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AVIATION INDUSTRY TAKES OFF



**HOW
PRICE
REFORM
WORKS**

SPOTLIGHT



A view of the newly built street in downtown Yingkou.

Yingkou Harbour, the second largest in northeast China, has an annual handling capacity of 930,000 tons of cargoes.

Photos by Xiao Ye

This imported production line produces 200,000 double-tub washing machines a year.



Yingkou — A Port City

Yingkou abounds in agricultural, aquatic and mineral products. Its textile, petroleum, chemical, machinery, electronics, building materials and metallurgical industries have developed rapidly in recent years. The city, which became a comprehensive export commodities production centre ever since 1981, has marketed its products to more than 40 countries and regions.





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COVER: Glimpses of China's soaring aviation industry.

Photo by Yuan Houhuang

HIGHLIGHTS OF THE WEEK

The Workings of the Price Reform

In this issue *Beijing Review* carries Vice-Premier Tian Jiyun's analysis of China's price reform. He discusses the achievements and problems behind the reform, and outlines the solutions to those problems. This excerpt is selected from the vice-premier's speech at a recent Beijing meeting of cadres from Party and government organizations (p. 16).

China's Aeronautics Industry Takes Off

From a repair and service trade, China's aeronautics has grown into a full-fledged industry capable of manufacturing both military and civil aircraft. Our special report, which comprises three articles, reviews the country's efforts to rely on its own forces to develop its aeronautics into a state-of-the-art industry (p. 20).

Taking Stock of Independent Diplomacy

Following independent foreign policies, China is seen as a major force behind world peace and development. In a recent report to the Standing Committee of the NPC, China's foreign minister analyses the world situation and the role China played in the year gone by (p. 5).

An Economist Reviews the World in 1985

Trade protectionism intensified, the international currency markets were unstable, and the debt that had been weighing heavily on many third world countries continued to grow. The result was most nations, developed or developing, made little, if any, economic progress last year (p. 14).

Moscow Opens New Exchanges With Tokyo

Soviet-Japanese relations are expected to improve following Foreign Minister Shavardnadze's visit to Tokyo. However, hopes for closer ties will become stunted if their long-standing territorial strains remain unresolved (p. 10).

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Promoting Trade With E. Europe

by Zhang Zeyu

China chalked up dramatic increases in its trade with East European countries in 1985. The total value of governmental trade rose more than 70 percent over 1984. And this trend will continue in 1986.

Besides, both sides also engaged in additional trade, barter and compensation trade. Commodities imported from Eastern Europe range from rolled steel, chemical fertilizers and chemicals, to motor vehicles, textile machinery, and mining and oil drilling equipment. China's exports to these Eastern countries include rice, soybeans, canned foods, frozen pork and fruit, cotton, textiles, silk, minerals, hardware, machinery, chemical and light industrial goods.

In addition to the central departments, several Chinese provinces and cities have also developed their own trade with East European nations. Shanghai, China's largest industrial city, for example, signed a number of barter trade contracts in 1985 with Yugoslavia, Poland, Czechoslovakia, the German Democratic Republic and Hungary. The value of import and export trade with Poland and Czechoslovakia stood at 60 million Swiss francs. In 1985 dozens of groups of trade officials and company managers from Eastern Europe visited Shanghai where they held a series of technical exchange symposiums and product samples exhibitions.

At present, trade officials from some of China's provinces and cities are discussing with their counterparts from Eastern Europe the establishment of joint ventures and independently owned enterprises, undertaking contracted projects for a third party

or pooling funds to exploit resources. These talks also broached the question of co-operation on compensation trade measures or exporting products to a third country.

Several factors contributed to the growth of China's trade with East European countries.

—The improvement of mutual relations has provided a sound foundation for China to develop economic ties and trade with these nations. As socialist countries, both look to an easing of international tension and enduring peace to help ensure the success of their socialist economic construction.

—Since 1979, when China began implementing the policy of invigorating its domestic economy, its industrial and agricultural production has developed rapidly. Consecutive years of bumper harvests and steady industrial growth have provided China with abundant sources for expanding export commodities.

—The commodities exported by each side are geared to market needs. The raw materials, machinery and transportation equipment imported from Eastern Europe are suited to China's needs, while the agricultural, sideline, native and special products, minerals and textiles exported by China are lacking in these nations.

—Goods traded are not paid for in cash, but on a credit basis, making it convenient for both sides.

Developing economic and trade relations with East European countries is a component of China's open policy, policy which is applicable not only to the Western capitalist countries, but also to the Soviet Union and other

East European countries and the vast number of third world countries as well.

However, since China has made some progress in its economic and trade relations with the Western capitalist countries, some people have accused China of following the old path of allowing the West to plunder its resources as had some other countries. From this allegation, these people have concluded that China has strayed from the socialist path. This is, of course, way off the mark because China develops economic and trade ties with foreign countries precisely with the aim of accelerating its socialist modernization.

Now that China is expanding its economic and trade relations with the East European countries, some people worry that China's ties with other countries will be adversely affected. Action, however, speaks louder than words. In 1985 when China's trade with Eastern Europe developed rapidly, its trade volume with the United States amounted to US\$6 billion, a 7.6 percent increase over 1984; its trade volume with EC countries ran to US\$6 billion; a 24.5 percent rise over 1984; and its trade volume with Japan climbed as high as US\$16 billion, up by 30.2 percent over the previous year.

A sovereign country with a population of 1 billion, China practises an independent foreign policy. It is willing to develop economic and trade relations with all countries and regions on the basis of equality and mutual benefit. All ready to do so are welcome to join in.



Policy of Peace Prevails in World Affairs

Following an independent and peaceful foreign policy, China has commanded increasing recognition as a major force behind peace and development in a world where peace-loving forces have outstripped the growth of those bent on war. But this is no reason for blind optimism.

"We should remain vigilant," warned Foreign Minister Wu Xueqian in a report on the state of international affairs to the 14th Session of the Sixth National People's Congress Standing Committee, held in Beijing on January 16. "Factors that account for tension and turbulence are still there in the world situation. So is the danger of a new world war," he said, adding that world peace could be saved only through the concerted efforts of peace-loving people around the world.

Wu, who is also state councillor, told legislators that generally speaking, international tension had been eased in the past year, as the superpowers had switched from stubborn confrontation to at least a blend of confrontation and dialogue.

The Soviet Union and the United States restored their talks in 1985 in order to prevent their confrontation from running out of hand. "This has led to a measure of relaxation in their bilateral relations and international situation as a whole and it is praiseworthy," Wu said.

But to achieve a genuinely relaxed world environment, far more work needs to be done. The Chinese foreign minister called on Washington and Moscow in his report to take concrete steps towards that end instead of only paying lip service to the ever-popular themes based on "no military superiority" and "prevention of the outbreak of war." They should, through conscientious efforts, reach an agreement that could lead to drastic slashes of

their nuclear arsenals and halt their arms race from entering outer space, both of which are preconditions for a total ban and complete destruction of all nuclear weapons.

"Although the United States and the Soviet Union have returned to the negotiation tables," Wu said, "their arms race is still going unabated, and 'hot spots'—regional problems endangering world peace and stability—are yet to be cooled down."

To make his point, the Chinese official reeled off a number of those "hot spots":

Afghanistan. The Soviet Union has shown no sincerity or given any indications that it will pull its troops out of the neighbouring Muslim country.

Kampuchea. The Vietnamese occupation troops backed by the Kremlin kicked off a dry-season offensive last year, but have failed to subdue the patriotic forces of Democratic Kampuchea led by Prince Norodom Sihanouk.

Middle East. Violence is gradually giving way to political discussion in the region, but a latent crisis situation prevails because of the stand of the United States and Israel and the meddling of the Soviet Union.

Korea. The dialogue and contact between North and South Korea came up with some tangible results last year, easing tension along the peninsula, but military confrontation remains the norm.

South Africa. Pretoria has strengthened its racist rule, invaded and harassed neighbouring countries and has obstructed the independence of Namibia. The situation there only seems to go from bad to worse.

Wu also pointed out that gloom seems to have settled upon the world economy. Economic growth has been slowing down

considerably, while the gap between the developed and developing nations continues to widen.

A current deadlock on North-South dialogue, coupled with the East-West confrontation, complicated world relations in the last year, Wu said. As the tension mounts, however, peace and development have become increasingly important concerns to people around the world.

"It is the common aspiration of all the world's people to seek development in peace and to promote peace with development," the foreign minister said.

Wu termed China's independent foreign policy of peace "sound, and the most effective" in the history of the People's Republic. According to him, this policy is based on the following principles: never attaching to or fostering strategic relations or an alliance with any big power or bloc of powers; standing by other third world nations; opposing hegemonism and safeguarding world peace; striving to establish and develop friendly ties with all countries on the basis of the Five Principles of Peaceful Coexistence; and upholding the current open policy so as to boost economic and technological exchanges and co-operation with all countries on the basis of equality and mutual benefit.

These principles have made China an active member in the world community. The year gone by saw Chinese leaders visiting more than 40 countries and receiving counterparts from as many countries. According to Wu, with the addition of Bolivia, Grenada and Nicaragua last year, the total number of nations having diplomatic relations with China has reached 134.

He said unity and co-operation between China and other third world countries have been furthered by Chinese leaders' visits to

countries in Asia, Africa, Latin America and the South Pacific region and the visits to China by more than 20 heads of state from the third world.

On Sino-Japanese relations, Wu referred to a four-point proposal put out by General Secretary Hu Yaobang last year. The programme involved the promotion of friendship as state policy, fostering better attitudes towards past conflicts, strictly abiding by the Sino-Japanese Joint Statement and the Sino-Japanese Treaty of Peace and Friendship, and carrying on the bilateral friendship from generation to generation.

With the exchange of visits by leaders of China and several West European countries, Wu said, China and Western Europe now had more in common, and that economic ties and trade between them had progressed in the past year.

Heartening progress, Wu said, had also been achieved in relations between China and socialist countries in Eastern Europe. China has furthered its unity and trade relations with Romania and Yugoslavia, and improved its relations with the German Democratic Republic, Poland, Hungary, Czechoslovakia and Bulgaria.

Wu pointed out that recent developments in Sino-US relations on the whole have been stable. Leaders from both countries have exchanged visits, and progress has been made in bilateral co-operation in the fields of economy, trade, science and technology. However, he said, the issue of Taiwan still remains the main barrier to better ties between these two countries. The key to removing this barrier, Wu said, lies in strict implementation by the American side of the three Sino-American communiqués put forth since 1972, concerning Sino-US diplomatic relations, arms sales to Taiwan and Washington's recognition of the government of the People's Republic of China as the

sole legal government of China.

The Chinese foreign minister said that the Sino-Soviet relations had improved to some extent in the past 12 months, particularly in their economic relations and trade. However, he said, no fundamental improvement has ever been in sight in the political relations between the two countries. If the Soviet side is sincere about improving its relations with China, it should do something concrete to remove the political obstacles rather than try to shun them. The first thing to do, Wu said, is for the Kremlin to stop supporting Viet Nam in its aggression against Kampuchea.

Agro-Science Enters Golden Age

The Sixth Five-Year Plan (1981-85) came and went as a vintage period for China's agricultural science—a period crowned with breakthroughs and achievements. While agricultural performance keeps improving steadily, Chinese agro-scientists are still gearing up to do even better during the next Five-Year Plan that began this January.

Much of the credit must be given to the brilliant work of some 4,600 scientists and researchers who man the Chinese Academy of Agricultural Science. During the past five years, by undertaking research projects entrusted by government departments, the academy pulled in 570 awards for its research findings. Twenty of these projects have been put into widespread production, and another 20 are considered among the best in the world so far. These achievements, which include the multipurpose improvements of alkaline land, the successful prevention and treatment of a wheat disease and the artificial insemination of sheep with refrigerated sperm, have grossed

2.6 billion yuan, according to the academy's vice-president, Liu Zhicheng.

The academy, which specializes in agriculture and animal husbandry, has 33 branches throughout China. Its total workforce include more than 10,600 employees who operate more than 6,700 hectares of experimental farmland. While applying its own research findings to improve Chinese farming and livestock breeding, the academy also publishes some 55 academic journals that aid China's 800 million farmers in scientific production.

Many of the academy's achievements were made by the dovetailing of applied science with the country's need for modernization and commodity production. Much research has been conducted that in the end has brought China considerable financial gains. Agro-scientists developed, among other things, a number of improved strains of rice, wheat, corn, soybean and cotton and new breeding systems for chickens and pigs that yield high, lean output;

Shen Tianmin, a self-taught agronomist, is the only farmer on a national board that examines crop strains. Here, he is studying a new strain of wheat—his own brainchild—that yields more than 6,000 kg per hectare.

WANG GANGFA



and have come up with high-yielding wheat and cotton cultivation techniques. By planting a new strain of wheat developed by the academy, northern Chinese wheat farmers have increased their output by 320 million kg in the past five years. The same period saw farmers in the Huanghe-Huai River basin earn more than 300 million yuan from growing a new strain of cotton on some 666,700 hectares of alkaline land.

In the field of applied technology, the academy has developed more than 50 new tracing chemicals that China previously had to import. These chemicals are used in the study of insecticides, herbicides and chemical fertilizers and their impact on insects, grass and public health.

Chinese agronomists have begun to set up computerized data banks to facilitate the development of new strains of rice, wheat, corn, silkworm, poultry and domestic animals. For the first time in Chinese history, computerized irrigation systems are being introduced to farmers.

The academy has, through extensive studies and surveys, kept Chinese public policy makers informed of the current and future development of the country's agriculture. Grain production, for example, is an issue of great significance in a country that has 1 billion mouths to feed. The academy has formulated modern methods of grain production, especially in new techniques that make better use of grain to yield more food of high quality, and methods of readjusting farming systems.

As the new Five-Year Plan gets under way, China is faced with one of the most arduous responsibilities: To prepare its rural economy for a healthy takeoff in the 1990s. Much of the desired progress hinges on technical and scientific advancement. Accordingly, the academy will devote its major

efforts in four fields during the Seventh Five-Year Plan period:

—The academy will map out a plan that will guide agro-scientists in their efforts to take on government research projects and improve the relationship between theory and application.

—Promotion of technological development and the commercialization of research findings will also be stepped up. The academy expects to run 30 farms that combine scientific research and production by 1990. These farms are estimated to gross as much as 4 million yuan in revenue by that time. Through the combination of

research with production, the needs of the producers can be brought to the attention of the researchers and the findings can quickly be put into practice.

—The academy plans to increase and tighten exchanges with foreign colleagues. Ten laboratories will be set up specifically for this purpose, and foreign experts will be employed to help with research work.

—The academy intends to pull in more research specialists by 1990, with at least 6,600 scientists making up 55 percent of its work force.



