

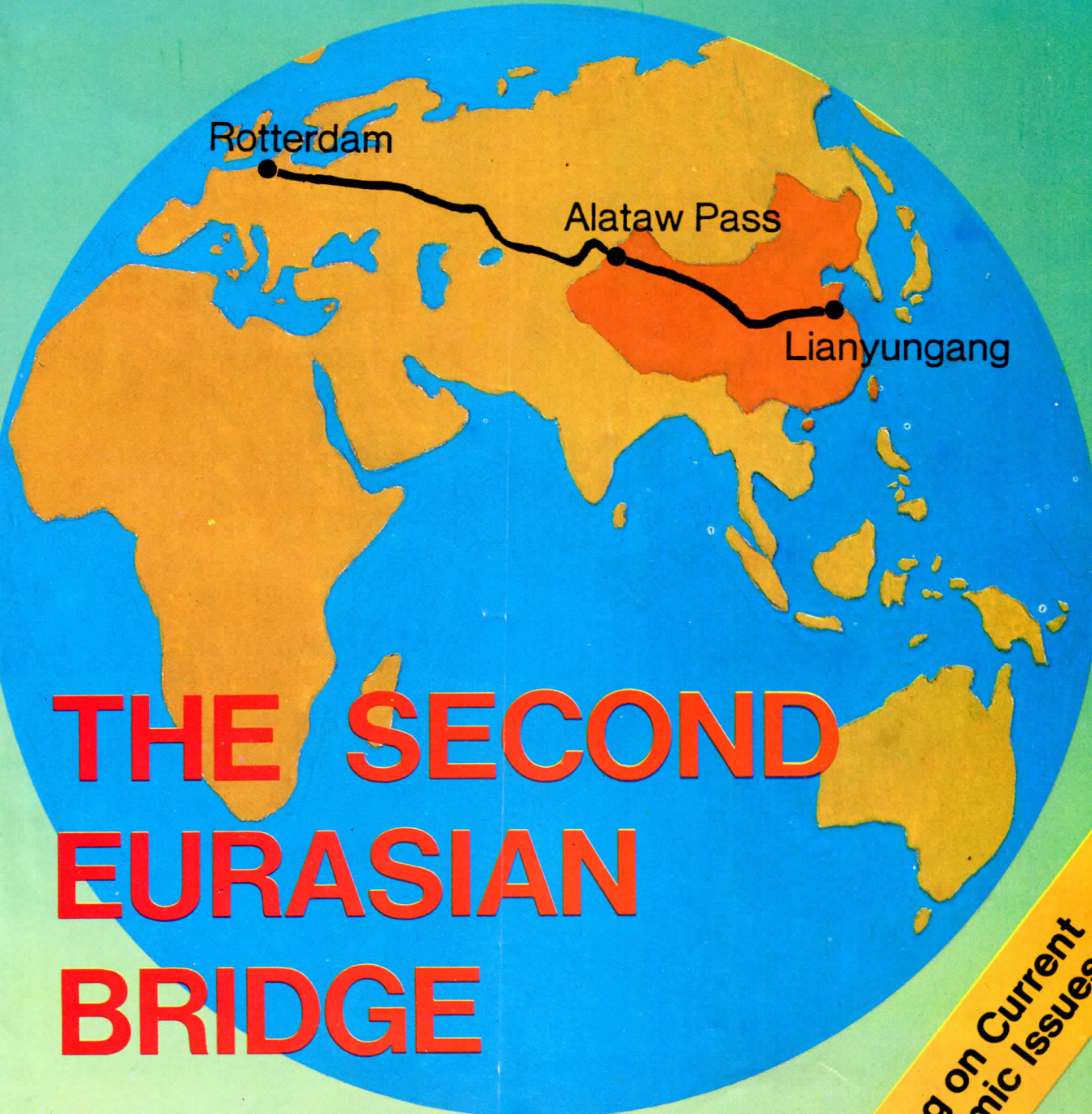
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THE SECOND EURASIAN BRIDGE

Li Peng on Current
Economic Issues



Jubilant farmers.

Photo by Wang Guizhen



Li Peng on Current Economic Situation

□ In a speech delivered at the National Industrial Production Work Conference on August 2, Premier Li Peng analysed China's current economic situation and put forward measures for resolving existing problems. He proposed stimulating the market to boost industrial production, reiterated China's rejection of trade protectionism, outlined plans for continued use of foreign investment, and expounded on the guidelines for the formulation of the Eighth Five-Year Plan (p. 12)

New Eurasian Continental Bridge Built

□ When China's Lanzhou-Xinjiang Railway was linked to the Soviet railway in September this year, the system formed a new Eurasian continental railway joining the two continents. The new continental railway is the shortest route between China/Southeast Asia and Europe and will be of great significance for economic development in China and for friendship and economic exchanges between the Asian-Pacific area and Europe (p. 17).

Japanese-Soviet Relations Warm Up

□ Realizing that improving Japanese-Soviet relations is an important step in avoiding isolation in a world where detente in East-West relations is developing and the economy is becoming more regional, Japan has adopted a more flexible attitude towards the Soviet Union (p. 9).

Remarkable Achievements

□ Between 1950 and 1989, China completed some 5,000 large and medium-sized projects with the investment in fixed assets amounting to some 1,700 billion yuan. The most rewarding period has been the past decade because the reform and open-door policy has brought an increasing affluence to China and more benefits to the Chinese people (p. 21).

CONTENTS

EVENTS/TRENDS	4-7
Lee Kuan Yew Pays Last China Visit as PM	
Planning in Harmony With Market Role	
Local Elections to Get Under Way	
Sending Japanese Army Abroad?	
Beijing Sees Stamina Runners	
News in Brief	

INTERNATIONAL

Lebanon: Fresh Hopes Arise for Peace	8
Prospects for Japanese-Soviet Relations	9

CHINA

Li Peng on Current Economic Issues	12
New 'Bridge' Spans Europe and Asia	17
Facts & Figures: Remarkable Achievements	21
Expectations at Odds With Realities	23

TOURISM	26
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FROM THE CHINESE PRESS	27-28
-------------------------------	-------

BUSINESS/TRADE	29-31
-----------------------	-------

CULTURE/SCIENCE	32-34
------------------------	-------

COVER: The route of the second Eurasian Railway line.
Sketch by Wang Donghai

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Lee Kuan Yew Pays Last China Visit as PM

China, following the socialist road, will continue its open policy, said Jiang Zemin, Party general secretary, on October 17 while meeting with visiting Singaporean Prime Minister Lee Kuan Yew.

The Singaporean Prime Minister arrived in Beijing on October 16 for a nine-day itinerary that would also bring him to a number of other Chinese cities. The previous day, the five-star national flag of the People's Republic of China was hoisted in the compound of the Chinese embassy in Singapore. Both events augured well for China and Singapore, whose foreign ministers signed a joint communique on October 3 in New York to establish diplomatic relations between the two nations.

For Lee, 67, it was perhaps his last China visit as prime minister. He will step down next month and pass his post to a younger hand, the incumbent First Deputy Prime Minister Goh Chok Tong, who was among

Lee's entourage during the current visit.

Lee hoped his current China visit would enable him to learn more about Chinese policies. He said that what China does has a great impact on the rest of the world, especially Asia.

In a two-hour conversation on October 17, Premier Li Peng and Prime Minister Lee Kuan Yew reached agreement on a wide range of issues.

On the Gulf Crisis, Li reiterated China's position that Iraq must unconditionally withdraw from Kuwait, and that the crisis should be solved peacefully among the Gulf and Arab countries and within the framework of the UN Security Council's resolutions.

"As long as there is hope for a peaceful settlement to the crisis, the international community should work to prevent a war," Li said.

The Singaporean prime minister said that the Gulf crisis affects international security and

he called on the UN Security Council to adopt a stronger resolution so as to force Iraq to withdraw its troops from Kuwait.

"The result is hard to predict if war breaks out," he said.

Talking about the Cambodian issue, Li Peng said the recent Bangkok meeting of the four Cambodian factions failed because Hun Sen raised new issues and additional demands. He believes that a peaceful settlement will be the most advantageous for the Cambodian nation.

Li also said that great efforts have been made by ASEAN countries in seeking a settlement to the issue and said he hopes they will continue to play an important role. Lee pledged Singapore's continuing efforts of more than 10 years for a political settlement to the issue.

When asked if China and Singapore will maintain their friendly relations after Lee retires as prime minister next month, the Chinese premier said: "No doubt our friendship will be further strengthened," adding that China hopes Goh Chok Tong, Lee's successor, will often visit China. ■

The handshake between Li and Lee becomes warmer after the Sino-Singaporean ties become diplomatically formal.

QI TIYAN



Planning in Harmony With Market Role

The combination of a planned economy with market regulation, the core to further economic reform in China, has been put high on the government's agenda. What is the relationship between the two and how to integrate them were discussed at length during a symposium on the theory of socialist economic reform held in Beijing on October 10-13.

Jointly sponsored by the China Development Institute (CDI), an

influential non-governmental policy study and consulting body, and the theoretical magazine *Reform*, the symposium was attended by more than 100 experts and scholars, 35 of whom gave special topical reports.

Speaking at the opening ceremony, Chen Jinhua, newly-appointed minister in charge of the State Commission for Restructuring the Economy (SCRE), stated that theories are needed to guide further reform. "We must earnestly sum up our experiences in the reform over the past 10 years and explore how to combine a planned economy with market regulation," he said.

The participants agreed that state planning and market regulation are not incompatible to each other but can be combined into a harmonious whole. They pointed out that many changes have taken place in the capitalist economy with the introduction of state intervention and in the socialist economy, where more attention has been paid to the role of the market. "As a regulative means, state planning is not a unique product to socialism, neither is market regulation to capitalism," SCRE Vice-Minister Gao Shangquan said.

The symposium saw the opening of free markets in the vast urban and rural areas and the growing links between domestic and international markets as two major factors behind the achievements China has made in the decade-long economic reform. In China today, market encompasses the entire society, as does state planning, which serves as a form of resource allocation and a means to outline the nation's social and economic development and maintain the balance and coordination between various economic sectors.

Ma Hong, chief executive of the State Council Development

Research Centre and president of the CDI, believed that the organic combination of state planning with market regulation is based on the following theory: As a form of the commodity economy, socialist economy needs to grow in a proportionate way, and the law of value still plays a role in its growth—this is where the planned economy and the market economy converge. In such a combination, the state plan and the policies and measures which put it into effect, he noted, are no longer subjective imaginations, but an objective reflection and concrete application of the economic law.

This being the case, state planning is focused on the regulation of the macro-economy while the market mechanism is focused on the regulation of the micro-economy, Ma explained.

As to the ways and means to realize the integration of the two, senior researcher Lin Zili proposed three major reform programmes: 1) reform the prices to rationalize strained commodity and labour prices; 2) revamp the employment and wage system according to the principle "to each according to his work" and establish a social security system; 3) overhaul property rights by socializing property or introducing a share-holding system and, in the meantime, separate ownership from management. These reforms, Lin asserted, will not only bring about a transformation of government functions, but also promote the reform of enterprises.

In respect to enterprise reform, Chief Editor of *Reform* Jiang Yiwei stressed that governmental bodies must be separated from enterprises, administration from management of property, profit from tax revenue (to be respectively turned over to the owner of the property and the state), and investment from loans.

These are the essential conditions to change enterprises from governmental accessories into independent commodity producers and managers, he said.

by Geng Yuxin

Local Elections To Get Under Way

Towards the end of this year, voters in Beijing's 18 districts and counties will elect nearly 17,000 deputies to local people's congresses.

More than 30,000 people selected from the city's districts, counties and townships are undergoing special training to assist with the forthcoming elections, originally scheduled for June but postponed because of the third national census in July and the 11th Asian Games in September.

In most districts and counties on Beijing's outskirts the election is scheduled for December 26.

By next February, deputies directly elected by the city's 7 million eligible voters will take seats in newly-elected people's congresses of all the townships, counties and districts.

The upcoming election, held once every three years, is the fourth in the city since 1979 when China restored the practice of electing deputies at county and township levels. Beijing held its last elections in 1987. Under the Chinese Constitution and Electoral Law, the term of each people's congress is four years.

Statistics show that 86.7 percent of the incumbent deputies were elected by their constituents, and 96.8 percent of the voters turned up during the elections.

To ensure a successful election, a city-wide publicity campaign will be launched as of October 15 to enhance public

awareness of the elections and democratic rights. The city's residents will register at election offices and have their right to vote confirmed. According to Chinese law, citizens aged 18 and above have the right to vote and be elected.

From mid-November to mid-December, lists of candidates will be proposed and meetings between candidates and voters will be arranged to acquaint the voters with the candidates.

In accordance with the electoral procedures, the democratic parties and people's organizations can individually or jointly propose their choices of candidates and groups of 10 voters or more may also suggest their candidates.

A survey reports at least two-thirds of China's provinces, autonomous regions and municipalities have elected deputies to the local people's congresses at the county and township levels over the summer months.

Elections are expected to be completed nationwide by the end of this year. ■

Sending Japanese Army Abroad?

The Chinese government expressed its hope again that Japan will show prudence in its consideration of joining the Self-Defence Forces with the Peace Co-operation Corps of the United Nations in the Gulf.

The message was first officially sent by a Foreign Ministry spokeswoman at a weekly news briefing on October 18.

On October 20 a leading official of the ministry made a statement in Beijing concerning the same issue.

The official said that the Japanese Diet (Parliament) is examining a decree on joining the

United Nations Peace Co-operation corps drafted by the Japanese government. The bill proposes to break with a 45-year ban (since the end of World War II) on dispatching Japanese troops abroad.

This issue has aroused dissatisfaction in Japan itself and anxiety among neighbouring Asian countries, the official said.

The aggressive war launched by Japanese militarists in the past inflicted disasters upon the Chinese people and other peoples of Asia, he said, and memories of this are still fresh in the minds of people today.

Therefore, Japan's dispatch of troops abroad is a very sensitive issue both in its own country and abroad. The strong reaction shown by the people of Asia, including the Japanese people, towards the Japanese government is well justified, the official said.

The Chinese government has repeatedly expressed the hope that the Japanese government will take these factors into full consideration and act prudently. Otherwise, the feelings of the Aian people will be unavoidably hurt, and it will eventually bring no good to Japan itself.

