



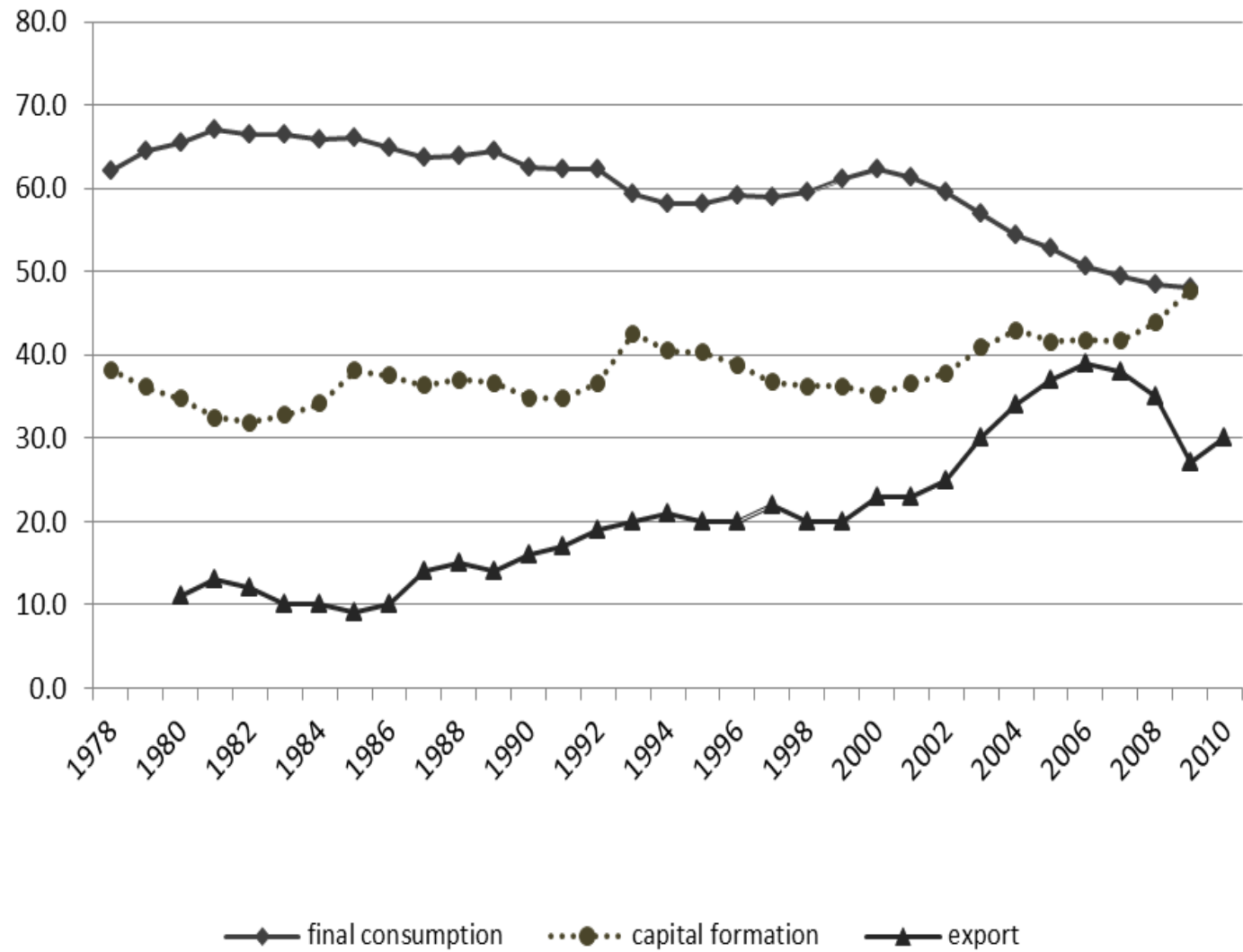
# Fiscal Federalism and Debt-Financing in China

