

Beijing Review

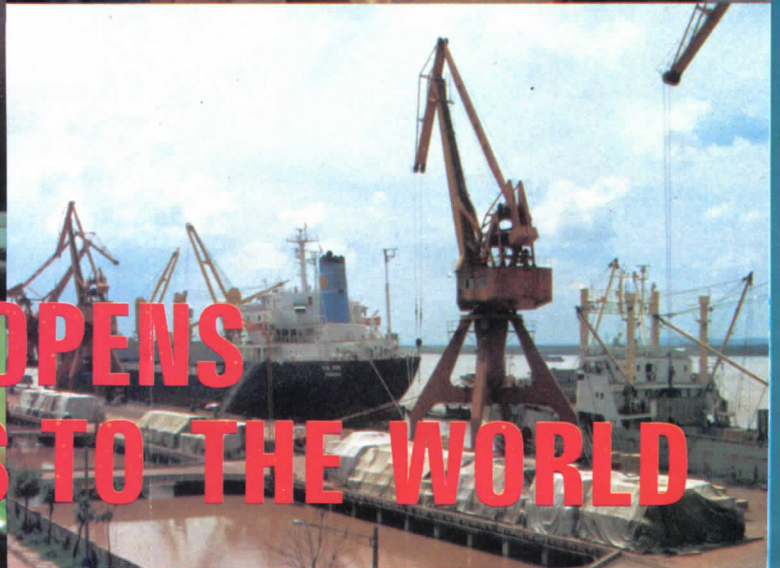
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China's Foreign Debts: Are They a Problem?



**NANJING OPENS
ITS DOORS TO THE WORLD**



An enthusiastic amateur photographer.

An 82-year-old man shows an interest in photography.

Photos by Wang Enpu



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COVER: Jinling Hotel in Nanjing (left). Chinese and American technicians of the Sino-US Goulds Deep-Well Pump Factory (upper right). Nanjing Harbour (lower right).

HIGHLIGHTS OF THE WEEK

The Dalai Lama's 'New Proposal'

■ At a recent press conference in Strasbourg, France, the Dalai Lama distributed a speech containing his "new proposal" to make Tibet a "democratic political entity governed by itself." He attempted to deny Tibet's status as an inalienable part of China's territory under Chinese sovereignty and to internationalize "the Tibet issue." He also professed wish to discuss matters with the Chinese central government. In fact, this way is always open provided the Dalai Lama will contribute to safeguarding the unity of the motherland and Tibet's prosperity (p. 4).

Nanjing Opens Its Doors to the World

■ Nanjing blends the features of an ancient capital and an industrial centre. Recently incorporated into China's coastal open economic zone, the city is fast becoming both a modern metropolis and a living museum to its distinguished history (p. 14).

GNP Up in First Half Year

■ China's national economy continued to show good progress in the first half of this year, with the gross national product reaching more than 557.5 billion yuan, up 11 percent from the same period last year (p. 5).

Does China Face a Debt Crisis

■ As China has opened to the world, its foreign borrowing has greatly increased. Demands for repayment will peak in the mid 1990s. However, analysis suggests that so long as exports expand and the debt repayment rate stays below 20 percent, China will be able to avoid a debt crisis (p. 23).

Nelson Mandela Admired Worldwide

■ Imprisoned for the past 26 years, Nelson Mandela has won the admiration and support of all those who believe in justice in the world through his unyielding struggle against the ruthless persecution of the Pretoria regime (p. 10).

The Dalai Lama's 'New Proposal'

by An Zhiguo

On June 15, the Dalai Lama held a press conference at the European Parliament building in Strasbourg, France. He distributed a copy of a speech containing a "new proposal" for making Tibet a "democratic political entity governed by itself" which would maintain relations of "alliance" with China.

Last September, at a Human Rights Subcommittee meeting of the US House of Representatives, the Dalai Lama presented a "Five-Point Plan" on the "Tibetan position." There are some variations between the formulations of the speech and the "Five-Point Plan," but there are no substantial differences: Both attempt to tamper with history, distort reality, and deny Tibet's status as an inalienable part of China's territory under Chinese sovereignty. Their aim is to internationalize the so-called Tibet question. The Chinese government and people will not tolerate this.

The fundamental difference between the Chinese government and people on the one hand and the Dalai Lama on the other is whether to safeguard or split the unity of the motherland.

Dalai will never succeed if he attempts to internationalize the Tibet issue and rely on the support of foreign forces to achieve his aim of splitting the motherland. So far, there is no government (including Britain, the United States and India) which has denied that Tibet is part of China.

The Chinese authorities have solemnly declared: "China's sovereignty over the Tibet region is undeniable. The independence, semi-independence and disguised independence of Tibet will not do. The People's Republic of China

will not make any concession on the question of sovereignty."

In his June 15 speech, the Dalai Lama claimed that the history of Tibet's independence could be traced back over 2,000 years. People knowledgeable of Tibet's history know that after Songzain Gambo united the various tribes of Tibet in the seventh century, the Tubo Dynasty went through a period of over 200 years of unified development. When the Tubo Dynasty fell in 842, Tibet was again divided, with no tribe being subordinate to another. By the middle of the Yuan Dynasty in the 13th century, Tibet was formally included in the territory of China. Its political and religious systems were all determined by the central government, which ever since has exercised sovereignty over Tibet.

The Dalai Lama alleged that after the Chinese "armed invasion" of Tibet in 1949, the region experienced the darkest period of its history, with the occupation resulting in the death of more than 1 million people and the massive immigration of Han people into Tibet. The statements are utterly groundless. In 1951, Tibet was liberated peacefully after the 17-Article on Measures for the Peaceful Liberation of Tibet was signed in Beijing between the Central People's Government and the Tibetan local government. This put an end to Tibet's history of suffering foreign aggression.

In his cable to Chairman Mao Zedong on October 24, 1951, the Dalai Lama expressed full support for this agreement on behalf of the Tibetan local government as well as the ecclesiastics and secular people in his homeland.

Over the past 30 years, Tibet's

development from feudal serfdom to a socialist society reflects both the onward march of history and the demands of the Tibetan people. Admittedly, during the ten years of the "cultural revolution," Tibet suffered a great deal like other parts of China. But in the ten years since, the Chinese Communist Party has corrected "leftist" mistakes and Tibet has experienced great changes which are evident to all.

As regards Tibet's population, shortly after the peaceful liberation in 1951, it was no more than 1 million. Now it is 2.02 million, 1.93 million (95 percent) of whom are Tibetans. Only 73,000 are Hans, and the rest are from other nationalities. The Dalai Lama's accusations have not a leg to stand on.

He also claimed he had selected a negotiation group and was prepared to meet the Chinese government. A Chinese authoritative source commented: "So far we have not received any formal letter, cable or oral statement from the Dalai Lama demanding discussions of questions with the central government. In fact, the way is always open to discussions of questions between the Dalai Lama and the central government.

"As long as the Dalai Lama has a sincere desire to improve relations with the central government and wishes to contribute to safeguarding the unification of the motherland, promoting unity between the Tibetans and Hans, and the people of other nationalities and to Tibet's development and prosperity, we are ready at all times to welcome him or his representatives in China or at any Chinese embassy to discuss matters." ■

Li: Keep to Reform, Stabilize Economy

China will stick with reform, stabilize its economy, and lay a solid foundation for more reforms and economic development next year, Premier Li Peng said on July 15 at a meeting of the State Council, China's highest governing body.

"China's overall economic situation for the first half of this year looks good," Li said, adding that the country's gross national output hit 550 billion yuan (US\$148.7 billion) in that period, 11 percent higher than the figure reported last year, calculated in terms of comparable prices.

Li also said that China's gross industrial output value and national revenue increased by 17.2 and 10.2 percent respectively compared with the same period in 1987.

However, he went on, the current level of economic efficiency is unsatisfactory because the increased revenue is the result of higher prices and not of less material consumption or higher efficiency.

The implementation of major price reforms, explained Li, needs the support of the people. Price hikes have to be curbed, and regular checks on commodity prices should be made to protect consumer interests.

More than 90 percent of the nation's revenue comes from taxes, Li said. In their attempts to attract more foreign investment, local governments should try to improve the investment environment rather than simply offering more tax breaks to foreign investors, he continued.

"Enterprise reform has to continue because enterprises are the main source of state revenue. By introducing competition into the personnel system and pressing

for optimum labour organization, economic efficiency has been improved."

Another urgent task is to find some way to make the best use of the country's surplus labour force, the premier said.

In the area of agricultural production, Li said commercial departments should ensure supplies of chemical fertilizer, pesticides and plastic film during farming seasons, and also do more to help fight drought and flood.

As for the current craze of setting up trade companies, Li said, the State Council has decided to stop approving the registration of new trade firms and suspend business dealings by those firms which resell high-demand goods for profit. ■

China's GNP Up In First Half Year

China's national economy continued to show good progress in the areas of production, construction, circulation and distribution in the first half of this year.

According to the State Statistics Bureau, China's Gross National

Product (GNP) reached more than 557.5 billion yuan between January and June, up 11 percent from the same period last year.

The increase in agricultural input in the first half of this year brought welcome improvements to farming conditions. Chinese farmers spent 44.7 billion yuan on means of production in the first six months, a 24.3 percent rise from the same period last year.

This year's total summer grain output will remain at about the same level as that of last year despite drought, flooding and other natural disasters, said Zhang Zhongji, the bureau's spokesman.

As a result of by-product purchase price readjustments, more cash crops such as cotton, sugar, tobacco and fruit were planted in the January-June period. The area devoted to cotton crops this year will be 486,000 hectares more than last year, and sugar crops will use an increased area of 200,000 hectares.

According to statistics from 26 provinces, municipalities and autonomous regions, the number of pigs slaughtered in the first half of this year went up 2.5 percent from the corresponding period last year. The bureau predicted the alleviation of pork shortages.

Farmers earned higher incomes as the prices of their products continued to rise. Compared with

The Shanghai No. 2 Woollen Mill is the country's leading earner of profits and foreign exchange in the wool trade. ZHANG LIUREN



the same period last year, the per-capita cash income in rural areas rose more than 25 percent, in real terms more than 10 percent if price rises are taken into account.

Business activities in rural areas further developed. Between January and June, the output value for township industries hit 76.8 billion yuan, up 32.8 percent from the same period last year, and that of industries run by villages also jumped 30 percent.

Zhang said, however, the sharp increase in the growth of industry and the slow recovery of agriculture actually widened the gap between the two areas.

Investment in fixed assets slowed. China invested 67.8 billion yuan in fixed assets for state-owned enterprises for the period in question, Zhang said. "Although that was a rise of 14.2 percent from the same period last year, the rate of increase was less than for the corresponding period last year which stood at 21.5 percent.

