

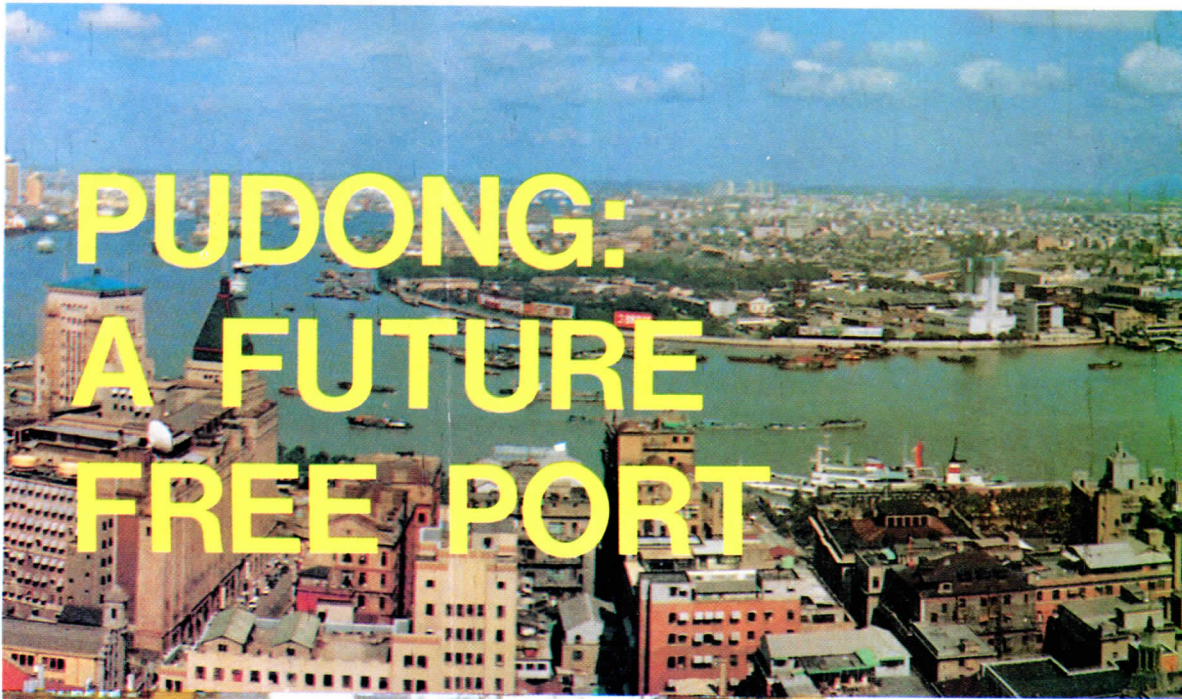
A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

北京周报

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## PUDONG: A FUTURE FREE PORT



Breakthrough in  
Korea-Japan Relations



Mountain area scene.

*Photo by Wen Ruizhong*



## Spirit of Beijing Asian Games to be Carried On

□ The success of the Beijing Asian Games has greatly boosted the morale of the Chinese people and enhanced cohesion of the Chinese nation. Chinese leaders urged the people to carry on the spirit of the games and make greater efforts to realize the goal of the country's modernization drive (p. 4).

## Pudong Opens to Foreign Investment

□ In this issue, *Beijing Review* published two articles on the Pudong New Development Zone. The first, "Rules Add to Pudong's Appeal to Investors," discusses Shanghai's nine regulations on the zone's development and points out the significance of a fully developed Pudong for the rejuvenation of Shanghai, neighbouring Jiangsu and Zhejiang provinces, the Changjiang River Valley and the rest of the nation (p. 12). The second evaluates the geographical features and natural conditions affecting the zone's overall plan and reviews the benefits to accrue from Pudong's development (p. 16).

## Shanghai Should Become Another Hong Kong

□ After an investigative tour of Jiangsu and Zhejiang provinces and Shanghai last spring, Fei Xiaotong, chairman of the China Democratic League, spelled out the need for and the feasibility of developing the Changjiang River Delta and building up Shanghai's Pudong District in ways similar to Hong Kong (p. 21).

## DPRK, Japan Improve Relations

□ The long-standing hostile relationship between Japan and the Democratic People's Republic of Korea has begun improving after a visit by two high-level Japanese party delegations to Pyongyang recently. In a joint declaration the two Japanese parties and the Korean Workers' Party expressed the willingness to establish a normal tie between the two countries on the basis of the idea of independence, peace and friendship (P. 9).

## IFAD Aids Sichuan's Animal Husbandry

□ This aid project benefits poor farmers in eight counties. IFAD technical assistance is helping to develop an herbivorous animal industry by promoting scientific breeding methods and increasing the farmers' capacity to process livestock products (p. 24).

## CONTENTS

### EVENTS/TRENDS

The Spirit of Asian Games Lives On	4-7
Anti-Disaster Work: A Winning Battle	
A Fiery End for Hijacking Tragedy	
Should Retirees Return to Work?	
Free Medicare in Need of Reform	
News in Brief	

### INTERNATIONAL

Germany Becomes a Unified Nation Again	8
Breakthrough in DPRK-Japan Relations	9
Central-Southern Europe: Strong Co-operation	10
Mitterrand's Gulf Tour	11

### CHINA

Rules Add to Pudong's Appeal to Investors	12
Shanghai's Pudong Project in Full Swing	16
Turning Shanghai Into a 'Mainland Hong Kong'	21
IFAD Aids Sichuan's Animal Husbandry	24

### BOOKS

28

### BUSINESS/TRADE

29-31

### CULTURE/SCIENCE

32-34

**COVER:** *Top:* The Pudong New Development Zone by the Huangpu River in Shanghai. *Bottom:* Premier Li Peng (centre) on an inspection tour of Pudong.

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## The Spirit of Asian Games Lives On

Chinese leaders spoke highly of the 11th Asian Games for it had vastly enriched the life of the Chinese people.

The success made in hosting the 11th Asian Games, which ended on October 7 after 15 days of action-packed competitions, will surely boost the national morale and promote the country's economic and cultural development, said Party General Secretary Jiang Zemin at an October 9 reception given in honour of members of the Chinese delegation to the Asiad and representatives of the games' organizing committee. The function, which took place in Beijing's Great Hall of the People, was also attended by other top Chinese leaders, including Yang Shangkun, Li Peng and Wan Li.

Jiang said that the spectacular group callisthenics performed at the opening ceremony of the games displayed not only the wisdom and culture of the Chinese nation but also a sense of discipline that the younger generation is imbued with.

He hoped that people of all walks of life throughout the country will carry forth the spirit of the Beijing Asian Games and strive to realize the goals of the modernization drive.

In his speech, Premier Li said that the Beijing Asian Games had been a true happy get-together of the Asian people in the spirit of "unity, friendship and progress."

He said that the success of the games displayed China's overall national strength and the mental outlook of the Chinese people. It is a vindication of the Chinese foreign policy and reflects the nation's political, economic and

social stability, he added.

An October 10 *Renmin Ribao* (*People's Daily*) editorial said that although the Beijing Asian Games has closed, its spirit will live on among the Chinese people.

The spirit of the Beijing Asian Games has a rich connotation, the editorial said, but its keynote is patriotism, an indomitable determination to achieve the best, unity, co-operation, selflessness, and a willingness to absorb other countries' advanced experience and achievements.

The success of the Beijing Asian Games and the victories won by the Chinese athletes have greatly enhanced national cohesion.

Tu Qinghua, a student of Jiansing University, said that the games had changed some students' negative viewpoint that "China can accomplish nothing." Now they believe that by working with one heart and one mind the Chinese people can achieve their goals, Tu said.

The games has helped improve the work of all trades and professions, especially the service trades of Beijing, where the watchword was: "The Asian Games adds lustre to the country, and I will do my part for the Asian Games." The good service won praises from both foreign and Chinese visitors.

Now that the games is over, the topic now is how to carry on with the legacy. The topic was carefully discussed at a symposium held in Beijing on October 12, and the consensus of the participants was: "Let's keep the spirit of the 11th Asian Games alive." ■

## Anti-Disaster Work: A Winning Battle

For its immense vastness, the territories of China are all too prone to natural adversities of one kind or another — or so it seems. The land is hit, annually, by an average of 7.5 droughts, 5.8 floods and 6 earthquakes with a magnitude above 6 points on the Richter scale, and some 200 million people are affected. Each average-scale disaster means a financial loss of 50 billion yuan.

Fighting disasters has therefore become part and parcel of the Chinese life, so much so that in 1950, a national committee was established for this purpose. In the first nine months of that year, the central government provided 1.12 billion kilograms of relief flour and rice for affected people.

During the 40 years since the founding of the People's Republic of China in 1949, the state has spent 10 billion yuan on disaster relief. Monitoring and forecasting systems have been established throughout the country.

According to statistics, there are now 2,610 meteorological observatories, 3,450 hydrometric stations, 970 seismographic stations and thousands of plant protection stations across the land.

Disaster forecasting has come a long way in some areas. For example, the accuracy rate of short-term weather forecasts at the Yangtze River estuary has reached 70 percent and 70-80 percent of the windstorm and tide predictions are correct.

Before 1949, typhoon, winds-torms or tides strong enough to take the lives of more than 10,000 people occurred once in about every ten years. After 1949, the rate significantly dropped.

Floods and drought are the

most menacing of all natural disasters. During the 2,155 years between 206 BC and 1949 AD, a severe flood or drought occurred almost annually in China. After 1949, more than 86,000 reservoirs with a total storage capacity of 450 billion cubic metres and dykes with a total length of 200,000 kilometres have been built.

Windstorms and tides pose a constant threat to those living along the sea coasts. In 1922, a typhoon struck Shantou, Guangdong Province, and 70,000 people died. After 1949, flood-control headquarters were established at all levels in the country, and dykes 10,000 kilometres in total length were built to hold back the excessive water.

To improve the ecological environment, China pays much attention to planting trees and reforestation. A green belt stretching over the country's northeast, north and northwest has effectively alleviated sandstorms and soil erosion.

In response to the United Nations' proposal for "International Natural Disaster Alleviation", China established a ten-year disaster alleviation committee headed by Vice-Premier Tian Jiyun to undertake 46 research projects during the Eighth Five-Year Plan period (1991-95).

At a forum held on October 10, the first International Disaster Alleviation Day, it was reported that the number of deaths caused by various disasters has dropped 40 percent in 1990, the first year of a ten-year plan in the making, in comparison with an average year.

In Fujian Province, seven typhoons struck in a matter of 100 days this year, but only about 500 people died thanks to accurate predictions and adequate protecting measures.

Officials of the World Bank and some other international in-

stitutions attending the forum spoke highly of China's efforts in disaster alleviation. They said that China is in the world's front ranks in its anti-disaster ability. □

## A Fiery End for Hijacking Tragedy

A spokesman for the Civil Aviation Administration of China (CAAC) stated on October 9 that major restructuring within the airport and airline company involved in the October 2 hijacking incident will be undertaken.

The Xiamen Airline Company Boeing 737, hijacked during its flight from Xiamen to Guangzhou, crashed into two parked planes when it made an emergency landing at Guangzhou's Baiyun Airport, causing heavy casualties.

"This serious incident has revealed existing problems in the management of the airport and airline company," the spokesman pointed out. He reaffirmed the administration's commitment to rules and regulations that place safety of the passengers' lives and property above anything else.

He also expressed deep regret for the tragedy. "We mourn for those who died in the accident and offer our sympathy to the injured passengers and the families of the dead," the spokesman said.

According to relevant international conventions designed to stop illegal interference in the safety of civil aviation, hijackers must be extradited and severely punished. "It is reported that the Taiwan authorities have recently made an explicit statement that they will no longer provide political asylum to hijackers and will send them back to their original departure point. We wel-

come this decision," the spokesman said.

After a week-long investigation, the Guangzhou Aviation Administrative Bureau and the Guangzhou Public Security Bureau reported on October 9 that the Boeing 737 was hijacked after it took off from Xiamen in Fujian Province at 6:57 am on October 2 on its way to Guangzhou, capital of Guangdong Province.

According to surviving passengers and crew members, the male hijacker, who had been sitting in the 16th row, suddenly rushed towards the cockpit. Brushing aside a flight attendant who tried to stop him, the man forced his way into the cockpit and ordered all crew members except the pilot to leave by threatening to detonate an explosive. He then ordered the pilot to fly to Taiwan.

Communications with the ground were temporarily cut off, but finally the plane established contact with the flight control at Guangzhou's Baiyun Airport. To ensure the safety of the passengers and crew, the Guangzhou Aviation Administration informed the crew to land at any airport within or without the borders of China's mainland, including Taiwan.

When the pilot replied that the plane had only enough fuel to reach Hong Kong, the control office agreed that the plane could proceed to Hong Kong and refuel there before flying on to Taiwan. Simultaneously, it contacted the Hong Kong Aviation Administration Department.

However, the hijacker was not happy about this arrangement and threatened to blow up the plane if it landed in Hong Kong. At 9:04 am, as fuel was running out, the pilot made an emergency landing at Baiyun Airport.

As the plane taxied from north to south along the runway,

the hijacker attacked the pilot and the plane lost control. Swinging to the right, it collided with the parked China Southwest Airways airliner No. 2402, ripping open its cockpit.

Still moving, it then clashed into another plane, airliner No. 2812, which was on the verge of a flight to Shanghai, before exploding into a fireball.

After the fire was extinguished, two dead bodies were found in the cockpit of the hijacked plane. One was identified as Cen Longyu, the pilot. An ID card found from the coat of another corpse showed that the man, by the name of Jiang Xiaofeng, was born on August 11, 1969 in Linli County, Hunan Province. No trace of explosives were found.

According to the Public Security Department of Hunan Province, Jiang was a resident purchasing agent in Changsha, capital of Hunan Province, for the Development Corporation under the Goods and Materials Bureau of Linli County.

He had been taken into custody in September 1988 by Linli County police on a charge of robbery. On July 13 of this year he made away with a sum of 17,000 yuan (US \$3,600) from his corporation and was wanted by the local police. ■

## Should Retirees Return to Work?

**T**he re-employing of retirees in Liaoning Province — a practice which has recently become common — has been received with mixed public reaction.

A recent investigation by the provincial labour administration discovered the practice as a boon to economic revitalization because it has brought skills back into play.

The investigation showed that, within the past few years, about 500,000 retirees out of a total of 1,920,000 in Liaoning had been rehired.

In the provincial capital of Shenyang, for example, more than one-third of the 510,000 retirees had taken on new jobs, making money above their usual retirement pension.

The practice, however, has also raised quite a few eyebrows. Some argue that the rehiring should be stopped because it takes jobs away from young people, damages the morale of those already in work and creates a yawning income gap. Statistics show that the re-employed usually earn twice as much as regular workers with their new wages and pensions combined.

Preventing most retirees from working again, opponents say, would not only solve the problem of unfair distribution of wealth, but also help keep society stable in the face of an increasing number of unemployed young people.

Re-employment of retired workers was also seen as unnecessary by some deputies to the provincial People's Congress.