In Tokyo, about 23,000 people staged a peaceful demonstration near the US force headquarters at Yokota Air Base on October 21 to protest the government's troops dispatch bill. The demonstrators were led by Japan's Socialist Party Chairwoman Takako Doi.

Meanwhile, nearly 15,000 demonstrators, organized by Japan's Communist Party, assembled at Meiji Park in central Tokyo, calling on the people to unite in rebuffing the government's efforts.

Japanese Foreign Minister Taro Nakayama said on October 19, according to *Yomiuri*, that the Japanese corps may be sent to Saudi Arabia. ■

News in Brief

Japan Censured

The installation of a lighthouse on the Diaoyu Islands by the Japanese right wing groups has impinged upon China's sovereignty, said a Chinese Foreign Ministry spokeswoman on October 18 in Beijing.

In response to a question at a weekly news briefing, the spokeswoman said that the Diaoyu Islands have always been Chinese territory.

"The Chinese government strongly demands that the Japanese government take immediate and effective measures to stop the above action by the Japanese right wing groups and prevent the recurrence of similar incidents," she said.

China-S. Korea Pact

The China Chamber of International Commerce and the Korea Trade Promotion Corporation agreed in Beijing to exchange representative offices on October 20.

Zheng Hongye, chairman of the Chinese chamber, and Sunki Lee, president of the Korean corporation, signed the agreement on behalf of their own organizations.

Under the agreement, representative offices will be established in Seoul and Beijing to promote non-governmental trade and economic and technological co-operation between China and South Korea.

Deng in Good Health

Retired Chinese leader Deng Xiaoping "enjoys very good health," said a Chinese Foreign Ministry spokeswoman on October 18 in Beijing.

The spokeswoman made the statement in response to a question about Deng's health and why he has not met with visiting

foreign leaders for the past few months.

She said that Deng has expressed his hope on many occasions that foreign leaders be met formally by the current Chinese Party and government leaders.

446 Aids Carriers Reported

China's Public Health Ministry reported on October 18 that 446 people on the mainland have been found since 1985 to be carrying the HIV virus. Of these people, 68 were foreigners and the other 378 were mainland

Chinese, including 368 residents of Yunnan Province.

An official from the ministry also reported the deaths of two male mainland Chinese Aids carriers.

One of the men, from Yunnan, was an intravenous drug user who contracted the virus from a communal needle. He died a few months ago. The other man, a Beijing resident, contracted Aids via sexual contact and died recently. Both men had travelled abroad, according to the official.

Earthquake Hits Gansu

One person was killed and two injured in an earthquake that hit northwest China's Gansu Province on October 20, according to the State Seismological Bureau.

The earthquake registered 6.2 on the Richter scale and shook the sparsely populated counties of Tianzhu, Jiantai and Gulang at 4:07 pm.

Thirty percent of the houses near the quake's epicentre collapsed, and those not totally destroyed were rendered uninhabitable. ■

Beijing Sees Staminal Runners

Nearly 300 runners from 15 countries and regions took part in the 10th Beijing International Marathon held on October 21.

Line honours went to defending champion Peter Dall, 29, of Denmark. Dall finished in two hours, 14 minutes and 55 seconds and became the first one to win the title twice in the Beijing Marathon. His personal best is the one he recorded last year here in two hours, 12 minutes and 17 seconds.

China's 20-year-old Li Yemei won the women's division in two hours, 32 minutes and 14 seconds.

Xue Chao



Lebanon: Fresh Hopes Arise for Peace

by Shui Zhixin

The surrender of Lebanon's rebel Christian general Michel Aoun on October 13 broke the long-standing stalemate over peace efforts to end the nation's 15-year-old civil war.

"Let us all rise above our hatreds and band together in national unity that will lead Lebanon to peace, security and stability," said Elias Hrawi, Lebanon's president, in a radio address to his people after Aoun's surrender.

The Maronite catholic general fled to asylum in the French Embassy and ordered his 15,000 troops to surrender hours after Lebanese government troops, with the help of Syrian forces, launched a three-pronged ground assault against his army units in the Christian enclaves north of Beirut.

Observers believe that the military crushing of Aoun's 11-month mutiny removed a major obstacle to implementing the Arab League-brokered Taif peace plan to end the prolonged civil war in Lebanon.

On October 22, 1989, under the auspices of the Arab League, the Lebanese Parliament held a special session in Taif, Saudi Arabia to discuss national reconciliation. The meeting adopted a document that prescribed a plan to pull the nation out of the stalemate: establishing a National Reconciliation Government, which exercises

sovereignty with the assistance of national troops; disbanding the various forces; and recognizing the "special brotherhood" between Syria and Lebanon. The document also specified that the power be equally shared by the country's majority Muslims and the traditionally dominant Christians.

Aoun rejected the Taif accord on the grounds that it did not provide for a complete withdrawal of Syrian forces stationed in Lebanon under a 1976 Arab League peacekeeping mandate, charging that the Syrians are "an

occupation force." The general also refused to recognize Hrawi's Syrian-backed National Reconciliation Government, which was formed following the Taif accord.

In September 1988, former Lebanese President Amin Gemayel named Aoun head of an interim military cabinet after parliament failed to elect a successor to Gemayel. Late last year, Hrawi removed Aoun as Lebanese army commander and interim premier, but the general, claiming that he is the only legitimate leader in Lebanon, refused to step down.

Aoun's hardline stance dragged the country into a political impasse of two governments within one nation, forcing Hrawi to set up a makeshift office in Muslim west Beirut, instead of the traditional Baabda Presidential Palace. The Taif accord failed to materialize.

In January, Aoun launched an aggressive campaign against rival Christian militia, the "Lebanese forces" under Samir Geagea, in an attempt to consolidate his authority in the Christian enclave. The four months of fighting killed more than 1,000 people, in addition to leaving more than 100,000 homeless.

To end the bloody conflict, the international community, especially the Arab League, had made unceasing efforts. In June, President Hrawi visited seven

Witness to war: a Lebanese woman washes clothes beside a destroyed car in February after a bloody conflict between Aoun's troops and rival "Lebanese forces" militia.



Arab countries and gained support for his government. In August, he again visited Syria and further coordinated the two countries' position, deeply isolating Aoun.

The crisis in the Gulf further reduced Aoun's influence because Iraq's Saddam Hussein, a long-time backer of Aoun, has been thrown into military and diplomatic confrontation with Western countries.

Assured of domestic and for-

eign support, Hrawi ordered a military blockade of Aoun's enclave on September 28 in a bid to force him into submission.

Lebanese Prime Minister Salim Hoss said the government's crushing of the mutiny heralded the "return of peace to Lebanon."

"The chapter of mutiny has been closed. We now have to heal our wounds and put our ranks behind a single legitimate authority to begin the long-awaited

trek for peace and reconstruction," Hoss said.

However, despite the euphoria and optimism, many analysts believe that the peace process in Lebanon will be an arduous and twisted one because enmities still exist not only between Christians and Muslims but among the various sects on both sides. There is also the foreign factor—the stationing of Syrian troops on Lebanese land. ■

Prospects for Japanese-Soviet Relations

by Yang Bojiang

Efforts by Japan and the Soviet Union to improve bilateral relations, the third such attempt in two years, advanced to a new level as the tenth consultation between Soviet Foreign Minister Eduard Shevardnadze and his Japanese counterpart Taro Nakayama concluded on September 6, with the decision that Mikhail Gorbachev would visit Japan next April. A joint press communique issued after the meeting said that Gorbachev's forthcoming visit to Japan would substantially improve Soviet-Japanese relations. International public opinion notes that the former mood between Japan and the Soviet Union has changed dramatically, and coordination and dialogue between the two countries has made rapid progress.

It is also reported that the President of the Supreme Soviet, Anatoly Lukyanov, will participate in the Mikado's ceremony of ascending the throne in November. Japanese Foreign Minister Taro Nakayama will visit the Soviet Union at the end of this

year. These and other signs indicate that Soviet-Japanese relations are warming up. It is expected that Gorbachev's future visit to Japan will lead to further breakthroughs in Soviet-Japanese relations.

What has prompted Japan and the Soviet Union to improve their bilateral relations? How will the two countries eliminate the existing difficulties and obstacles between them? How far can the improvement process possibly go? These are some of the issues this article will address.

Japan's Flexible Policy

Japan and the Soviet Union are being prompted to improve their bilateral relations by their mutual needs. The Soviet Union's eagerness to rely on Japan with its enviable economy, has no doubt donated Japan to take more initiatives in the relation-improving process. The new atmosphere in recent Soviet-Japanese relations is to a great extent owing to Japan's

more flexible and practical Soviet policy adopted last year, which is characterized by the following:

1. Japan's reaction towards the Soviet Union's reforms has changed from a prudent, wait-and-see attitude to one of giving active support.

Characterized by the "new thinking" in diplomacy, by a multi-party leadership replacing the one-party system, and by a manageable market economy, Gorbachev's *perestroika* has created ripples in the international community. The Gorbachev craze that has swept across Western Europe has finally spread to Japan. Japanese Prime Minister Toshiki Kaifu said that his government has seen the sincerity and determination of the Soviet Union to reform and that the Soviet Union is developing in a direction that is good for the West.

2. In an effort to help stabilize the Gorbachev regime and support the Soviet Union's present policy, Japan has been more active than ever before in aiding

the Soviet Union.

Japan says although hope and anxiety are intermingled in the Soviet Union, the many problems between the two countries can only be solved under Gorbachev's regime. Therefore, economic and technological aid must be provided to the Soviet Union within the time frame of Gorbachev's leadership. At a meeting between the two countries' vice-foreign ministers at the end of July, the Japanese side put forward a 10-point proposal aimed at expanding economic exchanges and technological aid.

3. On the controversial "northern territory" problem, Japan still insists on its original stand. However, there have been some changes in its proposals concerning the specific method for solving the problem.

No longer rigidly adhering to the premise that territory problem must be solved first, Japan is now considering the proposal of Soviet political strategists that geographical problems should not be the precondition to develop bilateral relations.

Moreover, Japan now proposes that both sides should try to seek new channels for an overall solution in the course of developing a practical relationship.

4. Japan has adopted a more flexible attitude towards the Soviet Union's proposal of holding discussions on the security problem of the Asia-Pacific region.

Since Gorbachev's speech on his Asian policy in Vladivostok in 1986, the Soviet Union has called on all countries concerned to hold consultations on the security problem of the Asia-Pacific area. However, the appeal was refused by Japan and the United States, who regarded it as a peace offensive launched by the Soviet Union to weaken the United States' marine force in the Asia-Pacific area. As of

this year, Japan's attitude has changed. It said that it has decided to basically accept the Soviet Union's proposal.

Reasons Behind the Change

By adjusting its Soviet policy, Japan has undoubtedly created the necessary preconditions for bettering Japanese-Soviet relations. Japan's move will also contribute to the further development of detente in the Asia-Pacific region. At the same time, the change itself, a reflection of recent changes in the international political arena, and the demands upon Japan's foreign policy brought about by the new developments, points out the contradictions and power struggle within the Japanese government and the ruling Liberal Democratic Party.

Because of the developing detente in East-West relations, Japan has felt the need to improve its relations with the Soviet Union.

Since the summit meeting between the Soviet Union and the United States held at the end of last year in Malta, which was seen as an event that altered the Yalta system, the US-Soviet re-

lations have entered a new phase of coordination and cooperation.

At the summit meeting held at the end of May, the United States and the Soviet Union signed a basic treaty about strategic arms and a long-term trade agreement.

With the profound changes in Europe, Western countries have adopted a new attitude towards the Soviet Union. In the political declaration adopted by the annual summit meeting of the seven major industrialized countries held in July, the phrase "Soviet threat" was taken out for the first time. The countries stated clearly that they supported Gorbachev's political and economic reform, and were determined to coordinate and cooperate with the Soviet Union. In face of these developments, Japan found it urgent to enhance relations with Moscow to avoid being isolated.

Also, the improvement of Japanese-Soviet relations is an important step in order for Japan to realize its strategic aim of getting involved in Eastern Europe politically and economically.

Moving closer: Japanese Prime Minister Toshiki Kaifu meets with visiting Soviet Foreign Minister Eduard Shevardnadze on September 6. LAN HONGGUANG



Japan plans to become a political power by actively joining the international effort to set up a new world order by using its economic and technological strength. Tokyo believes that Eastern Europe is an area that urgently needs such an international effort. When touring Europe early this year, Toshiki Kaifu said that Japan should play an important role in Eastern Europe, not only economically, but also politically. He said his country is prepared to support the democratic process in Eastern Europe, and help to establish a new order there.

With the world economy becoming more regional, however, the economic friction between Japan and the United States and Western Europe is increasing. When Western Europe benefits by co-operating with Eastern Europe, the yoke of Soviet-Japanese relations is preventing Japan from taking part.

Japan also found it necessary to take appropriate measures to deal with Soviet diplomatic offensive and play a leading role in Asian-Pacific diplomacy.

Since 1986, the Soviet Union has pursued a new Asia-Pacific policy that aims to establish an image of "a peaceful nation," "enter Asia" and share the benefits of the Asia-Pacific economic development. It announced its intention to destroy intermediate-range missiles deployed in Asian areas, withdrew its troops from Afghanistan, improved relations with ASEAN countries, and established diplomatic relations with South Korea. The normalization of the relations between China and the Soviet Union, in particular, bruised Japan's foreign policy that had been based on Sino-Soviet hostility. In this situation, Japan needs to readjust its foreign policy and hold an active dialogue with the Soviet Union

in order to remove the Soviet influence upon the Asia-Pacific countries.

Still another reason is that within the Japanese government and the Liberal-Democratic Party, the majority began to think that Japan should adopt flexible measures in dealing with the Soviet Union.

Because of historical factors, there is consistently an "anti-Soviet force" in Japan. Over the past year, however, Japan's public opinion has changed along with the changes in the international situation. More and more people, in or outside power, have begun voicing the hope that the government would not miss the last train in improving its relations with the Soviet Union. Confronted with the change in voters' attitudes, Japanese political leaders began attaching more importance to improving relations with the Soviet Union, a move they considered necessary for winning the premiership next time. When the "structural consultation" between Japan and the United States ended in June 1990, world opinion thought that the next breakthrough of Japanese diplomacy would be the improvement of Japanese-Soviet relations.

