

A CHINESE WEEKLY OF NEWS AND VIEWS

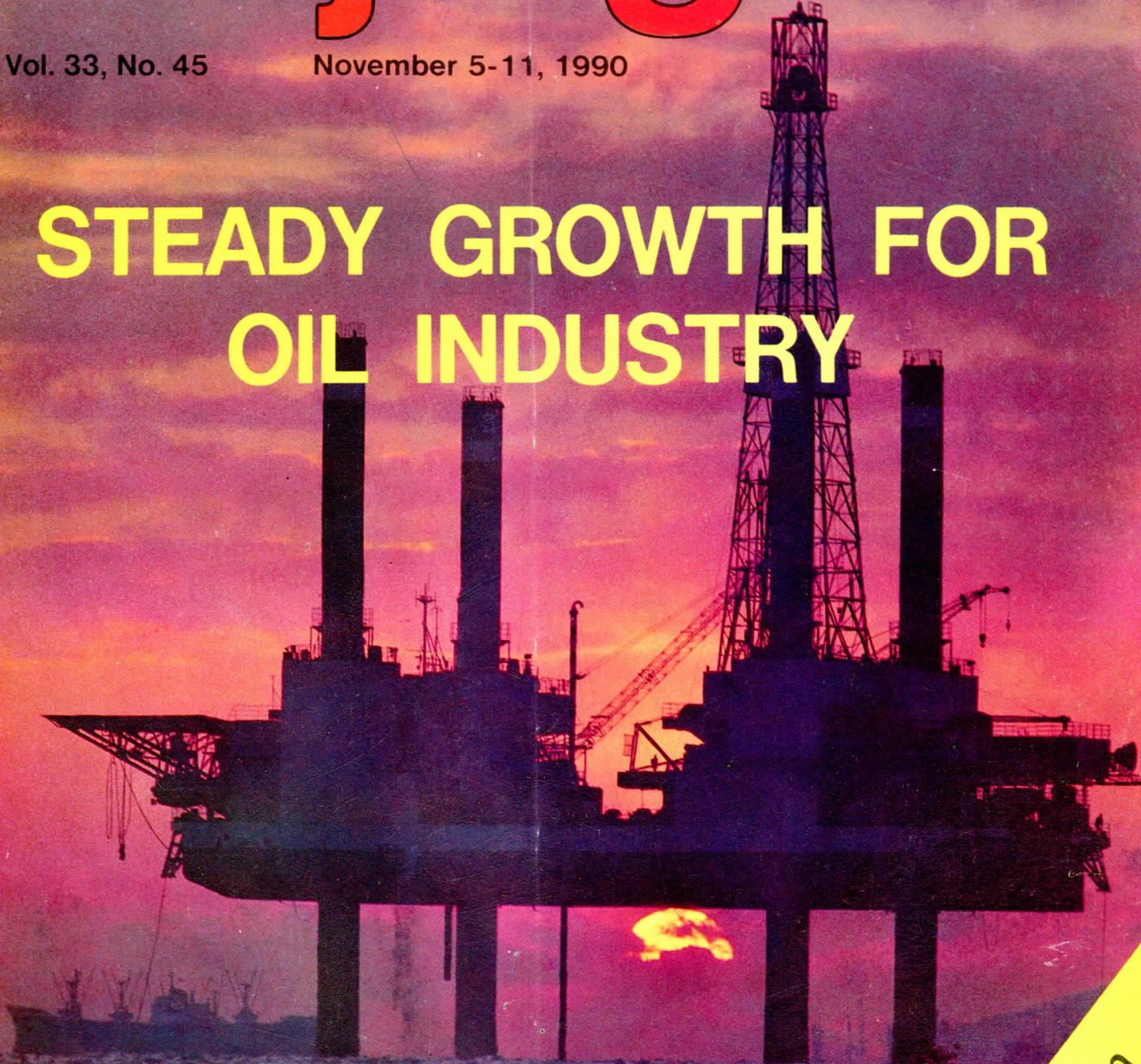
Beijing Review

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STEADY GROWTH FOR OIL INDUSTRY



China's Court System



Saluting their national flag—a flag-raising ceremony one morning at the Beijing No. 1 Experimental Primary School.

Photo by Liu Yu



Inside China's Court System

□ China's court system is a unified, administratively sound organization within which the local courts at different levels and the special courts are supervised by the supreme court. The system, which is designed to facilitate public lawsuits and provide for the independent exercise of judicial power based on legal principles, guarantees that citizens have protection of the law and that judgments in all cases are rendered based on legal facts (p. 11).

Oil Found Throughout China

□ The discovery in the 1980s of a series of oil deposits in nearly every section of the country promises an adequate supply of oil for steady economic growth in the 1990s and beyond (p. 16).

New Reform Chief Spells Out Guidelines

□ Chen Jinhua, minister in charge of the State Commission for Restructuring the Economy, stressed recently that China will deepen its economic reform to achieve a steady economic development. He said that his commission is now busy drawing up a plan and an outline blueprint for the reform, aiming at establishing an operational economic mechanism that combines a planned economy with market regulation (p. 4).

Technicians in the Role of County Officials

□ Many counties in China have appointed technical personnel deputy magistrates. They play a prominent role in promoting the development of rural economy (p. 20).

Sterling Enters European Exchange Rate Mechanism

□ The British government's decision to join the Exchange Rate Mechanism of European Monetary System was made out of both political and economic considerations. It is regarded as an important step taken by Britain on the road to European economic integration (p. 9).

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COVER: The Bohai oil-drilling platform is located in one of China's offshore oil development areas.

Photo by Wei Lairui

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New Reform Chief Spells Out Guideline

China will deepen its economic reform while maintaining the stability and continuity of the basic policies governing urban and rural reform, and strive for sustained, steady and co-ordinated development of the national economy, said Chen Jinhua, newly-appointed minister in charge of the State Commission for Restructuring the Economy.

In a recent interview with the press, Chen said his commission is now busy drawing up a plan for restructuring the economy as part of China's Eighth Five-Year Plan (1991-95) and 10-year outline blueprint. The central task of the reform is to establish an operational economic mechanism that combines a planned economy with market regulation, he added.

The minister said that China will not deviate from central planning, which he saw as an embodiment of the superiority of socialism, the best system available for China with its huge population of 1.1 billion, uneven economic development and imbalanced distribution of natural resources.

But he was quick to add that it is impossible, and unjustified, to put everything that might happen in every corner of the vast country under a government plan. "What is considered a comprehensive, all-inclusive plan is nothing but a bureaucratic fantasy," he said.

A combination of the planned economy and market regulation is in keeping with China's socialist system and actual conditions, he said, and it should become the guideline for every aspect of the reform effort, whether in production, circulation, distribution or in consumption.

It is necessary to continue to implement and improve the var-

ious forms of responsibility contract system, which has played an important role in arousing the initiative of both workers and enterprises over the past few years. But according to the minister, China has yet to introduce an effective mechanism to enhance enterprises' responsibility for profits and losses and their ability of self-transformation and development. Inter-trade economic co-operation, merging and corporate grouping should be encouraged in the future in a bid to increase vitality and competitiveness in the international market, he said.

Chen stressed that the development of a socialist commodity economy requires the establishment of a good market system, the commodity market in particular. Priority will be given to the development of various economic sectors, diverse managerial forms and multiple channels in circulation, he said.

An effective and controllable market system dealing in capital goods, industrial consumer goods and agricultural and sideline products will be built, along with the market for technology, information, labour, real estate and capital.

The minister noted his commission is working on a complete regulatory system in co-operation with relevant government departments. The state will begin co-ordinating the efforts of the departments of taxation, finance, planning, investment and pricing to effectively combine a planned economy with market regulation.

Chen, 61, was appointed to the post in September this year at the proposal of Premier Li Peng. Prior to assuming this position he served as vice-mayor of Shanghai, secretary of the Party committee of the Shanghai Baos-

han Iron and Steel Complex, general manager and Party committee secretary of the China Petrochemical Corporation. ■

EC Resumes Links with China

Premier Li Peng said in Beijing on October 23 that China noticed the European Community's (EC) decision to restore its relationship with China, reached at the recent EC foreign ministers' conference.

Li said the Chinese government welcomes the decision. "I believe that the restoration and development of that relationship is of mutual benefit to both China and the European Community," he added.

The Chinese premier made the remarks while talking with Salim Ahmed Salim, secretary of the Organization of African Unity, on China's relationship with Western countries.

On the same day, a Chinese Foreign Ministry spokesman said in Beijing that the EC's decision to restore relations with China is a sensible one.

"We welcome it," the spokesman said in response to a correspondent's request for comment on the decision.

He said: "We have all along attached importance to the development of friendly relations and co-operation with the European Community and its member states on the basis of mutual respect for sovereignty, non-interference in each other's internal affairs, equality and mutual benefit."

"Developing this kind of relationship not only meets the interests of both China and Europe, but also contributes to the promotion of peace, stability and prosperity in the world. We hope that the two sides will make joint efforts to further improve and develop the relations between

China and Europe," the spokesman added. ■

Entry Into Korean War Remembered

The Chinese Party, government and people will, as always, resolutely support the Korean people in their cause for the reunification of their fatherland.

Wu Xueqian, member of the Political Bureau of the Chinese Communist Party Central Committee and vice-premier of the State Council, made this remark on October 24 at a banquet hosted by Ambassador Chu Chang Jun of the Democratic People's Republic of Korea to China, commemorating the 40th anniversary of the day when the Chinese People's Volunteers crossed the Yalu River and joined the Korean people in their resistance against US aggression.

Wu said that the victory of the Chinese and Korean people in the war greatly contributed to peace in Asia and the world as a whole.

The Chinese people, he said, are deeply concerned about the cause of the Korean people reunifying their fatherland. Recently several eye-catching changes have appeared in the north-south relations of Korea. Prime ministers from both sides have held two rounds of talks and reached agreements on issues concerning the improvement of bilateral relations. He added that China hopes dialogues between the north and south will lead to a relaxation in the tension of the Korean Peninsula and create favourable conditions for the reunification of independent and peaceful Korea.

The Korean ambassador spoke highly of what the Chinese People's Volunteers contributed during the war. The fact that the Volunteers entered Korea to

fight the war, he said, demonstrated the friendship of the Chinese people toward the Korean people. "This was a living example of proletarian internationalism," he said.

Chu thanked the Chinese Party, government and people for their active support of the socialist construction of the Korean people and their efforts for independence and peaceful reunification.

On the same day, a forum was held by the Ministry of Civil Affairs and the General Political Department of the People's Liberation Army to mark the anniversary, and a delegation headed by State Councilor Li Tieying left Beijing for Pyongyang to participate in commemoration activities. ■

Recovery Gains Momentum

China's Gross National Product (GNP) rose 2.7 percent in the first three quarters of this year, according to the State Statistical Bureau.

Thanks to various government measures, the economy has already come through its most difficult period and is turning for the better. Five major changes have taken place on China's economic front so far this year.

—This year would witness a bumper harvest as total grain production would exceed 420 million tons, a record high in recent years.

—Industrial production has bottomed out and is experiencing a gradual upturn. Statistics show that industrial production rose 3.1 percent in the three quarters to 1,402 billion yuan following a 4.1 percent rise in the second quarter and a 5 percent rise in the third quarter.

—Construction of key projects increased during the first three quarters as the infrastructural

sectors such as energy and communications received more investment.

—China has seen a surplus in foreign trade monthly, except February, since the beginning of this year and the state foreign exchange reserve is growing. Exports totalled \$US41.4 billion in the first three quarters, jumping 14.2 percent, while imports fell 14.6 percent to \$US36.5 billion.

—Retail sales began recovering on a monthly basis since June with a 2.2 percent rise in the first three quarters, while in September alone, the increase was 3.6 percent.

Continued growth is in store for the economy during the fourth quarter as demand continues to increase. However, some problems are still impeding further economic development.

Rural market remains sluggish. The first nine months have seen a decrease of 0.6 percent in retail sales, which totalled 603.7 billion yuan.

By the end of September inventories of enterprises under the direct control of the central government grew to 120 billion, up 26 billion yuan compared to the beginning of this year.

Profits and taxes from state-owned enterprises in the first three quarters plunged 21.5 percent, and enterprises suffering financial losses reported a deficit of 20 billion yuan by the end of September.

All these factors have forced the government to pump more subsidies into these enterprises, aggravating the budgetary situation. ■

Japan Asked to Halt Manoeuvres

During an urgent meeting on October 27 with the Japanese Ambassador to China, Hiroshi Hashimoto, Chinese Vice-Foreign Minister

Qi Huaiyuan said that China has an indisputable sovereignty over the Diaoyu Islands, which has been Chinese territory since ancient times.

"We are also aware that the Japanese have a different viewpoint regarding this issue," he said, adding that both sides agreed, during the talks on normalizing Sino-Japanese diplomatic relations, to "shelve the issue until a later date." The agreement, he said, is conducive to the relations between the two.

However, the Japanese government looked on with folded arms as some right-wing Japanese organizations installed navigational lights on the islands, and it has even planned to approve the installation. The Japanese government has also dispatched warships to the waters surrounding the Diaoyu Islands to eject fishermen from China's Taiwan Province, he said.

