

A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

北京周報

Vol. 30, No. 51 December 21-27, 1987

A Turbulent Year for South Africa

JOINT VENTURES IN SHANGHAI





A diagram of qigong (breathing) exercises found in a 2,000-year-old Western Han tomb at Mawangdui, Hunan Province, illustrates the earliest exercises available in China. A sort of hypnotism can be achieved by doing these exercises.

BRINGING SLEEP THROUGH QIGONG

At a qigong demonstration sponsored by the Beijing Research Institute of Traditional Chinese Medicine, the qigong master (standing right) lulls some visitors to sleep by means of the exercises. *Photos by Shao Jun*



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COVER: The MD-82 passenger plane being fitted jointly by the Shanghai Aviation Industrial Corp. and the McDonnell-Douglas of the United States.

Wang Hongxun

HIGHLIGHTS OF THE WEEK

Establishing a Consultation & Dialogue System

■ The establishment of this system will facilitate the people's supervision over Party and government work, thereby helping overcome bureaucracy and corruption. It will also promote mutual understanding, develop unity and stability and ensure smooth progress in reform (p. 4).

Shanghai Opens Its Door Wide

■ Li Zhaoji, deputy mayor of Shanghai, discusses the investment environment in China's biggest open city. A recent report on a few of the city's successful joint ventures describe some of the possibilities for foreign investors. The article also provides information on the organizations and people available to deal with foreign investors' problems (p. 14).

A Farewell to INF Arms

■ Not a fantasy but a reality, the first genuine arms reduction agreement in the atomic age has been signed by the Soviet Union and the United States. Although the weapons account for only a small fraction of the two countries' nuclear arsenals, the INF treaty is expected to help relieve international tensions (p. 10). China applauds INF pact while cautioning against overoptimism (p. 5).

1987—A Bitter Year for Pretoria

■ South Africa's racist regime experienced another year of strong black resistance and growing white defection from apartheid despite its sham reforms. This year-end review also chronicles Pretoria's stepped-up attempts to sabotage neighbouring countries and its increasing diplomatic isolation (p. 30).

Beijing Welcomes Tibetan Artists

■ Audiences in China's capital recently enjoyed performances by the Song and Dance Ensemble of the Tibet Autonomous Region. The programme featured numbers derived from traditional Tibetan operas, religious art and ceremonies, as well as court music and folk songs and dances (p. 32).

Published every Monday by
 BEIJING REVIEW
 24 Baiwanzhuang Road,
 Beijing 100037
 The People's Republic of China

General Editorial Office Tel: 893860
 English Dept Tel: 831 5599 Ext. 546
 Distributed by China International Book
 Trading Corporation (GUOJI SHUDIAN)
 P.O. Box 399, Beijing, China

Subscription rates (1 year):	USA	US\$24.00	
Australia	A.\$24.00	Canada	Can.\$23.00
New Zealand	NZ.\$33.00		
UK	£13.00		

Consultation and Dialogue

by Dai Yannian

Since the beginning of this year, dialogues have taken place nationwide between mayors and city residents, county heads and farmers, and university presidents and students. The recent 13th CPC Congress listed the establishment of a system of consultation and dialogue as an important part of the reform of the political structure, calling on leading organs at all levels to see it as a major task. From now on such dialogues will spread and become institutionalized.

These communications include dialogues between leaders and the masses, between Party and non-Party people, between the central and local levels, between localities, departments, and among people within a unit. The dialogues cover all aspects of life, from major Party and state affairs of general interest, through specific local and departmental affairs to the concerns of individuals.

At present, as reform and opening up proceed, people are ideologically far more animated than before; they concern themselves more with state and social affairs. A system of consultation and dialogue will help people to have a better understanding of major Party and government affairs and to participate in discussions on major policy decisions.

Consultation and dialogue are an important means by which leaders maintain ties with the masses and get to know more about them. The Chinese Party and government represent the interests of the people, and call upon their officials to remain in close touch with the masses, understand their views and requirements and listen to their voice. However, bureaucracy in Party and government organiz-

ations and the abuse of power for personal gain and other corrupt practices have impaired the relations between the Party and the masses and between the government and the masses. There were few channels through which the voice of the masses could be transmitted to the leadership. There were even cases when people found nowhere to offer their suggestions or express their grievances. The establishment of a system of consultation and dialogue should allow the people to make their opinions and suggestions known directly to the leaders. In this way, the work of Party committees and governments at all levels can be placed under the supervision of the people. This should help overcome bureaucracy and corruption and make the leaders' decisions more democratic and scientific.

Because the current democratic system is imperfect and because it is not easy for an individual to comprehend the full scope of an issue, Party and government decisions are sometimes not understood by the masses. Consultation and dialogue are an important way for the masses to learn about Party and government work.

For instance, with the implementation of the open policy, some people have had glimpses of the wealth of economically developed countries, and they too want to have the same. When their wishes remain unfulfilled, they grow discontent and grumble. After having a dialogue with leaders or theorists, they can come to realize that China is still in the primary stage of socialism and its productivity is still low, and that although reforms have boosted the development of the productive forces and benefited the people, it

is still unrealistic to try and compete with the living standards in developed countries.

Common prosperity for the whole society is the ultimate goal of socialism. So the fundamental interests of the people are identical. But in the process of achieving this goal, people's specific interests are not the same; they differ and sometimes conflict. For example, the prices of farm produce are low so farmers get inadequate reward and the development of agricultural production is hampered. While the farmers cheer any rise in their products' prices, urban people complain. The state's policy is that prices are readjusted step by step. Dialogue is needed so that both the farmers and city dwellers will understand the need for price increases.

Conflicts of interest exist between different professions and areas and among different people. So consultation and dialogue are needed to overcome these contradictions.

China will sum up its experience and set down stipulations for its system of consultation and dialogue, specifying that units and organizations must be designated to solve certain problems through consultation and dialogue. Consultations and dialogues on major national, local and individual unit's problems will be carried out at the proper level.

Consultation and dialogue on major issues will be published in newspapers or broadcast so that more people will know the details.

Consultation and dialogue are a means of communication between the higher and the lower levels and of promoting mutual understanding, reconciliation of contradictions, unity and stability, and the smooth and in-depth development of reform and opening up. ■

China Welcomes INF Treaty

Joining in worldwide acclaim of the agreement between the United States and the Soviet Union to scrap the intermediate-range nuclear forces (INF), the Chinese government has applauded the official signing of the historic pact.

"Generally speaking, this year the international situation is developing favourably," Chinese President Li Xiannian said on December 10 at a meeting in Beijing with six new ambassadors to China. "When US President Reagan and Soviet leader Gorbachev signed the pact on December 8, we welcomed the event," he told the ambassadors, who represent Gabon, Mexico, Jordan, Oman, Japan and Belgium.

But Li added, "This is only a small step forward because the warheads to be eliminated under the treaty account for only 3 to 4 percent of the total nuclear warheads that the United States and the Soviet Union have stockpiled."

A lot of strategic nuclear weapons, as well as chemical, biological and powerful conventional weapons still exist, the president said. "So the road to disarmament is long, and I hope the two countries will continue negotiations in this regard." Prohibiting the use of chemical weapons, eliminating nuclear weapons and reducing the number of conventional weapons to the minimum will help prevent war. Only in this way will the world's people find peace of mind.

"All the world's people hope for peace, not war, and seek construction, not destruction. People of both developed and developing countries have the same desire," Li said.

A commentary in the *People's Daily*, the country's leading newspaper, said the signing of the

INF treaty, the first pact to reduce nuclear armaments, will help ease international tensions to some extent. But it cautioned against overoptimism, saying that the accord should not be regarded as a sign of major reduction of the danger of nuclear war, nor of a fundamental relaxation of tensions.

Strategic nuclear weapons are the mainstay of the nuclear power of the United States and the Soviet Union. The two countries each possess more than 10,000 nuclear warheads, and thus the whole world remains shrouded under the threat of nuclear war.

Commenting on the signing of the INF treaty, a Chinese Foreign Ministry representative said on December 9 that it is the first step towards nuclear disarmament. But she pointed out, "The large number of strategic nuclear weapons and other weapons of mass destruction possessed by the United States and the Soviet Union remains a grave threat to the security of humanity, and the arms race is still far from being halted."

"We hope that the United States and the Soviet Union, the two powers with the most arms, will continue to hold serious negotiations on the drastic reduction of nuclear arms, reach agreements, and implement them faithfully." China consistently stands for the complete prohibition and destruction of nuclear weapons, chemical weapons and biological weapons; and the drastic reduction of conventional weapons. China is opposed to the extension of the arms race into outer space.

"Along with all the other peace-loving countries and peoples of the world, we will continue to make unremitting efforts to promote comprehensive disarmament and

genuine relaxation of international tensions," the Foreign Ministry representative said. ■

US Amendment Protested

China expressed profound dissatisfaction and lodged a strong protest with the government of the United States against an amendment on so-called "human rights violations in Tibet by the People's Republic of China," Chinese Vice-Foreign Minister Zhu Qizhen said. The amendment was adopted at the House-Senate conference of the US Congress on December 3.

Zhu made an appointment in Beijing with the US Ambassador to China Winston Lord on Dec. 10. At the meeting Zhu pointed out that under the pretence of safeguarding "human rights" in Tibet, the amendment distorts the facts, slanders and vilifies the Chinese government and people, and grossly interferes in China's internal affairs.

Tibet has been an inalienable part of China's territory for many centuries and the Tibetan people are members of the big family of the Chinese nation, Zhu said. Any question concerning Tibet is entirely China's internal affair, in which no foreign country has the right to interfere.

The principles of mutual respect for state sovereignty, territorial integrity and non-interference in one another's internal affairs have been agreed upon by China and the United States as the basic principles governing their relations, Zhu said.

The smooth expansion of bilateral relations will be ensured only if the principle of non-interference in each other's internal affairs is truly observed, he added.

Zhu urged the US government to take measures to call a halt to the incident and prevent any recurrence of similar incidents harmful to Sino-US relations. ■

Stepping Up Immunization

China is deeply aware of its key role and responsibility in helping attain the goal of universal immunization for the world's children and will make a great effort to achieve this goal in China.

The remarks were made by Chen Minzhang, China's minister of Public Health, at a press conference in Beijing on December 10. People attending the press conference, which was held on the 41st anniversary of the founding of UNICEF (the United Nations Children's Fund), received a report by UNICEF on the state of the world's children in 1988.

Chen said health departments in all parts of China will be required to work out practical plans for the thorough implementation of vaccination programmes this winter and next spring. Mobile vaccination teams should be organized to provide all children in remote areas with a chance for basic immunization, he said.

Great strides have been made in children's immunization since the country's Expanded Programme of Immunization (EPI) was launched in 1982. In 1985, the Chinese government set itself the goal of vaccinating 85 percent of the children in every province by 1988 and 85 percent of the children in every county by 1990.

Statistics show that between 1985 and 1986, the incidence of diseases in children, such as measles, tetanus, whooping cough, tuberculosis, diphtheria and polio, was reduced by half to less than 300,000 cases. The infant death rate has been reduced to 35 per thousand.

The rapid progress in implementing the immunization programme should be attributed to the great concern of governments and leaders at all levels, and to the support and co-operation of



XUE CHAO

A medical worker in the Xuanwu district of Beijing helps a child take an oral vaccine against encephalitis.

UNICEF, Chen said. UNICEF has provided China with equipment, technical know-how and other assistance worth US\$3 million since 1982 and has pledged to provide a further US\$20 million worth of aid before 1990.

China still has a long way to go to reach the target of universal immunization for children. The UN has estimated that every year, about 942,000 children in China die of diseases, most of which can be prevented. The attainment of the government's vaccination targets will be particularly difficult in the poorer, more remote and sparsely populated areas of China—including Tibet, Inner Mongolia, Gansu, Guizhou, Qinghai, Ningxia and Guangxi—because of the inadequacy of health services and transport facilities for vaccines as well as the poverty and backwardness in parts of these regions.

The minister urged all departments concerned to publicize the immunization programme and to

educate people so that every parent, teacher and student will understand the programme and take the initiative to co-operate with it. He also called for public support, especially from the mass media, for carrying out an intensive immunization drive between now and next April to increase the vaccination rate in remote areas.

Chang Haoruo, vice-minister of Foreign Economic Relations and Trade, and Wang Shuxian, a member of the Secretariat of the All-China Women's Federation, also spoke at the press conference, voicing their concern and describing efforts to speed up the programme. Both the Chinese government and UNICEF believe that China will reach its immunization target for 1988.

China's realization of its goals for 1988 and 1990 is the precondition for achieving the global target set by the UN for 1990, said Manzoor Ahmed, UNICEF's representative for China.

by Chen Qiuping

Hainan Attracts Talented People

Hainan, China's second largest island and soon to be its newest province, has become a magnet for the ambitious people, especially the young. The new Hainan Service Centre for Talent Exchange has received about 20,000 letters and over 8,000 visitors expressing the wish to join in Hainan's new construction.

The island, which covers an area of 34,000 square km, lies to the south of the mainland. It is rich in minerals, wildlife and other natural resources.

Hainan's scenic beauty has won it a reputation as the "Oriental Hawaii." But the island has remained relatively undeveloped economically because of its geographic isolation.

At the 13th National Congress of the Communist Party of China in October, Xu Shijie, head of the Hainan Province preparatory group, described talent as one of the key elements required if Hainan is to thrive. He said, local people would be trained and talented personnel from the mainland would be invited to come with the promise of better living and working conditions for those willing to help Hainan to prosperity.

Many educated young people have answered Hainan's call. Statistics show that some 90 percent of the applicants have a higher education; more than 85 percent are under the age of 35; and half of them are from Beijing, Shanghai, Guangzhou and other cities where talent is concentrated. Their areas of interest range from computers to fine arts.

Zhao Lihua, a 24-year-old teacher at a normal university in Shanghai, was offered a position at the Tourism School of Sanya City, Hainan. He said he had been taken since his childhood by the island's tropical charm. Now he is happy to be able to contribute to Hainan's development. "I'm

proud to be a pioneer," he said.