The "Three Issues"

Because of historical and geopolitical factors, the distrust between Japan and the Soviet Union will not be removed in a short term. So, the improvement of their relations will be only a "limited breakthrough." However, Gorbachev's upcoming Japan trip, in April 1991, will be an historic turning point for it will mark the normalization of state relations between the two countries. Besides signing a peace treaty, it is likely that the two sides will make the following advances:

—The two sides will solve the "three issues" in the form of a "comprehensive agreement."

Currently, northern territory, economic co-operation and Asia-Pacific regional security are the "three issues" in the relations between Japan and the Soviet Union. Japan insists that before it regains northern territory from the Soviet Union, it will not enter large-scale economic co-operation with the Soviet Union and will adopt a precautionary attitude towards the Soviet proposal for holding talks on Asia-Pacific regional security. But the Soviet Union says there are no territorial issues between them and hopes to sign a long-term trade agreement with Japan. Because neither is likely to make any major concessions or compromises, the "three issues" won't be solved separately. When Gorbachev visits Japan, the two sides will probably reach a package agreement to solve the three issues.

—Japan will sign a long-term trade agreement with the Soviet Union and promise to assist the Soviet Union in developing its Siberian and Far Eastern areas. Japan will expand technical aid and offer official financial aid to the Soviets. As for the Asia-Pacific regional security, an "Asia-Pacific security system" proposed by the Soviet Union will not be able to emerge. But, after the Soviet Union further reduces its military forces deployed in the Far East and the northern territory becomes demilitarized, Japan may reach a compromise with the Soviet Union on the issue of Northeast Asian security after holding full consultations with the United States. For example, Japan may reduce its military forces deployed in the Hokkaido area which are being used to guard against the Soviet Union. ■

Li Peng on Current Economic Issues

The following are excerpts of a speech delivered by Li Peng, premier of the State Council, at the National Industrial Production Work Conference on August 2. In the speech Li analysed China's current economic situation, put forward measures for resolving existing problems and expounded on the guidelines for formulating the Eighth Five-Year Plan.—Ed.

Judging by the national economic situation, remarkable results have been achieved in improving the economic environment, rectifying the economic order and deepening the reform; the national economy is taking a turn for the better. The total output of summer grain this year reached a record high and the autumn grain looks promising. The growth rate of industrial production has been picking up gradually; the total output value of the nation's industry between January and July was up by 2.3 percent over the same period last year and by 4.6 percent in August. There was an increase in fixed asset investment and a gradual upturn in market sales, a steady growth in export and an increase in the balance of the nation's spot exchange. The market supply is abundant and people's livelihood is secured.

There are still many difficulties and problems on the road ahead, some of which are serious. The industrial structure, economic efficiency and other deep-seated problems are far from being resolved. Also, the development of the national economy is uneven and some regions are still faced with considerable difficulties.

It is necessary to make a concrete analysis of the drop in the nation's consumption level. The



Li Peng.

LIU JIANGUO

people find that their daily life is satisfactory as prices are stable and the market supply of commodities abundant. They have, thus, probably postponed the consumption of clothing, daily necessities and other consumer goods. Their purchase of household electrical appliances has also decreased. Their consumption of food, however, has increased; the supply of non-staple foods is satisfying. Therefore, one should not, in an oversimplified manner, conclude that urban and rural people's consumption level is lower than before.

We like to repeat the following two lines: The economic situation is taking a turn for the bet-

ter; at the same time, an adequate estimate of the existing difficulties and problems helps us to do our work more thoroughly and meticulously and avoid blind optimism.

Strengthening Leadership

Governments at all levels should strengthen leadership over production and work and strengthen co-ordination and management so as to further boost production.

The State Council adopted some minor measures of readjustment in March. At its Ninth Plenary Session held in July, it again set forth some readjustment measures, including two major ones: First, appropriately lowering the interest rate on bank savings deposits and loans; second, increasing the loan quota to support the purchase of agricultural products and assist enterprises with circulating funds. These measures are being put into practice. The state will increase funds for capital construction in four areas: 1) Key construction projects. There should be a correction in the inadequate allocation of funds. 2) Suspended and procrastinated projects. Those which were suspended because of the curtailment of capital construction and for which a lack of funds resulted in defaults should get more funds. 3) Technical

transformation. Though not for all projects, the programme should involve key and selected projects in order to improve enterprises' economic efficiency. 4) Urban housing construction. There is still a housing crunch for ordinary urban employees; the nation's distribution of living space is unbalanced and some cities have great difficulties in housing space. Starting this year and for the duration of the entire Eighth Five-Year Plan period (1991-95), more money will be spent on the building of houses for ordinary workers and staff members.

In economic work, one should not be content, in an oversimplified manner, with a qualitative analysis. Take market sluggishness for example. It is not enough just to say there is insufficient overall demand, it is, however, necessary to make a quantitative analysis and to be clear quantitatively about the insufficient demand—in what area it lies and for what products; it is also necessary to point out which products have excessive demand. Early this year, the State Statistical Bureau, using quantitative analysis, noted that if the plan for this year's fixed asset investment and the total value of retail sales of commodities is calculated on the basis of the quantity of goods produced last year, then this year's rate of production will reach 5 percent, approaching the planned target. Of course, it is still necessary to see what kind of capital construction is involved. If it is infrastructure construction, the proportion of civil engineering will be greater; if it is power station construction, the proportion of equipment will be greater; and, if housing construction, a bigger proportion of building materials will be needed. In short, an increase in capital construction investment provides a way out for an increase in demand, but this involves a ques-

tion of how much investment is required, the amount of which must be kept under strict control.

Enterprise Groups

Enterprise groups have many advantages. For example, the composition of technology and production elements is relatively rational; the existing human and material resources can be turned into good account in order to reduce capital construction investment; products can be upgraded; and the division of labour along specialized lines can be practised in order to carry out batch production, thereby making it possible to increase the competitiveness of products on the international and domestic markets. With enterprise groups, it is possible to use funds for technical transformation in a concentrated way. Generally speaking, China's enterprises are small and have limited fixed assets. Under such circumstances, even if the rate of depreciation is raised, it is still difficult to conduct a fairly large scale of technical transformation simply by relying on the enterprise's own money. Forming enterprise groups, giving full play

to the collective advantage and using funds in a relatively concentrated way makes it possible to conduct technical transformation of key projects and raise the entire enterprise group's production level and quality.

Why can't some readjustment measures be quickly put in place? There are two reasons for this: one is that, since China is so large a country, it takes some time to feel the effect of economic measures. China began implementing an economic retrenchment policy after the Third Plenary Session of the 13th Party Central Committee in September 1988, but even half a year later, the results were not conspicuous. Nine months later when the enterprises used up almost all their money and did not have much reserve left, the growth of production and the rate of capital construction were gradually reduced. As retrenchment needs a period of time to be completed, so does economic restoration and the putting into place of measures. On the other hand, inefficient work is also a contributing factor. Government departments and economic organizations failed to work in a

Premier Li, accompanied by Carl Hahn (first, left), chairman of the board of directors of Germany's Volkswagen Automobile Co., visited the Shanghai Volkswagen Automobile Co. Ltd. on April 18.

XIA DAOLING



down-to-earth manner, efficiency was low and bureaucratic problems were serious. Therefore, the financial, banking and planning departments should, based on the State Council's measures for adjusting the intensity of retrenchment, step up their efforts to carry out their work and ensure that the various measures can be quickly put in place and their role be brought into full play.

It was proposed that while the total demand was kept under control, it was necessary to make an appropriate readjustment of retrenchment in order to create a relaxed environment for the development of production. I agree with this opinion. But whether the degree of retrenchment should be more relaxed than it is now and whether some price reform measures should be presented again are questions that should be tackled with great care. The State Council has repeatedly discussed the question regarding the degree to which retrenchment should be eased and, after weighing the advantages and disadvantages, concluded that readjustment should not be too drastic because there were many unpredictable factors. Take the question of the rate of price rise for example. Because the rate of price hikes in the first half of this year was low, lower than 3 percent, it is estimated that if the rate reaches 7 percent for the whole year, the rate of readjustment in the second half of this year would be quite high. As a result, next year's price index will be very high and there will not be much room left for readjustment. Given this situation, a slight readjustment would be safe when all these factors are taken into consideration. We should not be too eager for quick success in construction, reform or the campaign to improve the economic environment and rectify the economic order which has

not yet been completed and so will have to be continued next year. The focus, however, can be changed. On the basis of curtailing the investment scale, it is necessary to shift the focus of our work gradually and conscientiously to improving economic efficiency and structural readjustment.

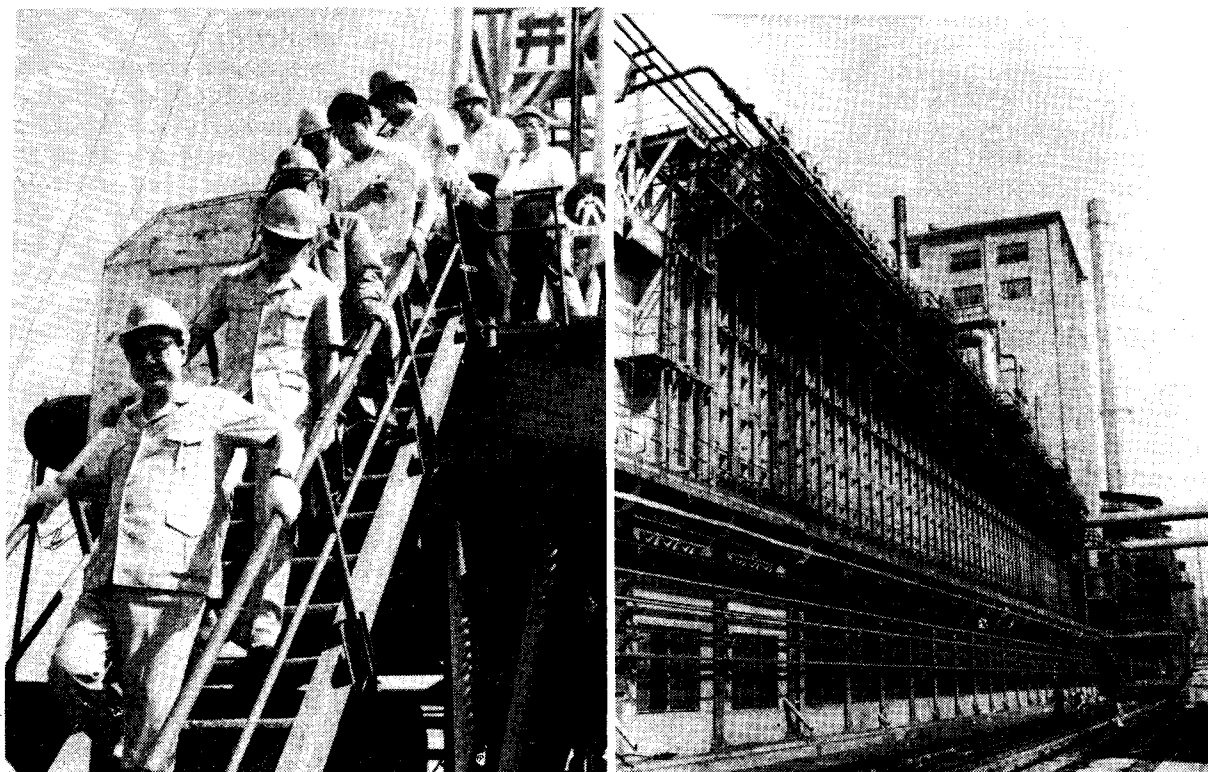
Starting Up the Market

At present, the way out for industrial production lies in opening up the market. Every possible means should be explored to expand domestic, international, urban and rural markets. With the expansion of these markets, more products can be sold and enterprises enlivened. There is great potential in this regard. The fundamental way to promote economic development lies in readjusting the industrial structure and the product mix. Enterprises should emphasize readjusting structures, improving the quality of products, increasing the production of marketable products and enhancing economic returns. At present, sales of some commodities are weak. The shortage of funds, of course, is one of the reasons. But, if the quality of mechanical products is not improved, added investment in capital construction will only mean that the new construction projects are replicas of the older, low-level ones. We will continue to be immersed in the endless circulation of "a chaos following relaxed control, tight control following the chaos, a deadlock following the tight control, and relaxed control following the deadlock," instead of achieving spiral development. This obviously won't do. We must take hold of this opportunity for structural readjustment to extricate our economy out of the cycle and raise it to a new, higher plane. The present sluggish market is not an all-inclusive one.

Good products still enjoy a ready market. The picture tubes produced by the Beijing Matsushita Colour Picture Tubes Plant, a joint venture, for instance, now enjoy brisk sales. Many other products, such as stylish, good-quality clothing, also sell well.

When organizing industrial production for the second half of this year, we should first place our emphasis on the market demand. Secondly, while guiding industrial production, we should give priority to structural readjustment, the improvement of product quality and the reduction of enterprise costs. Good experience in this area should be summarized in order to yield better results. Quite a large number of China's enterprises are of poor quality and low economic returns. Efforts should be made to resolve this problem so that our economy can gradually accomplish the transformation from a growth speed-oriented pattern to an economic return-oriented type. During the Seventh Five-Year Plan period (1986-90), we invested profusely and built a large number of projects. To date, these investments have not yet paid back a profit.

One important principle for China's economic construction during the Eighth Five-Year Plan period is to shift the focus from new capital construction projects to technological transformation so as to fully tap the potential of existing enterprises and yield increased economic returns with less input. The various levels of government should focus the attention of the public on this work. The practices of solely pursuing a high growth rate and more new projects and of purely relying on the change of external conditions without consideration of economic returns should be cast away. Of course, efforts should also be made to improve the production environment and create better



FAN MINGTAO

XIONG RUQING

Left: Premier Li inspects the work of Drilling Team No. 45115 at Zhongyuan Oilfield. Right: The new, 50-hole large coke oven, part of the second-phase construction project at the Panzhihua Iron and Steel Complex.

external conditions for enterprises. The most important thing, however, is to tap enterprise potential. The potential for enterprises is enormous and, as long as their initiative is mobilized, good results will be attained. At present, many places complain about the shortage of circulating funds. This problem should be handled properly and those which ought to be replenished with funds should be replenished. Simply increasing funds, however, is not the best way. Without a market, this method will only create an overstock of products.

Protectionism Rejected

Recently, in analysing China's import and export situation, a spokesman of the Ministry of Foreign Economic Relations and

Trade reiterated that China will not practise trade protectionism. According to our needs, he said, China's imports are expected to go up in the second half of this year. We do not, however, intend to blindly expand imports. We will only import goods according to the needs of our economic development. Rolled steel is already overstocked, for example, and so there is no reason to import it. Those varieties in short supply, of course, will still be imported according to the need.

