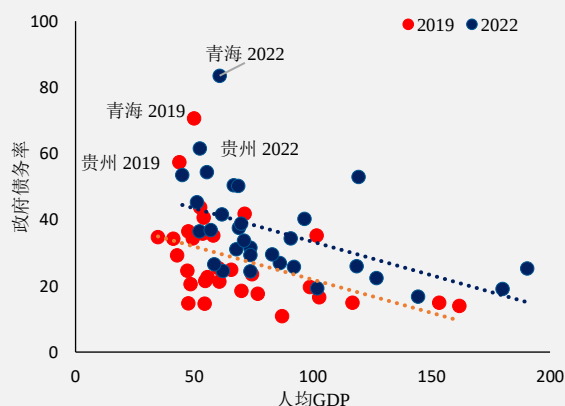
市场越来越多地要求高杠杆率省份支付更高的风险溢价，而它们通常也是较贫困的省。在杠杆率较高且人均 GDP 较低的省份，地方政府融资平台债券的利息更高（图 14AB）。更好反映信用水平的市场风险定价可以成为促进负责任借贷行为的有效机制。

图 14. 杠杆率高的贫困省份融资平台债券成本更高

A. 债务与 GDP 比率和平台债券利息
(百分比; 百分比)



B. 债务与 GDP 比率和人均 GDP
(百分比; 1000 元人民币)



来源: Wind 数据库; 国家统计局; 世界银行。

注: 图 A 展示地方政府融资平台三年期债券的平均票面利率。

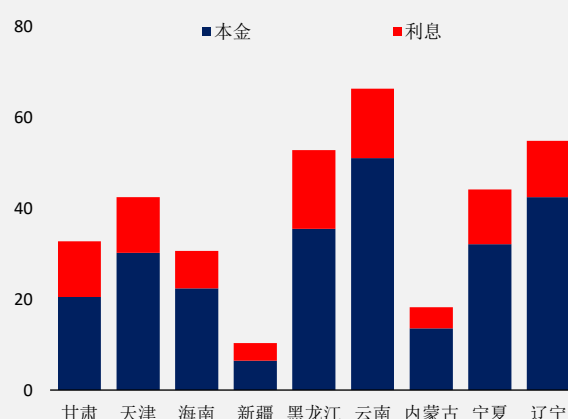
个地方政府融资平台是否为市场化单位应根据其具体情况单独分析，然而所需的详尽财务数据并不可得 (Mano and Stokoe, 2017)，此处分析受限于类似限制。

房地产市场的低迷加剧了对地方政府债务压力的担忧。过去几年，政府为了遏制房地产业的过度杠杆而收紧了监管，导致行业严重下滑。地方政府的土地出让因而大幅下降，而卖地收入是地方政府的重要收入来源。与此同时，地方政府的偿债成本大幅增加，特别是在一些高杠杆省份（图 15）。大量参与房地产市场的地方政府融资平台可能面临个体风险，尤其是在地方政府债务较高并有大量烂尾房的低收入地区（IMF，2023）。此外，随着平台债券的平均期限从 2018 年的 5.7 年下降到 2022 年的 4.8 年，它们的再融资风险也有所上升。

随着经济活动逐步趋于正常，政府可将重点转到控制债务风险上。中央政府可以承担更大的财政赤字和更多债务，以减轻地方政府的债务风险。它还可以提供更大灵活性，使地方政府可将公共支出从基础设施投资转向增加社会支出，给人力资本形成带来长期回报。

与此同时，还可以开展提高支出效率和增强收入自主权的改革。例如，赋予地方政府征收经常性财产税的权力有助于后者增加收入，使相对富裕的省份减少对中央转移支付的依赖，从而留出财政空间向欠发达省份进行更多转移支付。国企改革——包括改善公司治理、提高财务透明度以及对不盈利企业进行重组——也有助于控制地方预算外债务风险。

图 15. 政府偿债支出
(占广义财政收入百分比)



来源：Wind 数据库；国家统计局；世界银行。

银行业易受房地产行业风险影响

不良贷款（NPL）继续下降，但农村银行不良贷款率仍高于其他金融机构。报告的总体不良贷款率继续下降，2023 年 3 月底为 1.62%，低于疫情前水平（图 16A）。尽管各类银行的不良贷款均有下降，但城市商业银行和农村商业银行的下降幅度更大。然而，村镇银行的信用风险仍明显高于其他金融机构：农商行的不良贷款率为 3.24%。此外，监管宽容可能掩盖了银行业信贷质量的潜在恶化。新冠疫情期间引入的几项监管宽容措施当前仍未取消，包括推迟不良贷款的认定以及为借款人提供灵活还款安排等。

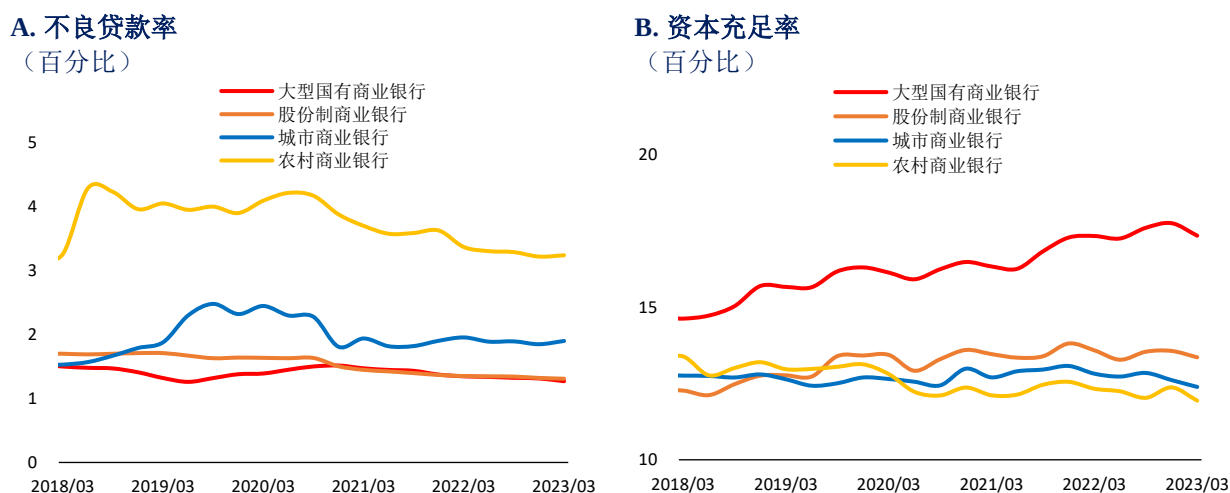
银行业对房地产行业有很大的风险敞口。截至 2023 年第一季度，按揭贷款总额为 40.6 万亿元人民币，占总银行贷款的 18%，而给房地产开发商的直接贷款占总贷款的 5.9%³。银行在按揭贷款方面的风险敞口被相对较高的首付比例所缓解。与房地产相关的不良贷款率相对较低，但仍高于国有银行、城市商业银行和股份制银行的整体不良贷款率（世界银行，2022a）。尽管总体风险相对受控，但对一些主要房地产开发商有大量风险敞口的个别银行可能面临资产负债表压力。

银行业总体看来还有充足缓冲，尽管 2023 年一季度略有下降。商业银行的总体资本充足率（CAR）从 2022 年 12 月的峰值 15.2% 小幅下降至 2023 年 3 月的 14.9%。中国银行业的

³ 房地产开发商也依赖于影子信贷（例如，信托贷款）。

资本充足率仍远高于审慎规定的 10.5% 的最低要求。占商业银行总资产约一半的大型国有银行的资本充足率从 2022 年四季度的 17.8% 下降到 2023 年一季度的 17.3%。农村商业银行的资本充足率是 11.9%，在中国银行业中仍属最低（图 16B）。

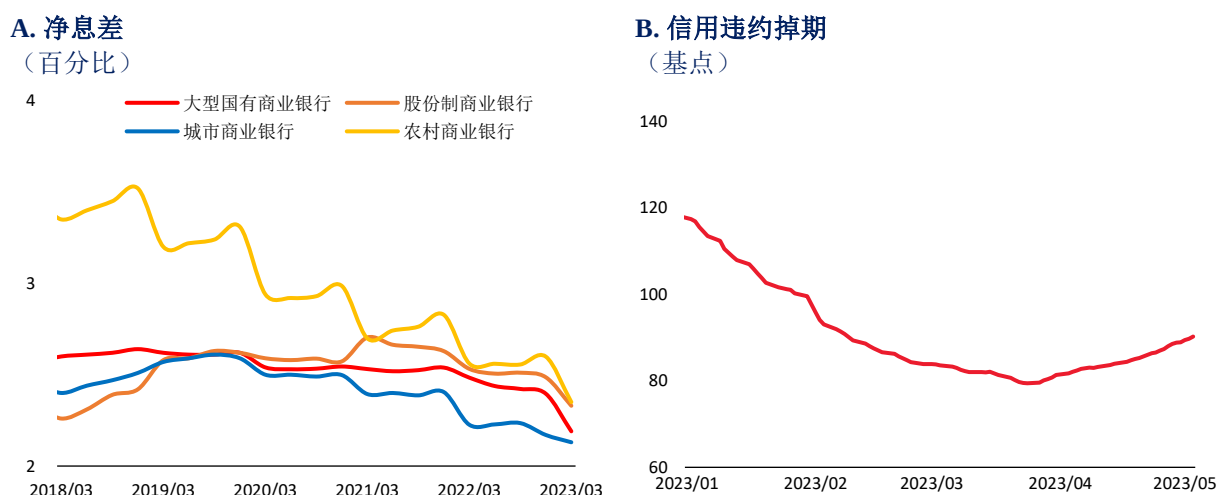
图 16. 银行业总体状况良好，但农村银行仍有较大风险



来源：国家金融监督管理总局（前银保监会）；Wind 数据库；世界银行。

自疫情爆发以来银行的盈利能力持续下降——政府鼓励银行大力支持经济增长，但银行的融资成本仅有小幅降低。2023 年 3 月，各类银行的净息差进一步下降，大型国有商业银行和农村银行尤为突出（图 17A）。监管机构呼吁银行支持经济发展并向受疫情打击的行业提供贷款，这可能导致了银行盈利能力下降。面对受到轻微削弱的银行财务状况，市场的反应是提高它们的信用风险溢价（图 17B）。

图 17. 银行盈利下滑



来源：国家金融监督管理总局（前银保监会）；彭博社；Wind 数据库；世界银行。

注：图 B 显示了按总资产计算十家最大银行的平均值。

II. 前景、风险与政策考虑

全球前景

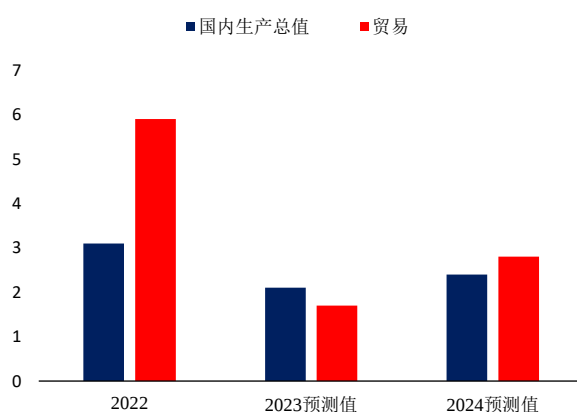
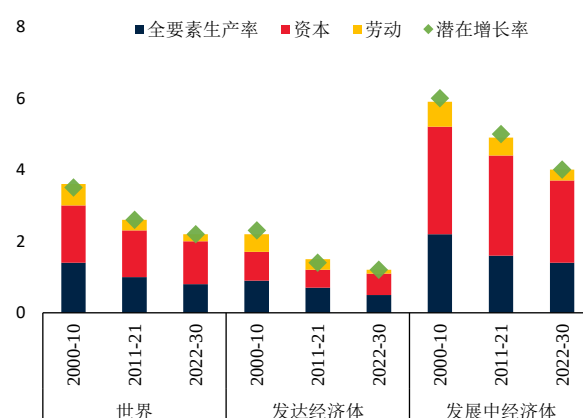
继去年全球增长大幅放缓后，中国接下来将继续面临充满挑战的外部环境。世界银行预测今年全球增长将进一步放缓至 2.1%，然后在 2024 年小幅回升至 2.4%（图 18A；世界银行，2023）。多个经济体为恢复价格稳定而持续大幅收紧货币政策，这对利率敏感行业中经济活动的拖累越来越明显。此外，近期欧洲和美国银行业的动荡加剧了金融条件紧缩并增加了不确定性。虽然全球总体通胀由于基数效应、供应链压力缓解和全球大宗商品价格增长放缓等多种因素而有所下降，但在大多数实行通胀目标制的经济体，通胀水平仍然高于目标，而且引发通胀的深层压力仍未消除。

由于全球活动减弱，再加上全球需求结构回到疫情前状态、可贸易商品所占份额下降，预计今年全球贸易增长将会放缓。2023 年初，发达经济体的疲软需求抑制了新兴市场和发展中经济体（EMDEs）的出口，导致全球贸易收缩。商品需求下滑和运费下降使得全球供应链压力在年初恢复到疫情前水平。全球服务贸易表现较好，这得益于人员流动限制放松和全球旅游业复苏。预计 2024 年全球贸易增长仅能实现温和复苏——与全球经济活动同步回升，但会受到越来越多限制性贸易措施的影响。

上述前景存在的风险以下行为主。持续的通胀压力可能导致货币政策紧于预期，进一步拖累经济增长。更多的银行业压力可能导致金融条件进一步收紧，与此同时，银行无序倒闭的风险也可能引发系统性金融危机和长期经济损失。地缘政治紧张局势已经恶化——越来越多的保护主义措施已经反映了这一点——并可能加剧，从而削弱生产率增长、推高价格和阻碍投资，而所有这些都会抑制经济增长。与此相反，如果主要经济体可以保持它们近期在面对巨大逆风时表现出的韧性，那么全球增长可能会强于预期。

如果上述下行风险变成现实，就可能导致全球潜在增长率下降；如果不进行必要的改革，全球潜在增长率将注定下滑（Kose and Ohnsorge, 2023）。在 2020 年代剩余的时间里，全球年均潜在增长率预计将从 2010 年代的 2.6% 下降至 2.2%（图 18B）。这种预期一方面反映了人口因素——如工作年龄人口增长放缓、劳动力参与率随着人口老龄化而下降等的影响，同时也源自生产率增长放缓。预计潜在增长率的下降将十分普遍，对发达经济体及新兴市场和发展中经济体都有影响，而新兴市场和发展中经济体当中尤以东亚与太平洋地区的下滑最为突出。

图18. 外部环境继续充满挑战

A. 全球GDP增长和贸易增长
(年同比, 百分比)B. 对潜在增长率的贡献
(年同比, 百分比; 百分点)

来源：佩恩表（Penn World Tables）；世界银行。

注：2022-30年为预测。基于生产函数法，对29个发达经济体和53个新兴市场和发展中经济体以GDP为权重得出的加权算术平均数。

中国前景

中国经济增长继 2022 年放缓至 3.0%后，2023 年在消费支出反弹的带动下，GDP 增速预计将升至 5.6%。这比去年 12 月《中国经济简报》的预测提高了 1.3 个百分点——反映了在 2023 年第一季度比预期更快的经济重启。增长将由消费需求、尤其是服务需求的复苏拉动。基础设施和制造业的资本支出预计将保持韧性。由于外部需求疲软，加上国内需求改善导致进口增长略有加快，预计净出口将拖累增长（表 1）。

在今年的复苏之后，经济增长料将回到结构性减速的轨道。预计 2024 和 2025 年增速将分别放缓至 4.6%和 4.4%，原因包括结构性因素和外部因素。随着经济走向成熟，由于边际收益通常随着物质资本的积累而递减，趋势增长率通常下降。此外，中国不断攀升的债务水平将制约今后投资对增长的拉动作用，而人口红利也已随着人口的快速老龄化开始消退。持续的收入不平等和中国经济的高碳密度给中期增长与发展带来了额外挑战。另外，预计此后全球人均经济增长将低于 2010 年代（世界银行，2023），这将给未来全球对中国出口的需求构成压力。地缘政治紧张局势正在推动供应链脱钩并限制中国对关键技术的获取。

为支持经济持续复苏，预计中国的宏观经济政策立场将保持相对宽松。今年的财政政策预计将基本保持中性，财政支持主要是基础设施支出。2023 年广义财政赤字设定为增长至国民生产总值的 6.5%，与上一年最终实现的赤字——国民生产总值的 6.4%——大致接近。世界银行（2022b）的分析显示，随着中国经济重开，预计支出乘数将显著提高。除非通胀远高于目标且资本外流加剧，货币政策可以保持适度宽松立场以巩固经济复苏。预计 2023 年平均通胀率为 1.8%，因此可能有必要进一步放松货币政策，直到国内私人需求稳固复苏为止。

2023 年将保持对房地产行业的政策宽松，但住房需求的持续疲软和开发商债务高企将继续制约行业复苏。当局已经稳步加强了对房地产业的支持，包括降低房贷利率、向购房者提供税收减免、放宽购房限制、暂停开发商还贷以及为银行遵守房地产业敞口上限提供宽限期等。然而，亟待进行的房企债务重组仍进展缓慢。持续的房企资产负债表约束意味着行业复苏将是一个逐步的过程。

预计 2023 年贸易顺差将大幅下降，经常账户差额占 GDP 比重收窄至 1.3%。尽管出口在 3 月和 4 月表现出一定韧性，但由于全球增长放缓，中国出口部门面临外部需求明显下降的困境。与此同时，随着内需复苏，进口增长有望加快，而出境游的恢复可能扩大服务贸易逆差。

由于劳动力市场持续疲软和全球能源价格下滑，预计整体通胀将保持温和。整体通胀率预计仍将低于 3% 的官方目标。由于持续的资源闲置（尤其是大量劳动力闲置）会抵消服务业通胀的潜在上升，预计核心通胀也将保持低位。

表 1. 中国部分经济指标，2020–2025

除非另有说明，单位为年度百分比变动	2020	2021	2022	2023f	2024f	2025f
实际 GDP 增长率，以不变市场价格计算	2.2	8.4	3.0	5.6	4.6	4.4
私人消费	-1.8	11.7	0.9	10.9	5.6	5.4
政府消费	3.2	3.3	4.2	2.7	3.5	2.9
固定资本形成总额	3.2	3.1	3.5	3.6	4.7	4.6
货物和服务出口	1.7	18.3	0.5	-0.1	2.2	2.0
货物和服务进口	-1.4	10.2	-3.2	2.0	2.8	2.6
实际 GDP 增长率，以不变要素价格计算	2.2	8.4	3.0	5.6	4.6	4.4
农业	3.1	7.1	4.1	3.1	3.0	3.0
工业	2.5	8.7	3.8	3.4	3.8	3.5
服务业	1.9	8.5	2.3	7.7	5.5	5.3
通货膨胀率（居民消费价格指数）	2.5	0.9	2.0	1.5	2.4	2.0
经常账户差额（GDP 占比）	1.7	1.8	2.3	1.3	1.0	0.7
外商直接投资净值（GDP 占比）	0.7	1.2	0.2	0.5	0.3	0.3
广义财政收支（GDP 占比）*	-8.5	-4.0	-6.4	-6.5	-4.8	-3.9
政府债务（GDP 占比）	45.4	46.9	51.0	53.8	55.4	56.0
基础财政收支（GDP 占比）*	-7.5	-2.9	-5.2	-5.2	-3.5	-2.7

来源：世界银行。

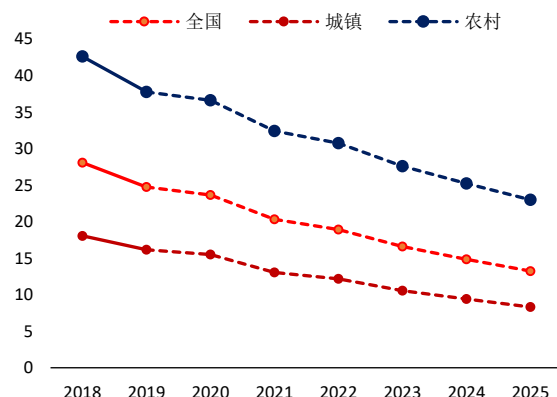
注：f = 预测（基线）。* 世界银行工作人员计算。

贫困继续减少，预计 2023 年减贫步伐将有所加快。按照中国的贫困标准，即每人每天 2.30 美元（2017 年购买力平价），中国已基本消除了农村极端贫困；但 2022 年中国还有约 19% 的人口（2.67 亿人）消费低于世界银行对中等偏高收入国家的贫困线——每人每天 6.85 美元（2017 年购买力平价）（图 19A）。这意味着 2022 年有 1900 万人摆脱贫困，而 2021 年的脱贫人数估计为 4700 万人（图 19B）。2023 年总体经济前景的改善意味着减贫步伐可能加快，预计将有 3300 万人脱贫，达到疫情前水平。预计城市贫困率的下降速度会快于农村，但城市化的持续发展意味着居住在城市的人口比例将继续上升。

图 19. 贫困将继续减少，减贫速度预计快于 2022

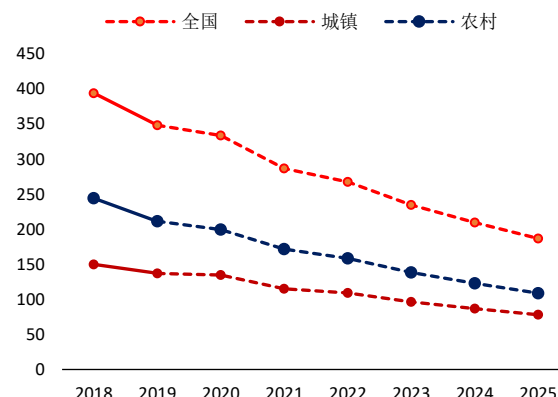
A. 贫困率

(每人每天6.85美元的贫困线，百分比)