They said that the need for more skilled workers and professionals in some enterprises or institutes could be met by using surplus labour which currently exists in many state or collective units.

Yet, some officials from local district and county-level governments and subordinate factories have an opposing viewpoint. They see employing retired people as a practice consistent with the aim of developing the economy and the effort to find work for the jobless. It was due to the re-employment of retirees that new factories had been established, more economic benefits had been achieved and more jobs had been made available to

young people, according to a district leader in Shenyang.

In any case, almost all people agreed that the practice should receive more attention and be guided by well-defined legislation. ■

## Free Medicare In Need of Reform

**C**hina's free medical service for state employees, long considered as an embodiment of the superior socialist system, is now in urgent need of an overhaul.

Free medical service has been offered to state-employed staff members and college students in China for 38 years. However, the system has begun to incur difficulties. He Jiesheng, vice minister of public health, pointed out that because of present economic conditions, the country can not afford to have the government pay all medical expenses of employees.

Statistics show that the government spent 3.8 billion yuan last year to pay medical expenses for 26.48 million state employees, who enjoy free medical care.

The country's medicare expenditures increased 30 percent in the past two years. Medical expenses for state employees last year rose to 145.18 yuan per person from 83.14 yuan in 1986, and was equivalent to the average one and a half months' income a government employee earned one year after finishing college.

The soaring medical costs have three major contributory factors: the swelling number of beneficiaries, higher costs of medicine and medical care resulting from the introduction of new and diverse medical equipment, and malpractice in prescriptions which has led to heav-

ier financial burdens for the state. Free medical care for government employees is drawing increasing public criticism as a source of extravagance.

In their pursuit of better economic results, doctors in many hospitals and clinics often prescribe expensive medicines for their patients. In some cases, such items as tonics, necklaces, cosmetics, shoes, washing machines or record players are "prescribed" to patients who can submit the bill to their employers — state-run enterprises or government departments — for reimbursement.

One sample survey indicated that such unwarranted expenses accounted for 20 percent of the country's total expenditure of free medical service.

The reform of the free medical service was first implemented two years ago in 10 cities. Some success has been achieved. According to new regulations, individuals in these cities are required to pay for a portion of their medical expenses. ■

## News in Brief

### Israel Condemned

A Chinese Foreign Ministry spokesman on October 10 expressed the Chinese government's utmost indignation at and strong condemnation of the savage act of the Israeli authorities in suppressing the Palestinian people in east Jerusalem.

On October 8, said the spokesman, the Israeli authorities brutally suppressed the Palestinians living in east Jerusalem, causing hundreds of casualties.

He said that the Chinese government demands that the Israeli authorities observe the principles of international law and immediately stop their suppression of the Palestinian people in the occupied territories.

"We call on the international community to take effective measures to stop the illegal acts of the Israeli authorities and ensure the safety of life and property of the Palestinian people," the spokesman said.

### Satellite Back to Normal

The second "Fengyun No.1" meteorological satellite, launched in early September, has returned to normal operation after several days of debugging.

Xu Jianmin, director of the State Meteorological Satellite Centre, said that the equipment in the experimental satellite is working well, sending clear pictures of clouds and images of the earth's surface.

The satellite, expected to be in operation for one year, is being used for analysis of meteorological data and weather forecasting. It served the 11th Asian Games (September 22-October 7) as well.

The satellite has monitored China's vegetation, environmental changes and glaciers. The country is making plans to further use the satellite by conducting research in some special fields, such as ocean icebergs and delayed cloud pictures.

Xu said China makes available the data the satellite gathers to its foreign counterparts. Foreign meteorological officials and experts, particularly those from the United States and Australia, have spoken highly of the data received, lauding the launching of the new satellite as "a tremendous achievement for international scientific progress."

### Taiwan Extradites Suspect

The Taiwan police authorities have sent back to the Chinese mainland a man wanted by the Beijing Public Security Bureau in connection with the theft of US\$3.34 million.

Wu Dapeng, 28, who used to be employed at a Beijing branch

of the Bank of China, was sent back to the mainland on October 9 in accordance with an accord between the Red Cross organizations on both sides of the Taiwan Straits. The Beijing judicial organs will deal with the case according to the Criminal Law and Criminal Procedure Law of the People's Republic of China.

In February last year a money order worth US\$3.34 million was stolen from the office of the Bank of China at the Holiday Inn Lido Hotel in Beijing. Wu, suspected to be involved in the case, had fled to Taiwan shortly after the money order was reported stolen.

### Aging Problem Eye-catching

Northeastern Liaoning Province, a major industrial base in China, has no chance of escaping the aging problem which also challenges many other cities.

Liaoning now has 3.8 million people over the age of 60, accounting for 9.9 percent of the province's total population of 38.76 million.

This figure is predicted to surpass 10 percent by the end of this year, according to the provincial Aging Problem Committee.

A series of policies and regulations have been instituted by the provincial legislative and executive departments to resolve the problem.

At present, the province has set up 1,239 old folk's homes for over 30,000 aged people. Other elderly people are supported by social organizations.

### Exports Grows

China's exports grew steadily between January and September this year.

According to the latest report from the China General Administration of Customs, exports totalled US\$41.39 billion in the first nine months this year, 14.2 percent higher than the same period last year. ■

# Germany Becomes a Unified Nation Again

by Chu Qimen

On October 3, the German Democratic Republic formally joined the Federal Republic of Germany, bringing about German unification after a 45-year division. A ceremony was held that day in Berlin to celebrate the historical event, attended by more than 2,000 representatives from all parts of the country.

As a direct result of the war waged by Adolf Hitler, Germany's post-war occupation by the World War II allies finally ended as allied forces in Berlin on October 2 lowered their flags and ceded their power to German authorities. The agreements signed between the two German states and the World War II allied powers, on the international status of Germany, restored German sovereignty.

On the question which alliance a unified Germany would belong to, Soviet leader Mikhail Gorbachev initially supported the idea of a neutralized Germany, which was stubbornly opposed by Western countries. However, during Chancellor Helmut Kohl's visit to Moscow July 16-18, an agreement was reached between Kohl and Gorbachev. The Soviet leader declared that the German people have the right to make their own decisions concerning their future. Thus, the major obstacle to German unification was removed. Later, in the third "two plus four" conference in Paris, the problem concerning the German-Polish borders was settled. So Kohl stated in a televised address to the nation, "We thank President Gorbachev.... for recognizing the nation's right to pursue its own path.... Without this deci-

sion, we would not have so quickly experienced the day of unity."

German unification was welcomed by the world, but it also aroused worries in some countries.

US President George Bush telegraphed congratulations to Kohl. "At long last the day has come," he said. "Germany is united."

French President Francois Mitterrand said in a message to Kohl, "We have come a long way together. We are going to continue.... tell those close to you, tell all Germans of the solidarity of France."

Soviet President Gorbachev wished the great German nation happiness and prosperity.

The European Community said in a statement that the restoration of German unity heralded in a new age for Germany and all of Europe.

British Prime Minister Margaret Thatcher stated that the unification of Germany "presents an important step in overcoming the division of our continent.... Germany is to be united in peace and freedom and it will have a profoundly important role in Europe." She also revealed her concerns about the future role that a unified Germany will play. She warned that "Germany will be dominant in Europe, so it will be up to the rest of us not to allow its domination. Others will also have powerful voices."

In Paris, the leftist daily *Liberation* said: "On October 3, 1990, forgetting is forbidden: forgetting the distant past as well as the recent. Neither the memory of Auschwitz nor that of democratic and peaceful unification should

be hidden away."

In fact, German unification means the end of the "Yalta pattern" of international relations in Europe. Many predict that a tripartite confrontation — the United States, the Soviet Union and Germany — will appear in Europe. In addition, German unification will further destroy the existing security structure in Europe.

To relax world anxieties, Kohl stressed in the first session of a unified parliament that Germany would never forget its responsibility for the past. "We must never forget, suppress or play down the crimes committed in this century by Germans, the suffering inflicted on people and nations," he said.

In a letter sent to the governments of all other countries, Kohl said a unified Germany should bear greater responsibility and the German foreign policy seeks a worldwide partnership and close co-operation. He reiterated that his country will respect the territorial integrity and sovereignty of European countries and makes no territorial claims to any other countries.

As for the domestic problem, the eastern portion of Germany will undergo an economic turbulence. Many people are facing unemployment and their living standards will worsen before they may get better. A survey released by the Munich Economic Institute and the Berlin Economic Institute showed that thus far a potential unemployment of the eastern portion of Germany totals 2.7-2.8 million.

In a televised speech on the eve of German unification, Kohl



called upon all Germans to unite and overcome the current difficulties facing the new nation.

The Chinese Government and people have always understood and supported the desire of the German people for unification.

China respects their choice and welcomes the ultimate peaceful unification of Germany, hoping the unification conforms to the fundamental interests of all the German people and is conducive to peace, stability and develop-

ment in Europe and the whole world. China has enjoyed good relations with the two Germanies and is willing to strengthen and develop friendly relations with the united Germany on the basis of the Five Principles of Peaceful Co-existence. ■

## Breakthrough in DPRK-Japan Relations

by Zhu Ronggen

A recent visit by two Japanese party delegations to Pyongyang led to a breakthrough in the long-standing hostile relations between Japan and the Democratic People's Republic of Korea (DPRK).

Between September 24 and 28, delegations representing Japan's ruling Liberal Democratic Party (LDP) and the Japanese Socialist Party (JSP), respectively headed by former deputy Prime Minister Shin Kanemaru and Vice-chairman of JSP's Central Executive Committee Makoto Tanabe, paid a special visit to the DPRK.

Shin Kanemaru stated that Japan was duty bound to express an apology to the Korean people for causing them unbearable sufferings. He stressed that, in order to improve bilateral ties, the two countries should open their doors to each other and begin dialogues. Current obstacles could be overcome with an exchange of opinions, he added.

Kim Yong Sung, secretary of the Korean Workers' Party (KWP) Central Committee, said that his country appreciated the recent indication from the Japanese government for improving relations between the two countries.

At the end of the visit, the two Japanese parties and the KWP issued a joint declaration, stressing that the current "abnormal state between the DPRK and Japan

must be eliminated" and "diplomatic relations should be established as soon as possible."

This unprecedented visit achieved great successes.

First, the two sides reached a common understanding on outstanding issues in Japanese-Korean history, which have proven to be "major obstacles" in the normalization of diplomatic ties.

In his personal letter to the DPRK President Kim Il Sung, which was delivered by Kanemaru, Japanese Prime Minister Toshiki Kaifu, in the name of LDP president, apologized to Korea for the agony and losses Japan inflicted upon the Korean people during the 36-year colonial rule of the country.

Moreover, the joint declaration clearly stated that Japan should fully and officially apologize to and compensate the DPRK for the gross misfortunes and miseries imposed upon the Korean people in the 36 years and the losses inflicted upon the Korean people in the following 45 years since World War II.

Second, bilateral relations between the two countries have greatly improved. President Kim received the two Japanese delegations and also met with Kanemaru on September 26 and September 27. The Japanese public opinion described Kim's reception as being "rare."

It was also considered somewhat "sudden" that Prime Minis-

ter Kaifu welcomed, without hesitation, the DPRK's proposal that negotiations be held on the normalization of diplomatic ties between the two countries in November of this year. Additionally, senior DPRK and Japanese government officials first met in Pyongyang on September 27, discussing the issues of opening direct air service between the two countries, guaranteeing the national rights of all Korean residents in Japan and furthering their co-operation in the areas of fishery and tourism. Both sides agreed to hold future exchanges in political, economic, cultural and other areas.

Third, a compromise was reached on the issue of releasing two Japanese seamen of the fishing boat, "Fujisan Maru No.18," who have been detained by the DPRK since 1983 on espionage charges. The DPRK agreed, as a friendly gesture to Japan, to release the two in October.

Japan established normal relations with South Korea in 1965. However, currently it has no diplomatic ties, nor governmental contacts with the DPRK.

Peace and stability in the Korean Peninsula are of vital importance to Japan's political, economic and strategic interests. To enhance its influence in the region, Japan is making efforts to maintain an "all-round co-operation" with Seoul, while attempting to "break down the

thick wall" and "thaw" cold relations with Pyongyang.

However, the process of improving Japan-DPRK relations

involves various aspects. It is of interest to note that when Kanemaru, a strong man in the ruling LDP, returned home, speculations heightened over what

steps he will take to push the government to improve relations with the DPRK, and what impact the visit will have both at home and abroad. ■

## Central-Southern Europe: Strong Co-operation

by Jiang Zhongting

In the face of European changes, Central-Southern European countries are casting aside differences of ideology and beginning to strengthen co-operation for their own interests.

Heads of government and foreign ministers of Italy, Austria, Hungary, Yugoslavia and Czechoslovakia held talks from July 31 to August 1 in Venice, Italy, to discuss co-operation in the political, economic and cultural areas. They exchanged views on Europe's current situation and other international issues of common concern. The leaders advocated to jointly promote "European construction" and "European integrity" as well as security and stability within the European continent. They considered that Europe's future should be based on the principles laid down in the final documents of the Helsinki Conference on European Security and Co-operation such as multi-party, parliamentary democracy and market economy. The meeting decided that the five countries should focus their co-operative efforts on freeways, railways, telecommunications, environmental protection, science and technology, culture and information, and adopted two documents to form the basis for their co-operation. Concrete co-operation projects were also planned.

In September last year, Italy and Hungary proposed to strengthen bilateral and multilateral contacts and begin regional co-operation in various forms. Austria and Yugoslavia responded positively to the proposal. The deputy prime ministers and foreign ministers of the four countries held meetings last

November, and Czechoslovakia joined last May with great interest. Currently, Romania and Bulgaria also have applied for entry into the co-operation.

The Central-Southern European co-operation will be in various forms, but the focus will be on the following projects:

—Development of traffic and transportation, including construction of freeways and railways. This will improve the infrastructure in the five countries. Italy, with the most experience in this area, will head the project.

—Environmental protection. A modern information center will be established in Vienna. These countries will co-operate to control the Danube River and eliminate pollution in industrial areas around Venice.

—Modernization of telecommunications. The five countries plan to improve their existing communication facilities with advanced technology such as optical fiber and satellites to create a favourable condition for economic development.

—Medium-sized and small enterprise co-operation. They plan to exchange experiences and set up an information network to promote the development of small enterprises.

—Scientific, technological and cultural co-operation. The countries will jointly work out a plan to train graduate students and set up co-operative groups in the areas of science and technology.

The co-operation has attracted the attention of international organizations. European Investment Bank, European Reconstruction

and Development Bank and the World Bank all sent representatives to the Venice summit. It would be helpful if the banks could provide the much needed money to this joint venture.