Given the fact that the West has still not lifted sanctions against us (nor will it thoroughly abandon it in the future), it is necessary for us to appropriately increase our foreign exchange reserves. This will help us boycott the sanctions and enhance our capacity for self-reliance. Recently, we achieved some results

in our diplomatic front. The stable political and economic situation at home is the basis of diplomatic work. Foreign entrepreneurs have poured in. The constant improvement of our investment environment is one of the reasons. The increase of our foreign exchange reserves is also an important reason. While borrowing loans in the future, we must strive to acquire any preferential loans available. As China is a developing country, we have every reason to do so. But we should not place unrealistic hopes on this. With more foreign exchange reserves, we will be able to cope with the peak debt repayment period. With full solvency, our country's credit will be maintained. Again, with more foreign exchange reserves, we will be able to finance some projects with our own foreign ex-

change. Our foreign exchange should be used in places where it is most needed. Foreign exchange is in great demand in China as there are many projects which need to be built. In foreign trade, our principle will be to continue to encourage exports and organize imports according to the need.

Attracting Foreign Capital

The absorption of foreign capital should be guided by state policies. Recently, the State Planning Commission formulated an industrial policy specifying which projects should be encouraged, which should be restricted and which should not be developed at all. For instance, China's textile industry already has 30 million spindles. Due to the inadequate supply of cotton, a considerable number of textile mills are operating under capacity. Their export, moreover, is limited by quotas. Whether they are enterprises run by Taiwan, Hong Kong, Macao or foreign business people, as long as the businesses are in China's mainland, their exports will be limited by quotas set by other countries. Thus, we cannot welcome such projects. Some Taiwan businessmen intend to move their so-called sunset industries to the mainland. We openly declare that we do not welcome these "sunset industries." We welcome hi-tech and export-oriented projects. We should tell overseas business people which items are welcome and which items are not encouraged. We should tell the truth; this is an act of responsibility to them.

In attracting foreign capital, land resources should be treasured. We should not attract foreign capital by forcing down land prices and expanding the area at will. The stability of China's economy relies on agriculture. With a large population, China's average per-capita culti-

vated land is limited. Therefore, our land resource is very precious and we should treasure it at all times. We have told foreign businessmen that there is no future for them to undertake real estate businesses in China. If they want to do business in the mainland, they must bring their enterprises here. The good investment environment, stable social order and cheap labour in the mainland ensure that they can make money here. We should never use land, particularly farmland, as a bait to attract foreign investment. Otherwise, we will commit a historical mistake which we will be unable to justify to the people and to later generations.

The Eighth Five-Year Plan

Recently, the State Council repeatedly discussed the guideline for the formulation of the Eighth Five-Year Plan (1991-95) and a ten-year plan. The draft plans will be submitted to the central authorities after extensively canvassing the opinions in all provinces, municipalities and ministries in order to give better expression to the main points of the two plans. The formulation of the Eighth Five-Year Plan must be integrated with that of the ten-year plan. This is because the construction cycle of some large projects concerning the national economy and the people's livelihood often takes more than five years. Besides, economic development is a continuous process. The Eighth Five-Year Plan should take into account not just economic matters for the years in question but also economic development in the Ninth Five-Year plan period and even at the turn of this century.

We have repeatedly declared that the second-step strategic target for China's economic development tallies with our national conditions. It is practical and

does not need to change. Our basic objective remains: redoubling our gross national product by the end of this century and ensuring that the masses of people live a comfortable, well-off life. This idea of a comfortable, well-off life may be interpreted as one which equals the upper-middle level in developing countries. Reaching this target roughly requires that China's economic growth in the next ten years be maintained at a 5.5-6 percent rate. We should not pursue an excessively high rate. Our top concern should be constantly improving our economic structure and increasing our economic returns.

The formulation of the Eighth Five-Year Plan concerns whether China's economy can develop soundly and smoothly in the next decade and beyond. In order to appropriately formulate the Eighth Five-Year Plan and the ten-year plan, the principle of sustained, steady and coordinated long-term economic development should be adhered to in our guiding thought, and any large fluctuations should be prevented. Our experiences gained over the past several dozen years prove that economic construction should proceed according to our own capacity and that impatience for quick results should be resisted. The principles for improving the economic environment and rectifying the economic order and for deepening the reform should be adhered to during the Eighth Five-Year Plan period. We must draw on our past lessons and persist in a steady growth during the Eighth Five-Year Plan period and in the following five years. All state-level key construction projects should be incorporated into the plans and should not be blindly developed. Given the prerequisite for maintaining an overall balance, the state's industrial

New 'Bridge' Spans Europe and Asia

by Our Staff Reporter Wu Naitao

China's Lanzhou-Xinjiang Railway was linked to a Soviet railway in September this year to form yet another direct bridge across the two continents of Asia and Europe. The joining of the two lines was a major event in railway history; it will provide an important boost for the economic development of Xinjiang.—Ed.

policies should be carried out strictly in order to ensure the co-ordinated development of all industries. In the first five years of the next decade, efforts should be made to construct some energy, transport and communications projects, as well as some basic industries serving agricultural production, such as chemical fertilizer and farm chemicals. Priority should be given to the petrochemical industry, particularly chemical fibres, to make up for the shortage of cotton. Generally speaking, no new projects will be built for ordinary processing industries. There will be an emphasis on technological transformation and the development of new products and high-grade varieties by making use of available factory buildings, labour force and materials, thus fully tapping their existing production capacity.

A lot of effort should be put into agriculture in order to develop grain, cotton and oil-bearing crops. In the next decade, it will be a mark of great success if our grain output can rise on an average 5 billion kg annually, and it will be a mark of even greater success if average annual growth can hit 8 billion kg. The growth of grain production will not be achieved without input. Input should be raised, which means an increase in the input of chemical fertilizer, more water conservancy projects and an improvement in crop variety. The state and all provinces, municipalities and autonomous regions should give top priority to this work. Industrial production should emphasize technological transformation and agricultural production should emphasize increasing per-unit output—this is the guideline for China's economic development. ■

On September 12, when Sun Yongfu, China's vice-minister of railways and Nikijin, Soviet vice-minister of communications, tightened the last rail bolts at Alataw Pass on behalf of their respective governments, the Lanzhou-Xinjiang and Soviet railways were finally connected after long years of arduous construction work. The new Eurasian continental railway is of great significance for economic development in China and for friendship and economic

exchanges between the Asian-Pacific area and Europe.

The old 12,000-km-long Eurasian continental railway stretches from Nakhodka Port in the Soviet Far East to Rotterdam Port in the Netherlands along the Trans-Siberian Railway. China's rail line beginning in Dalian, Liaoning Province, and extending via Harbin to Manzhouli, Heilongjiang Province, joins this old Eurasian rail system at the Soviet city of Cita. The new 10,000-km-long Eurasian con-

The Chinese railway being linked to the Soviet railway line at Alataw Pass.

LI GUANGKUAN



tinental railway starts at Lianyungang in Jiangsu Province, China, and follows the Lianyungang-Lanzhou and Lanzhou-Xinjiang railways, arriving ultimately at Rotterdam after transitting the Soviet Union, Poland and Germany. It is the shortest route between China, Southeast Asia and Europe.

sian railway and US\$81 less than by sea.

The 4,000-km-long China section of the new Eurasian continental railway passes through new economic zones and a dozen famous cities in Jiangsu, Henan, Shaanxi, Gansu provinces and Xinjiang Uygur Autonomous Region including Zhengzhou, Xian, Lanzhou and Urumqi, some of the country's most devel-

areas. Given the extensive rail link-up with every area of China, the new Eurasian continental railway will be of major economic significance, particularly in the provinces and autonomous regions along the line, and will speed up the development of the nation's northwest.

The new rail line has eased the transportation pressures on Erenhot and Manzhouli. A railway department investigation in 1986 showed that the annual transport volume of the two trade ports exceeded their handling capacity by 20 percent. Despite this, their import and export volume has been increasing at an annual rate of 17 percent. Goods from Shaanxi, Gansu and Qinghai provinces and the Ningxia Hui Autonomous Region being shipped to the western Soviet Union, Europe and the Middle East through these two ports accounted for 15 and 30 percent, respectively, of their total transport volume. Goods from the northwest area which are shipped via the new Eurasian railway, will bring much needed relief to the two ports, saving transport fees and reducing shipment time.



The new railway station in the city of Kuidun, close to Alataw Pass.

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A Direct Link

The construction of the new Eurasian continental railway provides a shorter route for Asian-European transport, and transportation along the line will be some 20 percent cheaper than through the Indian Ocean, cutting shipping time in half. The new Eurasian continental railway is 2,000 km shorter and much safer than the old railway that cuts through Siberia, an area known for its harsh climate. A trip from Lianyungang to Rotterdam via Alataw Pass takes 12-14 days, 16-18 days shorter than by sea. A one-ton shipment of lithium oxide from Tianjin, China, to Bremen, Germany, costs US\$119 on the new railway, US\$17 less than on the old Eura-

oped political, economic and cultural centres. As it passes through China, the railway branches out to join the Beijing-Shanghai Railway at Xuzhou and extends to Jiangsu and Zhejiang provinces. In central China it is linked with the Beijing-Guangzhou Railway at Zhengzhou to connect with the Guangzhou, Shenzhen and Hong Kong areas. It is also connected with the Jiaozuo-Liuzhou Railway at Luoyang and extends south to the Guangxi Zhuang Autonomous Region. To the west, it is linked with the Baoji-Chengdu Railway at Baoji and from there stretches to China's three southwest provinces. At Lanzhou, it joins the Baotou-Lanzhou Railway and extends north to the Ningxia and Inner Mongolian

A 25-year Suspension

The 3,600-km section from Lianyungang to Urumqi of the more than 4,000-km Chinese section of the new Eurasian railway was completed and put into service early. The completion of the remainder, 460 km from Urumqi to Alataw, was marked by the September ceremony.

After October 1954, when the Chinese and the Soviet governments concluded a joint agreement on the construction of the railway from Lanzhou to Alma-Ata via Urumqi, a survey was begun on both sides of the border. The construction began after the survey and design plans were completed in 1958, but deteriorating relations between China

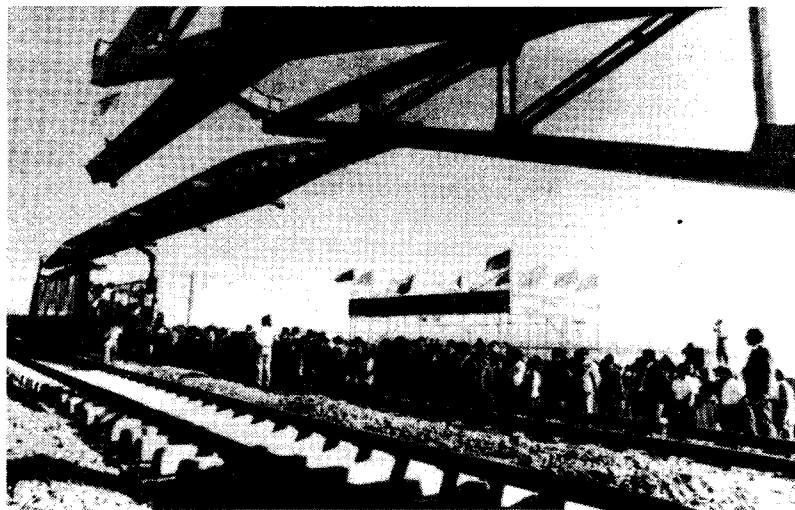
and the Soviet Union in 1960 put a halt to construction after the Lanzhou-Urumqi section was completed in 1962.

At the end of 1984, the Chinese government decided to resume construction. The Northern Boundary Railway Construction Co., jointly established by the Xinjiang Uygur Autonomous Region and the Ministry of Railways, is responsible for the construction and operation of the line from Urumqi to Alataw Pass. Construction began on May 1, 1985 following completion of the overall engineering design conducted by the No.1 Survey and Design Institute of the Ministry of Railways. The 236-km section from Wuxi to Wusu was completed in September 1987

passes have a continental climate. The area is dry and hot in summer with the highest temperature reaching 40-42 degrees Celsius; the winter is cold with a lot of snow and temperatures dropping as low as 40-43 degrees Celsius below zero. The topography from Wusu to the Alataw Pass, however, is quite striking and the harsh natural conditions made construction difficult. Extensive leveling of the earth was required before the rails were laid in place, a task made easier by the 63-year-old engineer's survey of the route and his compilation of necessary engineering data. Moreover, the construction crews worked hard and so completed the project on schedule. Domestic passenger and freight service is now in op-

built using a variety of funding sources. The central and the autonomous regional governments split the 800 million yuan construction cost, most of which were bank loans. Funds, for example, were collected from the regional government, the Ministry of Railways and the construction corps in Xinjiang. Also, some Soviet loans in material were used during the second-stage construction, primarily steel rail, timber and other goods worth about 300 million yuan. Loans were made with preferential interest rates and repayment schedules and will be repaid in local products after the railway is in operation. The unique investment structure, an outgrowth of economic reform, brought into play both central and local advantages and mobilized the initiative of a variety of agencies and government departments. It thus opened a new mechanism for rapid construction of the nation's rail system.

Li Senmao is a minister of railways with 40 years of experience under his belt. He told *Beijing Review* that parts of the line from Lianyungang to Alataw were constructed with different standards and in different historical periods. This is partly evident, he pointed out, by the fact that in different economic areas, there are different transport capacities. To meet the needs of current domestic and future international through transport, some sections have been renovated, reinforced or double-tracked. The 1,187-km section from Zhengzhen to Lanzhou, for example, was electrified. The Ministry of Railways decided to renovate and reinforce the 4,000-km section from Lianyungang to Urumqi in order to keep pace with the expected growth of international through transport. Technological improvements on the Lianyungang-Xuzhou Railway and the eastern section of the



LI GUANGKUAN

A joint Sino-Soviet ceremony to mark the completion of the second Eurasian Railway.

and while last section, from Wusu to Alataw, was under construction until this past September.

Before the Wusu-Alataw Railway was finally linked up with the Soviet railway, *Beijing Review* interviewed Huang Kang, chief engineer of the Northern Boundary Railway Co. whose office is located in an Urumqi suburb. Huang Kang pointed out that the areas through which the rail line

eration and international through transport may begin as early as 1992. During this time, many feeder routes will be built along the length of the line.

