

(Translation)

## **The Achievements, Challenges and Measures of China's Statistical Reform**

-- Speech by Mr. Xie Fuzhan, Commissioner of  
The National Bureau of Statistics of the People's Republic of China, at  
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Measuring National Income and Wealth in Transition Economies

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Mr. Chair,  
Ladies and Gentlemen,

Good morning.

In this lovely season of autumn, the International Association for Research in Income and Wealth (IARIW) and the National Bureau of Statistics of China (NBS) are hosting the International Conference on Experiences and Challenges in Measuring National Income and Wealth in Transition Economies in Beijing. I wish to express, on behalf of the NBS, congratulations on the convening of the conference, and warm welcome to experts, scholars and officials from around the world.

For nearly thirty years, China has been committed to reform and opening-up. The advancement in the socialist modernization drive has greatly boosted the vitality of China's economy, steadily improved the life of the Chinese people, and markedly enhanced the overall strength and international standing of China. To meet the needs of its economic transition, transformation of social structure and opening-up and to meet increasingly higher accounting standards, China has conducted major reform of its statistical system, and established a preliminary statistical system that is internationally comparable and in line with the socialist market economy. However, the ever-changing situation requires new and higher standards for statistical work. We are still faced with many serious challenges in the statistical work and the reform of the statistical system remains an arduous task.

### **I. Remarkable Achievements in China's Statistical Reform**

Since the reform and opening-up of China, the statistical departments have made active and unremitting efforts to reform the statistical system.

A scientific and standardized system of statistical methods that is consistent with international statistical practices has been generally put in place. At the same time, remarkable progress has been made in the building of an information-based network and the reform of the statistical management system.

First, we have established a new national economic statistical system. Before the adoption of the reform and opening-up policy, China used the former Soviet and Eastern European model of Material Product System (MPS) to measure its national economic performance. In late 1980s, China started to gradually adopt the System of National Accounts (SNA), a model widely used in market economies. In 1992, the NBS formulated the *China National Economic Statistical system (Trial Plan)*. This plan is a mixture of MPS and SNA, which incorporates the basic accounting principles, subjects and methods of SNA and retains some elements of the MPS system. In 1999, the NBS started to make systematic revisions of the trial plan on the basis of the SNA 1993. As a result, the *China National Economic Statistical system (2002)* was formulated, which sums up the national economic accounting practices and the results of relevant theoretical studies for the past ten years, incorporates the basic accounting principles, subjects and methods of the SNA 1993 and removes the rest of the MPS accounting. This revised system is basically compatible with new international standards. In 2004, we adopted a three-step GDP accounting and data release system of preliminary accounting, preliminary verification and final verification, and established a regional GDP quality evaluation and examination system.

Second, we have improved the design of statistical survey items. The NBS has designed and improved survey items on a wide range of subjects including population, employment, fixed asset investment, energy, finance, prices, living standard, agriculture, industry, construction, transport, trade, tourism, banking, culture, education, science and technology, health and environment, and reformed the system of statistical indicators. Now, our statistical surveys are covering more areas and subjects. In accordance with international standards and the reality of China's economic and social development, we have promulgated a series of statistical standards and classification methods, which has helped the introduction of higher standards in statistical surveys.

Third, we have steadily reformed the statistical survey methodology. In 1994, the Chinese Government identified census as the basic tool of statistical survey and officially launched the system of periodic national census. In July 2003, major readjustments were made on the items and

timeline of national census. The census of the service industry, the industrial census and the census of basic units were combined into one single economic census. A census system of organizing four censuses of three items in ten years was established, which requires population census and agricultural census be conducted every ten years and economic census every five years. Sample survey, which has also been introduced and rolled out in China, is assuming a dominant role. Now, a system of statistical survey methods with periodic census as the basic tool, regular sample survey as the mainstay and supplemented by special surveys and comprehensive reports, is basically put in place.

Fourth, we have actively promoted the building of an information-based network. Since late 1980s, the wide use of computers has greatly boosted the efficiency and transformed the means of statistical work. In mid-1990s, the NBS started to invest in the building of a statistical information network. In 1999, a wide area trunk network connecting 64 provincial and city nodes was put in place and the Chinese Statistics Web Links was officially launched. A network for transmitting, processing and publishing statistical data was basically established. The online direct reporting system covering 5,000 large-scale industrial enterprises and 5,000 properties developers has greatly improved the timeliness of statistical information.

Fifth, we have improved the statistical management system. Currently, governments above county-level all have independent statistical agencies, and competent departments of the State Council also have their statistical offices. We now have a team of over 90,000 statisticians. To optimize resource allocation, improve the efficiency of our work, strengthen the independence of statistical survey, and enhance the capacity of national statistical authorities to organize direct survey, the NBS reformed the administration system of its directly-affiliated survey units in 2005. The NBS has set up survey teams in 31 provinces (autonomous regions and municipalities) and survey units in 333 cities (prefectures) and 887 counties (districts) and exercises vertical administration over them.

## **II. New Challenges for China's Statistical Authority**

China is currently in a new development stage of building a moderately prosperous society in all respects and advancing its socialist modernization drive. The Chinese Government is now committed to a scientific thinking on development, which puts people first and pursues comprehensive, coordinated and sustainable development. The new situation is demanding more from the country's official statistical work

and brings new and enormous challenges.