Ke Xingyuan, a writer from the northeastern city of Harbin who has had three novels and a collection of articles published, is applying with his wife for positions in Hainan. "A life full of vigour would inspire my creativity and enthusiasm," Ke said.

Chu Aming, a Guangzhou architect, found that there were too many authoritative and experienced people in his field in Guangzhou, whereas in Hainan his profession is much in demand. Because he is hesitant about settling his family on the island, he has signed a three-year contract to work there.

Many applicants believe that while the living conditions on the island are not currently as good as those they now enjoy, the speedy development that will result from the government's special economic policies will undoubtedly bring them a bright future. ■

China Surveys the Handicapped

China's first national census of the disabled has revealed that 49 out of every 1,000 people in the

country are handicapped. The less than 5 percent proportion of disabled compares favourably with the World Health Organization's estimate that 10 percent of the world's people are handicapped.

The survey indicates that there are 51.6 million disabled people in China, and that handicapped people are found in 18 out of every 100 households.

The study, described as the largest of its kind in the world, was conducted by the leading group of the Beijing-based National Sampling Census of the Handicapped.

More than 10,800 interviewers backed up by about 3,000 officials and other helpers interviewed 1.57 million people in their homes last April and May. They visited 424 counties and cities throughout the Chinese mainland. Personal interviews helped produce an accurate survey.

The census showed that 17.7 million Chinese are deaf or suffer from speech defects. The mentally ill number 1.9 million and a total of 10.2 million people are mentally retarded. About 7.6 million people have poor eyesight, while another 7.6 million have other physical disabilities. An additional 6.7 million have two or more forms of disability.

The survey was planned and analyzed using computers pro-

A senior citizen having hearing test.

ZHENG SHUFU



vided by the State Economic Information Centre in Beijing and provincial computer networks. The World Health Organization also provided support for the project.

The Ministry of Civil Affairs and eight other ministries, commissions and associations jointly launched the census on April 1 after two years of preparation.

The survey aimed to identify the different groups of handicapped people, their regional distribution,

the causes of their disabilities, their level of medical care, education, employment, family situation and social activities.

The survey was China's first census of the handicapped since the People's Republic was established in 1949. An estimate last year put the number of disabled people in the country at 20 million.

China is currently trying to prevent congenital malformations through prenatal check ups and abortions. ■

Stock Crashes Impinge on Mainland

At the end of the 1970s, China's door to the outside world was pushed open once more, this time by China itself. Through this action, China became a potential force in the world economy. Since then, a considerable amount of foreign capital has flowed into China and China's economic ties with other countries have become closer and more extensive. Moreover, stocks are no longer seen as the exclusive purview of capitalism. Big cities such as Shanghai are establishing stock exchanges and big enterprises are experimenting with stock issues.

As a result of these developments, the recent slide on the world's major stock exchanges will surely have an impact on China's economy, although the country has so far had little to do with international stock markets.

Professor Shi Min of the Institute of World Economics and Politics at the Chinese Academy of Social Sciences said in an interview that any decline in Western consumption caused by the stock slide could hurt China's exports of oil, coal and textile products. The market for raw materials is usually the most vulnerable to such a slide, he said.

So far, no general survey has been conducted to see if China's foreign trade has fallen off since the Western stock market crash in October. At the autumn Export

Commodities Fair in Guangzhou, which ended in early November, sales were the same or better than usual, except for a steep drop in orders for previously much-sought-after yarn and cloth, said Cai Shuli of the China International Trade Research Institute under the Ministry of Foreign Trade and Commerce. Shi predicted that Guangdong Province, because of its nearness to Hong Kong, would be the first place in China to be hurt if world consumption declined during the Christmas season.

Some Chinese economists argued in a recent issue of the newspaper *Chinese Youth* that since the country still has such a modest share of the world market, it can expect to keep expanding its exports. This is especially the case, the economists said, since China is just now speeding up structural reform of its foreign trade and making efforts to improve the quality of products destined for export. Also, the economies of some Asian countries and regions, including Singapore, Hong Kong, Taiwan and Thailand, are expected to strengthen in the coming year, creating expanded markets for Chinese raw materials and manufactured goods.

With the Western investment rate falling, China could have difficulty attracting foreign

capital. On the other hand, Shi said money withdrawn from the stock markets will be available for other investments and the market shock has forced the US and other Western governments to cut interest rates to stimulate their economies. The question for China is how much and how quickly it can further improve its investment environment and build up foreign investors' confidence in its policies and market. Shi said he believes that because of the huge US budget and trade deficits, the US government will have to raise its interest rates in the future to attract foreign capital.

The stock slide will sharpen the competition among Western companies and China could benefit from the price reductions that may ensue when it comes to paying for imports, he said.

The shock to the world banking system will also affect China's foreign currency reserves. According to Shi, because the US dollar is dropping against the Japanese yen and the deutsche mark (DM), China's US dollar reserves should be limited to a certain percentage. Otherwise, China could lose a lot of the hard currency it fought to win through foreign trade.

On the topic of the effect of world stock markets on China's newly restored stock exchanges in Shanghai and other places, Shi said there is almost no influence. The stock exchanges in China have little in common with Western stock markets and almost no foreigners are directly involved in Chinese stocks. At the same time, China has had minimal involvement with Western stock markets. He predicted that the stock crash might have the psychological effect of making the Chinese government more cautious about establishing more stock markets and doing business on Western exchanges.

Whether China can minimize the adverse effects of the stock market slide and turn the situation to its advantage depends on how quickly and correctly it can react

to the changing situation. Shi said he hopes a special research group will be formed as soon as possible to study the effect of the world stock nightmare on China.

Many Chinese economists maintain that the stock shock has almost nothing to do with US deficits. They see the slide on the world's major stock exchanges as a natural readjustment. China does not have to worry about the effects, these economists say.

by Zhao Zonglu

Poverty Drops In Guizhou

Authorities in remote Guizhou Province in South China have helped 1.14 million people break out of poverty in the past year.

More than 400 industrial and agricultural projects designed to employ or support people from poor households have begun operation. They had revenue of about 892 million yuan and made 2.62 million yuan in profit.

Investment in key projects increased over the year, allowing 360,000 more people to receive aid.

Investment in agricultural projects accounted for 41.5 percent of the total and about 3.4 million farmers will directly benefit.

A responsibility system has been set up for officials and communist Party members. For example, 41 officials dispatched temporarily by provincial government departments to Bijie County are each responsible for helping five poor households. At the Beginning of the Year, they made a plan to "help each household successfully grow one *mu* (0.067 hectares) of grain, one *mu* of tobacco, raise a pig for sale, and find a job for a surplus labourer."

With their help, about 200 farmers grew more grain and tobacco this year, boosting their incomes by half. Just under 300 people got new jobs.

Weekly Chronicle (December 7-13)

POLITICAL

December 8

■ Chinese Communist Party General Secretary Zhao Ziyang calls for mutual understanding in relations between Communist Parties during his meeting with the Federal German Communist Party delegation led by the Chairman Herbert Mies.

He says Communist Parties should look ahead, seek a common ground for resolving differences and strive to understand one another. Only through understanding can the parties achieve mutual respect and trust. He praises relations between the Chinese and German Communist Parties.

December 9

■ Li Guixian, secretary of the Anhui Party Committee vehemently criticizes high-ranking local officials for seeking personal power.

During the recent reorganization of Anhui's provincial and municipal governments, some officials, including those in high positions, attempted to use their influence to gain promotion or hold on to their existing posts.

ECONOMIC

December 7

■ China's electricity generating capacity exceeds 100 million KW, the Water Conservancy and Power Minister Qian Zhengying announces.

She says that state investment in power has risen from 4.1 billion yuan (US\$800 million) in 1980 to 14 billion yuan in 1987. But the total generating capacity only increased by 54 percent during the same period. There is still a shortfall of 10-15 million KW every year.

December 10

■ To stimulate worker initia-

tive, all large and medium-sized enterprises in China will institute a piece-rate wage system in the coming year, *Renmin Ribao* (People's Daily) reports.

Under this system, which is closely linked to the actual operation of enterprises, workers will be paid on a piece-rate basis but wages will also be linked to work load, efficiency and the quality of products produced.

CULTURAL

December 10

■ In a circular the State Council urges local governments, tourism departments and relics administrative bureaus to provide more protection for relics.

According to the circular, the use of relics as props for films and TV plays is forbidden and the construction of high-rises in the vicinity of scenic spots and historical sites is prohibited. Purchases and sales of relics should be strictly controlled by relics departments.

December 10

■ Fang Cheng and Hu Chaofan, technicians with the Xian Electric Fan Factory, have developed an electric sensor which detects harmful industrial gases, *Renmin Ribao* (People's Daily) reports.

When the density of such gases as carbon monoxide, carbon dioxide, liquefied petroleum gas and cigarette smoke reaches a universally adopted warning level, it will either set off an alarm signal or an automatic ventilator.

FOREIGN RELATIONS

December 8

■ China and Czechoslovakia sign a protocol in Beijing.

According to the protocol, there will be 45 exchange visits of delegations and groups from the two countries in 1988 in various fields including industry, agriculture and public health.

US-SOVIET UNION

Disarmament and Detente

Soviet leader Mikhail Gorbachev said the wisdom of politics today lies in not using differences as a pretext for confrontation, enmity and the arms race. If these words can be turned into deeds, the recently signed INF treaty could lead to further steps on the road to disarmament.

The agreement between the United States and the Soviet Union on eliminating intermediate-range nuclear forces (INF) was at last formally signed by US President Ronald Reagan and Soviet leader Mikhail Gorbachev in Washington during their December 7-10 summit. The treaty covers 859 US and 1,752 Soviet nuclear missiles, both deployed and non-deployed. The ground-based missiles, with a range of 500 to 5,000 kilometres, are to be eliminated within three years.

This is the first time that Moscow and Washington have agreed to reduce their nuclear arsenals instead of only limiting them, although the number of missiles to be scrapped under the treaty accounts for only about 4 percent of their total nuclear warheads. Once ratified by lawmakers of the two countries and fully implemented by the two sides, the treaty will undoubtedly help ease international tensions.

To guarantee that the treaty will not become a mere scrap of paper, the agreement includes strict verification measures. A relatively simple verification process is possible since INF weapons are to be totally eliminated. Arms reduction or limitation treaties have been plagued by frequent accusations of violations because of vague verification measures which are difficult to implement.

Under the INF agreement, inspectors from both sides will start on-site inspections of each other's INF production and

support installations as soon as the treaty comes into force. The inspectors will only be allowed to visit previously designated plants and bases, but both countries can use technical means, such as electronic techniques and satellites, to cover closed locations. For 10 years after the treaty becomes effective, the sites where the missiles are dismantled or destroyed will be "disturbed" regularly by inspectors of the other side. If a violation is found, the other side can immediately withdraw from the treaty.

In the more than 40 years since the end of World War II, the United States and the Soviet Union have competed frantically to establish strategic superiority through nuclear arms race. And since Soviet leader Nikita Khrushchev met US President Dwight

Eisenhower in Washington in 1959 to try to reach an understanding aimed at relieving world tension—in the "spirit of Camp David"—heads of the two countries have maintained their interest in achieving a temporary strategic balance. But instead, their nuclear arsenals have grown steadily to the point of saturation with the result that there can be no winner in a nuclear war.

With more advanced technologies being used in weapon systems, more money has been devoured by the development, production and maintenance of various sophisticated weapons. Many people attributed the nosedive of US stock markets last October to the US government's enormous budget deficit. Military spending accounts for a large proportion of the budget. Meanwhile, in the Soviet Union, economic reforms require the shifting of funds from military to civilian spending. So economic as well as political considerations led the heads of the two countries to Reykjavik in 1986 to consider the elimination of a class of nuclear weapon and finally resulted in the signing of the historic treaty in Washington.

US-Soviet disarmament treaties usually both result from and give

Reagan and Gorbachev triumphantly sign the INF treaty.



US and Soviet Nuclear Warheads and Their TNT Equivalent

	United States	Soviet Union
Warheads	26,000	22,000
TNT Equivalent (billion tons)	4.741	7.225

Missiles to be Removed or Destroyed Under the INF treaty

	United States	Soviet Union
Medium-range (deployed)	429	470
Shorter-range (deployed)	0	387
Medium-range (non-deployed)	260	356
Shorter-range (non-deployed)	170	539
TOTAL	859	1,752

Relative Strength of the US and Soviet Offensive Strategic Nuclear Forces

Type of Launcher	Number		Warheads	
	United States	Soviet Union	United States	Soviet Union
Land-based ICBM	1,000	1,418	2,261	6,440
Submarine-launched Ballistic Missile	640	928	6,656	3,344
Strategic Bomber	317	165	4,956	1,260
TOTAL	1,957	2,511	13,873	11,044

fresh impetus to detente. They flourish or wither according to the international situation, particularly the superpowers' views of world peace. The second Strategic Arms Limitation Talks (SALT II) agreement was signed by US President Jimmy Carter and Soviet leader Leonid Brezhnev in 1979, but has never obtained the approval of the US Congress. It went to the Senate at the time when detente gave way to increased US-Soviet tensions after the Soviet invasion of Afghanistan in January 1980. SALT I was more fortunate—its key Anti-Ballistic Missile (ABM) treaty was eventually ratified by the US Senate in 1972. But each side has been accusing the other of violations of the treaty ever since. It is hoped

the INF treaty will have a better fate and promote real detente.

Besides signing the INF treaty, Reagan and Gorbachev discussed regional issues, such as Afghanistan, Central America and the Iran-Iraq war. The leaders tried to bridge their differences over these troublesome issues, but made no major breakthrough. Washington was hoping that all of the Soviet Union's 120,000 troops in Afghanistan would be withdrawn in 1988, but Gorbachev would not agree to a timetable. Meeting with the Soviet leader, Senate Democratic leader Robert Byrd said that a prompt Soviet pullout would boost efforts to ratify the INF treaty in the Senate. Although most senators predicted that the treaty would get the two-thirds

majority vote required by the US constitution, some Democrats as well as Republicans have started to have doubts. Democrat Sam Nunn, the most influential senator on the arms control issue said, "If the Soviet Union gets out of Afghanistan, we'll say we've started something."

