

REPORT ON THE IMPLEMENTATION OF CHINA'S FISCAL POLICY IN 2025

Overview

In 2025, in the face of profound and complex changes in both the domestic and international environment, all regions and departments, under the strong leadership of the Communist Party of China (CPC) Central Committee with Comrade Xi Jinping at its core, thoroughly implemented the guiding principles of the 20th CPC National Congress and the plenary sessions of the 20th CPC Central Committee. Acting in accordance with the decisions and arrangements of the CPC Central Committee and the State Council, we firmly applied the new development philosophy, promoted high-quality development, coordinated both domestic and international imperatives, and balanced development and security. More proactive and effective macro policies were implemented. Despite mounting pressures, China's economy continued to advance and improve, the main goals for economic and social development were successfully achieved, the 14th Five-Year Plan (2021-25) reached a successful conclusion, and solid new strides were made in advancing Chinese modernization.

Fiscal authorities at all levels adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and implemented the decisions and arrangements of the CPC Central Committee and the State Council in a thorough manner. A more proactive fiscal policy was effectively implemented with sustained and intensified efforts. Coordination with other policies was strengthened to provide solid support for achieving the annual targets and tasks for economic and social development.

First, we implemented a more proactive fiscal policy. We strengthened

the coordination of fiscal resources and maintained the intensity of fiscal expenditure, with general public budget expenditure reaching 28.74 trillion yuan for the year. A total of 1.3 trillion yuan in ultra-long-term special treasury bonds was issued to support the implementation of major national strategies and the security capacity in key areas, as well as the program for large-scale equipment upgrades and consumer goods trade-ins. Newly issued local government special-purpose bonds totaled 4.4 trillion yuan, supporting more than 48,000 projects. Special treasury bonds totaling 500 billion yuan were issued to replenish the core tier-one capital of large State-owned commercial banks. Interest subsidy policies were introduced and implemented for personal consumer loans and loans to business entities in the service sector. Pilot programs were launched to foster new consumption business models, formats and scenarios and to develop an international consumption environment, stimulating consumption from both the supply and demand sides. Policies on duty-free shops and departure tax refunds were adjusted and optimized to encourage and expand inbound consumption. A tax credit policy for overseas investors who reinvest distributed profits directly in China was introduced and implemented to further stabilize foreign trade and foreign investment.

Second, we made solid progress in promoting high-quality development. We implemented the strategy for building China into a scientific and technological powerhouse and fully ensured funding for major national science and technology projects and breakthroughs in key core technologies. The allocation, management and use of central government science and technology funds were improved to enhance the efficiency of sci-tech investment. Pilot programs for cities undertaking new-type technological transformation and for digital transformation of small and medium-sized enterprises were organized to promote the

transformation and upgrading of the manufacturing sector. The mechanism for safeguarding farmers' income from grain production was improved, and a cross-provincial horizontal compensation mechanism between major grain-producing areas and major grain-consuming areas was established in a coordinated manner. Policies such as subsidies for the protection of cultivated land fertility were implemented. Central government funds for supporting rural revitalization continued to be maintained at a stable level, facilitating the successful completion of the transition period for consolidating and expanding the achievements of poverty alleviation and effectively linking them with rural revitalization. We advanced people-centered new-type urbanization and guided local governments in accelerating the granting of urban residency to people who have moved from rural areas. Policies on taxation of goods for the special customs of the Hainan Free Trade Port were formulated and issued to ensure the launch of the island-wide special customs operation as scheduled.

Third, we continued to strengthen support for people's well-being.

The employment-first policy was further implemented to help enterprises stabilize and expand employment. We promoted the expansion and improvement of educational resources, gradually advanced free pre-school education, promoted high-quality and balanced development of compulsory education and diversified development of senior high schools, and improved the student financial aid system. Demonstration projects for the reform and high-quality development of public hospitals were implemented in an orderly manner. Government subsidies for basic public health services and for basic medical insurance for urban and rural residents were further increased. The minimum standard per month for basic pensions for urban and rural residents was raised, and nationwide pooling and adjustment of basic pension insurance continued to be

steadily advanced to ensure that pensions are paid in full and on time. A childcare subsidy system was established, and inclusive elderly care services were vigorously developed. Subsidy standards for entitled groups and others receiving preferential treatment were further raised. Central government disaster relief funds were promptly allocated for natural disasters. The public cultural service system was improved. Greater efforts were made to advance ecological protection and restoration, steadily promote carbon peaking and carbon neutrality, and continuously improve the quality of the ecological environment.

Fourth, we effectively prevented and defused risks in key areas.

Government debt management was strengthened by coordinating central and local government debt, domestic and external debt, as well as debt issuance and management, so to establish a new framework for government debt management. A package of policies for defusing debt risks was earnestly implemented, with early utilization of debt resolution quotas and multiple measures adopted to reduce existing hidden debt. A high-pressure stance was maintained to resolutely curb the emergence of new hidden debt. The reform and transformation of local government financing platforms were accelerated. We ensured that more fiscal resources were directed to lower-level governments, improved institutional arrangements, and strengthened funding guarantees for the “three priorities” — people’s basic well-being, payment of salaries, and the normal functioning of government at the grassroots level. Coordinated efforts were made to advance reform and risk mitigation of small and medium-sized financial institutions. Local government special-purpose bonds were issued to support land reserves and the acquisition of unsold commercial housing for use as government-subsidized housing.

Fifth, we deepened reforms in fiscal management. We continued to advance comprehensive reform of the fiscal and taxation systems,

improved the budget system, deepened zero-based budget reform, promoted the development of a system of expenditure standards, and strengthened performance-based budget management. The tax system was improved by promoting the issuing of implementation regulations for the Value-Added Tax (VAT) Law and refining policies on VAT credit refunds. The fiscal framework was optimized by improving the transfer payment system, implementing incentive and constraint mechanisms for transfer payments that promote high-quality development, and deepening reform of the fiscal system below the provincial level. We upheld the principle that Party and government institutions must practice strict budget austerity, launched pilot programs for scientific fiscal management, strengthened fiscal and accounting supervision, and enhanced the overall effectiveness of fiscal governance.

I. Fiscal operations remained stable and orderly, with sound budget execution

In 2025, China's economy maintained steady progress, and overall fiscal operations remained stable and orderly. Finance departments at all levels strengthened the coordination of fiscal resources, maintained a necessary level of expenditure, and ensured robust funding for key sectors.

1. National general public budget revenue reached 21.6 trillion yuan, with tax revenue registering growth.

In 2025, national general public budget revenue totaled 21.6 trillion yuan, representing a 1.7 percent decrease from 2024. Among this total, tax revenue grew by 0.8 percent and showed an overall trend of steady recovery throughout the year. Non-tax revenue declined by 11.3 percent, mainly due to the high base in 2024 when central government entities made one-off payments of special proceeds. By tax category, domestic VAT increased by 3.4 percent and maintained stable growth throughout

the year. Domestic consumption tax rose by 2 percent, mainly driven by increases in tobacco and refined oil consumption taxes. Corporate income tax increased by 1 percent, largely driven by growth in corporate income tax from manufacturing enterprises. By sector, tax revenues from industries such as equipment manufacturing and modern services performed well. Tax revenue from computer and communication equipment manufacturing increased by 13.5 percent, from electrical machinery and equipment manufacturing by 8 percent, from scientific research and technical services by 14.3 percent, and from cultural, sports, and entertainment industries by 7.5 percent.

In 2025, revenue of the central government's general public budget totaled 9.4 trillion yuan, down 6.5 percent from 2024. General public budget revenue at the local level reached 12.2 trillion yuan, up 2.4 percent from 2024. The growth rate was 0.8 percentage points higher than that in the first half of the year and 0.6 percentage points higher than that in the first three quarters. Among the 31 provincial-level regions, except for a few regions where revenue declined due to falling prices of bulk commodities such as coal, 27 regions recorded year-on-year growth in fiscal revenue for the year.

2. General public budget expenditure maintained the necessary intensity, with strong support for key sectors.

In 2025, national general public budget expenditure reached 28.7 trillion yuan, an increase of 1 percent. Among this total, central government expenditure under the general public budget amounted to 4.3 trillion yuan, up 5.7 percent, while local government expenditure totaled 24.4 trillion yuan, up 0.2 percent.

The expenditure structure continued to be optimized, with stronger funding support for key sectors. Expenditure on social security and employment reached 4,441.6 billion yuan, up 6.7 percent; expenditure on

education amounted to 4,341.7 billion yuan, up 3.2 percent; expenditure on health care totaled 2,144.6 billion yuan, up 5.7 percent; and expenditure on science and technology reached 1,206.2 billion yuan, up 4.8 percent.

3. The requirement for Party and government institutions to practice budgetary austerity was strictly implemented, and the efficiency of fiscal fund utilization continued to improve.

We upheld the principle that Party and government institutions must get accustomed to practicing budgetary austerity, putting forward stricter and more operational measures for implementing this requirement. After excluding expenditures on key sectors such as science and technology and education, central government department expenditures in 2025 remained basically unchanged.

General expenditures were strictly controlled. Spending on meetings, training, business travel, office operations, and entrusted services under project expenditures was reduced by 5 percent. The budgets for official overseas trips, official vehicles, and official receptions (the “three public expenses”) of central government departments were tightened, representing a 5 percent decrease from the 2024 budget.

