

A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

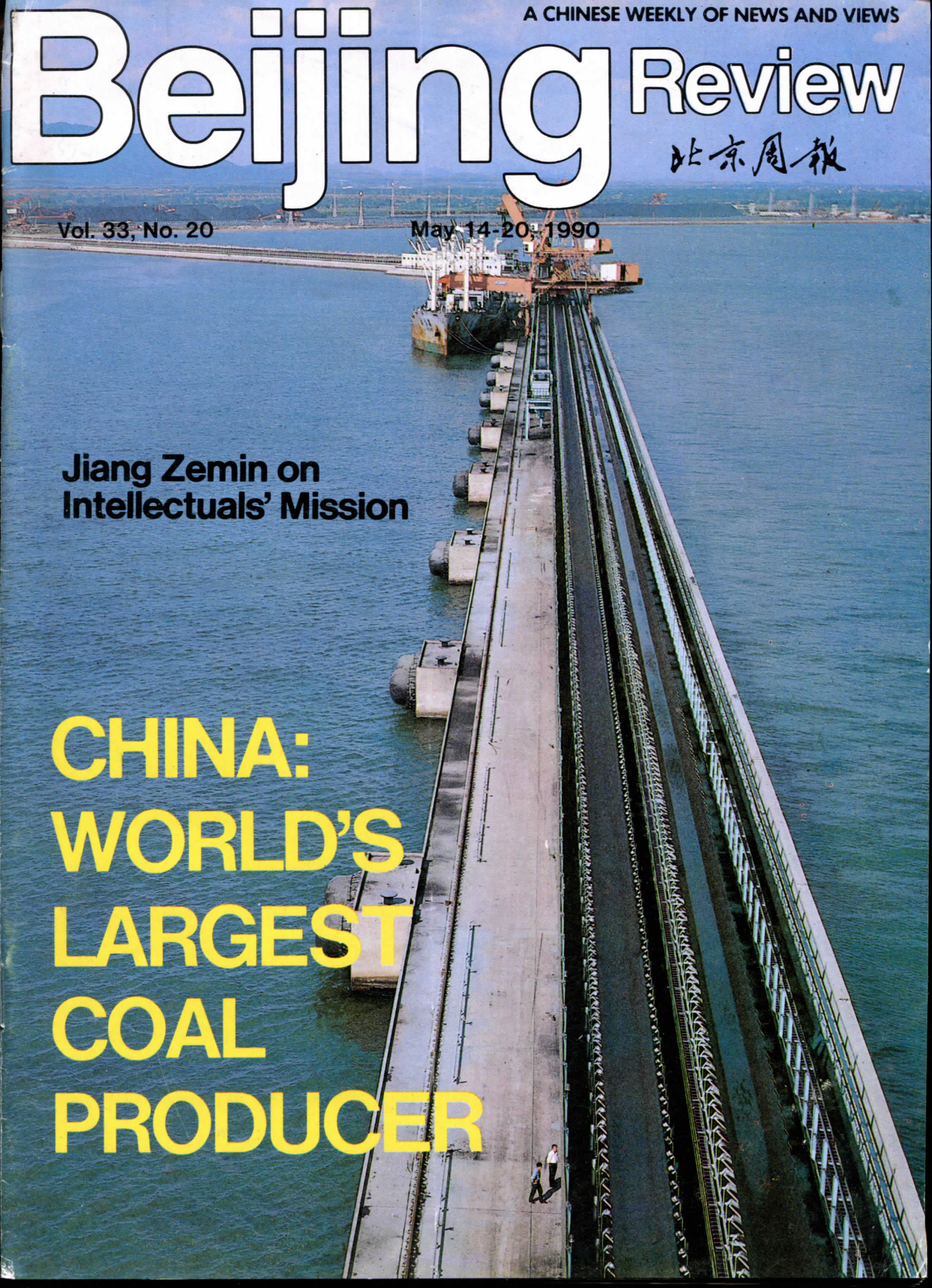
北京周报

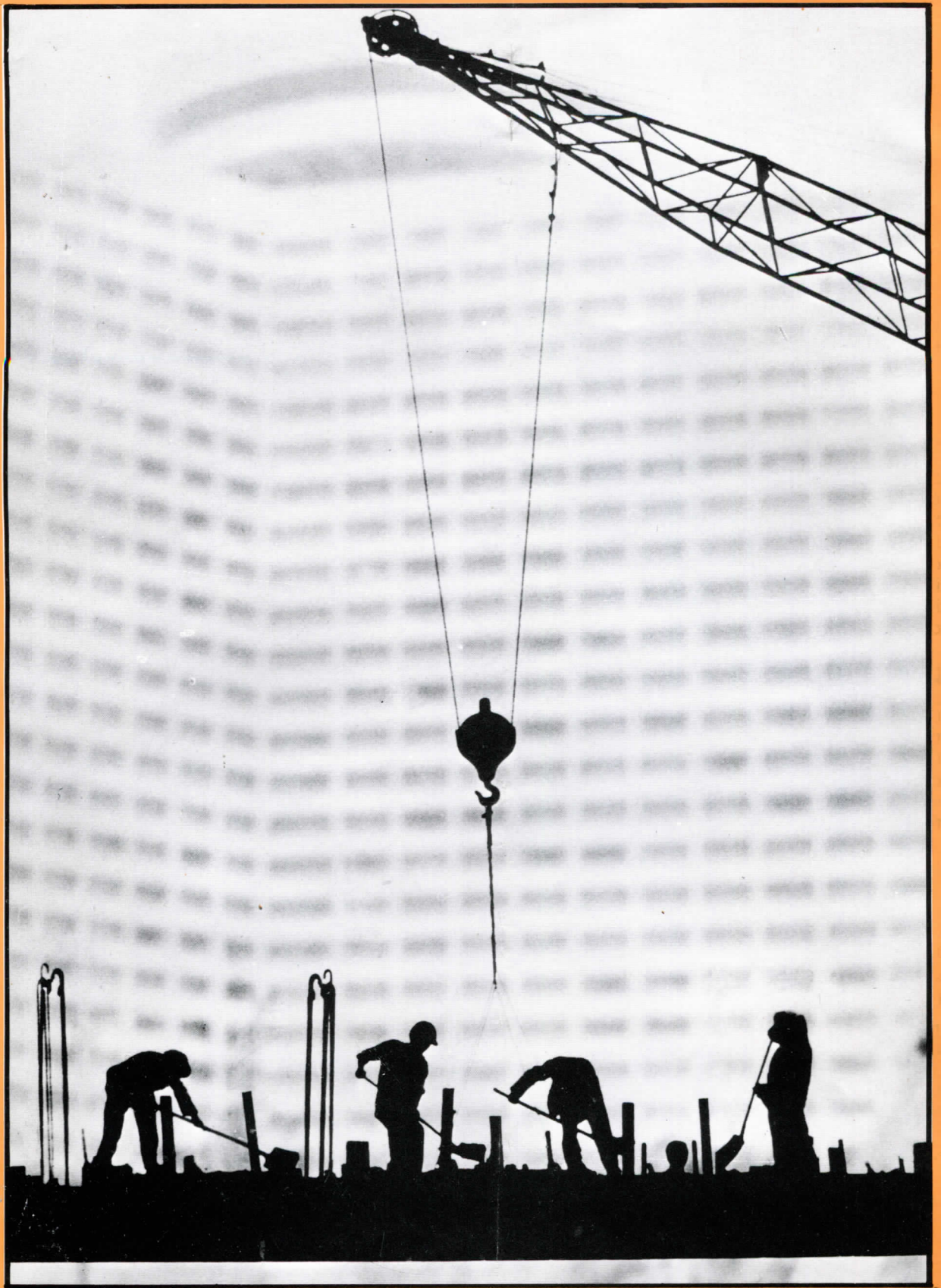
Vol. 33, No. 20

May 14-20, 1990

**Jiang Zemin on
Intellectuals' Mission**

**CHINA:
WORLD'S
LARGEST
COAL
PRODUCER**





A high-rise building springs up.

Photo by Liu Guzi



Capital Construction Slowdown Pays Off

□ The reduction of capital construction and fixed asset investments as a main part of the economic readjustment has produced initial results. As of now, about 18,000 construction projects have been cancelled or scaled back and some 67.5 billion yuan in capital construction investment will be saved over the next few years. Once the reduction is completed, China will increase its investment in urgently needed project to provide a better investment environment for foreign businessmen (p. 17).

Jiang Zemin Praises Intellectuals

□ Addressing a rally in Beijing to celebrate the 71st anniversary of the May 4th Movement, Communist Party General Secretary Jiang Zemin said that Chinese intellectuals play an irreplaceable role in China's socialist modernization. He called on the populace to set great store by knowledge and hold intellectuals in high esteem. The system, he said, should be improved to give full play to the intellectuals' wisdom and creativity (p. 5).

Law's Role in Peace, Development

□ Some 1,500 jurists from 65 countries and regions attended the 14th World Law Conference held in Beijing from April 23 to 27. The participants agreed that law should serve peace and development and free mankind from war and poverty. This was the demand of our times and the aspiration of the people the world over (p. 22).

US Arms Control Policy

□ The Bush administration has begun planning the next round of arms negotiations since it is only a matter of time before the United States and the Soviet Union sign treaties to cut their strategic weapons and reduce conventional forces in Europe (p. 8).

A Major Coal Producer in the World

□ China produced 1.05 billion tons of coal in 1989, but coal supply still fails to meet the domestic need. The state will continue to give priority to the coal industry in investment in the 1990s so that by the end of this century, the nation's annual coal output will reach 1.4 billion tons (p. 13).

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COVER: The newly built coal dock of Qinhuangdao Port mainly handles coal for export and coal to be transported from Shanxi and Inner Mongolia to south China.

Photo by Su Junxiong

Unless written by Beijing Review correspondents, the opinions expressed in signed articles do not necessarily reflect the view of the Beijing Review editorial board.

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New Chapter in Sino-Latin American Friendship

by Our Guest Commentator Lin Liangyou

Chinese President Yang Shangkun will visit Mexico, Brazil, Uruguay, Argentina and Chile between May 15 and May 30 at the invitation of the leaders of the five Latin American countries. The first by a president of China since the founding of New China in 1949, the state visit is a major event in the history of Sino-Latin American relations and significant in promoting mutual understanding, strengthening friendship and co-operation and pushing bilateral relations to a new level.

With their developing economies and progressive society, Latin American countries are now playing an important role in international affairs. In the early 1960s, they proposed that Latin America be a nuclear-free zone and opposed the arms race. This was especially appreciated and supported by the international community.

In the 1970s, Latin American countries launched their campaign to safeguard off-shore boundaries of 200 nautical miles. They have gained gratifying results in safeguarding their own legitimate rights and interests and rationally exploring and using marine resources.

During the 1980s, Latin American countries made unremitting efforts to resolve the foreign debt problem, promote economic development, peacefully settle the conflicts in Central America, realize peace and stability in their region, encourage North-South dialogue, strengthen the non-aligned movement and South-South co-operation and establish a new international economic order. They have made major contributions towards safeguarding world peace and promoting the development of mankind. Latin American nations have become a force that cannot be ignored on the current international stage.

In spite of vast oceans between them, China and Latin America have had friendly exchanges since ancient times. As early as the 16th century, the Sea Silk Road opened by the famous "Boat of China" facilitated the flow of trade and culture between China and Latin America.

The founding of the People's Republic of China opened new vistas for the development of relations between China and Latin America. Today, China has diplomatic relations with 18 Latin American countries. It also trades and exchanges personnel with those Latin American countries or regions that do not have diplomatic relations with China.

In the 1980s, friendly co-operative relations between China and Latin America entered a period of over-all, healthy and constant development. During that period, 10 Latin American heads of state and six government leaders as well as ministers and organizations visited China. Chinese leaders have also visited Latin Ameri-

can countries many times. These high-level mutual visits have significantly promoted mutual understanding and strengthened Sino-Latin American friendship and relations.

At the same time, trade volume between China and Latin America has kept growing. Last year's total trade neared a record US\$3 billion. Moreover, China and Latin American countries have developed effective economic and technological co-operation. China and Latin American nations have also made remarkable achievements in cultural and technological exchanges.

Both China and Latin America have a history of being oppressed and exploited and are now confronted with the urgent task of developing their national economies. Therefore, because China and Latin America have common interests in many fields, there are no fundamental differences between them. China and Latin American countries are true friends that can trust each other, co-operate with each other and support each other.

Both China and Latin American countries cherish their hard-won independence and sovereignty. China understands and firmly supports the just struggle of Latin American countries against power politics and external intervention.

Both China and Latin American countries love peace. Although East-West tensions have now eased, unstable factors still exist. To achieve and safeguard world peace is still the common task of all countries. And China and Latin American countries are an important force to safeguard world peace.

Both China and Latin American countries are making efforts to develop their national economies and are exploring the proper development road that accords with each nation's specific situation. China's policy of openness is directed towards the entire world. China is not only open to developed countries, but also to all developing nations including Latin American countries. China supports the efforts of Latin American nations to solve the foreign debt problem, strengthen regional unity and co-operation and to promote integration and modernization.

However the world situation changes, China will always attach great importance to Latin American countries. China's principle of establishing and developing friendly and co-operative relations, on the basis of the Five Principles of Peaceful Coexistence, with all Latin American countries, including those that have no diplomatic relations with China, will not change. This will be best manifested by the Chinese president's visit to the five Latin American countries.

President Yang's visit to the five Latin American countries will surely promote significantly the development of Sino-Latin American relations. ■

Jiang Praises Intellectuals

Chinese intellectuals, as part of the working class, are playing an irreplaceable role and are assuming great responsibilities in China's socialist modernization, said Communist Party General Secretary Jiang Zemin.

Addressing a rally marking the May 4 Movement in Beijing, Jiang said it would be unimaginable to raise productivity and change China's economic backwardness without the creative work of intellectuals, particularly scientific and technological experts. The May 4 Movement was a patriotic youth movement launched by students 71 years ago to fight imperialism and feudalism and to pursue democracy and science.

Chinese intellectuals, Jiang told the May 3 rally, are at the important tasks of raising the nation's moral, scientific and cultural qualities and bringing up a new generation of people who are politically aware, morally-sound, well-educated and disciplined.

Intellectuals are also required to make painstaking efforts to enhance theoretical research on China's democracy and improve its democratic system, the general secretary said.

At central and local levels, intellectuals play an increasingly outstanding role in policy-making, and implementing the various Party and government policy decisions, Jiang said.

"In carrying out the modernization programme and the policy of reform and opening

to the outside world, we have become more and more aware that the Chinese people have never before set so extensive and urgent demands on the intellectuals as today."

The Party leader also praised China's intellectuals who now number more than 20 million as "an excellent contingent supporting the four cardinal principles and the reform and open policy, and capable of making great achievements."