Washington's allies have expressed cautious optimism about the treaty. But Britain has decided to modernize its own nuclear arsenal to compensate for the loss of INF weapons. Some Westerners, living in lands that were torn by World War II and in the shadow of the lengthy cold war, are not ready to bid farewell to INF arms. They believe that the removal of cruise missiles from Britain, Belgium, Italy and

Federal Germany would not only bring the danger of an extremely rapid denuclearization of Western Europe, but would leave the continent vulnerable to the new Soviet mobile intercontinental ballistic missile (ICBM) systems, the SS-24 and SS-25.

The summit left people disappointed on the question of strategic nuclear arms reduction. While the INF talks have gone smoothly, the Strategic Arms Reduction Talks (START) have stalled over differences on the category of offensive weapons to be cut and the term of the ABM treaty. The United States wants the Soviet Union to cut more land-based missiles, in which Moscow has an advantage, while the Soviets want the Americans to eliminate more submarine-launched missiles and strategic bombers. To guarantee the development and deployment of its Strategic Defence Initiative (SDI), the United States wants to abide by the ABM treaty only until the end of 1994. Moscow insists the treaty be adhered to until the end of 1997, adding that it will take counter measures if Washington begins to deploy space weapons.

While talking about strategic arms reduction, the superpowers are spending more on strategic weapons—both offensive and defensive. According to the year-end report of the London-based International Institute for Strategic Studies, the United States spent US\$3.5 billion on SDI in the 1987 fiscal year, and allocated US\$3.9 billion for the programme in 1988. Last September, former US Defence Secretary Caspar Weinberger approved tests of intercept missiles in space. If these were successful, deployment by the mid-1990 would be a possibility. The Soviet leaders likewise admitted conducting research on strategic defense systems.

The summit coincided with the date 46 years ago when the US Congress declared war against

fascism. The Americans, by opening another front in World War II, began fighting side by side with Soviets for their countries, civilization and world peace. Since then, the two military giants have become rivals and never stopped expanding their arsenals. But although they step into almost every regional conflict, they have refrained from any direct nuclear confrontation. They both learned an important lesson from the

Cuban missile crisis in 1962. The crisis, a major confrontation that brought the United States and the Soviet Union close to war over the presence of Soviet medium-range missiles in Cuba, ended peacefully after messages were exchanged between US President John Kennedy and Soviet leader Khrushchev, closing an acutely antagonistic period in US-Soviet relations.

by Wan Di

KAMPUCHEA

Sihanouk Affirms Stand in France

A meeting between Kampuchean resistance leader Prince Norodom Sihanouk and Phnom Penh's "prime minister" Hun Sen resulted in the signing of a joint statement calling for a political solution to the Kampuchean conflict.

The small French town of Feren-Tardenois, 100 kilometres northeast of Paris, recently came into prominence as the site of a meeting between Prince Norodom Sihanouk, the president of the Democratic Kampuchea, and Hun Sen, the "prime minister" of the puppet regime in Phnom Penh. Hun Sen participated in the December 2-4 meeting as an individual, rather than a government representative.

The talks, which focused on the present situation and the future of Kampuchea, were the first between Sihanouk and a member of the Phnom Penh regime since Viet Nam invaded Kampuchea at the end of 1978.

In recent years the regime, which owes its existence to Viet Nam and the Soviet Union, has had trouble gaining acceptance and recognition by the world community. The coalition Government of Democratic Kampuchea led by Sihanouk, on the other hand, is enjoying increasing international support. Since 1984, the Phnom Penh regime, in an effort to end its diplomatic isolation, has made several

attempts to arrange a meeting with Sihanouk.

In June this year, Phnom Penh once again suggested a meeting. Sihanouk finally said he would accept a personal invitation from Hun Sen on the condition that the "prime minister" attend the meeting in his individual capacity only. Sihanouk explained that the talks would not imply his recognition of the Phnom Penh regime. The regime, after getting the approval of the Soviet Union, wrote to Sihanouk on November 23 accepting his proposal and asking for a meeting.

After three days of talks, Sihanouk and Hun Sen issued a four-point statement saying:

—The Kampuchean conflict must be settled politically.

—The Kampuchean problem must be settled by the Kampuchean people themselves through negotiations involving all factions in the conflict to end the war and blood-letting and to rebuild an independent, democratic, sovereign, neutral and non-aligned Kampuchea.

—As soon as an agreement is reached by all Kampuchean parties, an international conference will be held to guarantee this accord, the independence of Kampuchea, and peace and stability in Southeast Asia.

—Both parties agree to meet again in 1988 in Fere-en-Tardenois. Both parties also agree to meet a third time in Prince Sihanouk's Pyongyang Chang Su On Palace, at a date yet to be determined.

But Sihanouk announced on December 10 that he decided to cancel the two meetings scheduled for next year with Hun Sen, and that the fourth point of the statement is invalid.

In a telegramme addressed to Hun Sen, Sihanouk said the meetings would not be productive if the leader of the Party of Democratic Kampuchea, Khieu Samphan, and the leader of the Khmer People's National Liberation Front, Son Sann, do not agree to participate in the next rounds of discussion.

Sihanouk, who has devoted his whole life to the future of Kampuchea, maintained a clear-cut position in the talks. He said in a statement, "I would prefer dying in Beijing or Pyongyang to being a puppet president of the republic—the valet of the Vietnamese of Hanoi." He pointed out that he did not agree to a ceasefire and said his army would keep up the fight against Vietnamese troops. Some agreements may be reached between his army and Hun Sen's, he said, but he has no compromise to offer to the Vietnamese troops and his army will fight until the withdrawal of the last Vietnamese soldier from Kampuchea. The new Kampuchea must be a 100 percent independent country, Sihanouk said.

China has always held that the key to a political settlement of the Kampuchean question is the withdrawal from the country of all Vietnamese troops.

by Li Wen

EUROPEAN COMMUNITY

Summit Fails to Reach Accord

None of the major questions discussed at the recent European Community summit was resolved because the 12 member states insisted on putting individual interests before those of the group.

The December 4-5 European Community (EC) summit in Copenhagen ended without agreement on any of the four major issues discussed. The issues—farm programme cuts, EC budget reform, regional development and the partial rebate of Britain's EC contribution—must be settled before the community can proceed with the long and difficult process of creating a single EC internal market.

The main stumbling block is the EC's common agricultural policy, which swallows some two-thirds of the community's budget. Without agreements on cuts in farm subsidies and financial reform, the trade bloc will face a US\$6 billion budget shortfall next year unless member governments agree to contribute more.

The leaders attending the summit wrangled over compromise proposals put forward by Denmark, the host of the meeting. The suggestions were based on the Delors plan, which is the blueprint for establishing the single EC internal market by 1992. The plan suggests soliciting 1.4 percent of the earnings of each member state's gross domestic product so the funds of the community would grow to US\$72 billion by 1992. It also calls for doubling the group's structural funds from the present US\$8.7 billion to US\$17 billion in five years. The Delors plan estimates that the financing shift would increase the community's annual budget by 25 percent, and double the structural funds which help support the community's poorer members. The plan would also affect the level of compens-

ation to Britain for its financial contribution to the community because the plan calls for a link between member states' contributions to their GDP.

Although the plan's main principles were broadly accepted by member states over the last few months, great differences still exist in areas where detailed measures need to be determined. France and Federal Germany, both facing general elections next year, opposed curbs on agricultural subsidies out of fear of losing farm votes. Britain insisted that it would not agree to an increase in the EC's revenues unless the community first cut its runaway farm spending, the main cause of its growing cash shortage.

Ireland, Belgium and Luxembourg supported the Danish proposals, but Spain, Portugal and Greece, the poorer member states that benefit most from the bloc's structural funds, were dissatisfied with a watering down of proposed increases in special funds to help them compete until 1992. The poorer countries said they need more money to help build up their economies so they are compatible with the dismantling of internal barriers in the EC market. Italy objected to the proposal to levy contributions partly according to gross domestic product as this would raise the amount it has to pay.

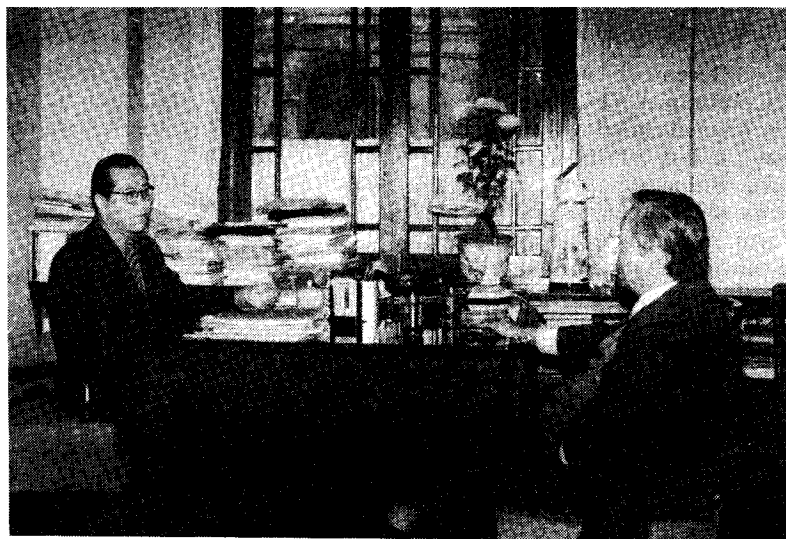
Danish Prime Minister Poul Schluter urged the 12 member states to moderate their national positions for the sake of community unity.

by Zong Dao

What Shanghai Can Offer Joint Ventures

On November 27 two reporters from the Shanghai Office of "Beijing Review" interviewed Li Zhaoji, deputy mayor of Shanghai in charge of Sino-foreign joint ventures. Following is a summary of their talks:

by Ren Jiazhen and Dai Gang



Li Zhaoji (left) with our correspondent.

DAI GANG

Beijing Review: A short time ago, during his meeting with Dutch guests, Zhao Ziyang said two important questions on Sino-foreign co-operation currently need to be solved. One relates to creating conditions for Sino-foreign joint ventures to conduct business operations in line with international conventions, and the other concerns achieving a balance in foreign exchange incomes. What efforts has Shanghai made or does it plan to make towards solving these questions?

Li Zhaoji: To enable Sino-foreign joint ventures to follow common world practices, they should enjoy the full autonomy of overseas enterprises. This is possible here in Shanghai. In line with the law on Sino-foreign joint ventures we have introduced the general manager responsibility system with leadership under a board of directors.

World practices have also been adopted in drafting production plans and recruiting employees, although they are still not quite perfect. Since we are still in the process of substituting the new system for the old, problems are unavoidable. But we manage to solve them through consultation. The government does not interfere in the management of enterprises which can independently formulate their own production plans and supply their own raw materials. All Chinese enterprises previously followed the state mandatory plan, but today only half operate on these lines. We propose Sino-foreign joint ventures draw up their plans independently according to market demand. Currently, however, their plans are still restricted by local conditions such as transportation and the supply of raw materials. The municipal government can provide help and

support to deal with such problems.

In personnel affairs, since the State Council promulgated the regulations on encouraging foreign investment in China in October 1986, all joint ventures have the right to hire and fire employees. However, it is necessary to follow set procedures and report to the labour department before vacant positions are advertised. Some jointly managed businesses in Shanghai have advertised for staff and met with good response. However, some units keeping to old practices refuse to allow their employees to transfer to other places. A change in the city or across the whole country allowing mobility in the workforce would solve this problem. But we have still not reached this stage.

Wage decisions in a foreign business are matters for upper management, and the state has no influence. But here, in Shanghai, we must take into account situations in surrounding units; sometimes it is necessary for labour departments to co-ordinate activities.

Foreign enterprises are empowered to dismiss employees who have violated factory rules or proved themselves incompetent. Although we agree with this in principle, we have a different approach in handling such cases. Our current procedure is to transfer unqualified workers to another unit, in line with our old practice of providing everyone with a job.

BR: Shanghai-Foxboro Co. Ltd. has dismissed some employees. How was it done?

Li: It was the result of co-operation

between the two sides involved in the joint venture. The dismissed workers were transferred to other units under the city's Meters and Instruments Bureau. As far as the foreign party is concerned, however, these people are simply dismissed. We have tried our best to follow common world practices.

BR: Do you mean that this problem can be completely resolved only with the deepening of the reform?

Li: Yes. Reform will promote opening up and help rationalize the personnel system, stimulate the market, increase productivity and improve the supply of commodities. Conditions restricting the growth of joint ventures will also change.

BR: How does Shanghai solve its own problems?

Li: Through constant efforts. For instance, to achieve the balance of foreign exchange, we have established a foreign exchange regulation centre (see box), the first of its kind in China. Some joint ventures have a surplus and others are short of foreign exchange. They can approach the regulation centre to balance one another's needs. This year the centre has handled cases involving more than US\$10 million, although the fluctuation of the exchange rate has made businesses with extra foreign exchange reluctant to contribute their surplus funds.

BR: What about the investment climate in Shanghai?

Li: We have more than 50 colleges and universities and around 1,000 research institutes with many accomplished scientists and technicians. So we have very good conditions for co-operation. Though Shanghai pales in comparison to Shenzhen in certain respects, it has a well-developed air and surface transport network, supported by a harbour capable of handling more than 100 million tons of goods a year. It has a full range of industries, notably in metallurgy, machine building,

automobile manufacturing, ship-building, textiles, chemicals, petro-chemicals and non-ferrous production. Some fail to give due credit to such a well-established industrial foundation, complaining that Shanghai's telephone system, transport network, housing and road conditions leave a lot to be desired. Of course, problems do exist in these areas, but their solution can only be achieved step by step and needs time and investment. Generally speaking, Shanghai's investment climate is good, or reasonably good in comparison with other places. Although the approval procedure has been criticized as time-consuming and Chinese negotiators accused of being money-minded, these problems are secondary to the process of investment as a whole.

BR: Do you intend to simplify the approval procedures?