In capital construction, 32.6 billion yuan, or 71.4 percent, went to production projects, compared with the 67.1 percent last year. Spending on non-production projects was down to 28.6 percent from last year's 32.9 percent. About 9,200 new projects, each costing more than 50,000 yuan, were launched during the period, 401 less than last year.

Some economists warn that there are still too many projects under way in non-production areas. They call on local governments to firmly cut back on such projects to help restrain swelling consumption.

Zhang said state income rose 10.2 percent by the end of June and urban residents' incomes also showed a marked increase. By the end of June, saving deposits totalled 349.3 billion yuan, 41.9 billion yuan more than at the beginning of this year.

He said the total social

commodity retail volume topped 344.5 billion yuan, an increase of 24.6 percent from the same period last year with consumer goods sales showing the fastest rise.

Despite the increase in the country's GNP, Zhang said, the economy is still plagued by a growing imbalance between supply and demand, and by sharp price increases.

He said the price hikes still need to be brought completely under control. The total retail price index rose by 13 percent in the first six months of this year, and the cost of living for residents in 32 of China's cities increased by an average 14.4 percent.

In many places, the spokesman said, the continuous rise in prices has caused abnormal market fluctuations, panic-buying and an instability in consumption patterns.

As this year is a critical one for the country's reforms the bureau has urged departments concerned to take measures to readjust the relation between prices and wages and intensify efforts to solve the imbalance between supply and demand. ■

Official Profiteering Erodes Economy

More government organizations and officials are taking advantage of their positions and taking up illegal profiteering.

In Henan, five Soviet-made cars were sold at 36,900 yuan each by the Mid-South Car Trading Centre. They were bought by the Production Materials Service Company of the Goods and Materials Administration in Xinhui County, Guangdong Province in February, 1987.

The Company, without taking the cars out of a depository in Pingdingshan, a city in the province, sold, not the cars, but the bills at a higher price to the

Goods and Materials Trading Centre of Jiangdu County, Jiangsu Province. The trading centre then sold the bills back to the Production Materials Service Company in Pingdingshan where the cars were stored.

At this point the price had gone up to 69,500 yuan each. The Pingdingshan company, also without picking up the cars, is now selling them at 75,000 yuan each.

A supply station of the Production Materials Service Company in Luoyang, Henan Province bought 353 tons of rubber at 3,900 yuan a ton from the Jinzhou Oil Refinery in Northeast China on the pretence of developing industrial production. But the supply station sold half the rubber at a higher price to a trading company in the city of Jinzhou where the rubber had been bought not long before.

The trading company sold the rubber to the city's two other trading companies which sold it to yet another trading company in Changzhou, Jiangsu Province.

After all this changing of hands the price of the rubber reached 5,730 yuan a ton, and the trading companies made more than 570,000 yuan in profits, even though the traded rubber remained in storage in Jinzhou all the time.

People's Daily said in a commentary that government organizations engaged in illegal buying and selling have seriously damaged China's commodity production and the image of the Party and the government. Their activities have a negative effect on the current economic reform.

Some businesses, said the paper, were established by officials who have left office. They try to make money under the pretence of contributing their "remaining energy." But in fact they are making use of their "remaining power."

Companies set up by Party and

government departments have **been** strongly emerging. In one province alone this year, 56 such companies were reportedly being set up. And in one small city, 106 companies were established in one year. More applications are submitted every day.

Making use of their authority and the difference between state-set and market prices, employees and officials of these organizations have become rich through unfair means.

In a bid to curb the practice of profiteering in an official way, the General Office of the Party Central Committee and the State Council jointly issued on July 21 a circular calling for the disbanding of government office-backed, profiteering-oriented companies.

The circular said Party and government institutions and public officials are strictly forbidden from engaging in business.

A clear distinction must also be made between corporations designated to perform certain administrative functions from those of a purely business nature, according to the circular.

Party and government institutions will be banned from drawing funds from corporations or enterprises to supplement their own expenditures.

Apart from joint ventures and private undertakings, the establishment of new corporations will be suspended, the circular said. ■

Prices Raised for Cigarettes, Liquor

The prices of famous brand cigarettes and spirits could float on the open market from July 28, the State Council has announced.

This decision was made to

promote the country's market system and better gear enterprises to the market by allowing the law of value to play its full role," said State Council spokesman, adding that the new policy will also help guide production, adjust market demand, check speculation and increase state income.

Observers speak highly of the change, seeing it as the first major price reform step since eggs, vegetables, pork and sugar went up in April.

At present, 13 brands of cigarettes and 13 brands of alcohol are on the floating-price list, reported Li Changbi, an official from the State Administration of Commodity Prices.

According to Li, the state also plans to raise the price of other quality and imported cigarettes and any alcohols made from grain.

Li predicted the prices of famous brand cigarettes could soar anywhere from 15 to 290 percent, and the cost of alcohol would climb 60-500 percent. The price of "Mao Tai", the most famous and sought-after Chinese spirit, is to jump from 20 yuan (US\$5.4) to 120 yuan (\$32.4).

The price of alcohol made from grain will increase by 20 percent, but the cost of those brands now popular on the market will go even higher, Yuan said. And July 26, even beer would cost a little more, he added.

"These price increases will not have much social impact," the spokesman said, "because most buyers are government organizations and those individuals with high incomes."

China is the world's biggest cigarette producer and consumer. It turns out more than 228 billion cigarettes annually for the country's 300 million smokers.

"We are raising the price of grain-made alcohol in a bid to save grain," Yuan said, "because the output of alcohol made from grain

has gone up too rapidly in recent years."

In 1987, the output of grain-made alcohol was almost double that of 1980 at 1.1 billion gallons, he explained, and last year beer output increased 650 percent over 1980 to hit 1.3 billion gallons.

China uses 14 million tons of grain a year to make alcohol, which is equal to the monthly ration for all the country's one billion people, Yuan noted.

He also said, "China should not use so much grain to manufacture spirits because the country's arable land is small compared to its population, so price levels will be used to curb consumption."

"Price reform will contribute to promoting production and supply," Yuan stressed, "which is in line with the people's interests." ■

Sino-USSR Trade Makes Headway

China and the Soviet Union have made notable headway in their bilateral economic and trade relations, and technical co-operation.

China's customs figures indicate a rise in Soviet import and export trade volumes between January and June of 32.23 percent from the same period last year, reaching 1.3 billion US dollars.

Officials from both China's economic and trade circles and the Soviet Embassy in Beijing predict that the upward swing will continue to gain momentum. They foresee a 30-percent growth in bilateral trade to about 2.8 billion US dollars this year.

On June 8, during his meeting with Yuri Maslyukov, first vice-chairman of the Council of Ministers of the Soviet Union, Chinese Premier Li Peng said great progress has been made in economic, trade, scientific and technological co-operation be-

tween China and the Soviet Union and border trade has been revived over the past few years. However, there is still much room for further growth, he said.

Unlike China's normal trade practises with western countries, barter trade, unaffected by the foreign currency situation of either country, is the main form of Sino-USSR bilateral trade.

The two countries have successfully achieved a trade balance with no large trade deficits on either side for the past decade. But it has not all been plain sailing. There have been complaints from Chinese commodity inspectors about quality problems and poor timber.

A Chinese trade official said that Soviet business methods are not flexible enough. Negotiations can continue for more than a year and then come to nothing. Yevgeni Bavrin, the Soviet Embassy trade representative admitted that such problems existed in the past, but that they were few. He pledged further improvement of timber supplies.

In China, most problems stem from insufficient funds and trade management bureaucracy. Rail-

ways serving the Sino-USSR border, already running to capacity, also stand in the way of the rapid expansion of barter trade between the two countries.

Chinese economic and trade officials feel all these problems can be solved if the two sides determine to go all out and combine their efforts. A new atmosphere of economic and technical co-operation can already be sensed.

On June 8 the Chinese and Soviet governments signed two documents—one on joint ventures and the other on the establishment of economic ties between ministries, departments, corporations and enterprises.

One month later, Shen Jueren, vice-minister of foreign economic relations and trade, announced his ministry's decision that local governments—not only in border regions, but also in interior and coastal regions—will have the power to engage in barter trade and sign contracts with the Soviet Union and East European countries.

A week later, a trade delegation from the Inner Mongolia Autonomous Region signed a protocol

with a Chita Region trade delegation from the Soviet Union to develop direct trade, and economic and technical co-operation.

On July 15, China and the Soviet Union signed a new regulation that Chinese and Soviet citizens holding valid travel certificates will soon no longer need visas to visit each other's countries on business. The regulation will come into force on August 13.

A Chinese observer noted that China and the Soviet Union are both putting into effect reforms to their foreign trade systems and new developments on a wider scale are expected. ■

Rui Pushes Literary & Artistic Freedom

A senior Chinese Party official has called for less official interference in the areas of literature and art.

Rui Xingwen, member of the Secretariat of the Party Central Committee, said that Communist Party control over literature and art should be limited to guiding its political orientation.

"A social environment and atmosphere favourable to the long-term development and prosperity of literature and art can only take shape through the earnest implementation of the principle of 'letting a hundred flowers blossom and a hundred schools of thought contend,'" he told the 155 participants of a national meeting on literature and art, which ended in Beijing on July 20.

The meeting, sponsored by the Propaganda Department of the Party Central Committee, opened on July 15 to discuss ways to promote Chinese literature and art and to make preparations for the Fifth National Congress of

Li Peng meets with Yuri Maslyukov, in China to participate in the third session of the committee on Sino-USSR economic, trade and technical co-operation. WANG YANG





Rui Xingwen.

Writers and Artists scheduled for the fourth quarter of this year.

In his speech on Monday, Rui emphasized the importance of correctly handling the relationship between literature and art and politics.

"We used to bind literature and art to concrete political tasks and eagerly pursue quick success and instant benefits," he said.

Now, he said the Party has abandoned the approach which subordinated literature and art to politics, as it constituted a possible theoretical basis for flagrant interference in cultural matters. However, he added, this does not mean that literature and art should be totally divorced from politics.

Restating the four cardinal principles, the Party official said, "These principles should be closely upheld in reforms made to literature and art."

The four principles refer to an adherence to the ideas of socialism, the people's democratic dictatorship, the leading role of the Communist Party, and to Marxist-Leninist and Mao Zedong Thought. ■

Weekly Chronicle (July 18-24)

POLITICAL

July 18

■ The civil service system will be tried out in the Auditing Administration, the State Administration of Environmental Protection, the Ministry of Construction, the governments of Guangdong and Fujian provinces, and Guangzhou, Shenzhen and six other cities, before the end of this year, says Minister for Personnel Zhao Dongwan.

He says that, from January next year, the new system will be gradually introduced in all other government administrations.