Young intellectuals, who make up almost half of China's intellectual population, are, on the whole, good and trustworthy, he noted.

"The great majority of them love the motherland, the people and socialism," he added. "They study hard, are highly motivated for constant improvement, and have a genuine desire to work for a strong and prosperous China."

At the same time, Jiang pointed out that there exist in young people some shortcomings and deficiencies due to their lack of experience in life.

He urged China's youths to carry forward the tradition of patriotism.

Today, patriotism finds its expression in devotion to building and safeguarding the cause of socialist modernization and in promoting the cause of China's reunification, Jiang said in his speech.

Regarding the Party's work with intellectuals, Jiang said, "How much the intellectuals' creativity and enthusiasm is brought into play is an important yardstick to test the Party's art of leadership, and one

of the determinants for our socialist cause."

Jiang admitted that there were still many problems, including inadequate attention to the work of intellectuals and improper use of intellectuals, which had hampered the ardour of talented people. He also mentioned that much remained to be done to improve the working and living conditions of intellectuals.

Jiang stressed that freedom of academic, literary and artistic creation should be advocated. Intellectuals should be encouraged to study practical problems in China's construction and reform. And they should be encouraged to draw on progressive ideas from foreign countries, he said.

It is also necessary to encourage intellectuals to emancipate their minds, express their views freely and create an atmosphere favourable to bold exploration and innovation, the Party leader continued.

"Academic disputes on scientific and cultural issues must not be subjected to official sanction," Jiang added.

The general secretary called for a good environment to respect knowledge and intellectuals and an improved system designed to give full play to their wisdom and creativity. He urged local Party committees and governments to try their best to provide better working and living conditions for intellectuals.

Jiang then told the 3,000 young people attending the rally that they were the future of China.

"The 21st century belongs to you. The historical task of building Chinese socialist modernization will be passed on you." ■

Pudong Beckons to Investors

For aspiring investors the world over looking for new outlets for their capital, Pudong District, a newly designated 350-square-kilometre development zone in Shanghai, looks like the right place to be.

Located where the Yangtze River empties itself into the East China Sea and skirted by water on three sides, Pudong is endowed with favourable conditions for the construction of port and water transportation facilities.

At a news conference on April 30, the Shanghai government issued 10 policies designed to attract foreign investors and boost development of Pudong. Among the policies: Enterprises with foreign investment will enjoy tax reductions or exemption; foreign businessmen will be allowed to build energy and transportation projects such as airports, ports, railways, highways and power stations; foreign-funded banks will be established in Shanghai, including the Pudong District; entrepot trade will be allowed in part of the district; and land will be up for lease lasting 50 to 70 years.

With Pudong's relatively low population density, it will cost less to resettle residents to make room for industrial development. The district's available industrial foundation and public utilities such as tap water, telephones, natural gas and electric power are currently being expand-

ed.

Lujiazui, a western Pudong area of about five square kilometres facing Shanghai's Bund across the Huangpu River, has been designated a new financial and trade centre. Local experts believe that, with the addition of Lujiazui, the Bund, which is to Shanghai what the Wall Street is to New York, will emerge as a brand-new financial centre in Asia.

Waigaoqiao, which is in the northeast of Pudong and has a coast line of seven kilometres, will be turned into a big harbour. It's close proximity to the Yangtze River estuary makes it convenient for ocean freighter to navigate up the river directly into inland China.

To improve transportation between Pudong and downtown Shanghai, a number of bridges over the Huangpu River have been designed, some of which are already being built. A total of 19 ferry boats are now in operation.

According to a local official, there will be three stages in the whole development period. From now on till 1995, the development of transportation, a port and a power station will be stressed. In the five years before 2000, a preliminary industrial setup will take shape. Within 20 to 30 years after 2000, development will come into full swing and Pudong will become a new symbol of Shanghai in the

21st Century.

This grandiose blueprint has already received initial response from the world business community. Business people from the United States, Japan and Taiwan have flocked to Pudong to see for themselves. Some Japanese banks and enterprises have formed groups to survey the zone.

In the wake of China's special economic zones, Shanghai will be the first Chinese city to open to foreign financial operations, said Shanghai Mayor Zhu Rongji.

Shanghai, he added, has a profound industrial foundation and strong scientific and technological resources. It is also strategically located in China. These are all favourable conditions for the development of Pudong, he said.

The mayor predicted that in several years' time, Pudong will become a burgeoning foreign invested zone with an ideal investment climate and attractive investment policies. ■

Mongolian Hural Leader in Beijing

On May 4, President Yang Shangkun met with Punsalmaagiin Ochirbat, chairman of the Presidium of the Great People's Hural (parliament) of Mongolia, who was in the Chinese capital for a three-day official goodwill visit at Yang's invitation.

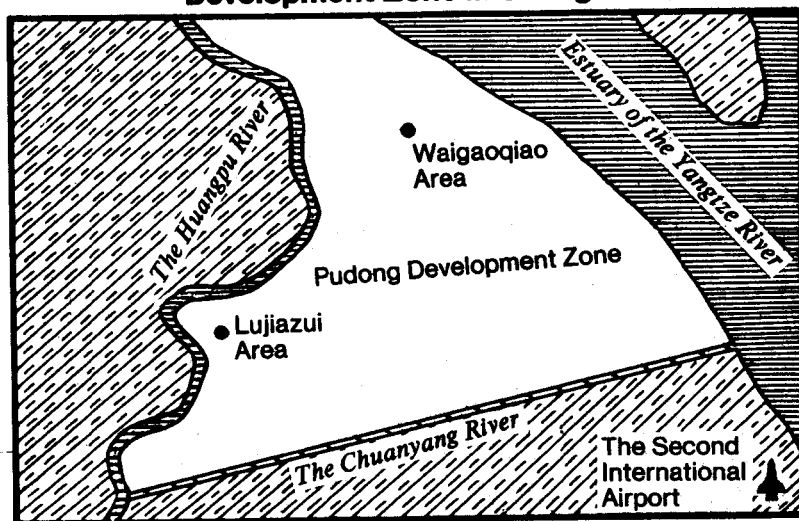
During their meeting, Yang noted that in 1960 China had signed a treaty of friendship and mutual assistance with Mongolia, which showed China's sincere desire to develop friendly relations with Mongolia.

Yang said he believes Ochirbat's visit to China, the first one by a top leader of Mongolia since 1962, will consolidate and further develop friendly relations between the two countries.

Ochirbat told Yang he was happy to have the chance to meet Chinese leaders. Friendly Mongolian-Chinese relations, he said, were in the basic interests of the people of both countries.

"We hope such relations will develop continuously," he added.

Diagram of the Proposed Pudong Development Zone in Shanghai



At a welcoming banquet, Yang told his Mongolian guests that diplomatic relations between the two countries have developed greatly during the past 40 years, although there had been some setbacks.

"We are happy to see that both the state and Party relations between China and Mongolia have been normalized in recent years and the political, economic, cultural and scientific and technological exchanges between the two sides have developed as a result of joint efforts," Yang said.

Chinese Premier Li Peng also held talks with Ochirbat.

China, Li said, is willing to develop friendly relations and conduct equal and mutually beneficial economic co-operation with Mongolia on the basis of the Five Principles of Peaceful Coexistence.

China and Mongolia should not intervene in each other's internal and Party affairs, Li said.

The Sino-Mongolian border should become a peaceful one, the premier added. "We wish the Mongolian People's Republic prosperity."

The premier noted that China and Mongolia were both socialist countries and because they are building socialism under different conditions, they should respect each other in this regard.

While briefing the visitors on China's domestic situation, Li said political stability is the prerequisite for development in developing countries.

Regarding Mongolia's foreign policy, Ochirbat said, his country attached importance to the development of friendly and co-operative relations with its two neighbouring countries, China and the Soviet Union. Mongolia also feels that developing contacts with the Asian-Pacific nations is important, he added.

During their talks, both Yang and Li accepted Ochirbat's invitation to visit Mongolia.

Communist Party General Secretary Jiang Zemin met Ochirbat on May 5 and told him that his visit was a major event in the history of Chinese-Mongolian relations. ■

Martial Law Lifted in Lhasa

The martial law imposed more than a year ago on Lhasa, capital of the Tibet Autonomous Region, was lifted as of May 1.

A State Council order signed by Premier Li Peng on April 30 stated: "In view of the fact that the situation in Lhasa has become stable and social order has returned to normal, the task of enforcing martial law in the city has been successfully fulfilled."

As the order went into effect, martial law enforcement troops began to withdraw from the city at midnight, April 30.

Before leaving, the troops paraded in the square in front of the Jokhang Monastery, saluted the national flag and bid goodbye to local well-wishers.

Local Tibetans treated the departing soldiers with liquor and traditional buttered tea. They also presented "hada," white silk scarves given as a traditional token of respect.

Martial law was imposed in Lhasa on March 8, 1989, in accordance with a State Council decision following continuous riots created by a handful of separatists that had seriously jeopardized the region's social stability.

Since martial law was imposed, stability has been restored and daily life returned to normal, said *People's*

Daily.

This is coupled with favourable developments in the region's economy over the past 12 months, especially in agriculture. Grain output reached 530,000 tons, an all-time high in Tibetan history.

The region's industrial output value rose by 9.4 percent to reach a total of 220 million yuan (US\$46 million) in 1989. Not included in the figure were handicrafts, which brought in 41 million yuan (US\$8.6 million).

Backed by economic developments, the volume of Tibet's import and export topped US\$30 million last year.

The average per-capita annual income of farmers and herdsmen reached 397 yuan (US\$84) last year.

Currently, construction of a number of energy, communications, agricultural and religious projects has picked up speed, including the overhaul of the Potala Palace, with a special state allotment of 35 million yuan (US\$7.3 million).

Business went on as usual in Lhasa on the evening of April 30, when the lifting of the martial law was announced in the news programme of a local TV station. The next day, the city celebrated the International Labour Day as did elsewhere in China. ■



Local well-wishers present "hada" and give a farewell drink to the departing soldiers.

SO LONG

US Tactics Employed in Arms Control Talks

by Hu Yumin

More and more evidence has indicated that US President George Bush is determined to sign a treaty to cut strategic weapons by half and one to reduce conventional forces in Europe. These two treaties will lead to a considerable reduction in the level of military confrontation between the East and West and usher in a changed US-Soviet relationship. Meanwhile, the United States and the Soviet Union are close to concluding agreements cutting chemical weaponry and verifying the implementation of the treaty on limiting underground nuclear testing. During his presidency more arms control agreements are likely to be signed than during any other, making Bush one of the most accomplished US presidents since World War II.

Accomplishments

Bush arrived in the White House on January 20, 1989, a time when the international situation was undergoing drastic changes, presenting both opportunity and challenges to his arms control policies. In a little more than a year's time, the Bush administration adopted a series of noticeable steps and had won the upper hand in rivalry with the Soviet Union.

In the first place, Bush ordered a re-examination of Washington's arms control policies. After his inauguration, Bush was cautious in adopting major measures in arms control talks with the Soviets, because he thought his policies had not yet taken shape and that the time was not ripe for him to advance any initiatives.

At that time, East-West tensions eased as a result of the signing and implementation of the treaty on reducing the two superpowers'

intermediate-range nuclear forces. However, voices of protest within the administration and US Congress against strategic arms cuts were still loud. The Congress, dominated by Democrats, could take advantage of any mistakes the Republican Bush might make. The still uncertain political situation in the Soviet Union prompted skepticism in military and political circles in Washington. West European allies in the North Atlantic Treaty Organization, suspicious of any secret deal between the two superpowers without their participation, opposed any reduction in their strategic forces before the threat of Soviet conventional forces was removed.

Under the circumstances, Bush adopted a wait-and-see attitude. He postponed the resumption of the 11th round of US-Soviet talks on strategic weapons and ordered the US delegation to hold its ground in the European conventional forces talks. While reviewing US arms control policies, Bush shuffled between the US government and Congress and the allies to co-ordinate their policies.

After a period of observation, Bush decided to put the emphasis of negotiations with the Soviets on conventional disarmament. This is due in part to the West European countries' strong demand that the threat of Soviet conventional arms be removed and in part to Moscow's concessions in conventional disarmament talks.

After announcing a unilateral cut of 500,000 troops in late 1988, the Soviet Union unexpectedly accepted in March 1989 the proposal that both NATO and the Warsaw Pact cut the number of their tanks to 20,000. Under the plan, the Warsaw Pact would reduce 33,000 tanks in return for NATO's dis-

mantling of 3,600.

In response, while attending a NATO summit last May, Bush advanced a "four-point plan" to accelerate the European conventional disarmament process. The proposal suggested that both the United States and the Soviet Union reduce their European-stationed troops to 275,000 and their fighter planes and helicopters to a level that was 15 percent lower than the current NATO strength. The proposal also suggested that an agreement on European conventional disarmament be reached within six to 12 months, and that it be implemented before 1993.

The plan accepted the Soviet stand that fighter planes, helicopters and troops be included in negotiations, which greatly narrowed the gap between the two sides, and proposed a date for signing the agreement seven years earlier than the Soviet version. This changed the passive image of the United States in negotiations.

Bush then sped up the negotiation process. The progress of conventional disarmament talks and Soviet concessions in strategic arms talks prompted Bush to bring strategic arms talks "back into the limelight." Agreement between the Soviet Union and the United States was reached on the number of tanks, armoured personnel carriers and helicopters in September 1989, when the third round of European conventional arms talks ended. In that same month, during a meeting between Soviet Foreign Minister Eduard Shevardnadze and US Secretary of State James Baker, the Soviet Union made two major concessions in strategic arms talks. First, it dropped its insistence on the linkage between the signing of a treaty on strategic arms and a solution to the problem

of space weapons. Second, it agreed to separate sea-based cruise missiles from the treaty to be dealt with independently.

To test the waters in Moscow, Bush invited Soviet President Mikhail Gorbachev to an informal summit in Malta last December. Gorbachev's attitude towards the events in Eastern Europe convinced Bush that the "optimum opportunity" for a breakthrough in arms control talks had come. In Baker's words, "If you're not certain about Gorbachev's future, that is all the more reason to move quickly to lock in these arms control agreements, which will bind his successors." In this light, Bush decided to accelerate the negotiation process and to strive for the signing of a treaty on cutting strategic weapons in half a year's time.

Tactics

Throughout US-Soviet negotiations, Bush has followed the policies of the Reagan administration in key areas. Admittedly, almost all of the results his government has achieved so far have been largely due to concessions made by the Soviet Union. Still, Bush has used different tactics in the talks than his predecessor.

Bush has insisted on seeking a low-level balance with the Soviet Union in areas where Moscow enjoys an edge over Washington through "asymmetrical reductions." The purpose of the United States was to heighten its superiority in weaponry, extend its strategic initiative and strengthen its position as a military superpower.