The Chinese official stressed that his government strongly demanded that the Japanese government abide by the understanding reached with China in the past and immediately cease unilateral actions related to the Diaoyu Islands and surrounding waters.

The Chinese government proposes, Qi noted, the two sides consult as soon as possible on such topics as shelving the sovereignty issue, jointly developing the resources in the waters around the Diaoyu Islands, and open the local fishing resources to the outside world.

Concerning the Japanese government's bill on joining the United Nations' Peace Co-operation Corps, Qi explained the Chinese government's position as follows:

1) The Chinese government and people are greatly concerned over the bill, which is being examined by the Japanese Diet (Parliament). The bill proposes to send the Self-Defence Forces abroad, thus breaching the

45-year-old constitution (established towards the end of War World II) which forbids the sending of Japanese troops abroad.

2) The strong reactions from the Chinese people as well as the people of other Asian countries is justified:

3) The Japanese plan to send the Self-Defence Forces is uncalled for by either the United Nations or the other Asian countries. Therefore the Chinese government strongly hopes that the Japanese government will act prudently regarding this issue.

Qi said that the Chinese government considers the Japanese government's impending breach of its postwar military policy to be of a very serious nature.

If the bill is passed, he said, it will arouse strong reaction from the Chinese and other Asian people who suffered under Japanese militarist aggression. The peace-loving Japanese people will not endorse it as well, he added. ■

Tougher Anti-Drug Steps Called for

Chinese Premier Li Peng stated that his government, all along attaching great importance to the elimination of drug-related crimes, will continue its stern measures against drug trafficking and abuse, and look to international organizations for help in this regard.

Li made these remarks on October 18 at a meeting with the heads of the delegations attending an anti-narcotics conference of countries and areas in the Asian and Pacific region.

Drug-related crime, which was almost stamped out shortly after the founding of the People's Republic in 1949, seems to have resurfaced in China. Last year, police and customs reported 563 cases involving illicit drug trafficking and seized 289 kg of op-

ium and 561 kg of heroin. The first half of this year saw 2,216 drug cases with 370 kg of opium and 773 kg of heroin seized, greatly exceeding last year's figures.

In one case, detected earlier this year, 51 drug traffickers were arrested, and 221 kg of heroin and 1.6 million yuan in drug assets were seized along with rifles, ammunitions, cars and communication equipment.

Indications are that traffickers are using China as a transit area for drugs from the so-called "golden triangle" in south Asia. Drugs are brought across the border into Southwest China's Yunnan Province, then shipped out through Guangdong to other parts of the world via Hong Kong and Macao. The Chinese government has formed a crack force of 1,300 police officers in charge of drug law enforcement and posted task squads at customs points in Yunnan.

According to 1989 statistics, 70,000 drug addicts were found in the country. A coordination committee comprising experts and officials from the ministries of public security, public health and foreign affairs and the General Customs Administration was formed in 1987 to work with local drug law enforcement agencies in dealing with drug offences.

Departments in civil affairs and public health and neighbourhood committees are working together to help addicts mend their ways.

Meanwhile, China has committed itself to the common fight against drug trafficking activities in the "golden triangle" area. Through active cooperation with neighbouring countries and the United Nations narcotics controlling bodies, China will do its share to free the international community from the menace of drug. ■

Tokyo's Plan to Send Troops Abroad Arouses Concern

by Dong Min

The Japanese political arena is experiencing a heated controversy over the issue of whether Japan should send troops abroad as the Japanese Diet (parliament) is meeting to examine the government-proposed United Nations Peace Co-operation Bill.

Japan's new constitution, installed after World War II, declares that Japan renounces war, the threat of force or the use of force as a means of settling international disputes. The constitution also denies Japan the right to wage a war and the right to maintain an air force, navy, army or any other war force. The Diet, in the early 1950s, adopted resolutions banning the Self-Defence Force to send troops abroad. The various Japanese governments acted accordingly, supporting the constitution.

Shortly after the eruption of the Gulf crisis, Prime Minister Toshiki Kaifu indicated that Japan did not intend to send troops to the Gulf. After some delicate reconsiderations, however, the government changed its attitude and drafted the controversial bill, the core of which is to override the constitution by sending personnel from its Self-Defence Force abroad to join the United Nations operations.

As victims of aggressive wars unleashed by Japanese militarists in the early half of this century, the Japanese people as well as Japan's neighbours reacted very strongly towards Tokyo's attempt to send force abroad. A survey conducted by the Tokyo-based *Nihon Keizai Shimbun* showed that 48.5 percent of the

population opposed and only 10.9 percent favoured dispatching Japanese armed force abroad. Another 28.4 percent, however, favoured sending unarmed Self-Defence Force personnel abroad. The announcement of the government's proposal touched off a series of protests and demonstrations in Tokyo and other cities, including a mass rally on October 21, which involved more than 23,000.

Many people pointed out that the UN Peace Co-operation Bill, if passed, would eventually pave the way for future movements of Japanese troops abroad. Leading newspapers and organizations all questioned the need to send the Self-Defence Force to a foreign land. The purpose behind the bill, some people said, is that by participating in settling international disputes, Japan intends to upgrade its international standing to a level that is compatible with its economic status.

In debates within the Diet, opposition parties, including the Socialist Party, the Communist Party and the Komeito, demanded that the government abide by the constitution and the related resolutions that banned the movement of force abroad. They pointed out that the bill was unconstitutional because the constitution stipulated that Japan does not exercise the right of collective defence.

At a rally on October 19 in Tokyo, Takako Doi, chairwoman of the Japanese Socialist Party, said her party is determined to prevent the bill from passing. She said its enactment would be equivalent to scrapping Japan's war-renouncing constitution. Even within the ruling Liberal Democratic Party, opposition voices to the move are loudly heard. Critics openly declared that they would do anything to avoid sending force abroad, thus keeping closed the door to a military power.

Countering voice: Leader of the Japanese Socialist Party Takako Doi speaks at a protest rally in Tokyo on October 19 against the government's proposed plan to send troops to the Middle East.

LAN HONGGUANG

自衛隊の海外派兵を許さない各界集会



Neighbouring Asian nations and regions have also voiced their serious concern over Tokyo's intention to send force abroad. Newspapers in Singapore and South Korea pointed out that Tokyo's plan to move Self-Defence Force to the Middle East, if realized, will allow Japan to send force abroad in the future and Asian countries must

not idly sit by, but instead be watchful of any signs of the Self-Defence Force changing its nature and function. The Chinese government has also expressed concern over the issue and hopes the Japanese government will adopt a cautious attitude concerning this sensitive issue.

Japan's attempt to send troops abroad raises a serious question

concerning Japan's future direction. It should be noted that if Japan abandons its constitutional policy of not sending force abroad, Article 9 of the Constitution of Japan would be rendered ineffective and Japan's image in the world will be damaged. It will also cause instability in the world and in Asia particularly. ■

USSR Adopts Market Economy Plan

by Chu Qimen

The Soviet parliament approved a new economic plan while President Mikhail Gorbachev stated that moving toward a market economy did not mean renouncing socialism.

On October 19, the Soviet Union's Supreme Soviet overwhelmingly adopted, with 333 deputies voting for, 12 against and 34 abstentions, the programme entitled "The Basic Policy for Stabilizing the National Economy and Transitioning to a Market Economy" proposed by President Gorbachev. This indicated that the year-long discussion about the methods of switching to a market economy came to an end and the practical stage began.

Before the programme was put to vote, Gorbachev said transitioning to a market economy "does not mean renouncing socialism" and that "people treasure the socialist ideal." He told the parliament that the basic policy only provided fundamental principles under which each Union Republic can formulate its own plan in accordance with its conditions. He also stated that his programme incorporated as many suggestions as possible that were presented by the various committees of the Supreme Soviet, people's deputies, every Union Republic and autonomous republ-

ics.

The Soviet Union has since last spring debated how to switch to a market economy. At the end of last year, the Soviet government headed by Nikolai Ryzhkov initiated a proposal to the Soviet parliament favouring improvement in the economic environment before practising a market-oriented economy. But it turned out to be a failure because of uncontrollable economic developments, a drop in production and shortages in consumer goods. In May the Soviet government proposed another plan hoping to improve the economy while transitioning to the market.

According to figures issued October 19 by the Soviet State Committee for Statistics, during the first nine months of this year, the crisis in the Soviet national economy deepened, production continued to shrink and economic efficiency declined. The gross national product decreased 1.5 percent compared with the same period last year, and the inflation rate rose to 9 percent. Consumer goods and food supply deteriorated.

Meanwhile, many Union Republics issued sovereignty declarations threatening the unity of the Soviet Union. Under such circumstances, the proposal of immediate transition to a market economy regained popularity. A drafting group headed by academician Stanislav Shatalin, under the leadership of Soviet president Gorbachev and president of the Supreme Soviet of the Russian Federative Socialist Republic Boris Yeltsin, presented a "500-day programme." The Soviet government again drafted a moderate programme. These two programmes were extremely different, and the Russian Federation legislature decided to enact the "500-day programme."

To avoid social hostility and a governmental crisis, Gorbachev requested the Soviet parliament entrust him to draft a unified programme based on various programmes. The new plan proposed to the parliament by Gorbachev was a compromise programme which united elements from each programme, provided wide-ranging rights and flexibility to Union Republics and local gov-

ernments. It did not offer any specific time schedule, figures or details about the transition to a market economy.

According to the new plan, the national budget should be based on the tax revenue of the Union, but the tax rate should be determined by the Union Republics. A financial, credit and monetary system should be established and perfected within 3-6 months, and then prices will be gradually freed. In the process of non-nationalization and privatization, private ownership is recog-

nized in addition to various forms of collective ownership. Gorbachev warned that a cautious attitude should be taken towards the restoration of private ownership, saying the people have the final say on this issue.

From the beginning, Gorbachev's programme was opposed by Yeltsin, who ridiculed the attempt to combine the radical programme with the conservative programme, saying that it was like trying to mate "a hedgehog and snake." After the plan was

approved by the Soviet parliament, Yeltsin addressed the Russian legislature opposing the programme.

Prime Minister Ryzhkov stressed the necessity of concentrating the force of the government to realize the programme. He said only a strong and prestigious government acting according to laws can guarantee the implementation of the programme.

The Supreme Soviet called on the entire society to jointly make efforts to eliminate obstacles in a drive to fulfil the programme. ■

Britain Joins European Currency Club

by Wang Shengliang

After more than 11 years of opposition and hesitation, the British government of Prime Minister Margaret Thatcher has finally yielded to economic and political pressure and let the pound sterling join the Exchange Rate Mechanism (ERM) of the European Monetary System.

The pound formally entered the European currency club at 08:00 GMT October 8 and was permitted to fluctuate 6 percent above or below a rate of 2.95 German marks approved by the European Community's Monetary Committee on October 6 after the entry announcement by British Chancellor of the Exchequer John Major on October 5.

Major also announced a one percentage cut in basic rates to 14 percent from 15 percent, the highest among the major industrialized countries. The unexpected announcement immediately sent both the pound and shares soaring.

In the morning of October 8, stocks surged in an euphoria on the pound's entry into the ERM and then fell when traders seized

the opportunity to make an instant profit and began selling shares.

Before the decision on October 5, Mrs. Thatcher had been cool to sterling's entry into the ERM because she believed that joining would deprive Britain of its sovereignty on monetary policies. There had been pro-Europeanism among the cabinet members. A row over the ERM entry led to the resignation of the former Chancellor of the Exchequer Nigel Lawson in October last year after he attempted in vain to persuade Mrs. Thatcher on sterling's early entry into the ERM.

In an article issued by the *Financial Times* on October 8, Lawson congratulated his successor John Major for his part in convincing Mrs. Thatcher in making such an historic decision. "I warmly congratulate my successor on his signal achievement. If my own resignation last year indirectly made it less difficult for him, then so much the better," Lawson said.

The European Monetary System (EMS), which is designed to establish a stable monetary zone

in Europe, began operating in March 1979. The disciplines of the ERM allows member currencies to fluctuate within a limited margin and if any currency deviates from its assigned margins all the member countries must act by selling or buying the currency, or lifting interest rates, according to the fluctuation, in order to help it regain its value.

Most ERM currencies can fluctuate against each other within a range of 2.25 percent above or below their central rates, but Spain, which joined the ERM last year, set its currency (the peseta) into a wider margin of 6 percent and Britain followed the Spanish currency margin. It was predicted the pound would return to the narrow margin after a transitional period, but no date was fixed.

The ERM is widely regarded as a most effective anti-inflation tool. Major said the objective of Britain's joining is to reduce its inflation rate. In 1979 when the EMS began operating, Britain stayed outside the ERM because of the rejection of then Prime Minister James Callaghan of the

Labour Party government. But the Labour government did negotiate a British seat in the council of the EMS, and since then Britain has been a member of the EMS, but not a full member because of the opposition of sterling's entry into the ERM.

Months later, Mrs. Thatcher replaced Callaghan as prime minister. In the past 11 years, her opposition to sterling's entry into the ERM has sometimes pushed her into isolation within the European Community (EC).