Li: The upshot is to raise efficiency. Approval procedures are needed wherever a factory is set up, as many departments must co-ordinate their deliberations. High efficiency can be achieved by co-ordinating all departments in advance. We are now working towards this end and have already won the confidence of Hong Kong investors. They had complained about the dilly-dallying in some of our departments. For example, a Hong Kong group intended to build a hotel by the International Hotel on the Nanjing Road because the area had an empty space and some dilapidated houses. We agreed in principle, but when it went to the urban construction department, the proposal was turned down because the underground water pipelines and cables were not big enough to supply the water and electricity needed. So we learnt that we must prepare feasibility studies for investors in advance. It is true that our infrastructure is generally incommensurate with the requirements of investment, but it has its good points. Compared with other cities,

Shanghai's investment climate is quite good; as I recall it was graded "80."

BR: Who graded it?

Li: A research institute affiliated with the Zhongshan (Sun Yat-sen) University made a comprehensive study of a dozen or so indicators for all the 14 open cities along the coast. Of all the foreign-funded enterprises now in operation in Shanghai, only a few fared badly.

BR: What about land-use rights?

Li: This problem has been discussed in newspapers. Details are being studied. As far as I know, the situation seems almost the same as in Hong Kong, where land is not privately owned but belongs to the British Hong Kong authorities. They do not sell properties but lease the land for use. The difference lies in the fact that Hong Kong levies value-added tax on land. We do not have such levies right now.

BR: Shanghai could collect a lot of funds if it leased all the land of the Pudong District in this way. Do you think so?

Li: It sounds nice, but it's not that simple. In the United States and in some other countries, land is privately owned and so can be bought and sold. Land is sold when the price goes up and some people make money in the process. Others profit through investment in real estate. The government levies taxes on the sale of land and on the management of real estate. Our land is state-owned and we are concerned with how to recover its value and in what currency. If we Chinese people invest in land which increases in value, payment is in Renminbi. If a foreigner has investments in the land, he would expect to obtain returns in foreign exchange. The problem is that foreigners have foreign currency and we Chinese do not. Simple as the problem sounds, it is actually quite complicated and it will not be solved until the whole investment climate changes. Anyway, we want to have a try.

BR: It is said that Shanghai people are too shrewd to deal

with. Is that true?

Li: Let me use an example to answer this question. We set up a joint venture, the Dajiang Chicken Farm, with a Singaporean business group, which proved very successful. The Singaporean group, specializing in agriculture, chicken farming and fodder processing, has since invested in several places in China. All have proved satisfactory to both sides. The most successful is the Dajiang Chicken Farm. It now even exports chickens. People concluded that Shanghai people are shrewd when a project is on the negotiation table. Why do they say this? Because we study all proposals and problems in detail. We want to have a clear picture before negotiations proceed. That is why they think Shanghai people are hard to deal with. But I don't think the work "shrewd" is necessarily bad. We have good reason to be "shrewd." Facts have proved that few problems arise in the joint projects we have established with foreign countries. Our partners are equally demanding. We often say, "Friendship is eternal and contract is cruel and merciless." Shouldn't we be "shrewd" when confronted with "cruel and merciless" contracts?

BR: Do you think the stock market slump in the West, especially in the United States, will affect our import of foreign funds?

Li: It seems not, because the stock market and the financial market, despite certain links, are independent of one another. There is still idle money in the world, and stocks are only a kind of coupon denoting a certain value. I don't think the slump will have any impact on our import of foreign funds.

BR: What problems does Shanghai face with regard to importing foreign funds and how will they be solved?

Li: Shanghai began to absorb foreign funds on a large scale in 1984 when it was designated one of the 14 coastal open cities. At

that time the major problems were that our investment climate and infrastructure were not so good, and our employees lacked experience. We were criticized for low efficiency, unreasonable prices for services and poor living conditions. There also exist problems with the import of materials. The supply of raw and semi-processed

In recent years we have managed to improve our investment environment. The general principle now we follow is to provide equal treatment for all Chinese and foreign-funded enterprises. For instance, a foreign-funded enterprise will be charged the same as its Chinese counterpart for services such as telephone lines, water and electricity.

materials presents a serious problem. Our employment and loan systems also came under fire. In recent years, we have improved our investment environment and can provide experienced personnel. Our general principle and guiding thought is to provide equal treatment for all Chinese and foreign-funded enterprises. For example, a foreign-funded enterprise should be charged the same as its Chinese counterpart for services such as telephone lines, water and electricity.

We have published a booklet on the investment environment of the Minhang development zone, which is acclaimed in the Hong Kong business circles. We asked Japanese businesses to compare Shanghai's investment environment with that of other countries

and tell us what needs to be improved. Through their suggestions, we organized two special groups and spent one month improving investment environment programmes.

From the second half of last year, we stopped service trade projects to allow the establishment of industrial and agricultural projects and projects conducive to our technical transformation. In August last year, the State Council allowed Shanghai to extend its import of foreign funds for infrastructural construction and technical upgrading. We will pay back what we have borrowed. We need a lot for these two purposes.

The construction of infrastructural facilities involves underground railways, bridges, water treatment plants (we have already signed a US\$145 million loan agreement with the World Bank for this purpose and public bidding is now under way), extension of airport facilities and telephone installation. We are now contacting some countries in the hope of acquiring long-term low-interest and fixed loans for the construction of bridges and underground railways. Some of them offered to sell equipment, others wished to design for us and still others offered loans and even donations.

The technical transformation of industry and agriculture will also require considerable funds, estimated at least at US\$1 billion. Work in this field has already begun as scheduled. We are trying to attract as much foreign investment as possible to boost our technical transformation and export trade, an endeavour which will require over 10 years in its initial stage. The second and third stages are future considerations.

Generally speaking, we have made much headway. This year we established 68 joint ventures, with a remarkable increase in US investment and in the number of projects involving investments between US\$5 million and US\$10 million. ■

Booming Foreign Ventures in Shanghai

by Dai Gang

"Shanghai is one of the nation's most important industrial bases, the largest port and a major economic, scientific and technological, trading, financial, information and cultural centre.... It befits Shanghai to grow into one of the largest economic and trading centres on the western Pacific coast...."

— Official, Written Reply to *"The Outline Plan for Shanghai's Urban Construction"* by the State Council

Gazing out from Union Building, the lofty ultra-modern skyscraper near Shanghai's Bund, one can imagine the growth of another Pacific giant in the changing metropolis of Shanghai. The 29-storey skyscraper houses the offices of 125 financial, trading and industrial firms from more than 20 countries. Here, one comes across familiar signs: General Electric, Dupont, Kodak, Mitsubishi, Hitachi, Wang, Siemens and Krupp.... The mansion, with all the office rooms, is a monument to Shanghai's recent growth with the opening to the outside world, and to the city's tremendous transformation.

Indeed, it is the reform and opening to the world that have made all Shanghai's achievements possible.

Over the past nine years after China began pursuing the open policy, and especially since Shanghai was named one of the 14 open coastal cities in 1984, the city has established trade relations with more than 170 countries and regions. The development of foreign economic relations was also unprecedented in speed and volume. By October this year, the metropolis had already fulfilled its export plan for the whole year, turning over an income of US\$3.45 billion. With the central government's special policy on Shanghai, various methods for absorbing foreign funds have been tried out and adopted. Though only a start, the results are encouraging. By the end of

October, Shanghai approved 282 foreign ventures involving US\$1.79 billion in direct foreign investment. Taking into account overseas funds raised in other ways, such as the issue of international bonds, foreign loans, counter-trading deals and international leasing, Shanghai has attracted nearly US\$2.2 billion in funds.

Foreign-funded ventures have been rapidly growing both in number and size. By the end of October this year, 67 new foreign ventures were set up in Shanghai. Of the total 282 ventures, 150 are industrial in nature. This indicates the ever-growing interest of overseas investors in industry, rather than in hotels. This is the

outcome of the municipality's efforts since last year to readjust the investment structure. In terms of investment volume, Hong Kong and the United States are foremost, and Western Europe ranks as the third largest investor.

Latest statistics show that the present distribution of foreign investment in Sino-foreign joint ventures, co-operative and wholly foreign-owned enterprises seems reasonable. These enterprises are involved in some eight major business areas, namely, industry, agriculture, architecture, transport and communications, trade and catering, hotels, sports and medical facilities and real estate. Most of the ventures have proved successful. They have become an

Shanghai's 282 Foreign-Funded Ventures

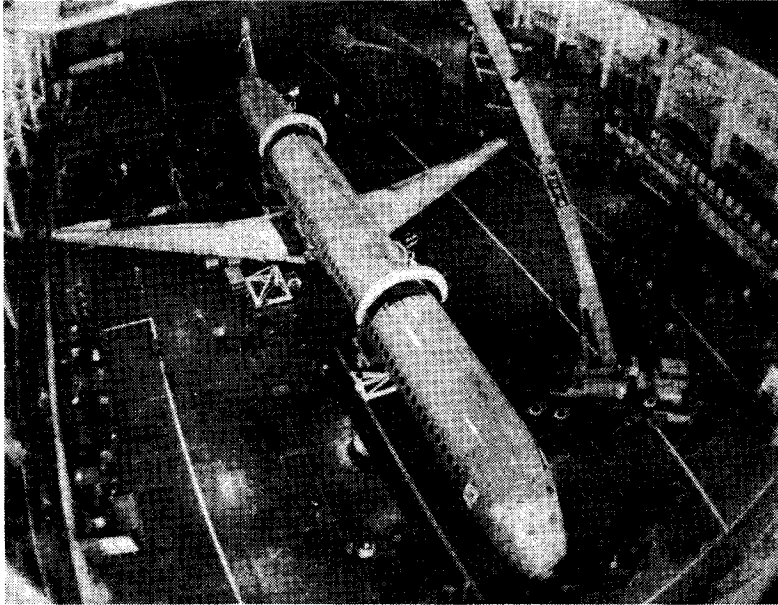
By the end of October, Shanghai has absorbed a total of US\$2.198 billion in foreign investment and funds raised in other ways such as international leasing, loans, and bonds, counter-trade, etc.

Investors from 19 countries and regions have launched 282 ventures in Shanghai. Among them are 195 joint ventures with a total capital of US\$780 million, 84 co-operative ventures involving US\$1 billion and three wholly foreign-owned enterprises, which

have US\$4.06 million tied up in them. (Here called foreign-funded ventures.)

Out of the 282 ventures, 150 are industrial in nature, making up 53.4 percent of the total number. The foreign ventures fall into categories of industry (150), hotel and office complexes (45), agriculture (3), architecture (18), transport and post and telecommunications (4), commerce and catering (15), sports and health (4), real estate and public affairs (34) and others (9).

Most of the investment involved is from Hong Kong, the United States, Japan, the Federal Republic of Germany, Italy, Britain, Belgium, Thailand and Singapore.



ZHANG HONG

Assembling the MD-82 aircraft, manufactured jointly by the Shanghai Aviation Industrial Corp. and McDonnell-Douglas of the United States.

important part of Shanghai's economy, in terms of the large sums invested in them, their advanced technology and managerial know-how.

Foreign-funded ventures, particularly joint ventures, are booming in Shanghai and encouraging further opening to the world. Many believe that Shanghai's future development largely depends on how much it can keep up this process, and foreign-funded ventures are in a sense seen as symbols of the open policy. Here we will take a close look at some of the major foreign-funded ventures and examine their possible contributions.

Technically Advanced

Among the enterprises with foreign investment in Shanghai, quite a few industrial ones are notably large in size and technologically and managerially advanced. According to the latest statistics, Shanghai has seen the establishment of 35 industrial foreign-funded ventures with single investment stocks exceeding

US\$5 million and even US\$10 million; this constitutes 12 percent of the city's entire industrial investment, a figure far greater than the national average of 2.6 percent.

Though Shanghai has long outpaced other parts of China, in the areas of science and technology, for instance, it conducts a great deal of the country's pioneering research into such projects as the production of China's missiles, motor vehicles and the Yun-10 passenger plane—it still has a long way to go to fill the gap between advanced world standards in science and technology and its own. The few large joint projects or ventures established in Shanghai are just in the position to help.

MDC's China Extension Programme. On July 2, 1987, the first MD-82 plane assembled in Shanghai made its successful test flight. It was then formally delivered for service to CAAC Shenyang branch, with a certificate of airworthiness issued by the US Federal Aviation Administration (FAA). On the occasion of the plane's delivery, the co-

operation between the McDonnell-Douglas Co. (MDC) of the United States and the Shanghai Aviation Industrial Corp. (SAIC) was highly spoken of by dignitaries from China and the United States. US Ambassador Winston Lord hailed the event as "a milestone in the continuing development of friendship and co-operation between our two countries."

President of SAIC Jing Deyuan told *Beijing Review* that the present MD-82 co-operation programme is not a joint venture but a joint project under a license agreement. The programme was first proposed to the Chinese government by MDC in 1975. After years of prolonged negotiations, the MD-82 aircraft license and co-production agreement between the SAIC, CASC (China Aviation Supplies Corp.) and MDC was finally signed in April 1985. The total investment in the programme was expected to run up to US\$6 billion, making the project the largest Sino-US technological transfer and co-operation programme, both in terms of dollar value and technological content.

The terms of the agreement will apply until 1991. It involves three major areas, Jing said. First, the aircraft license and technology transfer and the co-production of 25 MD-82 mixed-class, 147-seat airliners with optional additions. Second, SAIC technical personnel were to take part in the research and development of the next generation of commercial aircraft. In fact, 30 senior engineers are now working on the Ultra-High Bypass (UHB) commercial aircraft project in co-operation with engineers from MDC, Aeritalia, and Saab-Scania of Sweden at Long Beach, the Californian MDC base, to bring the new technology into service by the early 1990s. Third, offset trade to assist China in reduction of foreign exchange obligations by as much as 30 percent, on a best efforts basis. This part of the

Yanbian Korean Autonomous Prefecture

(Photos by Our Correspondent Xu Xiangjun)



A native girl.



A girls' concert at the Yanji city children's palace.



New farmers' houses.



Inside a new house.