As the budget was being made, additional budget allocations and adjustments were strictly controlled, and practices such as rush spending toward the end of the year were prevented. The implementation of the tight-budget requirement by central government departments was evaluated quarterly, with evaluation results linked to budget arrangements for 2026.

Regular supervision of budget execution was carried out on an ongoing basis to promptly identify problems and promote rectification. Budget performance management was strengthened, with greater application of performance evaluation results, thereby improving the scientific basis of

budget arrangements and enhancing the efficiency of fiscal fund utilization.

II. We coordinated efforts to boost consumption and expand investment to further open up new space for high-quality development

We earnestly implemented the strategy of expanding domestic demand, worked toward improving living standards while increasing consumer spending, and made investments in both physical assets and human capital. Through a mix of fiscal policy measures, we advanced coordinated efforts on both the supply and demand sides to promote the virtuous interaction between consumption and investment, thereby enhancing the endogenous momentum and reliability of the domestic circulation.

1. We adopted multiple measures to stimulate consumption.

First, we intensified and expanded the consumer goods trade-in programs. We allocated four groups of ultra-long-term special treasury bond funds, totaling 300 billion yuan, to support consumer goods trade-ins. In addition to subsidies for automobile scrapping and replacement and trade-ins of household appliances, we also provided subsidies for new purchases of digital products such as mobile phones, thereby unleashing the potential of consumption and promoting the transformation and upgrading of related industries. Statistics show that sales of consumer goods related to the trade-in programs surpassed 2.6 trillion yuan in 2025, benefiting over 360 million people. The sales of relevant goods continued to increase, with the retail sales of passenger vehicles rising by 3.8 percent and the retail sales of household appliances and communication equipment by enterprises above the designated size increasing by 11 percent and 20.9 percent respectively.

Second, we implemented innovative interest subsidy programs for consumption loans. In collaboration with related departments, two interest subsidy policies were formulated for personal consumption loans and loans to business entities in the consumer service sector. These policies were designed to strengthen fiscal and financial coordination and channel more credit funds to the consumption sector, so as to reduce financing costs for residents and business entities. On one hand, eligible personal consumption loans were granted an interest subsidy of 1 percentage point. The policy covered small daily consumption expenditures, large spending on automobiles, house renovations, furniture, household appliances, and mobile phones and computers, as well as service consumption in tourism, elderly care, education and training. By the end of 2025, the outstanding balance of personal consumption loans handled by 23 designated financial institutions reached nearly 6 trillion yuan, an increase of over 500 billion yuan from 2024, representing a 10.2-percent increase. On the other hand, we focused on eight major consumption areas, namely catering and accommodation, healthcare, elderly care, childcare, housekeeping, culture and entertainment, tourism and sports, and provided 1-percentage-point interest subsidies on loans for eligible business entities in these areas, thereby reducing their financing costs and enhancing the quality of consumer services. By the end of 2025, related lenders had issued more than 2 trillion yuan of loans to over 1.4 million business entities in the consumer service sector. This helped them improve consumption infrastructure and enhance service supply capacity, so as to meet the people's increasing needs for high-quality services.

Third, we supported pilot programs for new consumption trends, models and scenarios, as well as the development of international consumption environment. Fifty pilot cities were selected through

competitive reviews, to which the central government allocated an initial 8.6 billion yuan to develop a range of new consumption scenarios that were far-reaching and eye-catching and to foster new momentum for consumption. Pilot programs for improving the international consumption environment were also launched in 15 cities selected through competitive reviews, where an initial 1 billion yuan was allocated by the central government to focus on enriching the supply of high-quality consumer goods and services and improving facilitation services such as payment and language services, so as to create a more convenient and comfortable consumption environment.

Fourth, we made efforts to unleash the consumption potential in both urban and rural areas. In 2025, the central government allocated 7.279 billion yuan in service industry development funds to support 27 provincial-level regions, including Hebei and Shanxi provinces, in implementing county-level commercial system development initiatives, accelerating efforts to shore up weak links in county-level commercial facilities and services. Meanwhile, the program for the second group of pilot cities for developing modern commercial circulation systems was launched. Through competitive reviews, 20 pilot cities were selected to improve urban-rural circulation networks, thereby facilitating consumption circulation.

Fifth, we supported the expansion of inbound consumption. Policies on departure tax refunds were optimized by lowering the minimum purchase threshold for tax refunds from 500 yuan to 200 yuan for overseas travelers at the same store on the same day, and raising the cap for cash tax refunds from 10,000 yuan to 20,000 yuan, better meeting overseas travelers' needs for tax refunds upon departure. We improved the policies on duty-free shops, optimized administration of tax refund and exemption policies for domestic goods, actively supported duty-free

shops at exit ports and downtown duty-free shops in selling domestically-made goods, and further expanded the categories of commodities sold at duty-free shops, to enrich shopping options for travelers.

2. We drove the expansion of effective investment.

First, we gave full play to the guiding role of government investment.

In 2025, the newly added quota of local government special-purpose bonds reached 4.4 trillion yuan, an increase of 500 billion yuan from 2024. The bonds were mainly used to support over 48,000 projects in transport infrastructure, affordable housing, urban renewal, social programs, agriculture, forestry, water conservancy, environmental protection and infrastructure for forward-looking and strategic emerging industries. Over 300 billion yuan of the bonds were used as capital for projects, helping expand effective investment. A total of 735 billion yuan of the central government budgetary investment was allocated, an increase of 35 billion yuan from 2024, mainly supporting projects in modern industrial systems and infrastructure systems, new-type urbanization and all-around rural revitalization, and coordinated regional development, as well as opening-up, green development, and public welfare, thereby promoting physical progress of projects at the local level. A total of 500 billion yuan from unused local government debt quotas was allocated to supplement local fiscal capacity and support major economic provinces in expanding effective investment. We made efforts to ensure the issuance of ultra-long-term special treasury bonds in 2025, in order to effectively support the implementation of major national strategies and the building of security capacity in key areas, as well as large-scale equipment upgrades and consumer goods trade-in programs. The annual government bond issuance tasks were successfully completed. Part of the newly added local government debt quotas for 2026 was

allocated in advance to ensure funding for major projects in key sectors in the first quarter of 2026 and to supplement government-managed fund resources, further consolidating and expanding the momentum for economic recovery and growth.

Second, we supported the financial and insurance sectors in better serving the high-quality development of the real economy. A total of 500 billion yuan of special treasury bonds were issued to support the Bank of China, China Construction Bank, Bank of Communications and Postal Savings Bank of China to replenish core tier-one capital. As a result, the core tier-one capital adequacy ratios of the four banks increased by approximately 0.5 to 1.4 percentage points, significantly enhancing their operational resilience, credit supply and risk absorption capabilities. We rolled out the *Circular on Guiding Insurance Funds to Make Long-Term and Sound Investments and Further Improving the Long-Cycle Performance Evaluation of State-owned Commercial Insurance Companies*, adjusting the performance evaluation indicators of return on equity and the preservation and appreciation of state-owned capital to a combined assessment approach consisting of current-year indicators plus three-year cycle indicators plus five-year cycle indicators, thereby encouraging state-owned commercial insurance companies to strengthen investment management capabilities.

3. We made every effort to stabilize foreign trade and foreign investment

First, we effectively utilized tariffs as a regulatory tool. The tariff adjustment plan for 2025 was implemented, applying provisional import tariff rates lower than the most-favored-nation rates to 935 commodities. Import tariffs on items such as cyclic olefin copolymer, ethylene-vinyl alcohol copolymer and automatic transmissions for special-purpose vehicles such as fire engines and rescue vehicles were reduced to support

technological innovation and the development of the manufacturing industry. Import tariffs on items including sodium zirconium cyclosilicate, viral vectors for CAR-T cancer therapy and wrought nickel-titanium shape memory alloys for surgical implants were reduced to safeguard and improve people's livelihoods while pursuing development. Import tariffs on ethane and certain recycled copper and aluminum raw materials were also reduced to promote green and low-carbon development. New national tariff subheadings were added for products such as pure electric passenger vehicles, canned king oyster mushrooms, spodumene, and ethane to support industrial development and technological progress.

Second, we responded promptly and effectively to external shocks.

In response to additional tariffs imposed by the United States, we resolutely adopted counter-tariff measures to safeguard China's legitimate rights and interests. We actively participated in and supported China-US economic and trade consultations, conscientiously implementing and upholding consultation outcomes and promoting substantial tariff reductions and the extension of tariff suspension arrangements. These efforts effectively boosted market expectations and confidence in both countries and globally, injecting greater stability and certainty into the global economy.

Third, we advanced the development of the Hainan Free Trade Port.

Policies were introduced regarding taxation on goods entering and leaving the "first line" and "second line" of the Hainan Free Trade Port and circulating within the island, along with a catalog of imported taxable goods, basically establishing the "zero-tariff" institutional framework of the FTP and ensuring the launch of islandwide special customs operations as scheduled. Policies on duty-free shopping for travelers departing Hainan were further optimized by expanding the scope of eligible shoppers, increasing categories of duty-free goods and allowing premium

home-grown products to be sold in duty-free stores. These efforts facilitated shopping for residents on the island and better met travelers' diverse consumption needs.

Fourth, we expanded the high-standard free trade zone network. By the end of 2025, China had signed and implemented 24 free trade agreements and preferential trade arrangements with 34 trading partners, and signed an early outcome arrangement for the agreement on economic partnership for shared development with the Republic of Congo. Tariff reductions were mutually implemented with free trade partners to expand foreign trade and enhance the stability of industrial and supply chains.