Central-Southern Europe has a very important strategic position. History shows the region was a venue of contradictions and wars. Since World War II, the five countries have belonged to different political, economic and military blocs: Italy, a member of North Atlantic Treaty Organization (NATO) and European Community; Austria, a neutral state and member of European Free Trade Association; Hungary and Czechoslovakia, both members of the Warsaw Treaty Organization and Council for Mutual Economic Assistance; and Yugoslavia, a non-aligned state. Because of fundamental changes in Europe and the German unification, the five countries have, for their own interests, left the differences of ideology aside, met frequently and strengthened their co-operation. The realistic spirit and co-operation among these different countries have shown potential. According to reports, the quintuple co-operation will undoubtedly be favourable to the security and stability in the region. It reflects a trend of multipolarity. The small and medium-sized European countries will attempt to contend with large countries and participate in European and international affairs through co-operation among themselves so that they can perform their individual roles.

Because of great differences among these countries, there will,

of course, be some difficulties in their co-operation. Italy possesses the strongest economy with a gross national product of US\$865.7 billion and closely connects with the European Community and the United States. Austria has always fo-

cused its foreign trade on Germany. Hungary, Czechoslovakia and Yugoslavia see many economic difficulties and an unstable political situation. Meanwhile, the minority nationality question is left to be answered. Historically

this issue has resulted in some disputes since the end of World War II and remains an unstable factor. It seems, however, the five countries are determined to make further efforts to promote the co-operation which has begun. ■

## Mitterrand's Gulf Tour

by Shen Xiaoquan

**F**rench President Francois Mitterrand made a blitz tour of the United Arab Emirates and Saudi Arabia on October 3-4. He is the first Western leader to visit the Gulf since Iraq invaded Kuwait in early August. Mitterrand's Gulf tour attracted worldwide attention because earlier he presented a proposal which was welcomed by Iraq.

After his 32-hour tour, Mitterrand indicated that France will continue to strictly carry out the United Nations embargo against Iraq, and in the meantime continue its own efforts to seek a political solution to the Gulf crisis.

France has deployed the second largest Western force in the Gulf—second only to the United States—totalling 13,000 men, including a 4,800-man ground force in Saudi Arabia and a 350-man unit in the United Arab Emirates. A French task fleet was deployed to the Gulf and Red Sea.

During his visit, President Mitterrand inspected the French troops in the Saudi Red Sea port of Yanbu, spent a night on the "Duplex" combat ship and chaired a military conference there as head of the French armed forces. He stressed both the need of deterrence by French forces in implementing the United Nations embargo and the policy to avoid provocative actions by the French troops.

France has traditional ties with some Arab nations including Iraq, so it has tried to play a unique role in seeking a solution to the Gulf crisis. On September 24, Mitter-

rand presented a four-point proposal to the United Nations General Assembly. The proposal calls for the release of Western hostages held by Iraq, Iraq's announcement to withdraw from Kuwait, the organization of an internationally-supervised self-determination referendum in Kuwait, the holding of an international peace conference on the Middle East question, and disarmament and co-operation in the Middle East.

But its failure to put the withdrawal of Iraqi troops from Kuwait as a precondition for negotiations and its absence of calls for the return to power of the Kuwaiti government aroused worry from some Gulf states. As for holding an international Mid-east peace conference, the proposal also showed differences with the US stand on the Gulf crisis.

The proposal, however, won support from Iraq, which said it was an effort to resolve the regional conflict. Iraq released nine French hostages immediately and purposefully disclosed that it had contacted France.

In his talks with President Zayed Nahayan of the United Arab Emirates and King Fahd of Saudi Arabia, Mitterrand explained his peace proposal. He said France was siding with those Gulf countries threatened by the Gulf crisis and his proposal did not indicate any change in France's stand on Iraqi withdrawal from Kuwait. France's fundamental policy is, he said, to press Iraq to accept the United Nations resolutions through the trade embargo.

The French presidential office said an identical stand was reached between Mitterrand and the leaders of Saudi Arabia and the United Arab Emirates in their talks.

During his visit, Mitterrand also stressed the concord shown among Western countries in seeking a solution to the Gulf crisis. He told the press that he had sent an important letter concerning the Gulf situation to US President George Bush. France also denied rumours that it had made secret contacts with Iraq, criticizing Iraqi President Saddam Hussein's stubborn position and vowing to maintain concord with the United States.

The Western press considered Mitterrand's Gulf tour helpful in clearing up France's stand and winning understanding and support from the Gulf states on his peace proposal.

French troops sent to the Gulf did not join with the multinational troops headed by the United States. France has said its troops will only be used in defence. This shows that despite support to the US stand, France wants to keep its distance with the United States and avoid falling into military conflicts, so that it can maintain room for manoeuvre to seek a peaceful settlement. Mitterrand reportedly failed to persuade leaders of Saudi Arabia and the United Arab Emirates in believing that sanctions can replace war.

Now, the Middle East sees an explosive situation, and the international community needs to make arduous efforts to resolve the crisis and avoid war as fast as possible. ■

# Rules Add to Pudong's Appeal to Investors

by Our Staff Reporter Ge Wu

**T**he nine new regulations on the opening and development of the Pudong New Development Zone, published on September 10, 1990 by the Shanghai people's government, marked the start of a major stage of development for the area.

The opening and development of the 350-square-km Pudong on the east bank of the Huangpu River, an area as big as downtown Shanghai, is an important strategic step taken by China in order to open the country wider to the outside world. A fully developed Pudong will be of great significance to the rejuvenation of Shanghai, the neighbouring Jiangsu and Zhejiang provinces, the Changjiang River valley and to the development of the country as a whole.

The local government discussed and planned for the development over a period of sev-

eral years, and the final approval for the project by the Chinese Party Central Committee and the State Council was announced by Premier Li Peng on April 18 this year during his inspection tour of Shanghai. On April 30, the Shanghai municipal government published the ten preferential policies and measures for the development of the Pudong New Development Zone which were approved by the Party Central Committee and the State Council (details of the policies were published in "Preferential Policies on Pudong," Beijing Review, issue No. 29, 1990).

## Comprehensive Measures

When Huang Ju, deputy mayor of Shanghai, introduced the newly published nine regulations, he said that the regulations are authoritative, comprehensive

and operational and embody the basic characteristics of the Pudong New Development Zone.

The nine regulations were enacted according to the ten policies for the development of the Pudong New Development Zone, related state laws on encouraging foreign investment, and relevant policies of special economic zones and economic and technological development areas. Of these, three were approved by the State Council and promulgated by the departments concerned under it. They are the Measures for Administration of Foreign-Funded Financial Institutions and Financial Institutions With Chinese and Foreign Capital in Shanghai (published by the People's Bank of China), the Regulations on Reduction and Exemption of Enterprise Income Tax and Industrial and Commercial Consolidated Tax to Encourage Foreign Investment in Shanghai Pudong New Development Zone (published by the Ministry of Finance) and the Customs Measures of the People's Republic of China for Control Over the Goods, Means of Transport and Personal Articles Entering or Leaving the Waigaoqiao Bonded District of Shanghai (published by the General Administration of Customs). The six other documents published by Shanghai were decided through consultation with various State Council departments and had the concrete guidance and approval of relevant leading bodies. They are: The Regulations of Shanghai Municipality for the Encouragement of Foreign Investment in the Pudong New Development

**Zhu Rongji** (second from right), mayor of Shanghai, discusses the report on development plan of the Pudong area.



Zone, the Measures for Administration of the Waigaoqiao Bonded District of Shanghai and the Provisions on Land Administration in Shanghai Pudong New Development Zone which were issued by the Shanghai municipal government and the Provisional Measures on the Programme for the Construction and Administration of Shanghai Pudong New Development Zone, Measures for the Examination and Approval of Foreign-Funded Enterprises in Shanghai Pudong New Development Zone and the Guide to Industries and Investment in Shanghai Pudong New Development Zone which were issued, with the approval of the municipal government, by Shanghai departments concerned.

The regulations are comprehensive in content and deal with many major problems which may arise as the Pudong area is opened and developed. They provide a convenient foreign investment environment in Pudong.

### Waigaoqiao Bonded District

One facet of the regulations is the designation of the Waigaoqiao Bonded District in Pudong to be open for multiple purposes. Within the area, foreign businessmen can engage in storage, export goods processing, trade, transit trade and financial services. The district will be the nation's largest open bonded district and will eventually become a free port.

The measures for the administration of the Waigaoqiao Bonded District stipulate that the machines, equipment, capital construction materials, vehicles for production, transportation means and office articles imported for the production and the construction of infrastructure facilities; raw materials, parts, elements, components, packaging

materials; and goods in transit used for storage, as well as goods processed in the bonded district can be exempted from import and export licences and from duties and the industrial and commercial consolidated import tax.

During a recent discussion, Director Dai Jie of the General Administration of Customs said that the establishment of the Waigaoqiao Bonded District is very important for the improvement of the foreign investment environment, development of an export-oriented economy and the expansion of transit trade.

### Wide Investment Scope

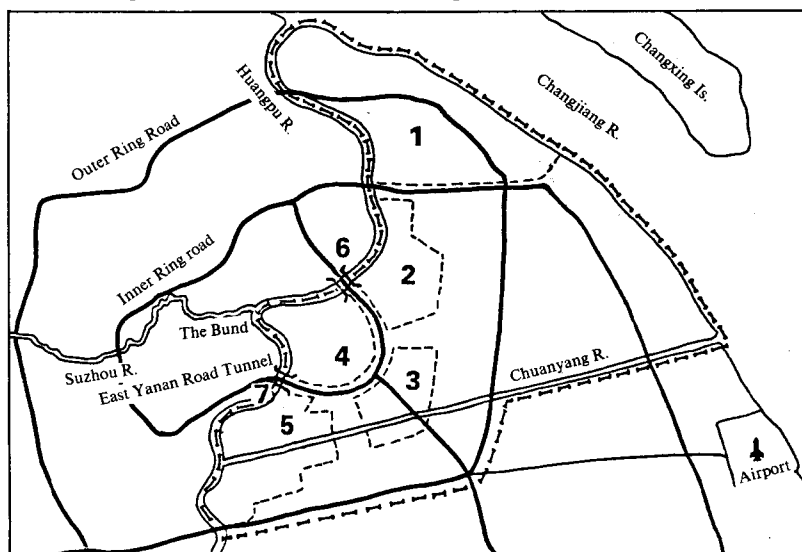
These newly published regulations provide broader areas for possible foreign investment, there include the establishment of foreign banks and their branches, joint banks with Chinese and foreign investment, joint finance companies, real estate businesses, retail sales and consulting services.

The Measures for the Administration of Foreign-Funded Financial Institutions and Financial Institutions With Chinese and

Foreign Capital in Shanghai stipulate that the legitimate business activities and lawful rights and interests of the foreign-funded financial institutions and financial institutions with Chinese and foreign capital are protected by the law of the People's Republic of China.

The measures also stipulate that, based on the application, the People's Bank of China shall grant permission for a foreign bank, a joint bank or a foreign bank branch to operate part or all of the following businesses: foreign currency deposits, foreign currency loans, foreign currency discount of bills, foreign currency investment, foreign currency remittances, foreign currency guarantees, import and export settlement, buying and selling foreign currencies on its own account or on a commission basis, buying and selling securities in foreign currencies, acting as agent for the exchange of foreign currencies and foreign currency bills, acting as agent for payments against credit cards in foreign currencies, custody and safe deposit box services, creditability investigations and consul-

Sketch Map of the Pudong New Development Zone



1. Waigaoqiao-Gaoqiao District 2. Qingningsi-Jinqiao District 3. Beicai-Zhangjiang District  
4. Lujiazui-Huamu District 5. Zhoujiadu-Liuli District 6. Ningguo Road Bridge 7. Nanpu Bridge

tancy services and other services with government approval.

Based on the merits of an application, the People's Bank of China shall grant permission for a joint financial company to operate all or part of the following businesses: foreign currency loans, foreign currency discount of bills, foreign currency investment, guarantees in foreign currencies, buying and selling securities in foreign currencies, creditability investigations and consultancy service, foreign currency trust, each deposit in foreign currencies of no less than US\$100,000 for a period of at least three months and other services upon approval.

The Provisions of Land Administration in Shanghai Pudong New Development Zone stipu-

late that land-use rights may be granted on land equipped with public utilities or tracts of land to be developed.

After the land users develop and construct the land plots according to the terms and conditions of the land-use contract, such land-use rights may be lawfully transferred, leased, mortgaged and inherited or be used for other economic activities permitted by law within a prescribed period.

The right to use the land subject to development and operation in tracts may also be transferred according to the projected purpose, so long as its development and construction have been completed as provided for in the land-use right contract.

The maximum term for grant-

ing of land-use right is as follows: 40 years for the land for commercial, tourist and recreational purposes, 50 years for land to be used for industry and for education, scientific research, culture, public health and sports, 70 years for residential purposes and 50 years for comprehensive or other purposes.

### Tax Policies

The Regulations on Reduction and Exemption of Enterprise Income Tax and Industrial and Commercial Consolidated Tax to Encourage Foreign Investment in Shanghai Pudong New Development Zone clearly stipulate that the Pudong New Development Zone will introduce preferential tax policies for the economic and technological development zones and for the special economic zones.

Income tax on foreign-funded enterprises set up in the Pudong New Development Zone shall be levied at the reduced rate of 15 percent. Those enterprises projected to operate for period of ten years and more may be exempt from income tax for the first two years, beginning from the profit-making year and allowed a 50 percent reduction during the third to fifth year.

In accordance with the state regulations, when the period of income tax reduction and exemption expires, export-oriented and technically advanced enterprises shall pay income tax at a reduced rate of 10 percent.

Foreign-invested enterprises engaged in such construction projects as airport, harbour, railway, highway, power station and other energy resources and transportation shall pay income taxes at a 15 percent rate. Enterprises contracted to operate for a period of 15 years and more may be exempt from income taxes for the first five years, starting from the profit-making year, and a 50

The 7.5-km-long S. Pudong Road.



percent reduction for the sixth to tenth year.

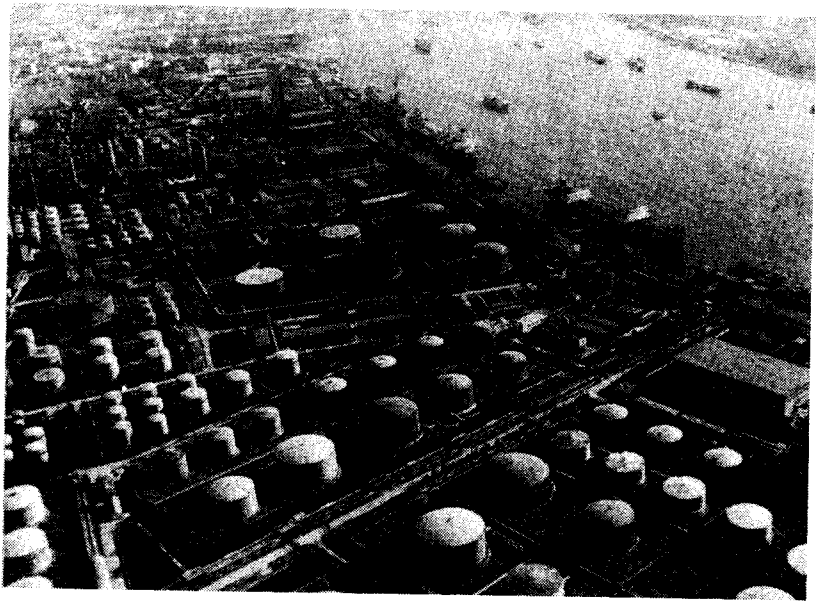
The regulations also stipulate that foreign-funded enterprises which build infrastructure facilities together with projects on tracts of land may enjoy the preferential tax treatment.