July 19

■ The Central Discipline Inspection Commission of the Communist Party of China has worked out a series of rules and regulations to discipline Party members, Xinhua reports.

According to the commission, these regulations will be applied to Party officials who neglect their duties and cause great economic loss, or violate rules related to foreign affairs activities.

July 12

■ In a joint circular, the general offices of the Chinese Communist Party Central Committee and the State Council order the disbandment of government office-based, profiteering-oriented companies.

The circular says that Party and government offices and officials are forbidden to engage in business dealings and run enterprises, and retired officials may not serve in enterprises.

ECONOMIC

July 20

■ Twelve gold deposits of varying size have been found in Longnan Prefecture in the southern part of Gansu Province,

according to the *China Geological Journal*.

Five state-run gold processing centres and a five million cubic meter mining area will be developed in the next two years to exploit the deposits.

July 22

■ A chamber of commerce specializing in machinery and electronic products is inaugurated in Beijing. The first of its kind in China, it will operate under the leadership of the Ministry of Foreign Economic Relations and Trade but will have independent status. Its main function will be to submit long-term plans for the development of China's machinery and electronics to relevant government ministries.

CULTURAL

July 19

■ The world-renowned 47-year-old Spanish tenor Placido Domingo enralls a capacity crowd of 10,000 in the Great Hall of the People.

Chinese senior leader Hu Qili and other high-ranking officials attended the performance with many people who came from all over the country to see the famous tenor.

SOCIAL

July 22

■ A total of 152 people have been rescued after a ship capsized on the Minjiang River in Qianwei County, Sichuan Province on July 21, Xinhua reports.

The Chuanyun No. 24 passenger ship of the Chongqing Shipping Co., carrying some 250 passengers from Yibin to Leshan city, struck a rock near Lianyuhao and sank.

Ten persons are known dead and some 100 others are missing.

IRAN-IRAQ

Important Turning Point

Iran's acceptance of United Nations Security Council Resolution 598 is an important turning point in the course of the eight-year Iran-Iraq war.

On July 18, Iran announced its acceptance of United Nations Security Council Resolution 598 which called for a ceasefire between Iran and Iraq. The decision marked a favourable turn in the course of the eight-year conflict between Iran and Iraq.

People throughout the world applauded Iran's decision and are optimistic about the chances of an end to the protracted war. The breakthrough has been welcomed by many countries and international organizations.

Iran and Iraq have both paid high prices for their war. More than 1 million people have been killed or wounded, losses of oil income and production facilities have been estimated at more than US\$540 billion, and many cities, including both capitals, have suffered varying degrees of damage. Economics experts said that the war has meant plans for economic development in the two countries will have to be shelved for 20-30 years.

The continuing Iran-Iraq war not only endangered the security of the region but also created incredible tension in the Gulf situation. Superpower military involvement further aggravated tension, complicating the problem and making the Gulf region a hot spot attracting worldwide attention.

Over the past eight years, the United Nations, non-aligned movement, the Arab Summit Conference, Islamic Summit Conference and many countries put forward ceasefire plans and made unremitting attempts to bring an

end to the war. Although unsuccessful at the time, these efforts undoubtedly helped towards today's success.

Observers see four main reasons behind Iran's decision. First, increased calls for peace within Iran and Iraq. Second, Iraq's drive across the Iranian border and the recovery of its lost territories. Third, the favourable conditions created by international mediation. Fourth, the adjustment by the Iranian government of its diplomatic policy. Not long before Iran's announcement, Hashemi Rafsanjani, Iran's parliamentary speaker and acting commander-in-chief, admitted that Iran's diplomatic policy this year had

many faults and needed to be thought through and revised.

The acceptance by both Iran and Iraq of UN Resolution 598 has brought new hopes for an end to the war. Of course, acceptance of the resolution does not mean a final settlement of the Gulf conflict but a formal shift from the battlefield to the negotiating table. Problems may still occur during the resolution's implementation, and the possibility of fresh small-scale conflicts also cannot be ruled out, but at least a first step towards peace has been made.

Iran and Iraq are both developing countries faced with the task of consolidating independence and developing their national economies. The hope now is that Iran and Iraq will proceed from this favourable starting point towards real peace through the thorough implementation of UN Resolution 598. This will not only benefit the people of Iran and Iraq but also contribute to peace and stability in the Gulf region.

by Ren Xin

SOUTH AFRICA

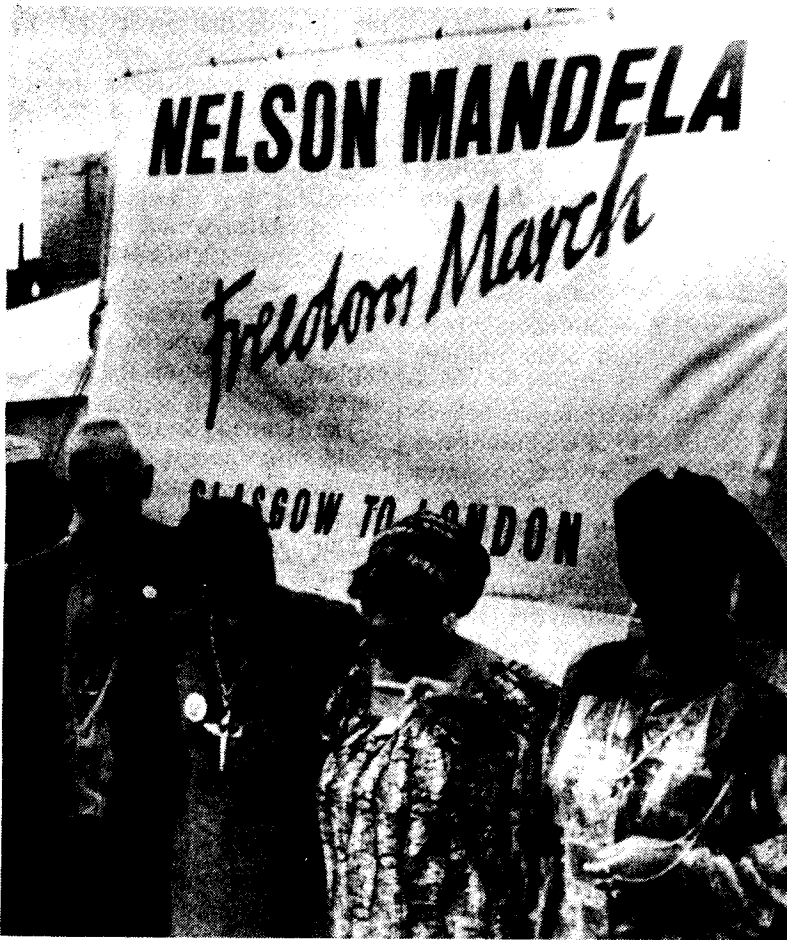
Black Leader Admired Worldwide

The South African apartheid policy is condemned in nearly every corner of the globe, and worldwide celebrations to mark the 70th birthday of black leader Nelson Mandela testified to this.

Well-known black South African leader and former Chairman of the African National Congress Nelson Mandela has persistently waged a struggle against apartheid and for the rights of the South African people. His fighting spirit has been a source of encouragement to the black people of South Africa and won the respect of people the

world over.

On the eve of Mandela's 70th birthday on July 18, cards, gifts and messages of support poured in from all over the world. Among them was a signed pair of boxing gloves from world heavy-weight champion Mike Tyson, which were handed over to Mandela's wife Winnie, at her home in the black township of Soweto.



Archbishop Desmond Tutu (third from right) delivered a speech calling for the immediate release of Mandela at a gathering in London.

Mandela was imprisoned in 1962 on charges of plotting to overthrow the government, and he was later sentenced to life-imprisonment in 1964.

Mandela, who is committed to the fight for majority rule in South Africa, turned 70 in Pollsmoon prison near Cape Town on July 18.

To mark his birthday, mass rallies, demonstrations, concerts, religious ceremonies and other activities were organized throughout the world. Many organizations and political leaders called on the Pretoria regime to unconditionally release Mandela. New Zealand Foreign Minister Russell Marshall said, "This action alone would act as a sign for

those with a genuine interest in the future of South Africa that the Botha government wished to achieve a peaceful negotiated settlement in that troubled land."

Foreign Ministers from the 12-nation European Community said, "His release would be not only a humanitarian gesture but also a welcome political sign." They renewed their appeal to Pretoria to "end its policy of repression" and free all other political prisoners.

Foreign ministers from Finland, Sweden, Norway, Denmark and Iceland said in their letter to Mandela that he has spent one-third of his life in prison to demonstrate the cruelty of the

apartheid system. For all those who fight to free South Africa from the apartheid policy, they added, Mandela has become a symbol for the struggle against the unjust and inhuman system.

UN Secretary-General Javier Perez de Cuellar addressed the meeting of more than 100 UN members and representatives of various anti-apartheid organizations, praising the black leader for having been "in the forefront of the campaign to bring an end to apartheid in South Africa and establish racial justice, harmony and equality in its place."

"The celebration of his birthday is but one expression of the support of the United Nations for all those men and women suffering persecution for their opposition to apartheid and racial discrimination," the secretary-general said.

Addressing a rally held in Beijing on July 15, Gong Dafei, president of the Chinese-African People's Friendship Association, stressed that the Chinese people will, as always, firmly support the South African people in their struggle for racial equality, back the Namibian people in their fight for national independence, and support all African countries and peoples in their efforts to safeguard national sovereignty and security.

Gong denounced the perverse actions of South African authorities since the beginning of this year, including the issuing of new state of emergency decrees, the banning of anti-racism organizations, the intensified persecution of African National Congress leaders, and the attempted execution of the "Sharpeville six."

"These acts have brought more suffering upon the South African people and increased unrest and instability in southern Africa," Gong said.

by Chang Qing

US-SOVIET UNION

New Chapter in Military Relations

The recent visit to the Pentagon by a top Soviet military leader is yet another sign of the normalization of relations between the two superpowers.

At the invitation of Chairman of the US Joint Chiefs of Staff Admiral William Crowe, Sergei Akhromeyev, chief of general staff of the Soviet armed forces, paid a one-week visit to the United States. As the first official visit to the United States by a top-ranking Soviet military delegation since World War II, this event is likely to have a significant influence on the future development of improved US-Soviet relations.

The visit was arranged in the spirit of agreement reached by Soviet leader Mikhail Gorbachev and US President Ronald Reagan in their Washington and Moscow summits. During the visit, the two military leaders discussed a series of issues, including military exchanges between the two countries' armed forces, the reduction of their conventional forces in Europe, Moscow's new "sufficient defence theory," and the downing of an Iranian airliner in the Gulf. The following agreements were reached.