Fifth, we made greater efforts to stabilize foreign investment. We implemented a tax credit policy for overseas investors who reinvest distributed profits directly in China. To further stabilize foreign investment, foreign investors who made new effective investments during 2025–2028 with profits received from domestic enterprises will be eligible for a tax credit equivalent to 10 percent of the reinvested amount (or a lower rate if specified by an applicable tax treaty). The pilot policy on stamp duty for offshore trade was extended, with the pilot scope expanded from the Lin-gang Special Area of the China (Shanghai) Free Trade Zone to seven other free trade zones, like the Suzhou Area of the China (Jiangsu) Free Trade Zone and the China (Zhejiang) Free Trade Zone, to support the development of offshore trade. We introduced standards and implementation policies for government procurement of domestic products to better ensure that foreign-funded enterprises are treated on an equal footing with domestic ones when they participate in government procurement.

III. We supported the deep integration of scientific and technological innovation and industrial innovation to accelerate the cultivation and

growth of new drivers of economic development

We further advanced the innovation-driven development strategy and continued to place a high priority on science and technology. A wide variety of policy tools were employed to promote the integrated growth of sci-tech and industrial innovation and to foster new quality productive forces.

1. We further advanced the building of a nation strong in sci-tech and promoted self-reliance and self-improvement in this area at higher levels.

First, we continued to increase investment in basic research. In 2025, national general public budget expenditure on sci-tech reached 1,206.2 billion yuan, representing a year-on-year increase of 4.8 percent. We strengthened the overall coordination of fiscal resources, optimized the structure of sci-tech investment, and placed greater emphasis on enhancing original innovation capabilities. In 2025, the central government's spending on basic research increased by 9.6 percent compared with 2024. Preferential tax policies and other incentives were implemented to encourage society-wide investment in basic research.

Second, major national sci-tech projects were carried out in an orderly manner. We supported the forward-looking deployment of major national sci-tech projects to secure leadership in frontier fields. We provided strong support to push forward major national sci-tech initiatives, leading to significant achievements in key areas such as quantum communication, artificial intelligence, and brain science.

Third, we further strengthened the national strategic sci-tech capabilities. We actively provided support for the construction and development of national laboratories and key national laboratories. Stable funding was ensured for the basic operations, independent research, and research infrastructure development of central-level scientific institutions.

Leading enterprises were encouraged to take the lead in establishing innovation alliances to undertake national research tasks. Comprehensive support was provided for universities, research institutes, and enterprises to cultivate, attract, and effectively utilize sci-tech talent.

Fourth, we made new progress in building regional sci-tech innovation systems. We strengthened the coordination between central and local governments. A total of 6 billion yuan in central government funds was allocated to guide sci-tech development at the local level, fueling increased local investment and enhancing regional innovation capacity. Distinctive regional innovation hubs flourished, with Beijing, Shanghai, and the Guangdong-Hong Kong-Macao Greater Bay Area playing a leading and model role among the international sci-tech innovation centers. In 2025, the Shenzhen–Hong Kong–Guangzhou cluster, Beijing, and the Shanghai–Suzhou cluster ranked 1st, 4th and 6th, respectively, among the world’s top 100 innovation clusters.

Fifth, we steadily advanced science popularization and international cooperation in sci-tech. We supported the China Association for Science and Technology to bring more science to the public, with both scientific outreach and engagement reaching record highs. We supported the nation in taking the lead in organizing and participating in major international science programs and large-scale scientific projects, while accelerating the development of an open innovation ecosystem with global competitiveness.

2. We guided industrial transformation and upgrading and accelerated the development of a modern industrial system.

First, we constantly promoted the high-quality development of small and medium-sized enterprises (SMEs). In collaboration with relevant departments and organizations, we introduced the third batch of pilot cities for SME digital transformation to accelerate their digitalization

process.

Second, we effectively leveraged the role of government investment funds. We mobilized social capital to prioritize investment in areas such as new materials, next-generation information technology, and artificial intelligence through funds including the National Manufacturing Transformation and Upgrading Fund, the Advanced Manufacturing Industry Investment Fund, and the National SME Development Fund. We increased support for fields with bottleneck problems and fostered the growth of long-term and patient capital to support the development of relevant industries. We advanced the establishment of the second phase of the National SME Development Fund, completed the registration of the National Venture Capital Guidance Fund Co., Ltd., and strengthened early-stage, small-scale, long-term, and hard tech investment to support the development of strategic emerging industries and future industries.

Third, we guided the transformation and upgrading of traditional manufacturing industries. We implemented the second batch of pilot programs for technological upgrading in manufacturing cities. The central government allocated 3.9 billion yuan to support digital, intelligent, and green technological transformation of 26 cities, which were accepted into the pilot program through a competitive selection. With the guidance of central fiscal funds, enterprises became more proactive in upgrading, and their lack of motivation and fear of risks were alleviated. Investment for the two batches of pilot cities to upgrade industrial technology registered an average growth rate of 6.84 percent in 2025.

3. We implemented policies to benefit and support enterprises, further unleashing their vitality for innovation.

First, we made coordinated use of policy tools such as tax incentives. Together with relevant departments, we continued to implement policies such as the 15-percent preferential corporate income tax rate for high-tech

enterprises, additional tax deductions for enterprise R&D expenses, accelerated depreciation of fixed assets, one-off deduction for equipment and instruments, and incentives for basic research to encourage enterprises to increase their R&D investment. We also implemented insurance compensation policies for the first set of major technical equipment and the first batch of new materials, further stimulating enterprise innovation.

Second, we implemented a special guarantee program for sci-tech innovation. We guided the National Financing Guarantee Fund and local institutions to implement the program, increasing risk-sharing and compensation for SMEs engaged in sci-tech innovation. This effectively lowered financing thresholds and costs, enabling over 40,000 innovative and technology SMEs to obtain more than 170 billion yuan in bank loans.

Third, we leveraged the role of government procurement policies. We guided regions such as Beijing, Zhejiang, Anhui, and Hebei, as well as central government departments including the China Meteorological Administration and the Ministry of Emergency Management, to actively carry out cooperative procurement for innovation products, forming the first batch of eight exemplary cases. These efforts advanced both the R&D and application of innovative products. We promoted policies supporting government procurement for green building materials in 101 cities to enhance construction quality. Policies to increase the proportion of procurement projects reserved for SMEs were transitioned from temporary to long-term status, with SMEs accounting for over 70 percent of total contract value in government procurement.

IV. We advanced urban-rural integration and regional coordination, achieving new progress in balanced development

We fully leveraged the public finance to consolidate the foundation of

food security, implemented the rural revitalization strategy across the board, steadily advanced new-type urbanization, and carried out the nation's major regional development strategies. We focused on addressing unbalanced and inadequate development and promoted coordinated urban-rural and regional development.

1. We kept improving the capacity to ensure the supply of grain and other important agricultural products.

First, we made efforts to enhance the comprehensive production capacity of grain and cooking oil. Focusing on increasing yields and boosting production, we supported the implementation of green, high-yield, and high-efficiency initiatives for key grain and oil crops, as well as yield improvement programs for large-scale producers. A subsidy policy for intercropping soybeans and corn in strips was implemented and integrated projects for the R&D and application of major crop varieties were promoted. A total of 20.8 billion yuan was allocated for agricultural machinery purchase and application subsidies, with a priority on the promotion and application of machinery needed for the production of key agricultural products such as grain. A comprehensive mechanization rate of 76.7 percent in crop cultivation, planting, and harvesting was achieved as a result. We also supported breakthroughs in core technologies related to key crop varieties, as well as for germplasm resource protection and production performance testing, achieving full coverage in the protection of agricultural germplasm resources.

Second, we stepped up the protection of farmland and improved its quality. The central government allocated 121.485 billion yuan to steadily implement the subsidy policy for farmland fertility protection, effectively boosting and safeguarding farmers' enthusiasm to grow grain. Through the funds for farmland development and utilization, ultra-long-term special treasury bonds, and other channels, the central

government also allocated 176.6 billion yuan for high-standard farmland development, supporting the construction of 5.0453 million hectares of high-standard farmland nationwide. We carried out programs on conservation and utilization of black soil in the typical contiguous black soil areas of Northeast China and supported crop rotation and fallowing, so as to promote the sustainable use of cultivated land resources.

Third, we intensified support for agricultural disaster prevention, mitigation and relief. The central government allocated 14.647 billion yuan for agricultural disaster prevention, mitigation and water conservancy disaster relief, including 7 billion yuan in animal epidemic prevention subsidies. This supported local governments in effectively responding to floods, droughts, and major crop diseases and pests, helping ensure a bumper grain harvest. We actively supported the development of meteorology and consolidated the foundations for meteorological services for agriculture. We coordinated the revision of the national compensation measures for the operation of flood storage and detention areas, established a pre-allocation system, ensured that affected residents in these areas received compensation promptly, and accelerated the restoration of normal production and living conditions for impacted communities.

Fourth, we supported the improvement of the agricultural management system. We actively promoted the development of commercialized rural services through supporting eligible rural collective economic organizations, specialized farmers' cooperatives, specialized households for agricultural services, enterprises engaged in agricultural production services, and supply and marketing cooperatives in providing commercialized rural services. The aim is to integrate small-scale farming into the track of modern agricultural development. Furthermore, we implemented an incentive and subsidy policy for agricultural credit

guarantee business to provide efficient and convenient credit guarantee services for new types of agricultural business entities.