In order to attract more foreign investment, the foreign banks and their branches, Chinese-foreign joint banks and finance companies with paid-in capital by foreign investors or working funds allotted to branches of foreign banks from their head offices which total over US\$10 million and having a business period exceeding ten years shall pay 15 percent of the enterprise income tax. They also shall be exempt from the income tax in the first profit-making year and pay 50 percent less in taxes for the second and third year. They shall pay an industrial and commercial consolidated tax at the rate of 3 percent on income from loan business.

According to the regulations, building materials, equipment and spare parts for production and management use, means of communications, office appliances, and raw and auxiliary materials for production which are imported by enterprises with foreign investment for their own use shall be exempt from industrial and commercial consolidated tax.

### Work Efficiency

These regulations are based on the ten policies and measures for the development of the Pudong New Development Zone and will be used to solve any problems which might arise concerning foreign investment in the initial stage of the development of the Pudong New Development Zone. At the same time, the publication of these regulations will help to readjust the administration mechanisms and thus help to de-



The Gaoqiao Chemical Plant.

velop the Pudong area by streamlining procedures and organizational structure.

Measures for the Examination and Approval of Foreign-Funded Enterprises in Shanghai Pudong New Development Zone stipulate that the Shanghai Foreign Investment Commission shall be responsible for the examination and approval of following projects: a project for which the total amount of investment is between US\$5 million and US\$30 million, a restricted project whose total amount of investment is under US\$5 million, a project operated exclusively with foreign capital and any project within key development areas at the city level such as the Waigaoqiao Bonded District, Lujiazui Finance & Trade Area and Jinqiao Export Processing Area. Projects involving energy and raw materials which are needed to balance the nation's supply or projects involving administration of quota and licence shall be overseen by the relevant state departments for approval or for the record. A non-restricted project whose total amount of investment is be-

low US\$5 million shall be examined and approved by the relevant competent bureaus or by the people's governments at the district or county level.

For foreign-invested enterprises in the Pudong New Development Zone, the examination and approval of which is the responsibility of Shanghai Municipality, the time limit for examination and approval upon receipt of related documents is: 20 days for a project proposal, 30 days for the feasibility study report, contract and articles of association, seven days for issuance of an approval certificate and 15 days for checking and granting a business licence.

With the aid of these rules and regulations, foreign investors in the Pudong New Development Zone can immediately start construction and put their business into operation as soon as they are ready.

For the details of the nine regulations, please see "Pudong New Development Zone—a Free Port in the Future" edited by Beijing Riview and published by New Star Publishers. ■

## Shanghai's Pudong Project in Full Swing

*A dream which has enchanted generations of people is being materialized. Shanghai will be turned into a Cosmopolitan metropolis which, sitting astride a river, cultivates prosperity on both sides of the river.*

by Our Staff Reporter Dai Gang

**J**ust like Shenzhen's development a decade ago, or the area's counterparts Zhuhai and Hainan set up a few years later, Pudong's construction has hit the headlines in the press at home and abroad. Although Shenzhen has been generally viewed as a symbol of the nation's open policy in the last decade, it is likely that Pudong will take over the mantle during the next decade.

The ambitious project Pudong, a triangular area adjoining the present city proper, stretches to the east of the Huangpu River, the southwest of the Yangtze estuary and the north of the Chuanyang River. Most of the area is within a radius of 15 km from the heart of the city. This 350-square kilometre area has a population of 1.1 million.

In the early days of this century, when the Puxi area of Shanghai (to the west of Huangpu River) gradually grew into a modern metropolis of the Orient, Pudong was no more than a tract of poor farmland gloomily set off by Puxi's neon scene of prosperity and debauchery.

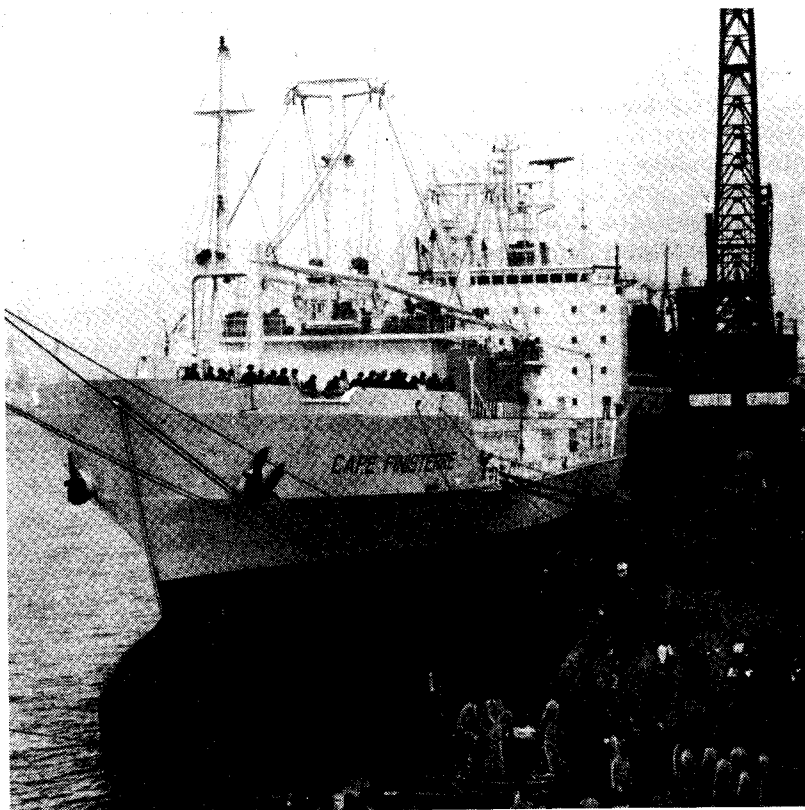
In his Jianguo Fanglue (Programme of National Construction), Dr. Sun Yat-sen included a tentative idea of developing Pudong and building a large harbour there. The circumstances prevalent in China during his time, however, prevented him from carrying out the idea. Like-

wise, the Kuomintang authorities in the 1940s also drafted a plan to build a greater Shanghai which included Pudong as well. Unfortunately, all of these efforts resulted in nothing more than plans on paper. Pudong's real growth took place only after the founding of the People's Republic of China in 1949.

After 41 years of construction,

Pudong now boasts a sizable industrial and agricultural foundation, with 1,930 industrial enterprises, employing 380,000 people and having an annual output valued at roughly 10 percent of the city's total. The major industries in the area include petrochemicals, shipbuilding, iron and steel and building materials. Machinebuilding, light and textile indus-

**The Shanghai Shipyard.**





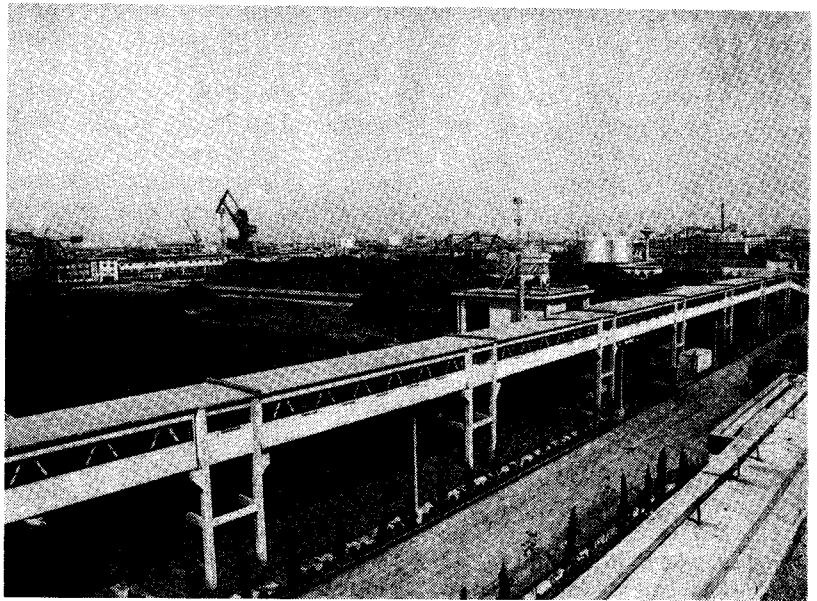
tries are also quite strong in Pudong. The annual agricultural output value of the area is about one-tenth of the city's total.

Pudong is sufficiently prepared for initial operations during the start-up period of development:

—**Transportation.** Along the eastern bank of the Huangpu River, there are now 78 berths, 32 of which are large enough to accommodate 10,000-ton-class vessels. They handled 66.35 million tons of cargo in 1989, accounting for 45.4 percent of Shanghai's total handling volume. Ships over 20 tons in capacity sail up and down 11 rivers, where 160 docks and berths combined can handle 4.6 million tons of cargo. The total length of existing roads is 285 km, 65 km of which are urban and 220 km of which are rural roads. As for cross-river transportation, there are now two river tunnels, 16 passenger ferry lines and four vehicle ferry lines, with a daily volume of 1.1 million people and 17,000-ton motor vehicles.

—**Public facilities.** Over the past decade, apartment buildings with a total floor space of 4.22 million square metres have been built. All residential quarters are equipped with commercial, educational, cultural and recreational facilities. The current daily water supply capacity is 425,000 tons. The supply of electricity, with a maximum load of 600,000 kw, is dependent chiefly on the power grid for the city proper. To ensure the gas supply, the first-phase project of the Pudong Gas Works with a daily production capacity of 1 million cubic metres has already been put into operation, whose 50 km of pipe lines have reached 30 percent of the households. The capacity of the area's telephone exchange system is 53,000 lines.

—**Recent undertakings.** At present, the construction of urban infrastructure is being carried



The coal yard at a dock in Pudong.

out in a planned way. The Nanpu Bridge, the first bridge over the downtown section of the Huangpu River, will open to traffic by the end of 1991. The second cross-river bridge—the Ningpu Bridge—is under planning. The expansion of Pudong Road (South) was completed last year and the reconstruction of Pudong Avenue has begun. The feasibility study of Yanggao Road, a north-south artery through Pudong, is nearly completed. A 1.2-million-kw generator in the newly built Shanghai Shidongkou Power Plant is in operation while another 1.2-million-kw Shidongkou generator and 0.6-million-kw generator in the Wujing Power Plant are to be completed in 1991 and 1992 respectively. With these plants in operation, the electricity supply will meet the initial needs of development. In addition to the ongoing construction of the special electricity transmission and transformation projects covering Pudong, another 1.2-million-kw generator will be installed at the Waigaoqiao Power Plant next year.

Other infrastructure projects

are also under planning and construction. The building of four 10,000-ton-class berths at Waigaoqiao New Docks is to start next year. The Pudong Gas Works's second-phase project aimed at a 1-million-cubic-metre daily capacity is to be completed in 1991. Research is being conducted regarding the possibility of oil and natural gas exploitation in East China Sea. Planning for water works and telephone communications expansion projects have been stepped up. The sewage pipes through the southeastern part of the Pudong have been completed, while those running through the Waigaoqiao area (northeast of Pudong) are under construction. The completion of this project will aid in the comprehensive treatment of the heavily polluted Suzhou Creek.

### A Fascinating Project

As bridges straddled the Huangpu River and tunnels ran beneath it, both banks of the river would be linked. The city of Shanghai would become a cosmopolitan metropolis much like London, New York or Paris,

which sit astride great rivers and which cultivate prosperity on both sides of the rivers. The dream, which has enchanted generations of people, is being materialized.

According to Shanghai municipality's overall plan, Pudong will be joined to the downtown area circled by the Inner Ring Road and with the Huangpu River running through the centre. The 45-km-long Inner Ring Road will run across the Huangpu, using both the Nanpu Bridge under construction and the Ningpu Bridge under planning, and will encompass an area of 28 square km of Pudong into the 120-square-km inner city. Beyond the Inner Ring Road, an 89-km-long expressway is planned for an Outer Ring Road of the city, linking up various industrial districts and residential communities. Serving as the urban boundary, the Outer Ring will encompass an area of 570 square km (including both the existing city proper and Pudong). If the 40-square-km Waigaoqiao

area is taken into account, the total area of greater urban Shanghai will be 610 square km, roughly the size of Singapore. Ten radial roads are planned between the above two rings, so as to form a convenient urban traffic network. With such a network and the national highways under planning, Shanghai will be closely connected with the neighbouring provinces of Jiangsu and Zhejiang.

In addition to the Nanpu and Ningpu bridges, another ferry line for motor vehicles to be connected with the Waigaoqiao area is being planned. Pudong will eventually have a powerful cross-river traffic system with the completion of two to three bridges, five to six tunnels, five vehicle and 16 passenger ferry lines, and a 22-km-long underground railway line linking the heart of Shanghai and Waigaoqiao, as well as the 13-km-long Pudong section of a circular underground line.

Also planned are four longitudinal berths along the

Changjiang River at Waigaoqiao, where a new harbour will be built to have an annual cargo-handling capacity of 20-26 million tons. A total of 30 to 40 berths with a cargo-handling capacity of 10,000 tons each will be built. With the completion of the new port, part of the current cargo handling volume along the Huangpu will be moved to Waigaoqiao by the Changjiang River, thus, making it possible to build boulevards and a new Bund complex at the Lujiazui riverside.

Shanghai's second international airport will be built near the Changjiang River estuary in Chuansha County, Pudong. An inland navigation network for 100-ton-class ships will also be put into place using Pudong Canal and the east-west Chuanyang River as the main channels.

In order to provide an ideal investment climate, efforts will also be made to strengthen infrastructure in Pudong in addition to that already mentioned above. The authorities concerned will try to achieve a popularization

**The newly built Pudong residential area.**



rate of 25 percent for telephone lines and 50 percent for telephone sets by the year 2000. The Waigaoqiao Power Plant with an installed capacity of 3.6 million kw will be built and the Gaoqiao Thermal Power Plant will be expanded. Two water works will be built with 400,000 tons of water to be supplied daily during the first phase, 800,000 tons in the near future and 1.2 million tons as a long-term goal. By the end of the century, apartment buildings with a total floor space of 15 million square metres will be completed.