— Both sides agreed to set up a joint military working group whose job would be to improve military relations and study ways of reducing peace-threatening military incidents when their forces are operating in nearby vicinities.

— Both sides agreed and announced a plan for wide-ranging expansion of exchanges between their armed forces.

The Soviet chief of staff spent much time watching US Marine Corps training, a demonstration of the performance of M-1 tanks, and visiting a training centre for

launching intercontinental ballistic missiles and other military facilities.

International strategists believe that the decision of US authorities to allow the Soviets to enter strategic military sites and be shown high-tech sophisticated weapons equipment was made with their own interests in mind — to show off US military might and prepare for the future visit to the Soviet Union by a US military leader and a reciprocal inspection of Soviet military facilities and advanced weapon systems.

Although some headway was made during the visit, disagreement still remains on some major issues of principle.

No progress was reported in the talks on reducing US and Soviet conventional forces in Europe. The US side voiced disapproval of the Soviets' so-called new defence theory. Originally the Soviet chief of staff attempted to take the opportunity to explain directly to

the US side that Soviet military principles are now defensive in nature and that, in light of these new principles, the Soviet Union is beginning to transform the organization and structure of its armed forces. He hoped that the United States would accept the Soviets' new "sufficient defence theory" and take actions that would allow both sides to "sit down at the negotiating table and explore the questions that remain unsettled."

The United States, however, could not accept that Soviet military principles had changed substantially.

During the talks, the US side insisted that the US cruiser *Vincennes* shot down the Iranian airliner by mistake, while the Soviets rebutted that the civilian jet was downed on purpose. They denied that there were any similarities between this incident and the downing of a South Korean airliner by a Soviet fighter in 1983.

Akhromeyev told reporters at a news conference that he had successfully completed his visit, and that his discussions with the US military leaders were "extremely candid and open" and would "profit both of us in the future."

by Zheng Qing

THE UNITED STATES

Drought Pushes World Grain Prices Up

The most serious drought in 50 years hit the United States this summer, with the inevitable outcome of rising grain prices on the international market.

The psychological pressure brought on Americans by their most disastrous drought since the

1930s far exceeds the real damages done to the US economy. Although newspapers and radios

predicted food price rises, the worst estimate was only 2-3 percent higher than normal. As agriculture accounts for only 2 percent of the US gross national product (GNP), and farm prices account for less than 10 percent of Americans' food costs, price rises will not greatly affect the average citizen.

A recent relief bill adopted by the US Congress allows aid of not more than US\$6 billion for farmers in drought-stricken areas. An official from the US Agricultural Department told reporters that recent grain price rises meant that the government did not have to give farmers price subsidies. The money saved here would be given to farmers in drought-stricken areas so that the government would not have to increase its expenditure.

More of an impact has been felt internationally as a result of the drought in the United States. South Korea, Japan and some other grain importing countries have had to take emergency measure to meet demands, and grain producing countries such as Brazil, are encouraging farmers to expand production. European Community countries, observing the drought and the resulting changes in the international grain market, have slowed down the pace of their grain exports.

The US exports account for 40-50 percent, 60 percent, 20 percent and 65 percent of world trade in wheat, feed grain, rice and soybean respectively. And exports of soybean and soybean oil from the United States make up about 10 percent of world trade in oilseed products.

US government and private analysts said farm goods prices have already risen by large margins and will peak out next year. They predict that expanded farm acreage worldwide will push prices down by 1990.

According to the latest US government figure, the average price for corn for the 1988-89 crop year will be US\$2.45-2.85 per bushel, almost a dollar more than the price for this year.

Don Mitchell, a senior economist with the World Bank's Commodity Market Division, said corn prices will rise by an average 35 percent from last year, and US corn export prices, at US\$75.7 per ton in 1987, will rise to US\$102 per ton in 1988 and US\$103 per ton in 1989, before falling to below US\$100 per ton in 1990.

Ray Danniels, vice-president of the Food and Agricultural Division of the Wefa Group, said corn production in America will fall by 30 percent this year and average corn prices from October 1988 to October 1989 will be about US\$3.12 per bushel, 95 cents higher than this year's price.

John Milton, an analyst with the US Agricultural Department, said wheat production will drop by 13 percent this year but, good harvests of winter wheat have kept the United States sufficiently supplied and will allow exports to continue.

Mitchell said US wheat export prices will average US\$165 per ton this year, as against US\$133 per ton last year. The price, he said, will rise to US\$172 per ton next year before falling back to US\$158 per ton in 1990.

According to US government figures, wheat prices will rise from US\$2.57 per bushel in 1987/88 to US\$3.45-3.95 per bushel in the 1988/98 period. But Danniels says the price rise will be from US\$3.01 to US\$4 per bushel.

All analysts expect soybean supplies to be tight. The US government expects US exports of soybean, soy meal and soybean oil to fall by 17 percent, 20 percent and 40 percent respectively.

Don Larson, an associated economist with the World Bank,

said soybean production in the United States will drop by 16-17 percent this year. During June, July and August, he said, soybean prices will peak but the 1988 average price for soybean will be around US\$320 per ton, instead of the current US\$365 per ton at the Rotterdam exchange.

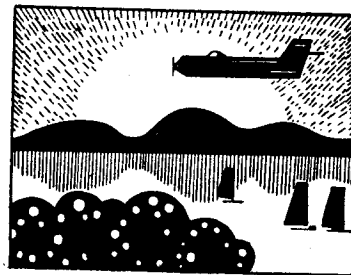
Larson also said, he expects another bumper soybean harvest from Brazil next spring, and a drop in soybean prices on the international market to US\$270-300 per ton for 1989.

According to the US Agricultural Department, soybean prices will rise from US\$6.2 per bushel in the current crop year to US\$6.75-9.25 per bushel in 1988/89. Danniels estimates the rise will be from US\$7.12 to US\$9 per bushel during the same period.

The analysts say cotton and rice will not be affected. Rice fields in the United States, mostly in California, are all irrigated and the situation in Southeast Asia, where droughts hit rice production last year, is improving.

Mitchell expects rice prices on the international market to fall from the current average of US\$290 per ton to US\$260 per ton next year and US\$250 in 1990.

by Zhao Zijian



Nanjing Opens Its Doors to the World

by Our Correspondent Dai Yannian

When China's State Council decided to expand the coastal economic open zone, Nanjing, capital of affluent Jiangsu Province, became one of the 140 newly opened cities and counties in the zone.

Standing on the southern banks of the Changjiang (Yangtze) River—known in Chinese as the "gold water channel," Nanjing has developed economic ties and co-operation with the surrounding area. The economic zone, with Nanjing at the centre, covers 160,000 square km. It takes in Jiangsu, Anhui and Jiangxi provinces, with a combined population of 57 million. Abundant with grain, cotton, other farm produce and minerals such as iron, copper, strontium and limestone, the region has over 30,000 industrial enterprises, an ample labour force and a tremendous market.



cities whose population exceeded one million.

The city has over 50 petrochemical factories producing 2,000 products. Fifty of these have been awarded state gold and silver medals or the title of quality product. The Yangtze ethylene project, one of China's largest petrochemical works, began construction in 1984. With equipment and technology imported from Japan, Federal Germany and the United States, the project is

expected to be completed in 1996-97. Its annual output of polyester fibre should be 5 billion metres—one for each person in the world.

Other important works include the Nanjing Alkyl Benzenes Factory, China's largest detergent manufacturer, the Nanjing Oil Refinery which can process seven million tons of crude oil a year, the Nanjing Radio Factory, home of Panda radios and maker of the telecommunications equipment in China's "Great Wall" scientific observation station in the Antarctic, and the Five-Ram Cement Plant, another state gold medal winner.

Nanjing's machine-building enterprises produce all kinds of precision machine-tools and other goods which are exported to over 40 countries and regions worldwide.

The Nanjing Wool Mill with 11,296 spindles manufactures pure

Full-Fledged Industrial City

Capital of China before 1949, Nanjing was primarily a city of consumption. At the time of liberation it had 38 small and poorly equipped enterprises run by bureaucratic compradors, 36 private businesses with power-driven machines employing 30 or more people, and some private handicraft workshops.

After 40 years of continual efforts, Nanjing has now become an industrial city. With more than 3,600 industrial concerns, the city's industrial output value totalled 16 billion yuan in 1987, putting it eighth in the league of

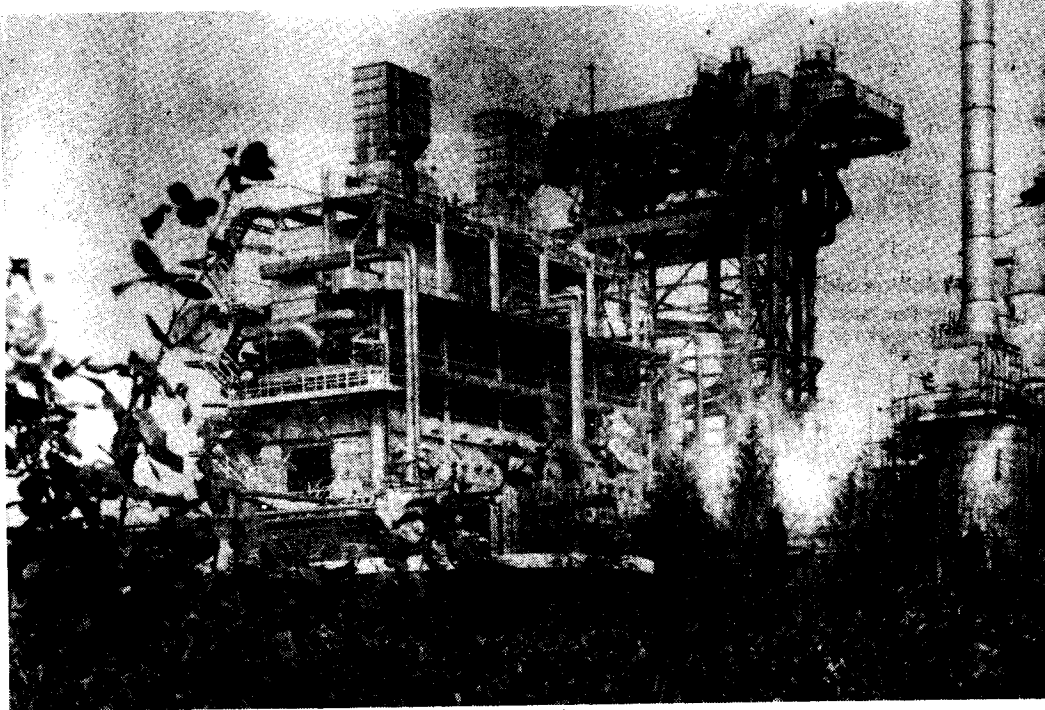
Nanjing Automobile Factory is to work in co-operation with the Italian Fiat Group to produce 60,000 light-duty trucks annually.