Cui Yunjia, a Korean professor at Yanbian University, with his students.



Celebrating the 35th anniversary of the founding of the autonomous prefecture.



Springboard — a sport popular among the local Korean women.

A wedding ceremony of a Korean couple.

Huang Yonglin





A waterfall in Changbai Mountain.



Domesticated deers.

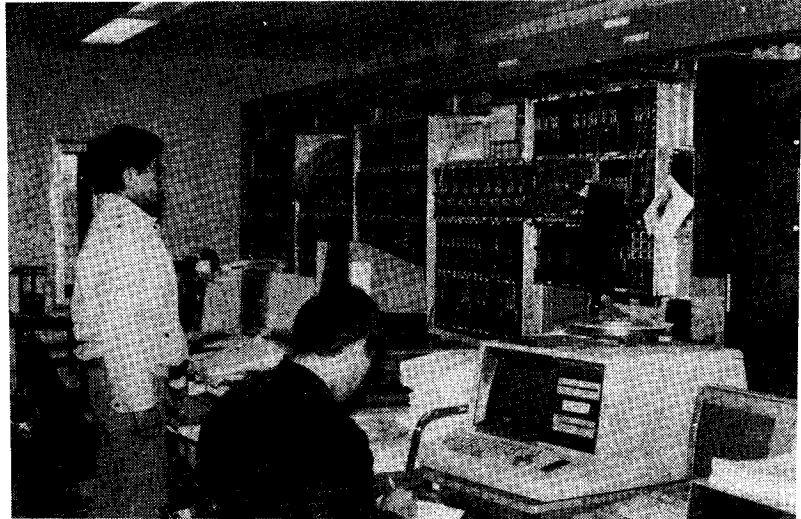


Rare pilose antlers.

agreement calls for, MDC to collect processing assignments for SAIC worth nearly US\$200 million from some 800 American businesses. It is also another source of latest technology.

It is already two and a half years since the signing of the agreement. "Just two years ago, officials of both organizations came to this site and found only the structure. There was not even a desk to put their briefcases on. They started from scratch. But look at it today!" exclaimed Jim Warsham, a McDonnell-Douglas Group executive. "SAIC and MDC have worked hard to achieve the results we see today."

According to Warsham, out of the 25 aircraft to be assembled in Shanghai, five have been finished or are in the process of being manufactured, and the sixth will enter production by year end. The second MD-82 is to be delivered to CAAC Shanghai branch in mid-December. Its November 23 test flight proved another success. All the 25 planes are expected to be



DAI GANG

Shanghai Bell Telephone Equipment Manufacturing Company's computerized inspection centre.

completed and delivered one year ahead of the scheduled 1991 deadline. After 18 months of painstaking efforts to pass FAA's two-week examination of SAIC's capability to build MD-82 aircraft, FAA finally certified MDC

and approved the extension of its license to co-produce the MD-82 in Shanghai. This served as a proof of China's capacity to take on advanced technology and manufacture world-class passenger jetliners.

The Santana production line at the Shanghai Volkswagen Automotive Co. under the joint management between Shanghai and Federal Germany.

ZHANG HONG



Bell Rings in China. The Postal and Telecommunications Industry Corp. (PTIC) of China, the Bell Telephone Manufacturing Co. (BTMC) and the Belgian government are involved in China's first joint equity venture in software and semi-conductor technology. The programme aims to introduce S-1240 digital switching system technology to the Chinese industrial environment. BTMC's 30 percent share in the venture constitutes its first major direct participation in a foreign company.

In accordance with the 1993 contract, the Shanghai-Bell (SB) project will be developed in three phases, during which its manufacturing facilities and capacity will be built up to full strength. BTMC is to transfer to China its latest advanced technology, including S-1240 custom LSI chips. The transfer will doubtlessly build up Shanghai-Bell's unique position as a pioneer in the construction of a technologically advanced telephone equipment industry in China.

An output of 12,000 lines was achieved by the end of 1985, and 70,000 lines were produced in 1986. By the end of November this year, the total output value reached 22.21 million yuan. Since the launching of the company, it has won contracts with 16 cities in 10 provinces for the purchases and installation of more than 40 exchanges with 150,000 lines. Its first 7,000-line S-1240 exchange, the second of its kind in the world, was installed and inaugurated in Hefei, Anhui Province, on December 15, 1986, and others have been installed in Qingdao, Nanjing, Taiyuan, Zhengzhou, Chengdu, Chongqing, Lianyungang, Shenyang, Beijing and Jiaying.

Many Others. Many large projects can be added to the list. The Shanghai Yaohua-Pilkington Glass Co. (SYP), for example, is China's largest float glass manufacturing joint venture involving three Shanghai firms, the British

Pilkington Brothers PLC and UDI Ltd. (Hong Kong). There are also the Shanghai Volkswagen Automotive Co. Ltd., and the Shanghai-Ek Chor Motorcycle Co. Ltd.

Management Important

"Sure, the assembly lines are world class, but management is poor, so it is unlikely that they will turn out what we really need within the next few years," a visiting foreign expert was quoted as saying.

This is by no means an uncommon impression. Imported advanced technology and machinery are still applied within the old framework of traditional management systems in China. So it is important to have a revolution within the ossified management system as soon as possible. Joint ventures maintaining contacts with advanced technology and management can play a special role here. To many managers of joint ventures, the introduction of technology and managerial expertise are equally vital.

Shanghai Squibb. "I see joint ventures as a 'test-ground' for implementing the import system, covering production, administration and marketing," Jin Baicheng, deputy general manager of the Sino-American Shanghai Squibb Pharmaceuticals Ltd., said to *Beijing Review*. "We can gain useful experience which will help the reform in China."

Over five years after its inauguration, Shanghai Squibb, or SASS, has successfully completed its initial phase and begun regular production. It is one of the few Sino-foreign joint ventures dealing with the latest developments in the world pharmaceutical industry. At present, it produces 14 high-quality medicines in six forms, and three major categories of cardiovascular agents, antibiotics and vitamins. SASS products entered the domestic market in 1986; its quality products, backed

by up-to-date technology and the process designed by Squibb through WHO's GMP (Good Manufacturing Practice) have won high acclaim in China and the group's first export products went to the Philippines in October this year.

Located in the city's Minhang District, SASS is a completely sealed complex. The whole layout and the production process are all designed and operated to international GMP standards. Squibb's technology will help to accelerate the technological upgrading in Shanghai's pharmaceutical industry.

"We are trying to get an export certificate from the health authorities in the United States or Canada," Jin said. "To date, China exports some US\$600 million worth of pharmaceuticals (not including Chinese traditional medicine) each year, but over 90 percent of these exports are only semi-produced. The total value of world pharmaceutical trading is up to US\$110 billion. China makes up only 0.5 percent of this because none of the two or three thousand Chinese pharmaceutical manufacturers has been certified by foreign countries under the GMP criteria."

SASS has adopted an entire management system from Squibb, a world famous pharmaceutical business with a history of over 130 years. SASS now has only eight departments, mainly involved in production and marketing. Unlike state enterprises, each of the departments only has one manager, who is answerable to his superior, the general manager, and runs his department within his guidelines. SASS also operates a mobility system in terms of personal management. "We want efficiency, and our principle is: One manager for one department, and in one voice," Jin said.

Shanghai-Foxboro. Wang Dawei, chief accountant for the Shanghai Foxboro Co. Ltd., which is the first joint venture between China and the United

States specializing in making instruments for process control, spoke to *Beijing Review* about the company. "Ever since the earliest days of our company, we have attached much importance to introducing new managerial systems," he said. "Shortly before the inauguration in 1983, we sent 20 of our senior staff members to the United States for a three-month field study into how US Foxboro was operated. On their return, they formulated a completely new version of management to fit in with local conditions." The Shanghai version has to be revised each year. Like SASS, they also practise the general manager responsibility system under the leadership of the board of directors which handles the final decision-making process.

Shanghai Foxboro has already become a well-known Chinese source of latest technology and high quality process control products. Their latest Spec 200 microcontrol instrument, 840 series transmitter and other computer-based control systems have been welcomed by customers in more than 23 Chinese provinces and municipalities.

During the first five years of its 20-year contract term, the company has maintained a steady and rapid increase in business turnover. In 1986 and 1987, its turnover and profit increased by 60 and 40 percent respectively. This year, its turnover is expected to reach 40 million yuan. With the continuous transfer of technology and know-how, the gap between major products and latest world developments has been cut down to 2-4 years.

Marketing. Marketing is an integral part of good management and its introduction is very helpful in transforming traditional sales systems. Obviously, foreign-funded enterprises are ideal for the application of experimental practices in the marketing process. Some joint ventures in Shanghai have benefited greatly from it. The two most successful examples are



ZHANG HONG

The production line for cutting float glass at the Yaohua-Pilkington Glass Co.

Shanghai Da Jiang Co. Ltd. and Shanghai United Woolltex Corp. Ltd. (SUWC), both well-known for their rapid expansion of business scope and high foreign exchange profits. SUWC, the first joint venture in Shanghai after the Sino-Polish Shipping Co., was established in the early 1950s to break the embargo against the newly founded People's Republic. Over the six years after its founding, SUWC has become a united venture group with seven members. Its successful management and marketing efforts enabled investors to recover their total investment in 1985. At present, the corporation's annual output amounts to 1,000 tons of wool yarn, 1.5 million woollen sweaters and 1.2 million metres of woollen fabric. The products sell well on overseas markets. In the first seven months of this year, SUWC fulfilled the whole year's scheduled export volume of 10 million yuan, and generated US\$8.35 million in foreign exchange earnings. SUWC's products enjoy a good reputation in many countries, and are so loved by Shanghaians that possibly eight out of every ten of them know SUWC's "United" trade mark.

Da Jiang Co. Ltd. is so far the largest project involved in agricul-

ture and forestry. This Shanghai-Thailand joint venture has in merely two years grown into a developed, large-scale chain of enterprises which incorporates a wide range of businesses, including feed production, fine breed raising, broiler chicken breeding, commodity chicken preparation and domestic and overseas marketing. Da Jiang Co. is now based in the Shanghai suburban county of Songjiang, where it amalgamated 14 companies and is regarded a model venture in farming and processing. As one of China's largest commodity chicken producers, it exported more than 6,400 tons of broiler chicken to overseas markets and earned a profit of US\$8 million over a single year from August 1986 to July 1987. Its products are also marketed in 25 provinces, municipalities or autonomous regions.

Digest: The Final Target

Shanghai aims to build up a sort of export-oriented economy, with an emphasis on competitiveness in the world market. So Da Jiang and SUWC, which can make big money for Shanghai in foreign exchange earnings, are more and more what Shanghai truly needs.

But this is not everything.

"Of course," Vice-Minister of the State Economic Commission Zhu Runji was quoted, "joint ventures should make active efforts to earn more money in foreign exchange, but their final strategic target must be a thorough digest of the advanced technology they have imported."

His words reflect the common will and desire of Chinese leadership at various levels. Establishing joint ventures in China involves learning from the advanced technology of other countries in the shortest and most effective way. Joint ventures are only the initial step; the second is to catch up with leading countries in the world.

Almost all joint ventures form their own plans concerning personnel training and digesting the introduced technology. We will have a quick glimpse at some major ones.

SYP. SYP, the largest and most advanced float glass manufacturing base in China, recently began trial production. The first joint venture between China and Britain is located on the eastern bank of the Huangpu River, with the largest single workshop hall in Shanghai covering an area of 42,000 square metres. The 840-metre-long production line was imported from Britain and is computer-controlled.

With an annual capacity of some 200,000 tons of clear float glass, spectrafloat glass and reflectafloat glass to international standards, the plant will be able to meet the country's need for these kinds of glass, which used to be imported, after it begins regular production. The British partner, Pilkington Brothers PLC, is responsible for transferring their advanced technology, licencing production and providing training.

"We invented the float process for making flat glass," SYP General Manager Terry Ginty told *Beijing Review*, "and have licenced this process to all other

major glass factories. So our process is used worldwide. This is very much a joint project between personnel at Pilkington and several Chinese departments or design institutes. So it requires a lot of close work between English and Chinese engineers."

SYP sent their best engineers, computer operators, QC personnel and interpreters to Britain or other countries where Pilkington has a group member for training, and since their return these people have co-operated with the British staff at SYP. Interpreters play an important role in the project. Most of them are college graduates with science or engineering majors, rather than language alone.

Automation. Shanghai-Bell, equipped with the latest technology and production know-how, is a venture with a high-level of automation. The immediate transfer of the latest technology (the first Bell S-1240 system in the world was installed in Norway only six months earlier than its successor in China) meant that a number of engineers had to be trained in various specific tasks, explained Maurice Kerkhofs, general manager of Shanghai-Bell. The firm sent 120 engineers overseas, mostly to Belgium for an average length of stay of about six months. The whole training effort added up to 60 man/years. The company has a staff of 500, of which 70 percent are college graduates.

"Ours is a very advanced hi-tech venture; each piece of equipment is so up-to-date technologically that the whole factory looks like a new couple's new home," Li Dalai, one of the Chinese vice-managers, said. Digesting the technology is no easy task and it requires highly qualified people. To achieve the direct transfer and digest of technology, all documents circulated by the company are in English. People here can communicate with one another freely in either Chinese or English, whenever necessary. There are no

language problems. "We don't really need interpreters," Li said.

Training. Another common way to train personnel is to set up training centres and invite foreign experts to give lectures. Local training, which is more economical and involves more people, is widely welcomed and encouraged. As part of the contract agreement, some foreign partners offer their Chinese counterparts free training without even charging the international travel fees for their experts. Squibb have sent more than 56 groups of experts to SASS to help in the digest of technology, and SVW have set up a permanent regular training centre which enrolls middle-school leavers and trains them in different areas and practices. After three years, if they meet the requirements, they will be assigned specific positions. In the centre, SVW's Chinese and German engineers serve as regular teachers. The present centre is only a "baby"; the real complex, now under construction, will comprise one teaching building and two workshops equipped with advanced imported teaching aids. The board has allocated 6.05 million yuan for its construction and 3 million Deutsche marks were offered to support training needs by the Federal German Foundation.