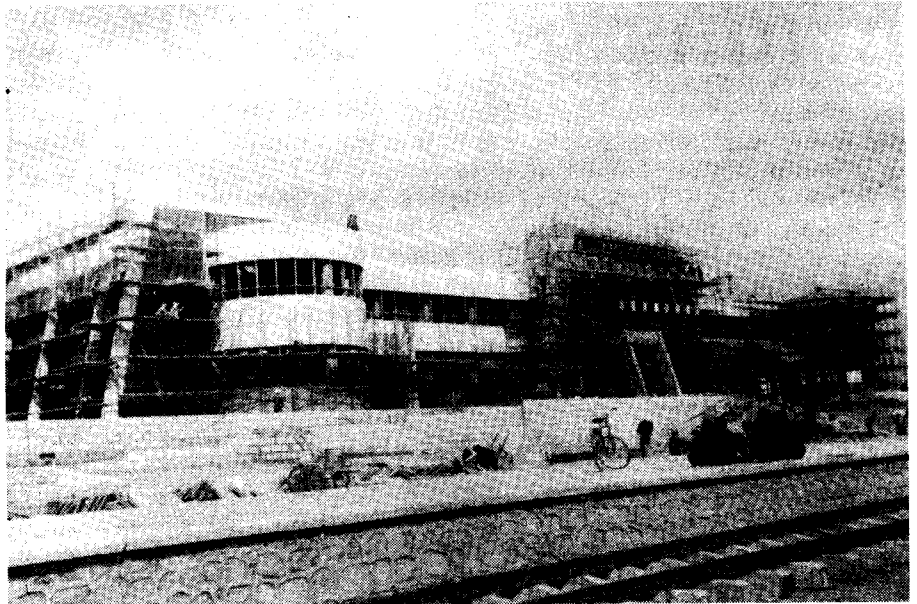
The Wusu-Alataw Railway was the first line built by both the central and local government. Compared with conventional practice, in which the Ministry of Railways using central government funds was responsible for construction, this railway was

Lanzhou-Xinjiang Railway have begun. At the same time, the Ministry of Railways is considering construction of feeder lines to the northwest area and a station for changing trains at Alataw Pass.

Lianyungang

Located in the middle of China's eastern coast, Lianyungang, the eastern end of the new Eurasian railway, is a fine harbour surrounded by hills and islands. Following its large expansion in recent years, it is one of China's eight largest coastal harbours. It currently has 17 working berths which can handle 15.45 million tons and two new container docks each with an annual handling capacity of 100,000 standardized containers will begin operation next year. Their construction began immediately following the opening of the new Eurasian railway. Currently, Lianyungang harbour serves 18 international navigation lines and has established trade ties with 170 ports of 76 countries and regions including the Soviet Union, the United States, Japan and Britain. It is a comprehensive foreign trade harbour which in recent years has seen a rapid increase in container business. There are now, for example, four regular container shipping lines from Lianyungang to Japan, Hong Kong and Southeast Asia.

Wang Wenqin, mayor of Lianyungang, said the comprehensive functions of Lianyungang were being strengthened and improved as the city upgraded its harbour. Currently, for example, the technical renovation project of the eastern part of the Lianyungang-Lanzhou Railway is under way. Passenger transpor-



The Alataw Pass Railway Station under construction.

YOU TUWEN

tation has extended to Nanjing in Jiangsu Province, Shanghai, Baoji in Shaanxi Province and the first phase of the Lianyungang Airport expansion project has been completed. Moreover, there is a metro bus network in the city with a total mileage of 1,760 km. The highway connecting the city centre and the harbour has been opened. Also, a communication network made up of programme controlled, optical fibre and micro-wave means has been put in place and the state recently decided to set up two factories for the annual manufacture of 30,000 containers in the city.

Alataw

Ma Hong, an economist and president of the Chinese Academy of Social Sciences, once called the Lianyungang-Alataw rail line "a golden belt for China's economic physique." Alataw Pass, however, is different from Lianyungang. One year ago, before the State Council approved the opening of Alataw Pass as a trade centre and its use as China's second gateway to Eurasia, the area

was a desolate place. Adding to the poor economic and trade situation was the harsh climate. On the average, the area is buffeted by force 8 winds 160 days a year.

At Alataw, the grey cement columns of the trans-shipment station stand unfinished. Since the Chinese and Soviet railways do not connect with one another (the Soviet Union uses 1,520-millimetre wide track and China uses 1,435-millimetre standard track), the goods have to be re-loaded or the wheels of trains changed. The Alataw Pass Station has 13 tracks, six of which are of Soviet railway dimensions, seven of standard, international size. Either export and import goods are transferred manually to the Soviet or Chinese trains or the wheels of a train carriage are changed to accommodate the difference in rail size. The two large scale closed transfer storehouses in Alataw handle nearly 3.5 million tons annually.

While workers were recently decorating the white waiting room designed by the Lanzhou No.1 Design Institute, Hong Ru, head of the construc-

tion team, said that the Alataw Pass Station is second only to the Urumqi Station in the capital of the Xinjiang Uygur Autonomous Region, in construction quality.

Donskih Nikolay Vladimirovich, a railway bureau official from the Soviet Union, said that the Alataw Pass Station was tastefully decorated, and noted that the station was a key step in improving rail transportation on the Urumqi—Alataw Pass—Drujiba (Soviet Union) rail line.

Benefits for Xinjiang

The Xinjiang Uygur Autonomous Region, located in northwestern China, is wide in territory and abundant in resources. In ancient times, it was connected with the inland and foreign countries by the famous "silk road." In 1958, the construction of the Lanzhou-Xinjiang Railway, China's longest railway, filled a major gap in Xinjiang's railway history. Despite the Xinjiang Uygur Autonomous Region's abundant natural resources, however, its industrial base has been weak and its productive force backward. It has been difficult, therefore, for the area to compete either domestically or internationally. Even over the past ten years of reform and opening to the outside world, it still could not keep pace with the development of the eastern coastal areas.

These problems stem in part from the fact that there is no

waterway in Xinjiang and its air transportation system is poor. The 1.6 million km of shipping routes in the Xinjiang Uygur Autonomous Region are principally highways and, although transportation has made rapid progress over recent years, it still lags behind other areas. This is particularly true of rail transportation. Before the northern Xinjiang line was built, there was only 1,500 km of rail line in Xinjiang and, even now, railway density is only three metres per square, less than one-fifth the country's average. Many people thus place their hope for Xinjiang's development on expanded transportation capacity, believing it to be the only way the Xinjiang Uygur Autonomous Region can advance economically.

As the country opens ever wider to the West, the Xinjiang Uygur Autonomous Region is becoming China's major gateway. Its strategic policy is "complete openness to the West." Huang Baozhang, vice-chairman of the people's government of the autonomous region, said that the need for complete openness to the West was intended to change the past situation of only looking to the east for support. Xinjiang, he said, would import funds, technology and equipment from overseas as it increased its international interactions and would pay particular attention to the inland countries located to the West. At the same time, the area would

strengthen economic and technological co-operation with the inland provinces and regions and make Xinjiang an open centre of trade and economic activity for China. Huang said this target will come closer to realization once the second Eurasian Railway is opened to international traffic.

Huang, who also acts as deputy head of the Northern Xinjiang Railway Construction Leading Group, believes that completion of the railway and the opening of the bridge is of major significance to Xinjiang, revealing that several large scale petrochemical projects were in the planning stage and that some had already been approved by the government.

At the Grape Festival held in Turpan last August, the chairman of the Xinjiang Uygur Autonomous Region said that although the construction of the railway had some setbacks, its successful completion was due to the support of both the government and the Chinese people throughout the country. He also reiterated the significance which the rail system will have for the economy in northwestern China and for the promotion of economic and technological co-operation with other areas in China and foreign countries. The September day during which the railway was completed, he said, was a day of good fortune for the people of the Xinjiang Uygur Autonomous Region. ■

FACTS & FIGURES:

Remarkable Achievements

During the 1950-89 period, China completed 4,488 large and medium-sized projects with 1,679.8 billion yuan in fixed assets. A complete industrial system was established, including coal, electrici-

ty, metallurgical, textile, automobile, tractor, aircraft, electronics, petrochemical, space and nuclear sectors, many of which were developed after the founding of New China in 1949.

Over the past 41 years, a total

of 170,000 kilometres of dykes have been constructed and more than 80,000 reservoirs built with a total storage capacity of 461.7 billion cubic metres, expanding irrigated areas to 44.92 million hectares.

Since the founding of New China, 126 railways have been constructed, bringing the total mileage from 21,800 kilometres to 53,200 kilometres. In civil aviation, 378 domestic and international airlines have been opened, forming an air network. With 253 berths capable of handling 10,000-ton-class ships, there is an obvious improvement in the equipment and handling capacity of the coastal harbours. The total postal routes have increased from 706,000 kilometres to 5 million kilometres.

Between 1953 and 1989, the gross national product (GNP) increased by an average of 7 percent a year while the national income increased by an average of 6.8 percent a year.

In 1989, compared with the peak year before 1949, yarn output increased 10.7 times, cloth 6.8 times, steel 66.7 times, raw coal 17 times, crude oil 430 times, electricity 97 times, cement 92 times, metal cutting machine tools 33 times, grain 2.7 times and cotton 4.5 times. China's world rating status in steel output rose from the world's 26th to 4th place in 1989, raw coal from 9th to first, crude oil from 27th to 4th while the output of cloth, grain, cotton and meat rose to the first in the world.

In 1989, the total retail value of commodities reached 810.1 billion yuan, an average increase of 6.9 percent a year after deducting the rise in prices. The total value of imports and exports reached US\$111.7 billion, representing 26.3 percent of the GNP as against 10 percent in 1952.

There were 1.07 million schools at all levels in 1989, of which 1,079 were institutions of higher learning. The number of students in college, middle school and primary school was respectively 17.8 times, 39.8 times and 5.1 times that of 1949.

The attendance rate of school-age children increased from 50 percent in the early 1950s to 97.4 percent. In 1989, the number of scientists and technicians in state-owned units reached 10.35 million, 24.4 times as many as in 1952.

China has played an increasingly important role in international affairs, establishing, to date, diplomatic ties with more than 130 countries.

Achievements From Reform

The policy of reform and opening to the outside world has brought prosperity to China. Since 1979, when the policy was introduced, the nation's economy has developed more rapidly and the Chinese people have gained more benefits than ever before.

In 1989, the GNP reached 1,578.9 billion yuan, 5.5 times that of 1978, an average increase of 9 percent a year according to constant price. At present, China ranks 8th in GNP in the world.

From 1978 to 1989, the total agricultural output value increased an average 5.9 percent a year, surpassing the average increase of 2.6 percent in the previous 26 years (1952-78). In 1989, the grain output was 407.55 million tons, increasing 33 percent over 1978; the cotton output was 3.79 million tons, an increase of 74.7 percent; oil-bearing crops 12.95 million tons, a two-fold increase while the output of sugar-bearing crops, silk-worm cocoon, pork, beef, mutton, aquatic products and fruits all doubled. In 1989, the total output value of non-agricultural products in rural areas reached 794.5 billion yuan, 9.1 times that of 1978 according to constant price.

During the last 11 years, industrial enterprises under the ownership of the whole people have invested more than 320 billion yuan in technological trans-

formation by introducing foreign advanced technology and equipment. At present, some of China's high-tech industries and process have reached advanced world standards.

In 1989, the mileage of China's electrified railways was 6,372 kilometres, 6.4 times that of 1978; the handling capacity of coastal harbours increased from 198.34 million tons in 1978 to 490.25 million tons.

The total import and export value in 1989 was 5.4 times that of 1978, an average 16.6 percent increase a year. Since 1979, the grand total of direct foreign investment reached US\$15.5 billion. During this period, China has established labour co-operation ties with more than 100 countries.

Over the past 11 years, 3.82 million students have graduated from colleges and universities, surpassing the total of the previous 26 years. During this period, China has made more than 90,000 important scientific and technological achievements, more than 1,700 winning invention awards and more than 3,000 winning state scientific progress awards. The Beijing electron-positron collider, heavy-ion accelerator, the Long March-2 cluster carrier, communication satellite AsiaSat I, meteorological satellite Storm I, and the launch of underwater long-range missile symbolized the nation's significant breakthrough in science and technology.

During the 1979-1989 period, the national level of consumption increased an average of 6.9 percent a year. In these 11 years, 8.8 billion square metres of dwelling were built in urban and rural areas. The bank savings deposits of urban and rural residents increased from 21.1 billion yuan in 1978 to 514.7 billion yuan at the end of 1989. ■

Expectations at Odds With Realities

by Our Intern Reporter Xiong Sihao

When college graduates choose their jobs, they often give careful consideration to their future and personal income. Their expectations, however, are often at odds with realities.

Nowadays, freshmen, on entering universities which they yearned for day and night, begin asking their teachers or senior students questions such as, "Where will we be allocated after graduation?"

"Present-day college students find it more difficult to be placed into an ideal job," said a freshman enrolled in Beijing University this autumn.

Are college-educated people now overabundant in China?

"Obviously not," said Niu Weinqi, an official with Undergraduates Placement Division, State Education Commission of China, "China has a population of more than 1.1 billion, and

only 10 million of them are college-educated. Why do present-day college students have difficulties finding an ideal job? The reason is that they hate to leave large cities. Border areas, medium-sized and small cities are desperately in need of college-educated people, but they don't want to go there."

"Currently, many high schools need to recruit new teachers, but most college graduates don't want to work as high school teachers," Niu continued.

According to Zhao Yanqin, an official with Personnel Division, Qinhua University, nowadays most college students look to larger enterprises, joint ventures,

government offices, scientific research institutions, larger or open coastal cities for a job. But college-educated people saturate these areas, while medium or small cities, township enterprises, rural and border areas, and minority nationality regions greatly lack qualified college graduates.

"Most college graduates," Zhao said, "hope to find a job in which they can apply the skills they have learned, utilizing their abilities to their fullest."

Survey

A survey, which was conducted recently by the Department of Sociology of Beijing University, indicated what Niu and Zhao said was true. The survey covered 800 undergraduates and the results are as follows:

—"Intention after Graduation." Half of the students surveyed said they wanted to work for enterprises, 22 percent wanted to work for government offices, while 17 percent wanted to enter scientific research institutions, only ten percent intended to continue studying toward a master's degree, and nine percent intended to enter the business sector. (Note: Some students expressed two or more intentions. The same is true with the following figures.)