B. 贫困人口

(每人每天6.85美元的贫困线，百万人)



来源：世行工作人员根据中国国家统计局数据和世行GDP预测所做的估算。

注：用于计算贫困率的分组数据最后样本年份为2019年。预测方法以人均GDP增长估算为基础，假定分配效应为中性，GDP增长向居民人均消费的传导率为0.85。

风险

经济前景面临更多的下行风险。收入增长缓慢、对劳动市场复苏的持续不确定性和家庭高水平的预防性储蓄可能抑制消费支出。相对地，就业更快复苏可能会提振市场情绪，并有助于拉动更高的消费增长。

房地产行业尽管出现企稳迹象，但结构性问题仍有待解决，并且可能会拖累经济复苏。这是由于房地产行业仍存在多种未解决的脆弱性，包括房企资产负债表薄弱和三四线城市住房供应过剩等。此外，购房者情绪和劳动力市场的长期疲软也会使住房需求承压。

就外部环境而言，风险来自全球增长路径的不确定性、金融条件收紧程度超出预期以及地缘政治紧张局势加剧——主要倾向于下行风险。如果这类风险变成现实，则可能增加政策不确定性、扰乱贸易并阻碍投资。

政策考虑：转向中长期发展目标

经济复苏为政策制定者提供了一个重要机会，使他们可将重点重新放到更长期的发展目标上。结构性改革对巩固复苏和实现以下中长期目标仍至关重要：（i）通过由生产率驱动并且环境可持续的增长，到2035年成为高收入国家；（ii）2030年前实现碳达峰，2060年前实现碳中和；（iii）公民之间更平等地分享经济增长的成果。

为了重振生产率增长，中国需要依靠创新、技术采用和更有效的资源配置。中国已将投资提升国内创新能力作为一个优先事项。为了确保资源流向生产率最高的部门和企业，需

要开展更深入的改革以强化市场、私营部门和竞争的作用。疫情期间经济基本面的削弱以及 2021 年反垄断法规的收紧令市场感到意外，加剧了投资者信心的恶化。确保更高的监管可预测性和透明度有助于在不抑制投资的情况下解决市场扭曲。同样，涉及国有企业的关键改革——例如确保国企与私企的公平竞争、推动不营利国企有序退出市场等，有助于提高资本配置效率。

促进中国经济的需求结构转向家庭消费对保持稳健的经济增长非常重要。以前驱动中国经济增长的动力——高投资率和强劲出口——对增长的贡献现已降低。例如，疫情期间的大规模基建刺激虽然对保增长发挥了作用，但投资回报率低于以前经济低迷期的类似措施。由于传统基础设施已经不再对中国经济增长构成约束，与十年前相比，同样的单位产出现在需要更多的基础设施投资（世界银行和国务院发展研究中心，2019）。为了对未来的经济低迷做好准备，政策制定者可以扩大社会安全网的覆盖面和福利充足性，并确保福利可跨省转移。这样不仅可以建立在经济低迷时期自动启动的财政稳定器，还可以减少预防性储蓄（疫情期间这类储蓄大幅上升），促进经济再平衡，实现以私人消费驱动的增长。

为了维持更长时间的强劲增长，中国还需要解决可能制约投资的高负债问题。现在经济已经走上复苏轨道，这为政策制定者提供了重新把焦点放在降低金融风险上的机会。可以建立更有力的机制来管理资不抵债、公司重组和破产，这样可以推动无存续能力的公司退出市场，并将资源分配给更具活力、生产率更高的企业。在房地产领域，某些市场的高杠杆和产能过剩等深层次问题仍未得到解决。在采取放松监管和提供流动性支持等短期措施的同时，也可以更果断地采取行动，制定用来大规模应对债务积压问题的框架，这有助于在遏制金融风险的同时帮助该行业恢复更加稳健和可持续的增长。

实现 2060 年前碳中和的目标要求对碳密度较高的能源、工业和交通部门以及城市和土地利用模式进行重构。这需要大量的公共和私人投资——从现在到 2060 年需要额外投入 14-17 万亿美元（占 GDP 的 1.1%）用于交通和电力部门的绿色投资（世界银行，2022c）。推动经济脱碳也需要适当的激励。在全经济范围使用碳定价，包括使用排放交易机制，将为企业提供正确的激励和价格信号、促进绿色投资和创新，同时也会鼓励家庭采用绿色消费模式。电力部门是最大的排放源，要想实现国家的减排目标，电力部门必须首先迅速减少排放。2022 年全球能源价格的上涨引发了许多国家对能源安全的担忧；在中国，这导致 2022 年批准新建的燃煤电厂急剧增加。国家能源局的指导意见称，只有在为了支持电网稳定的情况下才可以批准新建燃煤电厂。需要加强对批准新建燃煤电厂的审查，更好地贯彻能源局的指南，这对实现气候目标、避免效率低下和未来的经济损失都至关重要。

最后，解决中国的不平等挑战需要两个关键领域的改革：户籍制度和财政政策。可以进一步放开户籍制度以改善农民工的公共服务获取。在财政收入方面，政府可以扩大个人所得税税基并增强累进性，同时开征房产税。在财政支出方面，可将支出重点从基础设施转向社会服务，提高落后地区和农村的教育和卫生服务质量。政府还可以通过扩大覆盖面和提高福利水平来加强社会安全网。本报告下一章将更详细地探讨如何利用财政政策来减少不平等。

表 2. 支持中长期发展目标的政策措施

领域	政策建议
宏观经济再平衡	- 所有城镇地区放开户籍管理 - 通过扩大覆盖面和提高福利水平来加强社会安全网，同时通过提高退休年龄等参数变动确保社保制度的可持续性 - 建立全国统一的社会保障体系，为城乡居民提供可携带的养老和失业待遇 - 通过进一步改革来增加地方政府收入，包括适时征收房产税 - 提高个人所得税的累进性 - 将财政支出向社会支出和安全网转向，以实现从投资到消费的再平衡 - 取消设立增长目标的做法，以减少地方政府依靠债务融资支持基础设施建设的激励
房地产业/去杠杆	- 强化破产和债务解决框架与机制，以推动无存续能力的公司退出市场并降低杠杆率 - 拓宽开发商的融资选择，包括更多地依靠不动产投资信托（REITs） - 强化房地产预售资金监管，保护购房者利益 - 扩大居民可使用的金融资产种类
私营部门	- 建立稳定和可预测的监管环境 - 通过确保竞争中立、取消隐性担保和促进不盈利国企有序退出，确保国企和非国企在公平的环境下竞争 - 进一步开放服务贸易和数字贸易 - 缩减外资准入负面清单，将其限制在与国家安全有关的行业
绿色转型	- 对能源市场和碳排放权交易体系（ETS）进行以市场为中心的改革，以提供正确的激励和价格信号 - 通过结构性改革来推动市场在资本、土地、劳动力和研发投资的配置方面发挥引导作用，使经济能够有效地响应不断变化的价格信号和监管法规 - 深化电力市场整合，确保可再生能源发电资产的高效利用 - 通过价格和监管措施、基础设施投资和技术创新实现交通脱碳 - 减少对煤炭密集型产业的补贴 - 投资开发包括碳捕获和储存在内的新技术 - 向有关群体和社区提供针对性财政支持，以抵消绿色转型的预期负面影响和累退性福利影响

III. 促进包容性增长的财政政策

不平等挑战

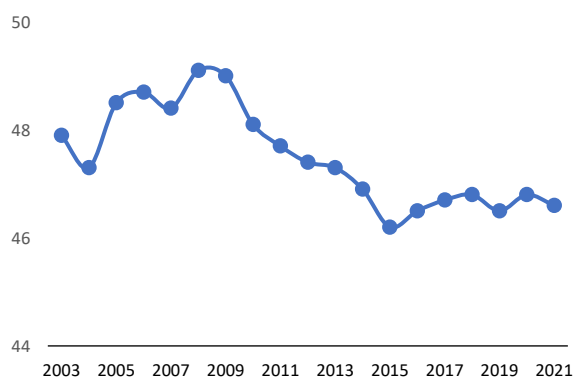
中国过去四十年令人瞩目的经济表现带来了生活水平的空前改善和举世无双的减贫成果。随着大量人口从农村迁移到城市并找到更好工作，经济实现了从农业转向劳动密集型制造业和服务业的快速转型，使经济在四十多年里保持强劲增长，人均收入提高，近八亿中国人摆脱了贫困（世界银行和国务院发展研究中心，2022）。这种转型是通过多管齐下的战略实现的，不仅包括对物质资本的投资，还包括改善和扩大教育与卫生服务等人力资本投资。

自 2000 年代以来，政策制定者采用基于地点（针对农村和落后省份）的财政支持、公共投资和社会救助转移支付，解决人们对在贫困率持续下降的同时不平等日益上升的关切。

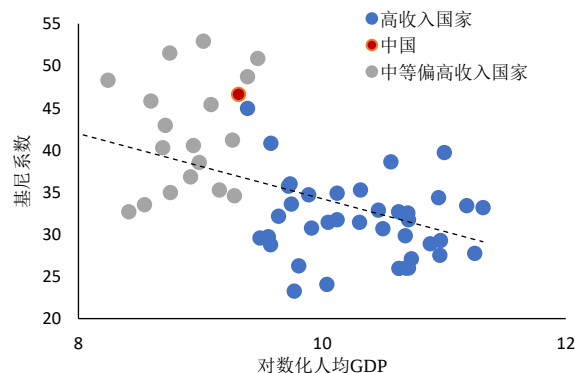
⁴ 在中国经济转型的头二十年，城乡差距、东西部地区差距扩大。针对这一问题，从 2000 年代中期开始，政府增加了对落后地区的投资，再加上提高最低工资、取消农业税以及加强社会保障制度等措施，城乡差距和地区差距有所缩小（世界银行，2020）。按照国家统计局报告的基尼系数衡量，中国收入不平等在 2008 年达到峰值并开始下降（图 20A）。尽管如此，2021 年的基尼系数仍有 46.6（最新估计）。这意味着相对于中国当前的发展水平来说中国的不平等程度仍然很高（图 20B）。

图 20. 相对类似发展水平的国家来说，中国的不平等程度仍然较高

A. 基尼系数
(指数)



B. 收入不平等与人均 GDP
(美元, 指数)



来源：《国家统计局住户调查年鉴》；国家统计局；世界银行贫困与不平等数据平台；世界发展指标（WDI）；世界银行。

注：数据对应有基尼系数的最新年份（因国家而异）。图中仅包括报告收入（而非支出）不平等的国家。

⁴ 参见世界银行和国务院发展研究中心（DRC）（2022）对中国消除贫困、扩大经济机会的各项政策的详细分析。

在中国谋求实现中长期发展目标的过程中，减少不平等仍是一个重要的优先事项。中国经济需要从以高碳产业和低成本的劳动密集型制造业为基础的投资和出口驱动转向以国内消费、服务和生产率提高驱动的增长模式（世界银行和国务院发展研究中心，2019）。因为相对贫困的家庭往往会把边际收入的更大一部分花掉，提高位于收入分布底部的人群所占收入份额可以促进这种转变。在绿色转型方面，可以通过有助于劳动力流动的政策促进工人从高碳行业向低碳行业流动，还可以加强社会安全网来确保那些受到转型负面影响的人不会落在后面（世界银行，2022c）。此外，中国的人口老化也意味着需要进一步投资扩大人力资本，以弥补劳动力的减少（世界银行和国务院发展研究中心，2022）。缩小在优质公共服务获取方面的差距将是确保后代人口享有平等经济机会、提高社会流动性的关键。

中国政府已经认识到不平等问题的挑战，将实现“共同富裕”作为一个优先事项。政策制定者继续强调要实现充分的经济增长，从而创造就业机会并提高家庭收入。另外，他们也强调要“加大税收、社会保障、转移支付等调节力度”。⁵

在这一背景下，本章探讨中国的财政体系对减少不平等的作用以及是否可以发挥更大作用。本章内容来自一项专题研究，该研究结合了 2018 年对中国家庭进行的具有全国代表性的调查——中国家庭追踪调查（CFPS，第五轮）——提供的信息和《中国统计年鉴 2019》提供的 2018 年财政与行政数据。⁶ 该分析覆盖了财政系统的一个子集，评估直接影响家庭的税收和社会支出，而基础设施支出、企业所得税等更难对家庭产生直接影响的支出并不在本章分析范围内。下文介绍该研究的主要发现并提出一些政策结论。

谁受益，谁掏钱？

政府怎样获得收入和安排支出都可能对不平等产生影响。当政府把教育之类的基本服务免费提供给那些本来可能无力送孩子上学的群体时，就是在对公共资源进行再分配，缩小穷人和富人之间的收入差距。向最贫困、最脆弱的社会成员提供针对性现金补贴也会取得同样效果。与此相反，在某些情况下，政府提供的某些补贴可能会使那些相对富裕的人受益更多，这类政策的最终效果是扩大收入差距。同样，某些要求富人付出更多（相对其收入而言）的税收可以减少不平等，而要求收入较低人群付出更多的税种可能导致贫富差距扩大。因此，政府如何获得收入和安排支出直接影响着财政体系实现的再分配规模，进而影响不平等。

在中国，从绝对意义上讲，位于收入分布各阶层的家庭都是政府社会支出的受益者。图 21 显示了收入分布各部分家庭的总获益（以人民币计），从最贫困的 10%（最低十分位）到最富有的 10%（最高十分位）。分析表明，获益总值大致均匀分布：位于收入分布各个

⁵ 例如，参见中国共产党第二十次全国代表大会报告（2022 年 10 月 16 日）和《关于 2022 年国民经济和社会发展计划执行情况与 2023 年国民经济和社会发展计划草案的报告》（2023 年 3 月 5 日）。

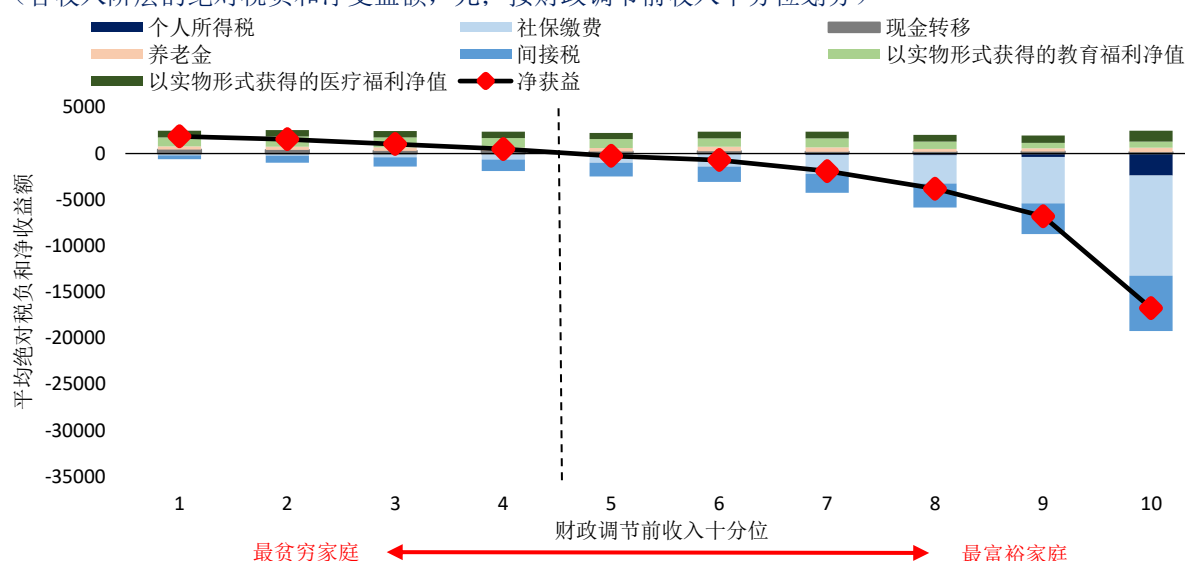
⁶ 中国家庭追踪调查是由北京大学社会科学调查中心开展的一项具有全国代表性的调查，当微观数据缺乏时，其常被实证研究所使用（如 Kanbur et al 2021）。

部分的家庭都以某种形式从政府获得收益，最富有和最贫困人群的获益价值大致相似，但构成有所不同。例如，最贫困人口的获益主要来自现金转移和教育福利，而对处于分布顶端的家庭来说，医疗和居民养老福利的重要性更为突出。^{7, 8, 9}

正如预期的那样，从绝对值来说，较富裕家庭对财政体系的贡献高于较贫困家庭。居民以个人所得税、增值税和消费税等形式向财政体系缴纳税款，向职工或居民社保计划缴费。富人对财政体系的贡献较高主要有以下几个原因。首先，富人的消费多于穷人，因此人均缴纳的增值税和消费税更高（图 21）。其次，因为向社保体系缴费与收入挂钩（尤其是职工社保），高收入者缴费更多。最后，相对间接税和社保缴费来说，通过个人所得税向财政体系缴纳的款项所占份额较小，而且缴纳个税者主要集中在收入最高的十分之一家庭

图 21. 中国近一半人口是财政体系的净受益者

（各收入阶层的绝对税负和净受益额，元；按财政调节前收入十分位划分）



来源：Lugo et al.（即将出版）。

注：(i) 分析基于中国家庭追踪调查（2018）和《中国统计年鉴 2019》中的行政和财政数据；(ii) 间接税包括增值税和消费税；养老金包括通过居民养老制度领取的养老金，而职工养老金作为递延收入处理；以实物形式获得的教育和医疗福利净值是用通过教育和医疗体系获得福利的货币价值减去所有用户收费和获得服务时的自付费用。

⁷ 现金援助包括通过低保、特困、临时救助和自然灾害救助项目开展的转移支付。有可能也包括向农村家庭提供的与农业相关的其他现金补贴。家庭调查收集了每户获得的现金转移总额数据，但没有说明具体援助类型以及每种类型下获得的金额。

⁸ 家庭以实物形式获得的教育收益价值是根据《中国统计年鉴 2019》发布的各省学生人均政府支出数据估算的。净收益是减去了居民家庭的用户收费和自付费用——数据来自 CFPS。医疗方面的净收益是根据住户调查报告的医疗服务支出和报销数据估算得出。

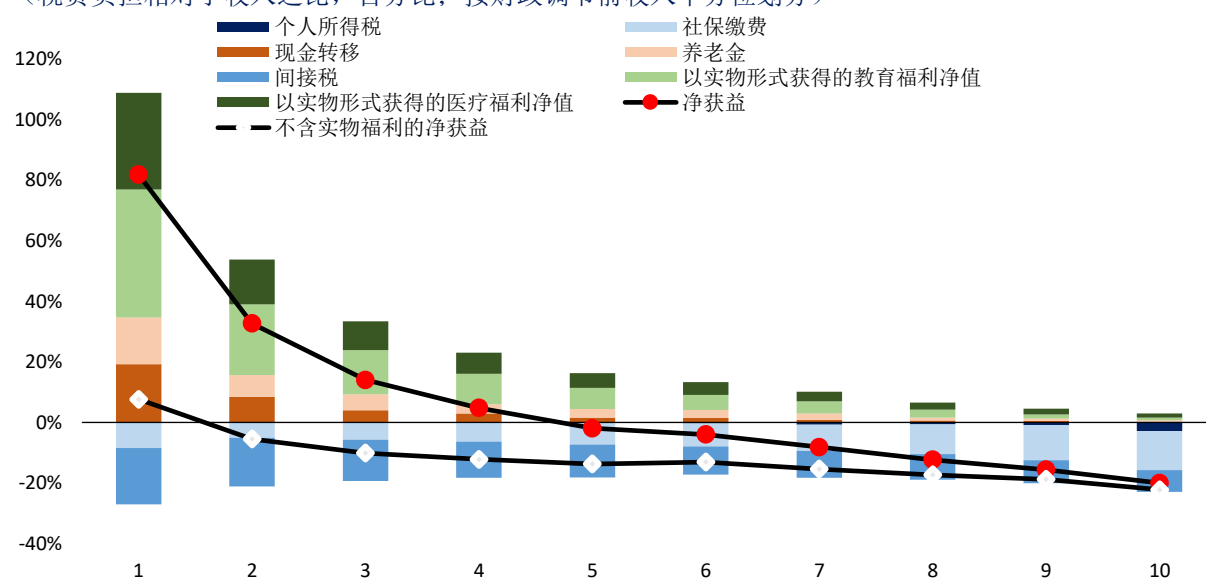
⁹ 本分析不包括通过职工养老保险收到的养老金，因为这种缴费型养老金被视为递延收入而非政府转移支付。但是，居民养老保险是非缴费型，通过这一制度获得的养老金在本分析中被视为转移支付。

总的看来，中国财政制度在绝对意义上具有累进性。上述分析显示，家庭从财政体系获得的净收益——即从财政体系获得的收益减去对该体系的贡献——是累进的。较贫困家庭获得的净收益为正，而随着收入水平上移，净收益逐步下降并转为负值。事实上，位于收入分布上部的逾一半人口是中国财政体系的净付款者，而位于底部略多于 40% 的人口是财政体系的净受益者。