XUE CHAO

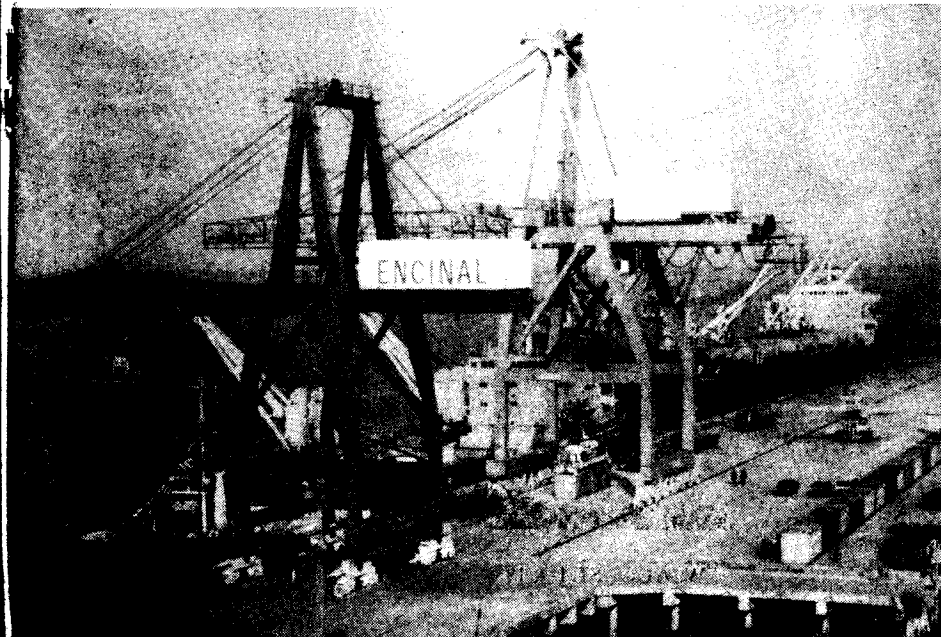


Nanjing Opens Its Doors to the World

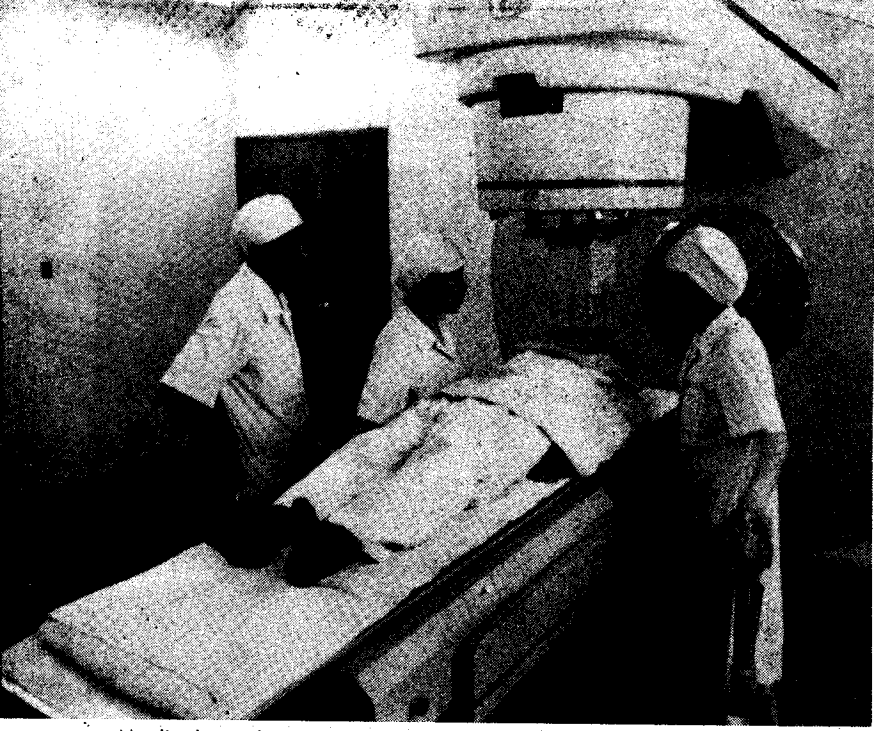
The Yangzi Petrochemical Company's ethylene factory in Jiangsu.



The synthetic ammonia equipment in the Qixiashan Chemical Fertilizer Plant run by the Jinling Petrochemical Company.



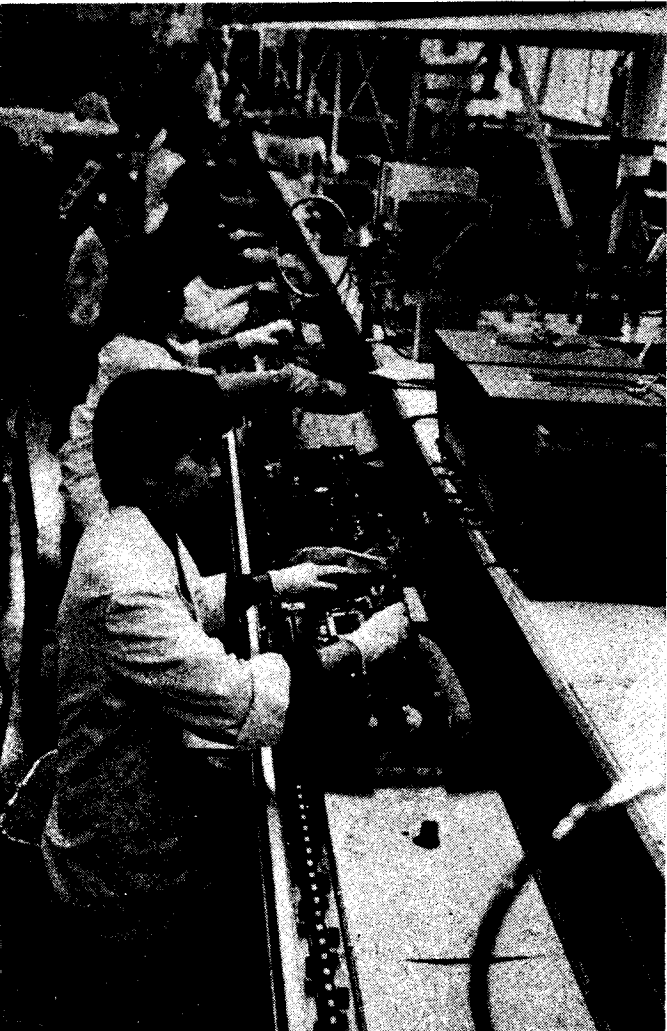
Nanjing Harbour's container terminal.

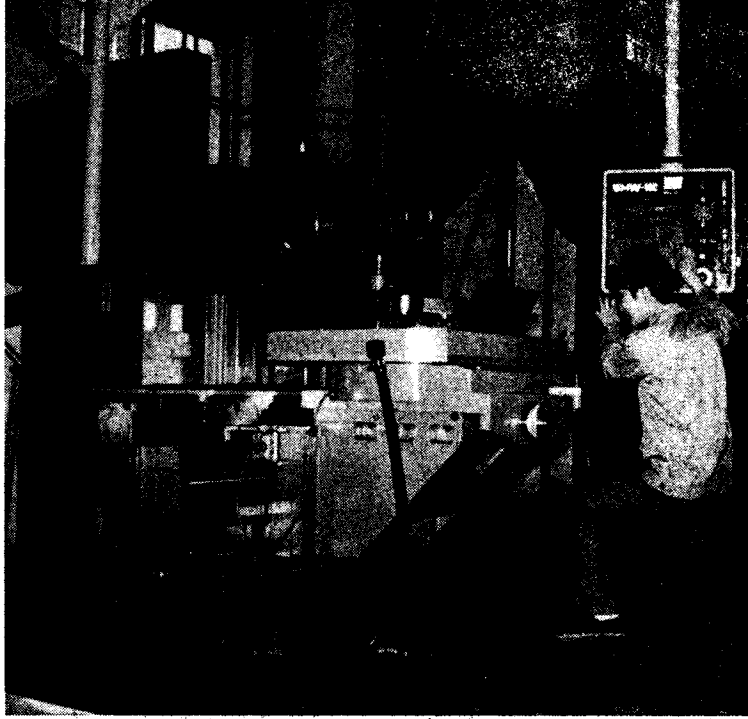
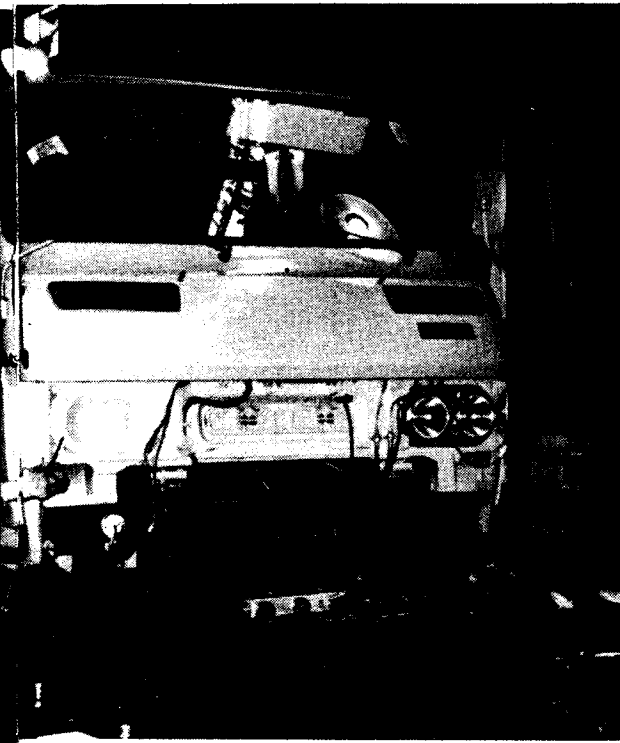


Medical workers in the Jiangsu Tumour Prevention Institute use an electron accelerator to treat a patient.



The tape recorder assembly line in the Nanjing General Radio Factory.