For Jing Deyuan, president of SAIC, the biggest headache seems to be language. The Chinese side has 2,500 skilled workers and managerial personnel currently assigned to the MD-82 programme, and by the year end, the figure will increase to over 3,000. But most of these people know little English. "We don't have enough interpreters, but the whole transfer from MDC involves 87 million pages, 15 tons in weight, of technical know-how and management process information. So, we have set to train our young people in English through different training courses."

In fact, this Shanghai MD-82 project itself is a training centre for China's future aviation industry.

According to Jing, through the programme, SAIC can train a large number of aircraft manufacturing personnel and lay a sound human foundation for future development. As a matter of fact, up till now, nearly 200 people have returned from training in the United States and the amount of training by local American experts totals up to 1,222 man/hours. In terms of the digest of technology, Jing said, it is possible to have a complete new technology and management system. The technology used in China's aviation industry mostly dates back to the 1950s and 1960s, and management is similarly backward; MDC's technology and management are both of the 80s. Therefore, the introduction and digest of their technology and management experience can narrow the gap between China's and the rest of the world's first-class aviation industry.

Localization: A Long Road

What is the standard for the real mastery, after a complete digest, of advanced foreign technology? Localization of the production content. Many "pillar," high-tech or technologically advanced joint ventures, in their initial phases, are only the extension of foreign business production. In most cases, materials, components and parts have to be imported from abroad. But both equity partners usually tend to change this situation. Again the solution is localization. Now, many foreign ventures in Shanghai have set localization as their long-term objective.

Shanghai Volkswagen — "German Technology, Made in China." But localization is a long and difficult process. Some products, such as the "Santana" sedans of Shanghai Volkswagen, require social co-operation between many enterprises specializing in different functions. So SVW's localization plan depends

on the development of the automotive industry as a whole.

Producing a Santana sedan requires altogether 4,200 parts and components. SVW plans to gain a localizing capacity of 35 percent at a vertical level through technical renovation in the second phase of its construction, which will involve a total investment of over 900 million yuan. The remaining 65 percent will be provided by other manufacturers.

At present, according to SVW's general manager Wang Rongjun, nearly 10 percent of the requirements including horns, tyres, batteries, radio/recorders, antennas, silencers, starters and so on must be supplied locally by the end of the year. There are now 170 factories producing the parts Santana needs, but they have yet to reach the quality standards Volkswagen AG has specified. "This is not child's play," Wang said. These suppliers are scattered over the length and breadth of the country, but 60 percent are in Shanghai. The key point in the localization process should be quality. "We will attach even more importance to the quality of our products, so that they can be competitive both at home and abroad. We must stick to the principle: Quality first!

SVW also assembles Audi 100

luxury cars and medium-sized passenger cars — Passat, a variant of Santana. Because the Chinese government supports the programme and discourages imports of foreign cars, SVW is ensured a huge domestic market. To SVW, the digest of advanced German automotive technology and the localization programme are two facets of the same process. "Our aim is finally to upgrade China's car industry to world standards through localization," concluded Wang.

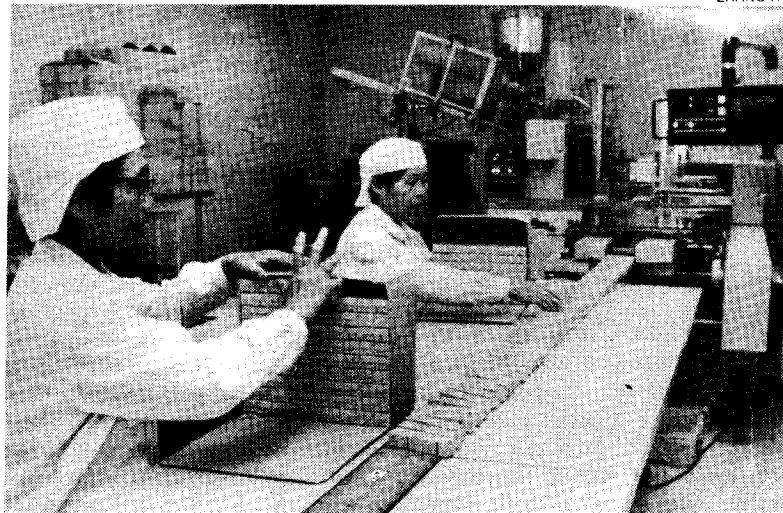
Improving the Investment Climate

"On the administrative level, Shanghai has been extremely helpful at the top level; I mean the Shanghai people's government has been very helpful. I often say, a joint venture has party A, party B, but I would like to add a party C, which in this case has to be the government that is always firmly supporting us," President of Squibb China John McCoy told *Beijing Review*.

Many other foreign investors in Shanghai would also come to the same conclusion, indicating the local government's co-operative attitude to foreign ventures.

Packaging pharmaceutical products at Shanghai Squibb.

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Improvement of local investment climate is not only the concern of the investors but also the local government, which wishes to attract more investors to the city. Over recent years, what has been done to improve the local climate? What is going to be done or rather is being done? To answer these questions, *Beijing Review* paid a visit to Shen Beizhang, director of the Shanghai Municipal Commission of Foreign Economic Relations and Trade.

"We have made a clear-cut presentation of our preferential terms and our policy concerning foreign investment," Shen said. "For example, we publish hard facts, such as the cost of land or labour, in a rather detailed guidebook for our Minhang Economic and Technological Development Zone. Thus everybody can have a handy, clear impression of the situation."

After the State Council issued the 22-article regulations for

encouraging foreign investment, Shanghai promulgated regulations of its own. These regulations are welcomed by foreign ventures here in the city. According to Shen, the municipal authorities concerned are working out detailed rules based on them.

The municipality has also helped and will continue to help all existing foreign ventures, to ensure they operate as expected. Through timely, further revision or improvement, the regulations

Related Organizations

In order to improve the local climate for foreign investment, the municipality of Shanghai has established the following three organizations:

The Foreign Investment Development Agency, established on December 31, 1986, is the liaison office of the LGAFF. Its major functions include: (1) giving timely and clear replies to investment applications which are within the specified areas or projects announced by the municipal government; (2) helping investors locate a suitable Chinese counterpart and introducing them to the institutions of consultancy, proxy, etc., if the offer is acceptable; (3) providing information and materials about concerning the investment climate in Shanghai, including preferential terms, laws and regulations, and answering any questions related to investment affairs, policies and laws; (4) processing the necessary application formalities for investment approval on behalf of the investor; and (5) answering correspondence from any investor.

The office is located in No. 1 Building, 33, Zhongshan Road (East) near the Bund. Since its founding, the office has done a lot

to help prospective investors understand the Shanghai environment, and it has also helped foreign ventures already in operation solve their difficulties in production and other areas. It will also sometimes co-ordinate relations between investors and local institutions.

The Shanghai Foreign Exchange Adjustment Centre, founded on November 6, 1986, is in the Bank of Communications, Shanghai Branch, a few blocks away from the Bund. The centre opens to business once a week on Thursday. Its job is to help the foreign-funded ventures achieve balance in foreign currency. Here foreign exchange can be obtained at a floating price on the basis of mutual agreement between those who need it and those who have a surplus. The centre is not a foreign exchange market.

The establishment of the centre, the first of its kind in the country, has been warmly welcomed by local foreign investors. The rate of foreign exchange here is about 40 percent above the official rate. In terms of volume for a single deal, it varies from several thousand to several hundred thousand US dollars. By the end of October 1987, the total value of all exchange deals was up to US\$21 million. The largest deal so far was between the Shanghai Volkswa-

gen and the Grand Yangtze Hotel, which amounted to over US\$1 million.

It seems that balancing their foreign exchange accounts will remain a long-term problem for some of the foreign investors in China. Some large enterprises, such as Shanghai Foxboro, Shanghai Wang and Shanghai Volkswagen, are among them and they confess the centre is a great help.

The Shanghai Foreign-Invested Enterprise Materials Service Centre, also set up at the end of 1986, specializes in supplying materials to the foreign-funded ventures in Shanghai. It provides them with materials and equipment as well as information and consultation services. Its business scope covers:

(1) supplies of materials and equipment including steel, products, cast iron, nonferrous metals, machinery and electrical equipment, fuel, industrial chemicals, timber, cement, asphalt, glass, petrol, diesel oil, lubricating oil, etc.;

(2) providing complete contractual services for construction materials; and

(3) importing raw materials, equipment and accessories in short supply.

The Service Co. has also helped many foreign ventures in other areas of business.

and policies will better serve them and remove any problems which may arise.

"Another thing we have done," Shen pointed out, "is to establish three agencies specially for foreign investors (the Foreign Investment Development Agency, the Foreign Exchange Adjustment and the Materials Supply Centre), and we also try to help them in terms of funds."

Shen told *Beijing Review*, Shanghai's climate for investment is now more suitable for technologically advanced and product-export-oriented enterprises. He mentioned some of Shanghai's main advantages. First, the human factor. The level of qualifications for either senior engineers or ordinary workers is high. "This is perhaps the main reason why I chose Shanghai," J. McCoy of Squibb, Shanghai Office, said. Second, Shanghai has a range of industrial activities: 95 percent of all China's enterprise activities can be found in Shanghai. Third, efforts have been dedicated to the improvement of local communications. As a whole, communication facilities in Shanghai are all right, particularly in terms of international communications. This year, a new telecommunications building was opened near the heart of the city. International services have increased to 200,000 lines. Finally, the formalities involved in obtaining investment approvals have been much simplified.

The success of existing ventures can also assist in speeding up negotiations for new businesses in similar fields or from the same country. Facts and experience speak for themselves.

In Shen's opinion, the present investment environment is promising and it will be more attractive in the future. Last year the State Council gave Shanghai the special right to expand its absorption of foreign funds. With this privilege, Shanghai can raise funds directly on the international

financial market. Funds have been raised through international loans, bond issues in Japan, etc. Plans are underway to invest the funds in five major infrastructural projects: (1) Expansion of the Hongqiao International Airport with the construction of a 28,000-square-metre terminal; (2) the first-phase construction of a 14.2-long subway linking the new railway station and Xinlonghua in the south of Shanghai; (3) construction of a bridge over the downtown sector of the Huangpu River, in association with the

reformation of the old neighbourhood in Nanshi District; (4) the pollution-treatment project in the Suzhou River; and (5) the installation of 200,000 telephone lines.

Shanghai will be more attractive to foreign investors all over the world, when further improvements have been made, and more international, as well as local, financial bodies extend their participation, and when the on-going economic reform deepens and the city opens its door even wider to the rest of the world. ■

Introducing LGAFF Members in Shanghai



Li Zhaoji

Li Zhaoji, deputy mayor of Shanghai, 57, graduated from Datong University in Shanghai in 1951. He worked as a radio control engineer until 1976. He served successively as deputy director and chief engineer of the Shanghai No. 18 Radio Factory, deputy general manager and senior engineer of the Shanghai Television Industrial Corporation and deputy director of the Shanghai Municipal Instruments and Meters Industrial Bureau. He

became deputy mayor of Shanghai in 1983.

Li Zhaoji is now chief of the municipal government's Leading Group for the Absorption of Foreign Funds (LGAFF).



Qian Xuezhong

Qian Xuezhong, 54, deputy mayor of Shanghai. Following his graduation from Shanghai's Tongji University in 1955, Qian

engaged in architectural design and urban planning. He was elected director of the Chinese Architecture Society in 1983 and became president of the Shanghai Civil Architectural Design Institute. He also served as chief engineer for China's overseas programmes. He has since served as vice-chairman of the Municipal Construction Commission, deputy secretary-general and director of the general office of the municipal government. He was elected in 1986 deputy mayor in charge of the city's absorption of foreign funds, transport, post and telecommunications, tourism, etc. He is now deputy chief of the LGAFF.

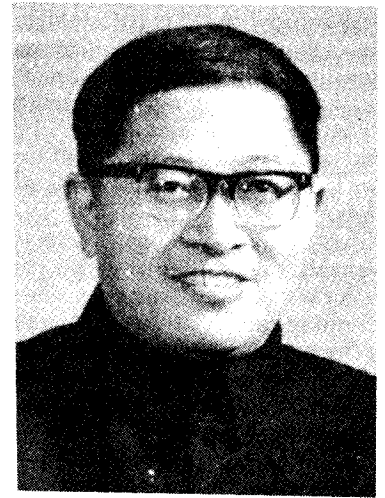


Yu Pinfang

Yu Pinfang, 58, is director of the Shanghai Municipal Economic Commission. After studying for a few years at the Hujiang University in Shanghai, he started doing youth work in the early 1950s. After 1954, he became director of the Yizhong Electrical Machinery Plant and then deputy director of the Xianfeng Electrical Machinery Plant. From 1960, he worked with the Shanghai Municipal Bureau of Instrumental and Electronic Industry and later became its director. He took up his present post in 1985.

His commission is an arm of the municipal government and is in charge of all the industrial bureaux and corporations. He is concurrently president of the

Shanghai University of Engineering and Technology.



Chen Xianglin

Chen Xianglin, 43, is director of the Shanghai Municipal Planning Commission. He graduated in mathematics from Fudan University in 1968. He worked in the Donghai Valve Plant for many years and was finally promoted to be its director. He became the deputy director of one of the municipal industrial bureaux in 1983. The next year he was transferred to the post of general manager and vice-chairman of the board of the Shanghai Automobile and Tractor Industrial Joint Corporation. He took his present post in 1986. He is also a deputy chief of LGAFF. ■



Shen Beizhang

Shen Beizhang graduated from Jiaotong University in Shanghai in 1950, and is director of the Shanghai Municipal Commission of Foreign Economic Relations and Trade. For 30 years he worked with Shanghai's Zhengtai Rubber Plant, most of the time as an engineer and later as its director. After 1983, he became vice-chairman and executive deputy general manager, and then general manager of the Shanghai Municipal Investment and Trust Corporation. In 1986, he took up his present post. He now is a deputy chief of the LGAFF.