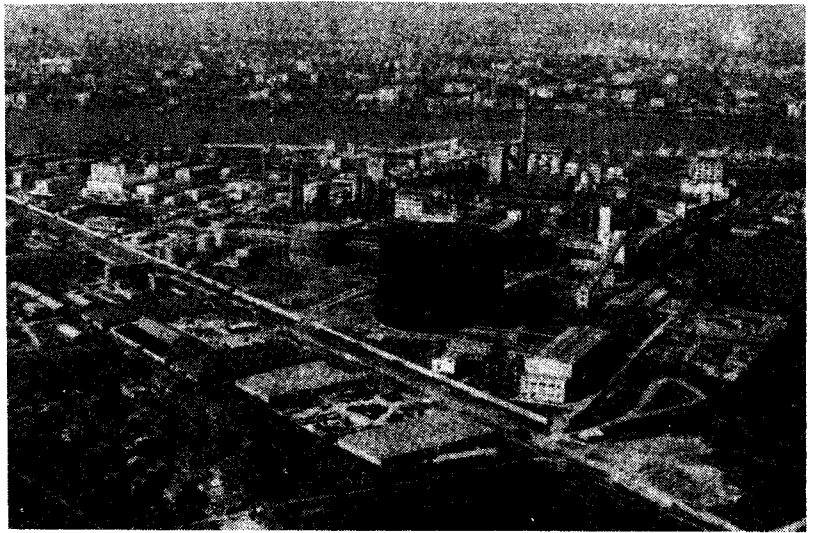
According to the overall plan, Pudong will be divided into five districts (see the sketch map). The construction project is expected to last several decades right through to the next century (For construction plans of the development zone, see our issue No. 29, 1990).

### Three Starters

As an initial part of the Pudong project, three districts were announced for development and were open for both domestic and international investment. Three development companies were consequently established in mid-September.

The three development companies are responsible for investment matters in their particular district. Each acts as a coordinator for investment projects. They also provide investors with necessary information and other services.

At the Lujiazui Financial and Trade District Development Co., General Manager Wang Ande told this reporter his company would, in the near future, stress planning and preparation, including the building of infrastructures. The Lujiazui district, in the heart of Pudong, spreads just within the Inner Ring Road. In addition, the two Huangpu bridges will be built in the dis-



The Pudong Gas Works.

trict, as will the artery Yanggao Road, or "development corridor" as it is called by a vice-mayor.

According to Wang, Lujiazui is Pudong's boom zone in which most of the tertiary industries, including finance, trade, information, service, science, technology, education and culture are concentrated.

Within this financial and trade district, the 1.7-square-km tip of Lujiazui will be the development zone's core. It will be the site of a new banking street and the site for the world's third largest TV tower, a 450-metre-high structure third only to those in Toronto and Moscow. An international competition will be held later this year to garner the best design plans for the zone.

Wang Ande believes that the establishment of the Lujiazui financial and trade centre will greatly change the city's current industrial structure and thus help Shanghai regain its unique status as the largest financial centre of the Orient.

In contrast to Lujiazui, the Jinqiao Export Processing District will be chiefly a base for industrial projects. According to Zhu Xiaoming, general manager of the Jinqiao Development Co.,

2.25 square km of the district will be prepared during the first stage of development to accommodate several dozen factories and another 3.1 square km of land devoted to luxury residences, apartments, office buildings, hotels, markets and recreational centres.

The infrastructure in the above-mentioned two plots of land is in place. As it is close to both the East Yanan Road Tunnel linking the Bund and Pudong and the planned Ningpu Bridge, the Jinqiao district is most attractive to enterprises in the northeast of Shanghai which intend to set up subsidiaries or joint ventures in Pudong.

"The unique feature of the district," said Zhu, an M.B.A in industrial management in his early 40s, "is its integration of industrial functions and tertiary business functions. According to reference materials, in 1985, tertiary industries in Japan and the United States made up 49 percent and 51 percent of their respective GNP. In Shanghai, however, the figure is only 29 percent. This is very low when compared with that of Tokyo and New York, which is as high as 70 percent. Therefore, we should not ignore tertiary industries."

According General Manager Zhu, bonded storehouses will also be set up in the district to guarantee its open trade capacity and attract more foreign investment. He noticed that many profitable development zones throughout the world started with export processing and eventually became free trade zones. Jinqiao could also prepare for a similar shift in functions. In addition to industrial projects, Zhu noted, high-tech projects such as computer software production and designing firms are particularly welcome to the district.

Of the first three development districts, the Waigaoqiao Free Trade District will deal mostly with domestic and overseas investors. As defined by Ruan Yanhua, general manager of the relevant development company, the free trade district in Pudong will not differ substantially from its foreign equivalents.

According to Ruan, the free trade district will be a comprehensive development zone which allows for both free trade and export processing. The ultimate goal is to build a completely free port. As of now, the free trade district is the first and the largest of its kind in China. It covers an area of 10 square km, and is highly isolated from neighbouring territory by a separation belt (very likely a real wall). Substantial construction will take place in two to three years. The district will be completed in five years.

The district incorporates the features of the free ports of Hamburg, the processing industries of Taiwan and Singapore, as well as the entrepot trade of Hong Kong. Being "within the national boundary but beyond the jurisdiction of the Customs," all foreign personnel and cargo will be

able to move in and out of the district free of custom tariffs, while those entering from other parts of the country will be treated as exports. Within the district, entrepot trade, import and export and trade via a third country are all allowed. Ruan said many overseas businesses are interested in importing Chinese goods through the district where they can undertake simple finishing such as reclassification, packaging and labelling. Other businessmen are interested in providing shipping or ship-repairing service.

### Investor Zeal

On August 3, at the Hongqiao International Airport, Mayor Zhu Rongji reflected on his meeting with overseas investors during a visit to the United States from which he just returned. He said he had told them they needn't, according to the wont of business people in Hong Kong, have a photo taken with him as a pass for their future leasing of land in Pudong. "In any event," he told them "your investment

requirements will be satisfied without a photo. Don't you worry!"

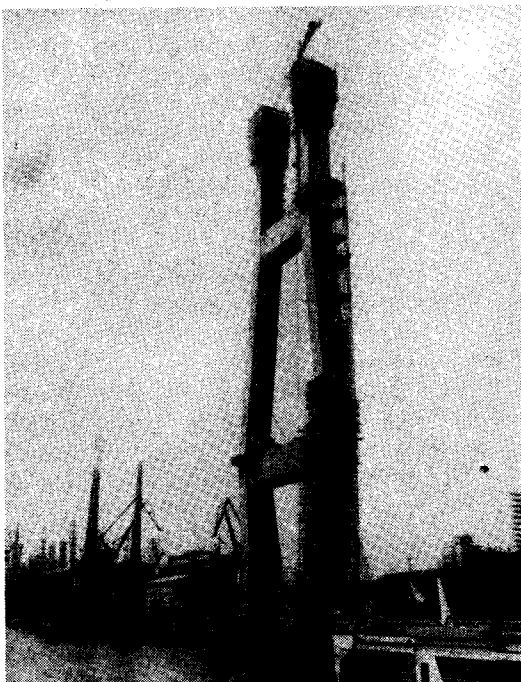
Mayor Zhu confirmed the zeal and interest of overseas investors, particularly those in Hong Kong and the United States, over the Pudong project. He said that many investors, both at home and abroad, have demonstrated special interest in the project.

According to the Pudong Development Office, by mid-September, over 4,000 foreign business people and 2,000 domestic businesses had contacted the office to discuss investment possibility in Pudong. They include investors from Taiwan, Japan, the United States, Hong Kong, France, Britain, the Netherlands, Italy, Singapore, Canada, Germany, Thailand, Switzerland, Argentina, the Philippines, Sri Lanka, Spain, South Korea, Sweden, Finland, Indonesia, Denmark, Norway, Austria, Jordan and Australia.

Of all potential investors, 78 percent showed an actual intent to invest. Real estate, light industry, construction and chemistry were the fields of first choice. Of the proposed investment, 19 percent was for land leasing, 38 percent for industrial projects, 40 percent for tertiary industries and 2.9 percent for infrastructures.

Some very influential Chinese social activists in the United States and Taiwan also came to Shanghai to investigate leasing of land in Pudong. Among the would-be investors were such giant businesses as Thailand's Chia Tai, the Pan-Pacific of the United States, the Tayi and the Weitan of Taiwan, as well as the Mitsui Ship-Building Co. and the Marubeni Corp. of Japan. Their investment is expected to total several hundred million or even several billion US dollars. ■

The Nanpu Bridge is now under construction.



## Turning Shanghai Into a 'Mainland Hong Kong'

*This is excerpts from an article by Prof. Fei Xiaotong, chairman of the China Democratic League, which he wrote after making an investigation of Jiangsu and Zhejiang provinces and Shanghai last spring. Prof. Fei speaks out on the urgent need, as well as the feasibility, to develop the Changjiang (Yangtze) River Delta. He recommends that Shanghai's Pudong area be developed in much the same way as Hong Kong, a centre of finance, foreign trade, information, transportation and science and technology, in order to promote the development of Jiangsu and Zhejiang provinces and the middle and lower reaches of the Changjiang River.—Ed.*

by Fei Xiaotong

**T**he current idea of establishing the Changjiang River Delta Economic Development Zone is the third of its kind proposed by the China Democratic League in the last few years. The latest plan focuses on how to make the most of the area's resources for the development of Shanghai as the centre and Jiangsu and Zhejiang as the sides, which can promote the economic development of the whole of the Changjiang River Valley hinterland. The Changjiang shipping route and the Lianyungang-Lanzhou Railway will link the scientific and technological resources of the Changjiang River Delta with the raw materials found in the western region and so accelerate an export-oriented economy. The area will thus be transformed into an economic backbone, helping the nation to better cope with the challenges of the 21st century.

### Golden Opportunity

The plan was worked out under the new international situation. At present, the former in-



Fei Xiaotong.

XUE CHAO

ternational order is collapsing while the new order has yet to take shape. At this critical moment, we should recognize the urgency and take steps to develop the Changjiang River Delta.

The post-world war order, beginning with the Yalta Conference, which was dominated by the United States and the Soviet Union, has drawn to the end. At the Malta Summit, four powers took over the international reins—the United States, the Soviet Union, Europe and Japan. Whether this pattern will endure for a long period of time,

however, is difficult to predict. The European Community (EC) and Japan have strengthened their position internationally while other two powers have been weakened. Moreover, the possible changes of a united Germany is cause for conjecture that the EC will itself be divided and, in the Far East, Japan still lacks the standing of a fully recognized international power despite its economic strength. Most importantly, the potential powers of China and India can't be neglected.

Thus, it is possible that the current four-power international order might evolve into a multipolar world.

The opportunity offered by this undetermined situation is important for China for it may help our country regain the status it once enjoyed and become as advanced a nation as any in the world.

Meeting this challenge required that we fully understand our current situation, particularly the great gap in science and technology that exists between China and advanced countries. This is the first step we have

taken to lay a foundation for achieving our goal.

China's political independence for more than 40 years and its ten years of reform and opening to the outside world have helped attune the nation to the needs of modernization. During this period, the nation's GNP has doubled and in some coastal areas in the Changjiang and the Zhujiang (Pearl) river deltas the GNP has quadrupled. If we persist in reform and opening policy, it is certainly possible for most of China to attain a moderately high standard of living within another ten years.

Also, in the coming decade, the integration of Hong Kong and Macao to the mainland will provide more impetus for development than was available in the past decade. The Basic Law of the Hong Kong Special Administrative Region proves that the concept of "one country, two systems" is practical and feasible while negotiations on the reunification of the two sides of the Taiwan Straits are heading in the right direction. Taiwan authorities have become more flexible recently in their position and Taiwanese investments on the mainland have surged.

Thus, the changing domestic and international situations provide us with a rare opportunity. So long as our policy is correct and so long as it is properly managed, reunification will be realized sooner rather than later and China will be better able to attract more foreign investment for developing an export-oriented economy. In this way, all of China, the hinterland included, will prosper.

### **A 'Mainland Hong Kong'**

During my last few years of investigation of the coastal areas and small towns along the border, I have been impressed by the fact that whenever the economy

in the hinterland develops, the demand to open up foreign trade becomes more urgent. Whenever the coastal areas do well in carrying out the policy of opening to the outside world, the hinterlands are required to undertake a deep-going reform. If the GNP in the hinterlands were to increase four times, Hong Kong would not suffice as the sole entrepot trade city. When Deng Xiaoping first initiated the development of several other "Hong Kongs" on the mainland, many people failed to understand his goals. The need for such development is now clear, if we look at Hong Kong's current situation.

Hong Kong is the largest free trade port in the world. At present, it handles 60 percent of the mainland's exports. Although, at first glance, this appears more of a benefit to the mainland than the other way around, the reverse is actually the case. Hong Kong has benefited tremendously from its proximity to the mainland. In the 1930s, Hong Kong lagged far behind Shanghai. Few people wanted to go there. Even in the early 1960s, Hong Kong was inferior to Shanghai and it was only in the following ten to 15 years that Hong Kong began its great development leap. Its success has been based mainly on entrepot trade, monetary circulation and a variety of real estate business. Later, it began to establish some small factories of its own and, in the past five to six years, Hong Kong extended its factories to the Zhujiang River Delta area in Guangdong Province as a result of China's reform and opening policies. Hong Kong firms have earned large profits in the processing of imported material, design processing, spare parts processing and compensatory trade because of the cheap land and labour costs. While it extended its industry, Hong Kong has firmly

grasped the trade, finance, information and transportation resources it has in hand.

The suggestion made several years ago for the development of an export-oriented economy is both necessary and feasible for some industries in certain areas and in a given period of time. However, I don't believe it the best way for China with a population of 1.1 billion. As a big country, it should have its own raw material and energy bases and its own corresponding heavy and light industries, finance and transportation in order to attain its full standing in the international community.

In reorganizing the industrial structure, the state has recognized the necessity of developing its raw material, energy and transportation bases. The Multi-national Economic Development Zone on the upper reaches of the Huanghe (Yellow) River, for example, has begun operations. This long and narrow region will be our nation's largest raw material and energy base and will be essential to the development of the coastal areas and a guarantee of the export-oriented economy. In this way, eastern and western China will be co-ordinated in their pace of development.

As western China is developed, the construction of a port for its goods, a "mainland Hong Kong," is indispensable.

### **Shanghai's Superiority**

History has played a more important role in Shanghai's development than its geography. In the past, Shanghai ranked second in East Asia only to Tokyo. In the 1930s, Shanghai had 168 banks, including the branches of 58 foreign banks, and its financial street was the centre of Asia at the time. Shanghai's import volume made up 50-80 percent of the national total, thus making the city the biggest foreign trade

centre. Since there has essentially been no change in Shanghai's geographical and economic position, the city well deserves to wear the mantle of the future "mainland Hong Kong."

The State Council's decision to develop Pudong will certainly give an impetus to the development of Shanghai as a whole as well as other cities along the Changjiang River.

As Pudong is developed, will Shanghai follow the road of Shenzhen or of Hong Kong? In my opinion, Shanghai should not copy Shenzhen's development because the city's status is quite different from Shenzhen and there have been dramatic changes in its suburbs since the early 1980s. Shanghai should be developed into a centre of trade, finance, information, transportation and science and technology. In other words, Shanghai should become the general control room which manages the industrial and agricultural commodities produced in Jiangsu and Zhejiang provinces and in the cities along the Changjiang River. By so doing, Shanghai will be a second "Hong Kong" with broad hinterlands.