Because of the Bush administration's "common ceiling" policy over the military strength in Europe, the Warsaw Pact agreed during conventional disarmament talks to reduce the number of its tanks by eight times more than NATO, and the Soviet Union agreed to withdraw 300,000 more troops from Europe than the United States. This will basically remove the Soviet Union's capability to launch a massive conventional

attack on NATO.

In chemical disarmament talks, the Bush administration successfully persuaded the Soviet Union to agree to a trade-off. That is, the United States will eliminate 24,000 tons of obsolete weapons while the Soviet Union cuts 44,000 tons of weapons that are still in use. The Soviets also allowed the US government to preserve the right of producing new binary chemical weapons until an international agreement on completely banning the production and use of chemical weapons was reached. The trade-off will alter the US government's subordinate position in the field of chemical weapons.

In talks concerning the reduction of strategic weapons, the Soviet Union has agreed to reduce 2,000 more missile warheads than the United States. This will result in the Soviet Union losing half of its SS-18 missiles and warheads, which have the capability of hitting targets in the United States. Such a situation will enable US land-based missiles to outlast any Soviet offensive, and the balance between the two superpowers in nuclear strength will alter in favour of the United States.

However, when negotiations switched to areas where the United States has kept its superiority, the Bush administration refused to negotiate. For example, although Gorbachev has repeatedly stressed the importance of reducing the strength of each superpower's navy, and at last December's meeting in Malta appealed for the establishment of a "non-nuclear Mediterranean," Bush ignored the requests. On the contrary, US sea-based cruise missiles have been successfully excluded from the agreement on strategic weapons reduction. As well, in order to establish an offensive and defensive nuclear strategic system, the Bush administration has refused to make any concessions to Soviet demand to scale back on space weapons.

In its efforts to remove Soviet threat to the West, the US govern-

ment has tried to trim its rival's military strength. But at the same time, dramatic changes in Eastern Europe and the process of German unification have required the United States to co-operate with the Soviet Union to prevent the situation from getting out of hand.

Earlier this year in February, Bush suggested limiting the number of US and Soviet troops in Europe to 195,000 per side, which was 80,000 fewer than the number he had suggested last year and 150,000 fewer than what the Soviet Union suggested. Bush also proposed that the Soviet Union allow the United States to station another 30,000 troops in Britain and southern Europe. This proposal appears unreasonable. But Bush has his own reasons for suggesting it.

The Soviet troop withdrawal from Europe has become an irreversible trend since the dramatic changes in the Eastern Europe. A total of 127,000 Soviet troops stationed in Czechoslovakia and Hungary are expected to be withdrawn within a year and a half, and the date for reducing 400,000 Soviet troops in the German Democratic Republic and Poland is approaching. In view of these developments, whether the Soviet Union can keep 195,000 troops in Eastern Europe in the coming years remains a question. Bush's suggestion to reduce the maximum number of troops stationed in Europe apparently is to put the Soviet Union on an equal footing with the United States and to ease the pressure under which Moscow has to unilaterally withdraw troops. But what is more important is that by setting up the "common ceiling," Bush legalized the continuing stationing of US and Soviet troops in Central Europe in the hope of future co-operation with Soviet Union to influence German unification. Because Bush's proposal reflected Gorbachev's wishes, the Soviet Union barely hesitated in accepting it completely on February 19.

Co-ordinating its policies with its allies is the main way the US

government strengthens its position in negotiations with the Soviet Union. At the same time, out of its long-term strategic need, Washington wants to adjust its security relations with Europe.

To face a reduced US military presence in Europe and increasingly complicated relations with Britain, France and West Germany on security matters, Bush must adjust his foreign policy. It now is directed towards West Germany.

In order to gain the support of West Germany in negotiations with the Soviet Union, Bush broke the routine of the Reagan administration when the meeting in Malta ended. The usual procedure was to give details of the meeting to the leader of Britain first, but Bush talked with West German Chancellor Helmut Kohl first. The US president encouraged West Germany to play a more important role in Europe and promised to make concessions to Bonn on renewing NATO's short-range missiles. After leaving Britain out in the cold, Bush then tried to mend relations with British Prime Minister Margaret Thatcher, who had warned him that an overly rapid process towards disarmament would create new risks. The Bush administration had consulted with Britain before it proposed to establish a ceiling on the number of American and Soviet troops in Europe. Britain finally agreed to Bush's maximum ceiling of 195,000 although it contended that that should be the lowest number. In order to avoid arguments with Britain over Thatcher's demand that British troops always be stationed in Germany and the French demand that it retain its advantageous position in dealing with Germany, the Bush administration resisted Soviet pressure to include 120,000 French and British troops in West Germany as part of the United States' contingent of troops stationed overseas.

Prospects

Now, two draft treaties on re-

ducing strategic weapons and conventional forces in Europe have nearly been completed with major obstacles basically removed. Despite critical opinion from the US Congress on some items, most members feel the treaties are in keeping with the United States' strategic interests. Provided there are no unforeseen developments, the signing and approving of the treaties can be expected. So the Bush administration has begun to formulate the next phase in disarmament negotiations while continuing the current negotiations and removing minor obstacles.

By its geopolitical strategy, the United States has always tried to block any other power, the Soviet Union or Germany, from dominating Europe. Now that the Soviet influence in Europe has been further weakened and the two Germans have sped up the process towards unification without signing peace treaties with their neighbouring countries, the United States will try to safeguard the delicate balance, seeking to restrict Germany from expanding militarily and in the area of security.

To this end, the United States is considering to couple Europe's disarmament course with its future security arrangements. Therefore, it's possible that the United States will focus on limiting arms in Germany after unification during the second phase of negotiations on conventional disarmament in Europe. The United States will also back the Soviet Union in keeping a small number of troops in the eastern part of Germany and safeguarding its strategic passageway to Germany through Poland. Washington will seek to maintain the balance of military forces of all parties, including establishing the position of East European countries in a security set-up with Soviet co-operation.

The Bush administration's "Report of the Secretary of Defence to the President and the Congress in 1990" indicates that the United States will further reduce its arms;

its defence spending in 1991 will be US\$303.3 billion, 2 percent lower than that of 1990; and troop levels will drop to 2.04 million from 2.077 million. Afterwards, the United States will continue arms reductions. The report also points out that because "an aggregate military capability (of the Soviet Union) continues to pose a potential threat to the interests of the United States and its allies," the United States must utilize its superiority in technology and weapons. While continuing arms reductions on both sides, Washington will try to strengthen its superiority in the structure and quality of its arms. To vie for superiority in high technology is the most important means by which the United States hopes to keep its deterrent capacity. The United States will maintain its tough position on space weapons, continue to develop new nuclear weapons and be opposed to negotiating comprehensive nuclear test bans.

The United States feels the unprecedented political changes in the Soviet Union and changes in the power balance have made the superpowers increase their understanding and co-operation in seeking their common goals. Those goals include reaching further treaties on arms control, strengthening confidence-building measures and reducing military confrontations. This will expand the foundation for constructive dialogue and co-operation, prompt the two superpowers into establishing a new strategic relationship in Europe and in the world, and co-operate in dealing with regional conflicts.

For this reason, the United States will try to formulate "a strategically farsighted and politically acceptable plan to the Soviets." As for conventional disarmament in Europe, the United States will try to recognize that the Soviet Union has extremely important national interests in Democratic Germany in return for the Soviet withdrawal of troops in a way that is reassuring to the East Europeans.

In the field of international and

multilateral arms control, especially the questions of nuclear and chemical weapons and missile non-proliferation, the United States will seek co-operation from the Soviet Union in order to exert pressure on other countries, especially third world nations. Some US experts on arms control advance the theory that because the Soviet Union wants naval forces reduced, the United States will be able to scale back on the number of its aircraft carriers in return for the Soviet Union cutting back on the number of its offensive submarines. In order to build a new strategic relationship with the Soviets, the United States needs to back Moscow's current policies and maintain the momentum in disarmament talks. By doing this, the United States will make it difficult for Gorbachev's successor to reverse the disarmament process.

In general, two factors have allowed Bush to pursue his arms control policy the Reagan administration laid the foundation and, more importantly, the Soviet Union readjusted its foreign policy.

Bush, however, faces some difficult problems. The Soviet Union is, after all, a superpower which can match and destroy the United States. Still unsettled is to what degree the Soviet Union will allow the United States to gain in superiority, especially in the development of a space-based anti-missile defence system, otherwise known as "Star Wars" programme. The United States wants to strengthen its military competitive mechanism to gain superiority while, on the other hand, it also needs to restrict the mechanism in order to establish its new strategic relationship with the Soviet Union. This has created many differences of opinion on policy inside the Bush administration. Because the Western allies have failed to agree on a long-term objective, their differences will become more prevalent as disarmament negotiations continue. Prospects of new turbulence in Europe and other regions will also expose Bush's policy on arms control to more risks and force his administration to meet more challenges. ■

Kenya Benefits from Co-operative Movement

by Zeng Qiang

Kenya is one of the few African countries that have achieved remarkable economic progress since independence. Its economic prosperity and social stability can be attributed in part to its co-operative movement.

History

The modern co-operative movement originated in Britain in the mid-1800s and was introduced into Africa by British colonialists. The first co-operative society was established in Kenya in 1908 and more emerged in succeeding years. Almost all these co-ops, however, were run by white farmers and planters for their own benefit. After the 1930s, some black farmers formed co-operative societies of their own but few of these succeeded due to the lack of managerial skills and support of the government.

After Kenya became independent in 1963 the co-operative movement developed rapidly because the government, which regarded the co-ops as essential to its economic development strategy, adopted a series of efficient measures to promote it. The number of co-operative societies in Kenya in 1963 was 1,030. Now there are more than 5,000, while members of the societies have increased to 2 million from 200,000. It is predicted that by the year 2000, there will be 7,000 registered co-operative societies. The co-operative societies have played an important role in Kenya's national economy. Half of

the country's gross domestic product comes from these communities, which monopolize 60 percent of the coffee and sugarcane production, 80 percent of the Dalmatian chrysanthemum production, 95 percent of cotton production and 80 percent of milk products.

Functions

Co-operative societies were established to handle economic affairs. Their aim is to give full play to the collectives to help individuals overcome transportation problems, obtain capital and market information and avoid exploitation by middle men. The societies encourage their members to make joint investments in large transport vehicles. They have also introduced an internal depositing system in which members can apply for loans at interest rates much lower than the general commercial rates. The societies have set up departments to provide information on markets and development to their members and are responsible for the selling of their products and the purchasing of materials.

A four-tier system of co-operative societies has developed during the more than 20 years since Kenya became independent:

1. Primary co-operative societies are generally formed according to the crops they grow — cotton, coffee or maize. For example, societies growing coffee are known as coffee primary co-operative societies.

2. District co-operative unions

comprise all the primary co-operative societies in a province. The unions' functions include storing all crops sold to them by the primary co-operative societies, arranging agricultural capital and loans and training management personnel.

3. Countryside co-operative unions form the third tier. They act as umbrella organizations for the district union handling commodities. They are divided into specialized enterprises according to the crops they manage. Their responsibility is to help subordinate societies turn agricultural products into commodities. The countryside unions are in charge of collecting agricultural products purchased and stored by district co-operative unions and to help in the processing, packing and selling (including export) of the products.

4. Kenya's National Federation of Co-operatives is the highest institute in the co-operative system. It is responsible for guiding the development of the co-operative movement and represents all the co-operative organizations in establishing relations with international co-operative organizations. Its tasks also include providing education and training in regard to co-operative movements; improving equipment at every processing factory; providing insurance and auditing services for subordinate co-operatives and publishing its findings.

Measures to Improve Co-ops

The Kenyan government has taken a series of measures to promote the healthy development of the co-operative movement.

First, in 1974, the government established the Ministry of Co-operative Development to provide over-all guidance to the movement. The ministry, in

charge of co-ordinating the relationship between co-operative organizations and government departments, implements the government's intentions mainly through Kenya's National Federation of Co-operatives.

Second, under an agreement with the five Nordic countries, the Co-operative College of Kenya was set up in 1967 to train professional personnel for the co-operative movement. The Nordic countries helped Kenya by providing capital and equipment and teachers and advisers. Currently, the college offers courses in finance and accounting, banking, management, market and co-operative law. It also runs short-term management training courses.

Third, the government established the Co-operative Bank of Kenya in January 1968. The share capital of the bank has increased to 80 million shillings from 30.9 million shillings in its early period. The bank handles deposits of co-operative organizations at all levels, and its loans are only used to develop co-ops. Since its founding, the bank has provided loans totalling 1.3 billion shillings.

Fourth, the government actively seeks international technical assistance and guidance for the co-operative movement. After independence, Kenya signed such agreements as the Nordic Project with the Nordic countries to acquire teachers and support in management, planning, financial affairs and accounting. The Co-operative College of Kenya alone has received 12 million shillings in grants. Moreover, the Kenyan government has received international assistance supported by the World Bank.

Achievements

The co-operative movement has promoted social development and economic prosperity in Ken-

ya.

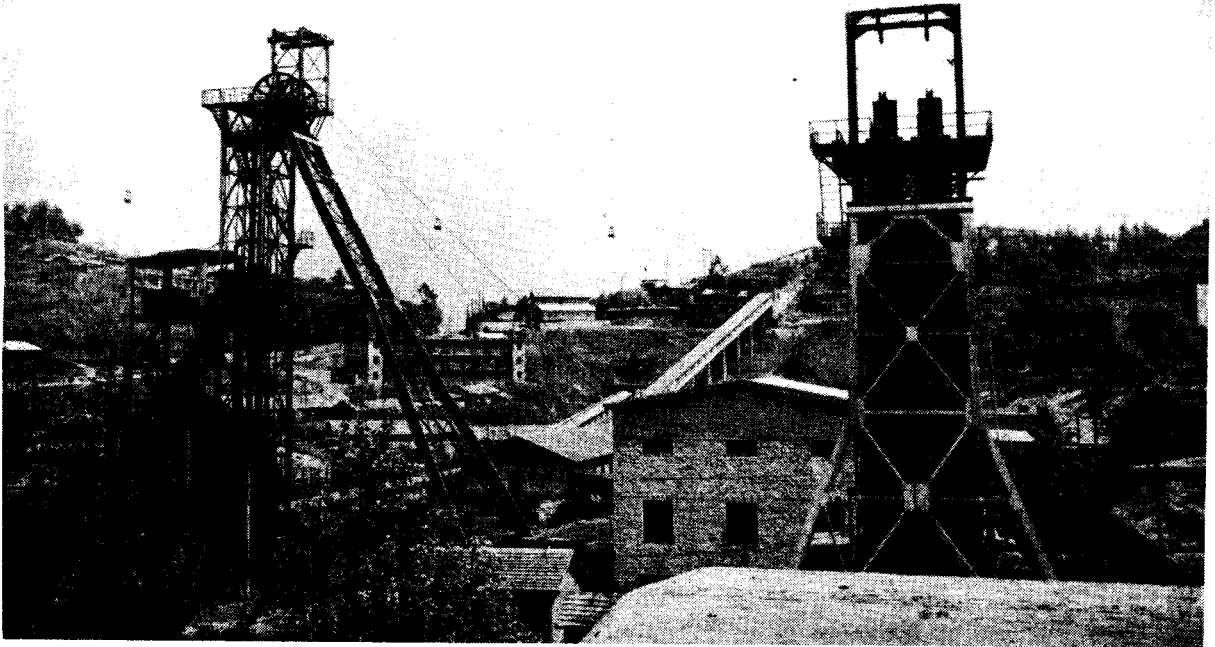
In the rural areas the movement has been responsible for the development of the commodity economy, gradually bringing peasants into the orbit of market economy. Today, agricultural and sideline products are commercialized to a high degree, a large number of industrial crops are exported, and Kenya has become more than self-sufficient in grain. This is unusual for Africa.