Fifth, we promoted the establishment of a comprehensive policy system for benefiting major grain-producing areas, integrating both vertical and horizontal compensation mechanisms. We launched an inter-provincial horizontal benefit compensation scheme between grain-producing and grain-consuming regions under the overall coordination of the central government, completed the transfer and allocation of compensation funds for the first year in a timely manner, and took concrete steps to secure compensation for major grain-producing areas. We continued to implement the reward policy for major grain-producing counties, ensuring that local governments gained tangible benefits and achieved stable development by prioritizing agriculture and grain production. We launched projects to improve the quality and efficiency of grain circulation, and enhanced the production capacity of major grain-producing areas.

Sixth, we promoted the coverage expansion and efficiency improvement of agricultural insurance. Adhering to the principles of high security, broad coverage and diversified services, we continued to support the development of insurance for important agricultural products such as wheat, rice and corn (three staple grains), together with soybeans. The policy was to provide incentives and subsidies for insurance on locally superior and distinctive agricultural products. We guided local authorities and underwriting institutions to strengthen fine management, and improve the quality and efficiency of services such as underwriting, claims settlement, damage assessment, and loss evaluation. Following disasters such as the earthquake in Dingri County in Xizang Autonomous Region and Typhoon Ragasa, the agricultural insurance policy played an important role in mitigating farmers' disaster-related losses. In 2025, we

allocated 51.7 billion yuan for agricultural insurance premium subsidies, supporting a national agricultural insurance premium volume exceeding 155 billion yuan. It provided over 5 trillion yuan in risk coverage for 125 million insured farming households and paid more than 120 billion yuan in compensation.

With the strong support of the aforementioned policy measures, China secured another bumper grain harvest in 2025. The total annual grain output reached 714.9 million tons, setting new historical records for both total output and per unit yield.

2. We promoted the effective alignment of consolidating and expanding the achievements of poverty alleviation with rural revitalization.

First, we strengthened funding guarantees. We maintained the overall stability of key assistance policies during the five-year transition period, and secured funding through multiple channels. In 2025, we allocated 177 billion yuan in central fiscal subsidy funds to facilitate the transition to rural revitalization, ensuring a sustained financial commitment exclusively for consolidating poverty alleviation achievements. During the 14th Five-Year Plan period (2021-25), cumulative central fiscal investment exceeded 850 billion yuan, an increase of 320 billion yuan compared to the 13th Five-Year Plan period (2016-20), representing a growth of 60 percent.

Second, we focused on stimulating endogenous motivation. We gave active play to the role of subsidy funds to promote the transition and advancement of rural revitalization, with priorities given to the development of competitive and distinctive industries in rural areas, so as to foster new growth points for the rural economy and encourage newly poverty-free areas to consolidate their progress through greater self-reliance. We improved mechanisms to link farmers with industries,

bring them tangible benefits, and increase their incomes. Through these efforts, we ensured that farmers have stable jobs and earnings, made rural areas more attractive to talents so that they would stay, and secured sustainable development after poverty alleviation.

Third, we took comprehensive measures to create synergy. We kept funding channels stable for key areas like education, medical care and social assistance, supported the consolidation of poverty-alleviation gains, including the “Three Guarantees” (compulsory education, basic medical services and safe housing) and rural drinking water safety, and strengthened the basic living security network. We continued to support improvement of infrastructure and public services in areas that have been lifted out of poverty, and narrow regional development gaps. We mobilized hundreds of thousands of government-funded units nationwide to reserve no less than 10 percent of their annual food procurement quotas for their canteens to purchase agricultural and sideline products from areas that have shaken off poverty. Over the year, 412,000 products from 14,000 suppliers in 832 counties that have been lifted out of poverty across the country were sold through the online sales platform, with the total procurement volume of budget units at all levels reaching 11.054 billion yuan.

3. Agricultural and rural development progressed steadily.

First, we supported the growth of rural industries with local features.

We made solid efforts to promote local and special products in rural areas, supported the establishment of 50 new modern agricultural industrial parks, 40 clusters of competitive and distinctive industries, and 198 towns specializing in agricultural sectors, and provided guidance to foster modern rural industries.

Second, we effectively protected agricultural ecological resources.

Adhering to the green development philosophy, we supported the

scientific use and recycling of plastic mulch films and the comprehensive utilization of crop straw, thereby promoting the recycling of agricultural waste. We supported relevant regions in effectively implementing grazing prohibition subsidies and grass-livestock balance incentive policies, and advancing in a coordinated manner the ecological protection of grasslands, the improvement of herdsman's livelihoods, and the modernization and sustainable development of grassland animal husbandry.

Third, we further strengthened water conservancy infrastructure development. With a focus on high-quality development in the water conservancy sector for the new era, we supported flood and drought prevention, the intensive and economical use of water resources, and water resource protection and restoration. We effectively ensured the safety of rural water supply. We optimized the support policies for the reservoir areas of large and medium-sized dams and their resettlement zones, and promoted economic and social development in these areas.

Fourth, we continued to deepen comprehensive rural reforms. We implemented fiscal incentive policies for rural public welfare projects, and continuously improved production and living conditions in rural areas. We advanced pilot programs for comprehensive rural reform, sustained the momentum of agricultural and rural development, and actively explored effective paths for all-around rural revitalization.

4. People-centered, new-type urbanization advanced steadily.

First, we continued to implement urban renewal initiatives. In collaboration with relevant government departments, we selected 20 key cities for the second batch of urban renewal, with 4.5 billion yuan in subsidy funds allocated by the central government. We also conducted performance evaluation on the use of 2025 subsidy funds in the first and second batches of key cities.

Second, we continued to integrate rural migrants into cities. In 2025, the central government allocated 42 billion yuan in incentives to support this integration, an increase of 2 billion yuan from 2024. Taking into account the size of the permanent resident population and the regional differences in the cost of public services, funding was tilted to areas that accommodate larger numbers of rural migrants. This has accelerated progress toward equal access to basic public services.

5. Major regional strategies were implemented in an in-depth manner.

First, we further advanced the coordinated development of the Beijing-Tianjin-Hebei region. We accelerated the transfer of Beijing's non-capital functions. We supported the high-standard and high-quality development of the Xiong'an New Zone. We supported Tianjin in developing new quality productive forces and accelerating its high-quality growth.

Second, we accelerated the development of the Guangdong-Hong Kong-Macao Greater Bay Area. We implemented a package of fiscal support policies for its advancement, gave full play to the supportive and leading role of key cooperation platforms such as Hengqin, Qianhai, Nansha and Hetao, and refined relevant tax policy arrangements. This helped attract and retain talent, promote sci-tech innovation cooperation, accelerate the development of advanced manufacturing and emerging strategic industries, and build a modern industrial system with international competitiveness.

Third, we advanced the integrated development of the Yangtze River Delta. We strengthened the in-depth integration of sci-tech and industrial innovation in the region and gave full play to Shanghai's leading and radiating role within the Delta. We accelerated infrastructure connectivity and promoted the orderly cross-regional transfer of industries as well as

the rational allocation of production factors.

Fourth, we supported the Yangtze River Economic Belt in pursuing a path towards ecological conservation and green development.

Upholding the principle of prioritizing environmental protection over excessive development, we focused on key tasks such as water environment protection, shoreline management, and fishing bans. This helped raise the good-quality proportion of water bodies and advance the green transformation of industries.

Fifth, we facilitated ecological conservation and high-quality development in the Yellow River Basin.

Guided by the principle of prioritizing protection and governance, the central government allocated incentive and subsidy funds in 2025 to advance these efforts. We helped provinces and regions along the Yellow River enhance their disaster prevention and mitigation capabilities, ensuring the long-term security of the Yellow River. We supported the protection of cultural relics and intangible cultural heritage to preserve and promote the Yellow River culture.

V. We further strengthened efforts to ensure and improve people's livelihoods, continuously enhancing public welfare

We prioritized safeguarding and improving people's livelihoods while pursuing high-quality development. We consistently increased investment in areas crucial to people's wellbeing, steadily advancing the provision of services in employment, education, basic healthcare, social security and public culture. We proactively addressed the most pressing difficulties and concerns of the people, further enhancing people's sense of gain, happiness and security.

1. We actively promoted employment and income growth for residents.

First, we ensured adequate financial support for employment. In 2025, the central government allocated 66.74 billion yuan in employment subsidies to support local governments in implementing employment and entrepreneurship supportive policies. We continued to implement demonstration projects to enhance public employment service capacity, contributing to an overall improvement in employment services capacity nationwide. A total of 12.67 million new urban jobs were created nationwide throughout the year.

Second, we intensified support for enterprises to maintain and boost employment. We continued the policies of reducing enterprises' contribution rates of unemployment insurance and work-related injury insurance and maintained time-limited policies such as job stabilization rebates through unemployment insurance. We improved the policy system for government-backed financing guarantees to support employment, guiding more financial resources toward employment and entrepreneurship through measures such as introducing an innovative "Employment Contribution" indicator and stepping up fiscal incentive policies. By the end of 2025, the National Financing Guarantee Fund had cumulatively served over 5.7 million business entities, including small and micro enterprises, helping stabilize employment for approximately 59 million people.