*Prof. He Yang, Central Finance and Economics University, PRC*

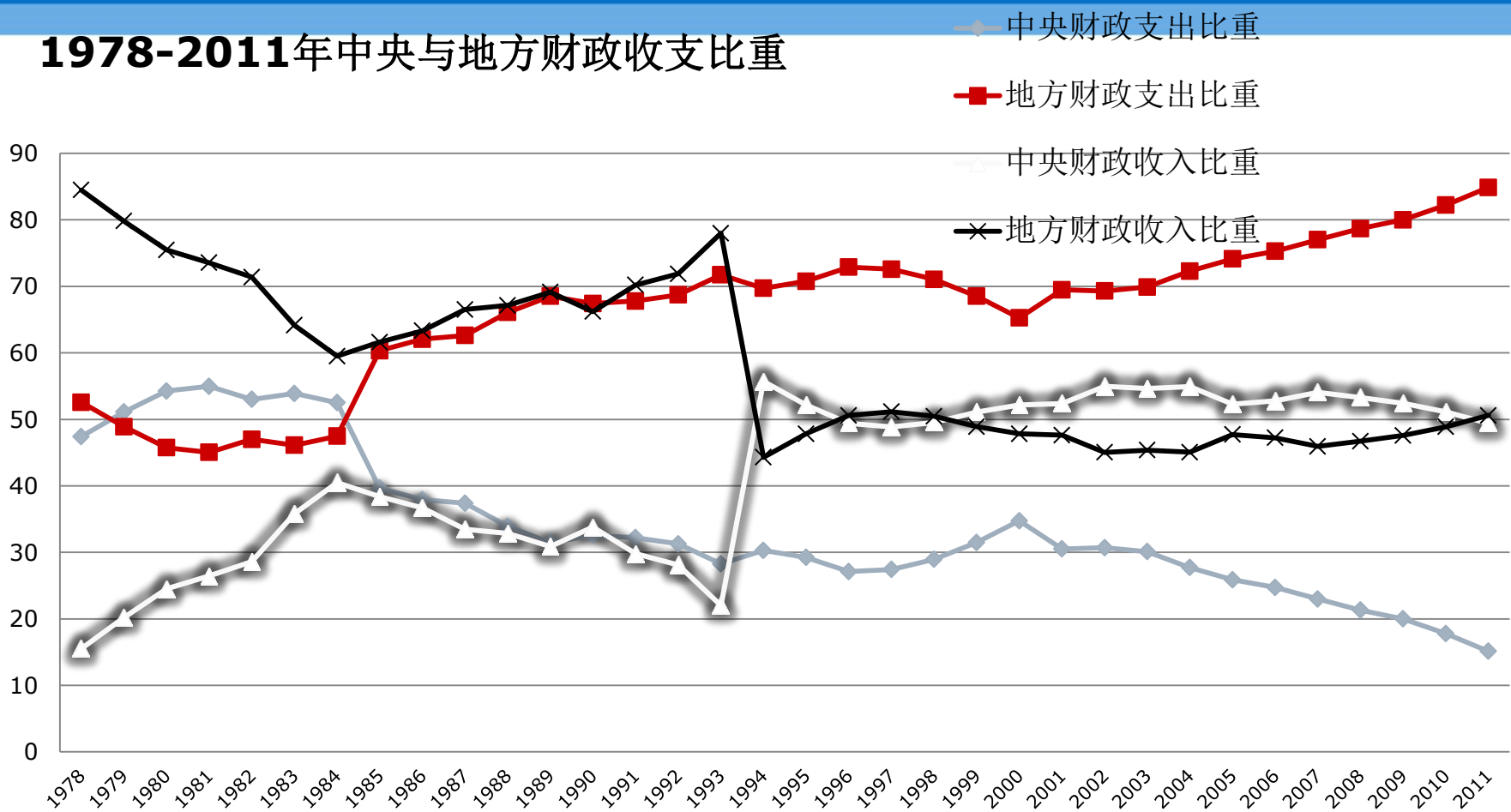
*Dr Kun-Chin Lin, POLIS, Cambridge*

*Prof. Tao Ran, Renmin University*

**St Catherine's, 11 April 2013**

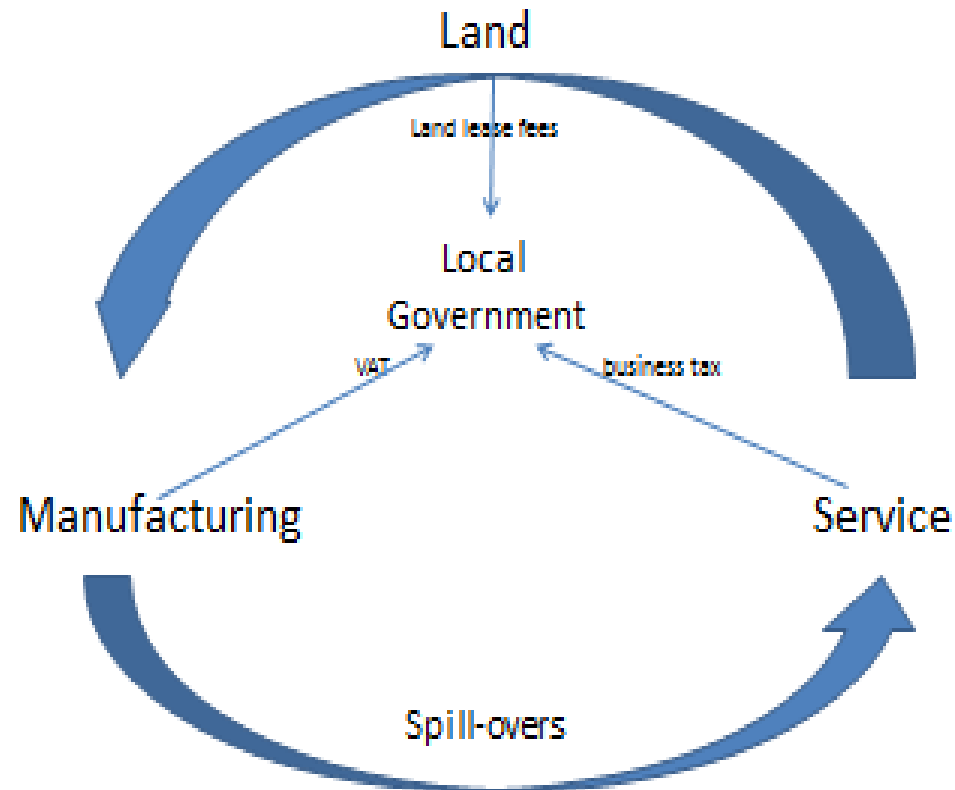


# 1978-2011年中央与地方财政收支比重



## Variations of Risks among Local Governments, 2010

Province	Total debt (billion yuan)	Share of Local Revenue (%)	Share of GDP (%)
Beijing	374.54	159%	27%
Chongqin	215.9	212%	27.35%
Hunan	428.68	402%	26.96%
Jilin	303.3	503%	35.36%
Guangxi	275.6	357%	29.0%
Hainan	95.2	351.5%	46.44%
Ninxia	62.2	405%	37.85%