中国财政体系在相对意义上来说也是累进的，尤其表现在以实物形式提供的教育和医疗福利尤其有利于相对贫困人口。¹⁰ 图 22 显示了税收和福利相对于财政干预前家庭收入（财政调节前收入）的比重（而非货币价值）。三个观察结果值得注意。首先，从总额来看，所获福利的总价值对于领取福利的家庭来说价值不菲。例如，位于收入分布最低十分位的家庭通过财政体系获得的福利总价值几乎与其财政调节前收入相等。其次，福利的价值随着家庭在收入分布中的上升而下降，即越富裕的家庭，福利在其财政调节前收入中所占的份额越小。第三，财政体系的累进性在很大程度上是由公共教育和医疗服务所驱动。

图 22. 中国财政体系是累进的，但其累进性主要来自实物形式的医疗和教育福利；如果只看现金，除收入分布最低十分位以外的所有人都是净付款者

（税费负担相对于收入之比，百分比；按财政调节前收入十分位划分）



来源：Lugo et al.（即将出版）。

注：(i) 分析基于中国家庭追踪调查（2018）和《中国统计年鉴 2019》中的行政和财政数据；(ii) 间接税包括增值税和消费税；养老金包括通过居民养老制度领取的养老金，而职工养老金作为递延收入处理；以实物形式获得的教育和医疗福利净值是用通过教育和医疗体系获得福利的货币价值减去所有用户收费和获得服务时的自付费用。

虽然财政体系为相对贫困群体提供了相对更多的收益，但不太富裕的人也承担了更重的税收和社保缴费负担。较贫困家庭支付的间接税占其财政调节前收入的份额与较富裕家庭一样大——对某些十分位来说甚至更大。另外，如果只考虑货币获益（图 22 中“不含

¹⁰ 实物获益指以非现金形式获得的利益。例如，一个家庭如果有免费上公立学校的中学生，其获益就是免费公共教育，但它的货币价值没有转化为现金。

实物福利的净获益”），那么只有收入最低的 10% 的家庭才是净受益者。其他所有家庭向财政体系支付的费用都多于他们从中得到的货币收益，净贡献占财政调节前收入的比重在各个十分位都很相似。换句话说，从那些有能力支付的人那里征收不足，而从那些税收和缴费对其可能造成负担的人那里收了很多钱。最终结果是，那些处于收入分布底部的人虽然通过财政体系获得不菲收益，但这往往又被他们通过间接税和社保制度支付的更多费用所抵消。

着眼未来，建立累进性更强的财政体系

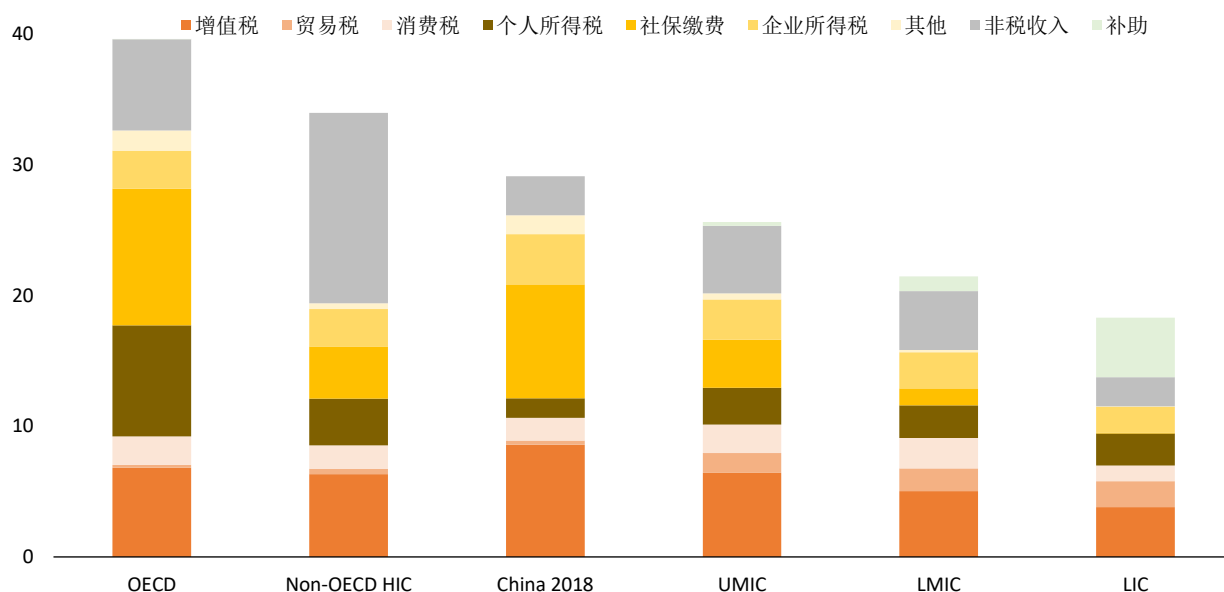
社会支出和人力资本投资已为减少不平等做出了重大贡献，但转变中国增长模式、实现经济脱碳和应对人口老龄化等艰巨任务将要求对人力资本进行进一步投资。中国的教育支出在过去 15 年里增加了一倍多，但到 2018 年仍然只占 GDP 的 3.6%，低于中等偏高收入国家（UMIC）4.5% 的平均水平。医疗支出占 GDP 比重（1.7%）同样约为 UMIC 平均水平（3.4%）的一半。¹¹ 改善支出对于缩小不同经济部门和地理区域之间的服务获取和服务质量差距同样重要。扩大社会救助覆盖面，控制不断上涨的医疗费用，缩小两种社保制度之间的差距（例如提高居民养老保险待遇，特别是农村养老待遇），确保社保待遇的便携性——这些改进都有助于减轻不富裕人群的自付费用负担（世界银行和国务院发展研究中心，2022）。

而从财政收入方面来看，中国的国内收入调动水平高于中等偏高收入国家的平均水平，不过仍低于经合组织平均水平。随着国家的发展，政府从国内来源获得收入的能力会逐步提高。税基扩大，更多工人和企业从事正规经济活动，同时国家的行政管理能力提高，能够更加有效和高效地征收各种类型的税款。低收入国家（LIC）税收占 GDP 的比重平均为 18.3%，中等偏低收入国家（LMIC）上升为 21.5%，中等偏高收入国家（UMIC）则增至 25.6%，而经合组织平均为 39.6%（图 23）。2018 年中国国内收入动员占 GDP 比重为 29.1%，高于中等偏高收入国家的平均水平。

不过，与富裕国家相比，中国的间接税收入所占份额较大。中国高度依赖增值税等间接税，而对个人所得税等直接税工具利用不足，这使其收入结构与其发展水平有些不符。随着国家的发展，它们对广泛的基于消费的间接税的依赖会减少。例如，增值税和消费税占中等偏低收入国家总收入的 34%，中等收入国家这个比例是 33%，经合组织国家是 23%。2018 年中国间接税收入占总收入的比重为 35%。越富裕的国家征收的个人所得税越多。从个人所得税占 GDP 比重来看，中等偏低收入国家平均为 2.5%，中等偏高收入国家是 2.8%，经合组织国家是 8.5%。而从个税收入在财政收入中占的份额来说，经合组织平均为 21%，而中国只有 5%。

¹¹ 中国的数据来自《中国财政年鉴 2019》，其他国家组别的平均数根据国际税收与发展中心的数据计算。

图 23. 富裕国家更多依赖个人所得税等直接税；贫困国家对增值税等间接税的依赖度更高
(不同收入来源占 GDP 比重)



来源：国际税收与发展中心；中国的数据基于《中国财政年鉴 2019》；世界银行。

注：图中显示不同收入水平的国家政府收入占 GDP 的百分比。经合组织国家作为单独一组。各类财政收入数据来自 2020 年（如有）或是 2015 年以来有数据的最近一年。样本包括 155 个经济体。HICs = 高收入国家；LICs = 低收入国家；LMICs = 中等偏低收入国家；OECD = 经济合作与发展组织；

间接税通常是累退的，因为这些税种的负担不成比例地落在收入较低的群体上。间接税是根据消费多少来征收。与较富裕的家庭相比，较贫困家庭会将收入的更大份额用于消费，因此支付的间接税占收入的比重也更大。

相比之下，个人所得税是累进的，具有大幅增强整个财政体系累进性的潜力。中国的个人所得税尽管具有相对累进的结构（与经合组织国家相比），但税阶相对较广，起征点较高。个税免征额是全国人均工资收入的两倍，甚至是有些城市平均工资的好几倍。¹² 这就导致税基很小，大多数职工根本不用缴纳个税，而工资稍高者也缴税很少，因为起始税率很低而且适用的工资范围很宽。30%的最高边际税率仅适用于工资达到约五倍平均工资的人，因此只影响极少数极高收入者。个人所得税的相对税负就反映了这个问题：在中国，收入最高的 10% 人口缴纳的个税仅占其财政调节前收入的 2.8%，而中等偏高收入国家和经合组织国家这一比例分别为 8.1% 和 27.5%。

总而言之，中国在预算收、支两方面都有使财政政策更加累进并减少不平等的机会。这里提供的分析显示，中国财政体系虽然为最需要支持的人提供了更多福利，但不成比例地落在贫困家庭身上的间接税负担在一定程度上侵蚀了财政措施的整体累进性。今后，财政体系可从那些有能力支付的人那里获得更多收入，同时把更多钱留在最需要它们的人的口袋里，从而在更大程度上减少不平等。具体来说，这可以增加通过个人所得税和财产税等

¹² IMF（2018）《中华人民共和国。技术援助报告：税收政策与就业创造》。

累进税在财政收入中的比重来实现。另外还可以通过财产税将资源直接交到地方政府手中——中国 80% 的公共支出是由地方政府承担。在支出方面，中国的财政体系已为减少不平等发挥了重大作用，尤其是以实物形式提供的医疗和教育福利作用突出。今后的进一步改进可以侧重缩小优质公共服务的获取差距（如改善农民工和农村居民的服务获取）。此外，提高社保待遇并确保其便携性可以帮助那些最容易受到恶劣天气影响和因为气候变化原因而失业的人，从而使中国的绿色转型更加公平。

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Sustaining Growth through the Recovery and Beyond



Special Topic - Fiscal Policy for Inclusive Growth



WORLD BANK GROUP

China Economic Update - June 2023

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Acknowledgements

The June 2023 issue of the China Economic Update was prepared by a team comprising Ibrahim Chowdhury (Task Team Leader), Yusha Li (co-Task Team Leader), Jun Ge, Elitza Mileva, Sailesh Tiwari, Nicolo Fraccaroli, Katherine Anne Stapleton, Veronica Montalva Talledo, Samuel Hill, Jingyu Li, Min Zhao, Maria Ana Lugo and Abayomi Alawode. Guidance and thoughtful comments from Mara Warwick, Aaditya Mattoo, and Sebastian Eckardt are gratefully acknowledged. The team would like to thank Tianshu Chen, Ying Yu, Luoyi Zhou, Xiaoting Li, Lin Yang, Li Mingjie, and Yu Shang for support in the production and dissemination of this report. The findings, interpretations, and conclusions expressed in this report do not necessarily reflect the views of the Executive Directors of the World Bank or the Chinese government. Questions and feedback can be addressed to Tianshu Chen (tchen@worldbank.org).

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List of Abbreviations

ASEAN	Association of Southeast Asian Nations
CAR	Capital adequacy ratio
CBIRC	China Banking and Insurance Regulatory Commission
CHN	China
CFPS	China Family Panel Survey
CIT	Corporate Income Tax
COVID-19, COVID	Coronavirus Disease 2019
CO ₂	Carbon Dioxide
CSS	Contributions to Social Security
CPI	Consumer Price Index
DRC	Development Research Center of the State Council
EU	European Union
ETS	Emission Trading Scheme
EMDE	Emerging Market and Developing Economies
FDI	Foreign Direct Investment
FYP	China's Five Year Plan
GDP	Gross Domestic Product
GPB	General Public Budget
H1	First Half Year
H2	Second Half Year
HIC	High Income Country
ICT	Information And Communication Technology
IP Royalties	Intellectual Property Royalties
LGFV	Local Government Financing Vehicle
LGSB	Local Government Special Bonds
LIC	Low-income Country
LMIC	Lower Middle-income Country
LPR	Loan Prime Rate
MLF	Medium-term Lending Facility
MOF	Ministry of Finance
NBS	China National Bureau of Statistics
NEA	China National Energy Administration
NPL	Non-performing Loan
OECD	Organization for Economic Co-operation and Development
PBC	People's Bank of China
POE	Private-Owned Enterprise
PPI	Producer Price Index
PPP	Purchasing Power Parity
PIT	Personal Income Tax
q/q	Quarter-on-Quarter
Q1	First Quarter
Q2	Second Quarter

Q3	Third Quarter
Q4	Fourth Quarter
REITs	Real Estate Investment Trusts
RMB	Renminbi
RHS	Right hand side
sa	Seasonally Adjusted
SAFE	State Administration of Foreign Exchange
SHIBOR	Shanghai Interbank Offered Rate
SME	Small and Medium-sized Enterprise
SOE	State-Owned Enterprise
UMIC	Upper-middle Income Country
USD	US Dollar
VAT	Value-added Tax
WBG	World Bank Group
WDI	World Development Indicators
y/y	Year-on-Year
ytd	Year-to-Date
3mma	Three-month Moving Average
12mma	Twelve-month Moving Average

Executive Summary

Economic activity bounced back in Q1 2023 with the removal of mobility restrictions and a surge in spending on services, but growth momentum has slowed since April. GDP expanded by 4.5 percent y/y in the first quarter of 2023, up from 3 percent y/y in 2022. The recovery in the first quarter was spurred by the release of pent-up consumer demand, some improvement in housing sector activity, and policy support. However, growth momentum has slowed since April, indicating that China's recovery remains fragile and dependent on policy support.

The drivers that could sustain the growth momentum—further improvements in the labor market and household incomes, a recovery in business confidence and private investment, and a turnaround in the housing market—are yet to gain traction. At 3.8 percent (y/y), real per capita disposable income growth remained below the growth rate of overall economic activity during the first quarter. China's rebound has also failed to alleviate youth unemployment, with the youth unemployment rate reaching a new high of 20.4 percent in April. Private investment has remained subdued since early 2022. The incipient improvement in the property market is concentrated in large cities and driven by existing project completion boosted by policy support, while housing starts and investment remain subdued. Addressing some of these vulnerabilities will require measures that go beyond short-term macroeconomic support, as discussed below.

China's GDP growth is projected to rise to a 5.6 percent in 2023, led by a rebound in consumer spending. Growth will be led by a recovery in consumer demand, particularly for services. Capital spending in infrastructure and manufacturing is expected to remain resilient. Net exports are expected to weigh on growth, due to softer external demand coupled with a modest acceleration in import growth reflecting improved domestic demand.

<i>China Economic Outlook</i>	<i>2021</i>	<i>2022</i>	<i>2023f</i>	<i>2024f</i>	<i>2025f</i>
Real GDP growth (%)	8.4	3.0	5.6	4.6	4.4
Consumer Price Index (CPI) (% change, average)	0.9	2.0	1.5	2.4	2.0
Current account balance (% of GDP)	1.8	2.3	1.3	1.0	0.7
Consolidated fiscal balance (% of GDP) *	-4.0	-6.4	-6.5	-4.8	-3.9

Sources: World Bank.

Note: See note for Table 1.

Risks to the outlook are tilted to the downside. Sluggish income growth, lingering uncertainty about the recovery in the labor market, and high household precautionary saving could hold back consumer spending. Although the property sector is showing signs of stabilization, structural issues, including excessive leverage among developers remain largely unaddressed, and if they persist for much longer could weigh on the economic recovery. Externally, risks emanate from an uncertain global growth path, larger than expected tightening in financial conditions, and

heightened geopolitical tensions. On the upside, a faster jobs recovery could boost sentiment and contribute to higher consumption growth.

Following this year's recovery, growth is expected to return to a path of structural deceleration. Economic growth is projected to slow to 4.6 percent and 4.4 percent in 2024 and 2025, respectively, partly due to structural and external factors. Trend growth tends to decline as the economy matures, as higher levels of physical capital face diminishing returns. In addition, China's mounting debt levels – total non-financial sector debt increased to an all-time high of 287 percent of GDP in 2022 – will constrain investment-driven growth in the future, while its demographic dividend is fading with rapid population aging. Persistent income inequality and the high carbon intensity of China's economy pose additional challenges to medium-term growth and development. In addition, global per capita growth is expected to remain slower than in the decade before 2020 (World Bank, 2023), weighing on future demand for China's exports. And rising geopolitical tensions are contributing to a decoupling of critical supply chains and curtailing China's access to critical technology.

The economic recovery offers an important opportunity for policymakers to refocus their efforts on achieving China's longer-term development objectives. Structural reforms remain crucial to solidify the recovery and achieve the longer-term goals to (i) become a high-income country by 2035 through productivity-led and environmentally sustainable growth; (ii) peak carbon emissions before 2030 and become carbon-neutral by 2060; and (iii) share the gains from economic growth more equally among the population.

To revive productivity growth, China will need to rely on innovation, technology adoption, and a more efficient allocation of resources, and to achieve this, deeper reforms to increase the role of markets, the private sector, and competition are instrumental. Rebalancing China's demand toward household consumption will be important to sustain a solid pace of economic growth. This can be done by expanding the coverage and benefit adequacy of China's social safety nets and ensuring portability of benefits across provinces. To sustain robust growth beyond the short term, China will also need to address the high level of indebtedness in the economy which may be constraining investment. This will require stronger institutions to manage insolvency, firm restructuring, and bankruptcy. Shifting from the use of administrative targets and quotas to more market-based instruments, including a strengthened emission trading scheme (ETS), could help achieve a more efficient decarbonization path while ensuring reliable energy supply. Lastly, to address the challenge of inequality in China, policymakers could further liberalize the hukou system and deploy fiscal tools (see also the special topic of this edition).

Fiscal Policy for Inclusive Growth

As discussed above, China's policymakers have emphasized more equitable income distribution alongside economic growth as a key policy objective. Robust economic growth that creates jobs and boosts household incomes remains an important mechanism for reducing inequality. In addition, fiscal policy—both revenue and expenditure measures—can play a role in ensuring that the gains from economic growth are shared more equally among China's citizens.

Empirical evidence suggests that the net-benefits (public services and transfers received minus taxes paid) which families receive from China's fiscal system are progressive—delivering greater value to households with lower incomes. Publicly provided education and health services account for a high share of the support provided by the government to low-income households. However, the overall impact of fiscal policy on inequality is partly reduced by the burden of regressive indirect taxes such as value added tax (VAT) and other consumption taxes which fall disproportionately on poorer households. Compared to peers and high-income countries, China relies more heavily on VAT and collects less personal income tax (PIT), which tends to be progressive.

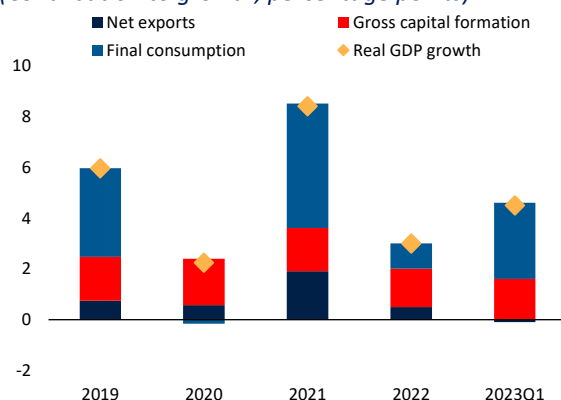
Hence, there is scope for fiscal policy to make a greater dent on inequality. This could be done by increasing the share of fiscal revenues collected through progressive taxes such as the PIT and property taxes. On the expenditure side, China's fiscal system is already contributing significantly to reducing inequality. Further improvements could focus on closing the remaining gaps in access to high-quality public services, increasing the coverage and level of social benefits, and ensuring that these benefits are portable across provinces.