Those who wished to work for

An official of the State Education Commission explained to this reporter why college graduates are required to go to work at the grass-roots level.

YANG LIMING



enterprises thought that an enterprise, generally speaking, would be where they could best apply what they have learned and learn what they couldn't in the classroom. "Most undergraduates begrudge their majors, which they have studied and worked so hard for," said Zhao Yanqin.

Enterprises, especially joint ventures give their employees higher wages, according to a Beijing University student who wished to be hired by a joint venture after graduation.

Compared with enterprises, government offices are all secure jobs, and a government employee, generally, is promoted more easily than an enterprise employee, said those who desired to enter government offices.

Only a small portion of college graduates intended to continue studying for a master's degree. Most thought they could learn more from on-the-job training than from research institutions. A few of college graduates desired to enter the business sector, although they didn't major in business administration

in college. They believed what they had learned would be useful.

"Some students regard a university as an occupational training centre. In fact, the goal of running a university is not to train a person's occupation skill, but to train the students to increase their knowledge, thus promoting the whole society's cultural level. I think, if a person has attended a university, his way of thinking will greatly change," said a senior Chinese major of Beijing University, who intended to enter the business sector after his graduation.

—"Criterion of Occupation Selection." Some 78 percent expressed the hope to find a job in which they can develop their abilities, 39 percent wanted to find a better paid job, 12 percent wished to find a job in which they can enjoy a high social position, and 11 percent said they would like to get a comfortable job.

Most college graduates hope to become a trail blazer in their field, desire to make some achievements after graduation

and gain social recognition; they don't want to let their youth slip idly away, according to Zhao.

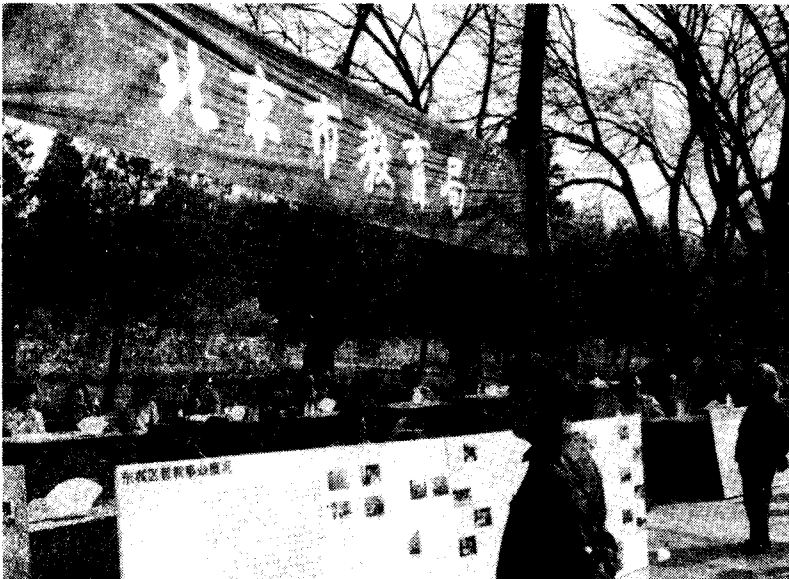
—"Where You Would Like to Work." About 33 percent preferred open coastal cities, 33 percent would like to go to larger cities, 33 percent wanted to go to special economic zones, 23 percent intended to go to medium or small cities, only 13 percent would go to small towns and two percent intended to go to rural areas. No one indicated to go to minority nationality regions or border areas.

Those who wished to work in coastal open cities and special economic zones thought open coastal cities and special economic zones are full of opportunities, challenges and adventures. They believed that they would earn more money from coastal cities than from inland cities. Undergraduates who desired to work in large cities generally thought there are many big enterprises in larger cities and living conditions there are much better than in medium or small cities. Those who intended to go to medium or small cities and towns thought that they would not find other college-educated people there so that they would have more opportunities to display their talents.

Government Measures

Because rural areas, minority nationality regions and border areas are underdeveloped, only a small portion of college graduates volunteer to work there. Currently, both central and local governments are planning some preferential policies to attract more volunteers to work there, according to Niu Wenqi. "Our country needs more college graduates to work in rural, minority nationality and border areas. College graduates should answer

Teaching becomes unpopular: Beijing Municipal Education Bureau received a cold shoulder when recruiting new teachers in April in Tiantan Park. ZHENG SHUFU



the call of country. Meanwhile, the government will redistribute some college graduates, in a planned way, to such areas," said Niu Wenqi.

"These years undergraduates and postgraduates are required to go to work at the grass-roots level," Niu continued, "because grass-roots units greatly lack college-educated people. Besides, the students have only learned theoretical concepts in college, and working at the grass-roots units will enable them to attain practical knowledge. Also, they can get in touch with workers and farmers and cultivate the habit of bearing hardships," said Niu Wenqi.

The Capital Steel and Iron Company in Beijing offered many facts illustrative of the viewpoint. "Many undergraduates and postgraduates who were assigned to our company by the state made great achievements at the grass-roots level," said Hu Hao, an official with the Personnel Division of the company. The company, which is one of the largest enterprises in China, has 180,000 employees, and 44 percent of them are technicians. Each year it takes in more than 1,000 college undergraduates and postgraduates, all of whom must work at the grass-roots level for one year, even if assigned to the company's research institutions, according to Mr Hu.

Pan Huashan received a master's degree from Shandong Institute of Technology and was assigned to the Technical Section of the Electrical Machinery Factory under the Capital Steel and Iron Company in 1988. But he volunteered to go to a workshop and, together with the workers, made much improvement in the imported facilities and won praise from the workers. "I think young intellectuals just graduating from a universi-



Mr. Xu Heyi gives a lecture on metallurgy.

FU JIANWEI

ty should first go to grass-roots units and learn from workers with an open mind," said Pan when asked about the key to his success.

Mr. Hu said his company favoured those college graduates who have a high level of political awareness, a sense of responsibility, a broad base of knowledge, a resilient spirit to bear hardships, the ability for management and public relations and who dare to blaze new trails.

Another young technician named Xu Heyi, a graduate from Beijing Sci-Tech University, also did a good job at the grass-roots level. He helped repair several blast furnaces, according to Mr Hu.

Expert's Advice

"When college graduates choose their jobs, they often give careful consideration to their future and personal income. Their expectations and social realities are often contradictory to each other," said Yuan Fang, a professor of sociology at Beijing University and vice-president of China Labour Association. Prof. Yuan is an expert on the study

of employment.

"Our country is facing an employment peak. Generally speaking, the demand for labourers falls short of their supply. But college-educated people are not overabundant in China. There are only 100 college-educated people for every 10,000 people. This number is smaller than that of India," said Prof. Yuan.

Then why do college graduates find it difficult to get jobs? Prof. Yuan said it is due to the current practice of assigning jobs to college graduates and the system of employment.

"Our country should carry out the system of 'two-way choice,' in which the units can choose college graduates they like to employ and college graduates can choose their jobs. China should develop its economy so as to create more jobs," said Prof. Yuan.

The professor also said that college graduates should be encouraged to work in border and rural areas, minority nationality regions and township enterprises, and the government should adopt specific measures to attract them to those areas. ■

Zhengding Amusement Centre Opens

A *Dream of Red Mansions, Journey to the West, Outlaws of the Marsh and Romance of the Three Kingdoms* are China's four famous great classic novels. Widely loved by the Chinese people, the novels are also of great interest to a wide foreign audience. In response to tourist needs, the Tourist Administration of Hebei Province has introduced a new scenic spot, the Shijiazhuang Zhengding Amusement Centre, for domestic and foreign travellers who have a particular interest in Chinese classic literature, ancient legends and history.

Located in Zhengding County and 15 km away from the provincial capital of Shijiazhuang, the Zhengding Amusement Centre is composed of three distinctive scenic spots.

The first features on historic sites including the Longxing Monastery and four ancient pagodas. The Longxing Monastery was built during the Sui Dynasty (581-618) and is one of the best-known and best preserved, large Buddhist monasteries. It boasts the Moni Hall known for its unique architectural style, the revolving sutra cabinet which is China's biggest and oldest, a 22-metre-high bronze statue of a standing Buddha with its thousands of hands and eyes, a sleeping Bodhisattva known as the Goddess of Mercy, and a thousand smaller Buddha statues in various and expressive positions. The hall and the statues are much admired by visitors. The four ancient pagodas are all 1,000 years old. They are the Lingxiao Pagoda in Tianing Monastery, the Yibo Pagoda in Linji Monastery, the Huata Pagoda in Guanghui Monastery and the Xumi Pagoda in Kaiyuan Monastery. They are highly appreciated by visitors, especially those from Japan.

The second is a cluster of ancient architecture with Rong Mansion and Ningrong Street as its centre. Both Rong Mansion and Ningrong Street were built according to descriptions from China's classic novel *A Dream of Red Mansions*. They are all of the wooden structure popular during the late Qing Dynasty (1644-1911). The large-scale replica of ancient build-

ings is a permanent base for film and TV productions in addition to providing a site of interest to tourists.

The third is a sightseeing and amusement area composed of the First and Second Palace built according to *Journey to the West* and the Art Palace built according to *The Romance of the Deification of the Gods*. The First and Second Palaces have more than 30 settings on the site, including the Mountain of Flowers and Fruit, the Water Curtain Cave, the Old Dragon King of the East China Sea, the White Bone Cave, Hades, the Bottomless Pit and Womanland. All the settings detail the trials and tribulations of Tang Seng and his three disciples' experience on their way to the West and Sun Wukong's (Monkey King) wily fight against the devils. The Art Palace was built according to the description found in *The Romance of the Deification of Gods*, a book which uses mythology to reflect the historical changes of Chinese dynasties during the 11th century BC. The art palace has more than 40 scenes which depict the mysterious life of King Wu of the Zhou State (who sent armed forces to suppress King Zhou of the Shang State) and the story of Jiang Ziya's canonizing by the gods. By the ingenious use of sound and light in conjunction with other modern technology, the three art palaces provide a strange and eerie impression and make visitors feel they are actually in a real setting of the 11th century.

by Li Ping

1992—Golden Year For Beijing Tourism

Although some people have expressed concern that tourism in China will drop after the 11th Asian Games, Buo Xicheng, director of the Beijing Tourist Administration, discounted such views, saying, at a recent press conference in Beijing, that the tourist trade in Beijing will continue to develop after the Asiad.

According to Buo, the devel-

opment of tourism depends on three prerequisites: a stable political situation, abundant tourist resources and a high quality of service. At present, China has these three prerequisites in place.

Buo said that the government had begun to draft the 1992 Project this past April, a programme which targets the year 1992 as the "golden year for tourism of Beijing." The general idea is to regain the confidence of the European and American market while developing the Taiwan and Southeast Asian market and placing special emphasis on the Japanese market.

He noted that the scale of tourism in 1992 would surpass that of 1988 "the Year of Dragon—Beijing International Tourist Year." In 1992, according to the tourist trade sources, a series of activities will be held. For example, the Beijing International Beer Festival will invite famous Chinese and foreign breweries; the International Gate Ball Competition and the Sino-Japanese Amateur *Wei-qi* (Go) Player Tournament will attract first-rate Chinese and foreign competitors. In addition, some new, specially priced travel tours will be opened such as winter tours, *Qigong* tours, tours along the route described in China's classics *Outlaws of the Marsh* and *Romance of the Three Kingdoms* (based on the historical sites of the Three Kingdom (220-280 AD), as well as international conference, study and shopping tours. Some new scenic spots like Yunju Temple and Simatai Great Wall will be opened and some cultural exchange sites such as Chinese Tea House, Liyuan Theatre and Family of the Japanese People will be established. On all these tours, special prices will be offered for accommodation, transportation and shopping.

Buo added that some problems still exist in the management system of China's tourist trade. For example, too many travel services have established scenic tours without pooling limited financial and material resources to improve important tourist spots. However, he assured, these problems will be resolved with the growth of China's tourist industry.

by Kou Zhengling

China's Population Pressures

QIAO
(Nexus)

In 1193 China had a population of 100 million. By 1830 the figure had quadrupled to reach 400 million, 40 percent of the world's total. After the founding of New China in 1949, China's population increased at an accelerating pace to reach 1 billion in 1982.

To curb this alarming increase, China has since the early 1980s carried out a policy of "one couple, one child." However, the average child-bearing rate of Chinese women has still hovered around something between 2.4 and 2.8 percent over the past decade. The rapidly increased population has imposed considerable pressures on China and brought about many social problems. The following are some main points:

Grain. In 1984 China's grain output reached a record high of 396 kilogrammes per capita, only enough to satisfy the minimum needs. While China has 22 percent of the world's total population, it owns only 7 percent of the world's farmland. The low per-capita acreage of land has made it difficult for China to feed its population. If the population continued to increase without any control, China would not be able to maintain its current level of per-capita land acreage and grain consumption.

Resources. China is truly rich in natural resources. However, it is poor in per-capita terms. The per-capita forest land in China, for example, accounts for only 20 percent of the world's average and water only 25 percent.

Employment. Since the late

1970s, China has witnessed an annual increase of 10 million in its labour force. It recently reached its peak of 20 million annually. The employment problem has imposed extensive pressures on the Chinese society in general. While China is transforming its labour-intensive industries into technology-intensive ones, in its modernization drive, employment presents a serious headache.

Education. Due to historical reasons, Chinese people in general receive a poor education. According to the third national census in 1982, China still had more than 230 million illiterate and partially literate people, 23.5 percent of the total. Even worse, the attendance rate of school-age children has dropped while more pupils quit school, a mirror reflecting not only the society's attitude towards education, but also an unduly less investment in education and other cultural undertakings. If the population continues to grow so fast, it will be more and more difficult to increase the per-capita educational fund in China.

Industrial Structure. Today two-thirds of China's workforce are employed in the primary industry. Although more and more people are moving to the second and tertiary industries, it is not easy to readjust the industrial structure and raise the economic efficiency because of the poor quality of the Chinese population (especially the rural population) and out-dated ideas. Irrational industrial structure will, in return, lead to urbanization at a low level constituting an obstacle on the way to mod-

ernization.

Ageing of Population. China's population, on the other hand, is experiencing an aging process at a considerably high rate. In 1982, China's elderly population (age above 65) accounted for 4.9 percent of the total. It is expected to reach 7 percent in 2000, marking the entry of China into an aged society. The increase of the absolute quantity of the aged will impose a profound influence on production and consumption, bringing a pressure to bear upon economic construction and social life.