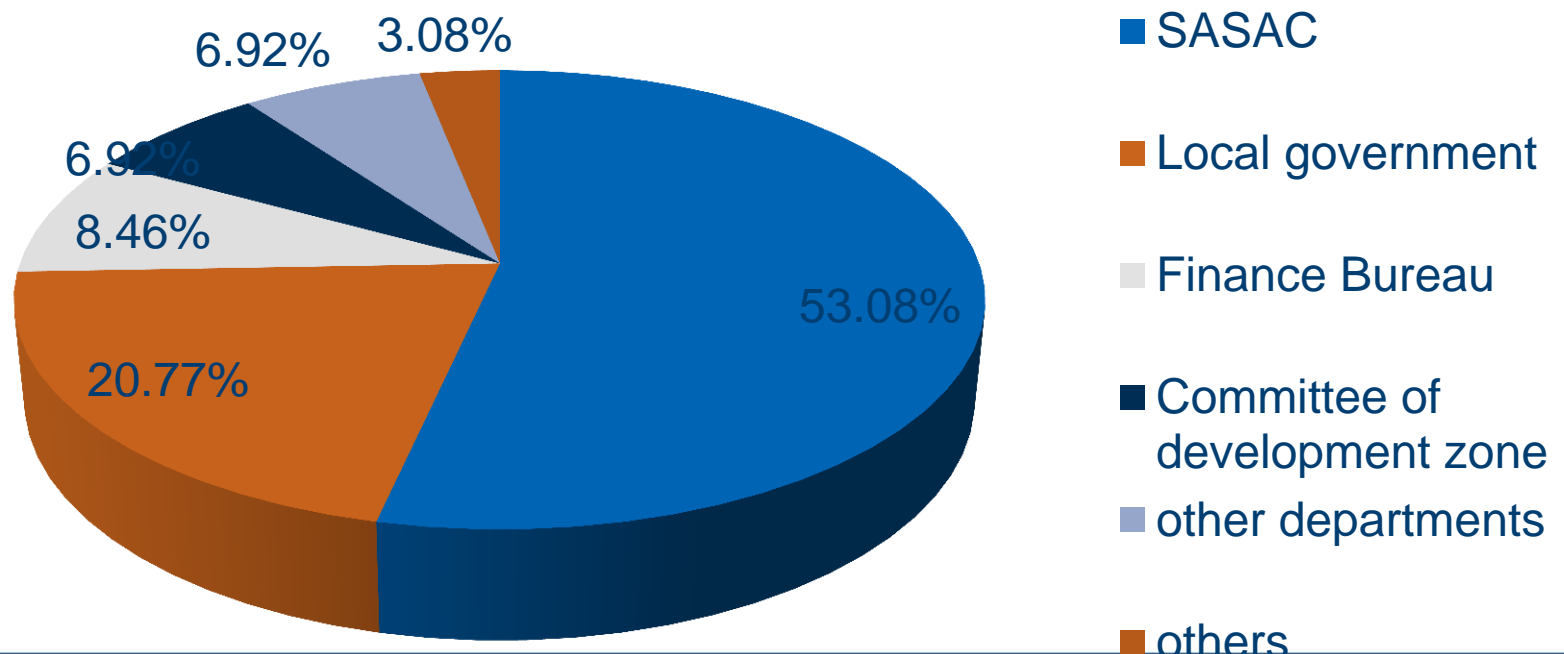


# Ratio of Land Related Revenues to GDP and Local Revenue

	土地非税收入	土地直接税	土地间接税	合计	占GDP的比重	占地方财政收入的比重
2000	624.9	449.2	591.9	1666.0	1.7%	26.0%
2001	1318.1	500.3	783.1	2601.5	2.4%	33.3%
2002	2454.3	676.2	1047.6	4178.1	3.5%	49.1%
2003	5705.8	900.9	1445.2	8051.9	5.9%	81.7%
2004	6458.8	1207.8	1886.7	9553.3	6.0%	80.3%
2005	5941.7	1590.6	2327.0	9859.3	5.3%	65.3%
2006	8109.1	162.0	2830.5	12901.6	6.0%	70.5%
2007	12247.2	2755.4	3745.1	18747.7	7.1%	79.5%
2008	10414.4	3656.6	3921.0	17992.0	5.7%	62.8%
2009	17285.1	4812.5	5160.0	27257.6	8.0%	83.6%
2010	29109.9	6530.0	6807.4	42734.4	10.6%	104.5%

# The Mixed Role of UDICs in Local Public Financing

- 1. The majority shareholders of UDICs are local government agencies, including State-owned Assets Supervision & Administration Committee, local finance bureaus, and management committees of development zones.