Mrs. Thatcher, with her stance somewhat softened by the argument of Lawson and then Foreign Secretary Jeffrey Howe, the present Deputy Prime Minister, promised at the EC summit, in Madrid last June, that sterling would join the ERM under certain conditions.

One of the famous "Madrid Conditions" is Britain's inflation rate converges to the average of the other EC member countries. Britain's inflation rate is currently at 10.6 percent, much higher than the EC average of 4.8 percent. British press said that by finally permitting the pound into the ERM, when the Madrid conditions have not been met, Mrs. Thatcher has made an about-face on the widely debated issue.

But Mrs. Thatcher called the decision to enter the ERM "right for the time." There were "uncontestable signs that the economy is working in the way that we intended," she said.

Major, who met his EC counterparts for Euro-currency talks in Luxembourg, said the decision to cut interest rates and join the ERM was based on sound government economic policy in the fight against inflation.

Actually, there are three major factors which were primarily considered when the treasury and the prime minister made the decision. They are:

— The danger that the British economy is sliding towards recession

and the attempt to use sterling's entry as a lever to stabilize the currency, thus inviting investment and paving the way to cut interest rates while keeping inflation down.

— The Tory's trailing in the opinion poll the opposition Labour Party and the fact that without a success in economy Mrs. Thatcher would lose her hope of winning a fourth term as Prime Minister in the next general election, which must be held by Mid-1992.

— The risk that Britain would be left in the second position in the process of European integration, with Britain's voice ignored as the EC leaders are going to hold a summit and two inter-government conferences in Rome this December to discuss the European economic and monetary and political union as well as revising the Rome Treaty.

The opposition Labour Party, which had just closed its annual conference in Blackpool a few hours before the announcement, welcomed the decision but accused the conservative government of having political rather than economic motivations for enrolling the pound into the ERM at that moment. Labour leader Neil Kinnock on October 8 called for a parliament debate on the ERM entry.

Observers believed that the decision indicated that Mrs. Thatcher would possibly call for a general election in June or October next year.

The press said the Tory Party made the decision of the sterling's entry into the ERM and cutting interest rates on the eve of its last annual conference before the election with the view of supporting confidence of industry circles, deploying election weapons and setting up an image of party unity and strengthened alliance with the EC. The ultimate objective was to win the superiority in opinion polls.

Economists expected that if

the pound maintains its strength there would be another one percentage cut in the interest rate before Christmas and an additional cut to 12 percent by the spring of next year. Inflation would not have a large decrease this year but it is expected to be greatly reduced next year.

The "honeymoon" period in which the pound will remain strong enough for the government to continue cutting interest rates is likely to last for six to eight months.

The British move was warmly welcomed by EC officials. Jacques Delors, president of the European Commission and architect of the plan for European Monetary Union, said the decision was "good for Britain and good for the Community."

Now only Portugal and Greece are left outside the European monetary club. However, Britain's membership would likely reopen the debate on whether Portugal would follow. But the Portuguese government said they would not take immediate action.

Though the British move was positively received by the EC, officials declined from saying that Britain has made a substantial shift in its position on a single currency, the second stage of the Delors-proposed economic and monetary union.

Delors said on October 8 other European countries must be vigilant in case Britain tries to slow down progress towards full monetary union.

Nevertheless, sterling's entry into the ERM would certainly strengthen Britain's credit in talks on the economic and political union. It is also an important step made by Britain on the road to European economic integration. Regarded as an historic development of relations between Britain and the European continent, the British move becomes a symbol that London plans to play a major role in European affairs. ■

Inside China's Court System

by Zhang Min and Shan Changzong

Under the unified administration of the National People's Congress, the organ of the state power, China's judicial, governmental and procuratorial organs exercise their respective duties in the principle of a division of functions. Chi-

Zhang Min is a judge of the Supreme People's Court and associate professor of law, and Shan Changzong, also a judge of the Supreme People's Court, is a committee member of China's Senior Judge Training Centre and professor of law.

na's judicial system has two characteristics: first, it is a unified but hierarchical organization within which the local courts at different levels and the special courts are supervised by the supreme court; and second, it is designed for the convenience of public lawsuits. Moreover, various levels of the court system have set up judicial committees to exercise collective leadership over the judicial work. The judicial officers are elected, appointed or dismissed

by the organ of the state power. The courts' independent exercise of judicial power is in accordance with the legal principles providing citizens with equality before the law and ensuring that all judgments should be made on the basis of legal facts. Mediation is another characteristic of China's judicial system.

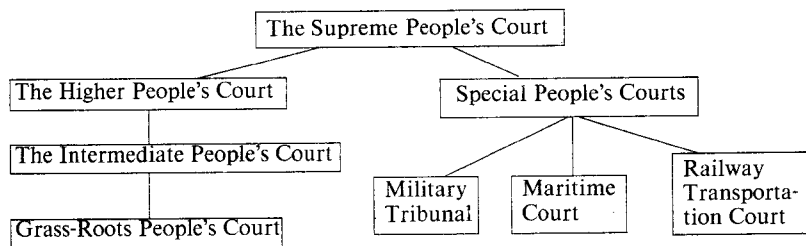
The people's court of the People's Republic of China is the judicial organization of the state and an important component of the state apparatus.

The First Session of the Seventh NPC adopts the Law on the Industrial Enterprises Owned by the Whole People.

XUE CHAO



Organizational System of the People's Courts of PRC



All power of the People's Republic of China belongs to the people, and the National People's Congress (NPC) and the local people's congresses at various levels are the organs whereby the people exercise their power. In China, although the power of the state is exercised in a unified way by the people's congress, the principle of functional divisions between state organizations is followed. There is a clear division between administrative, judicial and procuratorate powers which are exercised respectively by the people's government, the people's court and the people's procuratorate. China's state system has, on the one hand, ensured the unification of the state power and, on the other, enabled each department to assume its own responsibilities and fully carry out its own role, thus making the government more responsive to public concerns.

The Court System

The most outstanding feature of China's court system is that it is a unified, hierarchical organization, composed of the Supreme People's Court, the local people's courts at different levels and special people's courts. The Supreme People's Court, the highest judicial organ, is seated in Beijing.

The various local courts are established according to the division of administrative regions and are divided into grass-root

courts (established in each county, autonomous county, banner, city without district, and district directly under the jurisdiction of a city), the intermediate courts (established in each prefecture or league under each province or autonomous region, each municipality directly under the central government, each city or autonomous prefecture directly under each province or autonomous region), and the higher courts (established in each province, autonomous region and municipality directly under the central government).

Special courts, established according to law for special departments or special cases, now include military tribunals, maritime courts and railway transportation courts. The military tribunals, established in the Chinese People's Liberation

Army, handle cases of violation of military duties and criminal cases involving servicemen. The maritime courts handle cases related to maritime affairs and businesses. As of now, eight maritime courts have been established in the eight coastal and inland river ports of Guangzhou, Shanghai, Qingdao, Tianjin, Dalian, Wuhan, Xiamen and Haikou. Railway transportation courts handle criminal cases which occur along rail lines and aboard trains, as well as cases of economic disputes related to rail transportation.

In China's unified court system, courts at higher levels oversee the administration of justice by those at lower levels. The supreme court, the highest judicial organ, supervises the administration of justice by local courts at different levels and by the special courts and its judgments and rulings are final. Few cases are tried directly by the supreme court. Since the founding of the People's Republic in 1949, it has tried only the cases of Japanese war criminals and those of extremely important national cases such as the Lin Biao and Jiang Jing counter-revolutionary cliques. Its main responsibility is to supervise the administration

A lawyer (second right) from the Xicheng District, Beijing, explains the legal system to local residents. CHEN ZONGLIE



of justice by the local courts at various levels and by the special courts.

A second salient feature of China's courts is that they are designed for the convenience of public lawsuits. This is mainly manifested in the people's courts, wherein, according to the organizational law of the people's courts, grass-root courts may set up their courts based on the distribution of the population and the incidence of cases in each locality. These courts are empowered to handle civil cases and minor criminal cases, deal with public complaints and guide the work of the people's mediation committee—a mass mediation organization. China currently has more than 17,000 such courts, most of which are located in rural areas. In recent years, some district courts in Beijing, Tianjin and other large cities have also established neighbourhood-based courts. For the convenience of the masses, these courts not only handle cases in their permanent offices but also make a circuit of the localities to try the cases on the spot. The procedure has allowed them to handle large numbers of civil disputes. Today, they handle some 70-80 percent of the civil cases and economic disputes accepted by some grass-root courts.

Judicial Officers

The people's court at each level is composed of the president, vice-presidents, presiding judges, deputy presiding judges and a number of judges. Criminal, civil, economic and administrative divisions and other divisions are set up, where necessary, as part of each people's court.

A special form of China's judicial organization is the judicial committees which are set up by different levels of people's



Lawyer Wang Fang of the Beijing No. 8 Lawyer Office handles a divorce case. XUE CHAO

courts. These committees, instead of trying cases directly, first discuss and then make decisions on the most important or difficult cases handled by collegiate benches of judges. The collegiate benches are obliged to carry out the decisions by the judicial committee. The judicial committee, on its part, must seriously consider the opinions of the collegiate bench in order to give the latter's role full play. It is also responsible for reviewing judicial actions and making recommendations on judicial work. The judicial committee exercises collective leadership over the judicial activity within each people's court. Members of the judicial committee are appointed or dismissed by the standing committee of the people's congress at the request of the president of the court. Membership on the judicial committee is generally delegated to highly qualified professionals in the judiciary system who have rich legal and political experience. Their meetings are presided over by the president of the court and follow the principle of

majority rule. The judicial committee system is of great importance in order to continue to improve the administration of justice in the people's courts.

The judicial officers of a people's court include the president, vice-presidents, presiding judges, vice-presiding judges, judges and assistant judges. Judicial officers must be citizens who have reached the age of 23, be eligible to vote and stand for election and must have been a student of law. Citizens who had been deprived of political rights cannot hold the post of judicial officers.

Judicial officers are appointed by the organ of the state power. The president of the Supreme People's Court is elected by the National People's Congress, and the court's vice-presidents, presiding judges, vice-presiding judges and judges are appointed and dismissed by the NPC Standing Committee. The presidents of different levels of local people's courts are elected by local people's congresses, and their vice-presidents, presiding judges, vice-presiding judges and judges are appointed and dismissed by

the standing committees of local people's congresses. The term of office of the presidents of courts is the same as that of the people's congress at the same level. The people's congress at each level has the authority to dismiss the president of court it has elected. The judicial officers of the people's courts are elected or appointed and dismissed by the state, and the judicial authority of the courts is granted directly by the state. This procedure is an organizational guarantee of the independent exercise of judicial power by the courts.

Assistant judges are appointed and dismissed by the courts at the same level. Assistant judges can act for judges at the suggestion of the president of the court and with the approval of the judicial committee.

The first instance at a people's courts may be handled by judges or by a collegiate bench formed jointly by judges and a people's jury. The people's juries are elected or invited temporarily. Citizens who have reached the age of 23 and are eligible to vote and stand for election may be elected as people's juries. People who were once deprived of political rights are excluded. While assuming the duties at the people's courts, people's juries are component members of the courts in which they participate and enjoy the same rights as judges.

Judicial Principles

The people's courts should abide by the following principles in their judicial actions:

1) Only the people's courts execute the state judicial authority and no other organ, group or individual has the right to exercise judicial authority.

2) The people's courts, in accordance with the law, exercise judicial authority independently

and are not subject to interference by administrative organs, public organizations or individuals. They are, however, supervised by the organ of the state power, the people's procuratorates (according to legal procedures) and the public.

3) The people's courts treat citizens equally with the applicable law without regard to nationality, race, sex, occupation, social position, religion, education, financial background or length of residence. Any special privilege is forbidden.

4) Citizens of all nationalities have the right to use the spoken and written languages of their own nationalities in court proceedings. The courts should provide translation for any party to the court proceedings who is not familiar with the spoken or written language in common use in the locality. In an area where people of a minority nationality live in a compact community or where a number of nationalities live together, the hearing should be conducted in the language or languages in common use in the locality; indictments, judgments, summons and other do-

cuments should be written, according to actual needs, in the language or languages in common use in the locality.

5) The people's courts must try cases based on the facts and according to the law.

Working Systems

The people's courts at various levels use the following systems in their judicial work.

1) The open trial system. The courts try cases (not including those involving special circumstances as specified by the law) and publicly pronounce the verdicts. Cases which are not subject to an open trial as specified by the law include those involving state secrets, privacy, personal secrets and juvenile delinquency.

2) The right of a litigant. The accused in a criminal case has the right to defend himself. He has the right to argue his case, based on facts and according to the law, and explain his innocence, mitigation or relief of punishment, in order to maintain his legal right and interest. In addition, the accused has the right to invite a lawyer to argue in his

A member of the Trade Union Law Consulting Group of the Shanghai No. 22 Textile Mill answers questions from retired workers. XU YIGENG



favour. The defending lawyer can also be recommended by the people's groups or the unit for whom the accused works or a citizen allowed by the court. Also, the accused can ask one of his close relatives or guardian to defend his case in court. If necessary, the court may appoint a lawyer for the accused. For instance, in a trial with a public prosecutor, if the accused does not select a lawyer, the court can appoint one to speak in his favour and, if the accused is a deaf-mute, under-age or does not have a lawyer, the court should appoint one for him.