**First, the imbalance in supply and demand of statistical information is growing.** As a result of transition of the economic system, transformation of the social structure and wider opening up to the outside, people in China now have greater needs for statistical information, which is mainly evidenced as follows: Timely and accurate statistical information is now sought by users ranging from central and local governments, enterprises, scientific research institutions, the general public, overseas investors to other international agencies. Statistical information is no longer used for formulating plans only. It is playing an increasingly important role in all aspects of our economic and social life. People now demand more complicated contents of the statistical information and they ask for more accurate and timely statistics. However, the supply of statistical information in China is subject to the following constraints. First, the growing number and complex background of survey respondents and various new forms of economic activities have made the surveys more difficult. Second, the old statistical report system and survey methods do not fit in with the new economic system. The available raw data can hardly meet the needs of national economic accounting in scope, quality and timeliness. Third, China's statistical system is built on a relatively weak foundation of inadequate laws, regulations and standards. The competence of statistical institutions at the basic level is yet to be improved.

**Second, changes in the working environment have made statistical work more difficult.** China is now on a fast track of industrialization, urbanization, market reform and opening-up. As a result of the diversified social and economic elements, organization forms and modes of employment, income distribution and consumption as well as the ever more complicated economic pattern and economic links, statistical survey becomes increasingly difficult. The respondents of our statistical surveys are large in number and prone to changes. To evade taxes and protect their privacy or business secrets, survey respondents are becoming less cooperative and supportive. Given the absence of a sound social credibility system, accounting statistics of some enterprises are not complete nor up to the standard, and some companies and public institutions are loose in reporting statistical data. In addition, the performance of a local government is still largely measured by the statistical data of the region. Therefore, local governments tend to interfere into the production of statistical data. All these problems have made statistical surveys even more difficult and may produce systematic deviation in the survey results.

**Third, the system of China's statistical methods is yet to be improved.** First, the statistical survey system cannot provide sufficient information for our efforts to apply the scientific thinking on development. We do not have all the necessary statistical information on the service industry, resources, environment and social development and data regarding the quality, effect and pattern of development. Second, the statistical data are incompatible with each other. The professional statistical data cannot fully meet the needs of national economic accounting. The national economic accounting data do not always match. There is, in particular, disparity between the GDP production accounting data and the end-use accounting data as well as between the regional and national GDP data. Some of the professional statistical data of the NBS are inconsistent with the data produced in other statistical departments. Third, the statistical management system is not yet effective. On the one hand, the administration over local statistical institutions is not functioning well. Some practices of the local statistical institutions are not based on scientific rules and standards. On the other hand, without the support of necessary resources, we are not in a good position to coordinate with other government departments and often end up with overlapping and conflicting survey results. Fourth, the statistical system has a weak foundation. The statistical laws, classification standards and catalogue are not yet complete and the infrastructure of the information service network and the capacity of statisticians at the basic level remain inadequate.

### **III. Deepen Statistical Reform and Strive to Build a Modern Statistical System in China**

In the face of new challenges, the statistical departments of China will take active and effective measures to further reform and improve the statistical system. The NBS has set out the preliminary goals for the reform and development of the statistical system: establish a highly effective and uniformed statistical management system, introduce a scientific and comprehensive statistical survey system, encourage the use of information technology in statistical processing, improve statistical laws and the law-enforcement and supervision mechanism, and build a strong team of professional and dedicated statisticians. We should endeavor to establish a modern statistical system that is compatible with China's reality and general international practices to produce scientific, accurate and authoritative statistics, ensure the implementation of the scientific thinking on development and provide quality statistical service for the government and the people.

To achieve the aforementioned goals, the NBS will press ahead with reform in the following areas: First, improve the statistical management system. While enhancing the capacity of the NBS to administer and directly organize surveys, we should also bring into full play the initiatives of the statistical institutions of local governments and relevant departments to forge a synergy in the statistical work. Second, continue to improve the national economic statistical system and establish a uniformed and high-standard system of statistical standards. We should further deepen reform of the system of statistical survey methods and put more emphasis on the statistics concerning social development, resources, environment and other subjects of public interest to provide comprehensive information support for the implementation of the scientific thinking on development. Third, strengthen the building of information service network, improve the catalogue of basic units, database and other infrastructures, and actively facilitate the use of electronic account books and electronic reports to provide technical guarantee for modernized statistical work. Fourth, foster a better environment for statistical survey. On the one hand, we should take active measures to forge good relations with survey respondents. On the other hand, we should improve statistical laws and the law-enforcement and supervision mechanism and deal with law-offenses in accordance with law. Fifth, we should enhance the capacity of the statisticians to build a high-caliber and dedicated statistical team.

The reform and development of the statistical system is an arduous task for China. Therefore, we need the assistance and support of the general public and our colleagues of relevant international organizations and all countries in the world. The International Association for Research in Income and Wealth is known for its world-class statistical and accounting experts. I hope you will contribute your views and suggestions to the reform and development of China's official statistical work. It is also my hope that my Chinese colleagues will seize this valuable opportunity to have in-depth academic exchanges and discussions with your foreign counterparts.

To conclude, I wish all of you a pleasant stay in Beijing and the conference a complete success. Thank you.