WU JIADU

Members of the production crew of the film, "Fascinating Music Band," meeting with farmers in a Beijing Suburb. The woman in the centre is Wang Haowei, the director.

Cleaning Up Films For Better Society

Chinese senior Party officials have called on Chinese film makers to go beyond their concerns over box-office returns to consider the social benefits of their products.

At a meeting with the production crew of a newly released film on January 12 in Beijing, Hu Qiaomu, a member of the Political Bureau of the Party Central Committee, said films that were healthy in content and

beneficial to socialism would receive encouragement at every stage of production, while films deemed immoral should be discouraged.

"Some people in the literary and art circles see only money, but not the needs of people for artistic value," Hu said.

In his speech, Hu Qili, also a member of the Political Bureau, said great efforts should be made to improve China's film industry as well as the political and professional standing of the people involved in the industry.

Both members of the Political



Chinese Children Go to Antarctica

A girl from Beijing and a boy from Shanghai arrived at China's Great Wall Observation Station in Antarctica on January 14, where they will attend a ceremony to inaugurate a bronze signboard on behalf of 170 million Chinese children between the ages of seven and 14.

Yang Hailan (left), an 11-year-old pupil in a girls' primary school, said she had prepared some dances and songs, and learned to operate a tape-recorder and camera for the occasion. "I will take our wonderful ideas for the future to Antarctica," said the other young adventurer, Wu Hong (right). Wu, 12, is a first-year student at Shanghai's Datong Middle School.

Bureau spoke highly of the new film, *Fascinating Music Band*, produced by the Beijing Film Studio, describing it as "healthy, inspiring and conducive to socialism."

Shot in a northern China village in a light comedy genre, the film involves the conflicting views between the new and the old as a peasant amateur musical band comes into being.

Wang Haowei, director of the film, has directed a number of well-received movies in recent years. *Fascinating Music Band* was based on an authentic peasants' group in Jinxian County, Liaoning Province, where Wang saw how the self-taught local musicians performed for their fellow farmers after a hard day in the fields.

"Their images are by no means the same peasant images I saw 10 years ago. When I saw them play various instruments, I was really stunned and deeply moved," she said.

In contrast to other industries that had performed well last year, China's film industry went through a period of low box-office turnouts. The number of moviegoers between January and May fell by 2.4 billion throughout the country, compared with the same period the year before, a drop of 20.8 percent. The figure in cities was more dramatic, an all-time low of 26 percent.

The waning interest in the cinema is due in part to competition from the television screen. Both the central and local

TV stations aired a great many foreign and Hongkong serials last year, drawing people from the cinema *en masse*. The low quality of home-made films has also pushed ticket-holders back home. Another factor is the growing sophistication of the audience and the rapid change in Chinese aesthetics. Finally, the ideological underpinnings in the film industry as a whole are quite weak. They lack a full understanding of socialism today, and therefore often fail to grasp the quintessential movements of modern Chinese society.

In an effort to boost China's film industry, the State Council recently merged the film industry with a new ministry of radio, cinema and television. Speaking about this new move at the 14th

News In Brief

This year China will sponsor a contest, "The Ten Wild Animals in China I Like Best." Which is aimed at helping Chinese and foreign children gain a better understanding of wildlife in China and develop a love for nature, according to the China Wildlife Conservation Association. The results of the contest will be announced in October. Fifteen special prize winners—10 Chinese children and five children from other countries, Taiwan, Hongkong or Macao—will be invited to visit one of China's nature reserves as a guest of the conservation organization.

* * *

The Chinese Academy of Sciences has, for the first time in its history, provided a total of 2.51 million yuan to aid 140 young scientists in their research—the youngest being 22 years old, and 13 having studied abroad. Zhang Yingzhi of the Shanghai Institute of Organic Chemistry, who received a Ph.D. at London University, was granted 40,000 yuan for her research on the application of Palladium Complex Compound in organic synthesis. Earlier last year, the academy set up a science fund to foster the work of young scientists younger than 35.

Session of the Sixth National People's Congress Standing Committee recently. State Councillor Zhang Jingfu said it was "conducive to the mutual development" of cinema and television, and would help to satisfy the people's increasing demand for decent cultural entertainment.

Divided leadership over the film and television industries had given rise to many problems, Zhang said. Among others, there is a lack of co-ordination between the two sectors regarding the choice of themes, the arrangement of production and the import of foreign production. All this has resulted in wasted labour and financial and material resources.

Chinese Robotics Off to Good Start

At a recent exhibition in Urumqi, a young woman in bright Uygur costume caught the viewers' eye. She greeted visitors warmly, handed out catalogues and then asked the visitors politely to have a look around.

But at closer look, the young woman in bright costume revealed herself to be less than human. In fact, she was a robot.

"This robot, which took us four months to bring out, is of relatively low quality," said Shen Nanxian, professor of the Chengdu Telecommunications Engineering Institute in Sichuan Province and a designer of the human-like robot. "We are currently developing a new type of robot that both talks and walks. This intelligent robot is expected to be accomplished within a year."

Chinese scientists began to conduct research on robots in the early 1970s, and have since turned out more than 1,000 industrial mechanical arms and more than 100 industrial robots. They have been used mostly for assembling, casting, forging, electrolytating

and paint spraying.

At the First Symposium on Robot Science of the China Electronics Association, which ended in Nanjing last November, Professor He Fachang, executive chairman of the symposium, said that robotics in China was still in its infancy, and the country was not yet able to mass-produce robots. "But the development of robots has been listed as a key research item in China's Seventh Five-Year Plan (1986-90)," he said, adding that today more than 400 Chinese scientists are building robots.

He said China had introduced a group of robots in teaching and production, and that it would carry out wider exchanges and co-operation with other countries in this field.

Brothers Marathon Across Motherland

Two brothers from Harbin, capital city of Heilongjiang Province, have completed a run over 6,600 kilometres across China.

The brothers, Yan Genghua, 26, and Yan Gengchen, 28, started their cross-country marathon on September 1 last year from Mohe, China's northernmost village in Heilongjiang Province. They headed southward at a speed of 42.195 km per day and 136 days later, they reached their destination, Haijiao village on the Hainan Island.

Their sister Yan Liping rode a bicycle with them, taking care of their supplies on the way.

CORRECTION: In the ninth line of the left column on P. 7 of our issue No. 2, "4,000 yuan" should read "400 yuan."

USSR-JAPAN

Territorial Dispute Remains

The first five-day Tokyo visit by the Soviet foreign minister resulted in new efforts to resume regular diplomatic ties, but their long-disputed territorial problems remain unresolved.

Soviet Foreign Minister Eduard Shevardnadze recently concluded his five-day visit to Japan with some substantial results. The most significant one, however, is that Moscow and Tokyo's strained relations have finally broken an eight-year impasse to cautiously explore new grounds.

The Soviet foreign minister delivered a letter from Soviet leader Mikhail Gorbachev to Japanese Prime Minister Yasuhiro Nakasone inviting him to Moscow. The Japanese prime minister expressed his appreciation of the invitation and extended his own to Gorbachev, saying "it is your turn now" since former Japanese Prime Minister Tanaka made an official visit to Moscow in 1973. Nakasone expressed his hope that the Soviet leader would visit Tokyo first.

During his stay in Tokyo, Shevardnadze signed a trade and tax agreement with his counterpart, Shintaro Abe. The five-year agreement, to begin this year, sets regulations for taxation on trade activities and specifies the annual bilateral trade talks including discussions on development of Siberia and other areas of economic co-operation. The agreement also includes provisions to avoid double taxation of each other's products.

According to the communique issued at the end of Shevardnadze's visit, the two

ministers decided that the annual trade consultations between Moscow and Tokyo should be upgraded to the deputy ministerial level and agreed to meet at least once a year for regular consultations.

The two ministers also renewed the Soviet-Japanese cultural exchange pact which was originally signed on January 27, 1972 and has since been extended every two years.

The renewed pact, effective until January 26, 1988, will envisage a limited exchange of government publications and scholars and the organizing of film festivals in each country.

A key paragraph of the communique stated, "The two ministers held negotiations concerning the conclusion of a Japan-Soviet peace treaty, including various problems which might constitute the content of the said treaty, on the basis of the agreement decided upon in the Japan-Soviet joint statement of October 10, 1973."

Japan has repeatedly voiced its claims to the four northern islands seized by Soviet troops at the end of World War II and has described the territorial issue as a major obstacle to improvement of Soviet-Japanese relations. Moscow has maintained that the territorial issue does not exist.

Yet, the two sides apparently have different interpretations of the paragraph mentioned in the joint communique even before

Shevardnadze wound up his visit. He said at a press conference on January 19 that his country had not changed its policy on the northern territory. Japanese foreign ministry officials, however, insisted while briefing reporters on the same day that the joint communique includes the territorial issue.

On the request from Japanese to visit graves on the Soviet-held northern territories, the Soviet side said that the problem "would be studied with all due attention from the humanitarian standpoint." Moscow has so far refused the Japanese request to allow former Japanese dwellers on the islands to visit the graves of their relatives there.

The two ministers failed to mention the proposal to hold an Asian security conference, masterminded by Soviet leader Gorbachev but ignored by Tokyo.

The relations between the two countries deteriorated after Soviet troops invaded Afghanistan and Tokyo joined in the economic sanctions against Moscow in 1979.

The meeting last March between Gorbachev and Nakasone during the funeral of former Soviet leader Konstantin Chernenko, the first between the countries' top leaders in 12 years, was the earliest sign of a thaw in bilateral relations. It was at that meeting that Gorbachev agreed to send the Soviet foreign minister to Tokyo for an official visit, which was delayed by the Soviet side on several occasions.

The Gorbachev-Nakasone meeting in Moscow was followed by increased contacts between high-ranking officials of the two countries. Meanwhile, bilateral trade increased slightly last year, reversing a decline during 1983-1984.

The Soviet Union has stated that the current state of relations "does not correspond either to the political weight of the two countries in world affairs, or their

economic potential." The Soviets have said that there is much to do to increase mutual trust, especially through active political dialogue. The Japanese side has made positive responses to the Soviet call.

Foreign affairs policies are divergent between the two countries on a series of political issues. Moscow has taken every chance to attack Japan's relations with the United States and has tried to drive a wedge between them. Meanwhile, Tokyo has maintained pressure on the Soviet

Union to withdraw its troops from Afghanistan and to reduce its nuclear missiles deployed in the Far East.

Although the Soviet foreign minister's visit to Tokyo has achieved some results, the fundamental issue — the territorial one — is still not solved. Observers in Tokyo believe that a solution to this issue cannot be expected in the immediate future. Therefore, it will be some time before significant improvements in their relations are unfurled.

by Ren Yan

VIET NAM

'Peace' Becomes Hanoi's Latest Hoax

A Vietnamese senior foreign ministry official recently calls for the "peaceful coexistence" of Southeast Asia, while his government continues to escalate aggression in Kampuchea, and ignore all United Nations resolutions to the contrary.

At the turn of the new year, the Vietnamese authorities issued a call for "peaceful coexistence" in Southeast Asia, yet turned around and stepped up its military operations in Kampuchea.

At a recent press conference in Hanoi, Vo Dong Giang, a senior Vietnamese foreign ministry official, stated the Kampuchean issue was closely tied to peace and security in Southeast Asia, and that "peaceful coexistence" should form the basis for discussions on independence, sovereignty and security in the region.

Vo said the settlement of the Kampuchean issue did not lie in the withdrawal of Vietnamese troops, in Kampuchea since 1978. He also appeared to be unhappy

with recent international pressure on Viet Nam to pull out entirely by 1990. These remarks contradict Hanoi's earlier pledges, and further demonstrates Viet Nam's unwillingness to peacefully settle the Kampuchean issue.

Vo went on to emphasize that the withdrawal of Vietnamese troops would "co-ordinate with the growth of the [pro-Vietnamese] Kampuchean revolutionary forces and depend on whether they are able to assume all military tasks." The Vietnamese prerequisite for its troop withdrawal is clearly designed to strengthen the Hanoi-backed Heng Samrin regime and to pit Kampuchean against one another to perpetuate Viet Nam's long occupation of that country.

Vo also made an appeal to all factions in Kampuchea to hold talks with the Heng Samrin regime without discussing Vietnamese withdrawal from Kampuchea — an obvious attempt by Hanoi to legitimize the Heng Samrin regime and the Vietnamese presence in Kampuchea.

Harping on Hanoi's old tune, Vo stressed the Kampuchean issue could not be solved independently. He called for an international guarantee for peace and security in Southeast Asia and the elimination of "foreign interference." He warned that if a solution could not be found, the Vietnamese pullout would have to be delayed, which indicates that Viet Nam actually has no intention of removing its troops from Kampuchea until they have taken over completely.

While Vo's appeals appear on the surface to be efforts of good faith — facts speak louder than words. The Vietnamese authorities currently have 180,000-200,000 troops in Kampuchea. Vietnamese aggression has taken enormous counts of Kampuchean lives, trampled upon the sovereignty and territorial integrity of the country, and has provoked unrest and instability in Southeast Asia. Therefore, Viet Nam's appeal for so-called "peaceful coexistence" is nothing but a front to legitimize its military expansion and hegemony.

Just-minded people all over the world believe the only way to resolve the Kampuchean affair is on the basis of relevant United Nations resolutions that call on Viet Nam to withdraw its troops unconditionally, thereby enabling the Kampuchean to set up a peaceful, independent, neutral and non-aligned nation, free of foreign interference. These actions alone are prerequisites to peace in the Southeast Asian "hot spot," as well as the stability and security of the region.

by Tang Tianri

EGYPT

Overcoming Its Economic Deadlock

Strangled by a failing economy, the Egyptian government is lashing out by implementing economic reform policies and putting an economist into the prime minister's chair.

Inflation, foreign debt and foreign exchange deficiencies are the three major economic obstacles confronting Egypt today. According to reports, Egypt's foreign debt has reached US\$34.3 billion, and the annual interest payments on these loans have cost the Egyptian government 20 percent of its foreign exchange earnings. The budget deficit of the Egyptian government has also increased, reaching US\$5 billion. Its annual inflation rate stands at 50 percent, while its agricultural yields have just barely crept up. To top it off, about 50 percent of its staple foods need to be imported, which alone costs Egypt 20 percent of its total foreign exchange income. These economic difficulties have not only severely impeded the normal practices of the national economic plans, but they have substantially lowered living standards for the people of Egypt.

The reasons behind the economic deadlock are many. The excess of Egyptian currency floating on the open market has hiked up inflation. Purchase prices have skyrocketed, forcing the government to spend more on subsidies for its people, and placing more of a burden on the national budget.

Huge losses by state-owned enterprises also have created headaches for the government.