3) The collegiate bench system. All cases, except simple ones involving civil and economic disputes, minor criminal cases and cases as specified by the law which can be tried by one judge, should be tried by a collegiate bench composed of several judges or of judges and juries. Appeals and in counter-plea against legal decisions should be handled by the collegiate bench (jury). The collegiate bench, in general, has three or seven members, and is presided over by the court president or the presiding judge of the case involved or by a judge appointed by them. All bench members have equal rights and the decisions are made according to the opinion of the majority. The minority viewpoint, however, is recorded.

4) The second instance or last instance system. Any case should be closed after being tried by the courts of first and second instance. If the litigant disagrees with the judgment or with the ruling made by the local court of first instance, he can appeal to the court at a higher level within a specific time limit. If the procuratorate finds error with the judgment or ruling made by the court of first instance, it can counter-plea to

the court at a higher level within a limited time. If the litigant does not appeal and the procuratorate does not counter-plea to the court at a higher level within the legal time limit, the judgment and ruling made by the court of first instance will be effective legally.

The court of second instance, in hearing cases of appeals and counter-pleas, should comprehensively examine the facts which the court of first instance used to maintain its verdict and their legal effects. The examination is not limited by the appeal and the counter-plea. The verdict and ruling made by the court of second instance are the final legal judgment, or judgment of legal binding. But the verdicts of capital punishment and the verdicts made according to reason by analogy should be reported to the Supreme People's Court for examination and approval and become effective legally after they are approved. The verdicts of reprieve from the death penalty for two years will be effective after they are examined and approved by the higher people's courts.

5) The disqualification system. If the litigant believes that the judge has conflict of interests with him or other relation with his case and is not able to try the case fairly, he has the right to ask the judge to disqualify himself. If the judge thinks it is necessary for him to disqualify himself, he should act on his own assessment. The president of the court has the final decision on disqualification.

6) The people's courts, procuratorates and public security organs should, in handling criminal cases, divide their functions, each taking responsibility for its own work, and should coordinate their efforts and check each other in order to ensure correct and effective law en-

forcement.

The public security organ is responsible for investigation of crime, detention of suspects, formal arrest and pretrial custody. The procuratorate approves arrests, examines prosecutions, investigates some cases, institutes proceedings and appears in court. The people's court is itself in charge of trials.

The people's court, procuratorate and public security organ should, on the premise of division of functions, co-operate and work under the check-and-balance system in order to jointly handle criminal cases.

At the same time they should check each other's handling of criminal cases. On the one hand, the procuratorate supervises the investigation by the public security organ, including the examination and approval of arrests and prosecution. It also oversees the trial and rendering of verdicts by the people's court, including the supervision of court trials and verdicts and counter-pleas to a court at a higher level of erroneous verdicts and rulings. On the other hand, if the public security organ finds an error in a decision by the procuratorate not to arrest or to sue, it can ask for reconsideration. If its suggestion is rejected, it can ask for review by the procuratorate at a higher level. If the court finds the facts are unclear or insufficient to support the procuratorate's prosecution it can return the prosecution back to the procuratorate for a supplement. If the court finds the case not important enough to follow up it can, according to the law, ask the procuratorate to retract its suit or refuse to accept it.

The division of functions, mutual co-ordination and checks between the court, procuratorate and public security organ reflect the principle of division of func-

tions in the judiciary. This system can prevent arbitrary actions and misuse of power and guarantee the correct use of the law and the correct and effective punishment of criminals. The system also protects the citizens' legitimate rights and interests and prevents the innocent people from being punished wrongly.

7) The mediation system, by incorporating Chinese traditions, is designed to solve civil and economic disputes. Mediation, done by the court, people and administration organ, is also used widely in arbitrations for domestic and international contracts and maritime affairs.

Mediation is applied in court proceedings. Both litigants of a

case involving civil and economic disputes reach an agreement with the help of one judge or of the collegiate bench. It can be used in all stages of the proceedings—immediately after the facts are investigated and continued even after the end of arguments. Mediation also can be applied by the court of second instance in handling appeals. The mediation process, however, should be conducted after all facts are investigated and clear and any mediation agreement should be in accord with law and state policies. The litigants must be willing to accept mediation and reach an agreement. After the two parties reach an agree-

ment they should have a document drafted which will be effective upon their receipt. If no agreement is reached or if one of the two parties backs out before he receives the mediation document, the court should make a judgment within a specified time.

The Chinese courts at all levels have made great progress in handling disputes through mediation. Last year, they mediated 1,788,832 civil and economic disputes along with individually brought criminal complaints, some 71.37 percent of the total cases in these three categories. Practice has proven that the system benefits China's society. ■

Steady Growth for China's Oil Industry

by Our Staff Reporter Li Ping

By the end of the 1980s, a succession of major oil discoveries in China helped guarantee a steady supply of petroleum for the nation in the years ahead.

Between January and August this year, China produced 91.42 million tons of crude oil and 9.77 billion cubic metres of natural gas, 0.68 percent and 1.51 percent respectively more than the same period last year, thus maintaining steady growth in its oil industry.

In 1989, China's oil output totalled 137.65 million tons (including 900,000 tons of offshore oil) and ranked fifth in the world. The nation's output of natural gas amounted to 14.3 billion cubic metres, the 12th year since 1978 (following the discovery and exploitation of the Daqing, Shengli, Dagang,

Liaohe and Huabei oilfields in the 1960s and 1970s) that China's crude oil output exceeded 100 million tons. Moreover, the discoveries in 1989 of new petroleum and natural gas held the promise of even larger output in the future.

New Discoveries

In 1989, China made fresh advances in oil and gas exploitation on the basis of what was achieved in the previous year. The geological reserve and recoverable amount of oil deposits verified in 1988 totalled, respectively, 540 million tons and 400

million tons while the newly added geological reserve and the recoverable amount of natural gas stood, respectively, at 52 billion cubic metres and 30 billion cubic metres. In 1989, the growth rate of the verified reserves of oil and natural gas were higher than the previous year and the 11 major discoveries of the verified oil and gas in new areas attracted worldwide attention.

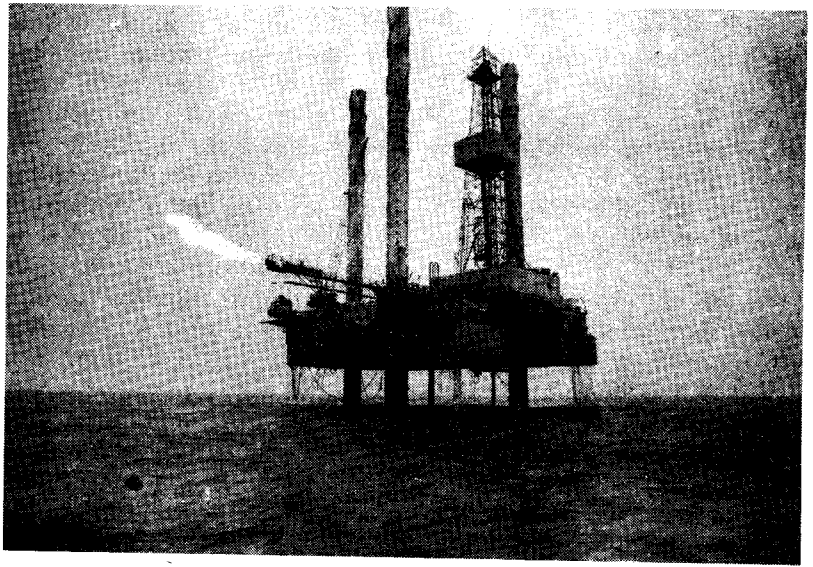
The most strategically important breakthrough in China's oil and gas prospecting was made in Xinjiang's Tarim Basin. In the Lunnan area north of the basin, exploratory wells with a high

yield of oil and gas were drilled and oil-containing formations found. In the basin's hinterland, oil layers as thick as 100 metres were found in the first exploratory oil well (Taizhong No. 1). On October 31, 1989, a daily crude oil output of 576 cubic metres gushed from Taizhong No.1 oil well. At present, Taizhong No. 1 oil well is still being drilled and new oil layers in the lower part are expected to be discovered. In the Yingmaili area, north of the basin and in the Weimake area, east of the basin, high-yield oil and gas wells were drilled or oil and gas reserves discovered. The series of oil and gas discoveries have raised expectations of an extra-large oilfield discovery in the region.

In 1989, the Chinese oil workers drilled high-output oil and gas wells in the Shanshan and Yila Lake area of Xinjiang's Turpan Basin. Two new oilfields, one in the Chengdao area of the Shengli Oilfield in Shandong Province, with several hundred million tons of oil reserves, and another in the Haiwai River valley in southern Liaoning Province, with hundreds of thousands of tons of oil reserve, were also discovered.

In 1989, the achievements made in the exploration of oil and gas in Sichuan, Shaanxi and Qinghai provinces were also remarkable. In addition to the industrial gas found in Shaanxi and Qinghai provinces, 42 industrial gas wells were drilled in Sichuan Province alone. Of these, eight gas wells with a daily output of over 1 million cubic metres were found. A large natural gas area with a reserve of over several dozen billion cubic metres was found in Dachi's Ganjing area located in the eastern part of Sichuan Province.

Last year, China also made



REN QING
Last summer, workers of the Bohai Oil Co. drilled a high-yield oil and gas well, thus laying a foundation for the development of offshore oil in the future.

new headway in its offshore oil and gas exploration. Major breakthroughs occurred in the exploration of oil and gas in the East China Sea as one oil and gas field and four oil and gas-bearing formations were discovered. Industrial oil and gas were found at "Pinghu No. 4," "Canxue No. 1" and "Baoyunting No. 1" exploratory wells, favourable signs for future exploitation of oil and gas in the continental shelf basin of the East China Sea. The "Ya 13-1-6" exploratory well in the Yinggehai Basin of the South China Sea has been a success, increasing the oil and gas reserves of "Ya 13-1" oil and gas field by 30 billion cubic metres and thus offering a reliable basis for more rapid development of the "Ya 13-1" oil and gas field.

Such discoveries are of strategic importance. Relevant data show that, although China's crude oil output increased annually, the growth rate declined in the first four years (1986-89) of the Seventh Five-Year Plan period. In 1985, China's crude oil output totalled 124.89 mil-

lion tons, 130.67 million tons in 1986, 134.13 million tons in 1987, 137.03 million tons in 1988 and 137.65 million tons in 1989. However, the declined growth of oil output was coupled with increased workload to make up for the decline. In 1988, for example, even though China's crude oil output went up by only 2.9 million tons, the workload done for that increased was equal to building an oilfield with an annual output of 20 million tons. This shows that the main oilfields which went into operation in the 1960s and 1970s and offered large quantities of oil and gas have entered the late stage of stable yields.

It is clear that as the production capacity of the main oilfields progressively decreases, it is necessary to find new reserves in order to maintain a long-term, stable crude oil output. This is important because many current oilfields that have been verified but remain unopened are relatively small, with complicated geological structures and low exploitation value.

Under these circumstances, the oil and gas discoveries in the past two years are of great significance. Besides offering guaranteed resources for the steady growth of oil output in the near future, they will provide a reserve of oil for future development.

According to forecasts by the department concerned, China's oil deposits now total 61.4 billion to 78.7 billion tons and its natural gas reserve amounts to 26,000 billion to 33,000 billion cubic metres. However, the reserves of verified oil and gas are only a small part of the forecasted resources and there is a great potential for the development of China's oil industry.

After 40 years of develop-

ment, China's oil industry, with its total labour force of 1.35 million, has a fairly high production capacity and a complete industrial system, including the capacity for geological exploration, development and construction of oil and gas fields, construction of oil and gas pipelines, manufacture of special machines, scientific research and design, and education.