The movement has increased the living standards and cultural level of rural residents. Co-operative organizations at all levels provide lifestyle and educational services. Primary co-operatives set up retail stores to sell goods for daily use. The goods are supplied by co-operatives at higher levels, and prices are lower than market prices. In education, co-operative organizations at higher levels train managerial, financial and accounting personnel for basic units.

The co-operative movement has also brought about a prosperous urban economy and an increase in the standard of living for urban dwellers. The movement is now diversifying. A large number of savings and credit co-operatives — financial co-operative organizations with commercial banks as their agents — have been established. There are two types of these financial societies: one that opens to all people, the other only to staff and workers in individual units. Only with proper savings can people apply for credit. The credit, either for limited or unlimited use, can be repaid by installment, and interest rates are lower than those for ordinary commercial loans. The savings and credit co-operative society plays a positive role in stimulating the urban economy and in improving the urban standard of living. ■

China: The World's Largest Coal Producer

by Our Staff Reporter Han Baocheng



The Laoyingshan Coal Mine has a coal production capacity of 900,000 tons annually. It is under the Shuicheng Coal Mining Administration in Guizhou Province.

ZHOU HAORONG

Although China became the world's largest coal producer in 1989, its coal supply still could not meet demand. In the 1990s, coal industry will continue to enjoy state priority in investment.—Ed.

China turned out 1.05 billion tons of raw coal in 1989, thus becoming the largest coal producer in the world. Since coal accounts for 70 percent of China's total energy consumption, the ever-increasing coal production has guaranteed the continuous development of the country's national economy.

China achieved this goal with 40 years of painstaking effort. In 1949, the year New China was founded, China's annual coal output of 32 million tons ranked 9th in the world. In contrast, the 1989 coal output was 32.5 times that of

1949. China experienced an average annual increase of 9.9 percent during this period of time, a rate far above that of other major coal producers. The United States, for example, had an average annual coal production increase of 10.50 million tons, compared with China's average of more than 24 million tons. China's increase was 6 times greater than that of Australia and India respectively and 10 times more than that of Canada.

Specifically, China increased its coal output by 600 million tons in the first 30 years (1950-79) with an average annual increase of 20

million tons. During the past ten years (1980-89), it has had a total increase of 400 million tons, or an average annual increase of 40 million tons. In 1988 and 1989, China's coal production posted an average gain of 55 million tons.

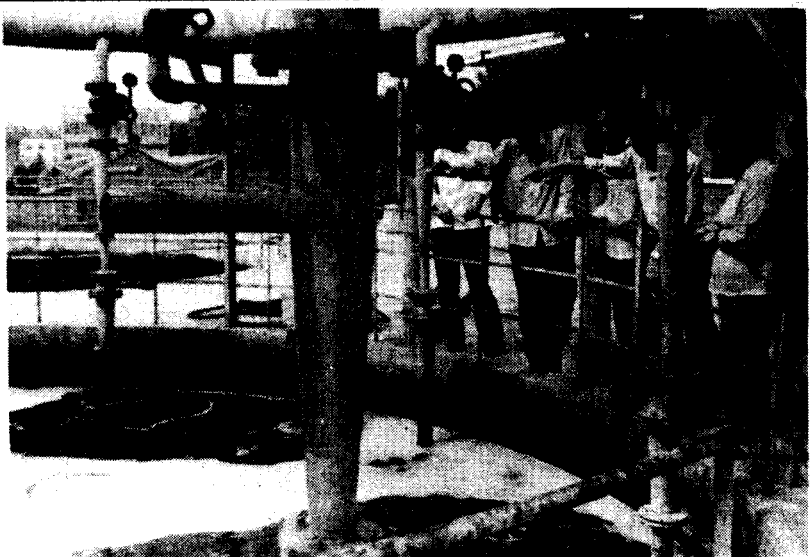
China is rich in coal resources. Based on 40 years of prospecting and exploration, experts forecast that there are potential coal reserves of 4,490 billion tons within 2,000 meters underground. Up to now, some 900 billion tons have already been verified.

China was one of the earliest countries to develop and make use

of coal resources. As early as the Song Dynasty (960-1279), coal was widely used as fuel. Under the yoke of feudal system, however, China was left far behind Western capitalist countries in its development of modern coal mines.

Since 1895, foreign capital had poured into Chinese coal mines in a scramble for mining rights, resulting in a large share of the total coal output going to foreign concerns. For example, of the total coal output of 12.80 million tons in 1913, 55.4 percent was foreign owned. Imperialist countries' investment in China, however, was made mainly using the reparations China was forced to pay under unequal treaties or Chinese deposits in banks under their control. During its invasion of China (1931-45), Japan wantonly plundered China's coal resources. Sabotage resulting from foreign invasions and civil wars brought China's coal industry to the verge of collapse before 1949.

In the early years after the founding of New China the government emphasized developing the energy industry. Overcoming the difficulties caused by economic blockades imposed by Western countries, the country restored coal production and began prospecting for coal resources and con-



After efforts by the Pingdingshan Bureau for Environmental Protection in Henan Province to clean up polluted coal processing water, the improvement in the environment of the coal city of Pingdingshan, Henan Province is evident.

WANG GANGFA

struction of large-scale coal mines.

Advances

In 1950, there were only about 300 people in China's coal prospecting team. The number has now soared to 100,000. The past 40 years has seen an advance in China's coal industry from coal mining to many other fields involving topographical, geological and hydrogeological survey, sur-

face prospecting, coal examination, coal petrographical appraisal, and drawing and printing. The industry also boasts such advanced equipment and test technology as computer controls, digital seismographs, numerical logging finders, and hydraulic and semi-hydraulic drilling rigs for coal prospecting and mining.

China's coal mine design institutes have also increased over the past 40 years. At present, there are 43 national and provincial institutes employing 12,000 people, including over 7,400 professional designers capable of planning and designing every type of shaft (including opencast) as well as the necessary projects. Since 1949, they have completed designs of various coal mines with a total production capacity of 1.4 billion tons. Today they are able to design exceptionally large shafts with an annual coal output of 4-5 million tons, such as the No. 3 Mine in Jining, Shandong Province with an annual production of 5 million tons, which has received favourable comments from experts of Britain and the Federal Republic of Germany.

China has built more coal mines than most other countries. Be-



Fine-quality coal produced at the Datong Coal Mine in Shanxi Province for transport out of the province.

CHEN ZONGLIE

CHINA

tween 1949 and 1988, China opened and expanded 2,130 mines. Today, mine construction teams above the county level have 500,000 people who are able to take on construction of coal mines of a production scale of 200 million tons. Since 1949, about 500 shafts have been opened through use of diversified mining methods such as augering. Of these is a shaft, nine metres in diameter and 508 metres in depth, which is now the world's largest auger driven shaft in terms of diameter.

By the end of 1989, there had been 618 production pits (including opencut ones) in the state-controlled mines built in accordance with the state economic development plan. Last year, 17 state-controlled mines each produced 10 million tons or more of coal, 14 mines had an output of

5-10 million tons, and 19 mines had from 3-5 million tons. In addition, there are also 80,000 local mines operating under various types of ownership, the annual output of which makes up about 5 percent of the nation's total. Located mostly near the state-controlled mines or around mining areas unsuitable for large-scale extraction due to their poor reserves, these mines are mainly local state-owned or township enterprises.

Backward in mining technology before 1949, China used to rely basically on hand tools for coal extraction and man and animal power for coal transportation. After the founding of the People's Republic in 1949, the country spent a decade or so mechanizing its coal mining industry. Today, China is able to manufacture com-

plete sets of mechanized mining equipment. The country now has, for example, the equipment and technology necessary to extract at one time the 4.5-metre-thick seam, the medium-thick and slightly-inclined seam as well as the hydraulic mining equipment to deal with unstable and irregular seams.

In 1989, there were more than 1,000 sets of mechanized mining equipment (including 445 sets of comprehensive mechanized mining equipment) in the state-controlled mines and the degree of mechanization had reached 60.94 percent. In recent years, computers have played an increasingly important role in coal mining and processing and in the management of the coal industry. By the end of 1988, the number of computers owned by state-controlled mines had amounted to 1,300 and the people involved numbered more than 2,000.

In old China, miners worked under wretched labour and safety conditions and serious accidents were commonplace. The gas explosion in 1942 at the Benxi Coal Mine, Liaoning Province, for example, claimed the life of 1,662 people, the highest toll ever in a coal mine.

Safety conditions at the coal mines have improved greatly since the founding of New China. Most state-controlled coal shafts now have state-of-the-art automatic safety-monitoring systems as well as up-to-date rescue equipment.

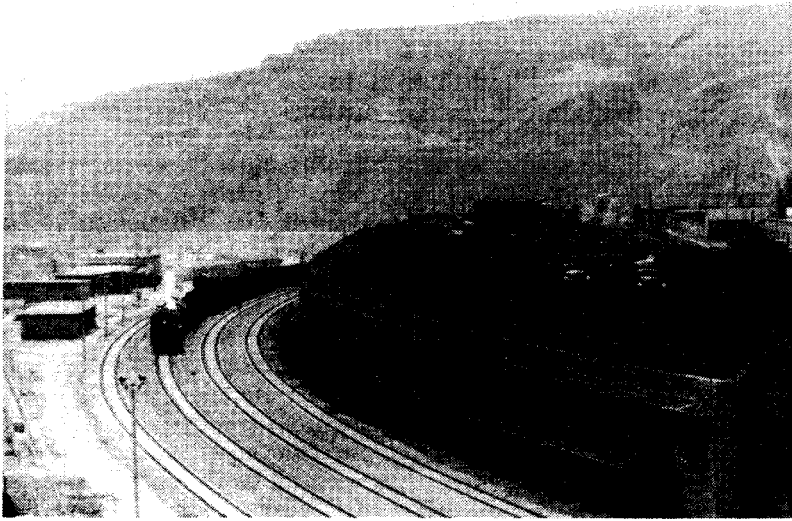
The technical and administrative safety measures have helped bring down the number of accidents at the coal mines each year. In 1989, there was only one serious accident (in which 12 people were killed) in all of the coal mines nationwide. Of 76 state-controlled coal mines, 14 have reduced their death rate to 1 casualty for each million ton of coal mined, the average world standard. Moreover, three state-owned coal mines and 120 coal shafts reported no casualties last year.

Before 1949, China made almost

Table I: China's 17 Extra-large Coal Mines

Name	Location	Recoverable reserves (million tons)	Designed capacity (million tons per year)	1989 output (million tons)
Datong	Shanxi	2579.1	19.9	34.0803
Pingdingshan	Henan	672.79	14.67	18.1571
Kailuan	Hebei	1329.66	19	17.5394
Xishan	Shanxi	1669.96	14.55	15.7823
Yangquan	Shanxi	2470.09	11.85	15.6943
Hegang	Heilongjiang	977.38	13.42	14.75
Jixi	Heilongjiang	991.9	10.44	14.6073
Huaibei	Anhui	989.58	11.76	14.0411
Xuzhou	Jiangsu	779.52	9.81	12.9222
Fengfeng	Hebei	534.54	8.91	11.5749
Fuxin	Liaoning	429.96	10.16	10.8618
Xinwen	Shandong	251.92	5.25	10.8375
Shuangyashan	Heilongjiang	706.55	8.34	10.2021
Luan	Shanxi	711.64	7.2	10.1121
Yima	Henan	862.45	9.96	10.0826
Jincheng	Shanxi	514.67	5.4	10.0443
Yanzhou	Shandong	926.66	7.95	10.033

The combined output of the above 17 mines last year was 241.3223 million tons, or 23 percent of the nation's total.



Huangling County in Shaanxi Province can produce some 2.2 million tons of coal annually. Besides supplying the Huadong (East China) Power Grid, it also exports coal to the Philippines.

HE PING

no mining machines and it was only after the founding of New China that the industry developed. Now, there are 122 factories specializing in coal mining machinery, which are capable of providing coal mine equipment and electrical products with more than 400 specifications and models. They include complete equipment sets for coal extraction, safety monitors and other instruments. The Chinese-made equipment has helped many coal mining teams to produce a record 1 million-plus tons of raw coal annually for many years. At the same time, high-quality Chinese hydraulic supports, scraper conveyors and mining lamps are exported.

After 40 years of development, China has formed a coal research system composed of research institutes at the state, provincial and enterprise levels. The China Coal Mining Research Institute in Beijing has 15 branches, a computer research center and a scientific research and development center. With some 8,000 people, the research institute has since its founding in 1957 achieved more than 1,800 scientific research results, 150 of which have been awarded state prizes. In recent years, the institute has managed to

establish co-operative relations with 14 countries including the United States, Federal Germany, Poland and Japan, and joined nine international scientific research organizations.

Foreign Trade

Since the implementation of the policy of opening to the outside world in 1978, China has strengthened co-operation with other countries in coal industry. Between 1978 and 1980, 100 com-

plete sets of comprehensive mining equipment and 100 sets of coal extraction machines were imported. Imports since 1980 included advanced mining machines, coal preparation equipment, coal washing equipment, opencut equipment and safety monitoring systems. These imports have played a major role not only in coal production and mine construction, but also in helping China raise its own level of coal research and equipment manufacturing.

China's arrangements with foreign countries have taken such forms as co-operative management, compensatory trade and use of loans. From 1981 to 1989, the coal industry used US\$1.7 billion to build 12 projects with a total production capacity of 49.20 million tons. The Antaibao No.1 Opencut Coal Mine in Pingshuo, Shanxi Province, for example, is a joint venture between China and the Occidental Petroleum Co. of the United States. With a designed annual production capacity of 15.33 million tons of coal, it involves an investment of US\$650 million, US\$345 million of which is from the US partner. The largest Sino-foreign joint venture in China has gone into operation in October 1987.

In 1989, China exported 15.29 million tons of coal, compared

The small-sized coalpit in the Zhangjiafen Village of Zuoyun County, Shanxi Province has an annual production capacity of 100,000 tons.