(August, 1990)

China's Folk Collections

RENMIN RIBAO
(People's Daily, Overseas Edition)

Folk collecting activities have enjoyed a recent resurgence in China.

According to estimates, there are tens of millions of stamp collectors in China. Matchbox and cigarette case collectors number 100,000 respectively. In addition, there are tens of thousands of newspaper collectors. Chinese folk collectors have seen a strong revival.

With the increase in numbers, some have been able to initiate a variety of museums. In Shanghai, Chen Baoding has a calculator museum, Wang Anjian specializes in watches and clocks, Chen Baocai runs a butterfly museum, Xu Sihai owns a teacase room and Cao Huizhong is organizing his mini-carving museum. In Nanjing, Shi Bingchi owns a painting studio, Ma Wenbing has a Yuhua stone museum. In Lianyungang, Zhou Fanglun is running a marine biological museum. In Hubei Province, Zhou Shigeng has ini-

tiated an insect museum. Ding Zhiliang has a Zhonghua matchbox museum in Fujian Province. Zhang Quanyi has a smoking set museum in Henan Province. Shi Shidi runs a newspaper and magazine museum in Jiangsu Province.

The collecting activity has also diversified into a large variety. In addition to stamps, newspapers, matchboxes, cigarette cases, paper money and coins, people have begun to collect more than 200 different types of items including watches, clocks, calculators, signatures, paintings, antiques, invitation cards, New Year's cards, birthday cards, decoration cards, monthly bus tickets, trade marks, bookmarks, medals, tour tickets, coupons, wine bottles, pencil sharpeners, root carvings, playbills, chopsticks, furniture designs, ancient furniture, mini-toys, inscriptions, etc.

There are various reasons for the rapid development of folk collecting activities in China. The following are the main points:

Improvement in Life. In old days, collectors were overwhelmingly dominated by the feudal nobles or monks and priests. Now in China, with the improvement in the quality of life, more and more common people have participated in these activities. There are differences in age, education and occupations. In Zhuzhou, Hunan Province, there is a collectors' association of more than 100 members. Cadres, journalists, teachers, workers, shop employees, private businessmen, servicemen, students, people from nearly all walks of life have joined the association. The majority is the young, however.

Aesthetic Value. Collecting activities reflect the aesthetic idea of contemporary Chinese. Take stamps for example. It is not

only a payment for a letter but an exquisite artistic article, reflecting the magnificent world. Looking over stamps, people can enjoy master Qi Baishi's painting, Mei Lanfang's stage art, portraits of ancient scientists... Decoration cards, New Year's cards or invitation cards can all make a superb collection. Scented tea, usually a favorite of the young girls, now has also been an object of folk collectors.

Intellectual Value. Collecting activities can widen one's horizon. For example, some have attempted to produce an encyclopedia by editing newspaper articles. Many collectors have become correspondents, editors, reporters or writers through their newspaper and magazine collections. Paper money or coins of different dynasties are exceptional artistic products. They have not only been the eyewitness to the development of the commodity economy but also records of the history of our civilization. Collecting paper money and coins can help people better understand the role they play in daily life and gain a new perspective of our splendid ancient culture. Tour tickets, if one sorts them into different provincial areas, will have a unique pictorial, giving people an overview of rivers and mountains of our country and acquiring a knowledge of local customs of the motherland. For instance, the tour ticket for the Yonghe Monastery mirrors the splendid Buddhist temple with a gorgeous horizontal inscribed board, while a ticket for the Mogao Grottoes displays the mystery and elegance of Oriental arts with vivid murals. The well painted tour ticket for Mount Huangshan of Anhui Province reflects its famous scenes such as its rare pines, bewildering stones and cloud sea. Jiuzhaigou of Hunan Province is famed as

a fairyland in the world. The tour ticket exhibits its excellent scenery with impressive paintings.

(June 22, 1990)

China's Mineral Resources

ZHONGGUO TONGJI XINXIBAO
(China Statistic News)

By the end of 1987, there were some 150 kinds of mineral ores in the world whose reserves had been verified. Of these, 140 have been found in China.

Of the 148 kinds of mineral ores, the reserves of the ten—bismuth, wolfram, antimony, titanium, rare-earth metals and indite—are the richest in the world; that of the 13 kinds—zinc, cobalt, tin, platinum, mercury, vanadium, tantalum, lithium, coal, magesite, fluorite, phosphorus and barite—are ranked second or third in the world; that of iron, manganese, lead, niobium and boron are ranked fourth or fifth in the world.

The verified coal reserves of China total 873.72 billion tons. Coal deposits have been found in most of the 2,000 counties (cities) in China. Iron deposits are also widely scattered and total reserves have reached 49.7 billion tons. Rich in oil resources, China has built many oilfields, such as the Daqing Oilfield, Shengli Oilfield, Dagang Oilfield and north China Oilfield.

In terms of mineral resources per capita, the world's average level has 10 times, 3.5 times, 8 times and 4.4 times of China in oil, iron, copper and gold resources.

(August 6)

Bright Prospects for Sino-British Trade

Latest data indicate that the direct trade volume between China and Britain grew by a big margin in the first half of this year compared with the same period last year.

From January to June, Britain's direct export value to China reached £300 million compared with £205 million for the same period last year. Meanwhile, China's export value to Britain reached £277 million, an increase of 14 percent.

Britain's exports to China were mainly mechanical and electric products, iron ore, steel ingot, edible oil, medicines and fertilizer.

Clothing, travel articles, telecommunication facilities, hi-fi, local and animal by-products are China's major exports to Britain. The value of clothing reached £26 million; hi-fi and telecommunication facilities doubled, rising to £14 million; and leather products increased 11 times, reaching £1 million.

According to statistics for the first half of this year, Britain has become China's seventh largest trading partner in front of France, Italy, Singapore and Australia.

China's imports from Britain rose during the first half of this year despite the economic austerity programme which began being implemented last year. This is because, as an analysis indicates, that China continued to import some key construction projects or machinery which accounted for a large share of the products imported. In the next few years, China will emphasize the development of such basic

industries as energy, transportation and telecommunication. At that time, manufacturing machinery and chemical products will be particularly needed, offering new business opportunities for British businessmen. Prospects for trade between the two countries are promising. ■

Foreign Funds for Agriculture

Since the policy of reform and opening to the outside world was adopted, China's agriculture has developed with foreign funding.

From 1979 to the first half of 1990, more than US\$5 billion in foreign investment has been injected into China's agriculture. Of this, US\$2 billion was channeled to 320 projects under the Ministry of Agriculture. The use of both foreign and locally generated funds has been effective in boosting agriculture.

In the early 1980s, China began to use foreign funds for agriculture on a large scale, a method which took on increasing importance after China joined the United Nations Food and Agriculture Organization, the World Food Programme, the International Fund for Agricultural Development and the World Bank. Since then, China has conducted economic and technological co-operation with more than 20 countries and regions including the European Community, Japan, Australia and the United States. The co-operation has involved in farming, forestry, water conservancy

and even meteorology and rural enterprises. Success has been found in each area.

Foreign funds have stimulated agricultural development. The World Bank has loaned US\$2.2 billion for 22 projects. Of these, ten are under the Ministry of Agriculture. They include reclamation of the Sanjiang (three rivers: Heilong, Shonghua and Nenjiang) Plain in northeast China and the Huanghe-Huaihe-Haihe Area in north China along with a red soil improvement project in south China. The use of foreign funds has greatly benefited these areas. For example, the North China Plain project has improved the low-yield saline-alkali soil of farmland of 200,000 hectares so that every year the grain output has increased by 300 million kilograms. The Sanjiang Plain reclamation project has opened up 200,000 hectares of wasteland over a six-year period and provided a large quantity of commodity grain for the country. The Hetao Area project in the Ningxia Hui Autonomous Region, financed by the World Bank, has transformed 10,000 hectares of low- and medium-yield farmland.

The use of foreign funds to import advanced technology and equipment has promoted China's agricultural modernization. For example, advanced foreign instruments and facilities have equipped nearly one hundred laboratories across the country for research in agriculture, forestry, water conservation and meteorology.

In addition, the introduction of foreign funds has also provided special opportunities for China's rural enterprises. Their use of foreign funds and technology has strengthened the

competitiveness of their products on the international market. ■

Haicheng Seeks Foreign Partnership

The city of Haicheng, Liaoning Province, recently published a list of key projects seeking foreign co-operation.

The projects include:

- Obtaining foreign governments loans for importing key equipment for building an enterprise with an annual production capacity of 3,500 tons of magnesium—a total investment of 7 million yuan;

- In the joint venture or compensatory trade form, importing key equipment and technology for construction of an enterprise with an annual production capacity of 10,000 tons of pure magnesite—a total investment of 10 million yuan;

- Attracting foreign government loans or international lease for importing equipment to build a power plant equipped with two 25,000-kw generating units—a total investment of 260 million yuan;

- In compensatory trade form, importing advanced technology and equipment for constructing a plant capable of dead burning 10,000 tons of magnesium a year—an investment of 3.6 million yuan—and for upgrading another magnesium dead burning plant—a total investment of 9 million yuan;

- In the joint venture or compensatory trade form, importing advanced technology and equipment for upgrading the quality of talcum powder;

Exhibitions & Trade Fairs to Be Held At CIEC, 1991

	Name of Exhibition	Time
1	Int'l Exhibition on Oil, Gas and Petrochemical Technology and Equipment (Oil Expo '91)	March 12—17
2	The 2nd Beijing Int'l Fair (BIF'91)	April 8—15
3	China Int'l Garment Machinery Exhibition (CIGME '91)	April 25—30
4	China Int'l Metro & Light Rail Transit Exhibition (METRO & LRT CHINA '91)	May 10—14
5	Instrumentation China '91	May 9—14
6	Electronics China '91	May 9—14
7	Medical China '91	June 5—11
8	Int'l Machine Tool Exhibition (CIMT '91)	Sept. 17—23
9	China Int'l Electronics Trade Fair	Oct. 8—14
10	Int'l Exhibition on Leather Industry & Shoemaking (Leather China '91)	Oct. 16—21
11	Aviation Expo China '91	Oct. 15—20
12	Weld Expo China '91	Oct. 29—Nov. 4
13	Beijing Int'l Defence Exhibition (BIDE '91)	Nov. 1—6
14	China Int'l Timber Processing and Paper '91	Nov. 5—9
15	Int'l Food Processing and Packaging Technology Exhibition (China Foodtech '91)	Nov. 18-23
16	Int'l Optical Instrument and Spectacles Making Equipment Exhibition (China Optics '91)	Nov. 12—16
17	China Telecommunications Exhibition '91 (Telecomp China '91)	Nov. 26—Dec. 1
18	China Int'l Hydropower Exhibition '91	To be announced

Exhibitions & Trade Fairs to Be Held At CIEC 1992

	Name of Exhibition	Time
1	Int'l Woodwork & Furniture Fair China '92	Feb. 26—Mar. 2
2	China Int'l Machine Tool Fair '92	April 1—8
3	China Int'l Optics and Electronics Exhibition '92 (CLLOTEX '92)	April 8—13
4	Int'l Logimachinery Expo '92	April 24—29
5	Int'l Mechatronics Fair '92	April
6	Chemicals Exhibition (Achemasia '92)	May 13—19
7	Int'l Energy & Power Exhibition (EP China '92)	To be announced
8	China Int'l Print '92	June 3—9
9	Int'l Sports Instrument & Equipment Exhibition (IESFEI '92)	June 24—29
10	Construction China '92	June 25—30
11	Metal China '92	Sept. 4—9
12	Int'l Educational Instrument Exhibition (IEIE '92)	Sept 8—13
13	Int'l Plastics Exhibiton (China Plas '92)	To be announced
14	The 3rd China Int'l Textile Machinery Exhibition (CITME '92)	Oct. 12—18
15	China's Int'l Telecommunications/Computer Exhibition & Conference (Expo Comm '92)	Nov. 4—9
16	Mining China '92	To be announced
17	Int'l Packaging Technology Exhibition (CIP '92)	Nov. 21—27
18	Int'l Exhibition of Ships & Boats	To be announced
19	Geology China '92	To be announced

- Raising foreign government loans for building a chicken farm capable of providing 6 million meat chickens a year—a total investment of 9.8 million yuan; and

- In the joint venture or compensatory trade form, importing equipment and technology for producing 10 million pieces of dinner, coffee and tea sets a year.

Located on the Liaodong Peninsula, Haicheng has good natural conditions and rich mineral resources. Its talcum reserves amount to 100 million tons, ranking first in the world and the area's reserves of magnesite make up one-fourth of the world's total. The city has good communication facilities and is 50 km to the Bayuquan Harbour and 240 km to Dalian. The Shenyang-Dalian Expressway and several main railway lines pass through the city. ■

Qufu Luring Foreign Investment

At the Economic Relations and Trade Conference held currently with the 1990 International Confucius Cultural Festival, the city of Qufu, Shandong Province, presented 13 items for foreign co-operation such as high-strength cement manufacturing equipment with an annual production capacity of 300,000 tons, temperature adjustor production line and technology, and jade and wood carving equipment.

According to Li Zhongxin, director of the Foreign Economic Relations and Trade Commission of Qufu, these items need foreign funds or equipment. The city is currently negotiating with foreign businessmen in or-

der to put these items into operation as soon as possible.

Located in southern Shandong Province, Qufu has experimented with the import of foreign funds and technology, processing for foreign clients and compensatory trade. In 1989, the city operated eight jointly funded and co-operative ventures and put to use a total of US\$13 million in foreign investment. It also has established economic and technological co-operation as well as trade relations with more than ten foreign countries and regions, such as the United States, Japan, Singapore and Hong Kong. The city's Automobile Repair Factory, a joint venture with the United States, manufactures RMP corrugated roofing. As of now, the annual output value has reached 18.65 million yuan and US\$114,000 in foreign exchange has been brought in. The product is sold on the world market.

Li said that since the policy of opening to the outside was adopted, Qufu had become one of Shandong Province's export-oriented production bases. The city exports more than 100 varieties of products, such as animal by-products, food, grain and edible oil and art crafts. The city's Carpet Group Company, for example, exports 50,000 square metres of carpets each year, and recently the city brought out nearly 100 new local-style products such as the Confucius Banquet Liquor and silk fan.