Just Off the Press

The 13th Party Congress and China's Reforms seeks to help readers understand the recent congress, the decisions it made and the current status of China's reforms. Written in question-and-answer format, the authoritative booklet deals with theoretical issues as well as practical questions about the political and economic reforms, and strategies for economic development and Party building. Included in the appendix are short biographies of the top leaders of the Communist Party of China. Also included are 24 pages of photos.

Published by: Beijing Review

Distributed by: China International Book Trading Corporation (GUOJI SHUDIAN)

The Korean Autonomous Prefecture

by Our Correspondent Lu Yun

Of the 55 minority nationalities in China, the Korean people tend to enjoy more of the creature comforts and have a more highly developed culture. The 1982 census registered 1.87 million ethnic Koreans living in northeast China, notably in the Yanbian Korean Autonomous Prefecture in Jilin Province. Established as an autonomous prefecture in 1952, Yanbian is known as "a place of rice in the north," "a place of songs and dances" and "a place of sports."

Bordering the Soviet Union and looking south a cross the Tumen River to the Democratic People's Republic of Korea, the prefecture, with three cities and five counties under its jurisdiction, covers an area of 42,700 square kilometres and is home to nearly 2 million people: 40.7 percent Koreans, 57 percent Hans. There are also Manchu and Hui people. The prefecture's capital, Yanji, has neat, broad streets, affording its 200,000 residents a pleasant living environment.

The Koreans here came from the Korean Peninsula in the mid-

19th century. The prefecture used to be a vast wilderness. The Koreans settled it with the native Han and Manchu people. Their fates have since been linked and they have fought off common enemies side by side like brothers. Since liberation in 1949, the policy of equality and unity between ethnic groups provided them with the opportunity of establishing socialist relations of mutual co-operation.

Kim Dong Ji, deputy magistrate of the prefecture, describes how Yanbian was one of the important bases against Japanese invaders in northeast China. Altogether 20,000 Koreans lost their lives in the War of Resistance Against Japan (1937-45), the ensuing War of Liberation and the Korean war of the 1950s. Wherever there is a village, almost without exception, there is a monument to revolutionary martyrs.

Festivals

Yanbian people are fond of their festivals. Apart from the

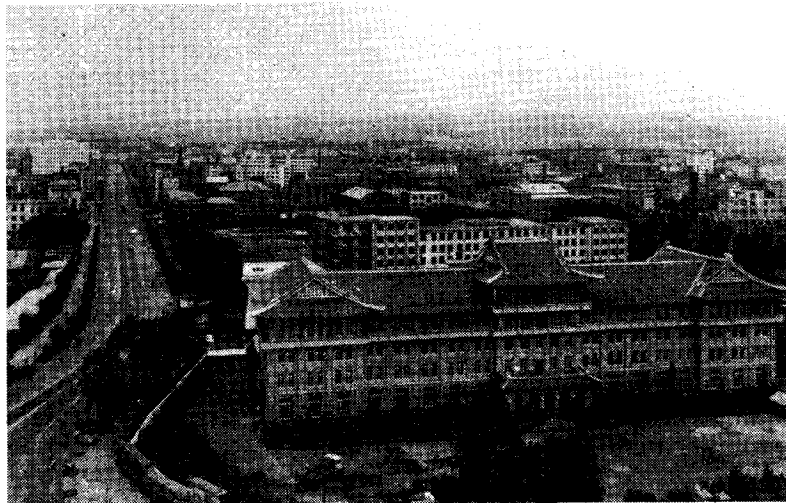
more general festivals of New Year's Day, the Spring Festival and National Day, much is made of Prefecture Day, September 3, the June 1 International Children's Day and Senior Citizens' Day as designated by the prefecture's government for August 15.

The Koreans are known for their tradition of respecting the old and cherishing the young. At home, the young should not smoke or drink alcohol in front of their parents. At meal time, children sit and eat after their parents. At the Spring Festival children traditionally kowtow or pay respect to their parents in other ways. One of the more popular songs in Yanbian in recent years has been an ode on Senior Citizens' Day: *Mother, Long Life to You*. On Senior Citizens' Day, the elderly, in their festival costumes, receive their children's greetings, go dancing or walking in the park or attend the ceremonies where good sons, good daughters-in-law or good families are recognized by local government organizations or by senior citizens' associations.

Korean parents love their children. On Children's Day, parents and children, all in their holiday best, attend celebrations at schools and public spaces.

In the whole prefecture there are 112 senior citizens' associations at the neighbourhood, town and township levels and some gerontology research committees which study ageing and its problems. Many elderly people organize themselves into discussion groups focussing on current affairs or science. They also take interest in tree planting. About 2,000 retired cadres are devoting themselves to popularizing scientific knowledge, offering legal advice, translating, writing or lecturing.

Panorama of Yanji, capital of the Yanbian Korean Autonomous Prefecture.



All the senior citizens' committees have recreation rooms for their members where they can practise calligraphy, painting and *Qigong* (deep breathing exercises). The prefecture's six match-making offices established especially for elderly people have helped 152 people find spouses. More than 100 old-people's homes now accommodate about 3,000 childless old people. The senior citizens' committees hold celebrations for their members' birthdays.

On September 3 every year Yanbian people sing and dance to celebrate the achievements they have made under the policy of regional autonomy. This year when the prefecture was celebrating its 35th birthday, people, old and young, gathered in the squares and arenas to mark the grand occasion. At the Yanji Stadium which was crowded to capacity, the magistrate's inspiring speech about the prefecture's achievements was followed by parades, colourful floats, dances and performances. Competitions of springboard jumping, horse racing, swinging and wrestling lasted two or three days in each of the counties and cities.

Culture and Education

The prefecture's autonomy regulations enacted in 1985 emphasize the need to raise the scientific and cultural level, and improve the health of the Korean nationality and all the other people in the prefecture, to implement the nine-year compulsory education policy and to teach primary and middle school students of Korean origin to master both Korean and Chinese spoken and written. The regulations also stipulate that students of various nationalities sitting college entrance examinations be allowed to use their own written languages; people should be encouraged to participate in cultural and artistic activities in



Korean pupils dance at the Tumen No. 2 Primary School.

their spare time; and Korean language media—newspapers, books, radio and television programmes—must be developed.

Yanbian now has a comparatively complete education system with over 1,000 kindergartens, 1,100 and more primary schools, 219 middle schools, over 40 vocational schools, and four institutes of higher learning. A full 96 percent of children go to junior middle school; 56 percent of them go on to senior middle school; and 20 percent of senior middle school graduates enroll in higher education institutions. There are 118 college students for every 10,000 people, about twice the national average.

In the last 35 years, the prefecture has trained over 14,000 college graduates. The prefecture's National Education Publishing House and Education Research Institute have prepared textbooks for primary and middle school students of Korean origin, and for educational research work.

The prefecture does have various cultural and artistic organizations. Its 14 performing troupes, involving over 1,000 employees, and the 131 amateur

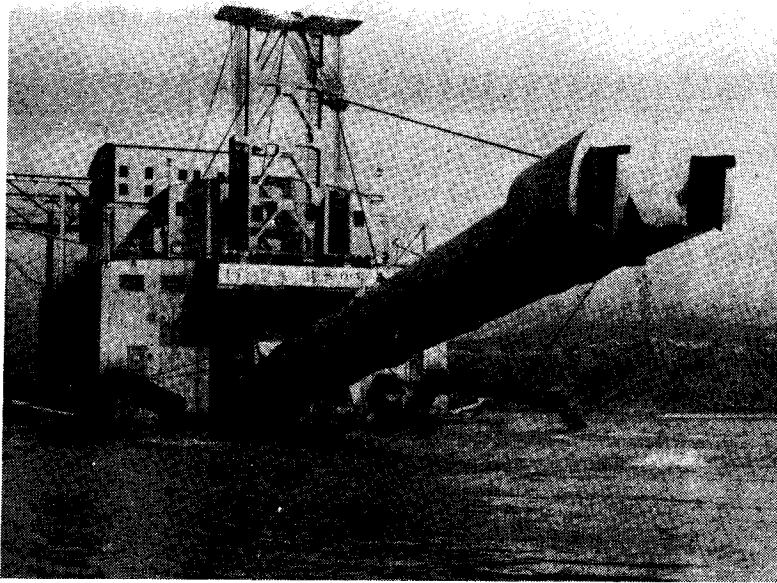
troupes are regular attractions. Its cultural and recreational centres in both urban and rural areas have given the people rich opportunities to diversify their interests.

The prefecture now has 150 Korean language book titles and 17 regular Korean newspapers and magazines. The radio broadcasts 9.5 hours in Korean and the television 1.5 hours a day.

Singing and dancing are enjoyed by everyone, young and old. Folk dance performances, musical evenings and even discos are to be seen everywhere. For example, there is an amateur art school in a village in Huichun County. Many pupils come here to study the violin and the accordion after school. The prefecture now has about 1,500 children attending such classes.

Economic Development

The prefecture has promoted its economic growth and training of Korean cadres. There are 80,000 cadres, 53 percent of whom are technicians and other professionals, and just over half are of Korean extraction. The major posts in the people's congresses and governments of the prefec-



Gold-panning in Huichun County.

Photos by XU XIANGJUN

ture, and in the counties and cities where Korean people live in high concentrations are held by Korean cadres.

The prefecture has been given a certain degree of autonomy in its economic construction. It is allowed to retain a certain proportion of its revenues to dispose of at its own discretion. In its budgeting, it has allocations especially for local development and an increased amount of funds for the development of the Korean nationality's educational, cultural, scientific and health undertakings. Recent years have seen a steady growth in its border trade with the Democratic People's Republic of Korea.

Over the past 35 years the prefecture has made much headway in its economic construction, and in raising its living standards. Last year its total output value was 2,490 million yuan, 6.4 times the 1952 figure, representing an annual growth rate of 5.6 percent. Its agricultural output value was 3.1 times the 1952 figure. Its industry, taking off from an extremely weak foundation, now involves more than 1,300 enterprises specializing in energy, machinery building, forestry, building materials, textiles, paper-making, foodstuffs, medicines, chemicals and electronics. A network of railways and roads reaches almost every corner of the prefecture. In addition, the prefecture has air

links with Jilin Province's capital city of Changchun, Liaoning Province's capital city of Shenyang and the national capital, Beijing.

A coal mine and a power plant are now being expanded in Huichun County which borders the Soviet Union. The coal mine employs 16,000 miners, has two pairs of working shafts and another two under construction. It is expected that by the year 2000 the mine will be capable of producing 5 million tons of coal a year. The electricity plant's two

100,000-KW generators are scheduled to begin operation within two years, and feasibility studies are being prepared for the second-phase construction which should be larger than the first.

The prefecture has established economic and trade ties with 16 countries and regions around the world. It has attracted foreign funds of more than US\$22 million and has imported advanced equipment. It has economic co-operative ties with 38 cities around the country, which are helping to run 173 projects. However, some officials say, Yanbian's education can not keep pace with its economic construction. Poor quality education, and inadequate vocational training are cited as reasons. This often leaves middle school graduates totally unskilled when they set out to join the labour force. The range of secondary polytechnic education is limited, and science and engineering disciplines in the institutes of higher learning are poor. The shortage of Korean engineers and technicians has seriously hampered the growth of the local economy.

China and Africa

(CHINAFRIQUE)

China and Africa, a French language monthly published by *Beijing Review*, will launch in January 1988 and will be airmailed to all parts of the world.

It will discuss political, economic, cultural and social developments in China, focus on the friendship and co-operation between China and African countries and analyse the development of African countries as well as comment on major world issues.

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CFAF	150.00	1500.00	2500.00	3500.00

Other Areas:

US\$	0.90	8.00	14.00	20.00
French Franc	9.50	95.00	162.00	228.00
Belgian Franc	57.80	580.00	999.00	1390.00

Pretoria Remains on Treacherous Road

by Wang Nengbiao

Although violent black protests against apartheid in South Africa this year were not the daily events they had been in past years, Pretoria remained gripped by strong black resistance and increasing white defection from the racial segregation system.

The past few years have seen wave upon wave of violent black strikes, demonstrations and boycotts of classes and white shops to protest against the racist policy. To halt the black struggle, President P.W. Botha's regime initiated some token reforms while resorting to relentless repression.

A parliamentary election was held on May 6, two years ahead of schedule, to seek a mandate from white voters for what the Botha government calls apartheid reform.

However, the black majority, which accounts for 73.8 percent of the country's population, was as usual excluded from the whites-only election.

And as could be expected, the election prompted bitter attacks from blacks as well as sympathetic whites.

The largest anti-apartheid alliance, the United Democratic Front (UDF), denounced the election as a "time-wasting blockade of the real challenges." The 2-million-member alliance rejects the white government and parliament as unlawful.

Just before the election, former South African ambassador to Britain Denis Worrall and some other members of parliament from Botha's ruling National Party (NP) quit the ruling party and ran as independents against NP candidates. Worrall accused the

NP's reform of being "sham, flimsy, hypocritical, bankrupt."

At the University of Stellenbosch, a group of 330 lecturers and researchers and another group of 27 academics signed statements calling for the elimination of all racially discriminatory laws.

The move embarrassed Botha, who is chancellor of this academic bastion of the NP.

Several other high-ranking NP officials resigned this year to protest Botha's unwillingness to end apartheid.

The defections pose the sternest challenge to the ruling party since it took power in 1948.

In reaction to the whites-only election, opposition Progressive Federal Party (PFP) leader Colin Eglin accused the Botha government of remaining wedded to apartheid.

"Today, the objective of all South Africans who care for their country is to not try in vain to get the government to change, but to change the government," he said.

More than 1 million blacks stayed away from work and hundreds of thousands of students boycotted classes on election day and the day after to protest against the voting.

Black workers demonstrated their strength this year by sharply increasing strikes.

In August, 340,000 black miners staged the biggest and longest strike in South African mining industry for higher wages and better working conditions. The three-week strike by more than half of the nation's 600,000 black gold and coal miners paralyzed production at 44 mines. The losses affected two-thirds of the nation's

major mines and cost the mine owners US\$135 million.