The original purpose behind the open policies adopted by the Egyptian government was to attract foreign investment. Unfortunately, it has seen few positive results.

The development of its financial industry also has made great demands on the Egyptian economy. A substantial amount of foreign exchange has been spent on importing consumer goods, some of which could have even been produced by Egypt itself. It has been reported that since 1980 only one-sixth of Egypt's foreign exchange income has been used for the productive enterprise investment while five-sixths of it has been used for importing consumer goods.

In the past few years, the decline in oil prices on the world market has had a negative effect on the Egyptian economy, not to mention the continuous Gulf war and the rising protectionism by some developed countries. As a result, the country's four main sources of foreign exchange—petroleum exports, the Suez Canal, remittance made by overseas Egyptians, and tourism—have all depreciated over the last few years.

In a bid to stabilize its trembling economy, the Egyptian government has begun to adopt a variety of policies. Egyptian President Hosni Mubarak made the first move by announcing reforms

among government organs. Early last September, the cabinet was readjusted and an experienced economic expert, Ali Lutfi, was made prime minister.

President Mubarak thus declared the government would emphasize the Egyptian economy as one of its top priorities. He has said the government intends to develop production, increase exports, curb imports, encourage private enterprise and foreign investment, and control nonproductive expenditure. Government expenditure also has been reduced: delegations to travel abroad may not exceed three persons; no public funds are to be used for entertainment or gift exchange.

The government has decided recently to raise the price of gasoline and to collect electricity and water fees. But at the same time, it will continue to subsidize those Egyptians whose annual incomes are lower than 1,200 LE (1 LE is equal to US\$1). These low-income workers will be offered meat, rice, sugar and cooking oil at discount prices.

The tourism industry in Egypt can almost be considered a natural resource, due to the Pyramids, Nile River and natural beauty that attract the curious from around the world. The government realizes its potential and has decided to lower hotel prices in an effort to bring in more tourists and boost its tourism income.

All in all, the current economic situation in Egypt remains grim. The Egyptian people are counting on their new cabinet to do its bit for the nation. President Mubarak repeats his slogan: It's either export or death. And while some observers in Cairo believe the hurdles appear too high and wide to leap, they also maintain the new cabinet comes well equipped with more energy and a better awareness of its purpose.

by An Guozhang and Gu Zhenglong

Cabinet Resignation Spurs Demands

With the British defence minister resigning over a cabinet dispute, Prime Minister Margaret Thatcher faces some of the severest criticism ever, while the parliament and people are demanding an explanation.

British Defence Secretary Michael Heseltine abruptly stepped down from the cabinet on January 9, following a bitter battle over the future of a British helicopter company, and allegations from Heseltine that Prime Minister Margaret Thatcher had tried to silence his support for a European consortium offer to rescue the ailing firm, instead of an offer of the United States and Italy.

In a series of statements and interviews, Heseltine strongly defended his support for the European rescue deal of the helicopter firm, Westland, and reiterated his conviction that "Britain's technological and industrial future lies in partnership with Europe."

Raising even more unrest in the parliament was British Trade and Industry Secretary Leon Brittan, who has been accused of deliberately misleading parliament about the affair. He had reportedly sided with Prime Minister Margaret Thatcher in favour of a rescue package offered by the giant US helicopter manufacturer, Sikorsky, and Fiat of Italy. Brittan denied an allegation that he had pressed the British Aerospace Company to withdraw from the European consortium in the national interest. He said he only advised

the company of the danger of appearing "anti-American."

Meanwhile, opinion polls indicate the conservative government's popularity has been damaged by the Westland affair. In one Harris research poll, two-thirds of those questioned agreed that the prime minister was "domineering and unwilling to listen to advice."

Heseltine's resignation offered a rare opportunity for opposition parties to attack the Thatcher government. Opposition Liberal Party leader David Steel urged Thatcher to make a statement "on the wider issues of cabinet responsibility" now that Heseltine's resignation was being "discussed in every newspaper, on television and in every pub in the land." The Labour Party leader Neil Kinnock raised a motion calling for an all-party inquiry into the government handling of the rescue of Westland. However, it was defeated in the parliament with 370 votes against and 217 in favour.

The *Times*, one of the British newspapers devoting lavish coverage to the resignation, commented that "on no other occasion has a senior minister walked out of the government to launch an immediate, detailed, frontal assault upon the prime

minister and the conduct of the cabinet."

The Westland affair has also caused concern among the leaders of Federal Germany, Belgium, the Netherlands and other European allies. Federal German Chancellor Helmut Kohl praised Heseltine's efforts to co-operate with the Germans and expressed his regret of the minister's resignation.

Officials of the Belgian defence ministry said that if Britain accepted the American-led bid for the Westland Company, the country would probably be excluded from future helicopter manufacturing projects by their European allies.

While a meeting of the shareholders of Westland to decide which bid to accept was postponed, shares of the company have been selling well above their market price.

Rumours are circulating around London that anonymous buyers are making desperate efforts to gain the necessary majority of shares for the Sikorsky takeover bid, while others are doing the same thing to block the American takeover.

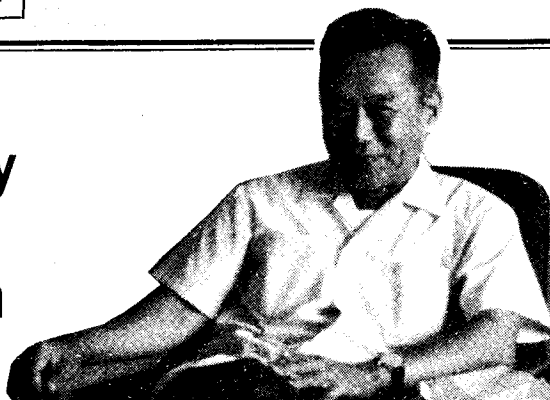
Although the future of Westland, a little-known firm based in southwest England, remains unclear as the battle for its control drags on, observers in London believe the events of the past few days are certain to exert a great impact on British politics and especially on the upcoming general elections.

by Cheng Kexiong



World Economy Submits to Strain

by Pu Shan



Economically speaking, 1985 took its toll on many countries. The Western nations saw their economic upturn rapidly losing momentum; the Soviet Union and most other East European countries again experienced a sluggish growth rate; and the majority of the developing countries remained in the grips of severe economic difficulties.

Many unstable elements multiplied throughout the last year. The intensified trend towards trade protectionism and the volatile international monetary and financial markets have dimmed the prospects of the world economy.

After the United States and Japan emerged from the 1980-82 economic crisis of the capitalist world, they experienced a rapid recovery for about one and a half years. But in the latter half of 1984, their economic growth slowed down remarkably. US GNP grew less than 3 percent last year. Most West European countries registered growth rates lower than 3 percent, and by the end of last year their unemployment rates stood above 10 percent.

Japan achieved a comparatively high growth rate of 4.5 percent in 1985 mainly because of a boost in exports, but this export-backed growth caused serious friction with many of its trade partners.

While fulfilling its plans for national income and industrial production, the Soviet Union failed to attain the growth rate set for agricultural production last year, and their overall rate was

only 3.5 percent. None of the major production targets that had been set for the Soviets' 11th Five-Year Plan (1981-85) were met. The annual growth rate during the five-year period averaged 3.2 percent, the lowest of all such periods. Some of the East European nations also encountered serious economic woes due to deteriorating terms of trade and increasing foreign debt burdens.

Most economies of the developing nations, which had never fully recovered from the disastrous effects of the 1980-82 world economic crisis, went from bad to worse in 1985. The sharp price cuts for raw materials left many of them in economic straits; even the petroleum-exporting countries could not escape the pinch. With the developed nations, the United States in particular, turning more and more to trade protectionism, they all found it increasingly difficult to export their manufactured goods. Even those East Asian countries or regions that usually boast a rapid economic growth experienced a painful slowdown or decline.

With continuous high interest rates, the third world debtor nations, which had been trying to repay their debts by adopting austere economic measures, expanding their exports and forcing down living standards, soon came to realize they could no longer afford to do so.

Various factors contributed to the 1983 economic recovery in the capitalist world, but the one that played prominent role was American economic policies. Massive US fiscal deficits coupled with the tight monetary control

resulted in high interest rates, which brought a larger flow of foreign capital into the country and boosted the exchange rate of the dollar. While foreign capital inflow accelerated US economic growth, the strong dollar also helped other nations to step up their exports to the United States, thus pushing forth their economic upturn.

US Policies

As time went by, however, the huge deficits, high interest rates and the strong dollar became increasingly harmful to the world economy as well as the US economy itself. The high exchange rate on the US dollar and the resulting trade deficits led to intensified protectionism that made it difficult for other countries to increase their exports to the United States. They also made it difficult for the United States to keep up the momentum of its economic recovery.

High interest rates not only aggravated the economic difficulties of the debtor nations, but also led to an agricultural crisis in the United States, and began to have damaging effects on domestic investment and credit loans.

Meanwhile, those nations that found their capital drawn into the United States became less able to increase their domestic investments and adopt measures to stimulate their own economic recoveries. The influx of foreign capital also caused a swelling in US foreign debts. For the first time in 70 years the United States found itself in the position of being a debtor nation. In the latter half of 1985, the US government was forced to adopt some measures with regard to trade, debt and exchange rates, in order to reduce tension in the various fields. But the steps taken have been lax and progressed slowly.

One sticky issue that has plagued the world economy since 1980 is the trade protectionism practised by the developed nations. Although tariffs were reduced as a result of the Tokyo

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round of multilateral trade negotiations in 1979, non-tariff barriers have greatly increased, most of them directed against the developing countries. From 1980 to 1983, the proportion of US imports subject to non-tariff barriers more than doubled, and that of the European Economic Community member nations rose by 38 percent. Last year the US Congress put forward more than 300 bills to restrict textile, shoe, steel and other imports. Although the Reagan administration vetoed the major protectionist textile bill, protectionism continues to mount.

The General Agreement on Tariffs and Trade (GATT) is preparing for a new round of trade talks this year. The developed countries however, are still divided among themselves as to which countries should be charged with opening their domestic markets or stimulating home demand. Washington insists that banks, insurance and other service trades be included in the trade talks, asking third world countries to open their markets to transnational banks and insurance companies. The Reagan administration pays little attention to the trade issues about which the developing countries are most concerned, such as textiles, and worse still, it wants to further restrict such imports.

Debt Crisis

The international debt crisis was eased somewhat through rescheduling as the world economy recovered from the recession. But the rescheduling only deferred payments; it did not reduce the debts. The total amount of debts among developing countries is still rising—it stood at close to US\$1,000 billion at the end of last year—despite the efforts made by the debtor nations to bring it under control. While forced to pay large sums of foreign currency for rescheduling their debts, many third world countries found it difficult to obtain new loans from the

international capital market. This means they have actually become suppliers of funds to the developed nations. Such a reverted flow of funds has seriously stunted economic development in the debtor nations. Brazil has declared it will not pay the price of recession, unemployment and hunger in order to service its debt; Peru announced its plan to limit payments for interest on its debts to 10 percent of its export earnings. Many other Latin American countries have come out with similar policies, forcing Washington to slightly change its attitude. The US Treasury Department now acknowledges that the debt crisis cannot be resolved simply by asking the debtor nations to tighten their belts and increase exports. At the international Monetary Fund and World Bank annual meeting last October, US Treasury Secretary James Baker proposed that commercial banks provide new loans totalling US\$20 billion to debtor nations over the next three years, and that international financial institutions provide another \$9 billion. The proposed loans, however, fall way short of the debtor nations' needs.

Currency Fluctuations

The year 1985 was also a period of fierce fluctuation in international currency markets. The exchange rate of the US dollar hit a record high in February. Despite the fact that a strong dollar is the direct cause of the huge US trade deficits, the Reagan administration had adopted a *laissez-faire* attitude towards exchange rates. By September, the trade deficits became so large and the protectionist pressure so strong that Washington had no choice but to call on Japan, West Germany, Britain and France, to force down the US dollar exchange rate by joint intervention in the international currency markets. And from March to December, the exchange rate of the US dollar in terms of other major Western currencies dropped by 20 percent on average.

But the enormous US trade deficits are rooted in huge fiscal deficits, and without a substantial reduction in the federal budget deficits, it will be impossible to correct the trade imbalance by merely regulating the dollar's exchange rate. In December last year, the US Congress adopted a bill to balance the federal budget by 1991. But without sizable cuts in military expenditure, this goal can hardly be met.

The fluctuation in the exchange rate of the dollar has further aggravated the instability of the international monetary structure, and the recent fall in oil prices are likely to cause further confusion in the world financial markets.

The rapid advancement of science and technology provides great potential for a prosperous world economy, and all the major nations are looking towards high-tech wonders to supply them with ways to develop their economies. But the application of modern science and technology hinges on a favourable economic environment. Last year, with the international economic situation as it was, even the rising electronic industries suffered. However, the superpowers are still appropriating a major part of the most advanced scientific and technological achievements for military use. There is still a serious danger of escalation in the arms race.

For the world economy to develop, it is necessary that the United States and the Soviet Union take their disarmament negotiations seriously, prevent their arms race from extending to outer space, and ensure the application of modern science and technology for the well-being of humanity. The developed countries, especially the United States, must shoulder their responsibility to curb the mounting protectionist trend and put an end to the deteriorating international monetary situation. It is also necessary that the developing countries strengthen co-operation among themselves and make joint efforts for the improvement of international economic relations.

China Sets to Improve Price Mechanism

Vice-Premier of the State Council Tian Jiyun gave a speech entitled "The Present Economic Situation and Problems Arising From Restructuring the Economy" on January 6, 1986, at the meeting attended by cadres from the central Party and government organizations. "Beijing Review" will publish a three-part series excerpted from Tian's speech. The first part, "Price and Its Reform," appears in this issue. The remaining two parts, "The Income Gap Between Different Social Strata" and "Will the Reforms Lead to Capitalism?" will appear in the following issue. The full text of Tian's speech will be published in our combined issue Nos. 6-7.

A rational price system is an important prerequisite for the balanced development of a national economy. Over a long period of time, China's price system has become irrational and seriously distorted partly because in its economic work the law of value and the function of the market have been ignored, in addition to various historical reasons. The reform of China's price system, therefore, represents a key to the success or failure of the nation's entire economic reform.

Since the Third Plenary Session of the 11th Party Central Committee in December 1978, we have taken various steps towards realizing a comprehensive and workable plan for price readjustment. In 1985, we adopted a number of additional measures aimed at improving our price system. For example, the government introduced new policies for the purchase and sale of pigs and pork products, and gave localities the go-ahead to fluctuate prices on vegetables and other fresh non-staple products. We also readjusted the price for food grain in the countryside, and raised the fees on short distance railway transportation. For such major farm products as grain and cotton, we replaced the original practice of planned purchase by the state with a contract system. Under this system that portion of a farmer's output that is above the contract quota can be sold on the market at floating prices. A farmer can also sell above-quota items to the state

at what is called "protective prices." As for the more important means of production, such as raw and semi-finished materials and fuel, the price for that amount required for planned distribution remains basically unchanged, while the remaining portion can be sold at market prices. The prices of small commodities are decontrolled and are subject to market regulation.