Third, we promoted employment for key groups. We expanded the scope of one-time job expansion subsidies and continued implementing policies such as the early issuance of internship subsidies to support the employment of young people. We supported the implementation of the "Three Supports and One Assistance" program, with the central government allocating 1.83 billion yuan in subsidies to guide and encourage graduates to work at the grassroots level. We worked to stabilize and expand employment for rural migrant workers, particularly

those lifted out of poverty. We strengthened employment assistance for disadvantaged groups such as people with disabilities and members of zero-employment households and improved the employment assistance mechanism.

Fourth, we reinforced vocational skills training. We further implemented the "Skills Illuminate the Future" Training Initiative, supporting large-scale vocational skills improvement training for key groups and strengthening training in urgently needed professions (trades) to cultivate more skilled professionals and help alleviate structural employment contradictions.

Fifth, we continuously implemented the policy of providing fiscal incentives for entrepreneurship guaranteed loans. In coordination with relevant departments, we implemented interest subsidy policies for entrepreneurship guaranteed loans. For eligible applicants across 10 key groups for employment assistance, including college graduates and rural migrant workers returning to their hometowns to start businesses, as well as small and micro enterprises that employ them, loans are guaranteed by local entrepreneurship loan guarantee funds or government-backed financing guarantee institutions, with interest subsidies provided by fiscal authorities. In 2025, the central government allocated 8.031 billion yuan in awards and subsidies for entrepreneurship guaranteed loans. By the end of 2025, the outstanding balance of such loans nationwide exceeded 240 billion yuan.

2. We further expanded and improved educational resources and quality.

First, we steadily increased educational investment. We adhered to prioritizing education as a strategic area of national investment. In 2025, national general public budget expenditures on education reached 4.34 trillion yuan, an increase of 3.2 percent over 2024.

Second, we supported the consolidation and improvement of basic education. In 2025, the central government allocated 278.1 billion yuan in transfer payments related to basic education, an increase of 9.3 billion yuan over the previous year. We supported local governments in gradually implementing free pre-school education, exempting childcare and education fees for children in their final year in public kindergartens and providing corresponding fee reductions or exemptions for eligible children attending private kindergartens approved by education authorities, benefiting a total of 14 million children. We consolidated and improved the funding guarantee mechanism for compulsory education. While ensuring effective implementation of the policy of “Two Exemptions and One Subsidy,” we increased the per-student public funding standard for special education schools at the compulsory education stage from 6,000 yuan to 7,000 yuan. We supported and guided local governments to adapt to changes in the school-age population, optimizing the allocation of basic education resources, increasing the supply of school places in urban areas in an orderly manner, and improving school conditions. We continued to implement key programs such as the “Special-Post Teachers Program for Rural Compulsory Education” and “National Training Program for Primary and Secondary School Teachers”, ensured the provision of living allowances for rural teachers and supported local governments in continuously improving the quality of the rural primary and secondary school teaching workforce.

Third, we promoted the high-quality development of vocational education. We guided provincial-level regions in establishing differentiated per-student funding systems for vocational education based on major professional categories, promoting closer alignment between major offerings and industrial structure. We supported the second phase of the “Double High Plan” (Plan for Building High-level Higher

Vocational Schools and Programs with Chinese Characteristics Construction Plan), focusing on the building of 60 high-level higher vocational schools and 160 high-level major clusters. A total of 31.257 billion yuan was allocated by the central government for the development of the “Modern Vocational Education Quality Improvement Program”, supporting local governments in raising the per-student funding for vocational schools, improving school conditions, deepening the integration of industry and education and cooperation between enterprises and colleges, and strengthening the training and cultivation of teachers possessing both academic and practical skills in vocational education.

Fourth, we promoted the upgrading and quality improvement of higher education. We accelerated the development of world-class universities and top-tier academic disciplines with Chinese characteristics. We promoted reforms in clinical medicine training programs and provided targeted support for the development of a number of national academies and the cultivation of urgently needed high-level and top-tier talents. We supported the implementation of breakthrough plans for basic and interdisciplinary subjects and pilot projects to support the research and innovation capabilities of young faculty at central universities. We steadily expanded high-quality undergraduate education. The central government allocated 40.387 billion yuan to support the reform and development of local institutions of higher education, guiding local governments to increase investment in higher education and enhance the overall capacity and standards of these institutions.

Fifth, we continuously improved student financial aid policies. We raised the central government funding standard for academic scholarships for graduate students at central universities and the standard of national grants for senior high school students, while expanding the coverage of national grants for secondary vocational schools. The policy of interest

exemption and principal repayment deferral for national student loans was extended, exempting interest due in 2025 for students who graduated in 2025 or earlier and allowing the principal repayment to be deferred for one year. In 2025, central government funding for student financial aid exceeded 130 billion yuan, while also encouraging local governments to implement student financial aid policies, benefiting approximately 150 million person-times.

3. We improved the quality and efficiency of basic medical and health services.

First, we continuously improved the public health service system. In 2025, the central government allocated 80.435 billion yuan in subsidies for basic public health services, raising the per-capita fiscal subsidy standard for basic public health service by 5 yuan to 99 yuan per person per year. The central government allocated 21.18 billion yuan in subsidies for major public health services to support the prevention and control of major infectious diseases such as AIDS and tuberculosis, as well as prevention and control of mental and chronic non-communicable diseases. Support was also provided for including the bivalent human papilloma virus (HPV) vaccine in the national immunization program to better safeguard people's health.

Second, we continued to improve the standard of medical and health services. In 2025, the central government allocated 47.3 billion yuan in subsidies to support comprehensive reform of public hospitals, health personnel training, capacity building of medical and health institutions, the inheritance and development of traditional Chinese medicine and the implementation of the national essential medicine system.

Third, we further consolidated the basic medical security. In 2025, the central government allocated 406.7 billion yuan in subsidies to support raising the per-capita fiscal subsidy standard for medical insurance for

urban and rural residents by 30 yuan to 700 yuan per person per year. A total of 29.65 billion yuan was allocated in subsidies for medical assistance to support local governments in subsidizing eligible disadvantaged groups to participate in basic medical insurance and providing assistance for out-of-pocket medical expenses that remain unaffordable after reimbursement by medical insurance, thereby reinforcing the bottom-line guarantee function of medical assistance. At present, the reimbursement ratios for inpatient expenses under the basic medical insurance schemes stand at around 80 percent for employees and 70 percent for urban and rural residents. The number of drugs included in the medical insurance catalog has reached 3,253, effectively reducing the burden of medical expenses on the public.

4. We steadily improved the level of social security.

First, we further increased the standard of pension benefits. In 2025, the basic pension benefits for retirees were raised by 2 percent overall, and the national minimum standard for monthly basic pensions for urban and rural residents was raised by 20 yuan once again. The central government continued to increase subsidies to the basic pension insurance fund, allocating 1.19 trillion yuan of transfer payments in 2025 to support local governments in ensuring the timely and full payment of basic pensions. We implemented the national pooling and adjustment mechanism in a well-regulated manner. In 2025, the scale of national pooling and adjustment funds reached 254.6 billion yuan, effectively addressing structural imbalances among regional pension funds and easing payment pressures of provincial-level regions facing fund difficulties. We enhanced the development of a multi-tiered pension insurance system, implementing supporting policies related to personal pension system, and promoting the sustained development of the third pillar of the pension system, to better meet the people's diverse retirement

needs.

Second, we ensured that the basic livelihoods of people in difficulty were fully and effectively met. In 2025, the central government allocated 156.68 billion yuan in assistance and subsidy funds for people in difficulty, supporting local governments in coordinating efforts to provide subsistence allowances and assistance to low-income people and people in extreme difficulty. An additional 4.16 billion yuan was allocated to support the renovation of dilapidated rural houses and seismic retrofitting of rural homes for low-income rural residents and other key groups, so as to effectively ensure basic housing safety for low-income households in rural areas.

We also allocated relevant subsidy funds through the central government's welfare lottery public fund to help local authorities address the practical difficulties faced by children in distress. In addition, 3.84 billion yuan was earmarked for the development programs for people with disabilities, enabling local authorities to coordinate funding for rehabilitation, education, and employment assistance.

Third, we worked to further improve the service system for the elderly care and children care. In 2025, the central government allocated 3.48 billion yuan to support local governments in carrying out age-friendly home renovations for elderly people with special difficulties, as well as upgrading facilities and equipment in elderly care institutions and other welfare-related programs.

A program was launched to provide elderly care service consumption subsidies for seniors with moderate to severe functional impairment, reducing their care costs. An initial 1.16 billion yuan in subsidies was allocated to pilot the program in seven regions, including Zhejiang Province and Chengdu in Sichuan Province. In addition, 10.93 billion yuan of subsidy funds was allocated in advance to support the nationwide

rollout of the program starting from January 1, 2026.

We also established and implemented a childcare subsidy system. A total of 90.36 billion yuan was allocated to support local governments in providing childcare subsidies for children under the age of three born in accordance with laws and regulations. At the current stage, the national baseline standard is 3,600 yuan per child per year, and the subsidy is exempt from individual income tax, benefiting more than 30 million infants and young children. Efforts were also made to organize and implement demonstration projects supported by central government funds to promote the development of inclusive childcare services.

5. We further improved the public cultural service system.

First, we ensured basic public cultural services in both urban and rural areas. The central government allocated 22.71 billion yuan to support the expansion of radio and television network coverage and to promote the innovative implementation of cultural projects that benefit the public, such as public welfare performances of traditional Chinese operas. We supported public libraries, museums, memorial halls, art museums, cultural centers (stations), and public sports venues in providing free or low-cost access to the public, and in organizing a wide range of public cultural activities.