In the end, the 30-percent pay hike demanded by the country's largest trade union, the National Union of Mineworkers (NUM), was not obtained. But the mine owners did increase vacation pay by 10 percent and death benefits by 50 percent, from an equivalent of two years' wages to an amount equal to three years' income. These improved benefits accompanied wage increases of 15-23 percent.

"We will continue our fight for a living wage until all our demands have been met, and 1988 is the year the NUM will receive what is demanded," NUM General Secretary Cyril Ramaphosa said.

The mine walkout was the third major strike this year by an affiliate of the South African Congress of Trade Unions (SACTU).

Hundreds of thousands of transport, postal, brewery, retail and metal workers separately went on strike this year to protest against apartheid and demand higher wages.

The strike by 18,000 black transport workers lasted six weeks and cost the state-run South African transport services millions of US dollars.

The strikes demonstrated that black workers must be reckoned with in the fight to end apartheid and improve the political and economic positions of South African blacks.

Meetings between liberal whites and the African National Congress (ANC) increased despite the government's efforts to block contacts between South African whites and the outlawed organiz-

ation, which has been fighting a guerrilla war to topple South Africa's racist government rule since the early 1960s.

A group of more than 50 politicians, academics, farmers, businessmen, artists and sports figures led by former PFP leader Frederick van Zyl Slabbert, met ANC leaders in Dakar in July to discuss ways of dismantling apartheid.

Both sides agreed to try to remove apartheid and build a united, democratic and non-racial South Africa.

The two sides favoured a negotiated resolution of the apartheid problem and called for the unconditional release of all imprisoned and detained political leaders and an end to the banning of organizations as fundamental prerequisites for such negotiation.

The three-day meeting was the largest held to date between the ANC and liberal white South Africans. In 1985, several small groups of whites travelled to the ANC's headquarters in Lusaka.

The ANC's influence increased this year, despite Pretoria's effort to damage the ANC's image at home and abroad by calling it a terrorist group.

ANC leaders were invited to visit a number of countries in Latin America, North America, Asia and Oceania. Even the United States, one of South Africa's strongest backers, invited ANC President Oliver Tambo to visit. During his US stay, Tambo was met by Secretary of State George Shultz, the highest-ranking US official to have met an ANC leader.

A growing number of South Africans, black and white, sense that no solution is possible without ANC involvement.

But Pretoria did not soften its high-handed policies this year. The NP made it clear after it won the May election that it would stick to its apartheid policy and intensify its battle with the black opposition.

In June, President Botha

renewed the year-old state of emergency, which allows unlimited detention without charge and gives the government broad power to control protests and restrict freedom of speech, the press and assembly. During the first year of emergency law, 30,000 blacks were detained without being charged.

South Africa this year allocated about 43 percent more money to the police and 30 percent more to the armed forces at the expense of creating jobs for the black majority.

Petitions and statements calling for the release of detainees were prohibited and attendance at rallies in support of detainees was barred. Dozens of foreign reporters were arrested or expelled for covering the black unrest as a result of the imposition of stricter press curbs.

And the offices of anti-apartheid organizations and black trade unions were often bombed, robbed or raided and their leaders arrested by police.

Pretoria's intransigence has triggered worldwide condemnation and economic sanctions. Tens of thousands of people have demonstrated in London, Paris, Frankfurt and Amsterdam to protest against apartheid. Finland, Norway, Sweden and Spain have imposed trade sanctions against Pretoria. Even South Africa's close ally Israel decided in September to impose sanctions. As the year ends, Pretoria is finding itself more isolated from the international community as pressure from within mounts.

South Africa continued its destabilization policy in Southern Africa this year by frequent raids and bombing incidents as well as support for anti-government forces in neighbouring countries.

On May 29, South African commandos raided the Mozambican capital of Maputo, killing three people.

Besides direct raids, Pretoria recruited, trained and armed anti-government forces of the Mozam-

bique National Resistance (MNR) movement, which targets rail lines, bridges, roads, oil pipelines, factories and other economic facilities, and assassinates government officials and civilians.

In October, the MNR rebels ambushed a bus convoy escorted by government troops 80 km north of Maputo, leaving 278 people dead. It was the latest in a series of mass killings by the MNR, including the massacre of 92 people in August and 424 in July.

The chief of South Africa's army, General Jannie Geldenhuis, announced on November 11 that South African regular troops had entered Angola to support the anti-government forces. The incursion into Angola was one of Pretoria's biggest in the 12 years since Angola achieved independence.

In Zambia, South African forces raided Livingstone in April, killing five people.

South Africa was held responsible for three bombing incidents in Zambia between September 30 and October 16, in which six people were killed.

In Zimbabwe, 18 people were injured in a car bomb blast in Harare. Zimbabwe blamed South Africa for the worst blast in the country since its independence in 1980.

South Africa also sent agents to infiltrate refugee camps in African frontline states and sabotage the work of the South West Africa People's Organization (SWAPO) and the ANC. SWAPO is fighting for Namibian independence from South Africa.

In July, South African agents assassinated an executive member of the ANC Central Committee and another senior ANC official in Swaziland, bringing to 11 the number of ANC members killed by South Africa in Swaziland this year.

It is estimated that South Africa's sabotage cost its neighbours US\$2 billion this year. ■

Tibetan Artists Perform in Beijing

A performance by the Song and Dance Ensemble of the Tibet Autonomous Region showed the progress in artistic creation that Tibetans have made based on their traditional culture. The artists from China's western border region performed for audiences in the country's capital in late October and early November.

Traditional opera pieces. The first few numbers on the programme were from traditional Tibetan operas. A dance to show people's desire for good luck and a happy life was based on the finale of an opera popular in the Loka area in southern Tibet. With masks and heavy and complicated costumes, eight performers holding colourful arrows (which symbolize happiness and purity) danced and sang to the thunderous beat of drums and cymbals. Their movements, sometimes agitated and sometimes smooth and flowing, were often coupled with acts of giving greetings with bows.

Another number — *The Dance of the Yaks* — was from an episode in a Tibetan classical opera entitled *Zhuowa Sangmu*. *Zhuowa Sangmu* is the name of a female celestial. Her son, the king of Baima (White Horse) State, shows great concern for the welfare of his subjects. Under his rule, the people live happily. The dance describes the labour of a herdman and his wife. The roles of two yaks were performed by four dancers covered with black fur. Yaks are indispensable to the Tibetan people as a source of milk and meat. The agile and fierce dancing of the "yaks" resembles the lion dance popular elsewhere in China, and reflects the robust quality of the Tibetan people.

Tibetan opera originated around the eighth century as a part of religious ceremonies. It developed into an independent art form in the 17th century, during

the reign of the Fifth Dalai Lama. With a longer history than Beijing opera, it is natural that its influence should be seen in modern dance.

Lamaism — a source of Tibetan art. Lamaism has been followed by the Tibetan people for more than 1,300 years. It has been an important factor in the development of Tibetan art, including the performing arts. This was clearly shown by the performance.

Xia Na, a dance for important religious festivals, is thought to have been choreographed by a Lamaist master in the eighth century. The dancers, wearing black top hats decorated with peacock feather and patterns of skulls and dragons, come on stage to the accompaniment of religious music played in a low key with two 4-metre-long trumpets, drums, cymbals and an ox horn. They portray a group of lamas, one holding a bundle of incense, two carrying incense burners and two blowing high-pitched traditional Chinese *suona* horns. They dance and change their formations gracefully to the slow beat of the music.

The Gonggar Drum Dance is from the Monlam (Grand Summons Ceremony) in Lhasa, which has been held once a year for the past 300 years. It is said that in the ceremony all the dancers have to be warrior lamas. They dance and beat the drums on their backs while walking the two kilometres from the Jokhan Monastery to the Potala Palace and then to the Ramogia Monastery. The dance is to show the bravery and boldness of Tibetan men.

In Beijing, the dance was performed by a group of young Tibetan artists who learned it from veteran lamas. Their graceful and agile movements added a more artistic touch to the dance and made it a hit with the audience, especially in the latter part of the

dance when the dancers twirled and leapt while beating drums.

Yangjinma is a women's dance based on religious murals. It depicts the multi-handed Bodhisattva. According to a legend, the merciful Bodhisattva would come to the aid of anyone in danger or distress at the call of her name. Basic movements of the nine women dancers were copied from the murals. The movements constantly changed to create one artistic image after another. Smoke and changing lights added to the religious mystery. Since it was first performed, the dance has been much appreciated by religious people and others alike. It also won a prize in a national dance competition last year.

The lead dancer, 23-year-old Bai Ji, underwent five years of strict training at the Beijing Institute of Dancing. Bai said learning from the traditional art of her nationality has helped develop her artistic abilities. Other dances she helped create and perform — including *The Shepherd Girl* and *Spring*, both of which were staged in Beijing — represent combinations of modern dance techniques and the unique national flavour of Tibet.

Palace music. A legato played with palace musical instruments was presented by the Tibetan group for the first time in the capital.

During the performance, five musicians sat crossed-legged on small red square cushions. Attired in baggy brocade robes with bright red patterns and hems woven out of golden threads, the musicians looked both grand and dignified. They played traditional music, usually odes for palace banquets, welcoming ceremonies and religious festivals. Two flute-like wind instruments, one brass trumpet resembling a *suona* horn and a big drum were used in the



Folk singing.

A traditional Tibetan dance.



performance.

Folk songs. Since its founding in 1956, the Song and Dance Ensemble of the Tibet Autonomous Region has always attached great importance to drawing its material from the people.

About half of the numbers in the Beijing performance originated from folk arts. One example is a group of folk songs accompanied by a six-stringed plucked instrument. The instrument is popular among the Tibetan people. Of the songs sung by three male performers, one described the meeting of two lovers on a moonlit night and another praised high mountains and the vast sea. The performance came to a climax with the last song, when the musicians rose to their feet and danced, with one

raising his instrument and playing it overhead.

The *erhu* is a two-stringed fiddle popular throughout China. But the solo played in Beijing by a Tibetan musician captured audiences with its unique stage effect. The soloist, attired in traditional Tibetan costume, played under a strong spotlight. Accompanied by the melodious music, a group of women whirled and danced, their long sleeves floating in the air. The light music and graceful dancing formed a sharp contrast to the generally bold and uninhibited style of the Tibetans.

Caidan Zhuoma showed that she is still the Tibetan singer who is best liked in Beijing. She sang several folk songs, including *On*

the Golden Hill of Beijing, which won her national fame 30 years ago. With this song, the mood of the audience reached its peak, and many people clapped their hands rhythmically and sang with her. Li Yinghai, a noted composer and president of the China Conservatory of Music, spoke highly of Caidan Zhuoma's attainments. He said her success lies in a good combination of modern scientific sound production with the unique singing style of Tibet.

Fifty-year-old Caidan was born with a nice voice. When she was young, she learned Tibetan folk and classical songs from an old folk singer. In the 1950s, she went through strict training at the Shanghai Conservatory of Music. With the help of her teacher Wang Pinsu, she successfully developed her nationality's unique singing style. ■

A dance solo.

Photos by XU XIANGJUN



More Bank of China's Operations Abroad

The Bank of China is expected to establish branches, sub-branches, and representative offices in Panama, Los Angeles, Canada, Mauritius, Osaka and Yokohama in the next two or three years. In principle, these organizations should be established by the Bank of China, but they can also be founded by the subsidiary banks registered in Hong Kong under the Bank of China Group. The two can also set up operations jointly abroad.

President of the Bank of China Wang Deyan said the Bank of China, a major banking institution handling overseas businesses, is seeking to establish overseas branches and sub-branches to expand its business abroad. All overseas operations will in the future devote major efforts to attracting depositors, raising funds and actively and steadily developing large-scale credit operation. With the approval of the headquarters of the Bank of China, overseas branches will be able to invest in other businesses to extend the operations of the Bank of China.

According to Wang, subsidiary banks registered in Hong Kong under the Bank of China Group will also be able to establish their

own business offices, branches, sub-branches and financial and leasing companies in China's open cities and other places to facilitate the development of the economy and trade in these localities.

So far, the Bank of China has established 383 branches in London, Paris, Luxembourg, Sydney, New York, Frankfurt, Singapore, Hong Kong, Macao and other parts of the world. By the end of last year, the assets of the bank and its overseas branches had totalled US\$30,000 million.

Jiuquan Exports Luminescent Cups

The Jiuquan brand luminescent cup has great potential on the markets of Japan and Southeast Asia. Not long ago, the Guild Hall of Tokyo Communications purchased 1,400 luminescent cups as awards for sports events, and a Japanese trader bought 300 tea trays made to his design.

Luminescent cups are traditional ancient Chinese drinking vessels and their making goes back a long way. The cup is made of Qilianshan luminous jade in distinctive shapes. During the Tang Dynasty (618-907), the cup was established and given its name and with the development of Silk Road, it began being sold abroad.

This traditional item has

undergone further development in the Jiuquan Arts and Crafts Factory, Gansu Province. According to the factory's director Wu Fu, the factory now produces six kinds of stem drinking vessels and eight kinds of antique-style wine vessels. Over the last few years, exports have increased rapidly. Between 1979 and August this year, the factory exported 13,000 stem cups and made US\$580,000 including sales in China.

The Takashimaya Group of Japan has invited the factory to the Chinese Commodities Exhibition scheduled to open in Tokyo next February in order to promote the sales of Jiuquan cups in Japan. Once it has a market in Japan, this group will become a general agent for selling the factory's products.

by Yao Jianguo

News in Brief

The Nanjing International Container Loading and Unloading Co., the first of its kind in China, went into operation in Nanjing on December 5.

A joint venture by the Nanjing Harbour Administration and the Encinal Co. of the United States, it will import loading and unloading, transport equipment and computer systems from the United States to handle 50,000 international standard containers a year.

Travellers buying the Jiuquan luminescent cups (left). The luminescent jade cups (right).

YAO JIANGUO





A child in times past.



A girl.

ART PAGE

Sculptures by Hao Jingping

Hao Jingping, born in 1935 in Shandong Province, teaches at the Central Academy of Fine Arts. He specializes in carving rural people and his works, like himself, are simple and honest.



Shepherdess.

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