The price reform has in general proceeded smoothly and properly and has also achieved marked successes. The price system as a whole, which is being steered to the right track, plays an important role in promoting our country's industrial and agricultural growth, in facilitating commodity circulation, enlivening the market and bringing about the prosperity of the economy as a whole.

The price reforms for farm products have sparked the enthusiasm of the producer and the seller, and has spurred the development of the rural commodity economy. This fact is well known. In the past because farmers considered pork production a losing business few chose to raise pigs. When flexible purchase prices were introduced in different areas, however, pig farming picked up, making pork more available on the market.

Similarly, over a long period, our country's coal had been in short supply, prices for above-quota coal soared. It is only recently that the imbalance between supply and demand for coal has been alleviated and that

its price has begun to normalize. In addition, recently there has been an abundant supply of textile and light industrial products on the market. These and other improvements in the prices and availability of goods can be closely connected with the reform of prices, a reform that is moving gradually in the right direction.

As we have been reforming prices, it is true that prices in China have increased considerably. However, the price reform can be justified because it has promoted economic development and the attendant increase in the people's income, which is growing at a faster rate than prices. During the Sixth Five-Year Plan period (1981-85), the price index went up by 18.7 percent, while the average wage-earner's income swelled by 68 percent. During that period, the average farmer's net income also went up by 109 percent. Though many comrades feel prices have climbed, they also acknowledge the consequent improvement in living standards.

First, our country's present price system has to be changed. If it remains as it is, the relations between various economic sectors cannot be better balanced, our economy in general cannot experience long-term, healthy development and the many contradictions in our economic life, instead of being overcome, will be aggravated. Therefore, from a long-term point of view, the present price system, if not changed, will hinder the economy from further development and the



Tian Jiyun addressing a January meeting of government officials in Beijing.

people's living standards from improvement.

Second, although problems of one kind or another do exist in our actual work, the price reform, which was conducted ever since the Third Plenary Session of the 11th Party Central Committee, has been basically successful when taken as a whole.

The above-mentioned two points are our basic understanding of the problem of price and its reform. Only when we hold on to this understanding can we reinforce our confidence in making the price reform a complete success. This is very important.

At the same time, we must realize that if the price index from 1981 to 1984 was considered to be basically normal, then the growth in 1985's price index was inordinate. According to the State Statistical Bureau, the national price index in 1985 averaged a 9 percent increase. We cannot have a true picture just from this average figure, because the price index for the cities, like Beijing, went up higher than that for the countryside. Such being the case, the increases in the people's income were partly cancelled out by price hikes. Those who were more affected by price hikes were families and individuals whose income increased only marginally. It is, therefore, completely under-

standable that some people complain and talk much about the reform.

Why was there a relatively large price rise last year? The reasons are diverse. The first reason was the structural readjustment of the prices. We did this on our own initiative, aiming at straightening out the entire price system.

Second was the wide range of capital construction projects, the high growth rate of industrial production, the rapid increase in consumer funds and the over-issuance of money in the fourth quarter of 1984. All resulted in less availability of some commodities and a price increase.

The third reason was that the price decontrol of most farm and sideline produce and the increased prices for above-quota means of industrial production spurred a price rise in consumer goods.

The fourth reason was the inadequacy of our preparations for the reforms. The most striking example of such inefficiency was experienced in the vegetable market. When some big cities allowed vegetables to be sold at market-adjusted prices, they ignored what they should have done to deal with the change, and sparked an unnecessary hike in prices for some ordinary vegetables.

The fifth reason was that quite a few industrial and commercial

enterprises and individual merchants pushed up their prices openly or surreptitiously in violation of the state's price policies. Though we have tried to crack down on random price increases, our efforts have proven somewhat inefficient.

Since last year the Party Central Committee and the State Council have paid much attention to the problem of inordinate price increases. They have also taken a series of measures to solve this problem. Last year we strengthened our overall control over the scope of capital construction and consumer funds. Such moves are not only important steps towards eliminating destabilizing factors from the national economy, but are also drastic measures for bringing prices under control.

To solve the problem of unduly high prices for vegetables in big and medium-sized cities, the central government has demanded that suburban areas guarantee a certain acreage for vegetable farming, and that state-owned groceries control most of the sources for ordinary vegetables in order to ensure a continuous supply and stable prices. The state-owned groceries were also instructed to introduce a ceiling price on certain vegetables. In addition, the central government also imposed a ceiling on floating prices of some major means of industrial production. At the same time, we have taken measures to strengthen the examination, management and supervision of prices.

The State Council has decided that the price reform in 1986 will aim at "digesting" and improving the measures already in force and at stabilizing prices.

We are convinced that with the strengthening and improvement of the overall control over prices and with the implementation of our specific measures, we can and will bring the price index under strict control. Of course, it will take time before we can perfect our price system.

HYGIENE SERVES THE PEOPLE

Efforts Continued in Anti-Leprosy Campaign

by Our Correspondent Wang Jian

China's first international leprosy symposium held at the end of last November in Guangzhou marked another milestone in the nation's effort to conquer leprosy by the year 2000. During the international gathering, China announced the establishment of the Leprosy Association, the Leprosy Fund and the Leprosy Control and Research Centre. More than 200 Chinese leprosy prevention and treatment workers, United Nations World Health Organization (WHO) officials, and specialists from 29 countries and regions met to exchange experience gained in

WHO and is being used by an increasing number of countries; Chinese success with the therapy has affirmed its effectiveness.

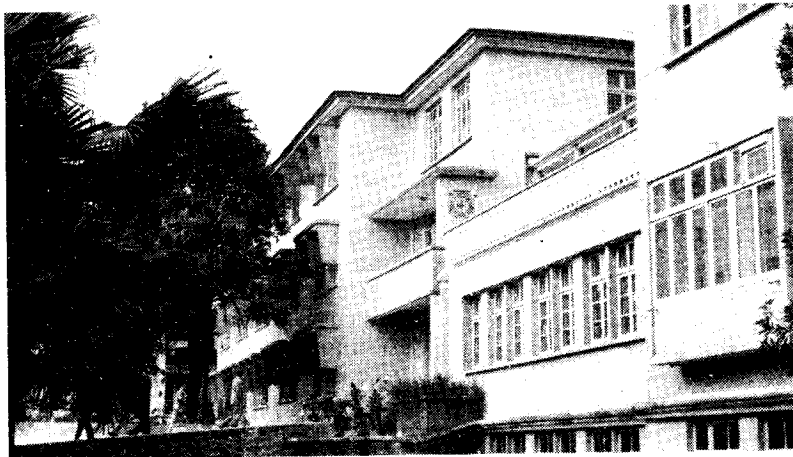
Over the last 36 years, China has identified some 500,000 cases of leprosy among its population of 1 billion. However, due to continued efforts to combat the disease, combined with better nutrition, housing conditions and living standards, the incidence of leprosy has dropped considerably; it has been nearly wiped out in one-third of China's provinces and autonomous regions, as well as in close to half of the country's counties and cities. Yet there

treatment work is undertaken primarily by hospitals, epidemic prevention stations and medical research institutes. Local clinics and village doctors in rural areas also have been responsible for aiding research work. As an indication of government concern for its victims, treatment expenses of leprosy patients are covered entirely by the state.

Part of the international symposium included a visit to the Shunde County Chronic Disease Prevention and Treatment Station near Guangzhou. The station, with six leprosy specialists in residence, was established in 1956. By 1959, leprosy centres had been set up in all of the county's 12 district hospitals. In addition to providing clinical treatment, such centres conduct physical examinations to try to identify leprosy cases as early as possible.

Family members of leprosy victims and residents of leprosy-ridden areas are prime targets for such examinations. Rural doctors and health workers give general health checkups to large numbers of people in the countryside and any suspected cases are referred to the centres for further diagnosis. Public education about the disease and its symptoms is also part of the overall programme of prevention and treatment.

Symposium participants also visited the 100-bed Shunde County Leprosy Hospital, which has developed a successful work-rehabilitation programme for its out-patients as part of a comprehensive treatment plan. Out-patients have worked in factories and on farms, and have even taken managerial responsibilities while learning skills that will allow them to lead normal lives.



A glimpse of the Pingzhou Leprosy Prevention and Treatment Centre in Guangdong.

fighting the chronic disease.

There are 12 million victims of leprosy worldwide today, most of whom live in the underdeveloped regions of Asia, Africa, and Central and South America. As the United Nations considers eradication of the disease an urgent priority, WHO has named the last Sunday of every January "International Leprosy Day." A new chemotherapy treatment for leprosy involving three types of drugs has been recommended by

remain about 100,000 cases of leprosy in China today.

China's leprosy prevention and treatment programme, established in 1957, is overseen by the Ministry of Public Health. The ministry has set up a Leprosy Prevention Centre to direct and co-ordinate the nation's work in this field. The Skin Disease Research Institute of the Chinese Academy of Medical Science also has established a leprosy disease research section. Prevention and

At another district clinic, two dermatologists are in charge of leprosy prevention and treatment for a population of 70,000. Although 86 cases of leprosy have been diagnosed in the district since 1956, there have been none in the last three years. Experience has shown that in most cases, 99 percent of the leprosy bacilli can be eliminated after one week of treatment; patients generally recover in six months to two years. Symptoms rarely recur in patients who have undergone treatment.

Although there have been few incidences of leprosy in recent years, prevention and education work is still being stepped up. Annual short-term training classes, which have been attended by up to 100 participants, are arranged for doctors, nurses, rural health workers and even farmers, teachers and housewives. These trainees have spread knowledge about leprosy and have brought about a better public attitude towards the disease and its victims.

Leprosy historically has been the object of public scorn and social discrimination—the situation in China is no exception. When the symposium set up a registration desk in a Guangzhou hotel lobby, the hotel management feared business would suffer.

Leprosy, however, is not as contagious as some people suspect. Mere contact with leprosy victims is not dangerous unless such contact involves an open wound. Of the 10,000 leprosy doctors and health workers in China, there has been not one incidence of infection in the last 36 years.

Public ignorance of the disease and inherited social prejudice against its victims, however, still arouse fear and disgust among many people. Leprosy victims are often the brunt of negative social pressure and are therefore reluctant to identify themselves by seeking medical treatment. Though their condition may

become worse, some victims try to conceal their affliction, thus exposing others to the possibility of catching the disease.

Public education about leprosy is therefore of vital importance to a prevention and treatment programme. China's mass media is often called to help put out public health information on the subject, and hospitals and clinics frequently put up special displays to publicize matters concerning the disease.

Leprosy physicians and specialists also have been known to step outside the bounds of their regular duties to combat public discrimination on their patients' behalf. In Shanghai, when a student was refused readmission to his university even though he had recovered from leprosy, the doctor who handled his case took the matter before the municipal education bureau, which eventually ordered the university to take in the student.

People involved in leprosy prevention and treatment seem to be unusually dedicated to their work. Ye Ganyun, director of the Skin Disease Research Institute and a pioneer in his field, began his medical career early in the 1950s by joining a medical team to work for the elimination of venereal disease in the minority areas of southwestern China. He saw there for the first time serious cases of

leprosy in victims who had to make long journeys to a missionary hospital to receive treatment. Later the young doctor decided to devote himself to wiping out leprosy in China.

Another famous pioneer in the field is Dr. George Hatem (Ma Haide), who is well known for his contributions to the elimination of leprosy and venereal disease in China. Born in the United States, Dr. Hatem came to Shanghai in 1933 to work as a dermatologist; he later became a senior medical adviser in Yanan. After the founding of the People's Republic in 1949, Dr. Hatem was the first foreigner to be granted Chinese citizenship; the first two suggestions he made to the central government as a new citizen were to wipe out venereal disease and leprosy.

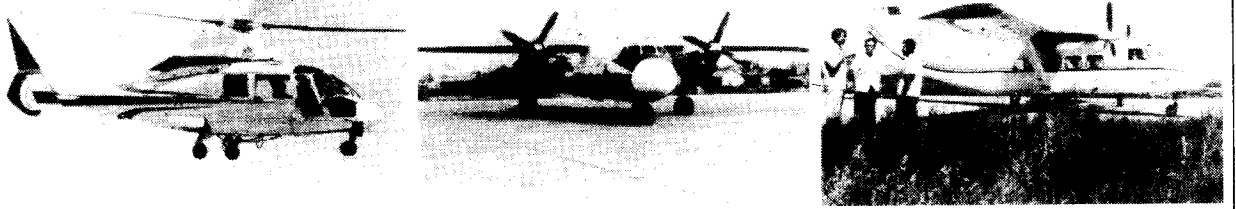
Now a senior leader in the Chinese public health field, Dr. Hatem spoke at the international leprosy symposium, describing progress made in recent years in China's fight against leprosy and other diseases. He encouraged health professionals to persevere in their efforts until leprosy was entirely eradicated in China.

Dr. Hatem also stated he was confident that leprosy would be wiped out in China by the year 2000. He further invited the International Leprosy Association once again to hold their 1998 symposium in China.

Dr. Hatem (third right) with leprosy victims.



ZHOU YOU MA



A selection of civilian aircraft designed and made in China. From left to right: Zhi-9 helicopter; Yun-7 medium- and short-range passenger plane; Yun-12 multi-purpose plane.

Aeronautics Industry Takes Off

Since China's aeronautics industry was founded in the early 1950s, it has gone from being a minor repair trade to a full-fledged manufacturing industry with the ability to produce main engines and parts, and manufacture both military and civil aircraft. In the last three decades China has constructed more than 10,000 airplanes and is now on its way towards reaching the most advanced level of aeronautical engineering. This special report comprises three articles. The first is contributed by Wang Ang, a former engineering test pilot who today serves as vice-minister of the Aeronautics Industry. Wang reviews the road that China's aircraft industry has travelled, from its very beginning up to today's developments. The accompanying articles take a look at China's efforts to develop its own aircraft.

Aircraft Manufacturing: Yesterday, Today & Tomorrow



Vice Minister Wang Ang.

by Wang Ang

The success of the Wright brothers in their flight of an airborne double-winged airplane in December 1903 ushered in a new era of modern technology, and accelerated the development of aviation industry in the various

industrial nations. This progress has greatly changed man's view about time and space—so much so that today the aircraft manufacturing industry has become a hallmark of a nation's industrial, scientific and technological status.