We allocated 2.703 billion yuan from the central government's welfare lottery public fund as transfer payments to support the development of sports programs in 2025. These funds were used to support the organization of nationwide fitness activities, improve public sports facilities, and promote better use of sports facilities and higher-quality public service.

Second, we increased the supply of high-quality public cultural products. Through China National Art Fund, National Publication Foundation, China Special Fund for Literature and Art, and the Special

Fund for the Development of the Movie Industry, a total of 2.933 billion yuan was allocated for various artistic creation programs. We strengthened support and guidance for the creation of high-quality content, and launched more works that inspire and uplift the public. We also continued to advance the development of the national smart library system and public culture cloud platforms, promoting the direct delivery of high-quality cultural resources to the grassroots level.

Third, we fostered a cultural talent pool for the new era. We supported the implementation of the National Cultural Talent Program to build a high-level talent pipeline. We made efforts to train and dispatch cultural professionals to old revolutionary base areas, ethnic minority areas, border regions, and grassroots communities, and to support local governments in improving the professional capacity of local cultural practitioners.

Fourth, we promoted the high-quality development of the cultural industry. A total of 750 million yuan from the state-owned capital operation budget was allocated to support central cultural enterprises in advancing cultural digitization development and carrying forward fine traditional Chinese culture. We revised and issued Measures for the Management of Special Funds for Cultural Industry Development, optimized the investment mechanisms of such funds, and advanced the strategy of using major cultural industry projects to drive growth. We also advanced the standardized operation of the second phase of the China Cultural Industry Investment Fund, guiding more social capital into the cultural sector.

6. We strengthened development of ecological civilization and promoted comprehensive green transformation of economic and social development.

First, we intensified efforts to prevent and control pollution. The

central government allocated 34 billion yuan for air pollution prevention and control, supporting initiatives such as clean winter heating in northern regions, coordinated control of fine particulate matter (PM2.5) and ozone (O3) pollution, as well as atmospheric environmental governance and management capacity-building, helping accelerate the resolution of prominent air pollution issues.

A total of 26.7 billion yuan was allocated for water pollution prevention and control, focusing on key areas such as the Yangtze River and Yellow River basins. The funding supported watershed pollution control and the protection and restoration of aquatic ecosystems. Policies and measures were also introduced to support the protection and construction of beautiful rivers and lakes, selecting the first batch of 10 cities to receive support for improving the health of river and lake ecosystems.

We allocated 4.4 billion yuan for soil pollution prevention and control, focusing on source prevention and risk management to actively safeguard the safety of the living environment. Another 4 billion yuan was allocated for rural environmental improvement, promoting the orderly and phased treatment of rural domestic waste, domestic sewage, and black and odorous water bodies according to local conditions, thereby improving rural living environments.

Second, we made solid progress in ecosystem protection and restoration. We supported the critical campaign for the Three-North Shelterbelt Forest Program, a shelterbelt program in Northeast, North, and Northwest China, by allocating 10 billion yuan from the central government for integrated protection and restoration of forests, grasslands, wetlands, and deserts, consolidating achievements in desertification control, and providing compensation for the protection and closure of desertified areas. A total of 10 billion yuan was allocated for key ecological protection and restoration projects, supporting integrated

protection and restoration across mountains, rivers, forests, fields, lakes, grasslands, and deserts, and promoting the development of a holistic governance framework from mountain tops to the ocean. Support was also provided for demonstration projects on the ecological restoration of historically abandoned mines, improving ecosystem quality and carbon sink capacity.

We allocated 3.78 billion yuan for marine ecological protection and restoration, supporting coastal cities in carrying out comprehensive, full-process, and full-area marine ecological protection and restoration through coordinated land-sea management and river-to-sea linkage.

A total of 86.8 billion yuan was allocated for forestry and grassland-related transfer payments to advance the construction of a natural reserve system with national parks as the mainstay, scientifically implement large-scale land greening initiatives, strengthen forest resource protection and grassland ecological restoration, consolidate the achievements of returning farmland to forests and grasslands, and reinforce the support system for forestry and grassland ecosystems.

Third, we accelerated the development of a modern governance system for ecological environment. We advanced the development of the cross-regional ecological compensation mechanism, issuing the Implementation Plan for Further Promoting the Construction of Cross-regional Ecological Compensation Mechanism for Major River Basins. A unified cross-basin ecological protection compensation mechanism was established for the main streams of the Yangtze and Yellow rivers. Incentive policies continued to be implemented to guide and support local governments in building compensation mechanisms and innovating policies, promoting cross-provincial autonomous negotiations and the signing of horizontal compensation agreements. By the end of 2025, 24 provincial-level regions nationwide had established horizontal

ecological protection compensation mechanisms across 31 cross-provincial river basins. We also made efforts to promote the stable operation of the National Green Development Fund, accelerate the establishment of the funds for the ecological protection and high-quality development of the Yellow River Basin, and support ecological protection and restoration in the Yangtze and Yellow River basins, the efficient and intensive use of resources and energy, and the cultivation of strategic emerging industries.

7. We strengthened disaster prevention, mitigation, and relief capabilities, while continuously enhancing safety production.

First, we made every effort to support emergency disaster relief for major natural disasters. In 2025, the rapid allocation mechanism for disaster relief funds was activated 16 times, and a total of 11.472 billion yuan was allocated to support local responses to landslides, heavy rain and floods, super typhoons, and other major natural disasters, minimizing disaster losses and reducing casualties. Support was also provided for winter and spring relief for disaster-affected populations, with subsidies prioritized for severely affected areas, high-altitude and cold regions, underdeveloped areas, and key counties receiving rural revitalization assistance, ensuring that 26 million affected people stayed warm through the winter. Funding was provided to local authorities for leasing aircraft for aerial firefighting and rescue, and for the storage of central disaster relief reserve materials, enhancing rapid emergency response capabilities.

Second, we coordinated efforts to build a comprehensive natural disaster prevention and control system. The central government allocated 616 million yuan in subsidies for building integrated disaster prevention capabilities, supporting key counties characterized as “three highs and one low” (high disaster losses, high risks, high hidden dangers and low disaster reduction capacity) in strengthening comprehensive

disaster prevention. This effort focused on addressing disaster-induced disruptions at the grassroots level (road closures, communication outages and power cuts) . In addition, 3.5 billion yuan was allocated for the prevention and control of exceptionally large geological disasters, supporting local authorities in carrying out comprehensive management of such disasters.

Third, we supported efforts to enhance workplace safety and oversight. The central government allocated 4 billion yuan in subsidies to support the development of national professional emergency rescue teams, thereby improving specialized emergency response capabilities in high-risk industries. We supported chemical industrial parks in preventing and controlling major safety risks of hazardous chemicals, in order to eliminate regulatory blind spots and loopholes. We supported coal mines and non-coal mines to build intelligent video monitoring systems, enhancing smart safety management in the mining sector. We also supported the closure and remediation of high-risk tailings ponds.

VI. We maintained a proper balance between development and security, and took strong and effective steps to prevent and defuse local government debt risks

We insisted on reducing debt in the course of development and promoting development while managing debt. We rigorously enforced local government debt limits, improved the management system for local government special-purpose bonds, and established and improved a government debt management mechanism in line with high-quality development. These efforts provided strong support for sustained and sound economic growth.

1. We implemented a package of debt resolution policies and took orderly steps to address risks stemming from existing hidden debts.

The issuance of 2 trillion yuan in debt-swap bonds was completed in 2025. We guided and supervised local governments in formulating and implementing specific debt-resolution plans, and in refining and carrying out all related measures. We directed and supervised local governments, while making full use of a package of policy tools to resolve debt, to make their own efforts to better leverage assets and resources and tighten their belts, thereby accelerating the resolution of existing hidden debts. We strengthened the full-process management of existing hidden debt swap programs and urged local governments to fulfill their primary responsibilities. We coordinated the allocation of special-purpose bonds to support the settlement of arrears owed by local governments to enterprises. We accelerated the reform and transformation of financing platforms, guided localities in speeding up the resolution of existing hidden debts of financing platforms, and clarified the rights and obligations of governments and enterprises in accordance with laws and regulations. We accelerated the separation of government financing functions from these platforms, and strictly prohibited the establishment of new ones or their mutation into new financing platforms. In collaboration with financial regulatory authorities, we introduced and promptly optimized policies on financial support for resolving debt risks of financing platforms.

The implementation of debt-resolution policies significantly reduced local governments' interest expenses, substantially easing their debt-servicing pressure. It effectively played a leading role in promoting the stable operation of local finance, unlocked greater policy space to boost development momentum, accelerated the exit and orderly promoted categorized reform and transformation of financing platforms. These measures delivered immediate, direct effects and achieved comprehensive, multi-faceted results.