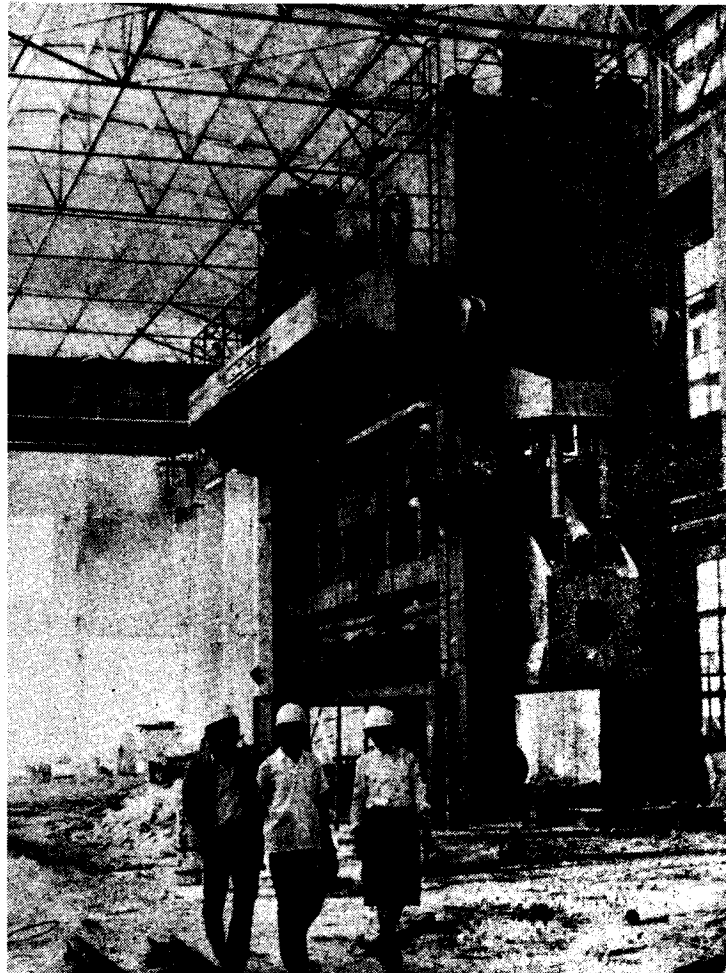
The Nanjing No. 2 Machine Tool Factory works in partnership with SHW of the Federal Republic of Germany to produce universal digital control milling machines.

A newly installed forging press in the car frame works jointly set up by the Nanjing Automobile Factory and Fiat of Italy.



New trucks roll off the assembly line in the Nanjing Automobile Factory.

"Panda" household electric appliances production line in the Nanjing General Radio Factory.



The multi-purpose international conference hall in Nanjing's Jinling Hotel.



The Confucius Temple shopping street in Nanjing.



Nanjing pressed salt duck sells well both at home and abroad.

The Nanjing International Economic and Trade Centre offers regular information services.





XUE CHAO

General Manager of the Nanjing Suwel Wootex Co. Ltd., a Sino-Australian joint venture, with Australian experts.

wool, synthetic and blended knitting yarns which have proved excellent export. In 1986, the mill was granted the Wool Mark by the World Wool Agency.

Nanjing's 600-year-old brocade, velvet tapestry, carpet, fur coats and pressed salted duck (which used to be a tribute to emperors) have also gained popularity abroad.

Foreign Business

Before the expansion of the open zone, Nanjing had already started economic and technological exchanges with foreign businesses and institutions. By the end of 1987, the city had established 266 foreign-funded projects.

Nanjing Goulds Pumps Co. Ltd., a joint venture between the Nanjing Deep-Well Pumps Factory and Goulds Pumps Inc. of the United States, began operation in 1986 with building, equipment and workers provided by the Chinese, and advanced technology from the US partner.

"The whole world treasures

underground water, and deep-well pumps are indispensable to exploit this valuable resource. We are now working with the Chinese side with great enthusiasm," said the venture's US general manager.

Last year the factory turned out 1,536 deep-well pumps and sold US\$35,000 worth to the United States, the Middle East, and Southeast Asian countries. And a re-equipment project is under way to increase output to 7,800 pumps and foreign income to US\$3 million.

Nanjing's other co-operative projects include an agreement with the Italian Fiat Co. to produce 60,000 light-duty trucks annually by 1993, and a joint venture between Philips of the Netherlands, the Hong Kong Novel Technology Development Co., and the East China Electron Tube Factory to manufacture colour TV sets.

Transport

Nanjing harbour, China's largest inland river port, can accommodate 25,000-ton ocean-going

cargo ships all the year round. The 98 km-long port area has 39 docks which can berth 75 2,000-25,000-ton vessels and 14 10,000-ton vessels simultaneously. Currently, nine docks for 10,000-ton vessels and three berths are under reconstruction. Last year, the harbour began an international container shipping business in partnership with Encianal Terminals of the United States, and now can handle 5,000 standard containers annually.

The Nanjing Changjiang River Bridge, which was completed in 1969, links railways from the north to the south, and 18 air lines operate from Nanjing to all China's major cities and Hong Kong. Construction of a new airport for large passenger aeroplanes is under way. Highways extend from the city in all directions. Crude oil from the North China Oilfield passes through underground pipelines to be processed in Nanjing or shipped to other southern provinces and abroad.

Nanjing is also one of China's telecommunication hubs. The newly opened international direct long-distance telephone service links the city with most parts of the world except Africa, Kampuchea and Viet Nam.

Rising Exports

"Although Nanjing used some foreign funds a few years ago, the amount was relatively small," Deputy Mayor Wang Rongbin said recently. "Since the city did not enjoy the preferential treatment granted to the coastal economic open zone, many foreign businesses took a wait-and-see attitude. Now Nanjing has been incorporated into the zone, I believe more foreign businessmen will come to the city."

Wang's remarks have been



SUE CHAO

Zhou Hongyou, general manager of the Jinling Hotel, with a few of his staff.

confirmed. The city held its first foreign trade negotiation meeting on June 6-9, striking deals valued at US\$260 million and signing letters of intent involving US\$412 million.

In investing funds from abroad, Wang said, Nanjing will give priority to the petrochemical, electronic, auto, building materials, textile and light industries. Along with advanced technology and management skills, the city will also import raw materials and designs to expand its processing capacity, and simultaneous efforts will be made to set up businesses abroad.

By 1990, the city's export value will reach 2 billion yuan, twice that of 1987, and its proportion of the city's gross product will rise from 8.8 percent to 14 percent. The city plans to complete 100 foreign-funded projects valued at US\$350 million before 1990, and turnover from contract work abroad is expected to reach US\$62 million, an average annual increase of 15 percent.

By 1995, Nanjing will be able to export 6 billion yuan worth of products, accounting for 20 percent of its turnover, with the figure rising to 30 percent by the end of the century.

"The gap between the technical level of the city's main trades and principal products and advanced world level will be greatly narrowed by then. The management skill of enterprises and the efficiency of the city's economy should have increased considerably," Deputy Mayor Wang assured.

Preferential Policy

To ensure the interests of foreign businesses, the city has

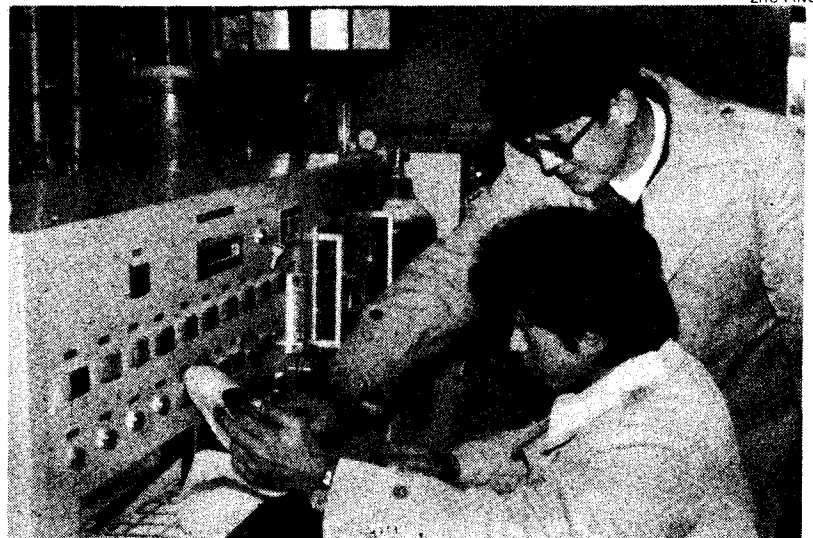
drawn up a 22-article preferential policy. Sino-foreign joint ventures and co-operative businesses engaged in productive and scientific research projects will be taxed 80 percent of the standard rate. Foreign-funded energy, transport and harbour construction projects, technology- and knowledge-intensive projects, or projects with investment exceeding US\$30 million and a long term of repayment will only pay 15 percent. Companies importing materials for processing and compensatory trade business will be exempt from import tax. And any goods they produce for export will likewise be exempt from export tax.

"Overseas businesses have complained a lot about the amount of red-tape they face in China," Wang said. "In the future all matters handled by the city government should be simplified to raise efficiency." For this purpose, the city government has established a co-ordination office, headed by Wang, where staff of the city planning commission, economic commission and other financial and commercial institutions work jointly to handle foreign business affairs.

The city has also issued

Director of the Nanjing Sheshan Electric Furnace Factory (back) instructs a worker.

ZHU PING



preferential cards to enterprises whose exports account for more than 50 percent of their output value, or whose foreign currency income from exports exceeds US\$1 million annually. Enterprises possessing this card (already numbering 44) enjoy priority in the supply of funds, raw materials, electric power and trained personnel.