ZHOU SHUMING



with 3.12 million tons in 1978, to more than 20 countries and regions.

Prospects

Coal is China's major source of energy and, for the next 20-30 years, the nation's energy structure based on coal will remain unchanged. During the past 40 years, coal has been in short supply. The situation is currently much better because of the readjustments of the industrial structure and product mix. However, from a long-term point of view, the short supply of coal will remain a basic, long-standing problem. Thereupon the government requires that coal production keep growing at an appropriate rate and will shift more investment to the industry.

In 1982, the administrative department of coal industry had plans to produce 1.2 billion tons of coal by 2000. Many energy research institutes at home and abroad predicted that by 2000 China would need at least 1.45 billion tons of coal. The department revised its plans upwards to 1.4 billion tons and decided to focus on the development of key coal areas such as Shanxi, Shaanxi and the western part of the Inner Mongolia Autonomous Region, where coal resources are abundant. In the next 10 years, a number of extra-large projects will be built and put into production. Preparation for the construction of the large opencut coal mines of Jungar, Huolinhe, Yiminhe and Yuanbaoshan, announced in 1982, is in full swing.

The Jungar Coal Mine, located in the western part of the Inner Mongolia Autonomous Region, has coal reserves of 26.8 billion tons, and will produce 15 million tons of coal in the first phase of production.

The target of 1.4 billion tons of coal output by 2000 means an annual increase of 40 million tons coal in the next 10 years. Huang Yicheng, energy minister, said the target is realistic. ■

Construction "Craze" Cools Down at Last

by Our Staff Reporter Liu Jianjun

Over the past two years, China's effort to cut down on excessive capital construction and fixed assets in order to improve the economic environment and rectify the economic order has met initial success.

In September 1988, a leading group, headed by Premier Li Peng, in charge of clearing up nationwide investment in fixed asset projects was set up. Similar administrative bodies were also established by local governments.

In early 1989, the government issued a circular regarding the screening, rectification and reduction of capital investment, calling on local governments to screen and strictly curb ongoing construction projects with particular emphasis on halting and postponing non-productive projects.

Following this, the government sent ten inspection groups of high officials from various ministries and commissions to construction sites. Their task was to inspect the projects and determine which were needed. After more than a year's effort, remarkable progress and results were achieved in cooling down of the capital construction craze.

Progress

—A number of capital construction projects have been suspended or postponed. Statistics show that more than 18,000 capital construction projects have been halted or cancelled, saving

67.5 billion yuan of capital construction investment for the next few years. These include 2,500 postponed non-productive projects, saving 26 billion yuan in investment and cutting the total construction floorspace by 17 million square metres.

—The ballooning scale of fixed assets effectively controlled. In 1989, China's total fixed asset investment amounted to 400 billion yuan, 50 billion yuan less than in 1988, a drop of 11 percent. When price rises were factored in, the actual drop was 20 percent. However, from 1982 to 1988, the total investment increased at an average annual rate of 24.7 percent.

Investment in enterprises owned by the whole people came to 251 billion yuan, 25.3 billion yuan, or 9.2 percent less than in 1988, investment in collective enterprises amounted to 51.2 billion yuan, a 28.1 percent fall from 1988; and investment in private and individual enterprises stood at 97.8 billion yuan, a drop of 4.3 percent from 1988.

—The number of new projects greatly reduced. In 1989, capital construction projects and technical transformation projects for enterprises owned by the whole people numbered 123,000, a reduction of 43,000 as against that of 1988; total planned investment stood at 992.5 billion yuan, some 61.9 billion yuan less than in 1988; and 37,000 new projects came under construction, 41,000 fewer than in 1988. Capital construction projects were reduced

by 6 percent and technical renovation projects by 64 percent.

—The total investment scope for ongoing construction projects held in check. From 1982 to 1988, the total investment in ongoing projects for enterprises owned by the whole people increased at an average rate of 10 percent annually. In 1989, however, the situation was almost the same as in 1988, signalling a halt in the once snowballing investment in ongoing construction projects.

—Investment mix improved, characterized by an increase in the number of projects for productive purposes and major state projects. In 1989, although investment in capital construction under public ownership dropped 2.3 percent from 1988, the investment in construction for productive purposes reached 105.3 billion yuan, accountig for

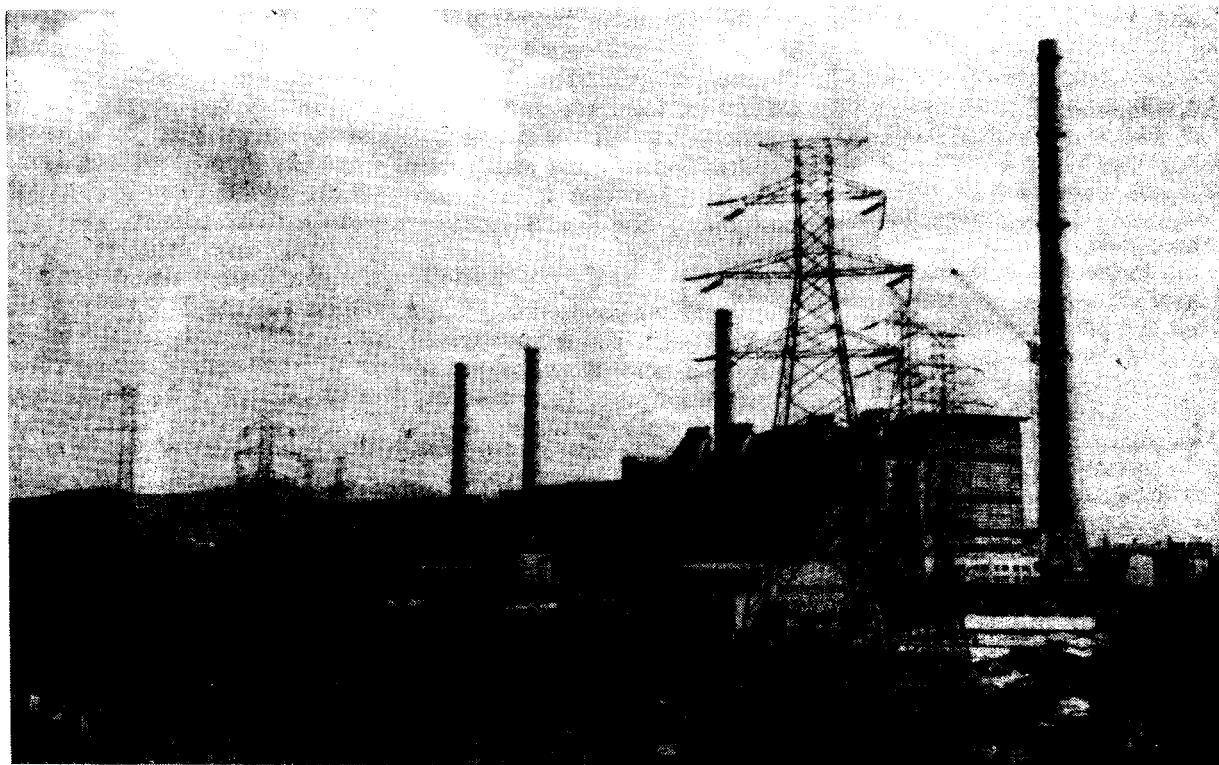
68.4 percent of the total investment, as against 65.9 percent last year. Of this, investment in energy development increased from 24.7 percent to 25.3 percent; and investment for transportation and telecommunication increased from 14.4 percent to 15.1 percent. The investment in non-productive construction was 48.5 billion yuan but the proportion dropped from 34.1 percent to 31.6 percent this year. Investment in updating equipment and technology was 78 billion yuan, a drop of 20.5 percent.

In 1989, China completed and put into operation 57 large and medium-sized capital construction projects and 128 individual projects that were part of the large and medium projects. Inauguration of these key projects has helped strengthen the infrastructure in transportation, communications and post and telecom-

munications.

These projects have also expanded China's coal mining capacity by 24.95 million tons, installed power-generating capacity by 9.02 million kw, petroleum and natural gas tapping capacity by 17.05 million tons, and 760 million cubic metres respectively. They have also extended China's double-track railways by 318 kilometres and electric railways by 229 kilometres, and expanded the cargo handling capacity of the coastal ports by 48.85 million tons.

—The situation in which demand outstrips supply eased and market prices stabilized. The drastic reduction of capital construction investment and the number of projects helped alleviate excessive consumer demands and insufficient supplies. In particular, the short supply of the means of production and the



The view of the Jilin Thermal Power Plant with a total installed capacity of 850,000 kw, a key state project built after investment in capital construction was reduced.

CHEN GUANGJUN

spiralling prices were brought under control. According to statistics from the State Planning Commission and the price department, the prices of major production materials in short supply in 1988 such as steel and cement have fallen, panic-buying ended and the practice of trafficking in material for high prices has been halted.

Problems

Progress and results that have been achieved are, if anything, the beginning of a balance in the nation's capital construction. According to officials in charge of monitoring investment in fixed assets, the capital construction projects halted or put off were only a small part of the total. A large number of projects remain to be screened. In particular, many township enterprises and private and individual enterprises which lack planning control still need to be scaled back and effectively controlled.

Progress was made slowly in some areas. New projects were still being constructed and additional investment added or new non-productive projects were constructed in new forms or under pretexts. For instance, in some provinces and cities, investment was shifted to the construction of "commodity houses" in order to preserve office buildings, auditoriums and hotels.

The investment scope is, thus, still excessive. Statistics from Shanghai, Tianjin and Guangdong Province show that over hundreds of billion yuan of investment in ongoing construction projects were fulfilled, and tens of billions more were needed to keep the project going until completion. Otherwise, a halt or delay in the construction projects would have brought huge losses of investment.

Such a situation caused many difficulties and problems for the

screening work. Such monitoring of capital construction and investment, particularly as it impacts on the readjustment of the industrial structure, is a long-term task which can be successful only by strict and forceful measures.

In addition, new problems are emerging. The market for goods used in production is overstocked and sluggish. Some trades and departments operate under capacity and some, suffering losses, have stopped production. The cancellation of a large number of capital construction projects, moreover, has brought new unemployment. In Beijing and Guangdong Province, several hundred thousands of farmer builders have been dismissed.

Scaling Down of Projects

China will, in the coming years, further control and cut down on investment in capital construction projects by approving only key state projects and projects involving certain trades which need to be supported. The government will strictly control the construction of office buildings, auditoriums and hotels, that is, those projects considered to be non-productive and not in compliance with state industrial policy.

In regard to investment in construction projects of collective, private and individual enterprises, effective measures will be taken to provide both guidance and control.

China is also devising new policies and measures with an eye to solving the problems of the sluggish market, overstocked materials and unemployment. The major measures under consideration are geared towards properly guiding production and consumption while shifting the surplus labour, funds and materials to major state projects. For ex-

ample, the government will purchase materials and goods in order to reserve their use for state purposes. Until the economy takes a turn for the better and national conditions permit, the government is not expected to relax the approval procedures and resume cancelled or delayed projects.

Will the reduced capital construction and investment affect China's open policy and foreign investment? Officials in relevant department emphasized that project monitoring is aimed at improving the economic and investment environment and readjusting the industrial structure. Foreign-funded enterprises, however, are not among the projects to be reviewed. In effect, the Chinese government will continue to encourage and provide preferential treatment for foreign-funded enterprises which promote economic development, technological renovation and an increase in exports.

Statistics show that in 1989 the investment contracts signed by China with foreign businessmen reached US\$5.6 billion, a 5.6 percent increase over 1988; foreign-funded enterprises numbered 19,109, a 37.4 percent increase over 1988; and agencies representing foreign-funded enterprises reached 3,367, a 29.3 percent increase over 1988. These statistics indicate that reducing capital construction investment has not exerted an adverse influence on the open policy and foreign investment.

Officials predict that as soon as the monitoring work and scaling back of projects is completed, more funds will be invested in construction of urgently needed projects. It's expected that large and medium-sized projects, in particular, will provide a better investment environment for broad investment co-operation with foreign businessmen. ■

Investment in Fixed Assets Reduced in 1989

by the State Statistics Bureau

Since the adoption of the policy to improve the economic environment and rectify the economic order in 1989, investment in fixed assets has been sharply reduced. According to the State Statistics Bureau, the country's investment in fixed assets in 1989 was 400 billion yuan, 50 billion yuan, or 11 percent, less than 1988. After taking into account the increase, in prices, the real drop in investment was over 20 percent.

According to preliminary calculations, the differential ratio between supply and demand dropped from 16.2 percent in 1988 to about 8 percent in 1989 because of the reduction in the demand for investment and the slow increase in consumer purchases.

This reduction of investment in fixed assets in 1989 had the following characteristics:

1. The reduced rate of investment in collective-owned enterprises was higher than that in state enterprises or in the private economic sector in both rural and urban areas. As part of total social investment, the volume in state enterprises amounted to 251 billion yuan, 9.2 percent less than 1988. Of this, investment in capital construction was 153.8 billion yuan, 2.3 percent lower. The investment in the renewal of equipment and technical transformations came to 78 billion yuan, 20.5 percent less than the preceding year; and in fixed assets, 19.2 billion yuan, a drop of 7.2 percent. The investment in collective-owned enterprises accounted for 51.2 billion yuan, a drop of 28.1 percent. The invest-

ment in the private sector of economy was 97.8 billion yuan, 4.3 percent lower than the previous year.

2. The decreased rate of investment in state enterprises increased quarterly compared with 1988. There was a 2 percent increase in the first quarter, 6.8 percent in the second quarter, 9.3 percent in the third quarter and 11 percent in the fourth quarter.

3. The domestic loans were reduced at a rate higher than that of the funds raised by enterprises themselves. Of the funds for capital construction and the renewal of equipment in state enterprises, state investment was 42.1 billion yuan, 6.1 percent over 1988; the extra-budgetary investment amounted to 189.7 billion yuan, a drop of 12.1 percent—the volume of domestic loans decreased by 21.2 percent, the use of foreign capital increased 11.4 percent, and the funds raised by enterprises themselves dropped by 5.6 percent.

Effort to screen the construction projects and strictly control the construction of new projects has helped curtail demand for annual investment and reduce the number of projects under construction. For instance, the number of capital construction and technical transformation projects, each with an investment of over 50,000 yuan, amounted to 123,000 in 1989, 25 percent less than 1988. According to preliminary calculations, the total investment in projects under construction in 1989 was about 1,242 billion yuan, a drop of about 6.5 percent from 1988. This shows that the continued

expansion of the capital construction over the past years has been curbed and a favourable condition has been created for further control of investment and the readjustment of the investment structure.

The following are some major improvements made in investment in construction projects.