To rejuvenate the economy in China, many thinkers since the turn of this century have encouraged the development of China's own aeronautics industry. Sun Yat-sen (1876-1925), the forerunner of the Chinese democratic revolution, once wrote on a scroll that read "Save China through aviation."

However, it was not until after the founding of New China that the establishment of an independent Chinese aeronautics industry became a reality.

In April 1951, the government set up the Aeronautics Industry

Administrative Committee and the Aeronautics Industry Bureau, which laid down the groundwork for China's aviation industry as it stands today. However, at the time, all that the country had in its hands were some Japanese and American airplanes left over from wartime and a small number of military aircraft supplied by the Soviet Union to aid the Chinese air force. So China's aeronautics programme really only began by repairing these old airplanes and replacing parts. At its early stage, the Chinese aviation industry received unprecedented support and encouragement from the Soviets and their government, which the Chinese people will never forget.

From 1951 to 1954, China repaired a total of 1,500 airplanes, enough to enable the air force to defend the motherland's ter-



Yun-11 multi-purpose light plane; Yun-8 multi-purpose transport plane.

territorial air space and assist Korea during its war against United States aggression. After the war, the first piston engine aircraft was developed. With its successful trial flight in July 1954, China's aviation industry was launched.

During the First Five-Year Plan period (1953-57), the aeronautics industry was listed as one of China's key projects. A number of large engine manufacturing plants and aircraft assembling factories were founded during these years. In 1956, China manufactured its first jet fighter plane; three years later the first supersonic fighter plane came off the assembly line and it seemed as if there was no turning back.

In the following years, however, the interference of "leftist" mistakes and the Soviet Union's withdrawal of its aeronautics experts imposed tremendous difficulties on China's fledgling aviation industry. Although these problems put a hold on the momentum, China continued to research and develop its own aircraft.

Since the Third Plenary Session of the 11th Party Central Committee in 1978, the nation has taken the four modernizations (including national defence) very seriously. Confronted with the challenge of a world technological revolution, China's aeronautics industry has entered a new phase of vigorous development by striving to catch up with the advanced international levels following a principle that combines military and civilian projects.

As an integral sector of the national economy, China's aero-

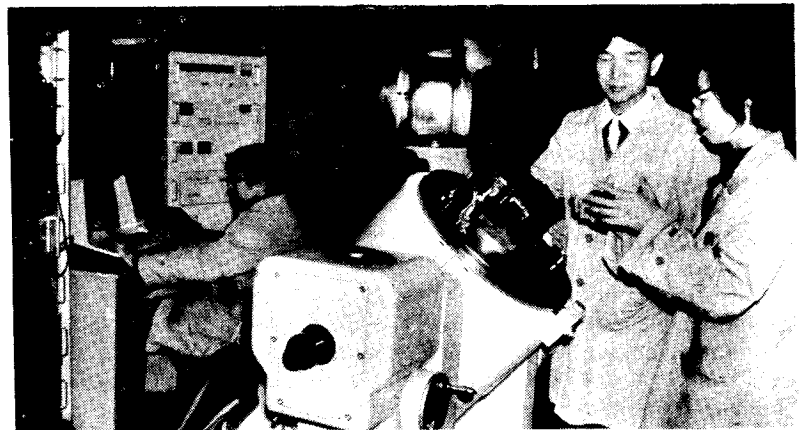
nautics industry today is a complete industry based on scientific research, production centres and educational facilities throughout the country. Today's statistics indicate the aviation industry employs 16 times more people than in 1952 and its fixed assets are 52 times greater.

China has already developed and manufactured more than 10,000 aircraft. These include fighters, attack planes, bombers, helicopters, transport planes, reconnaissance planes, trainers, unmanned planes, sea patrol

defence industry to step up its production of goods for civilian use. Encouraged by this policy, China's aeronautics industry has become more involved in the development of civilian aircraft and other related products. China now produces a wide variety of transport and passenger planes, including the *Yun-5*, a multi-purpose small transport plane that has a freight capacity of 2 tons; the *Yun-7*, a medium- and short-range passenger plane; the *Yun-8*, a medium-range transport plane with a freight capacity of 20 tons;

Wang Yunji, general engineer of the China Precision Engineering Institute, and Zhang Lizhu, a senior engineer, monitoring a servo table designed and manufactured at the institute.

XUE CHAO



planes and hydroplanes, as well as a large number of missiles. On many occasions, our pilots have flown Chinese military aircraft to resist foreign intrusion, displaying the air force's capabilities in defending the country's territorial air space.

In recent years, as China has been cutting back on the ranks of its army, the government also has been stressing the need for the

the *Yun-11* and *Yun-12* multi-purpose small transport planes; and six other models of light and super-light aircraft.

The advancements of our civil aircraft production has promoted the development of China's domestic and special-purpose airline services. The *Yun-8*, four-engine, medium-sized transport planes, have been used by the Beijing-Chengdu-Lhasa airline

and have weathered the harsh climate and tough conditions on the "Roof of the World." The state farms in the Xinjiang Uygur Autonomous Region have formed an air service team equipped with 10 *Yun-11s* to sow seeds and spray fertilizer and insecticides, achieving substantial economic results. The prospecting team under the Ministry of Geology and Mineral Resources has come a long way since it began using *Yun-12-1* planes. And Chinese-made helicopters have propped up the country's offshore oil exploitation.

The various types of Chinese-made super-light aircraft also are favoured by domestic and foreign clients. Foreign businessmen ordered more than 100 *Mifeng* (Bee) and *Qingting* (Dragonfly) super-light aircraft when models were first put on display at the 1984 Guangzhou Export Commodities Fair.

Apart from manufacturing aircraft, our aeronautical engineering institutes and enterprises also conduct research and development in aviation equipment. Various aircraft manufacturers have turned out more than 2,000 products for civilian use, including compact cars, motorcycles, washing machines, refrigerators and freezers.

Aeronautical engineering education also has become more systematic. There are now a number of institutes of higher learning, professional training colleges and secondary vocational schools that conduct courses in aeronautical engineering. Today, aeronautical engineers and technicians make up 15 percent of China's aeronautical work force. China's aeronautical research institutes are now not only able to design airplanes, engines, electrical appliances, aviation accessories and weapons, but also have conducted applied studies in aerodynamics, lifesaving appliances, precision instruments, computer technology and automatic flight control technology.

The modernization of China's defence and civil aviation has placed higher demands on the

aeronautics industry. The aircraft China is able to present today fall far behind the market demand in both variety and advanced technology, and a wide gap between China and the developed countries remains. Therefore, narrowing the gap as soon as possible is the immediate objective of the industry.

Since China introduced an open policy to the world, Chinese aircraft manufacturers have accelerated contact with foreign counterparts. The China National Aero-Technology Import and Export Corp. has established business relations with more than 50 nations and regions around the world. Methods of co-operation are as follows:

A theodolite camera—a precision testing instrument that monitors flight navigation.



—Import of advanced technology. Since 1980, China has imported technology for making Dolphin helicopters from France and various types of electronic aircraft equipment from Britain, France and the United States.

—Research and development in co-operation with foreign counterparts. Apart from working in co-operation with France to produce Z-9 helicopters, in early 1985 China signed a contract with the US McDonnell Douglas Corp. to assemble 25 MD-82 passenger airplanes. The first batch of these planes are expected to be in the air soon.

—Development of compensatory trade. Aviation officials have signed a number of contracts to process imported materials according to designs and samples from American, British, Canadian, French and Italian companies and turn finished products back over to these companies. The Xian Aircraft Company and the Shanghai Aircraft Company have each won a bronze medal presented separately by the US Boeing Co. and the McDonnell Douglas Corp. for the high quality of their products.

—Export of aeronautical products. In addition to exporting aircraft, China now also exports measuring equipment, combination clamping apparatus, granite platforms and model plane engines. All these products are selling quite well on the international market.

—Expansion of international scientific and technological co-operation. China's aeronautical engineering circles have established bilateral scientific and technological co-operative relations with the Federal Republic of Germany, Sweden, Britain, the United States, France, Italy and Romania. In the last few years, China has sent students and aviation technicians to receive training in 11 countries.

During the Seventh Five-Year Plan period (1986-90), the productivity structure of China's aeronautics industry will be readjusted, in an effort to increase the level of products for civilian use. Aeronautics officials have drawn up an agenda for the development of the industry that will include the following:

—Raising the standards of research and development of military aircraft. China will attempt to turn out a new generation of fighter jets in a bid to catch up with world military powers.

—Developing airplanes for civil aviation. Vice-Premier Li Peng recently pointed out China should not permanently rely on foreign planes to develop its domestic airline service, and that it must gradually establish its own



civil aeronautical engineering system. During the Seventh Five-Year Plan period, China intends to make several hundred civilian aircraft for domestic use, as well as placement on the international market place. It will continue to import advanced technology and equipment to improve its medium-sized passenger planes, transport planes and multi-purpose aircraft. China will also continue to work in co-operation with its foreign counterparts to develop new branch line passenger planes, special-purpose aircraft and small

helicopters, and produce a substantial number of light and super-light aircraft. To promote its technological exchanges with advanced countries, China is planning an American aerotechnology exhibition in Beijing this May—the first of its kind since the founding of the People's Republic.

—Aside from these developments, China will continue to boost foreign trade and joint ventures within the aviation industry.

Self-Reliance: The Cornerstone

by Our Correspondent Han Baocheng

Chinese aviation specialists and officials have made silent yet creative contributions to the development of China's aeronautics industry.

Accompanied by an engineer of the China National Aero-Technology Import and Export Corp., this correspondent visited the China Precision Engineering Institute for Aircraft Industry this last December. The institute is

located near Nanyuan Airport in the southern suburbs of Beijing, where the plane carrying Henry Kissinger, then White House security advisor, landed in 1971 when he paid his first covert visit to China.

Wang Yunji, chief engineer of the institute, said the institute was founded in 1961 and today has 1,250 employees on its workforce, 400 of whom are qualified

engineers.

According to Wang, the institute is actually a comprehensive workshop and production establishment that conducts research and application in optics, mechanics, electronics, hydraulics and computer technology, navigational instruments, as well as the study and development of industrial robots and computer software.

The development of the institute can be cited as an example of China's self-reliance. In more than 20 years, the institute has never asked the state for a single dollar. Instead, all its operating funds have come from the sales of its goods and services.

Most of the institute's staff are graduates or postgraduates who were trained in New China. Wang Junji, for example, graduated from the Beijing College of Aviation in 1964. During the "cultural revolution," when intellectuals were scorned by a portion of society, the institute's scientists were given a raw deal.

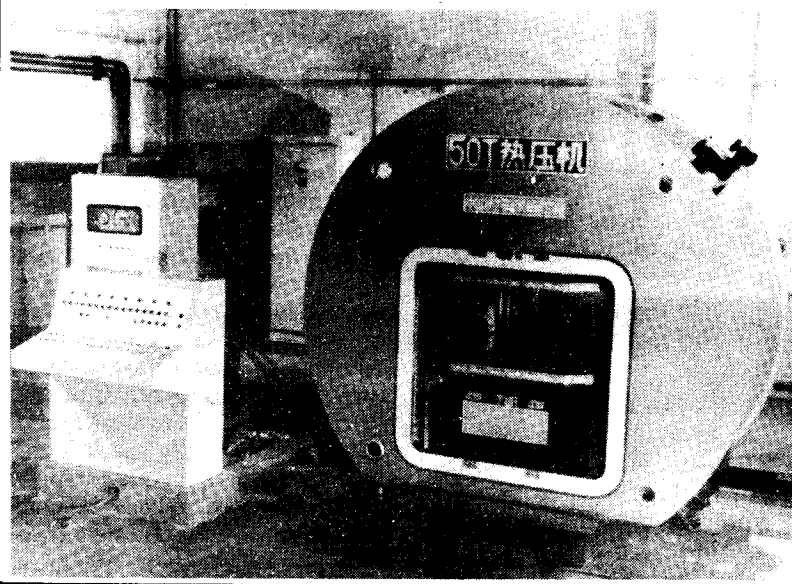
In two decades, the institute has never asked the state for a single dollar.

However, despite the low salaries and poor living conditions, somewhat relieved when the state adopted more favourable policies towards intellectuals in 1979, they worked hard and stood by the motherland. They kept on working regardless of the lack of technical data and research equipment.

Not long after the institute was established, it made substantial research achievements. For example, the vibration polishing equipment and the model-62 universal profil grinding machine, both used for producing aviation equipment, were awarded state prizes for scientific invention—the highest awards for scientific achievements in China.

Wang Zhilun, a 50-year-old senior engineer, was the chief designer of China's first vacuum electron-beam welder. But during

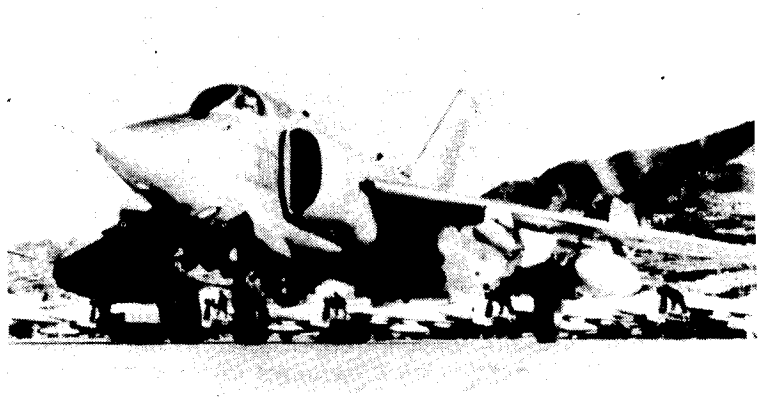
A hub plate heating pressure machine.



(F. GUORONG)



Military aircraft manufactured in China: high-speed fighter



attack plane

the "cultural revolution" he was criticized as a "bourgeois authority in academic circles." When interviewed, Wang discarded this unfortunate period with merely one sentence: "Doing my share for the development of China's aeronautics industry is my biggest wish."

Following Wang's graduation from the mechanical engineering department of Qinghua University in 1959, he did postgraduate work at the university in special welding technology. After he was assigned to the institute, he continued his research. In 1979, Wang turned his attentions to microcomputers and took part in the early stages of the development of China's industrial robots. Today he is engaged in the research of digital control technology.

She was one of the designers of the internationally rare servo table.

Since 1979 the working and living conditions for the institute's employees gradually have been improved, there has been an added impetus to their work.

Zhang Lizhu, 47, graduated from the Beijing College of Aviation in 1960 and has gone on to become one of the institute's highly accomplished senior engineers. Prior to 1978, her monthly salary was only 62 yuan, whereas

today she brings home about 132 yuan a month. Zhang said she currently is wrapped up with the early completion of the institute's new laboratory for ultra-precision testing.