High-Tech Incubator

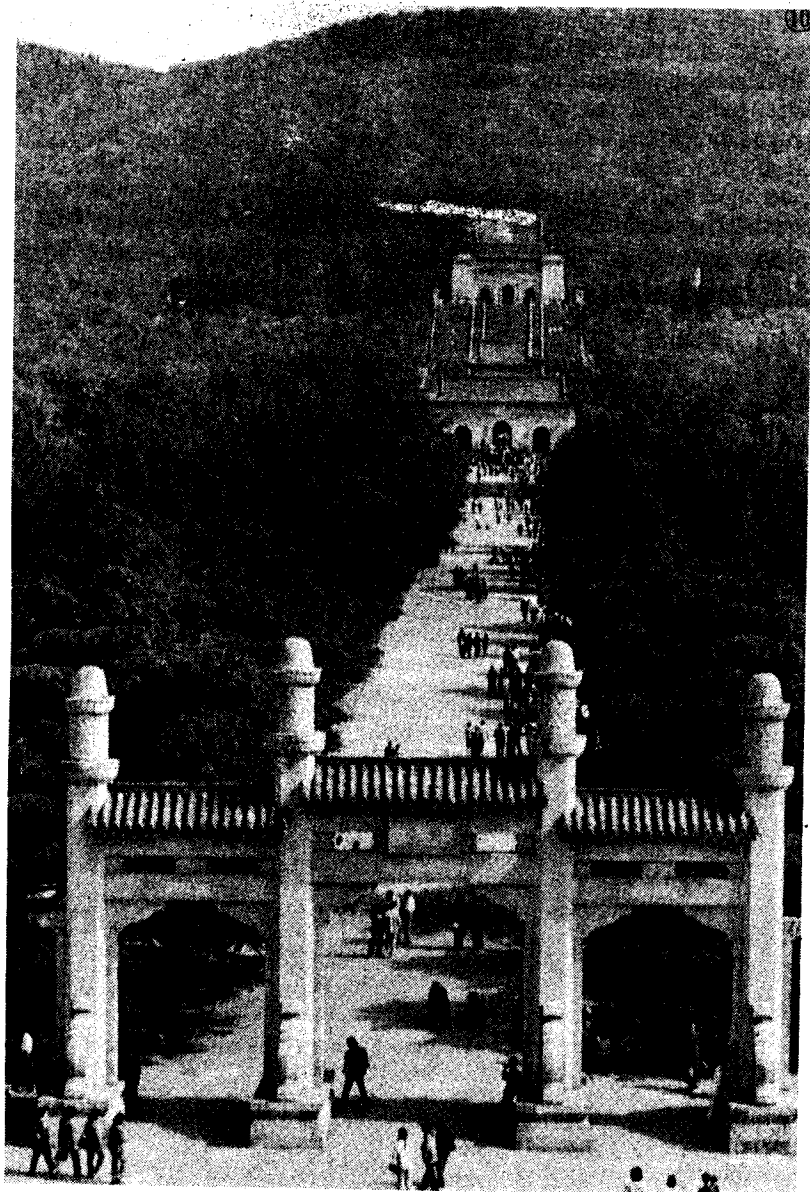
Nanjing's concentration of scientific and technical personnel is another strong point. The city now boasts 327 scientific research institutes, and 46 institutes of higher education staffed by 190,000 scientific and technical personnel. It leads the nation in many scientific fields, including research into electronics, the chemical industry, and biological engineering.

To promote the development of high-tech, export-oriented economy, the city has decided to establish a special development zone.

"The zone will be an 'incubator' where results of scientific research will be turned into products. These will first be produced in small batches and, if successful, will then be mass-produced," said Tang Heling, deputy director of the city's science commission.

The first stage of the project covers 2.27 square km. Land is being levelled and factory buildings are expected to be built soon. Some enterprises should be in production next year.

The development zone is open to all the colleges, universities, scientific research institutes and large enterprises from China and the world. It has received applications for over 100 projects, which are being strictly screened. The initial schemes involve biological engineering, fine chemicals, electric machinery, foods,



The Sun Yat-sen Mausoleum.

and new energy techniques. Funds for development of the zone have come from the state, collectives and individuals.

Accommodation

To meet the needs of foreign employees and their families, the city plans to work in co-operation with foreign businesses to build high-grade offices, apartment

buildings and Chinese-type residences.

Currently many foreign business people stay in the Jinling Hotel. Foreign-funded, it opened in 1983. The 37-storey, 100-metre high building has classical gardens, a recreation centre, in-door swimming pools, shops and a multi-storey car park with a helicopter pad. The top is a revolving parlour with a bird's-eye view of the city. With 800 suites,

the hotel can accommodate 1,300 people who can eat or relax in Chinese and Western restaurants, bars, cafes and tea rooms. The hotel's multi-purpose hall can host large banquets, international meetings and business conferences. Simultaneous interpretation devices for six languages are

the tomb of Sun Quan, ruler of Wu, is still preserved, and in the suburbs are scattered many others, including 17 from the Southern and Northern Dynasties (420-581).

The Qixia Temple on Qixia Mountain in the east of Nanjing is a famous Buddhist shrine built in

At the Sun Yat-sen Mausoleum at the foot of Zijin Hill in the eastern suburbs, visitors form an endless stream. From the entrance, 392 steps lead up to the coffin chamber where a recumbent statue of Dr. Sun lies above his buried remains.

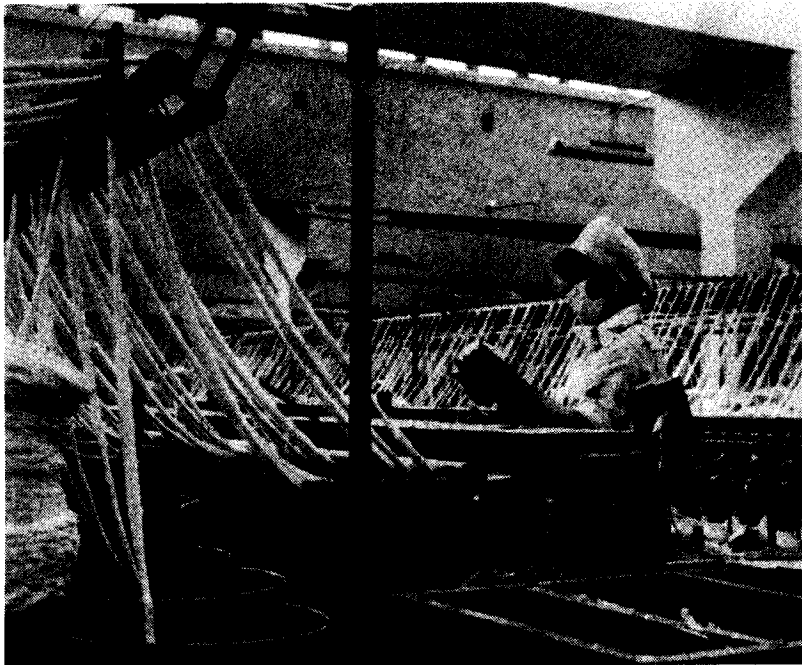
On New Year's Day 1912, Sun Yat-sen was sworn into office as provisional president of the Republic of China after the 1911 Revolution.

His office, also open to visitors, stands beside a park in central Nanjing which contains a memorial to another uprising. When the peasants' rebellion of 1851 captured Nanjing in 1853, they made it their capital and built the Imperial Garden of the Heavenly King's Mansion, complete with a stone boat.

Currently the Confucius temple and other cultural sites on the banks of the Qinhuai River (a tributary of the Changjiang) are being renovated. In ancient times, the area around the temple was lined with schools and imperial examination halls where men of letters gathered. The place later developed into a cultural and commercial centre, with pavilions and towers standing face-to-face across the river on which brightly painted pleasure-boats drifted. After several dynasties, the buildings were burnt down and the river silted up following a number of social upheavals.

Renovation began in 1984. Now the main hall of the Confucius Temple glitters in the sun. The shopping street, lined with brick-and-tile structures of classical elegance, is once again busy and pleasure-boats are expected to drift on the qinhuai River this autumn.

Blending the features of an ancient capital and an open harbour city, Nanjing is fast becoming both a modern metropolis and a living museum to its distinguished history. ■



The 2,400-spindle roving equipment imported from Italy by the Nanjing Woollen Mill.

available. With trained staff, the hotel provides first-rate services.

Preserving History

Despite its modern construction programme, Nanjing has endeavoured to preserve its historic sites. The capital of China for ten dynasties, the city has 2,400 years of history.

During the period of the Three Kingdoms (220-280) when the three states of Wei, Shu and Wu scrambled for supremacy, Nanjing was the Wu capital. Today,

489. Since being renovated, it has attracted numerous Buddhist disciples and tourists. It has a collection of almost 8,000 volumes of Buddhist scriptures, and on the cliffs behind the temple are 575 Buddhist statues in the largest grotto in south China.

Also well preserved are some sections of the city walls and gates dating from 1368 when the first Ming emperor, Zhu Yuanzhang, established his capital in the city. The Jubao (Zhanghua) Gate is the most spectacular: with three barbican entrances it could hide 3,000 soldiers.

Does China Face a Debt Crisis?

Since China opened its doors to the outside world, its foreign borrowing has increased considerably. Debt repayment will peak by the early 1990s. The study indicates that China can avoid a debt crisis by expanding exports and maintaining debt repayment rates below 20 percent.

by Zhang Shubao, associate professor of Fudan University

As China has opened to the outside world, it has greatly increased its borrowing from abroad. By the end of 1986, China's foreign debts were reported at US\$20.6 billion, of which US\$7.6 billion were low-interest long-term loans raised under the authority of the central government. Last year, China increased its borrowing still further.

In the 1980s, China's average annual foreign debts have been estimated at US\$15 billion to 20 billion, or about US\$20 per capita. In the early 1990s, they may rise to US\$25-30 billion, about US\$30 per person. In the mid-1990s, they may rise again, hovering around the US\$35-40 billion mark, averaging about US\$40 per Chinese.

Sustained political stability, a well thought-out economic development strategy, rapid growth of the economy and a high credit rating in the international community make it easy for China to raise foreign loans for domestic construction.

But in the mid-1990s, demands for repayment will hit a peak. Recollecting the 1982 international debt crisis which erupted in the developing countries raises the question: Will China be able to repay its debts?

To judge whether a country can afford to repay its foreign debts,

various interlinked factors must be examined. First, its debt repayment rate should be calculated. This figure is the total of debts and interest to be paid in a year expressed as a percentage of total foreign exchange earnings from exports, etc. It is internationally agreed that this figure should not be higher than 20 percent.

In the 1980s, China's rate averaged only 8 to 10 percent, peaking at 13 percent. It is estimated that in the early 1990s, China's average rate will rise to 13 to 15 percent, and in the mid-1990s it will go up to 17 to 19 percent. Clearly this will be a crucial period. But it should demand close attention rather than crisis management. All the factors affecting the debt repayment rate will have to be constantly watched: the total debt accumulation, the average debt interest rate, the average duration of debts, and the fluctuation of exchange rates on the international markets.

As raising debts from abroad can be likened to giving a shot in the arm of the national economy, repaying the loans is like draining blood. Raising loans is of course risky. But if the central government strengthens its macro-control and management of loans, channels them into construction projects and links its overseas borrowing with the introduction of foreign technology and equip-

ment, China should benefit.

Therefore further expanding the scope of foreign debts offers more advantage than disadvantage. It should be regarded as an important measure for realizing China's strategy of development towards an export-oriented economy.

When borrowing from abroad, China should choose long-term, low-interest loans. Generally, these should be kept at 30 to 40 percent of total debts, with interest rates averaging 7 to 8 percent and repayment periods of 5 to 7 years.

These loans, however, necessitate an export drive to generate enough foreign exchange to repay the debts. China has great export potential, which needs to be tapped further. Last year China's exports passed US\$30 billion to reach US\$34.603 billion, up US\$7.6 billion on 1986, and a major break from the prolonged stagnation of previous years.