Figure 1. The China Economic Update at a glance

Reopening has led to an upturn, boosted by a strong rebound in consumption and services

A. GDP demand components

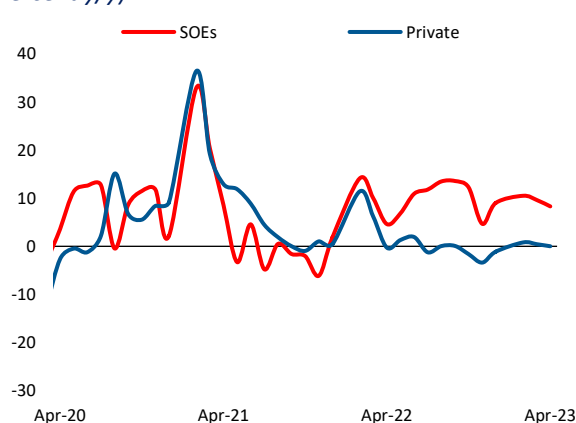
(Contribution to growth, percentage points)



The investment recovery has been uneven

C. Fixed investment growth

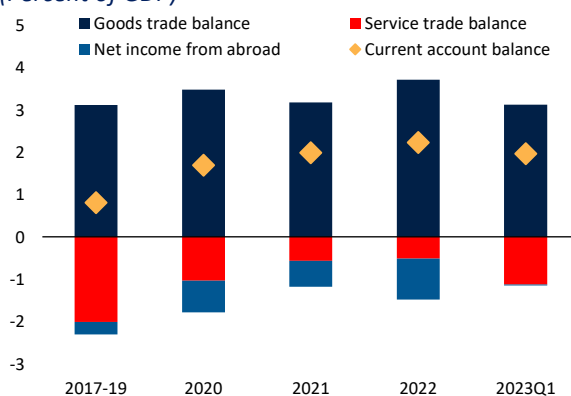
(Percent y/y)



China maintained a current account surplus due to a robust goods trade surplus

E. Current account balance

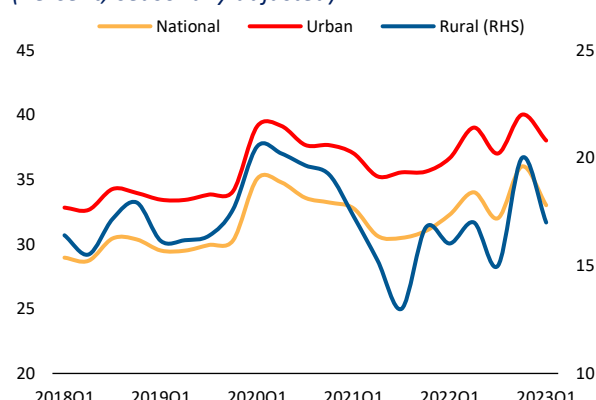
(Percent of GDP)



But the recovery remains fragile, with household savings above pre-pandemic levels

B. Household savings rate

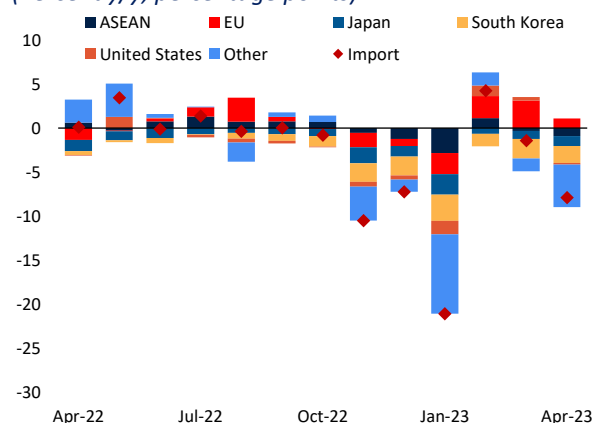
(Percent, seasonally adjusted)



Mirroring the uneven domestic recovery, goods imports remain weak

D. Goods import growth

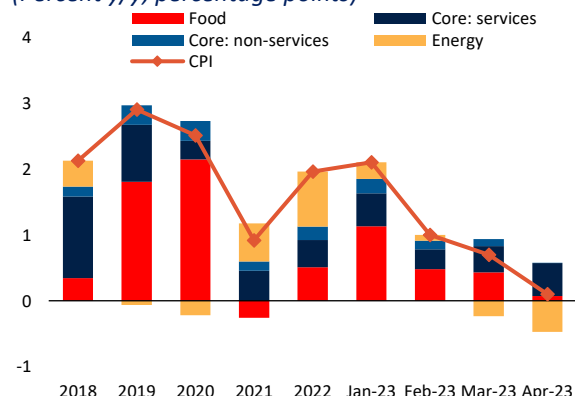
(Percent y/y; percentage points)



Consumer price inflation remains subdued, reflecting nascent consumption recovery

F. Consumer price inflation

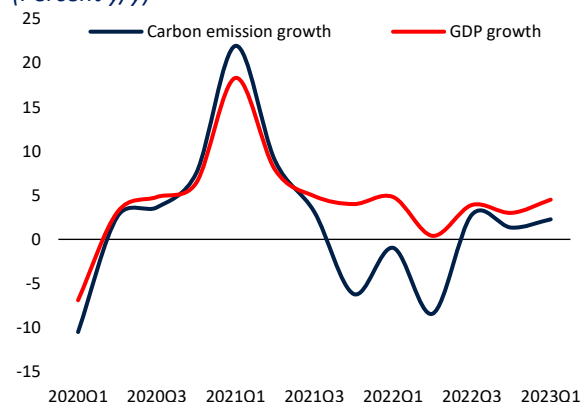
(Percent y/y; percentage points)



Carbon emissions have increased moderately amid services-led recovery

G. Carbon emission growth

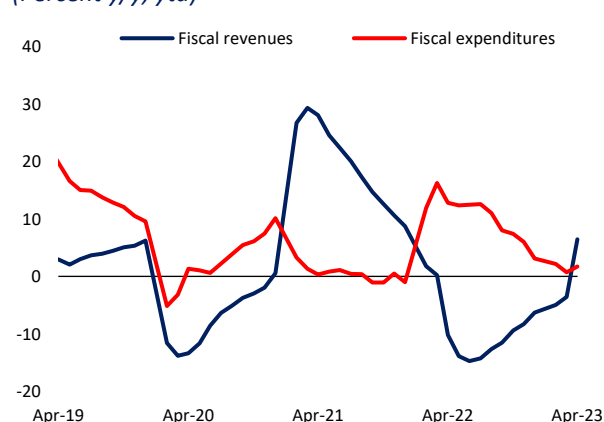
(Percent y/y)



Both fiscal revenues and expenditures remain weak, raising the risk of under-execution of the Budget

I. Growth in fiscal revenues and expenditures

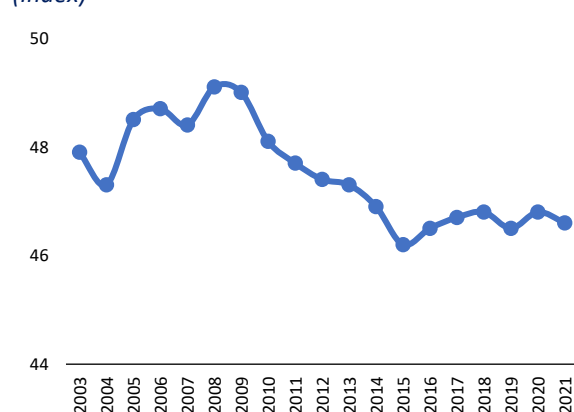
(Percent y/y, ytd)



Income inequality after declining for several years, has recently stabilized at a relatively high level

K. Gini Index

(Index)



Housing market is showing an incipient and uneven stabilization

H. Housing sales and real estate investment

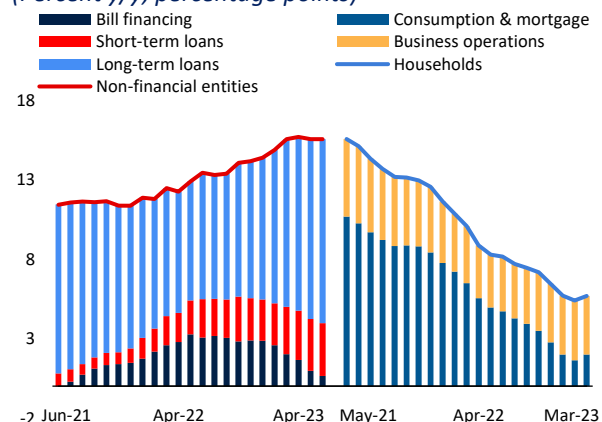
(Percent y/y)



Credit demand has started to pick up following the reopening

J. Corporate and household loan growth

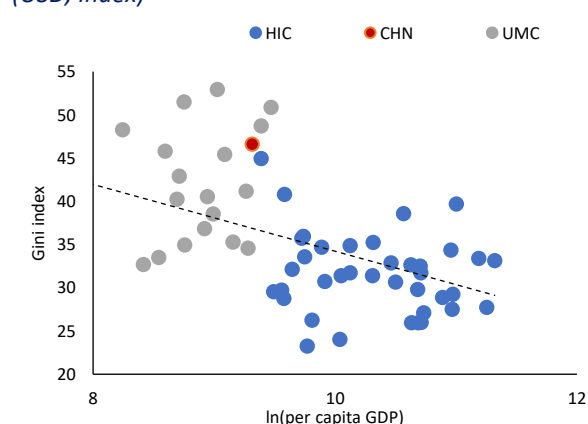
(Percent y/y; percentage points)



Inequality in China remains relatively high compared to peers

L. Income inequality and per capita GDP

(USD, Index)



Source: NBS; China Custom; SAFE; PBC; Carbon Monitor; NBS Household Survey Yearbook; World Bank Poverty and Inequality Platform; WDI; World Bank.

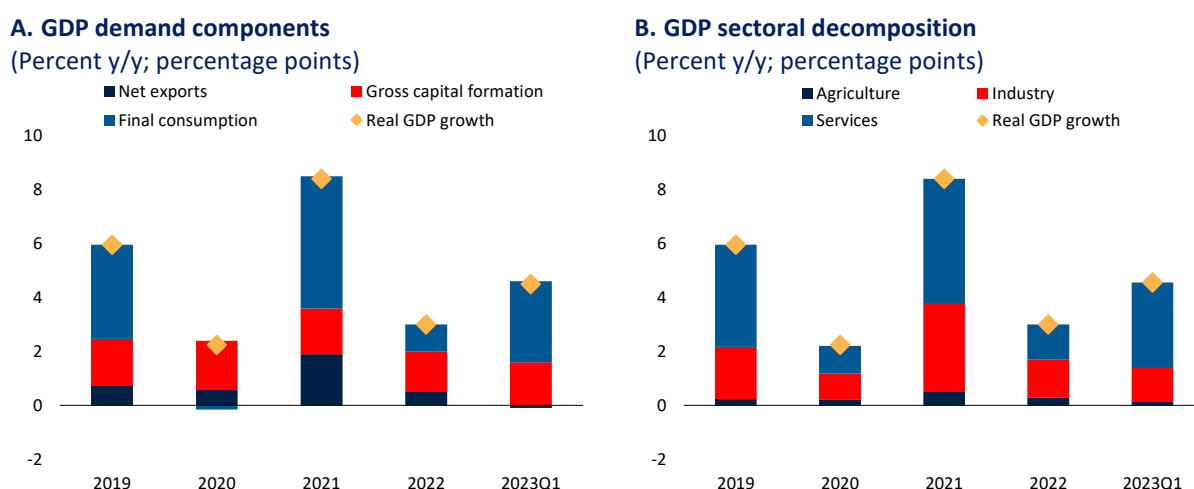
I. Recent Economic Developments

Reopening has led to an upturn, but the recovery remains fragile

Economic activity bounced back in Q1 2023 with the removal of mobility restrictions and a surge in spending on services, but growth momentum slowed since April. GDP expanded by 4.5 percent y/y in the first quarter of 2023, up from 3 percent in 2022. The recovery in Q1 was spurred by the release of pent-up consumer demand, some improvement in housing sector activity, and policy support. However, growth momentum has slowed since April, indicating that China's recovery remains dependent on policy support and that the drivers that could sustain the growth momentum—further improvements in the labor market and household incomes, a recovery in business confidence and private investment, and a turnaround in the housing market—are yet to gain traction.

On the demand side, consumption saw the strongest recovery in the first quarter of 2023. Consumption contributed 3 percentage points y/y to growth, up from 1 percentage point in 2022, thanks to the release of pent-up demand. Travel and other contact-dependent services led the recovery, while durable goods consumption lagged. The growth contribution of gross capital formation increased modestly to 1.6 percentage points, from 1.5 percentage points in 2022, supported by infrastructure and manufacturing investment, while the drag from real estate investment narrowed. Amid a challenging global environment, the growth contribution from net exports moderated to -0.1 percentage points from 0.5 percentage points in 2022 (Figure 2A).

Figure 2. The recovery has been led by consumption and services



Source: NBS; World Bank.

On the production side, a strong rebound in the services sector drove Q1 growth. Services contributed 3.1 percentage points y/y to Q1 growth, up from 1.2 percentage points in 2022 (Figure 2B). Specifically, contact-sensitive services such as hotel and catering and transportation

services led the upswing. Property-related services moderately recovered, registering their first positive year-on-year growth since Q2 2021. The growth contribution of industry lagged services and decreased to 1.2 percentage points in Q1, from 1.5 percentage points in 2022. Within the manufacturing sector new energy vehicle and solar cell manufacturing outperformed. Meanwhile, the growth contribution of agriculture moderated to 0.2 percentage points from 0.3 percentage points in 2022, likely due to adverse weather.

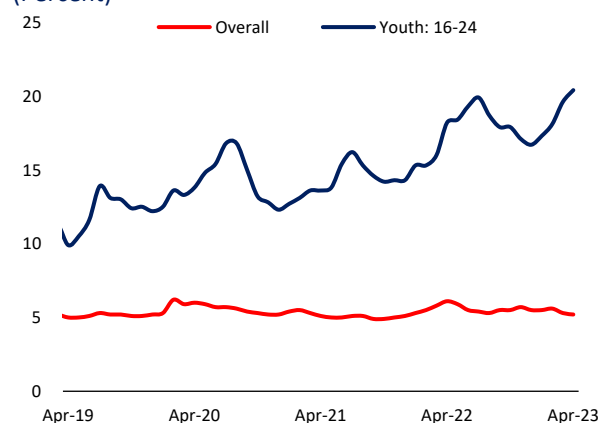
The strong rebound in services demand notwithstanding, the consumption recovery remains incomplete. Following the initial strong rebound in Q1, the growth momentum of retail sales decelerated in April owing to persistent weakness in the sales of durable goods such as furniture and home appliances. This is partly explained by sluggish household income growth. Real disposable income per capita rose by 3.8 percent y/y in Q1 2023, below the growth rate of overall economic activity. Meanwhile, China's rebound has failed to alleviate youth unemployment. Unemployment among those aged 16-24 rose sharply in April to 20.4 percent, exceeding the 19.9 percent rate recorded in July 2022, although overall unemployment rates remained steady at 5.2 percent in April (Figure 3A).¹

With the recovery in employment and household income still incomplete, households have remained cautious with their spending and, instead, preferred to save. The seasonally adjusted household savings rate has decreased slightly since its peak in Q4 2022 but remained 3 percentage points higher in Q1 2023 than the pre-pandemic level (Figure 3B).

Figure 3. Despite a strong rebound in spending on services, the consumption recovery is still incomplete

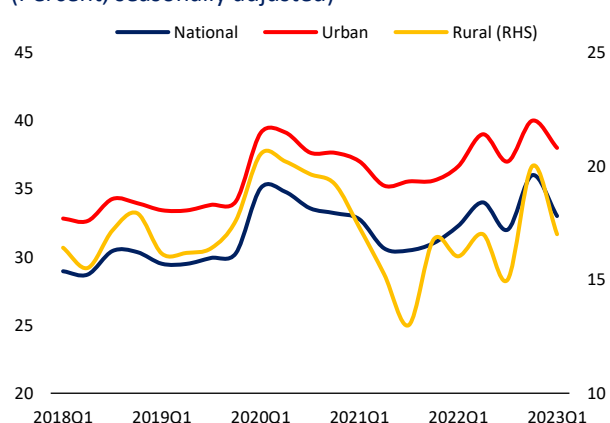
A. Overall and youth unemployment rates

(Percent)



B. Household savings rates

(Percent, seasonally adjusted)



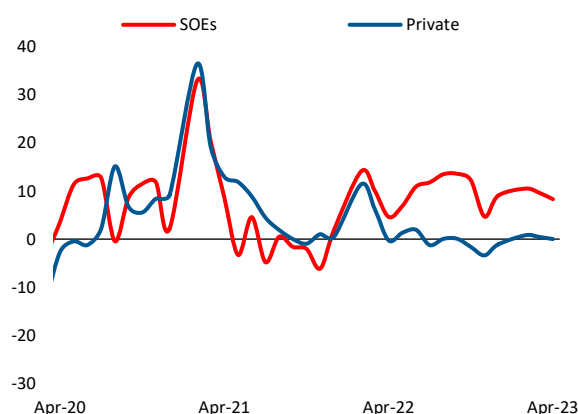
Source: NBS; World Bank.

¹ See also *China Economic Update December 2022* for a more in-depth discussion of youth unemployment.

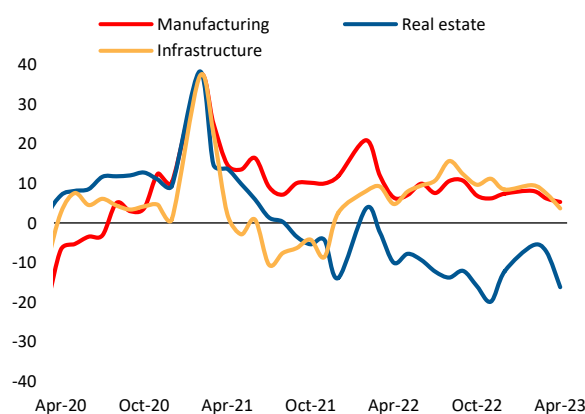
On the investment side, the recovery was led by the public sector, while private sector investment remains subdued. Private investment remained weak in January-April 2023, rising by only 0.4 percent y/y compared to a 9.4 percent increase in public investment (Figure 4A). The sharp increase in public investment was driven by recent credit policy easing and the government's push to support infrastructure investment, both of which disproportionately benefitted SOEs (Figure 4B). In April, growth in public investment, which has been a significant catalyst for economic recovery in Q1, experienced a slight loss of momentum.

Figure 4. Investment recovery has been uneven

A. Fixed asset investment by ownership
(Percent y/y)



B. Fixed asset investment by sector
(Percent y/y)



Source: NBS; World Bank.

Tourism spending surged while goods imports remained weak

China's merchandise exports were somewhat stronger in Q1 2023 compared to the second half of last year, backed by robust demand from emerging economies. In volume terms, exports increased on average by 2.4 percent y/y in the first four months, compared to a decline of 4.1 percent in H2 2022. The improvement in real exports was supported by increased shipments to emerging economies, particularly intermediate goods and electrical vehicles to ASEAN (Figure 5A). In contrast, sluggish demand hampered exports to advanced economies. Meanwhile, China's exports in US dollar value terms expanded by 2.5 percent y/y in the first four months of 2023 compared to 1.4 percent in H2 2022, as growth of export prices accelerated.

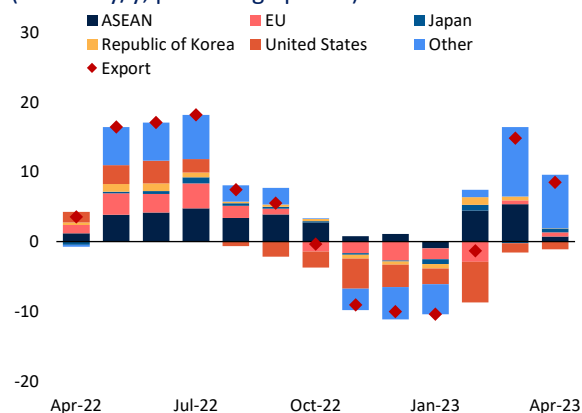
China's real merchandise imports improved somewhat as domestic demand began to recover. Imports in volume terms expanded by 0.8 percent y/y in the first four months of 2022, compared to a contraction of 5.1 percent in H2 2022, as domestic demand for some import goods improved. Relatively weak demand from advanced economies weighed on China's imports of intermediate inputs such as semiconductors from Japan, the Republic of Korea, and Taiwan, China (Figure 5B). Meanwhile, lower import prices, particularly global commodity prices, resulted in a more

pronounced decrease in China's imports in US dollar terms, which declined by 7.3 percent y/y in the first four months of this year.

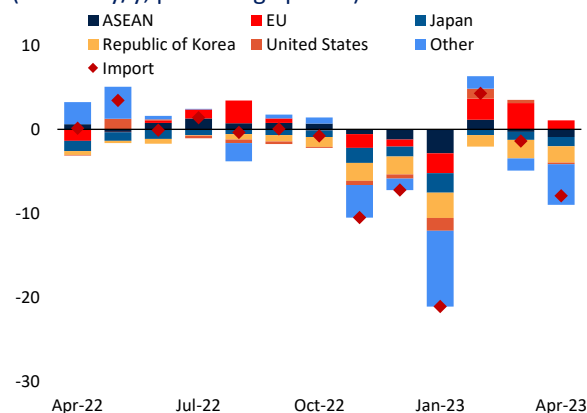
In contrast to still subdued goods import demand, China's outbound tourism surged, following the easing of travel restrictions. The growth rate of tourism spending soared to 46.5 percent y/y in the first quarter of 2023 to US\$ 46.3 billion, as overseas travel gradually normalized. This upswing was the key driver behind the uptick in services imports which expanded by 12.8 percent y/y (Figure 5C). At the same time, intellectual property royalty payments, as well as financial and commercial services imports, continued to decline albeit at a slower rate than in Q4 2022, which could be linked to heightened geopolitical uncertainty. Meanwhile, services exports shrank by 13.3 percent y/y in 2023Q1, largely due to a substantial reduction in international freight costs compared to the same period last year (Figure 5D).

Figure 5. Exports have shown short-term resilience, while imports are recovering slowly

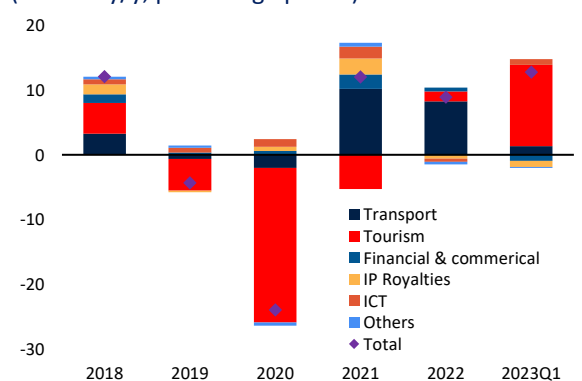
A. Goods exports by country
(Percent y/y, percentage points)



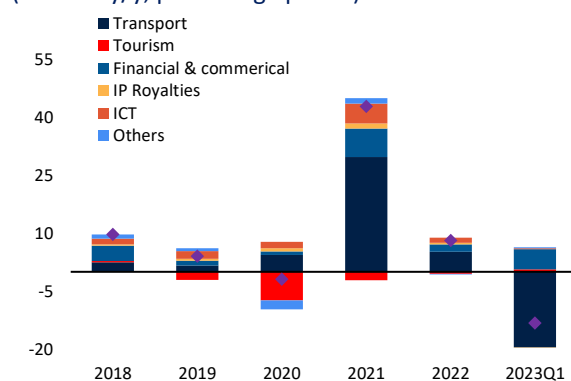
B. Goods import by country
(Percent y/y, percentage points)



C. Services import by category
(Percent y/y, percentage points)



D. Services exports by category
(Percent y/y, percentage points)



Source: China Customs; SAFE; World Bank.