China's north and south coast pivots about the city of Shanghai, a fact recognized as early as the Qing Dynasty (1644-1911) when the customs was established there and, afterwards, following the Opium War, when Shanghai was forced to open as a trading port. Along the Changjiang River Delta coast, in the middle of which is Shanghai, are other important ports such as Lianyungang, Nantong, Wenzhou and Ningbo. Along the Changjiang River are the ports of Zhangjiagang, Zhenjiang and Nanjing. Though some of these ports are under-utilized, others can not handle the freight which passes through. If the ocean ports and river harbours are well planned, Shanghai, by taking ad-

vantage of its resources in trade, finance, information and science and technology, can give full play to each port's potential by opening up outlets for their goods. Thus, Shanghai's proper arrangement of the flow of goods is of key importance and the economic distribution which such a system creates will be far superior than that available in Hong Kong.

### The Two Wings

In recent years, with the rapid development of the commodity economy, lateral economic association has become more frequent. In response to this, some far-sighted people long ago organized the Shanghai Economic Co-operation Region, out of which a lot of useful work has come. However, Jiangsu, Zhejiang and Shanghai have not always co-operated. Sometimes, their actions are as closely coordinated as family members but sometimes they are far apart. The discord is usually triggered by local interests.

Through investigations, I became familiar with the industrial and product structure for the Suzhou, Wuxi, Changzhou, Nantong, Hangzhou, Jiaxing and Huzhou area which are becoming increasingly similar to those of Shanghai. For the silk, chemical fiber, textile, chemicals, domestic electric appliance, electronic apparatus and machinery industries, the market has narrowed.

Leaders of Jiangsu, Zhejiang and Shanghai recognized the danger of the "shrinking" market and so organized the "Shanghai Commodities Fair" so as to import advanced technology and improve the industrial and product structure. At the same time, Jiangsu and Zhejiang provinces hope to improve their standing by making use of Shanghai's development to consolidate and ex-

pand their own market. Thus, relations among the three areas can be established on the basis of equal interests, common risk, equality and mutual benefit. This is the common ground for the development of the Changjiang River Delta.

Practically, of course, Shanghai, Jiangsu and Zhejiang each have their own interests and difficulties. This is of importance to the relationship between the central and local governments. The Changjiang River Delta is the main source of funds for the national treasury, which in recent years has received some 70-80 percent of its funds from the area. It is taken for granted that the contributions to the national treasury will improve even as Changjiang earns more profit for itself through its strong economic growth in order to accumulate funds for future development.

There is a need for both financial and monetary reform. This refers to attracting foreign funds, the establishment of banks at home and abroad and the issuance and exchange of stocks and bonds. Without financial reform, it will be hard to attract foreign funds and private money and to adapt to shifts in the international monetary market. In addition, there is a need for reform of the foreign trade system, large enterprises, traffic and transportation system and harbour administration.

The Party needs to make a final decision and closely link its decision to reform in the relevant departments of the State Council. I believe that the development of the Changjiang River Delta should be given high priority and that the area's development be supported by implementing a series of reforms. In this way, the nation's treasury will become stronger and the development of the hinterland advanced. ■

## IFAD Aids Sichuan's Animal Husbandry

by Our Staff Reporters Han Baocheng and Huang Wei

*This aid project for poor farmers in eight counties helps develop herbivorous animals, promotes the scientific breeding method and improves the capacity to process livestock products.*

In the picturesque green valley on the northern outskirts of Yaan City, Yaan Prefecture in the western part of Sichuan Province, a crowd of women and children put metal buckets full of goat milk into the cold river water near the highway as they wait for the arrival of horse-drawn carriages from the township to take away the goat milk. Just a few years ago, local villagers did not have the chance to see any foreigners and knew nothing about the United Nations. Nowadays, an assistance project of the International Fund for Agricultural Development (IFAD) has quietly helped tens of thousands of farmers of the province to advance out of poverty and into prosperity.

Headquartered in Rome, the International Fund for Agricultural Development is a special organization under the United Nations. Its aim is to raise international funds for use in supporting developing countries' agricultural growth on preferential terms, and, in particular, to support small agricultural activities. China became a member of the international organization in 1980.

According to an agreement, the IFAD provided loans totalling US\$17.3 million on preferential terms while the Chinese government offered the same amount of funds in Renminbi for the development of herbivorous animals of poor farm households in the eight poor counties in Da-

bashan Prefecture in northern Sichuan and in Yaan Prefecture in the western part of the province and for the establishment of related processing facilities and service systems. After two years of preparations, the project became effective in May 1989. About 70 percent of the IFAD's loans were directly issued to farm households for the breeding of domestic animals and for the improvement of grasslands.

In order to make better use of the preferential loans, special organizations have been set up at the provincial government level and in the prefectures, counties, townships and villages where the project is located. Overall, the project has been strictly implemented in accordance with the demands of the IFAD and, in the past year, under the co-operation and concerted effort of the IFAD and the Sichuan Provincial Livestock Bureau, it has had initial results. By the end of last July, a total of US\$4.569 million had been issued to farm households, resulting in clear economic improvements for the first group of farm households in the project.

A visit to a household raising rabbits by A. Tongli and F. Stoces from the UNDP.

WANG NAIZHEN



### Project Areas

Yaan Prefecture, some 130 km west of Chengdu, capital of Sichuan Province, is located in the low mountain area of Sichuan Basin. With its subtropical monsoon climate, the prefecture has an abundant source of water, lux-



uriant grass and trees, and a vast expanse of mountains and slopes suitable for herbivorous animals. However, over a long period of time these resources were not fully tapped. Instead, the local people mainly raised pigs that consumed a great deal of grain. Not until the late 1970s and early 1980s did the local areas began paying attention to the raising of herbivorous animals. Even so, in the first decade, the number of the cattle increased rather slowly. After considering the local resources and conditions, the IFAD agreed that Yaan City and Yingji County in Yaan Prefecture would be the project area.

Zhang Junwen, deputy director of the Livestock Bureau of Yaan Prefecture and head of the prefectural project office, said, "The reason for the slow development of livestock breeding in the past was that farm households raised animals in the traditional and decentralized way. They lacked funds and technical support." Although farmers in the project area solved the problem of adequate food and clothing, they still had limited cash income and their living standards left much to be desired. As a result, they could hardly invest in the breeding of animals, and the state and the provincial government could provide but scanty support for livestock breeding in the locality. It was against this background that the preferential loans granted by the IFAD were

seen as a valuable financial aid for local farmers. The local government hopes that the project will give a jump start to animal husbandry in the entire prefecture. To this end, the IFAD has offered not only funds, but also complete sets of managerial procedures and technical know-how for the project. Leading administrative bodies have been established to guide the project along.

To ensure that the loans are used to the maximum for the development of the breeding industry, the administrative office of Yaan Prefecture decided that there will be strict control over the funds. No purchases unrelated to the project are allowed and no department or individual is allowed to divert, seize or withhold the funds for the project. The financial and auditing departments are empowered to make a periodical examination of expenditures.

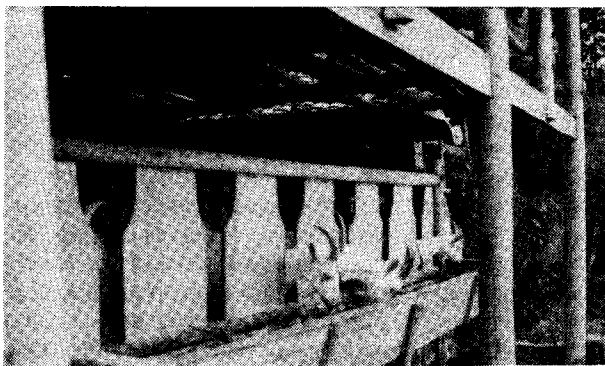
According to the requirement of the IFAD, loans should be, first of all, issued to the poorest farm households and, second, loans should be issued in accordance with the wishes of the farmers. The farm households must submit a written application to the township group implementing the project and, with the approval of the related department, will then receive the loan. The farm households should have the ability to repay the loans and have more than two idle labour-

ers (including one female labourer) of a minimum educational level. The farm households of the project must also sign a technical service contract with the township technical service centre. The latter will offer compensated service to the farm households.

Farm households can raise domestic animals as a part of the project only if they have completed the construction of the pens, planted a sufficient area of quality forage grass and received the appropriate technical training. According to the designed pattern of the IFAD, an ordinary angora rabbit-breeding household should initially introduce one male rabbit and five female rabbits for reproduction. The figure should then be expanded to 45. An ordinary milch goat-breeding household should introduce five female goats for reproduction, a figure which should later be increased to ten milch goats.

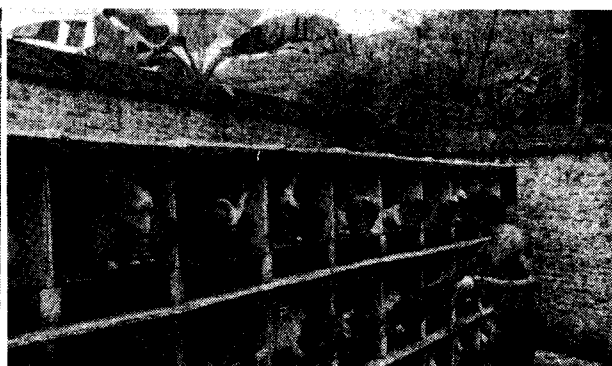
Zhang Junwen noted that because many farm households have applied for the project, only a small number can be approved. Last year, because the project was implemented fairly late and the project executive organs and farm households lacked experience, they could not keep up with the standards required by the IFAD. The work thus did not proceed smoothly. Since the beginning of this year, however, the management and breeding activities have been put on the right

A standard sheep pen.



HAN BAOCHENG

Standard rabbit hutches.



HAN BAOCHENG

track and so the project is making good progress. He also said that the farm households are quite enthusiastic. If enough funds are offered, the households are expected to easily overfulfil the project's targets this year.

### Scientific Breeding Methods

On the northern outskirts of Yaan City, work on the construction of a three-storey building adjacent to the Longxi township government office building has been completed. It is one of the township-level technical service centres for the project. Last year, eight such centres were established in the Yaan Prefecture and five others will be completed and put into service by the end of this year. The offices and technical service centres of the project at various levels offer comprehensive training for farm households through study classes, printing and issuing publicity materials and offering on-the-spot demonstrations. In addition, special training is offered on such topics as the raising of young animals, the raising of livestock during pregnancy period and postpartum raising, epidemic prevention, compound forage and the construction of pens. Services offered for the farm households include the prevention and treatment of diseases, reproduction, improvement of the livestock, as well as the supply of medicines and forage. Zhang said that the project's most important action is the introduction of scientific breeding methods to farm households so that they can be put to practical use.

The varieties of animals to be raised by the farm households should be selected and designed in a unified way and should be of a quality suitable for the growth in the locality. For example, milch goats and a small number of milk cows are mainly raised on the outskirts of Yaan City while

angora rabbits are mainly raised in Yingjing County, south of Yaan. The aim of such steps is to form commodity production centres and make it convenient for the township centres to offer services to farm households. Both in Yaan City and in Yingjing County, people can spot the pens built in accordance with the required standards. In the light of the local climate and resources, the technical personnel of the Livestock Bureau have scientifically designed sheep pens, rabbit hutches and cattle pens. Since the mountain areas are rich in timber, wooden blocks are used for the sheep pens. Rabbit hutches, on the other hand, are made with cement frames and bamboo. Bamboo will not mildew and rot and so the rabbits are less likely to suffer from skin diseases. The feed trough outside and the water trough inside are more easily kept clean because of the way the pens are designed. Because of the area's humid climate, it is most important that the structures have good ventilation, humid-insulation and be sanitary. Thus, pens are built on the place with a high terrain, good ventilation and full of sunshine. This is in sharp contrast with the traditional, dark cornered, damp pens. The project's standard pens are a key to the scientific breeding. They can greatly reduce the incidence of diseases among domestic animals, help the animals to grow and reproduce, and makes management quite easy. After the popularization of the standard pens, many farm households not officially part of the project also used the project's design for pens.

Huang Ruzhen, deputy head of Yingjing County, said that science and technology have an important bearing on the project. Although his county, he said, has a ten-year history of raising rabbits, the local people formerly used the traditional methods.

The survival rate of young rabbits was low, the varieties degenerated, and it was hard to bring epidemic diseases under control. One time, for example, when there was an epidemic, all the rabbits died. To prevent the possible recurrence of this situation, the county, which began implementation of the project in April 1989, set up, as required by the IFAD, three technical service centres at the township level, one rabbit-breeding farm jointly operated by farm households and one compound forage processing plant.

The Livestock Bureau of Yingjing County has a number of technical personnel who often give professional guidance to the technical service centres at the township level. A network linking up the county, townships and villages has thus taken shape. The project offices at various levels have not only signed loan and service contracts with farm households, but also signed responsibility contracts with the departments in charge. In accordance with the regulations promulgated by the state for the prevention of epidemics among domestic fowls and domestic animals, some service items are compulsory, such as quarantine of diseased animals. Since their establishment in the past year, the technical service centres have offered 28 training classes for thousands of farmers. The project has also offered various courses promoting practical, new techniques. The handbooks on raising the angora rabbits, in particular, have become an indispensable technical manual for households raising rabbits. The offices of the project have also selectively set up one or two technical demonstration areas in every township. Each area involves 20 to 30 households which now use scientific methods to raise rabbits. The outbreak of diseases now seldom occurs among adult rabbits. The

survival rate of the young rabbits is high and more rabbit hair is produced. The success of the project has been convincing proof of the project's merits for the surrounding households.

Huang noted that the introduction of scientific methods has quickened the progress of the project. By the end of July this year, 1,059 households in the county received loans and had raised 70,000 adult rabbits. Before the implementation of the project, the death rate of adult rabbits was about 30 percent, and now it is 1 to 2 percent. Moreover, no epidemic diseases have been found in the past year.

The scientific breeding methods have been well received by an increasing number of farm households. In Zhongli Township on the outskirts of Yaan, there is a farmer's ammonia greenfeed storage. This greenfeed, after an ammonia treatment, consists of smashed maize stalks to which is added a small amount of urea. This forage not only can maintain the nutrient of the greenfeed, but can also be stored for a long time. Its use has been well received by farm households in the county.

Another advantage for the development of local animal husbandry is the Sichuan Agricultural University located in Yaan. Professors and technical personnel of the university have helped train technical workers, work out plans and develop new and practical breeding techniques.

### Attainable Benefits

Yuan Binggui, group leader of the Xiali township project on the outskirts of Yaan and township Party committee secretary, said that by the end of July this year, the number of the milch goats totalled 2,150 throughout the township. In the first half of this year, 117,500 kilogrammes of fresh goat milk were collected,

a figure twice that of the same period last year. The sales of milk and lambs have thus increased the cash income of the farmers.