In the early 1990s, China's exports should continue to increase. In the mid-1990s, even though China enters its peak debt repayment period and will have to repay an average of US\$12 billion to 13 billion a year, its exports should have risen to US\$60-70 billion. With a debt repayment rate of between 17 and 19 percent and no unforeseen disasters, China should escape the debt crisis of other developing countries. ■

New Security Services in Beijing

"LIAO WANG"

(Outlook Weekly, Overseas Edition)

Security services have been creating a new trade in China in recent years. Now three such offices have been established in Beijing. Of them, the Beijing Electronic Security Service Company is the most rapidly developing, enjoying brisk business since its opening last July.

Cheng Ke, over 50, the director of the Beijing Electronic Security Service Company said: "Thieves and accidents have a tremendous adverse influence on the functioning of enterprises. But for a long time, security guards in many enterprises could not stop thefts in the factories. Some of the guards were transferred from the workshop and found it difficult to stop acquaintances from taking public goods without permission; and many guards were old, weak, sick, disabled or retired workers incapable of defending the safety of the enterprises."

Cheng Ke said his people can boldly carry out their work because they have no ties of kinship or friendship with workers and no conflicts of interests. Moreover, they have received special training and are capable of dealing with difficult situations.

The guards with the Beijing Electronic Security Service Company are mostly retired policemen and ex-servicemen. Some are young farmers hired from outlying districts. For them, the company has worked out a rigid training plan: no matter how busy they are, they must pledge to train for more than three hours a day.

All guards sent by the company dress in dark blue uniforms and are armed with cudgels and walkie-talkies. The company also provide cars and other necessary appliances. It plans to set up a broadcasting station to keep in contact with the public security bureau and assist public security policemen in maintaining order.

(Issue No. 7, 1988)

Job Seeking and Fair Competition

"GUANGMING RIBAO"

(Guangming Daily)

In assigning jobs to university graduates, some places have begun to implement a system whereby graduates can freely seek jobs of their choice and the employers can hire the best qualified according to their academic record. This is a favourable step in the reform of job assignment on graduation. But the current situation does not embody the true meaning of fair competition, either from the angle of the university graduates or the employers.

One student with a doctorate in advanced polymer chemistry

visited about 10 institutions to seek a job suited to his training. All the institutions said they did not have a vacancy or they did not need people in this field. He wondered why none of them would take him. His speciality was not an out-of-the-way one and some of the units he visited were newly built. They must have been recruiting.

Still perplexed after much thought, he decided to seek advice from some people who graduated earlier. After hearing his story, they laughed heartily. Only people who are introduced by influential friends can find the kind of job they want, they said.

One of them explained his own

path to success. Originally he spent half a year in a futile search for a job. Then one of his friends agreed to handle the matter for him. The friend asked his department head for help, saying he knew someone who wished to work at a certain research institute. One day his head made some casual remarks about the matter to the director of the institute at a meeting. Soon after, he received an offer of employment. It was from a unit that told him that it had no vacancy when he first visited.

(February 1, 1988)

Centre Set Up to Prevent Suicide

"YANGCHENG WANBAO"

(Guangzhou Evening Daily)

China's first suicide prevention centre has been established in Guangzhou, the capital of Guangdong Province.

The centre's organizers aim to foster love and regard for human life, help others and serve society. Guided by this principle, the members of the centre will do the following in their spare time:

— By means of letters, telephone calls and personal encounters, as well as magazines and television, they will try to help people who put little value on their lives or who suffer serious setbacks to straighten out their muddled thinking.

— They will actively coordinate with departments concerned to obtain emergency treatment for people who attempt suicide.

— They will study the problems leading to suicide, write articles about them and suggest ways to guard against suicide.

(February 22, 1988)

Inner Mongolia Seeks Investment

The city of Wuhai in southwest Inner Mongolia encourages foreign investors to develop local resources to boost the area's economic development.

Wuhai is an important coal and chemical centre in China. It has already verified more than 20 kinds of minerals, and its reserves include 4,200 million tons of coal, 267 million tons of cement limestone, and more than 5,000 million tons of silicious clay. In addition, the city is rich in graphite, gypsum, salt and natural alkalis.

The city's mayor, Gao Shou-yao, told this reporter that his city decided to speed up the development and use of its mineral resources by concentrating on raw material processing industries to produce caustic soda, calcium carbide, ferrosilicon and other chemicals in great demand on the world market, as well as the construction of thermal power plants.

He said Wuhai had received a great boost when the state recently approved a coal and chemical centre. With 1,400 million yuan (US\$370 million) invested, it will produce coke, caustic soda, polyvinyl chloride and calcium carbide. Negotiations about foreign funds for the project are under way with the Democratic Republic of Germany.

Last March, the city became one of Inner Mongolia's economic reform trial areas. It has powers to examine and approve projects, including foreign-funded ones involving less than US\$5 million investment. And, of course, preferential treatment will be given to all foreign investors who come to Wuhai.

To strengthen the area's infrastructure, highways, a bridge across the Huanghe (Yellow)

River and a 200,000-kw power plant to be in operation by 1990 are all under construction.

by Yao JIanguo

That Will Do Nicely in China

American Express became the first foreign company to issue credit cards in China at the end of July. Now, all Chinese companies who handle foreign currency can apply for the cards.

They will be issued through the Bank of China, the Communications Bank of China and the Trust and Industrial Bank of China. Effective immediately upon issue, the card can be used to buy plane tickets, pay hotel bills and provide cash.

All American Express card holders in China will also enjoy the treatment of the company's Global Aid Service, said the company's president, which means legal and medical enquiries can be handled in any language.

Although American Express is the first foreign credit card company to issue cards in China, the Bank of China has been undertaking overseas credit business since 1981 and has issued its own Great Wall credit card. ■

No Debt Crisis For China

Although China faces a peak debt repayment period in the 1980s, it should escape a debt crisis, an official from the State Administration of Exchange Control said recently. Adequate arrangements have been made to repay both the capital and interest

on state and collective foreign borrowing.

To judge whether a country can afford to repay its foreign debts, various related factors should be examined. For each year, total repayments should be no higher than 20-25 percent of total foreign exchange earnings from exports and non-trade business.

Although the volume of China's foreign debts has increased at an annual rate of over 30 percent in the last few years, they still amount to less than 15 percent of foreign earnings.

After 1990, repayments will increase, but so will China's exports, and the repayment rate will probably remain at its current level.

To maintain control, China has both a five-year debt plan and an annual debt plan run by special departments responsible for the registration and supervision of foreign debts. If imbalances occur, they have the administrative power to regulate repayment periods of new loans so as to avoid any possible crisis.

In 1985, for example, 41 percent of China's total borrowing were short-term loans. Through government regulation this fell to 22.3 percent in 1986 and 19 percent in 1987—a figure well below the international norm.

The currency structure of China's debts has also altered recently. The percentage owed in Japanese yen and US dollar has dropped while the Hong Kong dollar has risen.

by Yao JIanguo



Mansion Garden Opens to Public

The Royal Gong Mansion Garden in Beijing, often called "Daguanyuan" (Grand View Garden), recently opened to the public after renovation.

The Prince Gong Mansion Garden resembles Daguanyuan, and the similarity has been noted by tourists who have visited both places.

The real Daguanyuan is actually an elegant and beautiful private garden built in the 1980s, according to descriptions in the Qing Dynasty classical *A Dream of Red Mansions*. It was cited as one of the 16 scenes of Beijing.

Situated in the vicinity of Shishahai Lake in the north of Beijing, Prince Gong Mansion was built in 1777-1787. It was originally the mansion of the Great Secretary (the equivalent of a premier today) Hekun in the years of the reign of Emperor Qian Long in the Qing Dynasty. It was later granted to another person and in 1851 passed on to Yisu, Prince Gong, hence the name of Prince Gong Mansion. It offers a truly magnificent scene combining the beautifully styled gardens found south of the Changjiang (Yangtze) River and the bold line of northern architecture.

The whole mansion consists of two parts and covers an area of 60,000 square metres, 28,000 square metres of which is covered by the garden. Surrounded by hills, and streams, the central Zhenyuan Gate is carved with relief designs of Western architecture, and both sides of the lintel are engraved regular scripts of Chinese calligraphy.

The garden is a quiet haven in the noisy city. Entering the central gate, the giant stone Lonely Happy Peak presents an imposing sight in the middle of a road lined

with green trees. A rockery surrounds the hill greeting visitors with the cool sound of water dripping from a moss-covered cave. The garden also has ponds, waterside pavilions, flowing streams, and buildings, and corridors shaded by flowers and trees.

The highest point in the garden, Dazhu Hill, towers above a pond surrounded by rocks, behind which is a deep cave. On the hilltop are three terraced buildings encircled by exquisitely carved corridors named Moon Inviting Terrace.

North of Dazhu Hill is Cloud Forest Studio, its separate houses connected by corridors, like a bat spreading its wings; hence its name Bat Hall. It was delicately built, with windows on all sides.

East of the hill is a theatrical pavilion surrounded by corridors. It is an indoor hall that can accommodate an audience of one hundred, and has a stage only one metre high. The inside walls and ceiling are decorated with coloured paintings of Chinese wistarias. The pavilion will provide the perfect venue for the presentation of a complete set of mansion music which was recently discovered.

The garden also features a little Great Wall, Dragon King Temple, Hill God Temple and farmlands, as well as nearly a hundred houses.

In 1982, the Prince Gong Mansion and Gardens were declared under state protection. At present only part of the site is open to the public. It will be completed around 1990.

by Han Guojian

News in Brief

■ According to statistics the number of overseas tourists visiting Beijing in the first half of

this year was 531,000, an increase of 12.6 percent. Income from tourism reached US\$310 million, an increase of 28.7 percent from the same period last year.

Catering to the needs of the International Year of Travel, Beijing's municipal government decided in January this year to allow visitors to climb up to Tiananmen Rostrum. The Longqingxia Ice-Lantern Festival, Dazhongsi Temple Fair, International Kite Festival, and Dragon-Boat Race; among many other tourist activities, have also been arranged, hosting 4.4 million travellers from both China and abroad.

Special cool summer evening get-togethers will be organized at the Temple of Heaven Park; the Golden Autumn Festival at Yuanmingyuan, International Travel Day and the Dragon Dance Competition will be held in Beijing between August and September.

■ Tourists can now see the relics of the Terra Cotta Warriors and Horses in Xian—the eighth wonder of the world; the Dunhuang Grottoes—a Buddhist art treasury; and visit the Great Wall in Beijing in an eight-day, seven-night tour after arriving in Beijing or Shanghai. This is a new tourist itinerary offered by the China International Travel Service. The special tour operates three charter planes each week and caters for all hotel accommodation.

Before this tour foreign tourists would need at least 14 days to cover this itinerary.

■ Improving tourist services is the first task of the new Shanghai Municipal Tourism Committee. Among the improvements will be more signs in foreign languages at places frequented by foreigners and longer hours of night markets and places of amusement along downtown Huaihai and Nanjing roads.