1. The proportion of investment in basic industries and infrastructure increased. In 1989, of the total investment in state enterprises, the volume of funds for coal, petroleum and power industries was 62.6 billion yuan, an increase of 4.3 percent over 1988. The overall rate increased from 22.2 percent in 1988 to 24.9 percent, the highest in recent years. The investment in transportation, post and telecommunications reached 33.9 billion yuan, an increase of 2.8 percent. The proportion rose from 12.2 percent in 1988 to 13.5 percent, reversing the previous downward trend.

2. Non-productive construction projects were under control. In 1989, the investment in productive projects of state enterprises increased from 74 percent in 1988 to 75.4 percent, reaching 189.2 billion yuan. The investment in non-productive construction projects amounted to 61.8 billion yuan; its proportion declined from 26 percent to 24.6 percent, the lowest since 1981.

3. Unbridled investment in equipment renewal and renovation of state enterprises was under control. In 1989, the proportion of investment in energy-saving projects, the development of varieties and expansion of

production dropped from 40.2 percent in 1988 to 37.4 percent to reach 29.2 billion yuan; the proportion of investment in renovation projects increased from 41 percent to 44.2 percent to account for 34.5 billion yuan; and that of extensions dropped from 53 percent to 49 percent to amount to 38.2 billion yuan.

Although some progress has been made to reduce investment in fixed assets in 1989, the unreasonable investment conditions which have been formed over the years have not fundamentally changed and with the continuous retrenchment of economy, some new problems have emerged.

1. The small number of projects whose construction were stopped or postponed had little impact on the reduction of in-

vestment in projects under construction. In 1989, the number of such projects was 18,000, half of which were under construction and most of which were small ones. Their investment reduction represented only 5 percent of the total investment in projects under construction. The lack of coordination between annual reduction of investment and the overall scope of the rate of the investment reduction will result in an overextended construction period, exerting an unfavourable effect on investment efficiency.

2. While decreasing the total volume of investment, the government failed to provide enough money for the construction of key projects. In 1989, the financial departments issued 9.3 billion yuan worth of bonds in aid of key enterprises, but only 5.3

billion yuan were used in key projects. The result is that construction of some projects was held up. In addition, the large reduction of investment in equipment renewal and technical transformation has an adverse impact on the modernization of existing enterprises.

3. The investment structure was still irrational. Of the extra-budgetary investment, the investment in energy, communications and transportation is still low; that in the raw materials industry continued to drop from 20.4 percent in 1988 to 18.4 percent; and that in agriculture and culture, education and public health services was too low, 3.5 percent and 4.2 percent respectively. Such investment rates do not provide for economic stability and co-ordinated development. ■

Phoenix Hotel, Liaoning

The Phoenix Hotel, a magnificently decorated hotel with modern facilities and 260 rooms, is a three star tourist hotel situated in the beautiful Beiling scenic

area of Shenyang. The hotel's several restaurants serve a wide variety of delicious food. There is a tourist company, taxi service, ticket-booking, foreign currency

exchange and credit card service. Facilities include a place for holding various conferences and a business centre, IDD telephone service, market, laundry service, medical massage, sauna and recreation amenities such as billiard room and tennis court.

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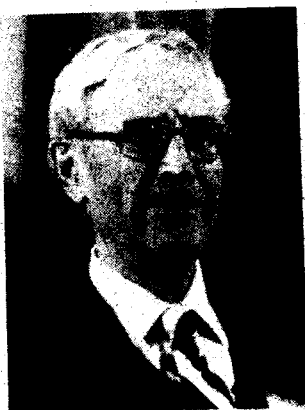


Beijing Conference on Law of the World

The Role of Law in World Peace and Development

Law should serve peace and development; war should be replaced by peace and poverty by development—this is the requirement of the times and the aspiration of the world's people.

by Our Staff Reporters Wu Naitao and Huang Wei



Charles S. Rhvne, president of the World Peace Through Law Centre, speaking at the law conference; Ren Jianxin, chairman of the Chinese Organizing Committee of the law conference, speaking at the opening ceremony.

The 14th Conference on Law of the World, held in Beijing from April 23 to 27 and sponsored by the Centre for Maintaining World Peace Through Law, reached consensus on its theme that the "law should serve world peace and development." Participants also, in their exchange of opinions, came to similar conclusions on issues of common concern to international community, such as arms control, debt of developing countries, offshore trade and investment, intellectual property rights, human rights, international terrorism, international arbitration, international environmental law, maritime law, and legal education. The conference, at which more than 100

theses on 21 topics were read, provided legal experts from across the world with the opportunity to exchange information and learn from each other, enhancing their confidence to contribute to the maintenance of world peace through legal means.

The conference was attended by more than 1,500 legal specialists, including chief judges and chief procurators, from 65 countries and regions. President of the UN International Court of Justice also attended.

Maintaining World Peace

Participants held that peace has long been the aspiration of mankind and that the century's two world wars took a heavy toll

on civilization. Today, the people of the world realize that a new world war, especially a nuclear one, would bring catastrophic disaster to mankind. Only peace, according to the common understanding, is the correct choice. For the present, they noted, it is imperative for all countries, big or small, strong or weak, irrespective of their different historical traditions, social systems, ideologies and economic development, to live in harmony, seek common ground on major issues while reserving difference on minor ones, conduct friendly co-operation, prosper together and resolve their conflicts and disputes through peaceful consultation.

Mr. Naza Muddin Tehzeeb, chief judge of Afghanistan's Supreme Court, said that mankind has not yet thoroughly rid itself of the disaster of war and there are still conflicts in some regions, where people are still being maimed and killed. To realize world peace, therefore, it is necessary for both international legal institutions and organizations to exert themselves. All members of the human race, Tehzeeb added, are equal and no country has the right to sacrifice justice, the basic norms of international law and the common interests of mankind in order to pursue its own interests.

Over the years, peace-loving

people of all countries and government and non-governmental organizations have made unremitting efforts to maintain world peace and security through legal means. The tangible proof of the achievements wrought by these efforts is the conclusion of the UN Chapter, the Five Principles of Peaceful Coexistence and the Declaration on the Principle of International Law along with other rules and principles governing international relations. Legal scholars of various countries and members of international law organizations have long worked for the establishment of these rules to strengthen global co-operation and advocated for the maintenance of international relations based on law and internationally recognized concepts. In interpreting international law and its many mechanisms such as tribunals, mediation, negotiation, arbitration and its everyday application by government officials, lawyers, private enterprises and individuals as they handle transnational relations, legal scholars have stressed a common definition of international laws and

their application.

In real practice, however, some widely recognized principles and rules of international law have not been respected and adhered to. This is the reason why the international community is still burdened with various contradictions and disputes. Shao Tianren, vice-president of the China International Law Society, said, "The Five Principles of Peaceful Coexistence initiated by China and some other Asian countries in 1954 are based on the assumption that countries, big or small, strong or weak, under different social systems or in different stages of economic development, are equal; they are designed for all countries to respect each other's sovereignty and no country has the right to invade other countries or to interfere with other countries' internal affairs. However, these principles have been wantonly trampled upon. The most glaring violations of these principles are seen when some countries push hegemonist policies, do not recognize a country's political independence and territorial integrity, occupy other countries'

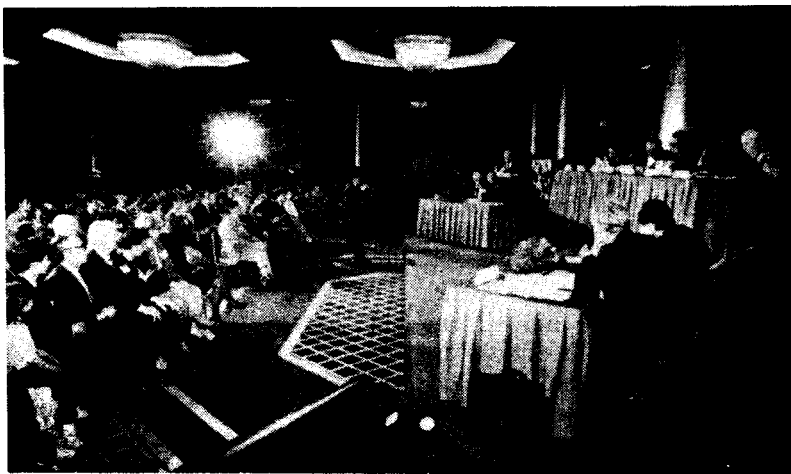
territory and do not respect other people's right to choose their own socio-economic systems and sovereignty. All these violations of international norms have caused international tension and unrest."

Many legal scholars present at the conference voiced their concern about the various UN Chapter violations in the international community. They held that only when all countries, especially the big powers, sincerely and honestly adhere to the obligations entrusted to them by international law could a new international order be established and world peace and stability realized. The honourable Jose M. Ruda, president of the UN International Court of Justice, said in an interview with Chinese journalists that the maintenance of world peace required the international co-operation of various countries. He added, "We should spurn all power politics, be they military or economic; we should spurn away various forms of imperialism, be they military or economic; and we should disdain all forms of discrimination."

Common Progress

The inter-relationship between peace and development represents an irreversible trend in the advance of world history and, with the continued increase in social wealth, development has become an issue concerning the vital interests of the people of all countries.

Some legal scholars from developing countries pointed out that developing countries for a long time have borne a disproportionate economic burden because of the irrational international economic order. The unequal economic exchanges, trade protectionism and heavy debt burden have placed many



A mock court is held on April 25 during the world law conference in Beijing.

CHEN ZONGLIE

developing countries at a disadvantage under these circumstances, and results from the development of world science and technology cannot be shared by developing countries but instead serve to widen the gap between developing and developed countries. The repeated world economic turbulences and crises have inflicted the most serious losses on developing countries. Many delegates said that at present, as the gap between developed and developing countries widens daily, the poor become poorer, the rich wealthier. There is thus an immediate need to change the situation and establish a new international economic order.

Atsu-Koffi Amega, president of the Supreme Court of Togo, said that many underdeveloped countries are not only lacking in the basic necessities but are also deficient in the standard of education, recreation, cultural life and social welfare. Any development must take this reality into account. Facts prove that the old international economic order must not be allowed to stay put and that the establishment of a new international economic order has become a practical necessity. Such a change, he said, requires the protection of law. Many other delegates agreed, noting that the resolution of developing countries' problems is the foundation on which the common progress and prosperity of all countries rests and that, in this regard, the developed countries bear special responsibilities.

It is worth noting that since the Sixth Special Session of the General Assembly of the United Nations adopted the Declaration on the Establishment of a New International Economic Order in 1974, the United Nations' General Assembly has adopted a series of documents regarding new rules of international laws. The work concerning the formu-

lation of a new international economic order, however, has been proceeding slowly due to the complexity of the work and the conflict of the interests of various countries involved. To date, even the comparatively rational principles and norms found in the above documents have not yet been fully implemented as part of international economic relations. Many delegates urged that an effort be made to ensure their introduction into international economic law.

At the conference, some judges, lawyers and jurists briefed their colleagues on the efforts their respective countries have made in international trade and overseas investment. Rui Mu, vice-chairman of the China International Jurists Society and professor of international economic law at Beijing University, said, "Equal and fair international economic relationship is in conformity with the laws governing the development of international economy. The foreign trade policy adopted by China since it opened its door to the outside world, for example, is geared to the whole world. Today, our nation is conducting trade and economic co-operation with the developing countries of Asia, Africa and Latin America, as well as with the developed countries of Western Europe, Japan, the United States and Canada. It has established economic and trade relations with 180 countries and regions throughout the world, making no difference between countries because of their socio-economic systems and ideologies. All the treaties and agreements that China signed with many countries are conducive to a co-ordinated international economic order. The country has also formulated 500 pieces of foreign economic legislation." Rui Mu believes that law professionals throughout the

world can do much to ensure continuous development of the international economy.

Delegates Greeted

As host to the conference, China attached high importance to its success. Yang Shangkun, president of the People's Republic of China, attended the opening ceremony on April 23 in the Great Hall of the People and, on behalf of the Chinese government and people, extended sincere congratulations to delegates on the opening of the conference. After offering the participants his warm welcome, he pointed out that law should serve peace and development, that the world needs peace instead of war, and development instead of poverty. He noted that since this was the demand of our times and the desire of the world's people the meeting of jurists was of great importance. He expressed his conviction that the conference would expedite the development and spread of international law, would promote relations between jurists of various countries, understanding between people of all nations and international exchanges and co-operation.

Yang also noted that today's international community is composed of various sovereign states with different social systems, ideologies and cultural traditions. "The continued growth of friendly relations between countries requires not only correct decisions by statesmen but also the active participation of jurists," he said. "Interstate exchanges should be based on the basic norms of international relations and commonly acknowledged principles of international law." He said that the differences and disputes between nations should be settled through peaceful means and that

the Chinese government always upholds the Five Principles of Peaceful Coexistence. "We believe that so long as these principles are followed, all countries will live in amity and a new international economic and political order that accords with the fundamental interests of all countries will be established," he added.

In the evening, Wan Li, chairman of the NPC Standing Committee, met with Charles S. Rhyne, president of the World Peace Through Law Centre, Jose Maria Ruda, president of the International Court of Justice of the United Nations, and other delegates to the conference.

"Peace, development and environmental protection are the three tasks facing China and all other countries in the world," Wan Li said.

"For its development," Wan Li said, "China needs not only a peaceful international environment, but a stable domestic political and social situation as well. This can only be realized through law."

Wan Li went on to say that China has strengthened its construction of democracy and the domestic legal system in order to promote stability. China has at the same time strengthened its co-operation with the international legal community so as to promote peace and contribute to the fulfilment of the common aspiration of humanity.

In his talk with Wan Li, Rhyne expressed complete agreement with the chairman's statements.

On the afternoon of April 27, Li Peng, Chinese premier, fresh from his visit to the Soviet Union, met with Charles Rhyne and others attending the conference. After extending his congratulations to them on the success of the conference, the premier said that despite their dif-

ferent social systems, ideologies, history and cultural traditions, various countries can seek a common ground in law, sharing experiences and learning from one another in the process. Li stressed that the Chinese government has always attached great importance to building a legal system and will continue its efforts to manage state affairs according to law.

Beijing Declaration

The five-day 14th Conference on the Law of the World was brought to a close following the adoption of the Beijing Declaration.

The declaration points out that "after thoughtful deliberations on the theme of law for world peace and development, the conference concludes on a productive note and has established an active work agenda for the future."

The declaration calls upon legal workers worldwide to make efforts towards the achievement of lasting international peace and common development mankind.

The declaration points out, "The maintenance of world peace depends on strict compliance by every state with the purposes and principles of the UN Charter. Nations must commit themselves to mutual respect for each other's sovereignty and territorial integrity, non-aggression, and non-interference in internal affairs. The conference urges all countries to seek settlement of international disputes through peaceful means without resorting to the use or threats of force. Controversies between states should be resolved by direct negotiations, conciliation, arbitration or mutual resort to the International Court of Justice."