Zhang said that ultra-precision testing could only be carried out in a shock-proof, dust-free and temperature-controlled environment. Right after the institute was established, limited funds and technology for testing only allowed for some theoretical study of a limited number of projects. Nevertheless, the institute's engineers and researchers persevered and completed research on more than 100 projects using ultra-precision testing.

Zhang was one of the chief designers of the internationally rare servo table, an automatic control system that monitors equipment error by checking the amount of input against output. Servo-mechanism is an important device in the study of navigation. Only a few technologically developed nations have successfully developed and applied it. The SFT-II servo table captured Zhang a third-class state prize for scientific invention in 1981.

Altogether, there are about 100 engineers like Wang Zhilun and Zhang Lizhu at the institute who have achieved such significant results in their research.

Wang Yunji, chief engineer of the institute, tells the following story. In 1981, the China National

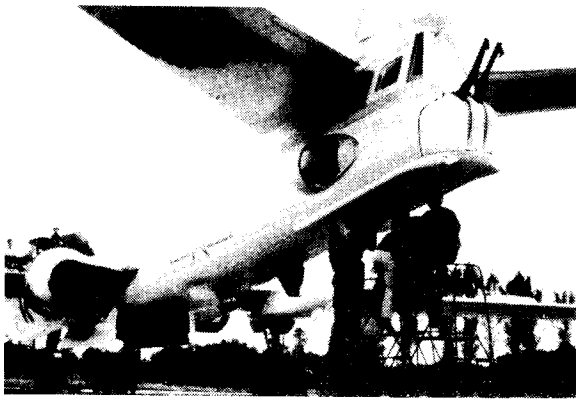
Aero-Technology Import and Export Corp. sent a delegation to France for negotiations on the transfer of technology for the production of a certain type of helicopter. An engineer of the Aerospatiale, a government controlled aeronautics manufacturing company, repeatedly told the delegation members that it was meaningless to buy the technology without the plate heating pressure machines, because he believed China was not capable of turning out the enormous, sophisticated equipment before the year 2000.

“Representatives visiting our institute are astonished by our achievements.”

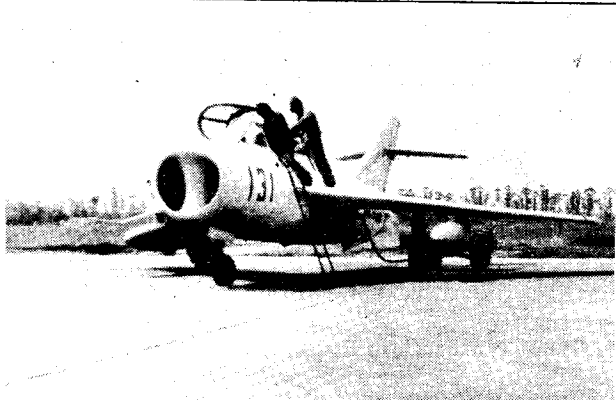
The delegation turned down the sales offer on the equipment because of its exorbitant cost, and left the negotiation table pledging China would turn out the necessary equipment in due time. The French engineer remained sceptical.

A little more than two years have passed and the institute has succeeded in developing the equipment. Having seen the equipment in operation with his own eyes during a recent visit to the institute, the sceptical French engineer could only speak highly of the machine's unique computer control and hydraulic system, not to mention its sleek design.

As China's aeronautics industry



bomber plane.



fighter-trainer plane

was "opened to the world" only in the last few years, the nuts and bolts of the institute's research in the area of national defence are hardly known to people both at home and abroad.

"Almost all representatives of foreign companies visiting our institute are astonished by our achievements," Wang Yunji recalled with pride. "Some of them expressed their willingness right there and then to do business or enter into contracts with us after only one visit to the institute."

One of the earliest agreements the institute reached with foreigners was with the Italian Digital Electronic Automation S.p.A. to establish the DEA Oriental Service Centre in China. Later, both sides signed another agreement to jointly produce a new model of three-dimensional measuring machines. The institute has also entered into co-operation with the British Bank Taylor Hobson Ltd. and the American Contraves Goertz Corp. to establish maintenance centres. All three companies are internationally acknowledged as the world's top producers of precision instruments and meters. Carl Zeiss, a firm of the Federal Republic of Germany also renowned for its precision processing techniques, recently placed an order with the institute for 70 standard quartz balls.

Over the past 20 years, the institute has completed at least 4,300 research projects. 90 of

which have been awarded prizes by the Ministry of Aeronautics Industry and the state, 13 were awarded state scientific invention prizes and 12 were cited at the 1978 national science conference.

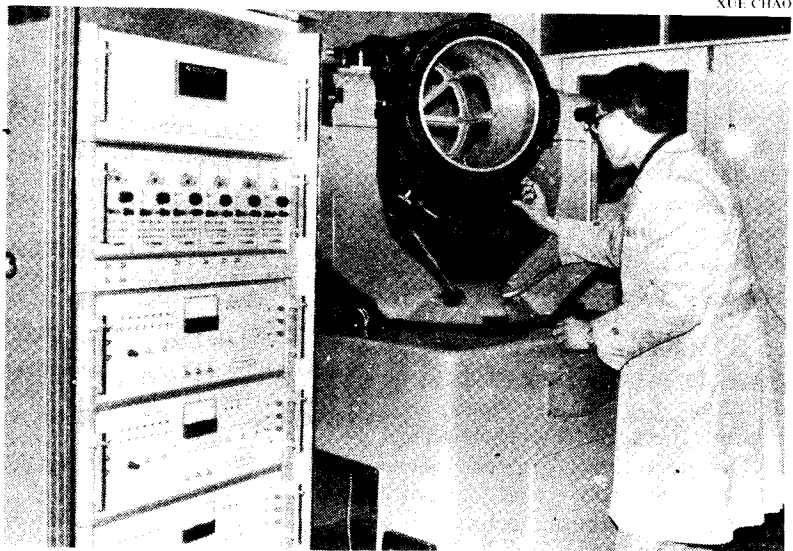
Self-reliance does not mean turning a blind eye to advanced foreign technology.

In the last few years, the institute has undertaken 60 projects every year, 90 percent of which have been successfully

completed and 80 percent have been applied. The precision equipment turned out by the institute not only serves the nation's aeronautics industry but also other industrial departments.

In recent years, the institute has sent quite a good number of their specialists abroad for study or academic exchanges. Wang held that even with the open policy, self-reliance should still be stressed because it was the cornerstone of China's socialist construction. "Self-reliance does not mean turning a blind eye to advanced foreign technology and expe-

A newly developed three-axial flying emulation table.



XUE CHAO

rience," he said. "Compared with the developed countries, China's aeronautics industry still lags behind in many fields. However,

we also have our own strengths. Technological exchanges with other countries will benefit both sides."

Xian Aircraft Corp. Flying High

by Guest Writer Zhou Rixin

On November 16, 1985, a Chinese-made passenger aircraft, the *Yun-7*, arrived at Shanghai airport from Wuhan with 48 Chinese and foreign tourists, thus ending the days of China's reliance on foreign aircraft imports for domestic air travel.

Estimates indicate that about 10 *Yun-7-100* 52-seater passenger planes will be put into service on domestic air routes by the end of this year. In addition, *Yun-7-100s* will enter the world market as a reliable and low-cost plane.

The new passenger plane was produced by the Xian Aircraft Corp., one of the largest aircraft manufacturers in China. Located in Yanliang, 60 kilometres northeast of Xian, in Shaanxi Province, the corporation has 10,000 employees, including 1,300 engineers, technicians and managerial personnel. The Xian corporation, established in 1958, designs and produces both military and civilian aircraft. With two production lines of bombers and cargo planes, and 13 other specialized production lines, the corporation focuses on scientific research and production, from production of spare parts, to conducting experiments and trial flights. In the last few years the corporation has been modernized by employing state-of-the-art aviation instruments, such as digital lathes and drawing devices, computers and mini-processors.

In a spacious and bright assembly warehouse, technicians and engineers can be found busy at

work on huge plane bodies. According to the corporation's chief engineer, Yi Zhibin, they began research and production of

The days of China's reliance on foreign aircraft imports for domestic flights are over.

the all-weather medium-range distance subsonic bombers in the early 1960s. The trial flight of the first prototype in 1968 launched the serial manufacturing of the

military aircraft the following year. Since then the corporation has turned out a lot of bombers for the Chinese air force. Eighteen bombers from this corporation participated in the military and cultural parade through the Tian An Men Rostrum in 1984 to mark the 35th anniversary of the founding of the People's Republic.

In 1966 responding to a call from the late Premier Zhou Enlai, the corporation began to manufacture civilian planes for short- and medium-distance flights. In 1970, it turned out the first *Yun-7* domestic passenger plane. But production was halted during the turmoil of the "cultural revolution." It was not until 1979 that the corporation resumed its trial flights and ground tests, and in the summer of 1982 the government approved the production of the *Yun-7s*. In December 1983 the plane was used to transport goods by the Shanghai Civil Aviation Administration and officially put into service on domestic air routes last year.

Some refitted *Yun-7-100s* can be seen on the tarmacs at the

CATIC: The Aero-Tech Importer & Exporter

The China National Aero-Technology Import and Export Corp. (CATIC) is the first import-export company founded by the Chinese arms industry since the open policy was introduced.

Attached to the Ministry of Aeronautics Industry, the corporation handles the import and export of aero-technical products from other countries.

Except for the Soviet Union, the corporation has established trade relations with most major aircraft manufacturing countries. The corporation's aircraft parts and accessories are now used by aircraft manufacturers in Britain, France, the United States, the Federal Republic of Germany, Italy and Canada. Contracts have been drawn up between CATIC and aircraft companies such as the US McDonnell-Douglas Corp. to produce MD-82 passenger planes and the French Aerospatiale Company to jointly produce Dolphin helicopters.

The corporation also exports some precision aviation measuring tools, equipment and heavy machinery. All the major aircraft manufacturers in Britain today use imports from the Chinese company. Up to now the corporation has established representative offices and agencies in 15 locations worldwide. Domestically, CATIC has six branches and trading centres in several of China's open coastal cities and also directly manages nearly 100 enterprises.



Shanghai airport. The refitting work on the first *Yun-7* was done with the help of the Hongkong Aircraft Engineering Corp. After modifications, the plane is now equipped with 30 advanced communications, radar and navigational instruments. The air conditioning and pressure regulating systems have all been improved, as well as the passengers' safety systems. The plane's reliability and economic benefits have been considerably improved. In addition, the passenger seats have been increased from 48 to 52, while the number of pilots has been cut back from 5 to 3. The design and remodeling of the aircraft were all done by his team, stressed the deputy chief engineer of the corporation in an interview. "We asked the Hongkong corporation to help us in our modification in order to pass the international standards for the trial flights, thus creating conditions for the Chinese-made planes to enter the world market," he said. All the international standards have been met for domestic air routes.

The Xian corporation has also developed a larger passenger plane, the *Yun-8*, which is being produced by another manufacturer in Shaanxi Province.

The corporation was the first Chinese aircraft manufacturing company to carry out technical cooperation with foreign companies. In 1980 it began processing aircraft parts with samples, raw materials and designs supplied by foreign businesses. Since 1980 it has entered into nine contracts valued at US\$45 million with the Boeing Co. of the United States, the French Aerospatiale Corp. and Canadian and Italian airlines. It has processed machine parts, entrance hatches and tail fins and has won trust from their customers for the high quality of their work.

Thanks to the economic reforms carried out in Chinese enterprises, the corporation has brought into play its technical superiority and spare labour force

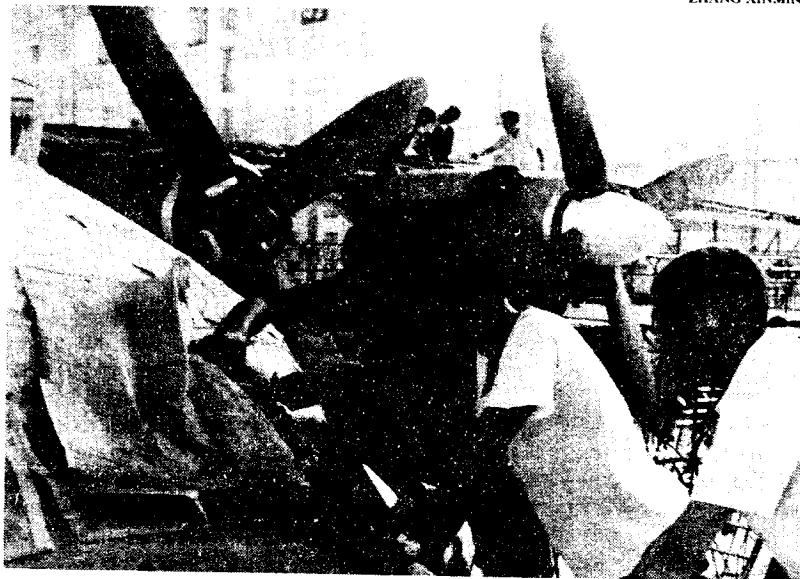
by developing light industrial products and building materials for civilian use. It has co-operated with other enterprises in Shenzhen, Zhuhai, Xiamen, Ningbo and Yantai in producing these civilian products.

Taking a look at the future, Yi said that while the open policies are being implemented and the domestic economy flourishes, the aviation industry will continue to experience a rapid development, especially since land transportation cannot be speedily improved in the coming years. It is impossible for China to rely mainly on import of foreign planes

to develop its air transportation. So the corporation plans to produce more medium- and short-distance planes in the near future. During the Seventh Five-Year Plan period (1986-90), it intends to produce more and better *Yun-7-100* passenger planes, and step up its exchanges with foreign corporations. The corporation has recently proposed 13 projects deemed necessary for technical transformation. When finished, these projects should narrow the gap between China and the technologically advanced countries in aircraft design and manufacturing.

A final check on a *Yun-8* transport plane before it leaves the plant.

ZHANG XINMIN



Riding the crest of the open policy and a thriving home economy, the aviation industry will continue to enjoy robust growth, when land transportation cannot be improved as rapidly within the near future. It is impossible for China to rely mainly on import of foreign aircraft to boost its air transportation.

Ripe Time for Service Trades

"JINGJI XINXI"

(Economic Information)

The development of service trades is based on full development of industry and agriculture. In addition, there are two prerequisites: expansion in consumer demand and changes in consumer buying patterns, and demands by the economy for a higher level of knowledge and skill among workers.

In this sense China's service trades is ready for development.

Thanks to the adjustment of industry and agriculture, considerable amounts of labour and funds have begun to flow into the service trades. Some local governments have found that in the countryside, especially in the suburbs of large cities, developing service trades costs less and quickly finds a larger market than manufacturing and building industries.