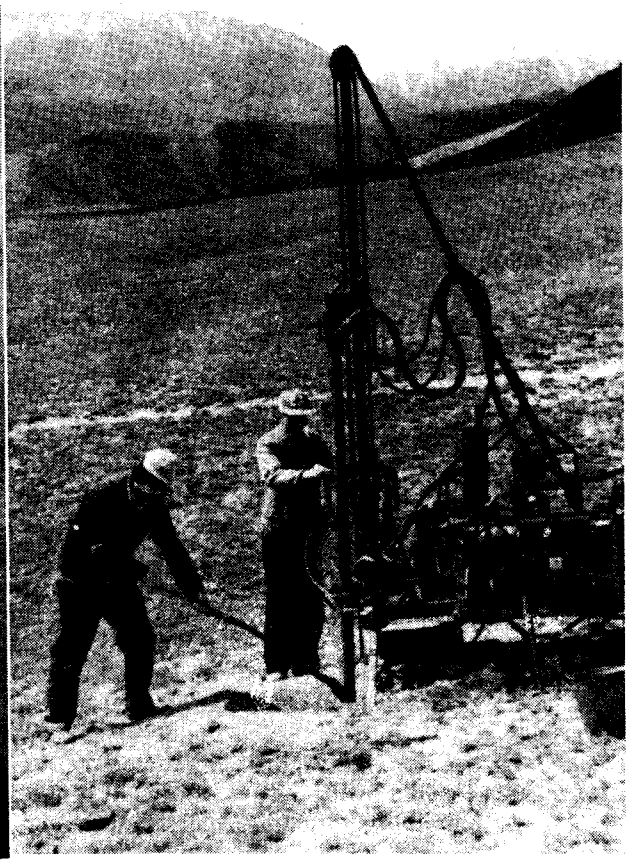
Regarding oil science and technology, China has shortened its gap with advanced international level. China's continental oil theory, formed and developed from its past exploration of oil and gas deposits, has played an important role in guiding geological prospecting for oil in northeast China, particularly in

the exploration and development of the Daqing Oilfield. Chinese oil scientific researchers have also put to practical use their theories for the exploration and development of oil reserves in the Bohai Bay Basin. With regard to technology, China has established a full range of exploratory and development technologies, including geological testing, drilling, exploration, oil recovery, gas extraction, the construction of oil and gas fields, the storage and transport of oil and gas, and environmental protection. Currently, China's oil industry has mastered five major technologies: (1) The nation's technology to interpret and process data for earthquakes approaches advanced

Left: Chinese workers conduct seismic drilling tests at the Bogeda wasteland in Xinjiang. Right: A new oil area in Xinjiang's Junggar Basin under construction.

WEN ZHENGJI

WU CHUNZHAN



world level and is internationally competitive; (2) The technology for mining sandstone oilfields and fault block oilfields is close to the world level; (3) Much headway has been made in recent years in drilling oil wells with the high-pressure injection, directional and deep-well drilling method; (4) The technology for extracting thick oil, highly solidified oil and low-infiltrated oil and gas reserves has been basically mastered by China; and (5) Coupled with the above technologies, the technology for well exploration, oil testing, ground construction, the transport of oil and gas and the comprehensive utilization of oil and gas has been improved. All this offers effective, technological means for finding and developing various kinds of complicated fault block oil and gas reserves, hidden lithological oil-gas reserves, and deep calcareous rock oil and gas reserves.

Efforts over the past four decades have resulted in the discovery of oil and gas resources in China's 24 provinces, municipalities and autonomous regions, and the establishment of 20 oil and natural gas production centres, including Daqing, Shengli, Liaohe, Huabei, Zhongyuan, Xinjiang, Dagang, Jilin, Jianghan, Nanyang, Changqing, Yumen, Yanchang, Jiangsu, Jidong, and oilfields in Yunnan, Guizhou, Guangxi, and Sichuan. Of these, the Daqing, Shengli and Liaohe oilfields each have an annual capacity of over 10 million tons. The Sichuan natural gas reserves are the largest in China.

Auxiliary projects for oil production have also been improved. By the end of 1989, more than 15,500 kilometres of oil and gas pipelines had been laid, thus basically forming an oil pipeline network for northeast, north and east China and

a gas pipeline in Sichuan. The annual flow of oil through these pipelines accounts for over 90 percent of the nation's total crude oil. In addition to the pipelines, there have been solid advances in the construction of highways, power transmission lines, water pipelines, flood and tide control facilities, thus meeting the basic needs for the exploration, development and production of oil and gas.

China's manufacture of oil machinery is also fairly developed. Some 90 percent of drilling rigs used by the various oilfields are made in China and 75 percent of the special equipment needed for the exploration and development of land oil reserves are also manufactured in China. The level of China's machinery manufacturing, particularly since the introduction of reform and opening to the outside world and with the import and assimilation of foreign advanced technology, has improved considerably.

Development Policy

The Chinese people are proud of their achievements because the nation started and built its oil industry entirely from scratch. In 1949, its crude oil output was only 120,000 tons and its output of natural gas 11.17 million cubic metres. There were only three small oilfields, the Laojunmiao near Yumen in Gansu Province, the Dushanzi in Xinjiang and the Yanchang in Shaanxi, and two small gas fields, the Shengdengshan and Shiyougou in Sichuan. They employed only 11,000 workers and staff members, some 700 of whom were technicians. China has transformed itself from an "oil-poor country," dependent on imports into one of the world's largest oil produ-

cers. It can not only meet its domestic needs but also export a small amount annually. This fruitful achievement is possible because China has implemented a policy of maintaining independence, keeping the initiative in its own hands, relying on its own efforts, waging arduous struggles and working hard in developing its petroleum industry.

Officials in China's petroleum circles are optimistic about the future of China's oil industry, and the government has formulated a policy for developing its oil resources in the future. This policy includes the following:

- Continue to develop oilfields in the east and expand their production. Further efforts will be made to ascertain the oil and gas reserves in the old Shengli, Liaohe, Zhongyuan, Dagang and Huabei oilfields and, at the same time, expand the exploration of oil and gas on the beach and shallow sea areas of Bohai Bay, focusing on the Chengdao formation;

- Vigorous efforts will be made to speed up the prospecting and development of oil and gas in the west, particularly in the Tarim Basin, so as to build large and extra-large oilfields in the area;

- Equal emphasis on oil and gas development. A major effort to explore and develop natural gas will be made and new gas fields will be exploited so as to balance the production of natural gas and oil; and

- Continue to attract foreign capital to accelerate the exploration and development of China's offshore oil and natural gas. Efforts will be made to increase China's offshore crude oil production capacity to 5 million tons and its natural gas capacity to 1.2 billion cubic metres by 1992.

Scientist-Turned Magistrates Work Wonders

Local reports indicate that when deputy county heads are technically skilled, they can extend an effective help hand in promoting the development of rural economy.—Ed.

by Our Staff Reporter Wei Liming

The Kelaqin Zuoyi Mongolian Autonomous County, which has a population of 380,000 and whose farmland makes up only 25 percent of its total area, is located in Liaoning Province, northeast China. Harsh natural conditions and the repeated natural disasters have long plagued this economically underdeveloped county.

In the spring of 1982, the Liaoning provincial government made Kelaqin Zuoyi County one of the province's three pilot counties to experiment in farm mechanization and new agrotechnology. Deng Weidong, a senior engineer with the Shenyang Ecological Appliance Institute under the Chinese Academy of Sciences, was dispatched to Kelaqin Zuoyi to oversee the project. His excellent work brought such good results that the county asked him to stay and serve as the deputy magistrate. Other counties, seeing the benefits of having a technically skilled professional in the position of deputy county magistrate, were quick to follow suit.

When Song Jian, minister in charge of the State Science and Technology Commission, was told of the matter during a visit to Liaoning in September 1986, he thought it a good idea and recommended that other counties do the same. Many people from local scientific research institutes and colleges volunteered

for the jobs. After reviewing their qualifications, the provincial government chose 27 to work as deputy heads in 27 counties, each for a term of two years.

In the last seven years, a total of 62 professionals have been sent to 39 counties and four prefectures, or 88 percent of the counties in the province. After 18 of the first group of 27 fulfilled their tasks in early 1989, 21 more people were dispatched. One city and 300 towns in 37 counties in Liaoning have got their deputy heads who were well-versed in one kind of technology or another.

Most provinces throughout the country, each in their own way, have adopted Liaoning's practice. The results nationwide have proved it to be a very effective measure for the further development of the rural economy.

In spring this year, Wang Jingchuan, deputy director of the Shenyang Branch of the Chinese Academy of Sciences, visited Kelaqin Zuoyi County and discovered the area had changed. When he asked a local cadre about changes that had taken place in the last few years, the man replied, "The mountains here are greener and people lead a better life. In the past, people went to temples to pray for good harvests, but now more and more people believe in science and technology. For a better life in future, they are not the least hes-

itant to spend money on their children's education."

Scientific Decisions

The technician-turned deputy county heads are now involved in making decisions and they use their power to turn the blueprint for development, worked out on the basis of their technical knowledge and investigation, into reality. "These days, we are able to make more scientific decisions," said Deng Weidong, who has remained as the deputy magistrate in Kelaqin Zuoyi County.

In order to do their job well, Deng said, the technical county heads must have a thorough knowledge of the natural conditions, natural resources and the economic conditions of the whole county. "Moreover," he added, "we must be thoroughly versed in the area's historical conditions."

In 1982, Deng invited some 70 experts, professors and scientists to conduct a comprehensive survey of Kelaqin Zuoyi County's natural conditions and natural resources. They discovered that the mountainous county suffered from serious water and soil erosion. Trees and grass needed to be planted. However, as the local people were too poor to carry out the work, they proposed in a 560,000-word report to develop economy by promoting ecologically sound construction.

Local resources were exploited in order to develop the processing industry and, in 1983, the local people's per-capita income reached 112 yuan. This was a dramatic increase over the previous per-capita income of only 23 yuan a year.

The Fuxing Mongolian Autonomous County has employed four scientific and technical personnel to serve as its deputy heads. Between 1982 and 1987, under the guideline of "planting grass and trees first, putting the stress on animal husbandry and achieving a comprehensive development of agriculture, industry and commerce," the county doubled its industrial and agricultural output value and increased its per-capita income by eight-fold.

After an inspection tour of the county, Quan Shuren, the Liaoning provincial Party secretary, spoke highly of the changes that have taken place there. "In the past, everyone thought Fuxing was a hopeless case agriculturally and could only be used for grazing," Quan said. "However, our scientific and technical personnel have worked wonders there. Now, rice is grown in

sandy fields with each hectare yielding 7,500 kg a year."

Ways to Get Rich

Kuandian in Liaoning Province was also considered a poor county with farm income averaging no more than 300 yuan per capita annually. Local leaders, enthusiastic as they were in trying to help develop the economy, were at the end of their wits.

In October 1986, Lu Jun of the Shenyang Automation Institute under the Chinese Academy of Sciences was sent to Kuandian to serve as its deputy magistrate. Lu organized an investigation of local resources and discovered more than 30 kinds of ores in the area, including magnesium, copper, zinc, iron, gold and lead. They also discovered that there was a great potential for developing forestry, fruit, livestock breeding, medicines, fishery and edible fungus production.

In order to rationally exploit these resources, Lu taught the farmers the cropping and breeding technology through the use of lectures, slides and videotapes. His work paid off. In 1988, the output of chestnuts registered a

19.7 percent increase over 1985, that of hawthorn 279.3 percent, that of ginseng 200 percent, that of fish 350 percent and that of mushrooms 950 percent. Farm income rose substantially.

With the increase in production, Lu convinced the farmers to expand their business into more lucrative ventures, advising them to process, for example, hawthorn into hawthorn powder, chips and drinks.

Lu was also successful in other fields. He studied metallurgy in college and is therefore very knowledgeable about mineral ore resources. Based on more than half a year of investigation, he worked out plans for developing six kinds of ores and ten ore products. His development plans call for the rational use of mineral ores, the by-products of which could also be used as the raw material for the production of other products. When he spelled out his plan at a meeting of township enterprise leaders in 1988, he sparked a lot of interest. As a result, 12 out of 50 types of mineral ores or by-products which were formerly thought to be of no economic value were exploited. The production of zinc oxide, for example, yielded 20 million yuan in annual output value and more than 5 million yuan in profits and taxes for the state.

In 1988, the number of Kuandian township enterprises registered a 350 percent increase over 1985 to reach a total of 7,335. The county's total industrial output value increased to 410 million yuan from 21 million yuan, and the profits and tax payments to the state increased to 58 million yuan from 21 million yuan. In a discussion about the area's development, Lu said that the support and co-operation from various sides deserves a lot of the credit. "Without their help, little would have been possible," he added. "We received 18 mil-

Lu Junchang (third left) opens a course on hawthorn cultivation for farmers.

WEI GONG



lion yuan from the banks, the provincial authorities and the investors in that year. This assistance made our work possible."

Rice and More Rice

One summer day in 1989, when a 70-year-old man was taken by his family to the experimental rice plot in Chagan Township, Daan City in Jilin Province, he was very excited to see rice grown in the area for the first time in his life. Indeed, in this area, where alkali-saline land accounts for one-third of the local land, rice was nearly unheard of. This situation lasted until Xue Zhiguang, a researcher with the Changchun Applied Chemical Institute, came to work as deputy mayor of Daan.

A native of Daan, Xue studied as a physical chemistry major at Jilin University. When he took on the job as deputy mayor, he often thought about how he and his colleagues could put an end to Daan's dependence on state-subsidized grain.

After an investigation, he decided to first try and grow rice in Chagan Township as a pilot project. Plastic sheeting technology was introduced from Japan, and paddy rice experts of Korean nationality from Yanbian were invited to help out with their expertise. But the experiment ended in failure, with each of those involved suffering a loss of 350 yuan. When Xue decided to do it again, many avoided to have a finger in the pie. But five farm households volunteered to take part. Xue told them not to worry about the money. If the experiment was a success, they would share the harvest; if it turned out to be a failure, he alone would bear the cost.

Taking into account previous failures, Xu's first priority was to improve the soil acidity. In the end, the effort paid off with each of the five households harvesting

7,500 kg from each hectare and earning 4,000 yuan.

Their success spurred others on to try their luck at growing rice. In 1990, the township grew 200 hectares of rice, a figure which reached 4,000 hectares in the city's rural area. All signs indicate that there will continue to be better and better harvests in the future.