Mu Chengrong, a farmer of Duoying Township on the outskirts of Yaan, has been widely acknowledged as pretty lucky farmer. In September 1989, he and his neighbour bought a milch cow with project loan funds and their own savings. This milch cow gave birth to a female cow and can now produce 16 to 17 kilogrammes of milk each day. The young milch cow will enter its milk production stage in a few years. Most farmers in the locality are willing to raise milk cows, for, compared with the raising of goats, they can make more money. This practice, however, is contrary to the wishes of the IFAD that as many farm households as possible be able to share loans. The raising of cows involves a huge investment but only a few people can benefit.

According to the plan, when the project ends in five years, all 16,200 farm households who have received loans in Yaan Prefecture should have raised 70,000 milch goats, 2,000 milch cows and 320,000 angora rabbits. Coupled with the project, four milk powder plants and six forage plants will also have been established. The first fresh milk plant with a daily capacity of ten tons will be completed and put into operation by the end of this year. By that time, dairy products produced by the plant will be supplied to urban residents and rabbit hair will be exported in exchange for foreign currency.

Wang Naizhen, deputy head of the project office of Sichuan Province, said that with a population of 110 million, Sichuan is the most populous province in the country. It is also a province that can produce and consume the largest amount of pork. Each year, 50 million head of pigs

should be slaughtered and large quantities of grain are needed for pig raising. The IFAD project will thus successfully develop herbivorous animals in the mountain areas surrounding the Sichuan Basin.

The benefits also include the employment of large numbers of the surplus labour force in the rural areas. Because the IFAD has advocated the raising of domestic animals by households on a small scale, the most conspicuous social benefits of this courtyard economy are that women are the project's main implementing force, thus enhancing their social and family status. Their new training provides them not only with scientific knowledge but also a higher educational level. In Hong Yuanlin's home, a household which breeds rabbits in Lianhua village of Yingjing County, the husband admitted that it was his wife who was principally in charge of the job of breeding rabbits. Some 80 percent of his family's income came from her effort. His wife, Luo Tangqun, said that the job was not difficult. She was happy with her work because it still gave her time for herself. Sometimes, she even got to go on a trip to the city.

The leaders of Yingjing County have noticed, however, that the increased production of rabbit hair has brought pressure to bear on the market. Huang Ruzhen said that in five years, the households in the project will be able to provide the market with 150 to 200 tons of rabbit hair annually. A rabbit hair textile plant is thus on the county's drawing board. Efforts are being made to expand the export of rabbit hair, and individual farm households which are allowed to engage in the rabbit hair business will enjoy such preferential treatment as tax breaks and exemption. ■

## An Authoritative Account of Diplomacy In Contemporary China

*Diplomacy of  
Contemporary China*

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With the founding of the People's Republic of China (PRC) proclaimed on October 1, 1949, a new chapter unfolded in China's diplomacy.

The book *Diplomacy of Contemporary China* aims to give a clear and authoritative account of this historic chapter in New China's foreign affairs.

Over the past four decades, China has adhered to an independent foreign policy for peace and the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence in developing diplomatic relations and economic and cultural exchanges with other countries. It has consistently opposed imperialism, hegemonism and colonialism and worked to strengthen unity with the people of other countries. It has supported the oppressed nations and the developing countries in their just struggle to win and preserve national independence and develop their national economies and strived to safeguard world peace and promote the cause of human progress.

With changes on the inter-

national arena as well as in China's domestic situation, China's foreign policy has also been subject to changes and readjustments. However, it has showed a basic continuity of its principles.

Under the leadership of Mao Zedong, Zhou Enlai and Deng Xiaoping, China's diplomacy has stood a variety of tests, and great achievements have been made in practice. China has consistently stood up to pressures from the world's superpowers and defended its national independence, sovereignty and dignity. It has initiated and adhered to the Five Principles of Peaceful Coexistence, established friendly and co-operative relations with the overwhelming majority of countries in the world and carried out a wide-range of exchange with them, thus setting a good example to foster a new-type of international relationship. Although mistakes were also made due to the ultra-left influence during the "cultural revolution" (1966-76), China's diplomacy, in general, has well served its socialist construction.

The four-part book traces the development of China's diplomacy since 1949 and summarizes its successful experiences. In addition, it traces the origin of ideas and principles of Chinese diplomatic practice. As the Preface states, the history of old China tells us that after the Opium War China was bullied, humiliated, invaded and plundered by big powers. "The diplomacy of the Qing court the

Northern warlords and the Kuomintang government was one of humiliation." But the Communist Party of China (CPC) had fought tirelessly against the humiliating diplomacy of the old days since its founding in 1921. It was the CPC who led an arduous and protracted struggle to emancipate Chinese people from the imperialist oppression and exploitation and declare the complete self-determination and independence of the Chinese nation.

Headed by former Vice-Foreign Minister Han Nianlong, the editorial board of the book is composed of leading diplomats such as Qian Qichen, Zheng Weizhi, Zhou Nan, Fu Hao, Huan Xiang, Gong Dafei, Zhang Wenjin, Han Xu, Yao Guang and Xu Yixin. Their joint efforts have produced the most accurate and vivid historical presentation of China's foreign relations.

The book also contains well edited appendixes, including important diplomatic documents, dates on which diplomatic relations between China and other countries were established, a list of important international conventions to which China acceded and a list of all previous ministers and vice-ministers of foreign affairs of the PRC and its diplomatic envoys accredited to foreign countries.

The 88-page colour and b/w pictures are a faithful record of significant events in China's foreign affairs.

Lou Xinyuen

## Five-Year Plan for Offshore Oil Development

In the next five years, China plans to speed up offshore oil drilling, especially at the nine oilfields in the South China Sea and Bohai Sea in co-operation with foreign consortia, revealed by Wang Yan, deputy general manager of the China National Offshore Oil Corp. in mid-September.

Wang said that the development of the nine oilfields will need more than US\$1 billion in investment, half of it in foreign funds. The natural gas reserve of the gasfield in the Yinggehai Bay of the South China Sea is nearly 100 billion cubic metres while the reserves of the Shui-zhong 36-1 Oilfield in the Bohai Bay and Liuhua 11-1 Oilfield in the eastern area of the South China Sea are more than 1 billion tons.

In order to utilize the heavy oil from the two comparatively large oilfields in the South China Sea and Bohai Bay, China's five major consortia, including the China National Offshore Oil Corp., have decided to co-operate with Britain and the Netherlands to initiate a large petrochemical enterprise in Huizhou City, Guangdong Province. Millions of US dollars are needed to build gas supply and processing facilities in the Yinggehai Bay Gasfield, offering foreign consortia a very good investment opportunity.

Wang added that China and foreign consortia had conducted co-operation in surveying the South China Sea, Bohai Sea and other sea areas of China for ten years. Through this effort, a lot of geological, oil and gas data

were gained and some oil and gas fields with commercial value recovered. The oil and gas fields, to date, have been exploited on a small scale. This year, the following offshore oil fields have been developed and put into operation: the Sino-Japanese Bozhong 28-1 Oilfield and Bozhong 34-2/4 in the Bohai Bay, and the Huizhou 21-1 Oilfield in the eastern area of the South China Sea jointly developed with Italy and the United States. China's offshore oil output will surpass 1 million tons this year and is expected to reach 3 million tons next year. ■

## China, MD to Set Up a Joint Venture

Following a ceremony during which MD transferred to China the first horizontal stabilizer for the MD-82 jet aeroplane on September 26, Zhang Zhen-zhong, president of the McDonnell Douglas Corp. Asian-Pacific Co.'s board of directors, said that his company is discussing the establishment of a joint venture with China to produce a new-type plane.

Long involved in China's aviation industry, Zhang Zhen-zhong is optimistic about future co-operation between two sides. He believes China has quite a good foundation in its civil aviation industry and that the country is now capable of successfully assembling the MD-82 passenger aeroplane. He also noted that China had increased its ability to produce parts for the

MD-82 plane.

Zhang Zhen-zhong said that the MD-90 aeroplane with 158 seats would be the most-sought-after jet plane in the coming years. Taking into account the conditions of Chinese runways, some improvements will be made on the plane's undercarriage in order to promote its export to developing countries.

Since China can produce 90 percent of the parts needed by the new aeroplanes, Zhang said, it can also assemble the plane by itself and will save at least half of all foreign exchange expenses. He was confident that his company would be able to provide all the technology and guarantee quality necessary for its products. The Hewlett Parkard Co. and the Honeywell Avionic Co. of the United States, he said, expressed a willingness to produce engines and electronic meters for the planes.

by Li Ping

## China, Japan Co-Produce Bulbs

A new Sino-Japanese enterprise, the Nanjing Funa Cose Electrics Co. Ltd., will be established in Nanjing this November. The company, funded by the Funa Cose Co. Ltd. of Japan and the Nanjing Special Lamps Factory, will manufacture osram halide and other special lamps.

According to Chen Yuanhao, the Japanese representative, the company has a total investment of US\$1.34 million with the Japanese and Chinese respectively representing 63 percent and 37 percent. The Japanese side will provide the required technology and equipment, and the term of co-operation is ten years.

The feasibility report, signed

recently by the two sides, estimates the first year's output will reach 2.4 million osram halide lamps, 4.8 million the second year and 7.2 million at full capacity. All the products will be sold on the world market by the Japanese side. Investment is expected to be recovered within four or five years.

Before the letter of intent was signed, the Funa Cose Co. Ltd. of Japan had looked for potential partners in Southeast Asia. Chen believes the company's success will encourage some small and medium-sized enterprises of Japan to invest in China.

by Yao Jianguo

## 369 Projects for Foreign Investment

Zhong Yuhui, deputy mayor of Nanjing City, released a list of 369 projects seeking foreign investment and co-operation at the Nanjing Golden Autumn Negotiation Conference held from October 3 to 7. He welcomed foreigners and Taiwan, Macao and Hong Kong businessmen to invest in and co-operate with the city.

The 369 projects introduced by Zhong involve electronics, instruments, machinery, light industry, textile, building materials and chemicals. Projects which require foreign investment are numerical-controlled machine tools, food packaging machines, numerical telecommunication facilities and terminal equipment, radar, outer equipment for computers, optical instruments, analytical instruments, top-class glass-ware, energy-saving household electrical appliances, cashmere intensive processing, fine chemicals, chemical agents and special ce-

ment.

Located in the plain of eastern China, Nanjing is one of the country's six largest ancient capital cities. In 1988, Nanjing was designated as an open economic development zone. As of February 1990, it has been granted the power to approve projects with an investment of no more than US\$30 million, a power usually reserved for a province. Since 1984, there have been 113 foreign-funded enterprises in the city with a total investment of US\$650 million, US\$259 million coming from foreign partners. Most of the foreign-funded enterprises now in operation run well and make good profits.

During the "Eighth Five Year Plan" (1991-1995), Nanjing will improve the investment environment by undertaking ten major projects, including the 600,000 kw Nanjing Huaneng Power Plant, the Beihekou Waterworks which provide 600,000 tons of water daily, a 137,000-channel computer-controlled switchboard, construction of the Xinchengyu Port, the Nanjing International Airport, Nanjing-Shanghai Express and other urban infrastructure facilities.

by Yao Jianguo

## Tai'an Seeks Foreign Partners

Song Guangji, vice-mayor of Tai'an, in a recent interview with *Beijing Review*, said, "Tai'an wants to open its door wider to foreign countries and warmly welcomes overseas Chinese, Hong Kong, Macao and Taiwan compatriots and foreign businessmen to take advantage of its resources, manage enterprises and carry out economic and technical co-operation in Tai'an."

Tai'an will, he continued, make every effort to provide overseas businessmen with preferential treatment and will continue to guarantee their legal rights and interests. In addition to the wholly foreign-owned, joint ventures, and co-operative firms, those companies which process products using supplied materials and samples or assemble with supplied parts, and those which carry out compensatory trade are also welcome. There are over 1,400 township enterprises in Tai'an which can co-operate with foreign partners.

Song added that in addition to those preferential policies as provided by central and provincial authorities to foreign-funded enterprises, Tai'an will provide further preferential treatment. Foreign-funded enterprises producing products for export will be given priority in the use of land, construction and building materials, water and electricity supply, transport and telecommunications for production and management. Foreign-funded enterprises are permitted to use internationally recognized management practices.

Those which introduce foreign investment or develop new products or successfully establish an industrial enterprise will be rewarded.

Song went on to say that Tai'an now had 14 foreign-funded enterprises. "These had a total investment of over US\$30 million, of which nearly US\$8 million came from foreign partners. These enterprises are efficient and have made good profits.

Song said that Tai'an is rich in natural resources and has a good investment environment. Moreover, its superiority in various fields has yet to be given free reign. The opportunity for economic co-operation is wide.

Located in the central part of Shandong Province, Tai'an has an excellent geographical location and good communications. It is linked by railways with Beijing and Tianjin to the north and the Changjiang (Yangtze River) Delta to the south, and is not far from the ports of Qingdao and Yantai to the east. It has a highway and the Beijing-Hangzhou Grand Canal to the west. The Tianjin-Pukou Railway passes through its urban area. At present, over 50 kinds of minerals have been found and 18 verified. Among them, its deposits of gypsum and natural sulphur rank first in China and are known as Asia's best. The total deposits of high-quality granite are over 5 billion cubic metres and are of many types. In addition, there are also iron, coal, nonferrous metals and precious metal deposits. Now, over 30,000 students attend Tai'an's 27 junior colleges and middle schools. In Tai'an, one out of every eight people is a college student. It has over 20 scientific research units, providing professionals for economic and technological co-operation.

Tai'an is an important base for the production of commodity grains and oil-bearing crops, and is rich in agricultural and sideline resources. In addition, its famous tourist spot, Mount Taishan, was recognized by the United Nations in December 1987 as a site of human and natural heritage and a model of natural and historical sights, providing great potential for developing tourism.

by Kou Zhengling

## Zhoushan Invites Foreign Investors

Zhoushan, China's largest ar-

chipelagos and the gateway to the East China Sea, is now seeking Chinese and foreign partners.

The State Council designated Zhoushan as an open coastal economic development zone in 1988. Fishing, harbour and scenic attractions are not only the area's advantages but also the "hot spots" of investors. The city of Zhoushan has established economic and technical relations on developing ocean fishing with Japan, Hong Kong and some South American countries and regions. Zhoushan has exported US\$10 million worth of fresh aquatic products so far this year. Additionally, harbours are being constructed. The 200,000-ton-class Zhoushan Oil Wharf, the largest Sino-foreign joint venture of its kind in China, is also under full construction. The city of Shanghai plans to build Zhoushan into a deep-water harbour extension of the Shanghai Harbour so as to meet the needs for developing the Pudong District.

Shanghai also plans to stake an area of 70 square kilometres around Zhujiajian Island to develop tourist industry. Separated by only a strip of water from Putuo Hill, a holy hill of Buddhism, Zhujiajian Island is a state-class scenic attraction. A British firm has reached an initial agreement on developing the "golden sand beach" with the city of Zhoushan.