Incomes from service trades in rural Guangzhou, for instance, totalled 229 million yuan in 1984, accounting for 82.8 percent of the total income of its township enterprises.

After adjustment, more employees and funds will be transferred from agriculture to service trades. According to some specialists, there are more than 10 million surplus labourers in China's business enterprises, about 25 percent of the total.

The country's consumer buying pattern is undergoing rapid changes. Compared to 1957, annual per-capita income of working households in 1983 increased by 66.6 percent and that of rural households by 2.1 times. So, besides securing basic daily necessities, people's current incomes can run to needs such as cultural and social services.

Thus, overall considerations are needed to develop service trades. Structural adjustments between industry, agriculture and service trades should be taken to balance the national economy.

Collectives and individuals as well as the state should be encouraged to develop service trades. Practice has shown that this is an effective policy. In 1984, for example, collective and

individually run service trades in Guangdong Province accounted for 88.7 percent of the total.

Not only commerce, catering, transport and banking but also science, technology, culture and information can gradually be developed by collectives and individuals.

Collectives and individuals in the past were not allowed to work on telecommunications. Now some in Guangzhou have received permission and have completed projects in one-sixth or one-seventh of the time previously needed, with one-third less investment.

Cadres Lead in Learning Law

"RENMIN RIBAO"

(People's Daily)

The Standing Committee of the National People's Congress recently authorized five years in which to educate the Chinese public on the nation's laws and legal system. The education programme is to be aimed first and foremost at cadres of various levels and at the young.

The NPC decision reasoned that as representatives of the Party and the state, cadres are the key to implementing state laws and decrees. They should therefore take the lead in the current education of law. Furthermore, cadres are educators and educators must be educated first, for only when they themselves acquire a better understanding of the law, can they educate the masses. At the same time, cadres should also understand that the most effective way to educate the people is to set an example by abiding by the law.

In the enforcement of the law it is also the cadres who are the organizers. Not only should they themselves stringently follow the law, but they should lead their fellow workers and colleagues in

implementing the various stipulations of the law. They should also use the law as a tool to fulfil the tasks of socio-economic management.

The Chinese Communist Party and the government have always asked its cadres to be models in enforcing the law. However, some undesired tendencies do exist among the cadres. For instance, some have been caught embezzling funds, taking bribes and otherwise abusing their power for personal gains. Some others have also stooped to speculation, profiteering and illegal trade of foreign exchange. Others have simply ignored the legal and disciplinary codes and have in so doing usurped the rights of others.

Legal education among the cadres is therefore necessary to sharpen their sense of law and discipline. First, the cadres should recognize it is their duty and responsibility to abide by the law. Both Party and administrative cadres should keep their actions well within the limits of China's Constitution and laws. If anyone is discovered failing his or her duty or abusing his or her power, that person should be disciplined or punished according to his or her case and the appropriate laws.

Second, it is also the cadres' social responsibility to subject themselves to the limits of law. In social life, the cadres should not only fulfil their duties as individual citizens. They should also always remember that much of society's responsibilities are on their shoulders. They should follow the socialist principles of equality and showing concern for others, treating others as equals, and not abusing their power for personal gains. They should also carry forward the Chinese people's traditional virtues of taking pleasure in helping others

and being ready to take up the cudgels for a just cause.

Third, abiding by the law is also part of the cadres' responsibility to their families. At present, juvenile delinquency among the cadres' children has become a serious problem in society. It is important, therefore, that cadres be model citizens not only in society, but also in their families. They should exert a favourable influence on their children with their own exemplary behaviour and bring up their children as people who show respect for the law, discipline, social order and morality.

interplay has been accepted by an increasing number of entrepreneurs and administrative leaders. One official of the Baiyunshan Pharmaceutical Factory in Guangzhou put it this way: "As the mouth and eyes of an enterprise, the PR department is largely concerned with publicity and diplomacy. This is why we allocate so much money for its operation every year."

Those Who Died for New China

"HUBEI RIBAO"

(Hubei Daily)

According to statistics released by the civil affairs departments, approximately 3.7 million men and women laid down their lives for the founding of New China.

In addition, according to estimates made at the Seventh National Congress of the Chinese Communist Party, held in 1945 in Yanan, 760,000 people died in battles during the Northern Expedition (1926-27), the Agrarian Revolutionary War (1927-37)

and the War of Resistance Against Japan (1937-45). This figure only includes those who could be traced and whose family members now receive special treatment. About 320,000 of these revolutionary martyrs were Communist Party members. From 1927 to 1932 alone, the number of revolutionaries persecuted by reactionaries reached 1 million, and a considerable number of this group were also communists. Thus, at various stages during the Chinese revolution, China's communists always stood at the forefront of the struggle.

Business Fosters Improved PR

"ZHONGGUO QINGNIAN BAO"

(China Youth News)

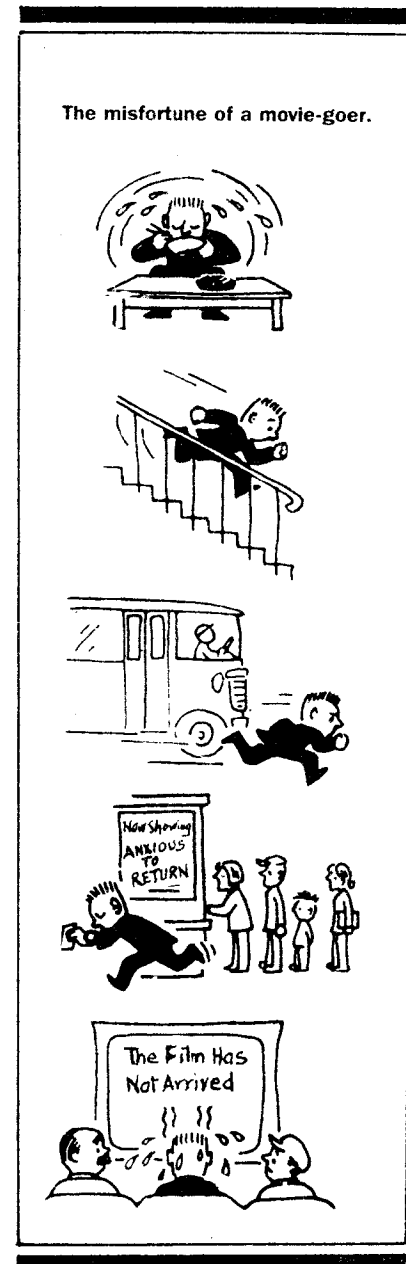
Public relations departments have begun to proliferate in the south China city of Guangzhou, as more and more enterprises and business undertakings there have come to realize its roles in their success.

PR is not merely an enterprise's "calling card." It plays many

important functions, from management to marketing, and from publicity to consumer research. Effective PR make a company's goods or services better able to meet the needs of the people, while fostering a positive public image for the company.

A PR department is necessary in co-ordinating a company's relationship with different sectors of society and promoting exchanges of information. The idea of such

The misfortune of a movie-goer.

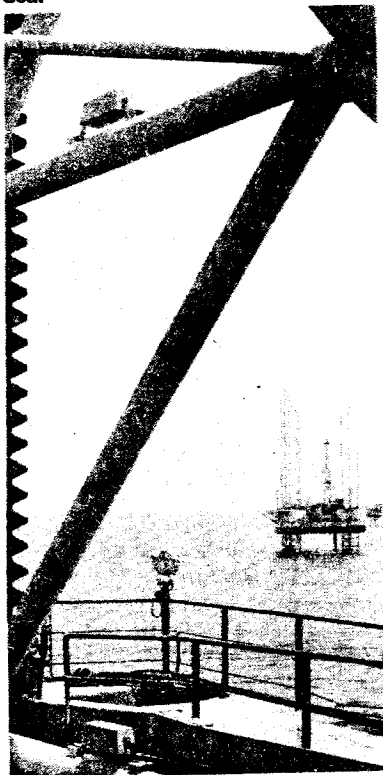


Petrochemical Exports Shoot Up

China's import and export volume of petrochemical products reached US\$10.9 billion in 1985, a 4.9 percent increase over the previous year. The figure also represents 20 percent of China's total foreign trade in 1985. China's exports of petrochemical products totalled US\$7.4 billion, an 18 percent increase over the preceding year, accounting for 25 percent of China's total export volume.

During the Sixth Five-Year Plan period (1981-85), China's exports of petrochemical products reached US\$30 billion, 2.6 times more than that of the previous five-year plan period, increasing at an average rate of 8 percent a year. During that period, the varieties of export products also expanded from 300 to 700, and the number of countries and regions importing goods from China reached 130. The China National Chemical Import and Export Corp., a specialized corporation in China, with its branches throughout the country, has established business

Oil rigs used by Sino-French personnel for oil exploitation in the South China Sea.



relations with 300 firms in 70 countries and regions, and has also formed its marketing network. The corporation also has set up Chinese-owned companies, joint ventures and representative offices in Japan, the United States, the Federal Republic of Germany, France, Panama, Brazil, Malaysia, Singapore and Hongkong.

In 1986 this Chinese corporation will continue to increase its exports and devote major efforts to developing new products. It will combine imports with exports, handle barter, entrepot and reciprocal trade and actively diversify its international market bases.

Fujian Opens to Foreign Investment

Since its opening to outside investors in 1979, Fujian Province has become the site of more than 600 joint ventures and co-operative enterprises and a dozen of exclusively foreign-owned enterprises. Fujian, which is located along China's southeastern coast, has also absorbed foreign capital totalling US\$700 million.

Fujian was among the first group of provinces in China opened to the outside world. Since 1979 the government has succeeded in pooling funds for and building an elaborate infrastructure, which involves an airport, harbours, communications facilities and power stations. The province's areas of foreign investment have gradually expanded from the garment, electronics and tourist industries to the energy, transportation and fine chemical industries. Its foreign trade has also made much headway. Products manufactured in Fujian have been marketed in 121 countries and regions, including Japan, the Federal Republic of Germany, Malaysia, Sweden and

Hongkong. The province fulfilled its 1985 export plan two months ahead of schedule.

Fujian Province, which originally isolated itself from the outside world, has now developed business with overseas firms and companies in the interior. In Fujian, the Xiamen Special Economic Zone, the open city of Fuzhou, the Fuzhou Economic and Technological Development Zone and the "golden delta" economic development zone in southern Fujian, all of which are being operated in a multi-tiered and multi-functional way and still in their initial stage, have made substantial progress.

Shenzhen to Host Trade Fair

The China Shenzhen Technological Trade Fair, at which more than 1,000 technological items for civilian use will be on display, will be held in April this year in Shenzhen, China's largest special economic zone located on the southeastern coast.

Nine trade groups from the ministries of ordnance, aviation, aeronautics, nuclear and electronics industries, as well as from the China Shipping Corp. and the arms departments of the Chinese People's Liberation Army, will participate in the fair. Items on display will involve nuclear and energy resources, transportation, environmental protection, chemicals, metallurgy, machine-building, light industrial products, textiles, building materials, medicines and agriculture. Of these articles, 100 technological items, such as the mini-nuclear reactors, are up to advanced world levels.

In order to make things convenient for foreign business people, this trade fair will be held sometime around the 1986 Chinese Spring Export Commodities Fair scheduled for Guangzhou in April.

Apart from carrying out the business of technology transfer, technical services and consultancy, representatives at the fair are expected to conduct business talks on research, major technical problems and transformation, as well as technical co-operation, joint exploitation and establishing joint ventures. Business talks on project prospecting, designing, construction and management and personnel training also will be held.

Foreign business people and scientific and technological groups will be welcome to display their equipment at the fair. Chinese scientific and technological departments for national defence will attend the fair to establish ties and carry out trade and co-operation with overseas business people, and scientific and technological organizations.

In recent years, the Chinese scientific and technological departments for national defence have shifted large numbers of technological items to civilian fields, and marked economic returns have thus been obtained in the various economic sectors. Although the number of technological items on display at the two technological trade fairs held for domestic clients last year accounted for only 10 percent (16,000) of the total technological achievements made in the country, their contract value reached 700 million yuan.

Foreign Business Insurance Expands

The volume of foreign insurance handled by the People's Insurance Co. of China in 1985 amounted to US\$60 billion, with premiums for the year expected to reach US\$230 million.

During the Sixth Five-Year Plan period (1981-85), China's foreign insurance business made rapid progress, and its foreign

insurance premiums increased at an annual rate of 10 percent. The total premium income of the People's Insurance Co. of China amounted to US\$830 million, while the amount paid out in claims reached US\$410 million. The amount of compensation recovered from other countries totalled US\$31 million.

Between 1981-85, the People's Insurance Co. of China also handled for the first time insurance for companies involved in offshore oil exploitation and exploration, construction, shipping and the nuclear power industry. The types of insurance offered by the company grew from 20 to 80. The company now offers nearly every form of insurance available on the international market. Its clients have involved business people engaged in joint ventures, co-operative enterprises, solely foreign-owned enterprises, and oil co-operation and development, in addition to the original importers and exporters.

The People's Insurance Co. of China is a state-run firm, handling all types of insurance business, domestic and foreign.

Chinese-Zambian Mill Turns a Profit

With the help of a group of Chinese management experts, Zambia's Mulungushi Textile Mill recently logged its first set of profits since it began operation in 1983.

The state-owned enterprise, built with the aid of China for the central African country of Zambia, was completed in January 1983. In August 1983, the mill, with a designed production capacity of 10 million metres of printed cloth a year, was handed over to Zambia for management. Due to a lack of experience of the Zambian side, and a disregard for suggestions made by China's experts there, the enterprise began

immediately to incur losses. By the first quarter of 1984, the operation's deficit amounted to 400,000 kwacha (one kwacha is equal to US\$0.42). By June 1984, Zambia's President Kenneth David Kaunda instructed the mill's general auditor to check up on the work of the enterprise and suggested it might be preferable to have the Chinese manage the enterprise. In line with Kaunda's request, Zhao Fei, leader of the Chinese experts' group, was appointed acting general manager of the enterprise in November 1984. In April 1985, Zhao took up the official post of the general manager. Two Chinese experts were, at the same time, invited to be the mill's chief engineer and chartered accountant, while the Zambians were appointed to head the production, personnel, supply and marketing divisions. The Chinese adopted a series of measures to improve the mill's administration and management. They enforced rigorous rules and regulations, prohibited waste and took advantage of current marketing information, and measures for increasing revenue and reducing expenditures. As a result, the operation's production was gradually put on the right track, and the economic efficiency began to show improvements. By July 1985, the mill's cumulative profits amounted to 6 million kwacha. The enterprise paid off the loans, deposited 1 million kwacha in the bank, raised wages twice and built 65 dormitories for its workers and staff members, while also updating its transport facilities.

In addition to its various cotton prints having found a good market in Zambia, the enterprise also has exported a small amount of its cotton yarn.