Xue contributed a lot to making the project a success. He personally tested the soil acidity level in 24 townships, worked out soil preparation formulas, helped with construction of a chemical laboratory and organized the training of personnel to carry out chemical analysis. Altogether, he ran 180 training classes on growing paddy rice which were attended by some 7,600 people. He also wrote and printed technical manuals on how to grow paddy rice.

The cultivation of rice has helped to extricate many farmers in the area from poverty, filling them with new hope for the future. Because of his efforts, he was strongly urged by the farmers to stay on his job, a request he readily accepted. "I was an ordinary laboratory worker in the past," said the sun-tanned intellectual. "Now my work affects the income of tens of thousands of people. In the past two years, I have learned a lot from working here."

Looking ahead, this deputy mayor of Daan is full of confidence. He plans to expand the rice paddies to 30,000 hectares and thus produce half of the grain needed to feed people of the city. He also plans to develop 15,000 hectares of desolate marshland in Chagan Township into a rice, reed and fish production area. This plan has been incorporated into the State Planning Commission's blueprint for disaster-fighting work over the next ten years.

Bridge Roles

Lu Xiaoyi of the Changchun Applied Chemical Institute was a graduate student. Before he was made deputy head of Xian District, Liaoyuan in Jilin Province a year ago, he was given a once-in-a-lifetime chance to continue his study abroad. However, when he was told of the transfer to the Xian District, a mission teeming with difficulties and opportunities to broaden his experience, he chose instead to accept the new post. In the past year, he has introduced a dozen scientific research results, including plant growth nutrition and active carbon and plastic sheeting technology to the city. Some of them have already been put into production with good economic results.

The Xian District leadership spoke highly of Lu's contribution and believes his presence facilitated expanded contact with scientific research institutes, thus helping to transfer scientific research results into production efforts.

Over the past three years, Jilin has appointed 48 professionals to be deputy county (city and district level) heads. They have brought with them some 324 scientific and technological projects from both at home and abroad, developed 246 new products and helped to upgrade 124 old enterprises. The economic results of their work have been notable.

By the end of 1988, these technical personnel-turned deputy county heads had developed 744 new products, secured loans to the tune of 17.98 million yuan, introduced 437 new items of technology, and carried out 516 "spark programme" projects and other scientific and technological projects to aid agriculture. These efforts have yielded 1.43 billion yuan in industrial and agricultural output value and 230 million yuan in profit and taxes. ■

Hebei: Opening Wider To the Outside World

by Our Staff Reporter Kou Zhengling

In late July and early August, Hebei Province held the Taiwan Compatriots Investment Seminar and the "Summer in Beidaihe" Foreign Economic and Technological Co-operation Seminar. At the seminars more contracts were concluded than expected. The outcome indicates that Hebei Province, surrounding Beijing, has quickened its opening to the outside world.

Achievements and Features

At the seminars, the Gaocheng Shoes Factory in the province signed an agreement with the US Pacific Wave Associates of California to produce shoes for workers and postmen. With a total investment of US\$700,000, the two sides agreed to co-operate for ten years. Director Ma Zengqun of the Hebei factory said the co-operation with the US company would gain his products an easier access to the international market.

James J.Z. Chen, president of the US Pacific Wave Associates, said that the Chinese side was sincere in its co-operative effort and that the workers were of high quality. The negotiations and final sign-

ing of the agreement took only two days, indicating the full confidence his company has in China. The United States needs 700 million pairs of shoes a year but only imports less than 10 million pairs from China. There's no doubt that China, with its cheap labour cost, can gain a piece of the international market provided it improves the quality of its products.

The Qinhuangdao Machinery Plant affiliated to Beijing's Shoudu Iron and Steel Complex and the East Asiatic Co. Ltd. from Hong Kong signed a contract to produce high-strength screw bolts. Of the total investment of US\$12.39 million,

US\$2.5 million came from Hong Kong and US\$7.39 million were foreign government loans. This is one of the contracts recently signed at the Hebei Foreign Economic and Technological Co-operation Seminar.

Some 109 co-operative contracts were concluded which represented a total investment volume of US\$180 million. Also 94 agreements and letters of intent were signed, involving a potential investment of US\$449 million.

Hebei Province has held eight foreign economic and technological co-operation seminars since 1982, but the Taiwan compatriots investment seminar was

Ye Liansong, executive deputy governor of Hebei Province, addresses the opening ceremony of the "Summer in Beidaihe" Foreign Economic and Technological Co-operation Seminar.

KOU ZHENGLING





A coal dock at Qinhuangdao.

KOU ZHENGLING

the first of its kind. A total of 682 businessmen from 22 countries and regions attended.

The seminars were different from previous ones in the following ways:

—A remarkable increase in direct investment. During the seminars, of all the 65 contracts signed, 39 were for direct investment to the tune of US\$158 million, or 85 percent of the total the seminar had garnered.

—New areas of co-operation opened. Of the contracts signed, two involved the lease of land, a state property. The opening to the outside world of 1,040 enterprises in the Qinhuangdao-Tangshan-Cangzhou Bohai Bay Economic Zone has caught the attention of foreign businessmen. Some enterprises have already found co-operative partners while others have established initial relations with foreign businessmen for future co-operation.

—Investment projects are concentrated in coastal prefectures and cities with good economic foundation. Of the 14 prefectures and cities which concluded contracts for using foreign investment, the coastal cities Qin-

huangdao, Tangshan, Cangzhou and Shijiazhuang, the province's capital, as well as the Cangzhou Prefecture signed 36 projects worth US\$44.307 million foreign investment, accounting for more than half and 67.6 percent of the province's total respectively.

—Most investment projects involve machinery, textiles, light industry and building materials. Of the 65 projects attracting di-

rect foreign investment, 11 are for machinery and attract US\$21.74 million foreign funds or 33 percent of the total investment solicited at the two seminars; 24 for light industry, with a total foreign investment of US\$14.623 million or 22.3 percent of the total; 11 for textiles with a total of US\$11.294 million foreign investment or 17 percent of the total; and 4 for building materials with a total foreign investment of US\$8.644 million or 13 percent of the total.

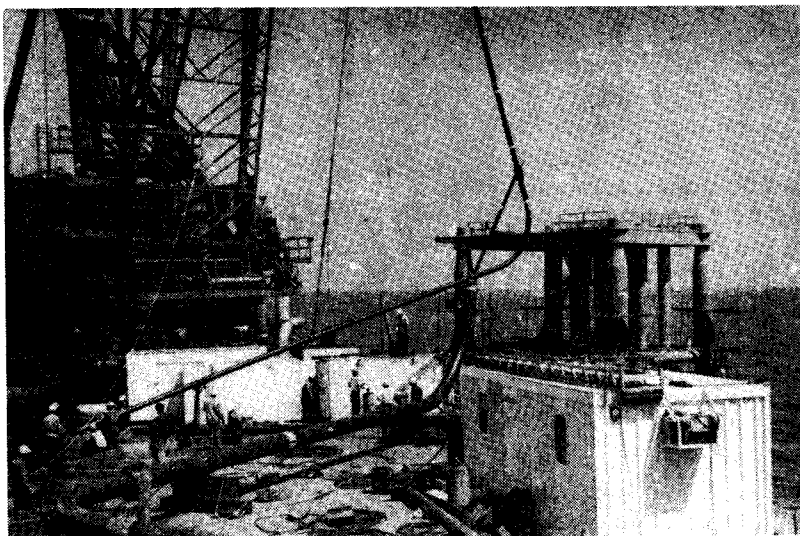
—Import projects with spot exchange exceeding the planned volume. According to Guo Hongqi, deputy governor of the province, the transaction volume reached US\$23.89 million this time, against an expected US\$10 million. This shows many enterprises in the province have a great interest in importing advanced world technology and equipment.

Open Wider

Deputy governor Guo said that to open wider to the outside world, his government planned to do the following:

Some 4.2 km in length, this submerged water injection oil pipeline is successfully laid by the Bohai Petroleum Co.

YANG ZHU



● Supervise the implementation of the contracts concluded at the seminars, guarantee their scheduled operation and, in a timely manner, resolve any construction problems.

● Ask related enterprises to contact their partners of the initialled contracts, signed agreements and letters of intent and conclude their official contracts as early as possible.

● To conscientiously implement the state and the local government preferential policies for Chinese-foreign joint ventures, co-operative enterprises and wholly foreign-owned enterprises, help them to resolve their problems and guarantee that they operate in accordance with international practice. Help speed up the construction of the enterprises using foreign investment.

The province has laid a good foundation for industry, agriculture, communications, trade, science and technology and education over the last four decades and has prepared the material conditions and environment necessary for expanding its co-operation with foreign countries.

The province abounds in natural resources. The proved reserves of coking coal, petroleum, iron ore, limestone, refractory clay, asbestos and 16 other kinds of raw materials rank first to sixth in the country. It is also famous for its pears, peaches, dates, chestnuts, lobsters and other cash crops as well as such aquatic products as prawns.

The province has a full complete industrial system with energy, textiles, metallurgical and building materials indus-



The finishing touch is put on one of China's two largest floating roof tanks. CUI JIANFENG

tries as the mainstay. The province now has 21,980 industrial enterprises, of which 97 are large and 291 are medium-sized. The province's total industrial output value reached 102.06 billion yuan last year, or 4.7 percent of China's total. Hebei is thus one of the most developed industrial provinces in the country.

Hebei Province has a good geographical location. The province surrounds Beijing, the capital of the country, and Tianjin, the biggest city in north China. Moreover, it has good communication facilities. Qinhuangdao, the biggest ice-free port in north China, has an annual loading and unloading capacity of 65.65 million tons with its 24 berths and has shipping lines which connect with many ports throughout the world.

The province hosts some unique tourist centres such as Chengde, one of the most fa-

mous historical and cultural cities in the country; the Summer Mountain Resort, the biggest summer resort for the Qing Dynasty imperial family in China; the Shanhaiguan Pass, the head of the Great Wall; Qinhuangdao and Beidaihe, China's famous seaside summer resorts; and the Eastern Tombs and Western Tombs of Qing Dynasty.

Guo said his province had established economic and trade relations with more than 120 countries and regions in the last few years. By the end of 1989, the province had approved 267 projects which involved a total of investment worth US\$880 million. Of this, some US\$356 million are in foreign funds. The province had also con-

cluded additional contracts worth US\$379 million in foreign loans and signed 990 spot exchange contracts for importing advanced foreign technology with a total transaction volume of US\$740 million.

Hebei Province has formulated a series of preferential policies and measures designed to improve the environment for foreign investment, as well as laws and regulations to protect the interests of investors. Foreign-funded enterprises can now enjoy preferential treatment in the following five fields: the supply of water, power, gas and coal; the distribution of Chinese raw materials and accessories; domestic loans; for arranging communication and transportation; and in construction projects. They also enjoy other preferential treatment in taxes, use of land, profits and remittance of fees gained from their transfer of technology. □

Foreign-Funded Enterprises Need Help

RENMIN RIBAO
(People's Daily, Overseas Edition)

Despite the fact that the environment for foreign investment has improved a lot, foreign investors still find it difficult to avoid some troubles in managing foreign-funded enterprises in China. Although willing to deal with the problems themselves, they need some help from the relevant government agencies. Their joint effort is more likely to be successful.

The Shanghai Bell Telephone Equipment Manufacturing Co., for example, is a high-technology joint venture using Belgian investment. In 1985, shortly after its operation, the company had some trouble in coping with China's complicated telephone networks and the intense Japanese, European and American competition. Lending it a helping hand, however, the Chinese government encouraged its various post and telecommunications offices to purchase the company's advanced products. As a result, the company was able to produce its products in large batches and reduce both its costs and product price. The company has since established a stable, profitable standing in China's market. Its 600,000-channel numerical controlled switchboards are now used by the post and telecommunications offices in more than 20 of China's medium-sized and big cities. The chief manager for the company said although investing in China had its problems, he had hope for future growth in business.

The joint ventures, of course, do not expect all of their trou-

bles to vanish in the future. Trouble arises all the time. The managers hope that the confidence and honesty of both venture partners bodes well for the future.

China has tried to deal with the concrete issues relating to foreign-funded enterprises, particularly in the productive, high-technological and export-oriented enterprises. The Shanghai Bell Telephone Equipment Manufacturing Co. is just one of the many which the government has assisted. To be trusted and to help a friend in need is one of China's fine traditions, a tradition which will be further developed as China further opens to the outside world.

(September 29, 1990)

Sinolingua in China

GUANGMING RIBAO
(Guangming Daily)

China now has 100 Chinese language schools of higher learning and five schools for teaching Chinese overseas. *Radio Beijing* has also established a Chinese language programme. Each year, about 100 Chinese are invited to teach Chinese abroad.

Between 1978 and 1989, China received 15,000 foreign students from 110 countries and regions for the study of Chinese for a year or longer and some 30,000 more for half a year or less.

Since its founding two decades ago, the Beijing Diplomatic Envoy Chinese Language Education Centre has trained in

Beijing more than 6,000 diplomatic envoys and newsmen from various countries.