The declaration says that the conference "calls upon the developed and developing countries to settle, through negotiations, pressing issues of debt crises, trade, credit and finance, and establish equitable economic structures."

The declaration also points out that "world peace and development must be based on equitable, reasonable and effective legal principles. We are convinced that the achievement of the Beijing conference will have far-reaching impact on the cause of law for world peace and development."

Chinese legal workers and scholars made substantive contributions to the success of the world law conference, submitting close to 50 papers explaining their positions on major issues of worldwide concern. Conference discussions deepened foreign delegates' understanding of China. The declaration says that "the conference recognizes China's ongoing achievements in attaining economic and social development, and in strengthening its legal system as an integral part of its national development policies." The declaration also says, "It is internationally acknowledged that China has established itself as a strong nation and a major power in the family of nations."

Charles Rhyne said the conference was the most successful of all law congresses held.

In recognition of the contribution made by Ren Jianxin, president of the Supreme People's Court of China, to the conference, the Law Centre presented him with an award. In his acceptance speech, Ren said that he was willing to join hands with legal workers the world over and offer his services to the cause of world peace and development. ■

Foreign Countries Aided by China

XINWEN BAO
(Journalism Paper)

Over the past 30 years, more than 90 countries and regions have received help from China in the form of economic and technical assistance and building projects. China has helped in a total of 1,240 projects by offering equipment, materials, spare parts and fittings totalling more than 8.2 million tons. It has also sent 450,000 experts to foreign countries and allowed 50,000 foreign students to study and work in China.

In helping the many countries and regions, China has provided aid to:

—112 agricultural, animal husbandry and fishery projects, 80 of which were agricultural projects involving 51,702 hectares of cultivated land;

—Ten forest processing factories, with an annual processing capacity of 936,000 cubic metres;

—59 power generating plants and substations; with an installed capacity of 3.6 million kw, and 2,516 kilometres of transmission lines;

—21 water conservation projects, irrigating more than 130,000 hectares of land. China also helped in 30 well water supply projects and completed 624 wells;

—282 light industrial projects, including sugar refineries, paper mills, cigarette factories and grain processing factories;

—61 textile, printing and dyeing mills, with more than 1 million spindles and 20,000 weaving machines;

—19 oil refineries, with an annual capacity of 3.32 million tons;

—38 construction materials' projects producing, among other items, cement, bricks and tiles;

—128 transportation and communication projects, including railways, highways, bridges, airports, harbours and docks;

—55 educational and health institutions, 33 of which were hospitals, with about 115,000 square metres of building area. The remaining 22 projects were schools, with more than 195,000 square metres of building area.

—91 public and residential buildings, including city halls, stadiums and gymnasiums, theatres and cinemas and residential houses.

In addition, China helped other countries and regions in 334 projects in the chemical industry, electronics industry, metallurgy, machine-building and coal industries, as well as radio, television, postal and telecommunications industries, geology and mine exploration.

(February 15, 1990)

China's Wage System Changes

GAIGE LUNTAN
(Reform Forum)

Major changes have taken place in the distribution of income among urban and rural residents since China started practicing its policy of reform in 1979.

In the countryside, the pattern of distribution consists of "handing over a certain amount to the state, keeping

enough for the collective and the remainder going to the individual." Such a pattern directly linked the income of a farmer to the amount of goods he produced. This was to overcome the old practice of "egalitarianism," known as "everybody eating from the same big pot."

To counter old practices of income distribution in urban areas, the state increased, in a planned way, the wages of workers and office staff, resumed a system of bonuses, implemented a floating wage system and linked employees' income with their labour. Disordered wage scales of the past were screened and a new structural wage system was set up. At the managerial level, the central government gave the decision-making power to localities and enterprises and implemented level-to-level administration and indirect control on wages and bonuses.

Currently, the income of urban residents is comprised of wages, bonuses and subsidies, various price allowances, interest and dividend yields and income from spare-time work.

(Issue No. 1, 1990)

Egalitarianism Is Not Sun-Light

WENHUI BAO
(Wenhui Daily)

The ten year's reform and opening to the outside world has broken down many outmoded conventions and bad customs, and changed a lot of old ideas. Egalitarianism, however, has not been completely rooted out but is still spreading throughout some aspects of social life.

The most glaring problem is

income distribution. On the one hand, the income earned by people is not equal and the difference arouses dissatisfaction among the public; while on the other, egalitarianism in distribution has also created problems. In some units, bonuses and allowances are equally shared despite the amount a person contributes and regardless of whether a person has done a good job or a bad job. People always pay attention to the gap in distribution but, in fact, egalitarianism is a kind of unfair distribution.

People need various kinds of encouragement and stimulation. However, egalitarianism turns these factors on their heads and leads people to the conclusion that it is all right to "drift along aimlessly." Eliminating egalitarianism, therefore, is the only way we can create a circumstance in which everyone works hard.

Though nobody likes egalitarianism, people dare not remove its fundamental cause and deep-rooted ideas. From an historical point of view, egalitarianism once played a positive role, but with society's development, its positive factors disappeared. So, egalitarianism is still a problem to resolve.

(February 3, 1990)

China's Debt Repayment Ability

RENMIN RIBAO
(People's Daily)

The disturbances in China at the turn of spring and summer last year influenced foreign exchange earnings from the nation's export and tourist industries. Some

people abroad, therefore, doubted whether China had the capacity to make repayments on its foreign debt.

China has US\$40 billion foreign debt and is also short of funds. To repay its country's foreign debt on time is indeed a serious test of China's economic strength and credit. However, the worries are based on unnecessary assumptions. According to Chinese authorities, 82 percent of the existing foreign debts belong to medium- and long-term loans. Short-term debts only account for 18 percent and so the nation's foreign debt structure is basically rational with deadlines well distributed. In addition, China's foreign exchange earnings from trade and non-trade sources have greatly increased, topping US\$40 billion in the past two years. Foreign exchange reserves have thus had a net increase.

The peak repayment period and any difficulty in repayment are two different things. If China lacked financial strength, there would be a crisis even if the peak period of repayment had not arrived. Fortunately, there is no problem in regard to the nation's ability to pay back both the principal and interest on foreign loans.

(February 16, 1990)

Tibet Promotes Agrotechniques

RENMIN RIBAO
(People's Daily)

Natural farming methods that have existed for more than a thousand years on the "roof of the world" are being brought into

the modern age through agricultural science and technology.

Last year, the Tibet Autonomous Region enlarged the area where the contract system of responsibility linked to agricultural technology would be used for large-scale production. New production targets were fixed, firing the enthusiasm of the leaders and technological staff at all levels. More than 1,000 people were contracted to farm the area of 26,000 hectares, taking up 25 percent of the total seeded area. Each hectare of the 18,000 model fields using new technology to increase production produced an average of 5,040 kilogrammes of grain.

Meanwhile, Tibet has been successful in increasing the amount of land that use new agricultural technology methods. Last year, improved variety were employed on 120,000 hectares, 36,000 more hectares than the year before. The area ploughed by tractors and seeded by machines totalled 26,000 and 40,000 hectares and 17.5 million kilogrammes of improved varieties of grain were employed. Production over large areas increased dramatically due to soil enrichment, mixing fertilizers with seeds and wiping out grass using chemicals. In 1989, the total grain output was 532.5 million kilogrammes, the highest in Tibet's history.

Farmers in Tibet have realized the significance of agricultural science and technology and have mastered the application of conventional agricultural science and technology. The next step is to standardize agricultural technology.

(January 3, 1990)

Sino-Franco Trade Improves

● Sino-France economy and trade relations which deteriorated temporarily after the Beijing June 4 turmoil have recently improved. The European Bank of France in late January signed a 55 million-franc agreement with China; the French state insurance agency in early February - the France Foreign Trade Insurance Co. - decided to continue providing insurance for Chinese commercial loans; and China has just concluded an agreement to import wheat from France.

Of all EEC's countries, France is the third largest trading partner with China. Since 1985, the two countries have signed contracts for such large projects as 150 pairs of electric locomotives, programme controlled telephone exchanges, space passenger-bus planes, and complete sets of equipment for the Guangdong Yunfu Cement Factory, the Sichuan Jiangyou and Luohuang Power stations, the Guangdong Daya Bay Nuclear Power Station and the Guangdong Pump-Storage Power Station.

In 1989, the bilateral trade volume between China and France amounted to US\$1.948 billion. Of this sum, China exported US\$527 million worth of products and imported US\$1.421 billion, a respective increase of 2.4 percent and 44 percent over 1988. At present, France has 60 ventures in China with a total investment of nearly US\$ 100 million; it

has also invested about US\$400 million in the ocean petroleum exploitation.

Economic and trade relations between China and France were good in the past and there is still a large potential to tap, according to Liu Zepu, an official of the Ministry of Foreign Economic Relations and Trade. There are many difficulties, however, to overcome. Among these are France's active resumption of economic ties and the withdrawal of economic sanctions against China. Liu is sure that through the countries' joint efforts, the economic and trade relations between the two sides will develop rapidly. ■

Sino-British Oil Contracts Signed

The China National Offshore Oil Corp. (CNOOC) and the British Petroleum Development Co. Ltd. (BP) signed a contract in Beijing at the end of April to explore 10/15 areas in North China's Bohai Bay along with an agreement to jointly study the geology of the Pearl River Basin of the South China Sea.

The BP signed a preliminary contract with China in February 1989 on drilling exploratory wells in China's Bohai Bay and found oil in the late stages of the drilling. BP's appraisal found commercial possibilities for the oilfield and requested additional drilling rights, the spokesman of the CNOOC

said.

The two contracts were the latest of 12 signed by China and BP during the past decade for the rights to explore, develop and produce offshore oil in Chinese waters, the spokesman added.

According to the spokesman, CNOOC and BP have just begun a joint study in the Yinggehai Basin, south China, as well as undertaken the preparations for a massive oil-prospecting programme in the Pearl River Basin using advanced laser-fluorescence sensing technology. In addition, China and BP have drafted a contract to develop oil discovered in the Pearl River Estuary. ■

First Silk Joint Venture Founded

The Jiangdu General Silk Factory of Jiangsu Province and Japan signed an agreement in late April in Nanjing to set up a joint venture for silk production, the first in China's silk producing area.

According to the agreement, the first stage of the project will have an investment of US\$4 million, contributed equally by the Chinese and Japanese sides. There are plans to begin operation next year with an annual production capacity of high quality silk sufficient to produce one million kimonoes, all of which will be exported to Japan. The second and third stages of the project will involve expansion of production capability with the same investment scale.

The Jiangdu General Silk

Factory is located in Yangzhou City, Jiangsu Province; the joint venture will be built nearby. Jiangsu Province is the home of one of the four most famous Chinese silk. Vigorous sericulture in the area ensures the development of the local silk industry.

Last year, the province produced 53,000 *dan* of silkworm cocoons and exported 200 tons of silk cloth. The total production of silkworm cocoons is expected to surpass 100,000 *dan* in the near future. ■

Detergent Factory Seeks Partners

The *Kang Bao* Sterilized Washing Powder, invented by Zhang Shulin of Hubei Province, struck a business deal worth of US\$11 million at China's first Novel Technology and Products Exhibition in November 1989. Increasing foreign market demand for the cleaning powder is encouraging the manufacturer, the Medical Detergent Factory of Xiangfan City, Hubei Province, to seek expansion of the factory through a joint venture with foreign businessmen.

Kang Bao, an eight-year research effort of Zhang Shulin, received a state patent in 1988 and has since been listed a top item of the "Torch Programme." Made with cation and non-ionic active surface agents, biological sterile agents and quality perfume using a special technological process, *Kang Bao* has both cleaning and sterilizing properties. The appraisal of ex-

perts from the Chinese Academy of Preventive Medicine shows an apparent rate of 100 disinfection for 31 types of bacteria and virus such as colibacillus, shigella and hepatitis without any side effects on the skin or clothes.

According to Guo Jinmei, director of the factory, there are three types of *Kang Bao*: household, tourist and ladies. Detergents for tableware and fruits, now in the development stage, are expected to be put on the market soon.

Guo noted that the factory has already businessmen from Malaysia, Singapore, Japan and Thailand signed contracts with and that many other foreigners have also showed an interest in *Kang Bao*. Guo predicted a bright future for *Kang Bao* on the international market.

by Li Ming

Export of Bulldozers Up

Efforts made by the Shandong Bulldozers Manufacturing Plant, located in Jinjing City, Shandong Province, to improve product quality and post-sale services in recent years has paid off. Last year, the company earned US\$10 million in foreign exchange, ten times that of 1987.

The plant's D85A-18 bulldozer and TS220 damp soil bulldozer, manufactured with the hydraulic transmission and hydraulic manipulation Komatsu technology of Japan and, using the US Cummins NT855C engine, have the advantages of large

horsepower, high torque and low oil consumption. At an elevation of 3,200 metres, the machines can operate without any adjustment.

Due to their advanced technology, reliable quality and reasonable price, the bulldozers have attracted the notice of many foreign businessmen and consumers. They are currently marketed in Cuba and Canada in large volumes. This year, the plant has its eye on markets in Indonesia, Australia and other countries.

The plant follows its contracts to the letter and pays close attention to maintaining its high reputation. They routinely send staff to service equipment and provide spare parts to buyers. In countries where conditions permit, they have set up maintenance and spare parts supply centres.

by Lu Yun

Hainan to Lease Land-Use Rights

In order to provide foreign, Hong Kong, Macao and Taiwan businessmen with a more stable investment environment in Hainan, the government of Hainan Province recently promulgated Provisions on Lease and Sub-Lease of Land-Use Rights in the Hainan Economic Special Zone.

According to the principle that land-use rights and land ownership are separate, land-use rights in the area of the Hainan Economic Special Zone will be leased for payment over a limited per-

iod of time. According to the regulations, the rights to use state-owned land in the area can be leased, sub-leased and mortgaged.

According to the provisions, the lease of land-use rights should be carried out through negotiation, public bid and auction for no longer than a term of 70 years; the actual term will differ, depending on each case. After the expiration of a lease, governments at the municipal, county and autonomous county levels will recover the land-use rights and the basic public facilities gratis. The certificates of land-use rights will be cancelled. Buildings and other auxiliary structures on the ground will be nationalized if not dealt with within a certain time. When businessmen want to continue to use the land after the lease expires, they will have to apply to the relevant departments one year before in order to renew the lease and pay land-use fees according to new price standards of that time. When the necessary procedures are completed, businessmen will be able to continuously operate the basic facilities, buildings and other auxiliary structures.

Preferential prices will be offered to those projects if they meet one of the following conditions:

- Developing a vast stretch of undeveloped mountain and wasteland will be granted a 5 to 10 percent reduction in land-use fees.

- High-tech projects, approved as such by the Hainan provincial government will be granted a 5 to 10 percent reduction.