2. We maintained a tough stance to resolutely prevent any new hidden debts.

We upheld preventing new hidden debts as a non-negotiable discipline and urged local governments to strictly enforce fiscal discipline, strengthen budget constraints, and clearly delineate the boundaries of authority and responsibility between the government and enterprises. Local governments were prohibited from incurring debt through State-owned enterprises or public institutions to fund government investment projects, and from borrowing to construct government buildings and venues, or vanity projects. We enhanced inter-departmental coordination to strengthen oversight, employing tools such as auditing, verification, inspection, and whistleblower reporting to improve mechanisms for detecting and gathering leads on new hidden debts. We strictly enforced a lifelong accountability mechanism for local government debt incurrence and the retroactive investigation mechanism for debt-related problems, and maintained a zero-tolerance stance. Any violations, including newly incurred hidden debt or falsified debt resolution, were promptly investigated, dealt with, and subject to accountability

3. We enhanced the supervision over special-purpose bonds and improved the efficiency of fund utilization.

First, we reasonably calculated and allocated regional quotas for special-purpose bonds. Guided by the principle of positive incentives, we took into account the expenditure needs of major national strategies and projects as determined by the CPC Central Committee and the State Council. Based on factors such as regional debt risks, fiscal capacity, management standards, and project funding needs, we reasonably allocated the quotas with priority given to regions that had well-prepared projects, demonstrated higher investment efficiency, and achieved better

utilization of funds.

Second, we strengthened the management of projects funded by special-purpose bonds. In accordance with the requirements of the new management mechanism, we ensured that provincial-level governments fully assumed their primary responsibilities. We also guided the regions piloting the "self-review and self-issuance" of special-purpose bonds in optimizing their project review mechanisms. Furthermore, we worked with relevant departments to enhance the scrutiny of projects in regions ineligible for the pilot, thereby improving overall project quality.

Third, we facilitated the issuance and use of special-purpose bonds. We guided local governments in coordinating the pace and progress of issuance to ensure that the bonds were issued and used at an earlier date, thereby accelerating the translation of funds raised from special-purpose bonds into physical projects.

Fourth, we strengthened post-investment management of projects funded by special-purpose bonds. We urged local governments to accelerate the improvement of regulatory mechanisms for bond funds, ensuring their management through dedicated accounts and exclusive use for designated purposes, strictly preventing misappropriation, withholding and diversion. We also guided local governments in strengthening the management of assets associated with these projects. We established a debt service reserve system for special-purpose bonds and efficiently collected project-generated revenue to ensure the availability of funds for bond repayment.

VII. We continued to deepen fiscal reform and management and steadily improved the efficiency of fiscal governance

We centered on making fiscal management more systematic, refined, standardized and law-based and deepened reforms of the fiscal and tax

systems, initiated pilot programs for scientific management of local finance, and intensified fiscal and accounting supervision. These efforts were aimed at unlocking the efficiency of fiscal governance and ensuring that public finance plays its fundamental and pivotal role in national governance.

1. We steadily promoted fiscal and tax system reforms and expedited the establishment of a modern fiscal system suited to Chinese modernization.

First, we actively advanced the reform of the budget management system. We strengthened the coordination of fiscal resources and budgets, and deepened the zero-based budget reform to make the structure of government spending flexible and adaptable. Pilot programs were carried out in 16 central government departments, which led to a significant reduction in the number of expenditure items and a sharper focus on priority areas. We continued to develop the expenditure standardization system, resulting in the introduction of over 130 fiscal expenditure standards within the year. We built a more scientific and efficient government investment funds management system. We also promoted reforms in government procurement, advanced the development of an integrated budget management system, and optimized the functions of modules for budget, treasury and asset management.

Second, we steadily advanced tax system reform. We promoted the introduction of regulations on the enforcement of the VAT Law, and established a complete, well-coordinated and coherent VAT system. We advanced the standardization of preferential tax policies and adjusted the consumption tax policy on ultra-luxury passenger vehicles. We pushed for the inclusion of all volatile organic compounds into the coverage of the environmental protection tax, and fully implemented the pilot program to replace water resource fees with taxes. During the pilot period,

all revenue from the water resource tax was retained by local governments.

Third, we steadily streamlined fiscal relations between governments.

We optimized the structure of transfer payments, increased the scale of general transfer payments, and implemented an incentive-and-constraint mechanism for such payments to promote high-quality development, thereby motivating local governments to boost economic growth. We progressed category-based reforms of moving the collection of excise tax further down to the production-to-consumption chain, with the power of collection steadily being passed to local governments. We also improved the policy for VAT credit refunds and the VAT deduction chain. We deepened fiscal system reforms at the sub-provincial level, and refined their division of fiscal powers and revenue resources.

2. We effectively strengthened accounting system development and fiscal and accounting supervision and inspection to promote the establishment of a smooth and orderly financial and economic order.

First, we enhanced the development and implementation of accounting laws and accounting standards system. We accelerated the revision of the *Law on Certified Public Accountants* and improved public awareness of the newly amended *Accounting Law*. We strengthened the development and application of the accounting standards system for enterprises, advanced the revision of standards of financial statement presentation for enterprises, and issued *Interpretation No. 19 of the Accounting Standards for Business Enterprises*. We also released pilot accounting manuals for automotive manufacturing, real estate, and insurance industries. We issued a notice on further carrying out the new accounting standards for insurance contracts to facilitate their orderly implementation.

We released the first analysis report on the implementation of accounting

standards for business enterprises and enhanced regulatory alerts on standards implementation. We advanced the development and implementation of the government accounting standards system and standardized the accounting treatment for transactions related to local government special bonds. We promoted the nationwide application of the accounting data standards for electronic vouchers and carried out a pilot program to further promote the application of the accounting data standards for credit enhancement of small and micro enterprises. We refined the system of application guidelines for management accounting, and issued application guidelines on life-cycle costing and benchmarking management. We issued the application guidance for Basic Standards of Corporate Sustainability Disclosure Standards and the climate-related disclosure standards, driving the development of China's sustainability disclosure standards from a macro framework towards specific and in-depth topics. We also carried out pilot projects to strengthen internal control and conducted internal control evaluations in administrative and public institutions.

Second, we strengthened the role of fiscal and accounting supervision.

We took solid steps to advance the 2025 special campaign for fiscal and accounting supervision by focusing on four key areas: the investigation and handling of major cases in the financial and economic sector, the special campaign to strictly enforce financial and economic discipline, the special oversight in the accounting valuation sector, and the routine supervision of budget execution. We launched a special campaign to address key issues concerning financial and economic discipline in central government departments and local authorities, rigorously investigated and punished violations of regulations, disciplines, and laws, and strengthened the mechanisms for public exposure, accountability, and penalties to ensure that financial and economic disciplines are strictly

enforced with a strong deterrent effect.

Focusing on regulating financial audit order, we continuously intensified oversight and inspection in the accounting valuation sector to crack down on financial fraud. We conducted professional quality inspections on 40 accounting firms and 15 asset appraisal institutions, extending inspections to the quality of accounting information of 127 enterprises. Throughout the year, we issued 158 administrative penalty decisions and released three announcements on financial and accounting supervision and inspection, publicly disclosing 27 typical cases. This approach served to “hold one accountable, alert many, and improve practices across the board.” We continued regular governance of typical violations in the certified public accountant profession and sustained efforts in addressing illegal and irregular activities by bookkeeping agencies, such as unlicensed operations and false promises.

Third, we conducted regular oversight over budget execution in a solid manner. We improved the budget execution monitoring module and the transfer payment monitoring module for central government departments in the integrated budget management system, and continuously optimized the early-warning rules. By combining online monitoring with offline verification, we strengthened daily supervision and process control, and promptly corrected errors and deviations to standardize budget enforcement. We also strengthened the application of oversight results to help refine the systems, enhance internal controls, and form a closed loop of supervision and management.

3. We strengthened scientific fiscal management to continuously make it more systematic, refined, standardized, and law-based.

First, we explored advancing pilot programs for the scientific management of local finance. We organized 12 provinces to carry out pilot programs on 11 key tasks, including strengthening the coordination

of fiscal resources and budgets, implementing the principle of practicing strict budget austerity as a regular practice, and deepening zero-based budget reform. The pilots aimed to explore new pathways for scientific fiscal management tailored to local conditions, with the goal of achieving new progress and breakthroughs in key areas and tasks within two years. These efforts also aimed to summarize and refine successful experiences and practices for nationwide promotion, thereby forming a comprehensive working framework that covers all areas and is implemented at all levels.

Second, we enhanced budget performance management. We improved the whole-process budget performance management mechanism and conducted budget performance pre-assessment for major new projects and those due for extension. The assessment results served as a key basis for project establishment and prioritization, and a prerequisite for budget applications. We strengthened the management and review of performance targets, and continuously raised their quality and binding force. We fully implemented performance monitoring and urged departments to better utilize monitoring results to promptly identify issues and make adjustments for correction. We established a performance evaluation mechanism that integrates self-evaluation, departmental evaluation, and fiscal evaluation. Focusing on key areas such as sci-tech, education, industrial development, and emergency response and disaster relief, we conducted key fiscal performance evaluations on 55 policies and projects. We strengthened the application of evaluation results, linking them closely with budget allocation, management improvement, and policy refinement. The oversight mechanism for third-party institutions involved in performance evaluation was also improved.

Third, we strengthened the management of State-owned assets. We

completed a high-quality annual report on State-owned assets. We continuously improved the annual and monthly reports on administrative and institutional State-owned assets, and enhanced the quality and efficiency of economic performance analysis and monitoring and the final financial accounting for nationwide State-owned enterprises. Leveraging the integrated budget management system, we actively advanced the revitalization and utilization of State-owned assets in administrative and public institutions and established a nationwide shared platform for the adjustment and allocation of State-owned assets in administrative and public institutions. This enabled cross-departmental, cross-level, and cross-regional asset sharing and adjustment and facilitated effective revitalization of idle and underperforming assets. As of the end of December 2025, the platform had gathered 536,000 pieces of information on asset reallocation related demands, and had completed the adjustment and allocation of about 44,000 sets of equipment and furniture, along with about 187,000 square meters of buildings, resulting in budget savings of about 570 million yuan.