(August 17, 1990)

After the 11th Asian Games

RENMIN RIBAO
(People's Daily)

After the successful conclusion of the magnificent 11th Asian Games and following the cooling-off period, some thoughts are worth mentioning.

The stable domestic situation guaranteed the success of the 11th Asian Games. Turmoil will bring nothing but suffering to a country and its people. It will adversely affect a country's neighbours and the world as a whole. All those who are honest and love their country wish China to remain stable.

A strong economy laid a good foundation for the success of the Beijing Asian Games. An Asiad city of first class stadiums, gymnasiums, sports equipment, communications and transportation and board and lodging facilities was built in a very short time.

The 11th Asian Games really became a window looking into China. Compared with the developed countries of the West, China is a poor country with quite a low per-capita income. Still, China cannot be ignored by the world.

The intelligence and wisdom of the Chinese people and the best of the Chinese culture proved an advantage for hosting the Asian Games. During the 11th Asian Games, the organization of various competitions and contests and the hosting of

thousands upon thousands of domestic and foreign guests were carried out with exquisite artistry, rigorous science and creative techniques. The opening ceremony of the Beijing Asian Games was so magnificent that even Juan Antonio Samaranch, president of the International Olympic Committee, praised it as one of the most successful he had ever witnessed. Some foreign newspapers commented on the games in this way, "Before the Beijing Asian Games, who dared to present Taijiquan, folk waist-drum dance and wushu (martial arts) on the international performance stage?"

(October 7, 1990)

Secrets for Winning The Gold

ZHONGGUO XINWEN
(China News)

China set a world record by winning 183 gold medals, about one-sixth of the total, at a sports meet held at a continental level.

Before the 11th Asian Games started, an optimistic overseas estimate was that China would get 145 gold medals, while domestic odd makers were saying 100-130. How did this miracle occur? What secrets led to such numbers?

Two Magic Weapons. At the 10th Asian Games, China got just one more gold medal than South Korea. At the Seoul International Olympic Games two years later, China grabbed five gold medals while South Korea won 12. Both games were warnings to Chinese sports circles. The first told Chinese sportsmen to be careful while

the second urged them to strive for victory following their defeat.

At the 11th Asian Games, the Chinese athletes did just that with all their might. Mao Xinyuan fell down after a final sprint at the men's 20-km walk event and was hospitalized. He defeated the well-known Japanese competitor Sakai by just 0.01 second. He won the gold medal not only with his strength but with his spirit. Also, Chen Yanping jumped 17.51 metres at the men's triple jump event, an unbelievable distance for himself.

Fine Planning. In Wu Shaozu's words, the Asian Games was like a "sports war." China treated the games as a battle in the sports circles and planned elaborately in advance for the fight. In other words, China concentrated all of her efforts to win. For the competitions, the leaders of the Guangdong, Shanghai and Liaoning sports committees were invited to be in charge of the Chinese sports delegation, mainly composed of athletes from these three places. The athletic contingent under the leadership of various experts was divided into several groups according to the events. During the 16 days of the games, the leaders met every night to review the events of the day and prepare for the next. The leaders formed a strong, central headquarters and acted much like the inner core of a computer to co-ordinate strategy.

Priorities. China swept the gold in 16 out of 27 official competition events. The gold medals won in swimming, track and field, shooting and rowing events totalled more than 100 and laid the foundation for a sweep of the golds (32 were won in swimming events including div-

ing and water polo events, 29 from track and field events, 27 from shooting events and 14 from rowing events). South Korea won 11 gold medals in wrestling events and Japan got seven, respectively, in track and field and swimming events.

(October 6, 1990)



LIU QINGTAO
A 'qigong' master sneezes (humorous).

China May Set Up Transnationals

Export-oriented enterprises should strengthen their international management and be prepared to establish transnational corporations. This is the advice of some Chinese experts and scholars who spoke at an international management symposium of the China National Chemicals Import and Export Corp. in mid-October.

The experts and scholars from various ministries and commissions under the State Council and from colleges and universities who had studied overseas Chinese-financed enterprises and the international economic situation advised the establishment of Chinese transnational corporations. They believe that the switch of foreign-oriented enterprises into competitive transnational corporations is an irreversible trend in China's reform and opening to the outside world and necessary if China's production and management system is to compete internationally. It is also called for by the international division of labour and markets.

The experts cited the initial steps to set up transnational corporations through the China National Chemicals Import and Export Corp., one of the nation's largest foreign trade corporations. In the past three years, the corporation has established 53 solely Chinese-owned and -funded chemical production companies and agencies in Asia, Europe, America and Oceania. It has built its own ocean-shipping fleet. Its internation-

al business, excluding imports and exports, makes up 30 percent of its total business volume and has the necessary resources to transform itself into a full-fledged transnational corporation. ■

Foreign Loans For Railways

China will raise US\$1 billion in foreign loans for the construction of railway lines during the Eighth Five-Year Plan period (1991-95).

According to an official from the Ministry of Railways, between 1991 and 1995, World Bank loans will be used to double-track and electrify the 944-km section from Hangzhou to Zhuzhou, repair its branch lines and renovate existing locomotives.

Loans from the Japanese government will be used to construct the 403-km railway line from Hengshui, Hebei Province, to Shangqiu, Henan Province, the second channel connecting north and east China, and to electrify the 500-km line from Baoji to Zhongwei which passes through Shaanxi and Gansu provinces and the Ningxia Hui Autonomous Region and the 827-km Xining-Kunming Railway Line.

China is using foreign funds to double-track and electrify the Zhengzhou-Wuchang Railway Line, electrify the Guiyang-Chongqing and Yingtan-Xiamen railway lines and double-track the line from Henan's Yueshan to Hubei's Xiangfan.

In the last decade, China has built 15 railway lines with loans totalling US\$2 billion from the World Bank and the

Japanese government. In addition, China has used foreign investment to update the technology at seven locomotives plants. The introduction of advanced world technology has allowed China to produce a new generation of quality passenger trains. ■

Banks Support Joint Ventures

Chinese banks provide key support to foreign-funded enterprises with 20 billion yuan in Renminbi loans and US\$6 billion worth of loans in foreign exchange.

The banks, through a stock system with a total investment of 91.68 million yuan in Renminbi and US\$270 million in foreign exchange, established a Chinese-foreign joint venture group with foreign businessmen. In addition, they also provided direct loans to the foreign-funded enterprises. By the end of 1989, these banks had a credit balance of 9.07 billion yuan in Renminbi and US\$4.4 billion in foreign exchange.

The Chinese banks have introduced the perfect system for providing loans to foreign-funded enterprises. In 1987, they revised the Measures for the Chinese Banks to Grant Loans to the Foreign-Funded Enterprises and promulgated the Rules on Implementing the Measures for the Chinese Banks to Grant Loans to the Foreign-Funded Enterprises, measures which were welcomed by foreign-funded enterprises.

The Chinese banks readjusted the loan structure. They now support a group of productive, technically adv-

anced and export-oriented enterprises such as the Daya Bay Nuclear Power Station in Guangdong, the Pingshuo Coal Mine in Shanxi, the Beijing Jeep Co., the Shanghai Volkswagen Automobile Co., the Optical Fibre and Cable Co. in Xian, the Shanghai Bell Telephone Development Co., the Shenzhen Colour Kinescope Co. and the Beijing Power Station Boiler Co. Of the nation's ten best foreign-funded enterprises, seven were developed with Chinese bank loans. ■

Philips Makes Good Profits

The Hua Fei Colour Display Systems Co. Ltd. of Nanjing which went into trial operation in July is now doing well, said P.C. Boland, chief manager of the company. By the end of September, he added, his company had produced 10,000 kinescopes for 17-inch colour TV sets. Boland estimated that the company would produce 40,000 kinescopes by the end of the year.

Boland said the products sell well, especially in the domestic market and, even with limited production capacity, his company will meet part of the domestic needs. Humfry Lam Yan Chit, the chief accountant, declined to disclose financial details but did say that the company was doing well.

The company was established by the China Huadong Electron Tube Factory, the Philips Limited Co. and the Hong Kong Novel Technology Development Co. Ltd. with a total investment of

US\$180 million. With a registered capital of US\$63 million, it is one of the largest foreign-funded enterprises in China. Boland said that his company will begin full production of kinescopes for the 17-inch TV sets in February of 1991 and that production of the kinescopes for the 21-inch TV sets will start in July. By the end of 1991, the company will have produced 770,000 kinescopes for 17-inch TV sets and 120,000 ones for 21-inch TV sets. Its annual production capacity will reach 1.6 million kinescopes, including 1.07 million ones for 17-inch TV sets.

The company now imports from Philips glass bulbs and other auxiliary equipment. In 1991, however, part of the glass bulb supply will be purchased from Anyang, Henan Province. In addition, a shadow mask production factory for kinescopes is under construction. All the 14 kinds of chemicals needed for television tubes are produced by China. In the future, the company's operation is expected to be streamlined as its production system is developed and only domestic parts are used.

by Yao Jianguo

Hebei to Produce Petrochemicals

A plan for building a raw material production centre in north China is now on the drawing board and will be put into effect soon, according to an official from Hebei Province. To carry out its plans, Hebei is seeking overseas investment and co-operation.

The province has three of

the nation's six largest oilfields—the Huabei, Jidong and Dagan and is rich in oil resources, producing 40 million tons of crude oil a year. The Shijiazhuang Oil Refinery, up and running since 1978, has an annual refining capacity of 3 million tons. The province has excellent energy, communication, telecommunication and other infrastructure facilities. Based on the Shijiazhuang Oil Refinery, the province will establish raw chemical materials production centres for the production of chemical by-products by using high quality oil resources.

Zhao Guangzhong, director and senior engineer of the plant, said recently that he was willing to co-operate with foreign businesses to refine oil and process raw chemical materials.

The plan to build a raw chemical materials production centre has caught international attention. The Shijiazhuang Oil Refinery has signed letters of intent for loans and export credit with one French and two Italian companies. ■

Project Seeks Co-operation

An electronic fuel injection system produced by the No.1 Research Institute under the Ministry of Aeronautics and Astronautics Industry, a device which controls the gasoline discharge of automobiles, will be put into batch production soon. Chen Langping who is in charge of the project said foreign co-operation is sought to jointly produce the product.



LI MING

The electronic fuel injection system produced by the Ministry of Aeronautics and Astronautics Industry.

As international standards on the discharge of automobiles are stricter than before, many enterprises have emphasized upgrading discharge devices. In the United States, 90 percent of all automobiles use electronic fuel injection. The figures are 60 percent in Japan and 50 percent in Europe.

The research institute used US and German technology and four kinds of patent technology to produce its product. It also applied new results gained in its high scientific and technological research such as sensitive, computer and sophisticated processing technology.

This new system can save 5-10 percent in fuel use and improve engine functions, resulting in a decreased air pollution. Trials on domestic automobiles have shown good results.

Chen said that by 1993 China would be able to produce 100,000 such systems and

he had high hopes that a foreign co-operative partner to produce the system could be found. ■

Bright Future for XF Motorcycles

The Shanghai-Ek Chor Motorcycle Co. Ltd., a Chinese-Thai joint venture, has exported US\$10 million worth of motorcycles this year, 66.7 percent more than planned, according to figures released at the 1990 International Motorcycle Technology Exhibition held in Beijing in late October.

The motorcycle company is run by the Shanghai Tractor and Automobile Co. and the Chia Tai International Investment Co. Ltd. of Thailand. Both sides have half shares in the total investment of US\$10.7 million for a period of 25 years. With a labour force of 3,000, the company is the biggest and earliest joint venture the Thai mother com-

pany shared with China.

In 1985, the company concluded a contract with the Honda Motor Co. Ltd. of Japan to introduce technology for producing the CG motorcycle series. In 1988, it imported the technology for producing the CG-125 motorcycle from the Japanese company. Renamed the XF (Xingfu)-125, the CG-125 motorcycles were mass produced. The company also introduced advanced technology to upgrade its outdated enterprises and products. It imported from Japan, Germany, Italy, France, Switzerland, the United States, Britain and Austria more than 1,000 pieces of equipment to set up a dozen production assembling, painting and testing lines for motorcycles and spare parts.

Zhu Lingxiang, a senior engineer of the company, said he and his colleagues will do their best to reach an annual production capacity of 300,000 motorcycles.

The company produces 150,000 motorcycles of the XF-250A, XF-250C, XF-250D, XF-125 and XF-125A series, all of which are in great demand domestically and internationally.

Kokichi Iwata, representative of the Honda Motor Co. Ltd. Beijing Agency, said that Honda has established technological co-operation ventures with the Shanghai Xingfu, Chongqing Jialing and Guangzhou Five-Ram motorcycle plants. The projects, he said, are doing well. China has taken a big step forward in its production of motorcycles and the market potential and sales are certain to increase.

by Kou Zhengling

A 'OK Beijing' Is A'OK

OK Beijing is a beautifully printed, hard-bound photo picture book published by the Beijing Tourism Administration. This 10.25X10 coffee-table piece contains 263 revealing pages for the reader, detailing the wondrous sites of Beijing and surrounding area. Not only a feast for the eyes, the exquisite photography highlights the essence of Beijing. This book which could be chosen for its beauty alone also contains vital information. The material begins with the Great Wall then poetically flows into a pictorial kaleidoscope of Beijing's four seasons.