A city hall official said that many of the 1,000-odd uninhabited islands can all be developed after years of protection and afforestation. He added that the city warmly invites foreign and domestic businessmen to visit and invest in these islands, and to this end it is willing to provide a full range of favourable incentives to investors. ■

## News in Brief

● The Beijing Yatai Mansion began business at the end of September complete with apartment blocks, office buildings, restaurants and amusement facilities.

Yatai Mansion is jointly built by the Beijing Tourism Co., Hong Kong New Asia Investment Co. Ltd. and Beijing International Trust and Investment Co. Ltd. with a total investment of US\$41 million and covering an area of 44,000 square metres, the mansion has 120 standard and luxury suites and its office buildings have more than 100 suites rooms which can be rented. Yatai Mansion at the northeast side of Jianguomen Overpass is an ideal living and working place.

● The JY-9004 inducting and JY-9005 infrared reflecting water-saving instruments researched by the Beijing Changping Jingya Electronic Instrument Factory recently passed appraisal.

These two instruments make use of the change of magnetic field and the infrared reflection to regulate water flow. The test proves that these two products are practically designed and easy to operate.

● The HJD28 programme-controlled switchboard jointly developed by the Beijing Jihui Scientific and Research Institute and the Shenzhen Yaohua Scientific and Technological Co. Ltd. recently passed appraisal.

Designed in the light of its foreign counterparts and commensurate with domestic telecommunication system and standards, this switchboard is incorporated with rich systems and functions. ■

## The First Comparative Literature Awards

In 1979, when comparative literature was in vogue throughout the world, the *Studies in Letters and Ideas*, a huge literary work written by the famous scholar Qian Zhongshu, came off the press. The reaction was enthusiastic both in China and abroad, thus marking the rejuvenation of China's comparative literature.

In the book, Mr. Qian sought to establish artistic laws not only in the comparison of Chinese and Western literature, and ancient and contemporary literature, but also in the comparison of different subjects, promoting the development of comparative literature.

To date, the book is still foremost in the discipline of Chinese comparative literature. The *Studies in Letters and Ideas* won the honorary prize at the first national comparative literature evaluation held last July in Guizhou Province.

The judging committee consisted of 15 experts, book reviewers and editors, including professor Ji Xianlin, honorary president of the Chinese Society of Comparative Literature and vice-president of the National Foreign Literature Society, Shen Changwen, editor-in-chief of *Book Magazine*. After reading the books carefully, the judges believed that although China has made rapid progress, the research level could still be improved. They decided to recognize and give honorary prizes to those famous authors who have promoted and contributed to the development of Chinese comparative literature. Yue Daiyun, president of the society, said, "The fine books including those which won the first prizes may have shortcomings, but they re-

flect the actual level and achievements of Chinese comparative literature over the past decade."

Books in fifty-two categories, including the *Historic Manuscript of Ancient Chinese Literary Relationships*, *Theories of Comparative Literature*, and *The Yearbook of Chinese Comparative Literature* were awarded first, second and third prizes. The Comparative Literature Research Book Series published by the Beijing University Press and the Comparative Literature Book Series by the Hunan Publishing House of Literature and Art won the Fine Book Series prizes. Ten other works including *Degrees of Affinity Studies in Comparative Literature* by famous scholar Wang Zuoliang and *Mirror and Tangram* by Yang Zhouhan were also awarded honorary prizes.

Since 1978, China's reform and opening to the outside world has enabled comparative literature to develop rapidly and achieve notable results. Currently there are nearly 1,000 people throughout the country engaged in the teaching and research of comparative literature. Members of the comparative literature societies across the country have reached more than 700. Nearly 100 colleges and universities now teach comparative literature. Universities such as Beijing University and Fudan University have comparative literature programmes of graduate studies.

Over the past decade, China has published 380 sorts of books about comparative literature, eight kinds of book series and more than 4,000 theses. These works involve many fields such as theories of comparative litera-

ture, parallel research, cross-discipline research, comparison between folk literature and fairy tales. Scholars of the older generation including Qian Zhongshu, Ji Xianlin and Wang Zuoliang have also contributed world-class works reflecting their rich knowledge. Many middle-aged and young scholars have been taking part in international dialogues of comparative literature.

Theses of 35 Chinese scholars have been selected for the 13th International Conference of Comparative Literature to be held in Tokyo next year. This number ranked third in the world. A number of literary books published in China such as the English-language *Degrees of Affinity Studies in Comparative Literature*, *Literatures, Histories and Literary Histories* have exerted much influence internationally. *The Yearbook of Chinese Comparative Literature* published by the Beijing University Press was praised by Earl Miner, president of the International Society of Comparative Literature "as one of more weight than its European and American counterparts." The Hunan Publishing House of Literature and Art published a Hong Kong edition of its comparative literature book series in co-operation with a Hong Kong book company.

The rise of comparative literature in China has caused the term "European centre" to be dropped in international comparative literature circles. Oriental literature, particularly Chinese literature, has been brought into the forefront of comparative literature. The international comparative literature community considers the rapid development of China's comparative literature to be the most exciting of all in the past decade.

by Hong Lanxin



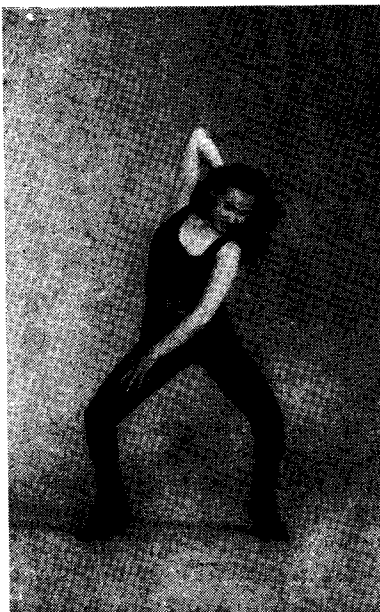
## Yijing: the Chinese Callisthenics

For ten years, Sun Chao, 36, suffered from severe migraine headaches, insomnia and neurasthenia. Medicinal treatment and physiotherapy proved to be of little effect. Then she learnt about the new Chinese callisthenic exercise known as *yijing gong*. In just one month of *yijing* exercise training, two hours per day, Sun's migraines disappeared, she was able to sleep without medication, her appetite improved and she felt more energetic.

The *yijing* exercise was created to improve health. In our contemporary society, competition causes such mental stress that the brain is in a continuous state of excitement. A life-style with little physical activity combined with tiresome mechanical work can cause "muscle hunger and thirst." As a result, the number of people with insomnia, neurasthenia and even schizophrenia is greater than ever before. In addition, about 40 percent of the population have extra subcutaneous fat, which gives rise to various fat diseases. *Yijing* exercise is an effective means to help cure these diseases.

The *yijing* technique was developed by Su Yukun, vice-chairman of the Callisthenics Committee of the Weightlifting Association of China. The methods are based on the philosophy of *The Book of Changes*, a Chinese classic, which was written more than 3,000 years ago.

According to *The Book of Changes*, nature and society undergo changes as a result of the interaction of the *yin* and *yang*: "Firmness and gentleness promote each other, in the process of which changes come to exist." China's philosophy and social, natural and military sciences have all been greatly influenced



by *The Book of Changes*.

Following the principles of the interaction of the *yin* and *yang*, *yijing* exercise consists of two parts—*yixing gong* and *yiming gong*.

*Yixing gong* focuses on the infinite cyclic movements between the *yin* and *yang*, between firmness and gentleness, and between activity and stillness. It reflects the formation, development, evolution, reconciliation and unity of the universe as well as mankind. The central concept of *yixing gong* is the integration of man and the universe. The exercise enables the exerciser to rest his mind and nervous system, tap the potential in his body, balance his hormones and become wiser and more energetic.

*Yiming gong*, on the other hand, involves the main and collateral channels found in traditional Chinese medicine. Along this network of passages vital energy circulates and acupuncture points are located. Employing the newest callisthenic methods of the West, this exercise is aimed at improving the exerciser's physical condition and strengthening his inner organs.

Improvements may be seen in his appearance, figure and movement.

Although most *yijing* movements follow the basic "S" shape as described in *The Book of Changes*, the exercise may be directed at improving different organs at different stages of life. For example, juveniles may practise *yijing* exercise to strengthen the liver and spleen, youths mainly for heart, middle-aged people for lungs and the aged for kidneys.

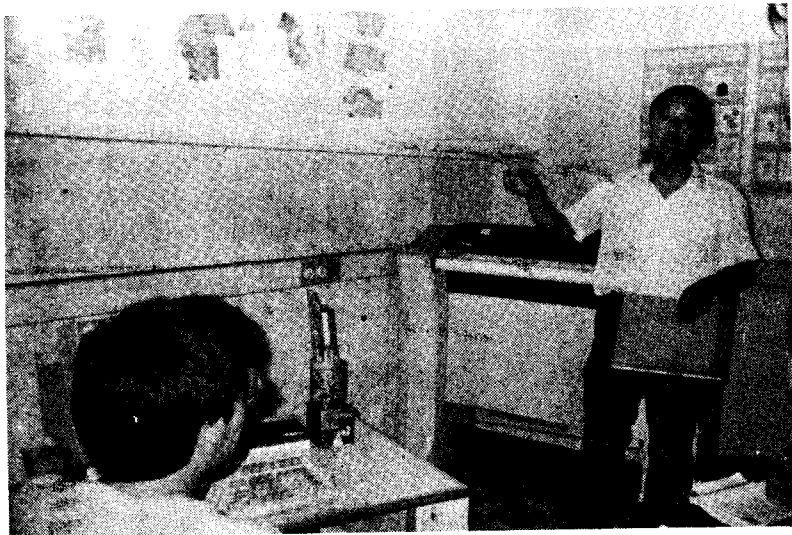
*Yijing* training is particularly suited to the middle-aged and elderly. Whereas aerobic exercise, which is popular among people between the ages of 17 to 44, pushes the heart rate up to 130-150 beats per minute, *yijing* exercise training is less vigorous, the average heart rate being 90-130 per minute.

*Yijing* exercise combines ancient Chinese philosophy with the scientific benefits of callisthenics. This new "Eastern aerobics" is a safe method for achieving health and peace of mind for the middle-aged and elderly.

by Li Rongxia

## Protection of Changbai Mts.

Silvery *Betula ermanii* forest lay before us as our car climbed past dense coniferous forests and up a mountain highway near the Sino-Korean border. There is a volcanic lake high up on a peak in the towering Changbai Mountains and rushing down from it, amidst fine mist, thunders a marvelous waterfall. Gazing at this beautiful scene, one does not find it difficult to explain why 33-year-old Walter Hermann, graduate of Munich University, chose the Changbai Mountain Forest Ecosystem Research Station to complete his doctor's dissertation. "I love the Changbai Mountains,"



**Zhao Shidong, researcher of the Shenyang Applied Ecological Research Institute of the Chinese Academy of Sciences explaining a computerized ecology diagram of the Changbai Mts.**

he said. "They are a precious natural resource, a valuable national treasure."

Located in Jilin Province in China's northeast, the famous Changbai Mountains cover a total area of over 8,000 square kilometres. Its highest peak on China's side is 2,691 metres above sea level. The climate belongs to that of the continental hilly temperate zone influenced by monsoons.

The Changbai Mountains are, in fact, a dormant volcano, which erupted in 1597, 1688 and 1702. It is a typical volcanic configuration in China mainly composed from bottom to top of a basalt tableland, basalt plateau and volcanic cone. The scenery is spectacular and the forests abound in various kinds of animals and plants.

In 1960, the Chinese government established the Changbai Mountains Reserve, an area of 200,000 hectares surrounding the mountains. It is the largest forest ecosystem reserve in China.

In 1978, at a conference on ecosystems, scientists proposed to set up a research station in the Changbai Mountains where the natural ecosystem was relatively

undisturbed. They considered it important not only as an excellent national treasure trove with abundant animals, plants and micro-organisms, but also as the source of the Songhua, Yalu and Tumen rivers. The conditions were ideal for setting up a station for multi-subject, comprehensive, ecosystem research.

In 1979, the Shenyang Applied Ecological Research Institute of the Chinese Academy of Sciences set up a research station in the Changbai Mountains Nature Reserve. In the past ten years, nearly a hundred specialists and scholars did research there and wrote over 150 theses. The station is the only one of its kind for temperate zone ecosystem research in China.

The results of scientific research are as follows:

The kinds and distribution of plants, insects, birds and small animals have been basically determined; research on the classification and basic characteristics of soil distribution on the northern slope of the Changbai Mountains has been carried out; the vertical distribution of soil microbiology groups has been investigated; research has been

done on the relations between the growth of vegetation and volcanic activity; the formation of the present vegetation mainly from a large volcanic eruption about 1,100 years ago was confirmed and the main types of forest vegetation classified; and preliminary research has been carried out on the time of the latest eruptions in the Changbai Mountains and on the area affected each time as well as on the influence it had on human activity and the change of vegetation.

Marked results have been achieved in the research on the management and control of Fortnite. Specialists have put forward a theory and complete set of production and technical measures for rationally managing Fortnite. It has been approved by production departments and won a second-class award for scientific and technological progress from the Chinese Academy of Sciences.

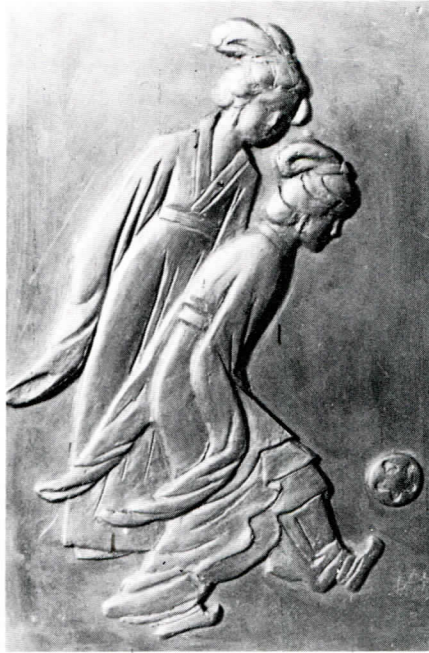
In 1980, the research on the Changbai Mountains was listed in the "Human beings and the biosphere" plan of UNESCO. Up to the present, nearly a hundred foreign scholars from more than ten countries have come to the station to work or do investigations. At present, items involving co-operative efforts include: the co-operative ecology research programme between China and the Federal Republic of Germany (CERP); the three subjects of the Changbai biosphere reserve (BRP), its application in reserve management, and forest ecosystem research; research on the Fortnite with Dr Harrison and Mr Lindley of Great Britain; and research on Changbai Mountain volcanic activity and the history of changes in vegetation done in co-operation with Japan. An international symposium on the protection and management of temperate zone forest ecosystems and reserve management will be held in 1991.

by Wei Liming

Ancient Ladies Play Football.

## Sculptures by Li Yan

The vivid, fine works of Li Yan, born in Qinhuangdao, Hebei Province in 1967, and who now works at the Beijing Research Institute of Arts and Crafts, are deeply appreciated by audiences.



A Young Girl.



Ancient Acrobatics.

## ART PAGE



A Mask.

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