

**Regulatory
Developments**

NDRC revises Methods of Cost Regulation and Approval for Government-set Price

Recently the NDRC revised and promulgated the Methods of Cost Regulation and Approval for Government-set Price, which will come into force on January 1, 2018. The new Methods is an improvement of the methods enacted in 2006. As the most central and important system for cost regulation, it pays more attention to the regulation of monopolistic industries and the standardization of cost regulation and approval. It marks that the government's cost regulation has come to the new stage of scientific and institutional regulation.

The new Methods sets provisions in the following aspects. First, it specifies that cost regulation and approval is an important step for the price determination and adjustment by the government. Before competent departments with pricing authority, relevant departments and authorized municipal and county governments determine or adjust the price of goods or services according to law, they should carry out cost regulation and approval according to the Methods. Second, it specifies that catalogue management will be conducted regarding the subject of cost regulation and approval, and stresses that naturally monopolistic links and important public utilities and public welfare services that are priced based on the cost should be listed in the catalogue of cost regulation and approval. No price shall be determined without the procedure of cost regulation and approval. Third, it intensifies cost approval for pricing, sets strict standards for main cost indicators, and clearly defines expenses that shall not be included in the cost. Fourth, it perfects the process of cost regulation and approval to make it more standardized. The new Methods also has some new contents, such as resorting to third-party forces, promoting the disclosure of cost information, setting up the system of cost regulation and approval archives, and punishing operators that break faith, so as to strengthen the management mechanism of cost regulation and approval.

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Statistics

SAFE spokesperson answers reporters' questions about China's international balance of payment in Q1-Q3

Q: What's China's international balance of payment in the first three quarters of

2017?

A: Primary data showed that in the first three quarters of 2017, China registered double surplus in current account and non-reserve financial account, with more reserve assets.

First, current account maintains reasonable surplus and goods import and export has year-on-year growth. In the first three quarters, current account has surplus of USD106.3 billion, 1.2% of the GDP in the same period. Cargo trade surplus under international balance of payment stood at USD335.4 billion, with export and import increased by 10% and 17% year-on-year respectively, indicating that the continuously rising domestic and foreign demand has boosted foreign trade.

Second, non-reserve financial account shifts to surplus. In the first three quarters this year, non-reserve financial account has the surplus of USD60.8 billion, as opposed to the deficit of USD389.1 billion in the same period last year in comparable terms.

Third, reserve assets increase. In the first three quarters of 2017, China's reserve assets increased by USD58.9 billion because of international balance of payment (excluding non-trade factors such as exchange rate and price), as opposed to the decrease of USD294.1 billion in the same period last year. Among that, foreign exchange reserve increased by USD59.8 billion, and reserve position at IMF decreased by USD900 million.

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