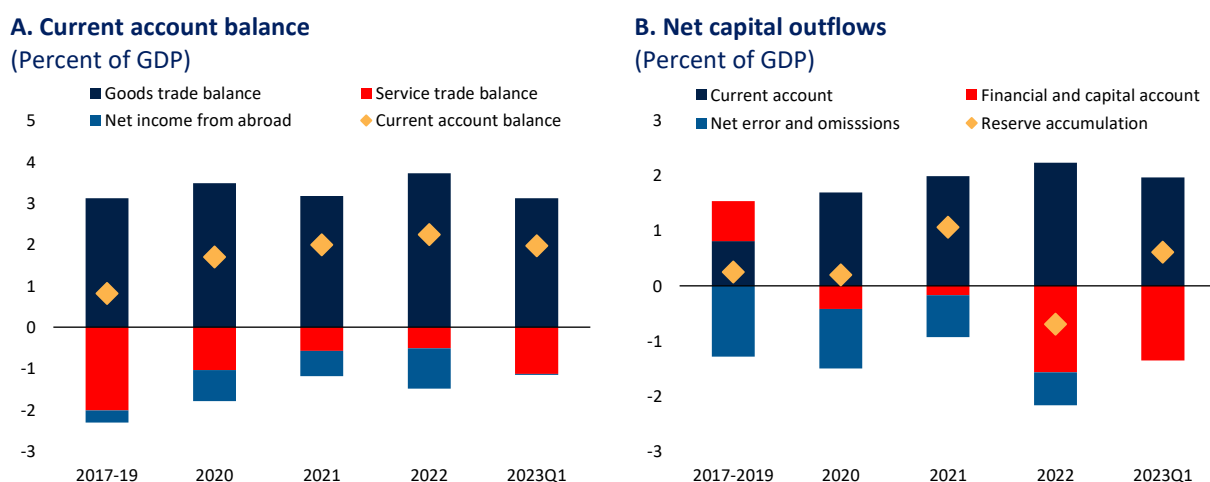
The current account surplus persists

China maintained a current account surplus in the first quarter of 2023 thanks to a robust merchandise trade surplus. China's current account surplus expanded during the pandemic, due to the country's ability to swiftly restore production after each COVID-19 wave. The surplus of 2.0 percent of GDP in Q1 2023 also reflects suppressed import demand coupled with resilient exports (Figure 6A). A substantial goods trade surplus of US\$ 129.9 billion (3.1 percent of GDP) in Q1 more than offset the services trade deficit of US\$ 47.0 billion (1.1 percent of GDP).

The financial account deficit widened slightly in Q1, as foreign investors remain cautious on long-term investments in China. The deficit inched up to 1.4 percent of GDP, up from 0.9 percent of GDP in Q4 2022, primarily driven by larger net Foreign Direct Investment (FDI) outflows amounting to 0.7 percent of GDP (Figure 6B). In particular, FDI outflows increased as China's enterprises advanced investment in wholesale and retail trade and logistics abroad. FDI inflows into China decreased, which likely reflects subdued global demand growth prospects and lingering risks to China's domestic recovery but could also be in part due to geopolitical uncertainty weighing on foreign investor sentiment. High-frequency market data suggest that net portfolio investment outflows slowed to the tune of US\$ 8.5 billion in Q1 2023, compared to US\$ 13.9 billion in Q4 2022. Net equity inflows increased on the back of China's reopening, which partially offset outflows from the bond market, caused by narrowing interest rate differentials between China and other major economies.

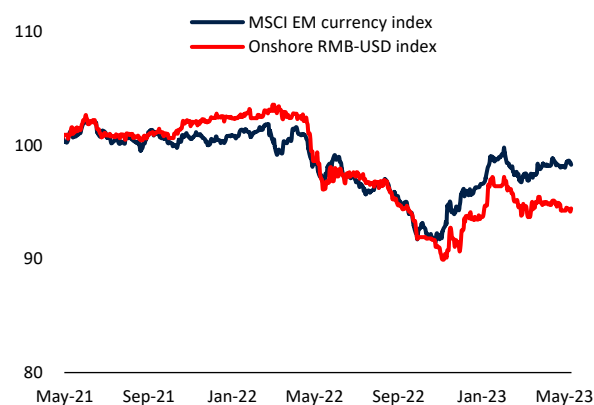
Capital outflows combined with broader US dollar strength caused a weakening of the RMB. The RMB depreciated against both the US Dollar and on a trade-weighted basis, despite a large current account surplus (Figure 6C). Year to date, the RMB has fallen by 3.7 percent against the US dollar. China's external buffers remain robust. Foreign exchange reserves increased by US\$ 77.1 billion in the first four months of this year to US\$ 3.2 trillion at the end of April (Figure 6D).

Figure 6. Current account surplus remained large, while financial account deficit widened

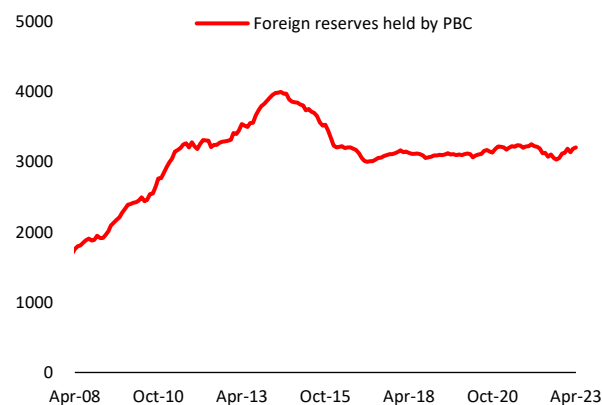


C. Exchange rate

(Index, December 31, 2020 = 100)

**D. Foreign reserve accumulation**

(Billion USD)



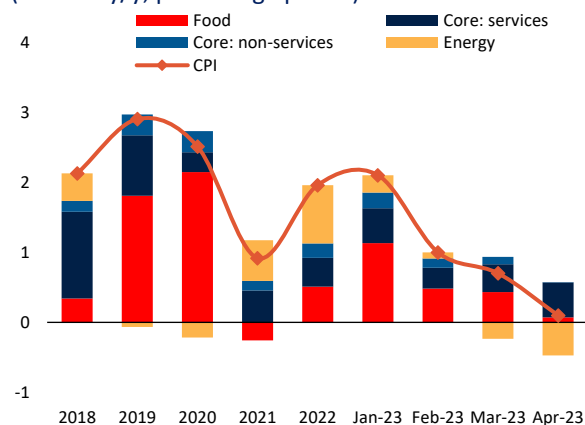
Source: SAFE; Wind; World Bank.

Despite improved demand, consumer inflation remains soft

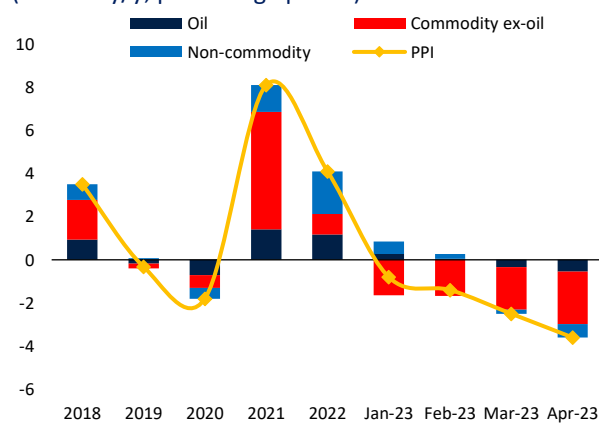
China's consumer price inflation remained subdued in the first four months of 2023, reflecting the uneven consumer demand recovery. Headline inflation registered a moderate reading of 1.0 percent y/y in the first four months, primarily attributed to a decline in energy prices from a high base last year (Figure 7A). Meanwhile, core inflation excluding volatile food and energy prices, averaged 0.8 percent y/y between January and April 2023, significantly below the pre-pandemic average of 1.8 percent y/y. While services inflation picked up, goods inflation slowed, driven by lackluster demand especially for consumer durables amid still-cautious consumer sentiment.

Figure 7. Inflation has been subdued amid weak domestic and external demand**A. Consumer price inflation**

(Percent y/y; percentage points)

**B. Producer price inflation**

(Percent y/y; percentage points)



Source: NBS; World Bank.

Producer price inflation has trended down for most of this year on falling global oil and metal prices. PPI inflation averaged -2.1 percent y/y in the first four months of 2023 and has fallen for seven consecutive months. This has largely been driven by the decline in oil prices from last year's

high base, lower ferrous metal prices stemming from a sluggish housing construction sector, and subdued domestic and external goods demand (Figure 7B).

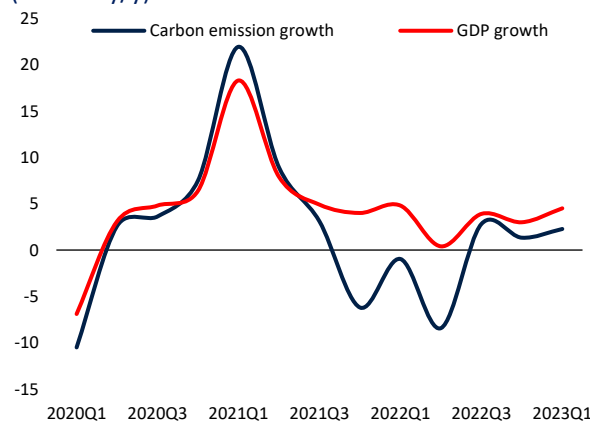
Carbon emissions increase moderately amid services-led recovery

China's carbon emissions saw moderate growth in the first quarter of 2023 amid a services-led recovery. After low growth in 2022, China's carbon dioxide (CO₂) emissions are estimated to have increased by 2.3 percent y/y in the first quarter of 2023 (Figure 8A). The consumption and services-led recovery has resulted in a more gradual increase in carbon emissions compared to the investment-driven rebound seen in late 2020 and early 2021. Growth in the first quarter of 2023 was primarily driven by the rebound in industry, which contributed 1.7 percentage points to total emissions growth. The power sector contributed a limited 0.5 percentage points to this growth and ground transport emissions 0.4 percentage points. Residential emissions contributed a negative 0.5 percentage points, likely due to the reopening resulting in less time being spent in homes (Figure 8B).

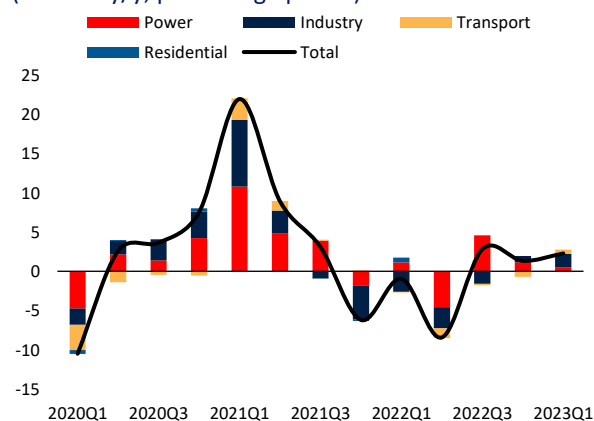
Recent developments in the energy sector emphasize the challenges of decarbonization: substantial investments in renewable energy alongside surging coal production and imports. The prioritization of energy security in response to the 2021 energy crisis has meant that coal imports have continued to surge, increasing 97 percent y/y in the first quarter of 2023. This partially reflects the low base effect from the first quarter of 2022, but imports were still significantly higher than pre-pandemic levels, with this first quarter value still being 76 percent higher than in the first quarter of 2019. Meanwhile, after rapid growth in new coal power plant approvals during the second half of 2022, which saw over 10GW of approvals on average each month, new approvals slowed somewhat to a total of 10GW of capacity in the first quarter of 2023. However, solar capacity installations also grew rapidly in the first quarter of 2023 by 34 percent y/y, while renewable energy generation rose 11.4 percent y/y.

Figure 8. Carbon emissions grew moderately in the first quarter of 2023

A. Carbon emissions and GDP growth (Percent y/y)



B. Contribution to y/y growth by sector (Percent y/y; percentage points)

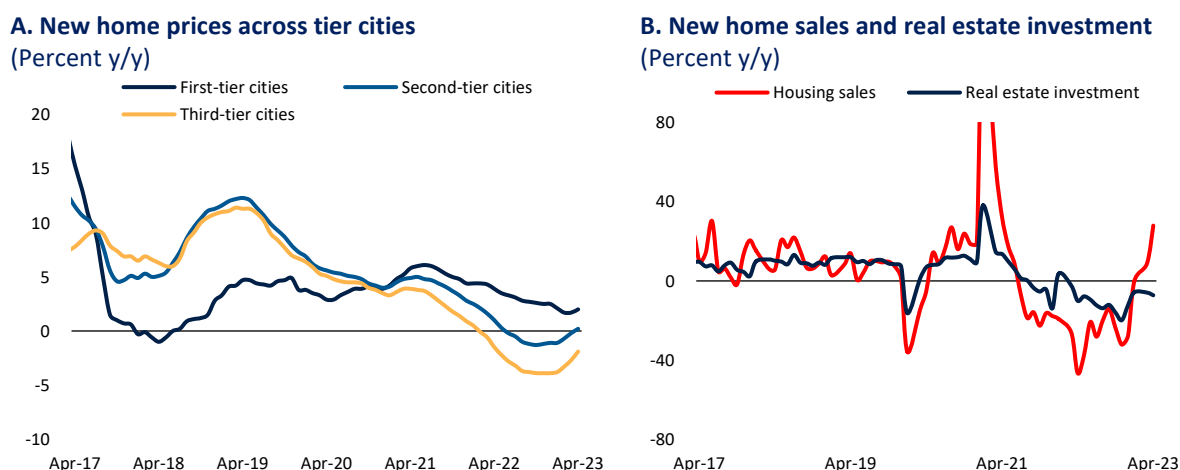


Source: Carbon Monitor for emissions data; World Bank.

The housing market recovery remains uneven

The housing market recovery is concentrated in large cities and driven by existing project completion boosted by policy support, while housing starts and investment remain subdued. Following an extended downturn, sales of new homes in value terms rose by 8.8 percent y/y in January-April 2023. This is partially explained by a low base in the first four months of 2022 but also reflects tentative signs of recovery. Home prices in first- and second-tier cities, also increased. These improvements can be largely attributed to economic reopening, which unleashed pent-up demand, and measures to allow lower mortgage rates for first-time buyers (Figure 9A). However, while property completions increased on the back of policy support to complete pre-sold but stalled projects, real estate investment dropped by 6.2 percent and housing starts by 21.2 percent in the first four months of 2023, indicating that a sustained recovery will take time to materialize (Figure 9B).

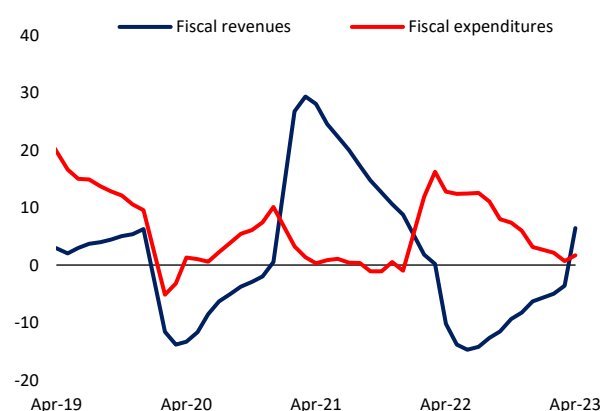
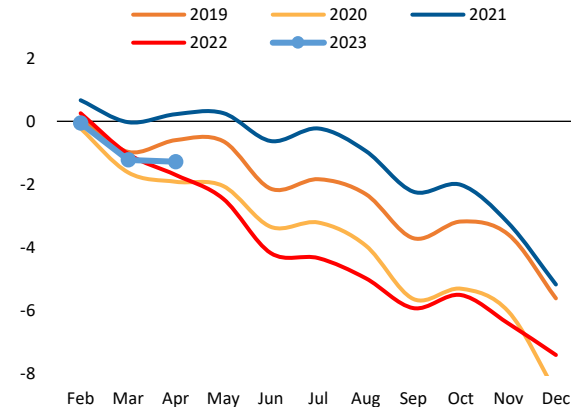
Figure 9. Housing market is showing signs of an incipient stabilization



Source: NBS; Wind; World Bank.

Fiscal pressures especially at the subnational level persist

Both revenues and expenditures remained weak in the first four months of 2023, raising the risk of under-execution of the Budget. Income from the sale of land use rights declined by 21.7 percent y/y (-23.3 percent in 2022), reflecting the persistent weakness in real estate investment. In addition, tax revenues decreased, as consumption and personal income taxes declined and more than offset increases in VAT and corporate income tax collection. On the spending side, consolidated fiscal expenditure rose only by 1.7 percent y/y in the first four months of 2023, led by increased spending on education, social security and employment (Figure 10A). Spending on social security and public health remained elevated in January-February but declined notably afterward as the COVID-19 wave faded. Overall, with higher revenues the consolidated fiscal deficit narrowed to 1.3 percent of GDP in January-April 2023, compared to a deficit of 1.7 percent of GDP in the same period last year (Figure 10B).

Figure 10. Both fiscal revenues and expenditures remained weak**A. Growth in fiscal revenues and expenditures**
(Percent y/y, ytd)**B. Consolidated fiscal deficit**
(Percent of GDP)

Source: Ministry of Finance (MOF); World Bank.

Note: China's budget system consists of (i) the General Public Budget which includes tax and non-tax revenues, current expenditures, and a portion of capital expenditures; (ii) the Government Fund Budget which reflects mainly land-lease revenues of local governments and expenditures for specific infrastructure and social projects; (iii) the Social Security Fund Budget which records social insurance contributions and disbursements; and (iv) the SOE Fund Budget which is the state-owned assets operation budget. The consolidated budget balance refers to the sum of (i), (ii), (iii), and (iv) minus net withdrawals from the government's stabilization fund. Data on (iii) and (iv) are only reported at annual frequency. In the General Public Budget, local government revenues exclude transfers from central budget, and central government expenditures exclude transfers to local governments.

Local governments continue to face pressure from weak land sales, which will be partly compensated for by higher transfers from the central government. Amid a gradual stabilization of the property market, the government expects revenues from land sales to remain at levels similar to last year's. The remaining financing gap in 2023 will be filled by higher central government transfers to local governments, issuance of government bonds, and a drawdown of fiscal reserves. The total annual bond financing quota used to fund infrastructure investment is set at RMB 7.7 trillion (5.9 percent of GDP) for 2023, compared to RMB 7.5 trillion in 2022.