Upon the expiration of the first phase of the co-operative contract (September 1983 to August 1985), the Zambian government signed the second phase of the contract (October 1985 to September 1987).

A Comet's Recurrence Captivates China

As in many parts of the world, China too, is waiting anxiously for the return of Halley's Comet after its 76-year absence from the earth's view.

Halley's Comet, which is partially composed of the enormous dust and ion-particle tail that makes it such a spectacular sight, is named for the British astronomer, Sir Edmund Halley (1656-1742), who in 1705 successfully used the newly established law of universal gravitation to calculate the comet's orbit and the date of its return. Since Halley's death, the comet has returned to the earth's view three times.

The first sighting of the comet's fourth return came in October 1982, when the Mount Palomar Observatory in the United States picked up Halley's trail through a sophisticated reverberate telescope. The Palomar's discovery launched other astronomers and astronomy buffs on the search for a sighting of what many consider to be a key to unlocking some of the universe's multiple mysteries.

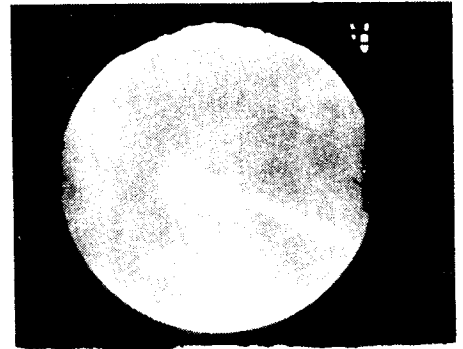
In November 1984, using China's most powerful telescope, astronomers at an observatory in Yunnan Province also located the comet. Last August, Chinese scientists at the Purple Mountain Observatory in Nanjing photo-

graphed the comet with its 4-cm twin lens astrograph.

Scientists trace Halley's Comet, other comets and the planets back 4.5 billion years to time when they were all composed of solar nebula. While the physical makeup of the major planets has changed completely, due to the effects of the sun and other geological forces, comets have remained relatively similar to their primitive state because of their lightweight and their extreme distance from the solar system. The dense organic matter of which the comet is composed is considered by many scientists to be analogous to the earth's fossils, which answered so many questions about evolution. The comet, they surmise, will provide invaluable information not only on comets, or even on the early history of the solar system, but on the origin of life itself.

As a member of the International Halley's Watch, China has established branch observatories dealing with celestial measurement, nuclear studies, spectroscopy, infrared rays, radio astronomy and the relations between the comet and meteors.

Scientists believe that the Chinese records of Halley's existence and travels are logged for 32 times that date from 613 BC



A photograph of Halley's Comet taken on December 14, 1985, at the Beijing Observatory.

to 1910. The oldest of these records is found in an ancient Chinese book entitled, *The Spring and Autumn Annals*, which described the appearance of Halley's Comet some 2,590 years ago. This record is 600 years earlier than any records of the comet in the West. China's descriptions of the comet have provided valuable insight into the comet's appearance, disappearance, location, form, orbit, distance from the sun, its luminosity and its changes.

At the end of 1985, the Beijing Observatory had built several observation stations in the capital's suburbs, where it has so far received more than 5,000 visitors at no charge. About 40 members of the observatory's staff have voluntarily provided instruction to guests at the stations. A further display of China's interest in the comet came last October, when the Shanghai Youth Astronomy Association sponsored "The Halley's Comet Contest," in which it tested young people's astronomy knowledge.

Halley's fever has hit China, just as in much of the rest of the world. When viewing of the comet is supposed to be at its peak in the coming April, many eyes in China will be pointed skyward in hopes of catching a glimpse of what must be one of the world's wondrous sights.

Astronomy lovers observing Halley's Comet outside the Beijing Planetarium.

XU XIANGJUN



Literary Dictionary First in China

In time for the commemoration of the 50th anniversary of the death of Lu Xun, one of China's most renowned 20th century writer and thinker, the *Lu Xun Dictionary* will be published in Chinese this fall. It will be the first literary dictionary of its kind to be published in the People's Republic, and it comes at a time when the government is encouraging great individuality and originality among its writers and artists.

Lu Xun's works, which are read around the world, covered a wide range of themes concerning the Chinese society, its politics, culture, the arts, history, philosophy and the natural sciences. Among his numerous works the most famous and influential are *A Madman's Diary* and *The True Story of Ah Q*.

The dictionary is compiled to give readers some idea about Lu Xun's views on these themes, in as

simple a manner as possible. Totalling 3 million words, the 10,000 entries are listed according to Lu Xun's works and their relations to Chinese and foreign figures, events, books and literary quotations, as well as customs and mores, ideological trends and theories. In addition, there is a 200,000-word appendix pertaining to significant international commemorative activities, cultural relics, museum collections, books and periodicals in various languages in relation to Lu Xun and his works.

The editors and compilers of the dictionary have strived to be objective, accurate and comprehensive in the explanation. One area of controversy in Lu Xun's works concerned Confucius. In the past, Lu Xun's unfavourable views on Confucius were widely quoted, giving a very lopsided impression that cast a very unfavourable light on Confucian-

ism. However, the dictionary contains entries that involve all of Lu Xun's views on Confucius, along with the editors' thorough and in-depth analysis of Lu Xun's interpretations. Now when scholars and writers want to refer to Lu Xun's views on Confucius, they also can pool related background information, giving the reader an all-round appreciation for the subject and more choices to interpret Lu Xun and Confucius for themselves.

The dictionary also includes fresh views and material obtained in recent years by Chinese and foreign scholars in their studies of Lu Xun's works. Japanese scholars, for example, have provided valuable documents left by Lu Xun when he studied in Japan, which give insight to his views on Japanese people and society.

The publication of the *Lu Xun Dictionary* should help to fill the yawning gap between Lu Xun's past works and current interpretation. It will be invaluable to the research on the different schools of Chinese ideology and culture.

Taking Another Look at Confucius

An influential book, *Critical Biography of Confucius*, has just come in Chinese at the turn of the new year. The author, Kuang Yaming, honorary president of Nanjing University and an octogenarian, recently quipped, "Confucius lived to 73. When I began writing the book about Confucius, I was two years older than him."

In 1981, when Kuang stepped down from his presidential post at Nanjing University, he set about writing the book he had conceived as early as the 1940s. Back then, he had taken a great interest in looking at Confucius from the Marxist point of view, and begun collecting materials for his project.

In an effort to take himself back to the times of Confucius (551-479 BC), the old man journeyed to Xishuangbanna, in the southern Yunnan Province, an area of China before liberation in 1949 that is considered living fossil of the Chinese feudal society. In spite of his poor health and the rigours of travel, Kuang ventured deep into mountain hamlets of the Tai minority. He collected a multitude of materials there through investigations of the ruins of the feudal lord system, interviews with former slaves and serfs, and local "palace officials" and the last "lord" in the area. These investigations helped him to confirm the social systems Con-

fucius had referred to, taking anthropological and sociological angles.

On the wall of Kuang Yaming's study is a long scroll that bears the words of Confucius: "Being a man, he is so immersed in his work as to forget his meals. He likes study so much that he lays his worries behind the mind. Unconsciously, he is getting old." The scroll, presented to Kuang by late mathematician Hua Luogeng, is a portrait of Kuang's devotion to his book.

Critical Biography of Confucius is rich in content, with full and accurate accounts of the life and times of one of China's greatest philosophers. Expressing his own views of literary appreciation and style, Kuang's work also displays the legacy of the Chinese intellect and culture.

TO OUR READERS

In the new year, "Beijing Review" will continue to keep you informed of the momentous developments in China, of its aspirations and strivings, its achievements and shortcomings, its ties with other nations and its views on international affairs. There will be more analysis and in-depth reports, more interviews with leading figures, more surveys and human-interest stories, bigger photos and a better layout.

It is our purpose to promote international understanding and friendship in our own humble way. But to make this come true, we need your help.

So let us hear more from you. Tell us what you need and like. Send us your comments and suggestions. Do not hesitate to criticize where we lag or make mistakes, as we are always ready to improve on our performance.

One View on Chinese Characters

It is difficult to follow the logic of psychologists who attribute the aptitude Chinese children showed for arithmetic in a recent test in Shanghai to their training in the use of Chinese characters (*Beijing Review* No. 51 December 23, 1985). Surely this is one area where the children can escape having to know 3,000 (!) ideographs and, working with a few mathematical symbols, give full rein to their undoubted natural intelligence.

On the other hand, according to educators here and abroad, Chinese students generally do not do as well as their foreign counterparts in subjects requiring them to think for themselves. Although they are obviously just as bright, starting with first grade primary school they are required to spend hours every day memorizing thousands of arbitrary and, for the most part, unrelated ideographs. Unfortunately, traditional feudal teaching by rote still prevails in other

subjects as well. Students memorize their texts and what their teachers say, and transcribe it on their examination papers. The result is that by the time they graduate they have had little training in independent creative thinking. Their normal faculties in this regard have been dulled. There are of course some brilliant students coming out of Chinese schools. But these are the exceptions who have managed to break through despite of China's present educational system—in which training in Chinese characters is the foundation.

Chinese characters are a grave impediment to literacy and communication. They are difficult to learn, and quickly forgotten if not constantly used. They make typing, printing and telegraphy a slow, arduous chore. They prevent China from fully utilizing computers in the exchange of information domestically and internationally. In their present repeatedly simplified form they are of little use in reading China's vast and valuable store of ancient scientific and literary materials.

Training in Chinese characters produces first-rate memorizers, but it will take more than that to achieve the "four modernizations" by the end of the century: China's written language and present concepts and methods of education are in urgent need of immediate reform.

Sidney Shapiro
Beijing, China

Smileless Sales Ladies

Your magazine gives a lot of information, specially about tradition, changes and progress of the People's Republic of China. One of our pastors had been in China, once in Whampoa and the second time in Xingang. He found that China is really a great and friendly country. The only comment he had is about the behaviour of the sales ladies in your country. They do not behave well most of the times. You seldom see them smile and sometimes it seems that they do not mind about customers' requests. I hope one of these days you will discuss some improvement with regard to this matter, and the reasons beyond it.

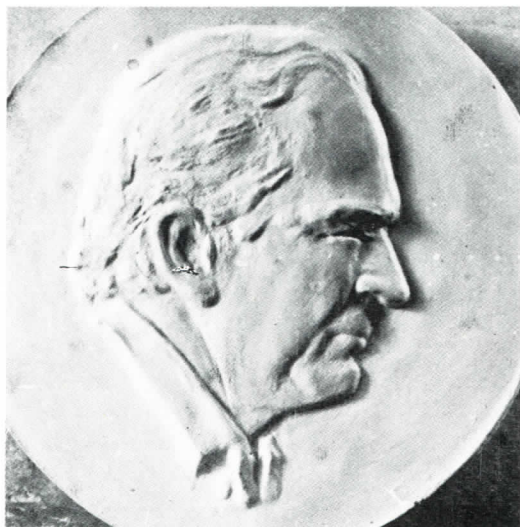
Rev. Villamor Pascua
Manila, the Philippines

Third World Articles Well-Balanced

I enjoy reading your international section. I found the article on Albania in No.44 (November, 4, 1985) very interesting, and the article on Cyprus earlier in the year was well-balanced. Since we tend to hear only about the negative events in the third world, it is enjoyable to read the articles in the *Beijing Review* about third world countries whose economies are growing, etc. It is also interesting to find out the Chinese perspective on international issues. Keep up the good work.

Peter Hunter
Ontario, Canada

American journalist Edgar Snow.



ART PAGE

Sculptures by Fu Tianchou

Artist Fu Tianchou, born in 1920 in Nanhai, Guangdong Province, now teaches sculpture at the Central Academy of Fine Arts.

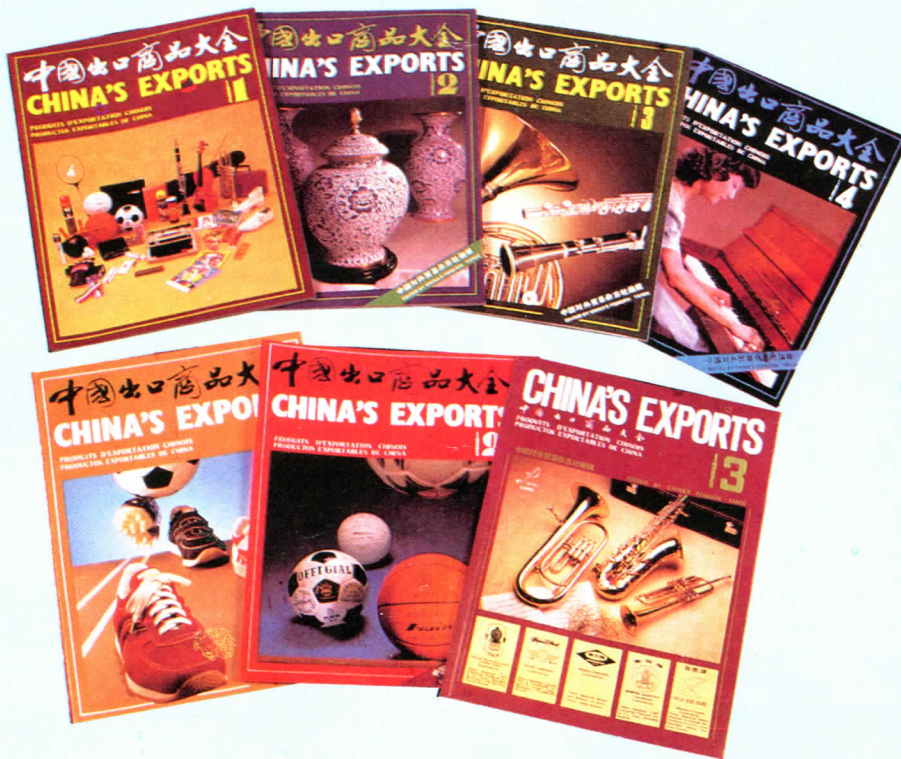


Painter Xu Beihong (Ju Peon).



A section of the relief commemorating China's war dead on the Monument to the People's Heroes in Tian An Men Square, Beijing.

CHINA'S EXPORTS



CHINA'S EXPORTS, a trade magazine sponsored by the Ministry of Foreign Economic Relations and Trade of the People's Republic of China and the China Council for the Promotion of International Trade, is edited by *CHINA'S FOREIGN TRADE* and co-published by *CHINA'S FOREIGN TRADE*, Beijing and Groussource Ltd., Hongkong. It is distributed through the circulation network of *CHINA'S FOREIGN TRADE* and at economic and trade exhibitions held abroad by the People's Republic of China. Each issue is distributed to importers and China's export commodity sales agents in more than 160 countries and regions, with a circulation of 45,000 copies.

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