Li added that in order to further develop the export-oriented economy, the People's Government of Qufu has adopted preferential policies to encourage foreign businessmen and Hong Kong, Macao and

Taiwan compatriots to invest in the city.

by Huang Wei

Great Wall Fan Co. Expanding

The Suzhou Great Wall Electric Appliances Group Company, the manufacturer of *Great Wall* electric fans which enjoy a high reputation in China, is trying to enter the world market. The company's products are well established in the domestic market. Between January and July, the company exported a total of 600,000 electric fans, earning US\$11 million in foreign exchange and surpassing the previous year's profit volume. At the same time, the company has been actively developing overseas enterprises. Currently, it is negotiating with Mexico and the United States to set up two joint ventures.

The joint venture with the United States is expected to manufacture 500,000 electric fans annually. The first round of talks has ended and next year the second round will be held. The other joint venture with Mexico calls for the construction of a production line with an annual capacity of 1 million electric fans. The staff of the company now is in Mexico on a fact-finding tour. Products from these two joint ventures will be sold in Central and North America and in as many other markets as possible.

The company has already established a successful electric fan factory in Malaysia with the Chinese side providing testing equipment, appraisal facilities and spare parts and Malaysia providing workshops and labour.

by Li Ming

New Cultural Relics in the Chinese History Museum

Five hundred pieces of newly unearthed cultural relics were added to the collection of the Chinese History Museum in the past two years, thus enriching the content of the somewhat outdated exhibition of the Outline History of China.

The first part of the display includes a large number of cultural relics ranging from the primitive society to the period of the Northern and Southern Dynasties. (420-581). Among the add cultural relics, there are crockeries of 10,000 years ago unearthed in Guangxi and Jiangxi, rice husk prints of more than 8,000 years ago found in Hunan, and dragon and tiger images made of clam shells of the Yangshao Culture of the New Stone Age, about 5,000 to 6,000 years ago. This part will help further the understanding of the origin of Chinese civilization.

There are also other important cultural relics such as the iron sword with a bronze handle of the Spring and Autumn Period (770-476BC) unearthed in Gansu Province, jade suits sewn with fine gold threads and gold acupuncture needles of the Western Han Dynasty (206BC-24AD) unearthed in Hebei Province, a bronze mirror of the Warring States Period (475BC-221BC) unearthed in Hubei Province, the Simuwu Bronze 'Ding' (cooking vessel) of the Shang Dynasty (16 century—1066BC); a Blue-glazed pottery sheep of the Wu Kingdom (about 495—476BC) unearthed in Jiangsu Province, and many other early Chinese

crockeries, bronze objects, iron objects and medal coins. All of these help people have a deeper understanding of the history and development of ancient Chinese industrial arts as well as achievements in agriculture, crockeries, silk production, and scientific and technical development.

In the past 30 years, great achievements have been made in China's historical research, and a great number of historical and cultural sites have been discovered throughout the country. The display of the Outline History of China includes the latest achievements in historical and archaeological research, and makes full use of the cultural relics to give a direct, vivid and authentic revelation of the political, economic and cultural situation of the different historical periods and their relations with other minorities and foreign countries. The exhibit is a candid expression of China's contribution to world civilization as well as a show of the influence of foreign cultures on Chinese culture.

The display also places great importance on influential historical events. For example, in the late Western Han Dynasty, the whole society was in a state of crisis. Wang Mang, nephew of the empress dowager Wang, assumed the imperial position in an act of usurpation. He made various reforms, both traditional and innovative, including experiments with new types of coinage. He failed, however, and was soon overthrown by the peasant rebels. Wang Mang's reforms, as a historical event, is

reflected in the display.

The exhibition also has many relief sculptures, models, maps and graphs related to the cultural relics and historical records, which make the exhibition even more impressive.

by Hong Lanxing

Pioneer of Chinese Children's Drama

Ren Deyao, a 72-year old Chinese playwright and director, is one of the pioneers of Chinese children's drama.

In the late 1940s, Ren founded China's first children's drama troupe in Shanghai, where many works depicting the bitter life of Chinese children were performed. After the founding of the People's Republic of China in 1949, Ren wrote and directed a great number of children's plays. His works of the 1950s and 1960s portrayed the colourful life of children in New China, and his works in more recent years helped children to have a better understanding of modern life.

During his life-long career, Ren has created many impressive stage images that have deeply influenced several generations of Chinese teenagers. His first art accomplishment, the Russian children's drama *Little White Rabbit* and his play *Malanhua* are favourites of Chinese children and have been performed throughout the country for several decades.

Many of Ren's works have been praised as "the best spiritual food for children." Ren says that his contribution to the Chinese children's theatre owes much to Madame Soong Ching Ling, widow of Sun Yat-sen. As a children's dramatist he feels

fortunate to have known Soong, one of the most outstanding Chinese women, who inspired and encouraged him.

Ren's first meeting with Soong was in Shanghai at a time when the anti-Japanese war had just ended and a civil war was in sight. At that time, Soong was devoting her life to the China Welfare Fund, an institution for helping the poor people, especially the children, by offering free food, clothes and medical care. Once Soong went to see a play called *Ways for Higher Position*, which exposed the dirty, dark inside story of the ruling class. Afterwards Soong spoke to the director, Huang Zuolin, that she would like to see a drama troupe specially for children. Children, she said, were the future of the country, and as part of their education, drama would develop their personality and imagination.

Thus, Ren Deyao, then a drama graduate, together with his colleagues, were called to do the work. One day in early 1947, Ren met Soong in her office at the China Welfare Fund in Shanghai. Soong pointed out that children needed to be nourished physically as well as spiritually in order to grow healthily.

The children's drama troupe was then founded, enrolling

children from poor families, including apprentices in rice shops, grocers, newspaper boys, orphans and waifs. The location of the troupe was no other than an iron-walled movable hut. Following the instruction of Soong, the children not only received drama lessons but also cultural education, food and accommodation.

The first presentation of the troupe was *A Watch*, a children's drama based on a Soviet short story about the Bolshevics helping and educating orphans after the October Revolution. Soong said the play was instructive not only to children but also to the adults who took care of them. The next drama the troupe presented was *Little Circus Troupe*, depicting the poor life of Chinese children. The troupe not only performed the play in theatres but also brought it to factories, rural areas and schools. Apart from children's dramas, the troupe also performed short operas and song and dance programmes. Ren Deyao was not only the director, but also the set designer and writer.

On May 27, 1949, the first day after the liberation of Shanghai, Ren led his children artists to the street, joining the excited crowds celebrating the liber-



From the play, "Hua Mulan, the Girl Who Joins the Army in Her Brother's Name."

ation. They sang and danced to show their joy.

After the founding of the People's Republic of China, the children's drama troupe expanded to include several teams: the performers, a small string orchestra of teenagers and a stage set group. The entire troupe, then called the Children Drama Troupe of the China Welfare Fund, had over 100 children who were receiving profes-

From the play, "Malanhua". A scene from "Twelve-Year-Old Gan Luo as Commissioner."



sional training in drama, music and dance from special teachers. Soong told Ren to invite the country's best teachers, playwrights, musicians, dancers and singers to teach the children. After several years, those who had begun as poor children not only completed their primary and secondary education but many of them were selected to continue studying at academies of drama. In 1957 the troupe changed its name to China Children's Art

Theatre and became professional in its structure and management.

Ren Deyao has always kept in mind and tried his best to follow Soong's instructions. Under Ren's leadership the Children's Art Theatre has adhered to the principles of "exemplify," "experiment" and "serve the children" set out by Soong who continued to give motherly care and support to the troupe even though she was one of New China's top leaders.

Ren Deyao later had the opportunity to visit the Moscow Children's Art Theatre, to go to Poland to exchange ideas with Polish dramatists and to receive further training at the Central Drama Academy. During this time, Ren constantly received books and study materials from Soong for the little actors and actresses in the theatre.

Ren worked and lived together with the children which enabled him to understand the likes and dislikes of children and the kind of drama they would appreciate. That is why his plays were loved. Many years of practical experiences contributed to his artistic style of realism, detail novelty. The major works he directed or wrote include *Malanhua* (1956), *Garden of the Motherland* (1954), *Friendship* (1956), *Little Football Team* (1963), *Children's Heart* (1979), *Song of Little Friends* (1981, 1982), the historical drama *Twelve-Year-Old Gan Luo As Commissioner* (1983), *Hua Mulan, the Girl Who Joined the Army in Her Brother's Name* (1983), *Yue Yun, the Young Hero* (1983) and *Soong Ching Ling and Children* (1982).

As the head of this influential art troupe, Ren Deyao has devoted all his wisdom and talent to Chinese children's drama. In May this year Ren won the title

of "Model Worker" of Shanghai City and in June he won the "Camphor Tree Award," a national award in memory of Soong Ching Ling to honour people who have made a remarkable contribution in the field of women and infant health care and children education.

But Ren will not allow himself to rest on past glory. He thought of Soong's remark in one of her speeches 40 years ago. Speaking of the newly established China Children's Art Theatre, Soong said, "It is a pioneering cause at its very beginning. We shall not be satisfied until over a hundred such children art theatres are set up in China." Ren, of course, will carry on with the work. He said, "We must keep it in mind that there are over 300 million children in China."

Although he is 72 years old and retired, Ren still devotes his life to the development of Chinese children's drama. When he went out to buy vegetables in the market he would find himself in the art theatre building. He is honorary director and art advisor to the China Children's Art Theatre. He sponsored and set up the Research Society of Children's Drama and was made president. He also created the first national Children's Drama Newspaper. He has constantly been invited to lectures and give instructions to children's art troupes throughout the country. In the 1980s, he attended three international children's drama symposiums held in Japan, and he hopes to have more exchanges with his foreign counterparts. He said, "Study hard, work hard and never give up — that's what Soong Ching Ling instructed us to do. I will never forget her words."

by Wang Jian



A scene from "Soong Ching Ling and Children."



From the play, "A Moment of Life."



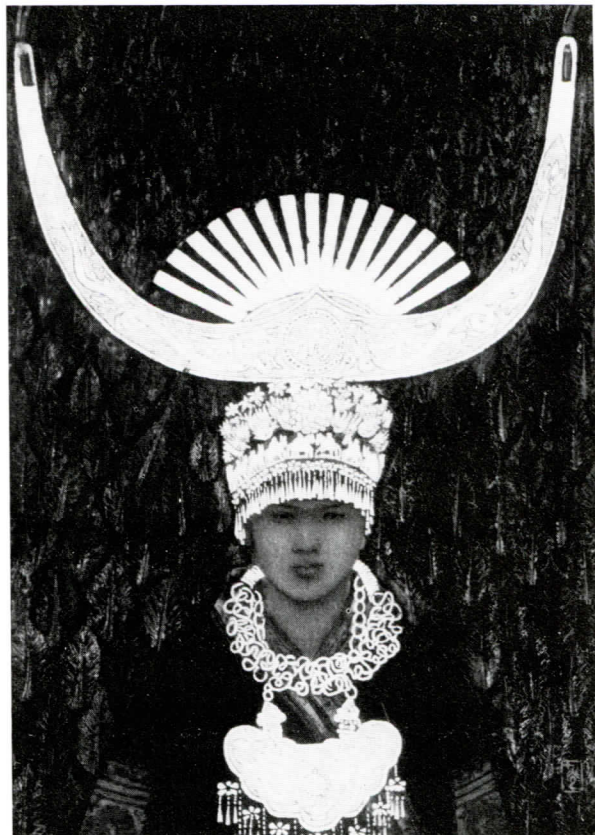
A scene from "The Devil's Mask."

Photos by Fang Yunhua.

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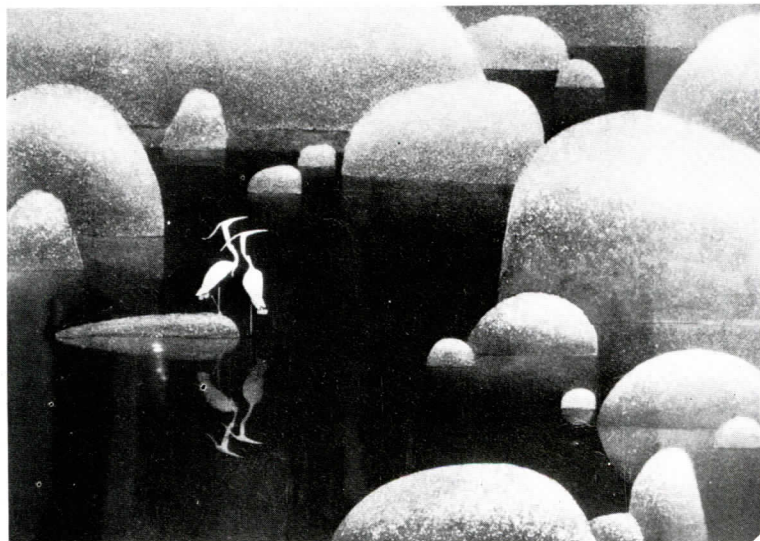
Flowers (by Xiao Lianheng).



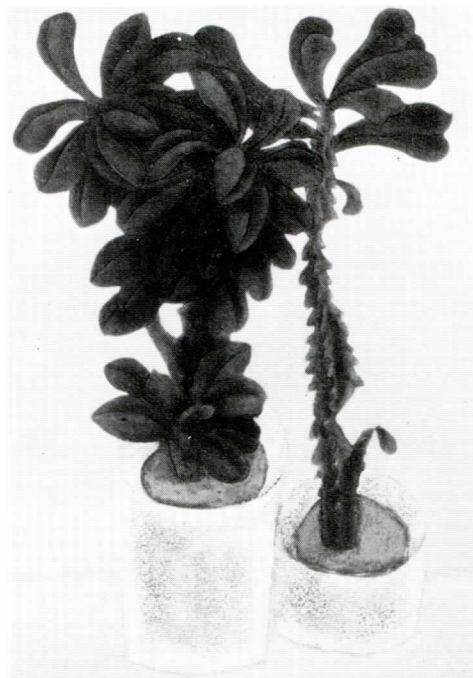
A Miao Girl (by Qiao Shiguang).

Chinese Lacquer Paintings

Decorative Chinese lacquer painting is a new art form of the traditional art of bodiless lacquerware. These works are selected from new pieces produced by members of Chinese Lacquer Painting Research Committee.



Egrets (by Luo Linru).



Potted Tropical Plants (by Qiu Jian).



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