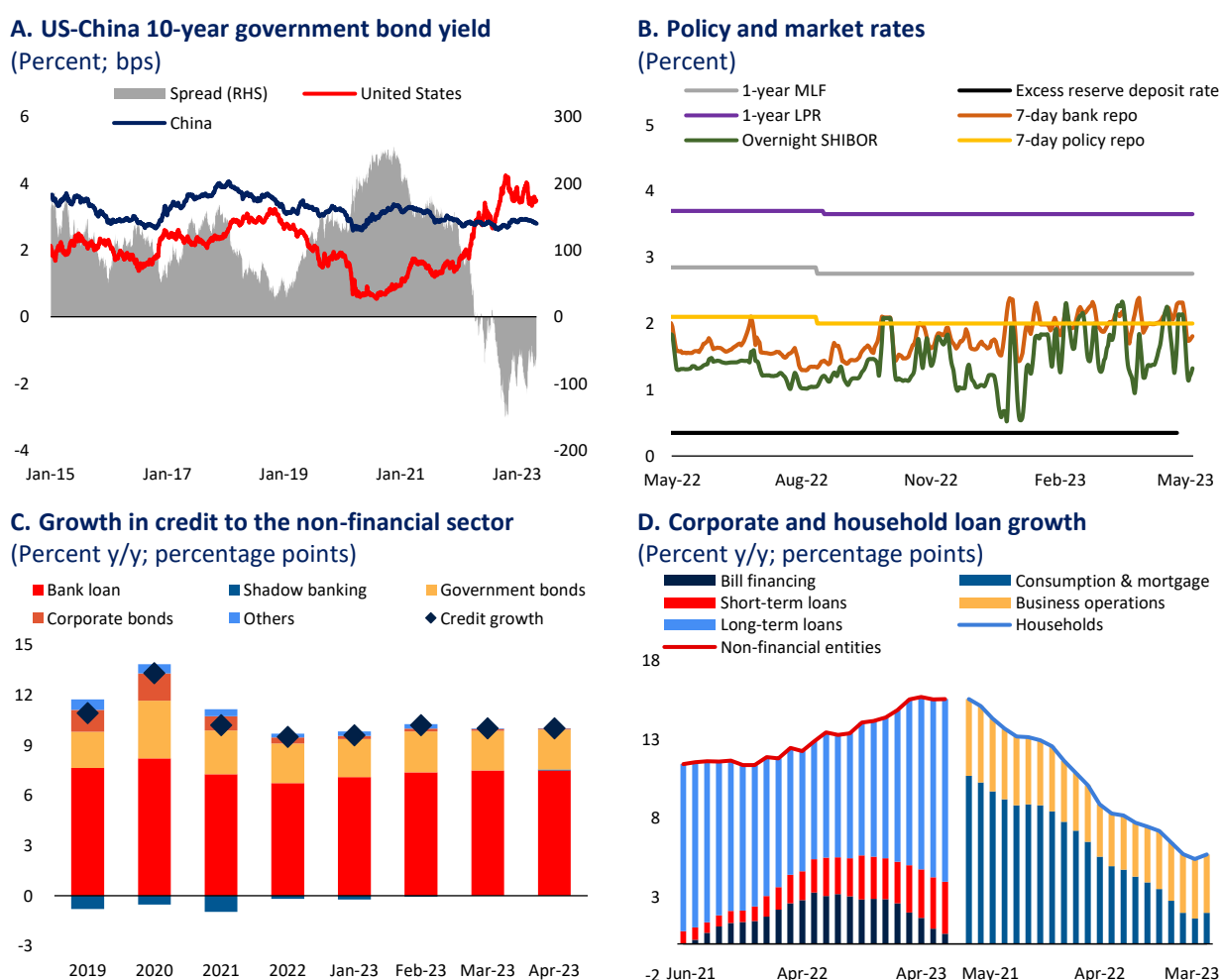
Credit demand picked up following the reopening

The People's Bank of China (PBC) has maintained a moderately accommodative but cautious policy stance, reflecting concerns over capital outflows and financial stability risks. The PBC has relied less on interest rate cuts (35 basis points in 2022 for 5-year LPR but no cut so far in 2023) and more on lowering the required reserve ratio for banks (60 bps in 2022 and an additional 25 bps in 2023). Given high non-financial sector debt (see next section), the authorities have tried to balance short-term support to the economy with longer-term efforts to limit the rise in leverage. The policy divergence with other major central banks that raised sharply interest rates has also constrained the PBC's room to maneuver due to concerns over capital outflows. The spread between China's 10-year central government bond yield and the corresponding US Treasury yield has been negative since April 2022 (Figure 11A). Despite liquidity provision by the

PBC, short-term market interest rates have been volatile since December 2022, likely reflecting higher uncertainty following the easing of COVID-19 policies (Figure 11B).

Following subdued credit demand in 2022, growth in credit to the non-financial sector picked up with the economic reopening. Growth in credit to the non-financial sector increased to 9.8 percent y/y in the first four months of 2023, from an average of 9.5 percent y/y in 2022 (Figure 11C). The pick-up in credit growth was due to a rise in corporate credit, improvements in consumer credit and mortgages, and higher issuance of government bonds. Continued support for infrastructure projects drove the expansion in corporate loans, likely through policy banks, and acceleration in government bond issuance. Both short-term and long-term household loan growth increased, reflecting some improvement in confidence, as well as policy support in the form of lower mortgage rates (Figure 11D).

Figure 11. The PBC has maintained a moderately accommodative but cautious policy stance



Source: PBC; Wind; CEIC; World Bank.

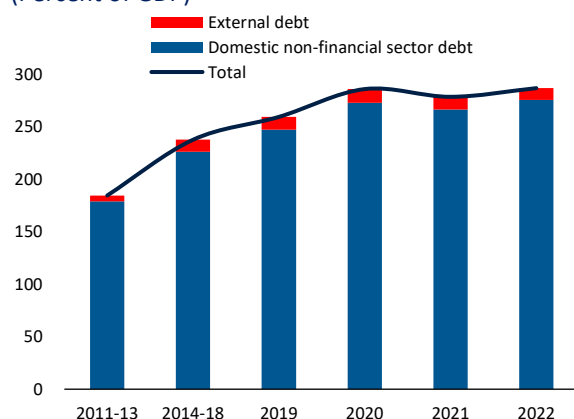
Note: Credit growth in Figure C refers to y/y growth rate of total social financing (excluding equity).

Amid the pick-up in credit growth, debt continues to rise

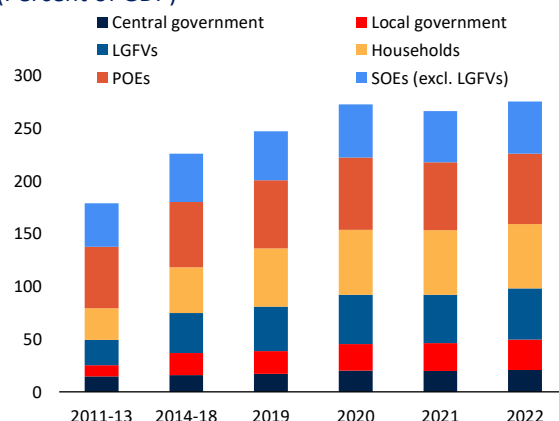
China's debt-to-GDP ratio increased to a new high in 2022. Non-financial sector debt, including external borrowing, increased to an all-time high of 287 percent of GDP (Figure 12A). A sharp slowdown in economic growth, combined with higher borrowing to finance a large state-sector stimulus, led to a sharp increase in the domestic non-financial debt ratio by almost 10 percentage points. Total external debt on the other hand has remained low and even declined slightly by 1 percentage point to an estimated 11.2 percent of GDP at end-2022. Overall, the total debt-to-GDP ratio is 27 percentage points higher than its pre-pandemic level.

Figure 12. Debt level surged to a new high

A. Composition of total non-financial sector debt
(Percent of GDP)



B. Domestic non-financial sector debt
(Percent of GDP)



Source: PBC; Wind; CEIC; World Bank.

Note: Figure B. LGFVs = Local government financial vehicles; POE = Private-owned enterprise; SOE = State-owned enterprise.

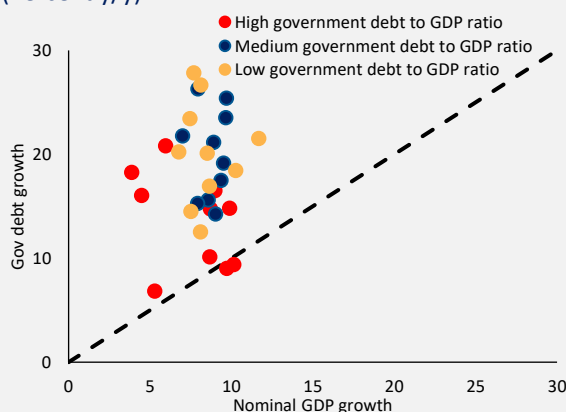
The increase in overall debt was driven by the corporate and government sectors. Household debt remained broadly stable in 2022 at 61 percent of GDP, as high uncertainty, sluggish growth in household income, and a weak housing sector constrained household leverage. On the other hand, credit easing measures implemented by the government contributed to the rise in corporate debt (Figure 12B). During the pandemic, the government relied heavily on infrastructure stimulus, while facing reduced revenues due to the downturn in the housing market, weaker overall economic activities, and tax cuts. The financing gap of local governments, although partially offset by an increase in the inter-governmental fiscal transfers, contributed to the rise in local government debt. This has raised concerns about the risks of local government debt in some highly leveraged provinces (see Box 1).

Box 1. Local government debt in China – a cross-provincial analysis

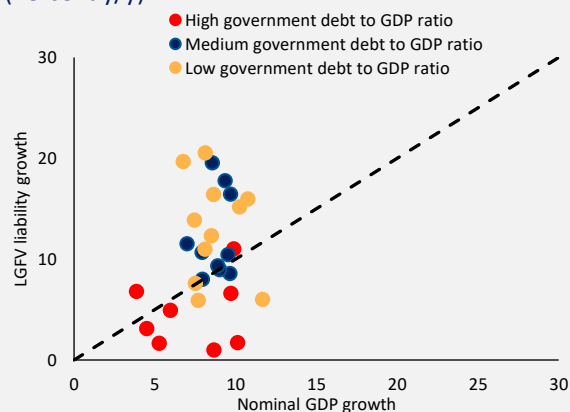
During the COVID-19 pandemic, local government debt expanded rapidly. Nationwide, the local on-budget government debt ratio, measured as government bonds outstanding as a percent of nominal GDP, increased by 7.3 percentage points to 29 percent of GDP from 2019 to 2022. LGFV debt also increased but at a slower pace, which is in part due to efforts to shift towards more transparent on-budget financing since the 2014 budget reform (World Bank, 2017).² In almost all provinces, on-budget government debt grew at a faster rate than nominal GDP growth (Figure 13A). However, balance sheet constraints have emerged for some highly leveraged provinces—growth in both local government debt and LGFV liabilities was relatively low in those localities (Figure 13B).

Figure 13. Local governments resorted to on- and off-budget financing during the pandemic

A. GDP and government debt growth
(Percent y/y)



B. GDP and LGFV liability growth
(Percent y/y)

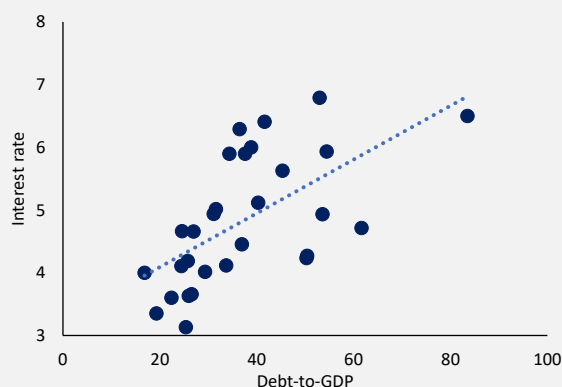
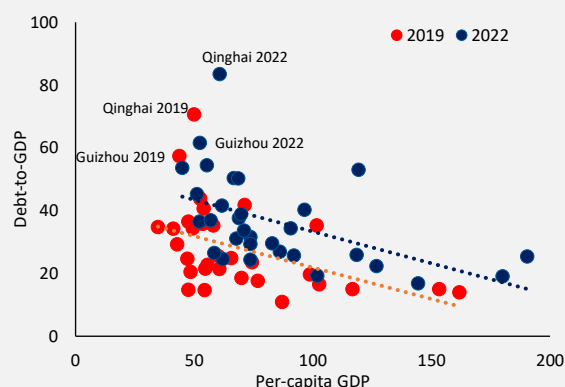


Source: Wind; NBS; World Bank.

Note: High, medium and low government debt-to-GDP ratio in Figure A are defined as top, middle and bottom terciles, respectively.

The market increasingly prices a higher risk premium for more leveraged provinces which are also often poorer. Average bond rates are higher for LGFVs in more leveraged provinces with lower per capita GDP (Figure 14AB). Market risk pricing that better reflects creditworthiness can be an effective mechanism for promoting responsible borrowing behavior.

² Under the 2014 Budget Law, local governments bear no legal responsibility for the financial obligations of LGFVs. However, many LGFVs produce public goods and services (e.g., public infrastructure) and rely substantially on government financial support such as land transfers, subsidies, grants, and credit guarantees. Hence, some LGFV debt can be considered contingent government liability. Ideally, the “market test” to determine if an LGFV is a public or market unit should be done on a case-by-case basis, as some LGFV activities could be commercial operations. However, the detailed financial statement data required for case-by-case analysis are not publicly available (Mano and Stokoe, 2017). Hence, the LGFV estimates in this analysis are subject to limitations.

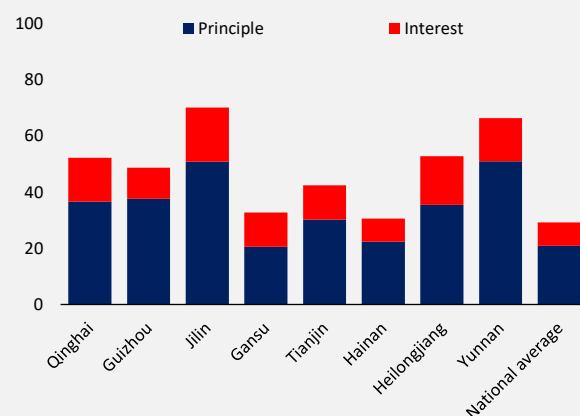
Figure 14. Bond financing costs for LGFVs were higher in highly leveraged poorer provinces**A. Debt-to-GDP ratio and LGFV bond rates**
(Percent; percent)**B. Debt-to-GDP ratio and per-capita GDP**
(Percent; RMB thousand)

Source: Wind; NBS; World Bank.

Note: Interest rate in Figure A refer to average coupon rates for three-year LGFV bonds.

Concerns over local government debt stress have risen amid the housing market downturn.

Regulatory tightening, intended to curtail excessive leverage, led to a severe downturn in the property sector. As a result, local governments experienced a significant decline in land sales which represent a major source of subnational government revenue. At the same time, debt service costs increased substantially, particularly in some highly leveraged provinces (Figure 15). Meanwhile, LGFVs—which are heavily involved in the property market—could face idiosyncratic risks, particularly in low-income regions with higher local government debt and, possibly, large stocks of unfinished housing (IMF 2023). In addition, the refinancing risks for LGFVs have risen, as the average maturity for LGFV bonds decreased to 4.8 years in 2022, from 5.7 years in 2018.

Figure 15. Government debt service
(Percent of consolidated fiscal revenue)

Source: Wind; NBS; World Bank.

As economic activity is gradually normalizing, the government could shift the focus on containing debt risks.

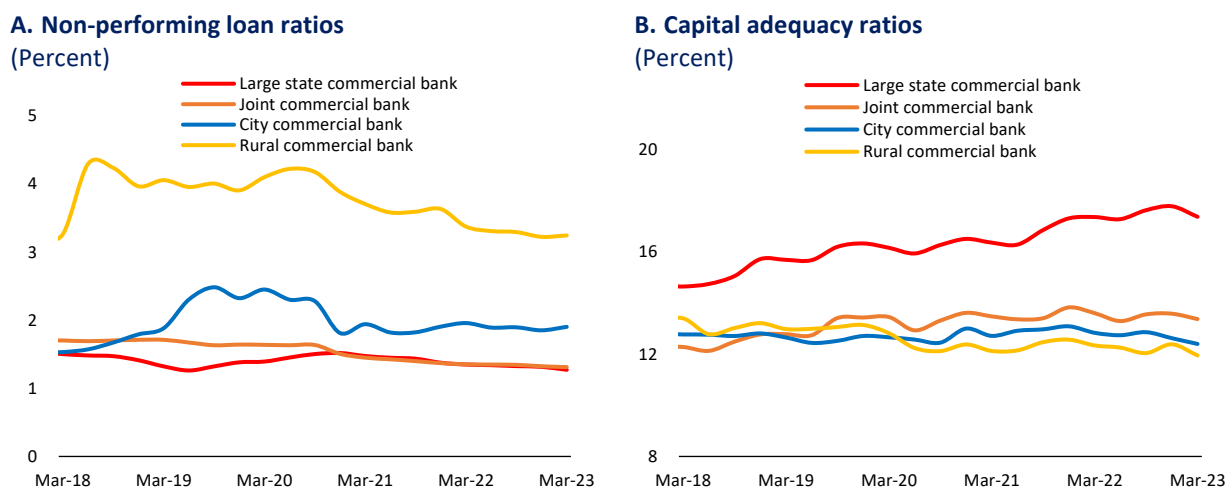
The central government could bear a larger fiscal deficit and more debt to mitigate subnational debt risks. It could also allow greater flexibility to rebalance public spending from infrastructure investment toward more social spending, which would likely generate long-term returns to human capital formation. This could be combined with reforms to increase spending efficiency and enhance revenue autonomy. For example, recurrent property tax assigned to subnational levels would help raise revenue and make richer provinces less dependent on central transfers, thereby freeing up fiscal space for higher transfers to less developed provinces. SOE reforms, including improving corporate governance, increasing financial transparency, and restructuring unprofitable entities, would further help to contain sub-national off-budget debt risks.

The banking sector is vulnerable to property sector risks

Non-performing loans (NPLs) have continued to decline, but NPL ratios for rural banks remain higher than for other financial institutions. The reported aggregate NPL ratio continued to decrease, standing at 1.62 at the end of March 2023, lower than pre-pandemic levels (Figure 16A). While NPLs decreased for all banks, they dropped more significantly among city and rural commercial banks. However, credit risk for rural banks remained significantly higher than for other financial institutions: the NPL ratio for rural commercial banks was 3.24 percent. Moreover, regulatory forbearance may have masked the underlying deterioration of credit quality in the banking sector. Several forbearance measures that were introduced during the COVID-19 pandemic remain in place. These include the delay in the recognition of NPLs and flexible repayment arrangements for borrowers.

The banking sector has substantial exposure to the property sector. As of 2023Q1, mortgage loans totaled RMB 40.6 trillion, representing 18 percent of total bank loans, while direct loans to property developers amounted to 5.9 percent of total loans.³ The exposure of banks to mortgages is mitigated by relatively high down payments. Property-related NPLs are relatively low but are higher than overall NPL ratios for state-owned banks, city commercial banks, and joint stock banks (World Bank, 2022a). While aggregate risks are relatively contained, some individual banks with large exposures to key property developers may face balance sheet pressures.

Figure 16. The banking sector appears sound, with rural banks remaining more at risk



Source: National Financial Regulatory Administration (former CBIRC); Wind; World Bank.

Banking sector buffers appear adequate overall, though they decreased slightly in 2023Q1. The aggregate capital adequacy ratio (CAR) of commercial banks declined marginally from the peak

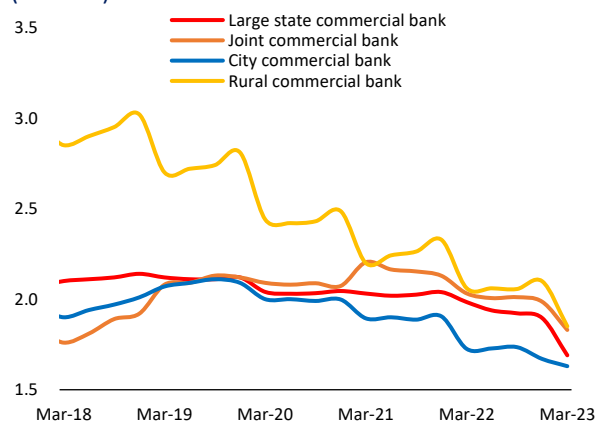
³ Property developers also depend on shadow credit (e.g., trust loans).

of 15.2 percent reached in December 2022 to 14.9 percent in March 2023. Yet, China's capital adequacy ratio remains significantly above the prudential minimum requirement of 10.5 percent. Large state banks, which account for roughly half of total commercial bank assets, reported a decrease in CAR from 17.8 in 2022Q4 to 17.3 in 2023Q1. The capital adequacy of rural commercial banks remains the lowest in China's banking sector with a CAR of 11.9 percent (Figure 16B).

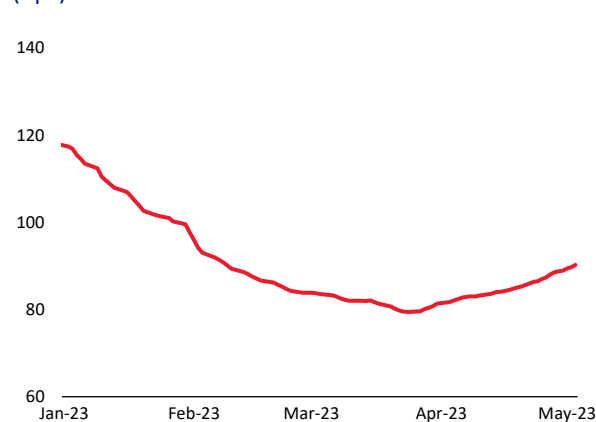
Bank profitability has been declining since the start of the pandemic, as banks were encouraged to support the economy even as their funding costs were reduced only moderately. Net interest margins decreased further for all banks in March 2023, particularly among large state commercial banks and rural banks (Figure 17A). Regulators' calls on banks to support the economy and lend to sectors hit by the COVID-19 pandemic could have contributed to declining profitability. The market has responded to slightly weaker bank financials by requiring a higher credit risk premium (Figure 17B).

Figure 17. Bank profitability has declined

A. Net interest margin
(Percent)



B. Credit default swap
(Bps)



Source: National Financial Regulatory Administration (former CBIRC); Bloomberg; Wind; World Bank.

Note: Figure B shows the average of the largest ten banks in terms of gross assets.

II. Outlook, Risks, and Policy Implications

Global outlook

Following a sharp slowdown in global growth last year, China will continue to face a challenging external environment. According to World Bank projections, global growth is expected to slow further this year, to 2.1 percent, before picking up only modestly to 2.4 percent in 2024 (Figure 18A; World Bank 2023). The drag on activity from continued substantial monetary policy tightening to restore price stability is increasingly evident in interest-rate sensitive sectors. Moreover, recent turmoil in European and US banking sectors has contributed to tighter financial conditions and added to uncertainty. While global headline inflation has declined owing to a combination of base effects, easing supply chain pressures and moderating global commodity prices, it remains above target in most inflation-targeting economies and underlying inflation pressures persist.