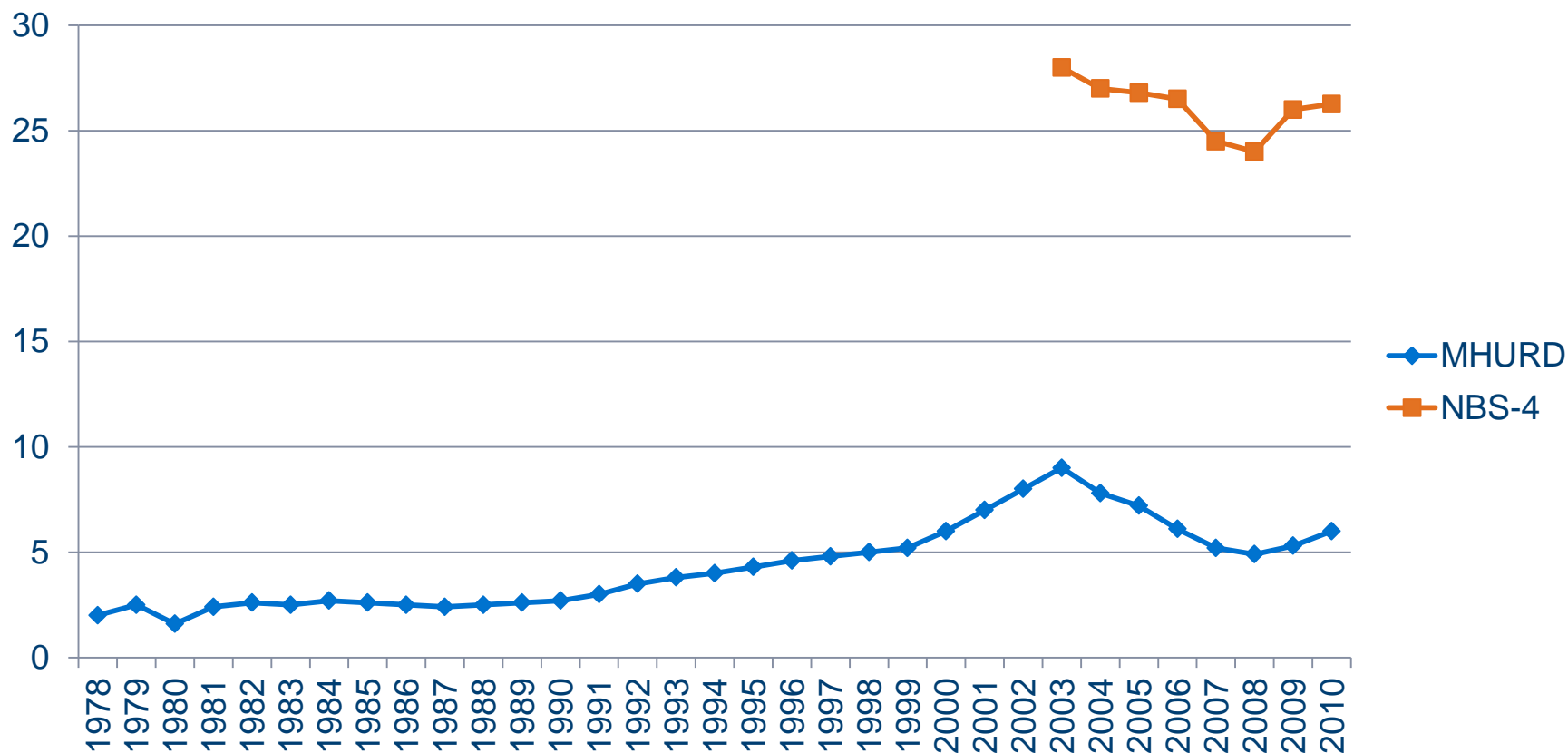


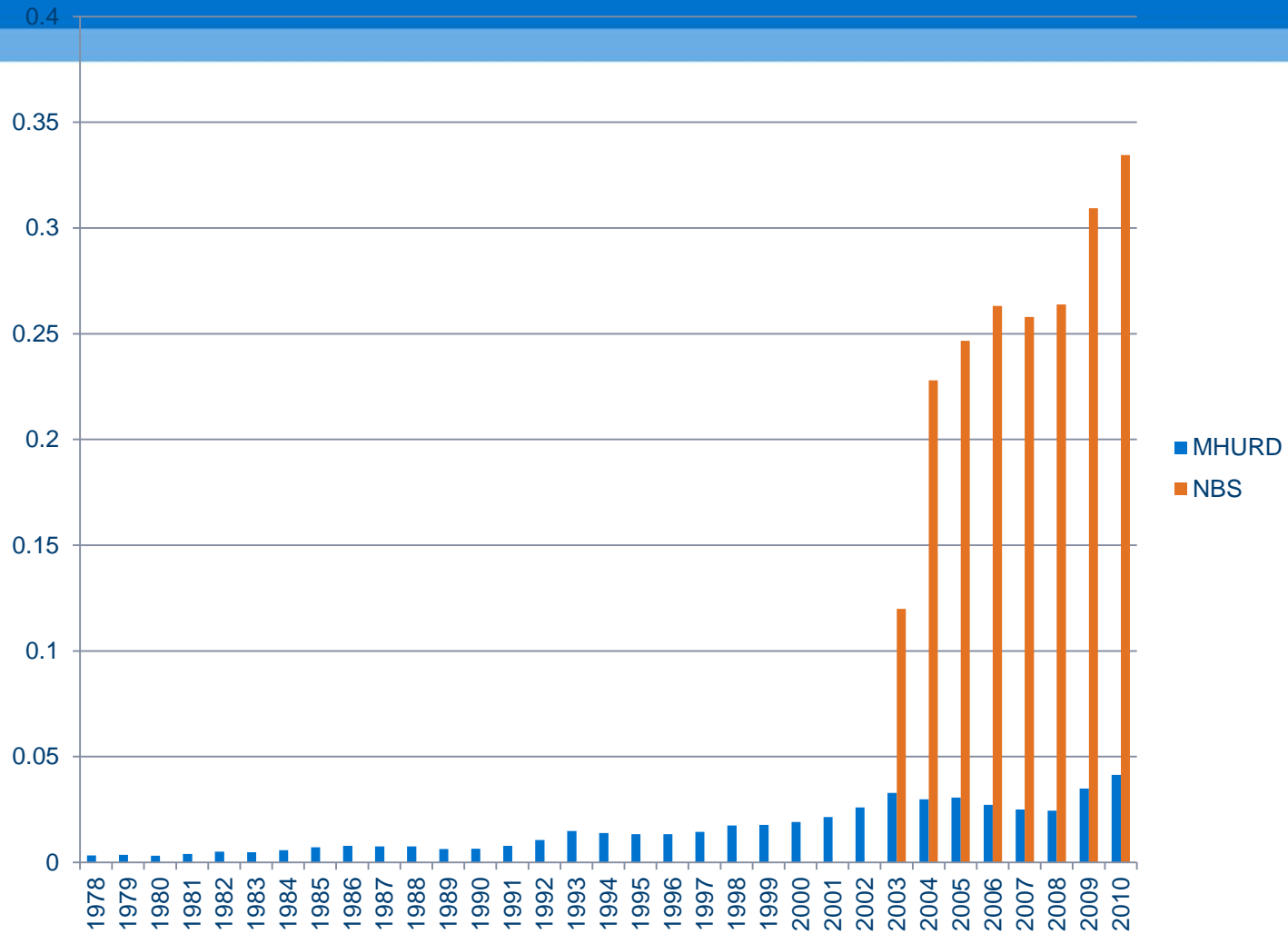
# UDIC by Administrative Levels

level	Share of long-term loan in total debt	Share of short-term loan in total debt	Share of accounts payable in total debt	Share of bond in total debt	Return on assets	Share of subsidies in total profits	Share of business income in total profits
Province	53.21%	9.23%	6.41%	13.77%	3.97	21%	66.92
Province-level municipal	43.23%	19.38%	3.23%	14.15%	1.23	47%	24.14
Capital city	54.28%	13.39%	4.94%	19.14%	2.24	85%	3.76
Municipal	52.35%	10.17%	4.44%	27.64%	2.93	97%	-0.77
County	48.26%	9.34%	4.22%	19.40%	1.95	100%	-2.57



# Share of urban infrastructure investment in total fixed asset investment





# UDIC by industry

Industry	Bond issues	Amount (billion Yuan)	Share of bond issues	Share of amount in total amount
Urban infrastructure	161	215.1	41.6%	41.72%
Real Estate Development	17	17.9	4.39%	3.47%
City Public Utility	11	13.8	2.84%	2.68%
Highway and Constructions	96	124.4	24.81%	24.12%
Asset Management	15	19.8	3.88%	3.84%
Multi-sector Holding	87	124.5	22.48%	24.13%

# UDIC and asset-based financing

	average	Province-level UDICs	Province-level municipal UDICs	Capital city UDICs	Municipal-level UDICs	County-level UDICs
Share of land assets in total assets	33.62%	9.29%	46.24%	31.96%	27.75%	44%
Share of other public assets in total assets	22.11%	12.3%	20.47%	22.51%	27.07%	14.58%

Data resource: Wind, Pengyuan Rating