- Harbours, airports, highways, railways, power stations, coal mines and water conservancy projects as well as cultural and educational facilities will be granted a 10 to 15 percent reduction.

- Projects built for the sole purpose of developing agriculture, forestry, animal husbandry, fishery and tropical crops in the mountainous areas or on wasteland, water areas or shoal will be granted a 10 to 15 percent reduction.

Projects which meet more than two of the above-said conditions, the land-use fees will be determined according to the most favourable term.

For projects invested by overseas Chinese and compatriots from Hong Kong, Macao and Taiwan which meet the first two conditions, another reduction of 3 to 5 percent will be provided.

Established in 1988, Hainan Province is China's largest special economic zone. The various favorable policies provided by the state to Hainan Province remain unchanged. The province has since signed 890 investment agreements with foreign businessmen, for which US\$237 million has been processed into the province. Last year, the export volume of Hainan's foreign-funded enterprises increased to US\$375 million.

The contract for foreign investment in Yangpu Development Zone is now being drafted, but construction is expected to start this year.

In addition, Hainan will open a number of foreign-funded comprehensive development zones specializing in

agricultural processing and exports.

by Kou Zhengling

News in Brief

- The International Surface Treatment and Coating Processing Equipment Exhibition and the International Chemical Industry and Printed Circuit Plate Processing Equipment Exhibition were held at the China International Exhibition Centre between March 19-24.

Representatives from Belgium, France, the Federal Republic of Germany, the Netherlands, Italy, Japan, Switzerland, the United States and Hong Kong, exhibited a wide range of products including painting manufacturing, anti-rot, powder coating production and manufacturing technology for electronic printing circuit plates and their production equipment as well as test instruments.

- The China National Agricultural, Industrial and Commercial United Corp. held its 8th fair for farm reclamation products in Tianjin on March 27-29. The fair provided clients with more than 11,000 kinds of products worth 1.9 billion yuan such as cereals, farming and sideline products, local and special products, light industrial products, medicines, chemical industrial products and building-materials. The fair was an opportunity for clients to view name-brand, high quality products which have brisk sales on the international market. ■

Keep-Fit Tourism Booms in Zhuhai

For more than a month, overseas visitors have flocked to China's first keep-fit tourist centre which opened in Zhuhai City in south China at the end of February.

The centre, named Silver Bay Hospital, is situated at the Silver Bay Resort Club, a member of the Holiday Ownership Group. It was established with a 3 million-yuan joint fund of Norman Bethune University of Medical Sciences and Shenzhen Shekou Shenzhu Industry & Trading Co. To date, it has received two international keep-fit tourist groups along with dozens of tourists from Hong Kong and Macao.

Leung Yau Tak from Hong Kong received a three-day

treatment here and he was quite pleased with the centre's expertise. The centre, equipped with a complete set of Western medical equipment, such as CT, EUB-40 electronic scanning ultrasound scanner and holter system (24 hrs continuous ECG monitor), has 12 nationally and internationally renowned experts. At present, the centre has opened up an internal medicine and neuro-internal, dental and plastic surgery sections. Treatment with the use of Chinese herbal medicines is also being put into effect.

Treatment for impotence with special Chinese medicine pills has also shown good results at the centre.

by Yue Haitao



Beijing Explores Convention on Tourism

Thanks to completion of two large building complexes, the International Trade Centre and the International Convention Centre, Beijing has become an ideal city to hold various kinds of international meetings.

Located 3 km east of Tiananmen Square, the International Trade Centre includes an exhibition hall, two apartment buildings, one office building and two hotels. The exhibition hall, with a floor space of 8,500-10,000 square metres, is available for all kinds of professional exhibitions.

Situated 9 km north of Tiananmen Square, the International Convention Centre, covering an area of 31.5 hec-

tares, consists of the International Convention Building, office and apartment buildings, hotels, entertainment facilities and an international school. The total construction area of the International Convention Building is 45,000 square metres. Inside is a huge conference hall which can hold 3,000 people, a 700-people medium-sized meeting hall, 42 halls of various types for different functions, and meeting rooms and offices. In addition, there is an 8,000-square-metre exhibition hall. The International Convention Building is equipped with advanced facilities for use in international meetings and exhibitions, including a system for carrying out simultaneous interpretation in eight

different languages, a computer management system and ideal office and modern telecommunications facilities.

Lu Bing, vice-director of the Beijing Travel and Tourism Administration, said that Beijing has many advantages for being an international convention centre and developing conference tourism. Above all, Beijing is not only the hub of China's politics, economy and culture, but an ancient city with numerous historical sites. It has many hotels, guest houses, transportation amenities, as well as other tourist service facilities such as interpreters, tourist guides and a large contingent of various professional staff.

In recent years, Beijing hosted more than 100 international conferences of various types annually.

by Han Baocheng

Asiad TV Network Takes Shape

Asian Games organizers have decided to provide live television coverage of 17 events in 20 gymnasiums and stadiums during the September 22-October 7 Asiad.

The Radio and TV Broadcast Committee has also decided to videotape the other 10 events for the convenience of TV stations in other countries and regions.

The 17 events to be broadcast live are: track and field, badminton, basketball, boxing, football, gymnastics, baseball, field hockey, judo, softball, swimming—including diving and water polo—table tennis, tennis, volleyball, weightlifting, wrestling and *wushu* (martial arts).

To ensure the smooth transmission of television signals, the committee has increased the number of channels available for relay via satellite from four to at least eight and perhaps ten, more than twice the number available for the Seoul Olympic Games.

CCTV's Colour TV Centre, the Central Television Transmission Tower and the soon to be completed International Broadcasting Centre (IBC) are the guts of the relay network. Since their locations form a triangle on a map, television workers have nicknamed them "the golden triangle."

Television signals originating at the 20 sports venues equipped with relay facilities will take the following route: first via microwave to the Central TV Transmission Tower or the microwave studio on the 23rd floor of the Colour TV Centre; then via optical and electrical cables to the central control studio on the third floor of the Colour TV Centre, from where they will be transmitted to IBC; at IBC

sports commentators from participating countries will dub the signals into their own languages; these dubbed signals will be relayed to the transmission centre on the first floor of the Colour TV Centre and then to satellite ground stations for relay to satellites.

It is not necessary for TV commentators to work at IBC because CCTV has set aside 81 seats for commentators at the 20 gymnasiums and stadiums. Commentators can hire these seats for on-the-spot coverage and have their reports relayed through optical cables to the Long-Distance Telephone Building, then to the Colour TV Centre and on to IBC.

Situated northeast of the Colour TV Centre, the 13-storey IBC will not only provide broadcasting studios and editing facilities, but also food and lodging and travel services for television personnel. Although it is still under construction, IBC's 300-plus suites and 5,000 square metres of work space have already been booked.

With the rapid development of Beijing in recent years, high buildings have sprung up, creating some difficulties in the transmission of microwave signals. Therefore, the Central TV Transmission Tower has been built to a height of 380 metres, earning the title of "China's first tower."

It is estimated that the massive relay network will need at least 23 transmitters, hundreds of remote pickup cameras and video recorders, close to 100 sets of equipment for on-the-spot commentators and dozens of sets of microwave equipment. The number of people involved in direct-



ing, filming and other technical work will surpass 1,500.

This has drawn heavily on CCTV's resources. Local TV stations have offered their help and provided relay transmitters and technical personnel. More than 500 people from 16 local TV stations will join the TV broadcasting team for the Asiad. The Beijing Broadcasting Institute lists more than 100 people ready to offer services free of charge. Some foreign television networks have also provided broadcasting equipment.

Assisted by computers, CCTV's directors will be able to show the audience an athlete's name, nationality, score and ranking in the competition in Chinese and English. In swimming, diving and synchronized swimming, the audience will be given underwater views. Fixed micro-cameras will be used in events like gymnastics and wrestling, and helicopters will be employed for coverage of the opening and closing ceremonies and such events as cycling, the marathon and rowing.

Now that the hardware required for television coverage of the Asiad has begun to take shape, organizers are turning their attention to studying Games programmes so they can map out a precise broadcast schedule. ■



Zeng Chaowen inspects the quality of his products.

Zeng spent 10 years studying Chinese medical classics and tried a great number of Chinese medicines before finally coming up with the formula for *Shengjingsan*. The medicine coordinates the function of the human organic system and consolidates immunity and sexual capability. A group of experts organized by the Guizhou Provincial Commission of Science and Technology said the medicinal powder is scientific, advanced and practical; its clinical results are good and it causes no side effects.

Zunyi, located on the Yunnan-Guizhou Plateau, is relatively difficult for patients to reach. So Dr. Zeng, in co-operation with the Huaqiao Hospital in Guangzhou and the No. 292 Army Hospital in Beijing, has set up clinics in Guangzhou and Beijing. He is also preparing to set up similar clinics in Shanghai, Wuhan, Xian, Kunming and Kaifeng, and in Saudi Arabia and Argentina.

"I want the medicine to reach more patients in the world and hope that this can help my patients enjoy the happiness of

Success in Treating Male Sterility

Dr. Zeng Chaowen founded China's first institute for research into male sterility in 1985 in Zunyi, a historic city in southwestern China's Guizhou Province.

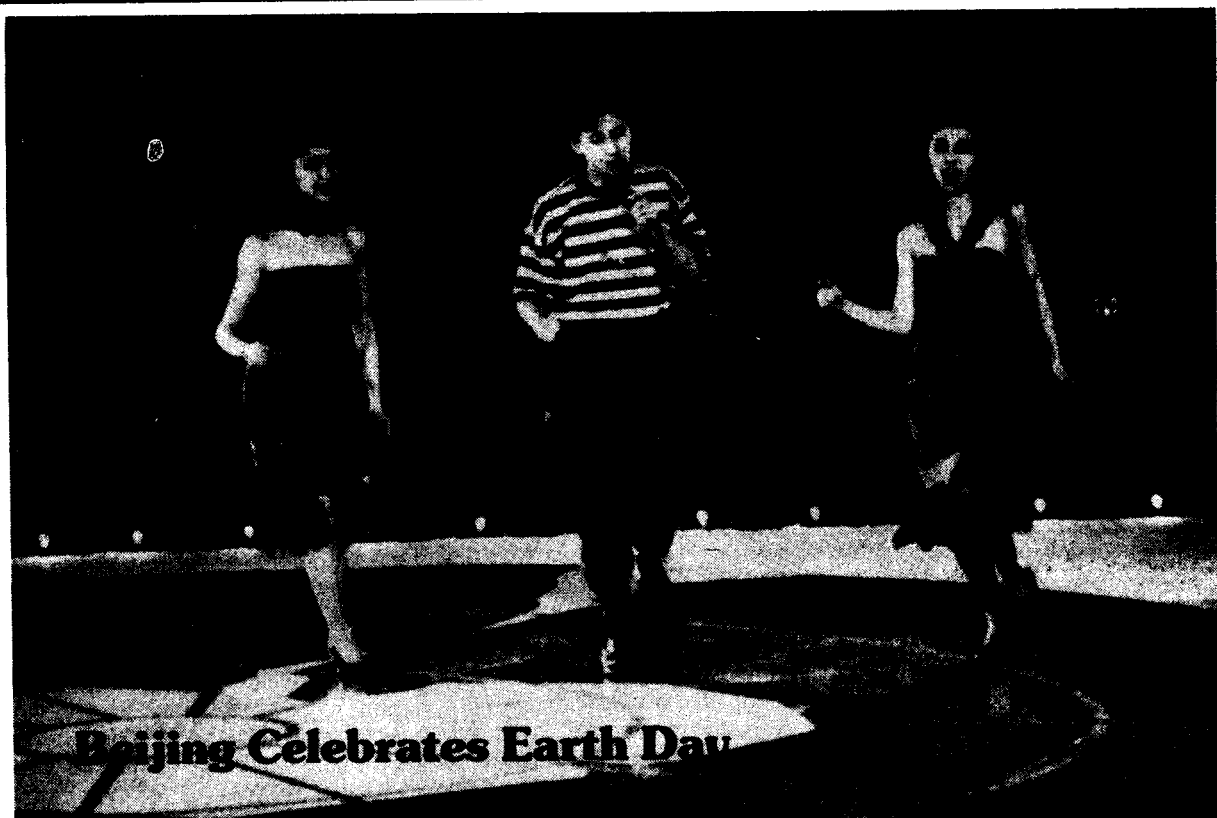
The institute and the attached Yimin Hospital used a herbal medicine called *Shengjingsan* (sperm-producing medicinal powder) to treat more than 7,400 Chinese and foreign patients,

achieving effective results in 96 percent of the cases.

According to the hospital's limited information, 1,328 of the patients who completed the three-month term of treatment have fathered children and 2,813 have wives who are pregnant. Medical specialists said such successful results were rare, not only for China but for other countries as well.

Former patients of Yimin Hospital show off the successful results of their treatment.





Beijing Celebrates Earth Day

A scene from the party celebrating the 20th anniversary of Earth Day.

QIN XUZHI

A grand performance celebrating the 20th anniversary of Earth Day was held in Beijing's Capital Gymnasium on the evening of April 22. The main stage contained a large rotating globe symbolizing the Earth, the cradle of mankind.

The performance was one of a

series of activities sponsored by the State Environmental Protection Bureau and the China International Cultural Exchange Centre to make people aware of the problem of environmental contamination.

The acts were composed especially for Earth Day by noted

Chinese creative artists and performed by well known pop stars. More than 100 children sang the topical song *The Green Globe*. Performers from foreign countries and Taiwan also participated.

by Hong Lanxing

family life," he said.

After the creation of *Shengjingsan*, Zeng made up another prescription called *Longevity and Happiness Medicinal Wine*.

Based on a traditional recipe and supplemented with more than 10 kinds of herbal medicine and the good local wine, it reinforces the kidney, strengthens vital energy, increases appetite, assists sleeping and slows the aging process.

According to a clinical report

by the Zunyi Prefecture Hospital, three months of treatment achieved effective results in 90 percent of the patients with sexual problems, 84 percent with neurasthenia and 81 percent with arthritis.

Experiments show that the medicinal wine has no side effects. In 1988 it was awarded a gold medal at the First International Exhibition of New Technological Products and the Golden Crane Cup for national health-care products.

The medicinal wine is being produced by Zeng's research institute and the Zunyi Pharmaceutical Factory.

Guizhou Governor Wang Chaowen has praised both products: "Guizhou has been well-known for its natural beauty and the prestigious *Maotai* brand liquor. Now Zeng Chaowen's *Shengjingsan* and *Longevity and Happiness Medicinal Wine* have become new prides of the province. I hope they can bring more happiness to all the people of the world."

Sculptures by Liu Yigang

Born in Sichuan Province in 1961, Liu Yigang now serves as an artist designer for China's International Exhibition Engineering Co. Ltd. He is continuously developing new techniques and designs for his metal sculptures.



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ART PAGE



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