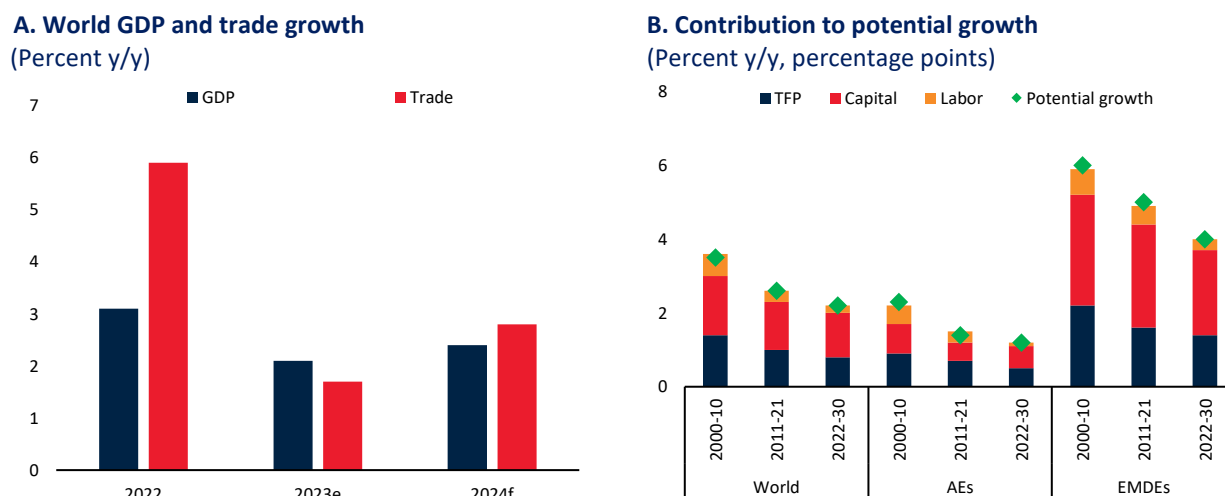
Global trade is expected to slow this year, alongside weakening global activity and a rotation in global demand away from tradeable goods, back towards its pre-pandemic composition. In early 2023 global goods trade contracted, as weak demand in advanced economies weighed on exports in emerging market and developing economies (EMDEs). Slowing demand for goods and falling freight costs have contributed to the return of global supply chain pressures to pre-pandemic levels early in the year. Global services trade has fared better, supported by the ongoing recovery in global tourism amid an easing of pandemic-induced mobility restrictions. Global trade growth is expected to recover only modestly in 2024, in tandem with global activity but dampened by a rising number of restrictive trade measures.

Risks to the global outlook are tilted to the downside. Persistent underlying inflation pressures may result in tighter than expected monetary policy, which would further weigh on growth. Additional banking sector stress could also lead to tighter than expected financial conditions, with the risk of disorderly bank failures sparking systematic financial crises and protracted economic losses. Geopolitical tensions have worsened—as reflected in the rising number of protectionist measures—and could intensify, sapping productivity growth, increasing prices, and dampening investment, all of which would weigh on growth. Conversely, growth could be stronger than expected if the recent signs of resilience in major economies in the face of substantial headwinds endures.

The materialization of downside risks could weaken global potential growth which, absent reforms, is already set to slow (Kose and Ohnsorge 2023). Over the remainder of the decade, average annual world potential growth is expected to slow to 2.2 percent, down from 2.6 percent in the preceding decade (Figure 18B). This expected slowdown reflects both demographic factors, including slowing working-age population growth and declining labor force participation as populations age, as well as weaker productivity growth. The decline in potential growth is

expected to be widespread, affecting both advanced economies and EMDEs, and among EMDE regions the most pronounced slowdown is anticipated in East Asia and the Pacific.

Figure 18. External environment remains challenging



Source: Penn World Tables, World Bank.

Note: AEs = advanced economies; EMDEs = emerging market and developing economies. 2022-30 are projections. Based on production function approach, GDP-weighted arithmetic averages for a sample of 29 advanced economies and 53 EMDEs.

China outlook

After slowing to 3.0 percent in 2022, China's GDP growth is projected to rise to 5.6 percent in 2023, led by a rebound in consumer spending. This marks an upward revision of 1.3 percentage points from the December *China Economic Update* which accounts for a faster-than-expected reopening in Q1 2023. Growth will be led by a recovery in consumer demand, particularly for services. Capital spending in infrastructure and manufacturing is expected to remain resilient. Net exports are expected to weigh on growth, due to softer external demand coupled with a modest acceleration in import growth reflecting improved domestic demand (Table 1).

Following this year's recovery, growth is expected to return to a path of structural deceleration. Economic growth is projected to slow to 4.6 percent and 4.4 percent in 2024 and 2025, respectively, partly due to structural and external factors. Trend growth usually declines as the economy matures, as higher levels of physical capital run into diminishing returns to the further accumulation of capital. In addition, China's mounting debt levels will constrain investment-driven growth in the future, while its demographic dividend has also started to fade with rapid population aging. Persistent income inequality and the high carbon intensity of China's economy pose additional challenges to medium-term growth and development. In addition, global per capita growth is expected to remain slower than in the decade before 2020 (World Bank, 2023),

weighing on future demand for China's exports. And rising geopolitical tensions are contributing to a decoupling of supply chains and curtailing China's access to critical technology.

To support the ongoing recovery the macroeconomic policy stance is expected to remain relatively accommodative. Fiscal policy will likely be broadly neutral this year, with policy support consisting in large part of infrastructure spending. The consolidated budget deficit is set to widen to 6.5 percent of GDP in 2023, broadly unchanged from last year's realized deficit of 6.4 percent. Analysis conducted by the World Bank (2022b) shows that the spending multiplier is expected to be notably higher following the reopening of China's economy. Unless inflation moves well above target and capital outflows intensify, monetary policy could maintain a moderately accommodative stance to solidify the economic recovery. With average inflation projected at 1.8 percent in 2023, further monetary policy easing may be warranted until the recovery in domestic private demand is firmly established.

Policy easing in the property sector will be maintained in 2023, though still-weak housing demand and high developer debt continue to constrain the recovery. The authorities have steadily stepped-up support measures for the property sector, including lower mortgage rates, tax breaks for home buyers, looser home-purchase restrictions, a moratorium on developer loans, and a grace period for banks to comply with property sector exposure caps. However, much-needed developer debt restructuring continues to be slow. Persistent developer balance sheet constraints would mean a gradual recovery in this sector.

The current account balance is projected to narrow to 1.3 percent of GDP in 2023, reflecting a sharp decline in the trade surplus. Although exports have shown some resilience in March and April, China's export sector has been grappling with a marked decline in external demand due to weaker global growth. At the same time, import growth is expected to strengthen with the domestic demand recovery. Meanwhile, the resumption of outbound tourism activities is likely to widen the services trade deficit.

Headline inflation is expected to remain modest reflecting ongoing economic slack in labor markets and weaker global energy prices. Headline inflation is projected to remain below the official target of 3 percent. Core inflation will remain subdued since lingering economic slack, particularly in labor markets, is likely to offset potential upticks in services inflation.

Table 1. China selected economic indicators, 2020-2025

<i>Annual percentage change, unless otherwise indicated</i>	2020	2021	2022	2023f	2024f	2025f
Real GDP growth, at constant market prices	2.2	8.4	3.0	5.6	4.6	4.4
Private consumption	-1.8	11.7	0.9	10.9	5.6	5.4
Government consumption	3.2	3.3	4.2	2.7	3.5	2.9
Gross fixed capital formation	3.2	3.1	3.5	3.6	4.7	4.6
Exports, goods and services	1.7	18.3	0.5	-0.1	2.2	2.0

Imports, goods and services	-1.4	10.2	-3.2	2.0	2.8	2.6
Real GDP growth, at constant factor prices	2.2	8.4	3.0	5.6	4.6	4.4
Agriculture	3.1	7.1	4.1	3.1	3.0	3.0
Industry	2.5	8.7	3.8	3.4	3.8	3.5
Services	1.9	8.5	2.3	7.7	5.5	5.3
Inflation (Consumer price index)	2.5	0.9	2.0	1.5	2.4	2.0
Current account balance (% of GDP)	1.7	1.8	2.3	1.3	1.0	0.7
Net foreign direct investment (% of GDP)	0.7	1.2	0.2	0.5	0.3	0.3
Consolidated fiscal balance (% of GDP) *	-8.5	-4.0	-6.4	-6.5	-4.8	-3.9
Government debt (% of GDP)	45.4	46.9	51.0	53.8	55.4	56.0
Primary balance (% of GDP) *	-7.5	-2.9	-5.2	-5.2	-3.5	-2.7

Source: World Bank.

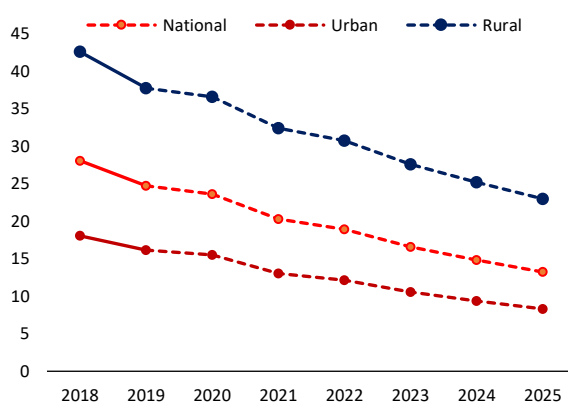
Note: f = forecast (baseline). * World Bank staff calculations.

Poverty reduction has continued, with the pace expected to accelerate in 2023. While rural extreme poverty following the national definition (US\$ 2.3/day per person in 2017 purchasing power parity (PPP)) has effectively been eliminated, about 19 percent of the population (267 million people) is estimated to have consumption levels below the World Bank's upper-middle-income poverty line of US\$ 6.85/day per person (2017 PPP) in 2022 (Figure 19A). This would imply that 19 million people were lifted out of poverty in 2022, compared with 47 million estimated for 2021 (Figure 19B). The overall outlook for the economy suggests that the pace is likely to accelerate in 2023, with 33 million people estimated to be lifted out of poverty, reaching a similar pace to the pre-COVID years. The urban poverty rate is expected to decline faster than the rural rate, but continued urbanization means that the share of the poor residing in urban areas is projected to continue to grow.

Figure 19. Poverty reduction will continue, likely at a faster pace than in 2022

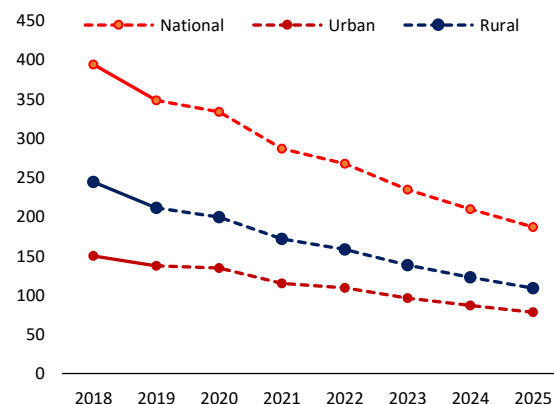
A. Poverty rate

(\$6.85 per person per day, percent)



B. Number of poor

(\$6.85 per person per day, millions of people)



Source: World Bank estimates using tabulated data from China's National Bureau of Statistics (NBS) and World Bank's GDP growth projections.

Note: Last grouped data available to calculate poverty is for 2019. Projections based on per capita GDP growth estimates, using a neutral distribution assumption with pass-through 0.85 to per capita household consumption.

Risks

Risks to the outlook are tilted to the downside. Sluggish income growth, lingering uncertainty about the recovery in the labor market, and high household precautionary saving could hold back consumer spending. Conversely, a faster job recovery could boost sentiment and contribute to higher consumption growth.

Although the property sector is showing signs of stabilization, structural issues have yet to be tackled and could weigh on the economic recovery. This is due to unaddressed vulnerabilities, including real estate developer balance sheet weaknesses and excess capacity in some property markets in lower-tier cities. In addition, prolonged weakness in home-buyer sentiment and in the labor market could weigh on housing demand.

Externally, risks are mainly to the downside and emanate from an uncertain global growth path, larger than expected tightening in financial conditions, and heightened geopolitical tensions. A materialization of such risks could increase policy uncertainty, disrupt trade, and hold back investment.

Policy implications: Pivot toward longer-term objectives

The economic recovery offers an important opportunity for policymakers to refocus their efforts on achieving China's longer-term development objectives. Structural reforms remain crucial to solidify the recovery and achieve the longer-term goals to (i) become a high-income country by 2035 through productivity-led and environmentally sustainable growth; (ii) peak carbon emissions before 2030 and become carbon-neutral by 2060; and (iii) share the gains from economic growth more equally among citizens.

To revive productivity growth, China will need to rely on innovation, technology adoption, and a more efficient allocation of resources. China has made investing in domestic innovation capacity a priority. To ensure that resources flow to the most productive sectors and firms deeper reforms to increase the role of markets, the private sector, and competition are needed. Weaker economic fundamentals during the pandemic and the tightening in anti-monopoly provisions in 2021 surprised markets and contributed to a deterioration in investor confidence. Ensuring greater regulatory predictability and transparency could help address market distortions without inhibiting investment. Likewise, critical SOE reforms, such as ensuring fair competition with private firms and facilitating the orderly exit of unprofitable SOEs would enhance the efficiency of capital allocation.

Rebalancing China's demand toward household consumption will be important to sustain a solid pace of economic growth. Historical drivers of growth—a high investment rate and strong exports—now contribute less to growth than in the past. For example, large infrastructure

stimulus supported growth during the pandemic, but the returns on investment are lower today compared to earlier downturns. Because traditional infrastructure is no longer a constraint to growth in China, it now takes more infrastructure investment to produce a unit of output compared to a decade ago (World Bank and DRC, 2019). To prepare for future downturns, policymakers could expand the coverage and benefit adequacy of China's social safety nets and ensure portability of benefits across provinces. This in turn would not only build automatic fiscal stabilizers that could be deployed during downturns but also lower precautionary saving (which rose substantially during the pandemic) and help rebalance the economy towards private consumption-driven growth.

To sustain robust growth beyond the short term, China will also need to address the high level of indebtedness in the economy which may be constraining investment. With the economy already on a recovering trajectory, this offers a good opportunity for policymakers to re-focus on reducing financial risks. Stronger institutions to manage insolvency, firm restructuring, and bankruptcy could facilitate the exit of unviable firms and the allocation of resources toward more dynamic and productive firms. In the property sector, deep-seated vulnerabilities including high leverage and excess capacity in some property markets remain unaddressed. Complementing short-term regulatory easing and liquidity support with more decisive efforts to develop a framework for dealing at scale with the debt overhang could help return the sector to more robust and sustainable growth while containing financial risks.

Achieving China's carbon neutrality goal by 2060 will require restructuring of the relatively carbon-intensive energy, industry, and transport sectors, cities, and land use patterns. This will require significant public and private investment—an additional US\$ 14-17 trillion (1.1 percent of GDP) from now until 2060 for green investments in the transport and electricity sectors (World Bank, 2022c). Decarbonization will also require the right incentives. Economy-wide use of carbon pricing, including through the Emissions Trading Scheme, will provide the correct incentives and price signals to businesses for green investments and innovation and to households to green their consumption patterns. The low-carbon transition of the power sector, the largest source of emissions, will need to come first to achieve the rapid decline in emissions necessary to meet the country's carbon goals. The rise in global energy prices in 2022 raised concerns over energy security in many countries. In China, this led to a sharp increase in approvals for new coal-fired power plants in 2022. China's National Energy Administration (NEA) guidance states that new coal power plants should only be permitted to support grid stability. Heightened scrutiny of the approval of new coal power plants and the implementation of the NEA's guidance will be critical to both meet climate targets and avoid inefficiency and future economic losses.

Finally, there are two key areas of reform to address the challenge of inequality in China: the hukou system and fiscal policy. The hukou system can be further liberalized to extend access to public services to migrant workers. On the fiscal revenue side, the authorities could increase the tax base and progressivity of the personal income tax and introduce a property tax. On the

expenditure side, spending could shift from infrastructure to social services to improve the quality of education and health in lagging regions and rural areas. The government could also strengthen the social safety net by increasing coverage and benefit levels. The next chapter of the report explores the scope for fiscal policy to help reduce inequality in more detail.

Table 2. Policy measures to support longer-term objectives

Area	Policy recommendations
Macroeconomic rebalancing	• Extending hukou liberalization in all urban areas • Strengthen social safety net by increasing coverage and benefits, while ensuring its sustainability through parametric changes such as increasing the retirement age • Establish a unified national social security system with portable pension and unemployment benefits for rural and urban residents • Further reforms to increase local government revenues, including implementing a property tax at an appropriate time • Increase the progressivity of the personal income tax • Reorient fiscal efforts toward social spending and safety nets to facilitate the rebalancing from investment to consumption • Abolish growth targets to reduce local government incentives for debt-financed infrastructure spending
Real Estate/Deleveraging	• Strengthen insolvency and debt resolution framework and institutions to facilitate the exit of unviable firms and reduce leverage • Broaden financing options for developers, including greater reliance on Real Estate Investment Trusts (REITs) • Strengthen rules to safeguard pre-sale funds to protect home buyers • Expand the range of financial assets available to households
Private sector	• Promote stable and predictable regulatory environment • Ensure level playing field between SOEs and non-SOEs through ensuring competitive neutrality, removing implicit guarantees, and fostering the orderly exit of unprofitable SOEs • Further liberalize trade in services and digital trade • Reduce the list of sectors restricted to foreign investment to those related to national security.
Green transition	• Market-focused reforms to energy markets and the ETS to provide the correct incentives and price signals • Structural reforms to mobilize markets to guide the allocation of capital, land, labor, and R&D investment to enable the economy to respond efficiently to changing price signals and regulations • Deepen integration of electricity markets to ensure efficient utilization of renewable generation assets • Decarbonize transport by pricing, regulatory measures, infrastructure investments, and technological innovation • Reduce subsidies for coal-intensive industries • Invest in the development of new technologies, including carbon capture and storage • Targeted fiscal support to people and communities would be needed to offset the expected negative and regressive welfare impact of the transition

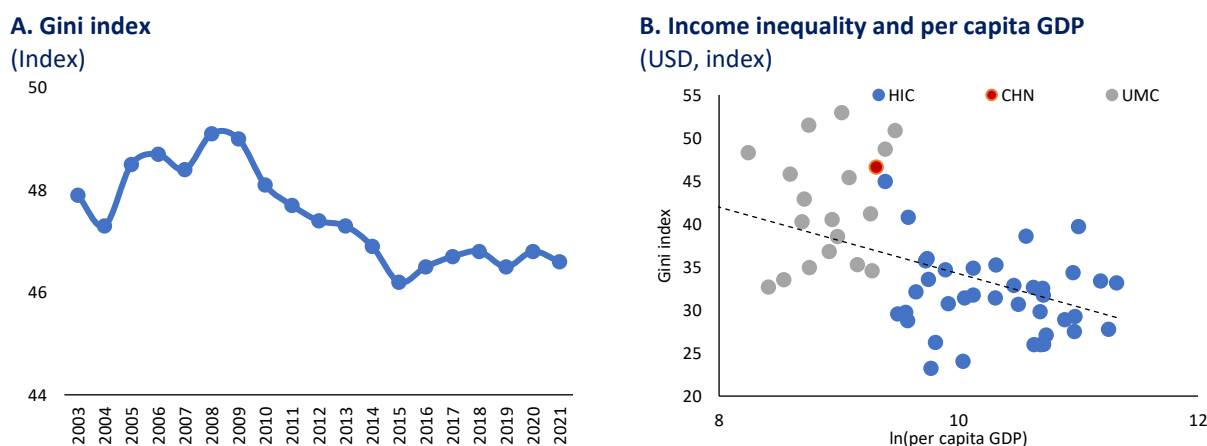
III. Fiscal Policy for Inclusive Growth

The challenge of inequality

China's impressive economic performance over the last four decades has resulted in unparalleled improvements in living standards and poverty reduction. The rapid transformation of the economy—from agriculture to labor-intensive manufacturing and services, as people moved from rural to urban areas and found better jobs—sustained strong growth over 40 years, raised average incomes, and lifted close to 800 million Chinese out of poverty (World Bank and DRC 2022). This transformation was supported by a multi-pronged strategy that included investments not only in physical capital but also in human capital by improving and expanding education and health services.

Since the 2000s, policymakers turned to place-based fiscal support, public investment targeting rural areas and lagging provinces, and social assistance transfers to address growing concerns over inequality even as poverty kept declining.⁴ Disparities between urban and rural areas and between Eastern and Western regions rose in the first two decades of China's economic transformation. In response, starting in the mid-2000s, public investments in lagging regions combined with a rise in the minimum wage, the end of agricultural taxes, and an increased role for social protection policies helped narrow the urban-rural and regional gaps (World Bank, 2020). Income inequality, as measured by the Gini coefficient reported by NBS, peaked in 2008, declined for several years, and has recently stabilized at a relatively high level (Figure 20A). Still, with a Gini coefficient at 46.6 in 2021 (latest available estimate) inequality remains high for China's level of development (Figure 20B).

Figure 20. Inequality in China remains relatively high compared to peers



⁴ See World Bank and DRC (2022) for a detailed analysis of policies that drove China's success in eliminating poverty and expanding economic opportunities.

Source: Panel A: NBS Household Survey Yearbook; Panel B: NBS, World Bank Poverty and Inequality Platform, and WDI; World Bank.

Note: Year corresponds to the latest year with information on Gini index (varies by country). Only countries that report income inequality (not expenditure) are included. HIC: High income country; CHN: China; UMIC – Upper-middle income country.