Fourth, we advanced the management of State-owned financial capital. We furthered the centralized and unified management of such capital, strengthened property rights management, streamlined the property rights registration process, standardized management of property rights transaction, and established a closed-loop evaluation mechanism. Throughout the year, we reviewed 3,904 property rights registration items of central State-owned financial capital. We carried out special inspections on the implementation of financial management systems in financial enterprises. We also intensified the monitoring of operations of State-owned financial capital and conducted quarterly dynamic monitoring of financial risk indicators at central financial enterprises and their subsidiaries at all levels, and promoted the preservation and

appreciation of State-owned financial capital. We revised the measures for safeguarding the duty performance by directors of State-owned equity in financial institutions and the operational guidelines for proposal deliberation to promote better performance of duties by equity directors. We enhanced compensation management in State-owned financial enterprises and further standardized their selection and engagement of accounting firms. We deepened the reform of key State-owned financial institutions. In response to the supervisory mandate of the Standing Committee of the National People's Congress, we reported on the management of State-owned assets in financial enterprises. By the end of 2024, China's State-owned financial assets totaled 487.9 trillion yuan, accounting for about 80 percent of the total assets of the financial sector. The equity of State-owned financial capital reached 33.9 trillion yuan, representing approximately 60 percent of the equity of financial enterprises.

Fifth, we improved the accrual-based comprehensive government financial reporting system. We carried out the preparation, submission, and review of the 2024 financial reports for central government departments and local governments in a steady and well-organized manner, thereby enhancing the quality of the comprehensive government financial reports.

VIII. Fiscal Policy Outlook

The year 2026 marks the beginning of the 15th Five-Year Plan (2026-30) period. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, MOF will thoroughly implement the guiding principles of the 20th National Congress of the CPC and plenary sessions of the 20th CPC Central Committee, and earnestly carry out the arrangements made at the fourth plenary session of the 20th CPC Central

Committee and the Central Economic Work Conference. We will implement the new development philosophy in a full, accurate and comprehensive manner, accelerate efforts to foster a new development paradigm and promote high-quality development. We will adhere to the principle of pursuing progress while maintaining stability, continue to implement a more proactive fiscal policy and make it more targeted and effective, and make better use of incremental resources while revitalizing existing resources. We will make efforts to expand domestic demand, optimize the structure, enhance growth momentum and improve people's livelihoods. We will focus on stabilizing employment, enterprises, markets and expectations. We will advance reforms, improve management, prevent risks and enhance efficiency, in a bid to drive the economy toward higher-quality growth and increased output, maintain social harmony and stability and provide strong support for a good start to the 15th Five-Year Plan period.

In 2026, we will continue to implement a more proactive fiscal policy, which will be mainly reflected in five aspects. First, expanding the scale of fiscal expenditure to ensure adequate funding for necessary spending. Second, optimizing the mix of government bond instruments to better leverage their benefits. Third, improving the efficiency of transfer payments to enhance discretionary fiscal capacity of local governments. Fourth, making sustained efforts to optimize the expenditure structure and strengthening support for key areas. Fifth, enhancing coordination between fiscal and financial policies to amplify policy effectiveness and better stimulate the vitality of market entities through macro policies. The following key tasks will be prioritized:

1. We will support the development of a strong domestic market. We will continue to arrange ultra-long-term special treasury bonds to support projects for implementing major national strategies and building security

capacity in key areas and large-scale equipment upgrades and consumer goods trade-in programs while optimizing policy implementation. We will implement a package of fiscal-financial coordination policies to boost domestic demand, with a focus on stimulating private investment and promoting household consumption. We will support lowering corporate financing costs, enhance residents' consumption capacity and expand the supply of high-quality services. We will deepen the special campaign to promote consumption, advance programs to upgrade service consumption and deliver greater benefits to the public and pilot reward-based invoice programs in selected cities. We will coordinate the use of various government investment funds, with a focus on key areas such as new quality productive forces, new-type urbanization and people's all-round development, to improve investment quality and efficiency. We will improve the management of the "negative list" for the investment scopes of special bonds and guide relevant localities in conducting the pilot program for "self-review and self-issuance". We will advance the development of a unified national market and regulate tax incentives and fiscal subsidy policies.

2. We will support the accelerated development of new growth drivers. We will promote rolling implementation of high-quality development initiatives for key industrial chains in the manufacturing sector, carry out pilot programs for new-type technological transformation in the manufacturing sector in the third group of selected cities and support the implementation of initiatives to expand capacity and improve the quality of the service sector. We will implement a new round of initiatives to shore up weak links and strengthen key segments of national comprehensive freight hubs, promote demonstration projects for the digital transformation and upgrading of highway and waterway transport infrastructure and advance the pilot city program for building a

modern commercial distribution system. We will utilize a combination of tools, including special funds, government investment funds and financing guarantees, to support the development of high-tech enterprises and small and medium-sized sci-tech enterprises. We will deepen the pilot city program for the digital transformation of SMEs.

3. We will step up efforts to achieve greater self-reliance and strength in science and technology. We will continue to increase investment, improve the diversified sci-tech innovation investment mechanism and mobilize more private capital and financial resources toward sci-tech innovation. We will optimize the structure of sci-tech expenditures and channel more funding to basic research, applied basic research and national strategic sci-tech tasks to stimulate innovation and creativity. We will promote the integrated development of education, science and technology and talent. We will support the development of international sci-tech innovation centers in Beijing (the Beijing-Tianjin-Hebei Region), Shanghai (the Yangtze River Delta) and the Guangdong-Hong Kong-Macao Greater Bay Area, guide localities in building distinctive regional innovation highlands based on national strategic priorities and local industrial development needs.

4. We will intensify efforts to ensure and improve people's livelihoods. We will enhance employment assistance to stabilize and expand employment for key groups. We will further increase fiscal investment in education, implement the policy of gradually providing free preschool education and carry out student financial aid policies. We will raise the per-capita fiscal subsidy standard for basic medical insurance for urban and rural residents and improve the capacity and quality of medical and health services. We will improve the social security system and increase the basic pension for urban and rural residents. We will effectively implement the policy of providing subsidies for elderly care service

consumption to seniors with moderate or severe functional impairment. We will implement the childcare subsidy system. We will advance the development of a tiered and classified social assistance system. We will promote capacity building for disaster prevention and reduction and strengthen support for emergency response and disaster relief. We will support the development of culture and sports.

5. We will promote new-type urbanization and coordinated regional development. We will continue to prioritize work related to agriculture, rural areas and farmers, improve fiscal policies to boost agriculture, benefit farmers and vitalize rural areas and ensure overall policy consistency after the five-year transition period for consolidating and expanding poverty alleviation achievements and effectively linking them with rural revitalization. We will integrate normalized assistance into the overall implementation of the rural revitalization strategy and accelerate the modernization of agriculture and rural areas. We will advance people-centered new-type urbanization. We will improve the allocation mechanism for fiscal transfer payments to make relevant public services accessible to people wherever they go. We will make good use of reward funds for granting urban residency to rural migrants and support the provision of basic public services by places of their habitual residence. We will steadily advance urban renewal. We will implement policies such as supporting the acquisition of existing commercial housing for use as government-subsidized housing with special bonds. We will implement and improve regional fiscal policies to enhance regional development coordination.

6. We will accelerate the comprehensive green transition. We will strengthen comprehensive environmental governance and support key areas and key fields to win the battles for blue skies, clear waters and clean soil. We will deepen the development of a cross-basin ecological

compensation mechanism for the Yangtze River and Yellow River basins. We will make active and prudent efforts toward carbon peaking and carbon neutrality goals. We will employ a mix of policy measures, including fiscal fund guidance and government green procurement, to promote green and low-carbon transformation in key sectors. We will support the development of renewable energy and accelerate the development of a new energy system. We will continue to issue green sovereign bonds to attract international funds to support domestic green and low-carbon development.

7. We will strengthen scientific fiscal management. We will uphold the principle of Party and government departments keeping their belts tightened, strictly control expenditures, optimize the expenditure structure and ensure more fiscal funds are used to meet development needs and people's aspirations. We will reinforce the responsibility for ensuring "three priorities" of people's basic well-being, payment of salaries and normal government functioning and safeguard their bottom lines at the grassroots level. We will deepen fiscal and tax system reforms, accelerate the formulation and issuance of guidelines on improving the budget system; further advance pilot programs for scientific fiscal management; expand the pilot scope of zero-based budget reform in central government departments; accelerate the development of the expenditure standard system; improve the local tax system; optimize the structure of transfer payments, refine transfer payment management, and strengthen fund integration and coordination to better meet the practical needs of local governments. We will strengthen the management of local government debt. We will promote the reform and transformation of local government financing platforms in a classified and orderly manner. We will continue to advance the development and implementation of accounting standards and systems, carry out the three-year action to enhance the quality and

efficiency of financial and accounting supervision, improve the institutional mechanisms for financial and accounting supervision, and further enforce financial and economic discipline, to continuously improve the effectiveness and authority of financial and accounting supervision.