Reducing inequality remains an important priority as China pursues its longer-term development objectives. The economy will need to rebalance from an investment- and export-led model based on high-carbon industry and low-cost, labor-intensive manufacturing toward one led by domestic consumption, services, and increases in productivity (World Bank and DRC, 2019). A larger share of income for the bottom of the distribution could support that transition, as poorer households tend to spend a larger share of their marginal income. China’s green transition can also be facilitated through policies to ease labor mobility from high-carbon to low-carbon sectors, as well as measures to strengthen the social safety net to ensure that those adversely affected by the transition are not left behind (World Bank, 2022c). In addition, China’s population aging requires further investment in human capital potential to compensate for a shrinking labor force (World Bank and DRC, 2022). Closing gaps in access to quality public services will be key to ensuring equal economic opportunities and increased social mobility for future generations.

Recognizing the challenge of inequality, China’s government has made achieving “common prosperity” a priority. Policymakers continue to target sufficient economic growth that creates jobs and boosts household incomes. In addition, they also emphasize “the roles of taxation, social security, and transfer payments in regulating income distribution”.⁵

Against this backdrop, this focus chapter explores to what extent China’s fiscal system contributes to reducing inequality and whether there is space to do more. The research underpinning the chapter combines information from a nationally representative survey of Chinese households in 2018, the China Family Panel Survey (fifth wave), together with fiscal and administrative data for 2018 from the 2019 China Statistical Yearbook to conduct this analysis.⁶ The analysis covers a subset of the fiscal system, assessing taxes and social sector spending that accrue directly to households. Spending on infrastructure, for example, or corporate income taxes, which are more difficult to assign to households are not covered in the analysis. The following sections highlight some key findings and draw a few policy conclusions.

⁵ See, for example, Report to the 20th National Congress of the Communist Party of China (October 16, 2022) and Report on the Implementation of the 2022 Plan for National Economic and Social Development and on the 2023 Draft Plan for National Economic and Social Development (March 5, 2023).

⁶ China Family Panel Survey (CFPS) is a nationally representative biennial longitudinal survey conducted by the Institute of Social Science Survey (ISSS) of Peking University. The CFPS has a smaller sample size compared to the official survey conducted by NBS. The CFPS has been used in other empirical studies when micro data are not available (see, for example, Kanbur et al 2021).

Who benefits, and who pays?

How governments spend and collect revenues can have implications for inequality. When essential services such as education are provided free of cost to segments of the population who may otherwise be unable to send their children to schools, public resources are redistributed to close income gaps between the rich and the poor. The same effect is achieved when targeted cash assistance is provided to the poorest and the most vulnerable members of society. Conversely, there may be instances in which certain subsidies provided by the government accrue more to those who are already relatively rich, in which case the policy may end up widening gaps. Similarly, certain types of taxes that require the rich to pay more (relative to their income) can reduce inequality while, conversely, taxes that fall heavier on the poorer parts of the distribution, can contribute to widening gaps. Thus, how governments spend and raise their revenue directly influences the amount of redistribution the fiscal system achieves, which in turn influences inequality.

In China, households across the income distribution are beneficiaries of government social spending in absolute terms. Figure 21 shows the value of total benefits in renminbi accruing to households at different parts of the income distribution, starting from the poorest 10 percent (the bottom or 1st decile) to the richest 10 percent (the top or 10th decile). The analysis shows that the gross value of the total benefits is distributed roughly uniformly: households in all parts of the income distribution receive direct benefits from the government in some form and the value of these benefits is roughly similar for the richest and the poorest. The composition of the benefits is different, however. For instance, cash transfers and education benefits are more prominent for the poorest, whereas health and resident pension benefits are more prominent for households at the top end of the distribution.^{7, 8, 9}

As expected, richer households contribute more to the fiscal system than poorer ones in absolute terms. Households pay into the fiscal system in the form of PIT, VAT, and consumption taxes on their purchases and through their contributions into the employee or resident social security schemes. There are several reasons for this. First, the rich consume more than the poor

⁷ Note that the cash assistance includes transfers through the Dibao, Tekun, Temporary Relief, and Natural Disaster Relief programs. It potentially also includes other types of cash-like subsidies that are provided to households for agricultural purposes. The household survey identifies the total amount of cash transfers received without collecting information about the specific type of assistance received or how much was received through each of the different types of assistance.

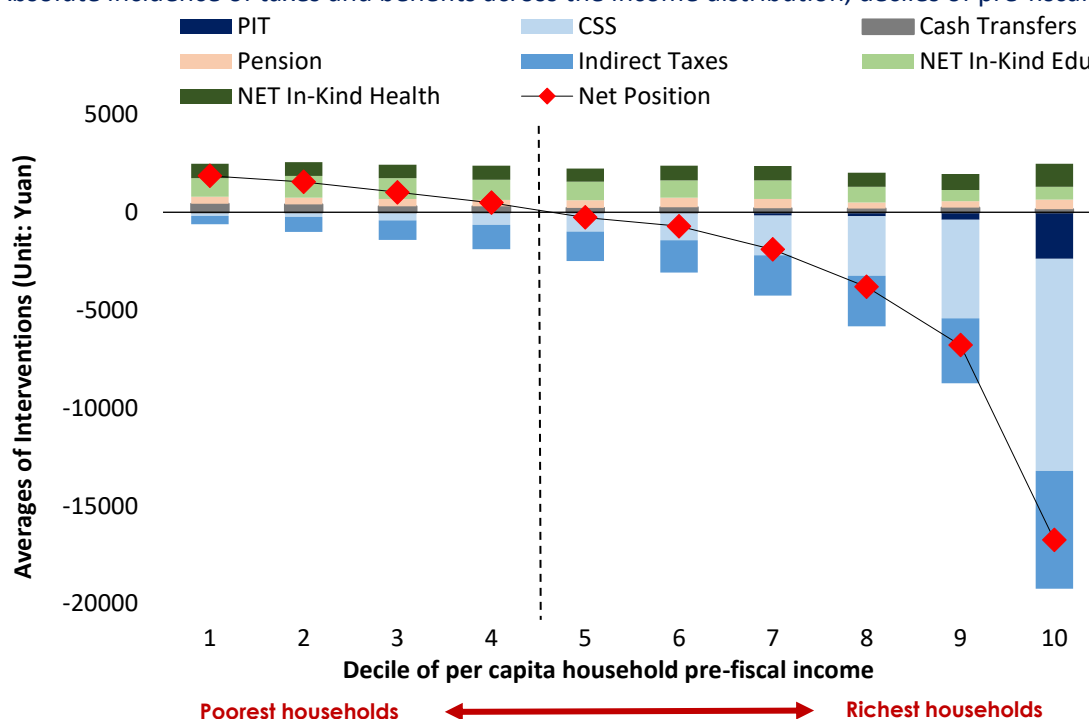
⁸ The value of households' in-kind education benefit is imputed based on administrative data of per-student government spending on different levels of education, differentiated by province, as published in the China Statistical Yearbook of 2019. The net benefits are obtained by subtracting user-fees and out-of-pocket spending incurred by households as reported in the CFPS. Net benefits for health are estimated based on survey-reported expenses and reimbursements for healthcare services.

⁹ The analysis excludes pensions received through the employee system because these contributory pensions are treated as deferred income as opposed to transfers from the government. Pensions received through the resident system, on the other hand, are non-contributory and treated as transfers in the analysis.

in monetary terms and, as such, the average per capita value of VAT and consumption taxes paid are also higher (Figure 21). Second, higher earners contribute more to the social security system, as these contributions (particularly the employee scheme) are indexed to earned income. Finally, the PIT accounts for a small share of payments into the fiscal system relative to that collected via indirect taxes and social security contributions and is concentrated mostly among households in the top decile.

Taken together, the fiscal system is progressive in absolute terms. The results imply that the net benefit position of households – that is the benefit received from the fiscal system net of any payments made into the fiscal system – is progressive. Poorer households receive a positive net benefit while the net benefit position becomes more and more negative higher up the income distribution. In fact, more than half of the population is a net payer into the fiscal system, while a little over 40 percent of the population is a net beneficiary of China’s fiscal system.

Figure 21. Two-fifths of the Chinese population is net beneficiary of the fiscal system
(Absolute incidence of taxes and benefits across the income distribution, deciles of pre-fiscal income)



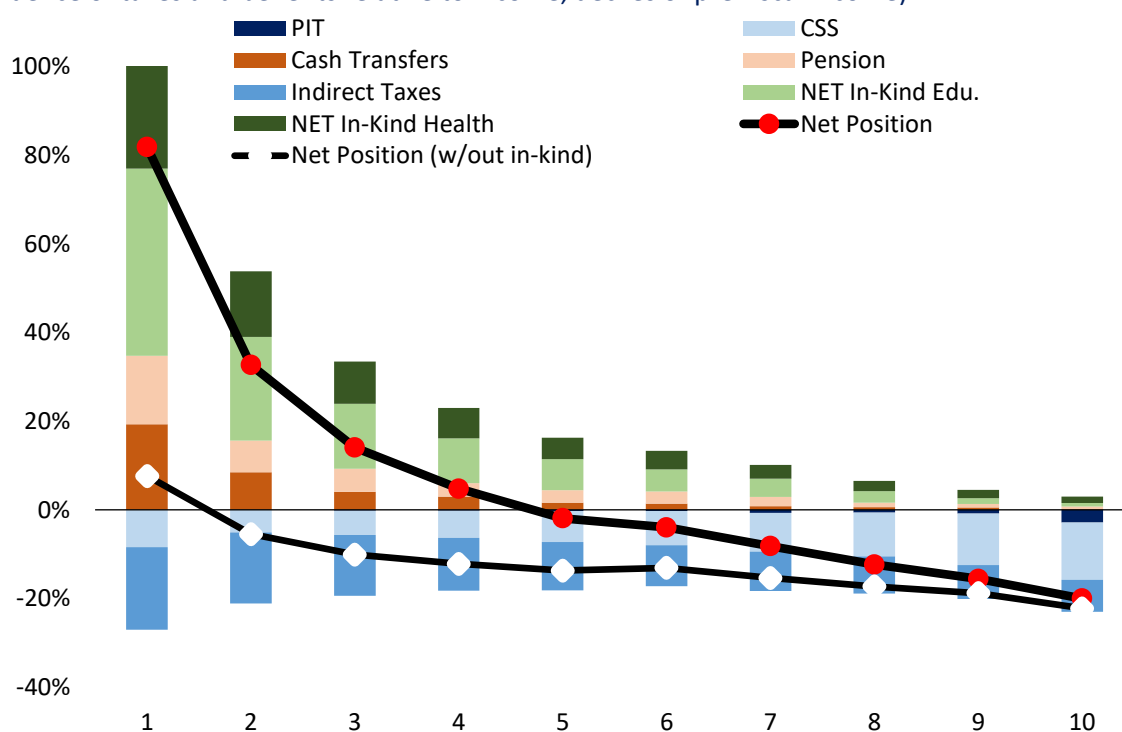
Source: Lugo et al. (forthcoming).

Note: (i) Analysis based on China Family Panel Survey (2018) and administrative and fiscal data from the China Statistical Yearbook 2019; (ii) PIT–personal income tax; CSS–contributions to social security; Indirect taxes include VAT and consumption tax; Pension includes pension received through the resident system, employee pensions are treated as deferred income; net in-kind education and health benefits are monetized values of benefits received through education and health systems less of any user fees and out-of-pocket expenses incurred to access these services.

The fiscal system is also progressive in relative terms, especially with respect to in-kind education and health benefits that favor the relatively poor.¹⁰ Instead of looking at currency values, Figure 22 shows taxes and benefits as a share of households' income before the fiscal system intervenes (the pre-fiscal income). Three observations are noteworthy. First, in gross terms, the overall value of the benefits received are worth quite a lot to households that receive them. For households in the poorest decile, for example, the total value of benefits received through the fiscal system is almost as large as their pre-fiscal income. Second, the value of the benefits declines as one moves up the income distribution, that is, the benefits account for a smaller share of pre-fiscal income as households become richer. Third, the progressivity of the fiscal system is driven for the most part by publicly provided education and health services.

Figure 22. The fiscal system is progressive but most of the progressivity comes from in-kind health and education benefits; on a purely cash basis, everyone outside of the bottom decile of the income distribution is a net payer

(Incidence of taxes and benefits relative to income, deciles of pre-fiscal income)



Source: Lugo et al. (forthcoming).

Note: (i) Analysis based on China Family Panel Survey (2018) and administrative and fiscal data from the China Statistical Yearbook 2019; (ii) PIT- personal income tax; CSS – contributions to social security; Indirect taxes include VAT and consumption tax; Pension includes pension received through the resident system, employee pensions are treated as deferred income; net in-kind education and health benefits are monetized values of benefits received through education and health systems less of any user fees and out-of-pocket expenses incurred to access these services.

¹⁰ In-kind benefits are received in non-cash forms. For example, a household that has a secondary school-aged child who goes to a public school without paying school fees benefits from the free provision of public education, but the monetary value of that benefit is not convertible into cash.

While benefits of the fiscal system disproportionately favor the relatively poor, the burden of taxes and contributions is heavier on the less well-off too. The share of pre-fiscal income that is paid in the form of indirect taxes is just as large – for some deciles larger – for poorer households than it is for richer ones. Furthermore, considering just the monetary components of the benefits (“Net position w/out in-kind” in Figure 22), only households in the bottom 10 percent of the income distribution are net beneficiaries. All other households pay more into the fiscal system than they receive as monetary benefits, and the net contributions as a proportion of pre-fiscal income are similar across deciles. In other words, not enough is being collected from those who can probably afford to pay and, in turn, quite a bit is being taken from those for whom these taxes and contributions may be burdensome. The net result is that for those at the bottom parts of the distribution, the generous benefits they receive through the fiscal system are, by and large, being negated through more than commensurate amounts that are collected from them through indirect taxes and contributions to the social security system.

A more progressive fiscal system for the future

Social spending and human capital investment already contribute significantly to reducing inequality, but the hard task of shifting China’s growth model, decarbonizing the economy, and dealing with population aging will require further investment in human capital. China has more than doubled its spending on education over the last 15 years, but at 3.6 percent of GDP in 2018 it was still lower than the average for the upper middle-income countries (UMICs) of 4.5 percent. Spending on health (1.7 percent of GDP) was similarly about half of the UMIC average of 3.4 percent.¹¹ Spending better would be just as important to close access and quality gaps across economic sectors and geographic regions. Expanding coverage of social assistance programs, controlling rising health care costs, addressing gaps that exist within the two-tiered social insurance system (for instance, by increasing the benefits of the resident pension system, particularly in rural areas), ensuring portability of social benefits, are all improvements that could lower the burden of out-of-pocket spending for the relatively less well-off (World Bank and DRC 2022).

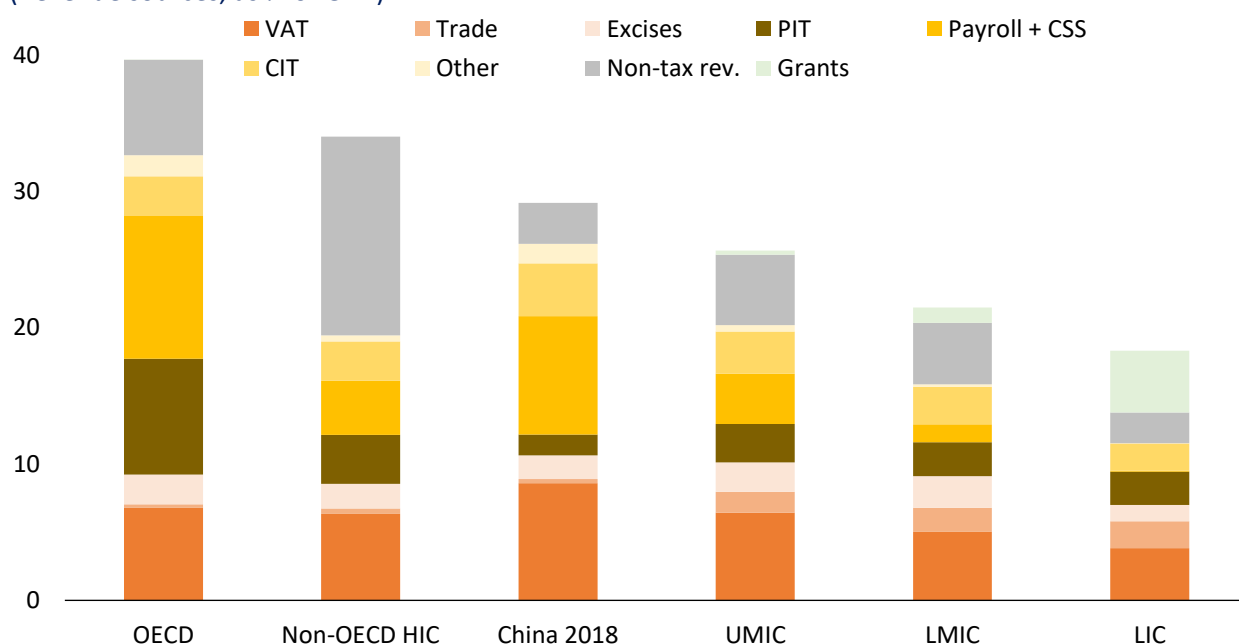
Turning to the revenue side of the budget, China’s domestic revenue mobilization level is higher than the upper-middle income country average, though still below the OECD average. As countries develop, their ability to collect revenue from domestic sources improves. The tax base broadens, greater numbers of workers and firms engage in formal economic activities and administrative capabilities of the state improve, making it easier to collect different types of taxes effectively and efficiently. Average revenue collection for low-income countries (LIC) is 18.3 percent of GDP. This increases to 21.5 for lower middle-income countries (LMICs), 25.6 percent

¹¹ China numbers are from the Finance Yearbook of China 2019 and averages of other country types are based on data from the International Center for Tax and Development.

for the UMICs, and 39.6 percent of GDP for OECD (Figure 23). At 29.1 percent of GDP, China's overall domestic revenue mobilization in 2018 was above the UMIC average.

However, China collects a greater share of revenues in indirect taxes compared to richer countries. China's heavy reliance on indirect taxes such as the VAT and its relative under-utilization of direct tax instruments such as the PIT, makes its revenue mix somewhat inconsistent with its level of development. As countries develop, their reliance on broad consumption-based indirect taxes declines. For example, VAT and excise taxes account for 34 percent of total revenue for LMICs, 33 percent for UMICs, and 23 percent in OECD countries. In China, indirect taxes accounted for 35 percent of total revenue in 2018. Richer countries also collect more in PIT. PIT accounts for 2.5 percent of GDP in LMICs, 2.8 percent in UMICs, and 8.5 percent of GDP in the OECD. As share of total revenue, PIT is 21 percent in the OECD. By comparison, only 5 percent of total revenues come from PIT in China.

Figure 23. Richer countries rely more on direct taxes such as PIT; reliance on indirect taxes such as VAT is higher among poorer countries
(Revenue sources, as % of GDP)



Source: International Centre for Tax and Development. Numbers for China are based on Finance Yearbook of China 2019.

Note: The figure shows the composition of government revenue as a percentage of GDP, aggregated by income group. OECD countries form a separate group. Data by revenue type are from 2020 when available or the most recent available year back to 2015. The sample includes 155 economies. CIT = corporate income tax; GDP = gross domestic product; HICs = high-income countries; LICs = low-income countries; LMICs = lower-middle-income countries; OECD = Organization for Economic Co-operation and Development; PIT = personal income tax; CSS = contribution to social security; UMICs = upper-middle-income countries; VAT = value added tax.

Indirect taxes are generally regressive, as the burden of these taxes falls disproportionately on the lower deciles of the income distribution. Indirect taxes are applied on the level of

consumption and, because poorer households spend a larger share of their income on consumption (compared to richer ones), indirect taxes paid account for a greater share of their incomes too.

In contrast, personal income taxes are progressive and have the potential to significantly enhance the progressivity of the entire fiscal system. China's PIT, despite a relatively progressive structure (comparable to OECD countries), has relatively wide income brackets and a large personal allowance. The personal allowance is twice the size of the average per capita income from wages and salaries and several times the average wage in many cities.¹² Hence, the tax base is small, given that most workers do not pay income tax at all, while those with slightly higher wages pay only little, given the low introductory tax rates and the wide salary bands. The top marginal tax rate of 30 percent applies only to those with about 5 times the average wage, affecting only a small minority of workers with very high incomes. This is reflected in the relative incidence of PIT. In China, the top 10 percent of the income distribution pays just 2.8 percent of pre-fiscal income in PIT in comparison to 8.1 percent in UMICs and 27.5 percent in the OECD.

In sum, there are opportunities on both the revenue and expenditure side of China's budget to make fiscal policies more progressive and help address inequality. The analysis presented here shows that the fiscal system delivers greater value to those who need the most support, but the progressivity of the overall package is eroded to some extent by the burden of indirect taxes which fall disproportionately on poorer households. Hence, the fiscal system could make a greater dent on inequality by collecting more from those who could afford to pay more and leave more money in the pockets of those who need it the most. This can be done by increasing the share of fiscal revenues collected through progressive taxes such as the PIT and property taxes. Property taxes also put resources directly in the hands of local governments who are responsible for 80 percent of public spending in China. On the expenditure side, China's fiscal system is already contributing significantly to reducing inequality, especially via in-kind health and education benefits. Further improvements could focus on closing the remaining gaps in access to high-quality public services (e.g., for migrant workers and rural residents). In addition, increasing the level of social benefits and ensuring that they are portable could help make China's green transition fair by assisting those most vulnerable to adverse weather and job losses related to climate change.

¹² IMF (2018). "The People's Republic of China. Technical Assistance Report: Tax Policy and Employment Creation" Washington, DC: International Monetary Fund

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