To appease the historian in all of us, 30-odd pages are devoted to a retrospective look at Beijing. This massive task is presented in a succinct, yet thorough way. It goes beyond the usual guidebook, using both written and visual historical aids, including a graphic timetable and diagrams which illustrate Beijing's growth throughout the centuries. Virtually every pagoda and temple are shown along with spectacular aerial views of Beijing's central axis, Tiananmen Square, Zhongnanhai and Beihai Park and the Imperial Palace.

The reader is provided with a detailed view of Tiananmen Square and the Forbidden City. Almost every angle

and building of the world's largest palace are unveiled with the turn of the pages. The true magnificence of the Temple of Heaven is acknowledged, as is the natural beauty of the Summer Palace and the scared mysteries of the Ming Tombs, the imperial burial grounds.

The pages visually assist the reader in discovering hills, streams and valleys found just outside Beijing proper. It is said this natural scenery is so beautiful that people forget to go home.

If this wasn't enough to expect from any single source, *OK Beijing* also documents a day-in-the-life of Beijing, from dawn to dusk. All aspects of city life are portrayed, including a dazzling display of Beijing's night life, sports and amusement parks.

The book shows the vitality brought to Beijing by its tourist industry. Visitors worldwide descend on the urban metropolis to enjoy the multitude of cultural and international exchange available.

On November 24, 1987, Beijing welcomed its 1 millionth overseas visitor, symbolizing Beijing's transformation into a major international tourist city. This lucky visitor was given the "royal treatment" during his stay in Beijing.

1988 was the International

Tourist Year in Beijing and many events throughout the year were held in celebration. Highlights of the festivals and fairs are commemorated with breathtaking photographs.

Tourism accelerates the cultural exchange between people from around the world, helping to promote social prosperity and development. *OK Beijing* enhances this exchange by furnishing a detailed directory, including addresses and telephone numbers, of Beijing's designated hotels, restaurants and stores. Designation is given by the Beijing Tourism Administration, to those businesses which are of international standard in their facilities, service, items, appearance, security and hygiene.

Such a seal of approval should be given to this work of art and information. *OK Beijing* symbolizes the true dragon of power and authority by using photos and text that unmistakably proclaim Beijing's astounding and marvelous mysteries.

Inquiries concerning subscription to the book (price: 98 yuan) should be sent to the Public Relations Department, Beijing Tourism Administration, Beijing 100006, the People's Republic of China.

by Mary McAlister Wiseman

Teng Wenji Won Best Director

At this year's Montreal World Film Festival, Chinese film director, Teng Wenji, won Best Director for his film *The Yellow River Ballad*, to become the first Chinese director to receive such an award.

The *Yellow River Ballad* focuses on the life story of a young man, Dang Gui, who was a 'Jiaohu'—someone who hires out his cattle to carry heavy loads. Dang Gui meets Hong Hua, an orphan girl, and falls in love with her. But Hong Hua is later sold to become the wife of a rich man, thus ending Dang Gui's first love affair in sorrow. Later, Dang Gui saves a woman, Liu Lan, and her daughter from the cruelty of her outlaw husband. For a while, Dang Gui lives happily with the mother and daughter, but Liu Lan is tak-

en away by her husband. Dang Gui raises the daughter and later lets her cross the Yellow River to realize her dream—to cross the Yellow River where one can find happiness.

Teng Wenji is a widely acclaimed director who has attempted various creative experiments in film making. This time he explores deeply into the lives of the people living along the Yellow River.

"I have been there (to the Yellow River) three times," Teng explained. "I have seen the powerful, turbulent river, the desolate earth and the people who have been living there doggedly and optimistically over the years. The Yellow River has raised them and they, in turn, hand

down the traditions to the next generation."

In the film, Teng vividly depicts the landscape with its grotesque peaks and zig-zag ravines. In this setting, punctuated with rough folk songs and the gentle, slow-moving cattle carrying heavy sacks on their backs, the director portrays the unyielding spirit of his hero and heroine.

Talking of the award, Teng said, "This is the result of the common effort of all Chinese film makers over several generations. The award does not belong only to me—I just happen to be luckier than the others."

"The success of the *Yellow River Ballad*, a film focusing on the spirit and vitality of the Chinese nation and people, confirms our belief that when a film is acclaimed at home, it can then recognized internationally," Teng concluded.

by Hong Lanxing

Farmer Writer Zhou Keqin

On August 5, 1990, writer Zhou Keqin died at the age of 53. Born into a peasant family, Zhou lived in rural areas for years. Well established in literary circles, his writing focused on the lives of



farmers. He left several short stories, two novels, a first draft of a novel, some other literary works, and numerous notes and manuscripts on rural life.

Zhou was born in 1937 in a remote, mountainous village in Sichuan Province in southwest China. When he was 17, he entered a school of agricultural technology in Chendu, capital of Sichuan. He studied there for six years and then returned to his hometown. He lived there for more than 20 years, during which he worked as a farmer, a village school teacher, an accountant for his production team and an agrotechnician for the people's commune.

But Zhou never gave up his dream of being a writer. He continued to study, observe, meditate and write in his spare time. His first work was published when he was 18 years old, and over the years his articles appeared in provincial newspapers and literary magazines. He continued to write even during the "cultural revolution (1966-76)."

The most fruitful period finally came in the 1980s when two collections of his short stories were published. The successful portrayal of a farmer who survived the catastrophic "cultural revolution" in his novel *Xu Mao and His Daughters*, earned him the prestigious Mao Dun Literature Prize in 1982. (Mao Dun was one of the best novelists of modern China who bequeathed his life's savings to a foundation for literary awards, which he established in order to encourage writers in China.) Zhou became one of the best known novelists in contemporary China.

Having spent most of his life in rural areas, Zhou had many rich, first-hand experiences from which to draw. From the folks in his hometown, he created colourful, true-to-life characters.

Xu Mao, the hero in his prize-

winning novel, willingly participates in the agricultural co-operation movement in the 1950s. However, he becomes selfish and backward during the "cultural revolution." The novel, however, reveals Xu Mao to be the victim of the social and political circumstances of the time. Perhaps even more fascinating are the vicissitudes of the daughters' lives, particularly their loves, marriages and families. Zhou writes intricately and vividly of their frustrations and sufferings during this ultra-left period of time—a fate shared by all. Based on his own experience, the story goes beyond farmers to the very essence of life. The novel won immediate acclaim from Chinese critics. Two film studios vied for movie rights.

In the awarding-winning short story, *Grass Not to Forget*, Zhou tells the love story between a country girl, Fang Er, and a city young man, Xiao Yu. The two fall in love and shortly afterwards get married. By the end, however, they separate. What makes the story unique is Zhou's insights into the essential disparities between country and city, farmer and worker. Zhou has successfully created the image of a country girl. Under his pen, Fang Er is both temperate and resolute, warm-hearted and self-disciplined, audacious and staunch. The story has not only traditional implications, but also presents the point of view of the young generation.

Zhou consistently writes stories in a fresh, simple style. In *The Mountain and Moon Do Not Know One's Worry*, which won a national award, Zhou writes:

"In the sky there is a thin floating cloud, from which the rising moon peeps at the earth. The mountains, fields, bamboo gardens and trails are all bathed in the hazy moonlight.... Lord Heaven has arranged such a tranquil night and such an ex-

pense of moonlight for the farmers, to let them gently enter dreamland after a day without rest."

His incisive and thorough portrayal of characters, his succinct, beautiful but unadorned descriptions of scenes gives a rich, lyrical quality to the story, revealing the writer's inner sensitivity and love of life.

After 1979, Zhou became a professional writer. He was elected into the provincial writers' association and appointed editor-in-chief of the literary magazine *Modern Writers*. In spite of his heavy schedule, he has always found time to return to his hometown several times a year to renew acquaintances with the farmers.

"Accumulating the experiences of life is a continual process for me," he explains. "With the real experiences of life, there is so much to tell; the stories can be written on scraps of paper on your knee when you know life; but if you hide yourself away from life, even if you stay in luxurious hotels, you will have no story to tell."

Perhaps this best describes Zhou Keqin's approach to literary creation.

by Cui Lili

New Foreign Language Books

The China International Publishing Group has recently released several new books.

Beijing Turmoil—More Than Meets the Eye (English edition), published by the Foreign Languages Press, gives a full, vivid and detailed account of some of the happenings during the turmoil that took place in Beijing from April to June 1989. There are descriptions of the scenes and developments of incidences that took place on Tiananmen Square

and the streets in Beijing; the truth about the turmoil in Shanghai; interviews given by teachers and students on university campuses; and the inside story of interference from at home and abroad. Some of the material has not been made public previously. The author, Che Muqi, has 42 years' experience as a journalist.

Archives of China's Imperial Maritime Customs, Confidential Correspondence Between Robert Hart and James Duncan Campbell, 1874-1907, is a new book of historical value. The Englishman Hart was the Inspector-General of the Maritime Customs in China for half a century (1861-1911). James Duncan was Hart's confidant and close friend. In 8,024 letters and telegraphs, Hart and Duncan exchanged political and personal information. Also included in the book are 426 telegraphs between Hart and his brother James. For years the telegraphs and letters were kept locked in a safe while Hart was in China, and they have only

now come to public attention. In one of his letters to James, Hart said, "Should these letters ... ever be published to the world, they would certainly yield an interesting picture of Chinese and European history from 1874 to 1907." The book also contains many notes written by researchers of the Modern History Research Institute of the Chinese Academy of Social Sciences. Published by the Foreign Languages Press, Book I will be followed by the successive publications of Books II, III and IV in the near future.

The Great Wall—History and Pictures, published by the same press, gives detailed explanations of why China's ancestors continually built the Great Wall over the centuries and how they were able to build it along high mountain ridges, through deep valleys, across vast deserts and through overgrown wilderness. Also described is the design of the Great Wall as a structure of defence.

New foreign language books that are directed at tourists are: *Illustrated Guide to Beijing* is

a Chinese-English edition in which key Chinese words for travellers are given in Romanized Chinese phonetics.

Sights and Stories in Old Beijing relates the history of Beijing's sights and includes relevant legends and stories.

Portraits of Ordinary Chinese and Westerners Through Chinese Eyes are highly readable and promote mutual understanding between Chinese and foreigners.

Also recently published are *China Vegetarian Cuisine, Selected Poetry and Prose of Wen Yiduo*, and *Peregrinations dans le Tibet du Nord*.

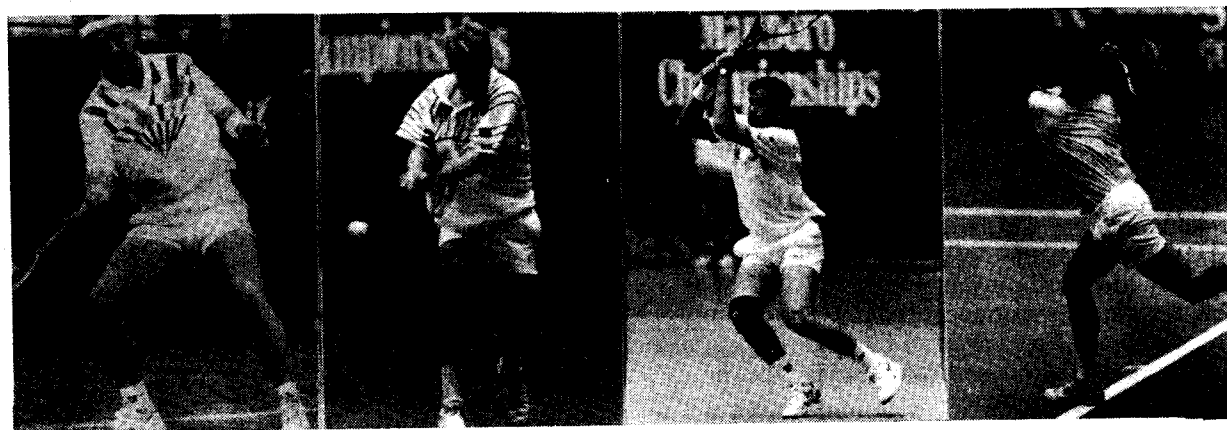
Lin Wusun, president of the China International Publishing Group, was present at a ceremony when these new books were viewed for the first time, and said, "We hope that by publishing these foreign language books we will provide foreign readers with the opportunity to gain a better understanding of China."

by Hong Lanxing

The Marlboro Tennis Championships '90 hosts 16 of the world's top professional tennis players in Beijing, Hong Kong and Seoul starting on October 16.

Players attending the Beijing competitions (red group) include Jay Berger (second right), Richey Reneberg (second left), Derrick Rostagno (first right) of the United States and Niclas Kroon of Sweden. They rank 18th, 23rd, 49th and 120th, respectively, in the world tennis circles.

XUE CHAO





White Plum Blossoms.

ART PAGE

Chinese paintings by Chen Dazhang

Chen Dazhang, born into a family of painters and calligraphers in Beijing in 1930, now works in the Museum of Chinese History. Specializing in Chinese landscape, figure and flower painting, he is particularly skilled in drawing white plum blossoms. His works are often selected as presents for foreign leaders.



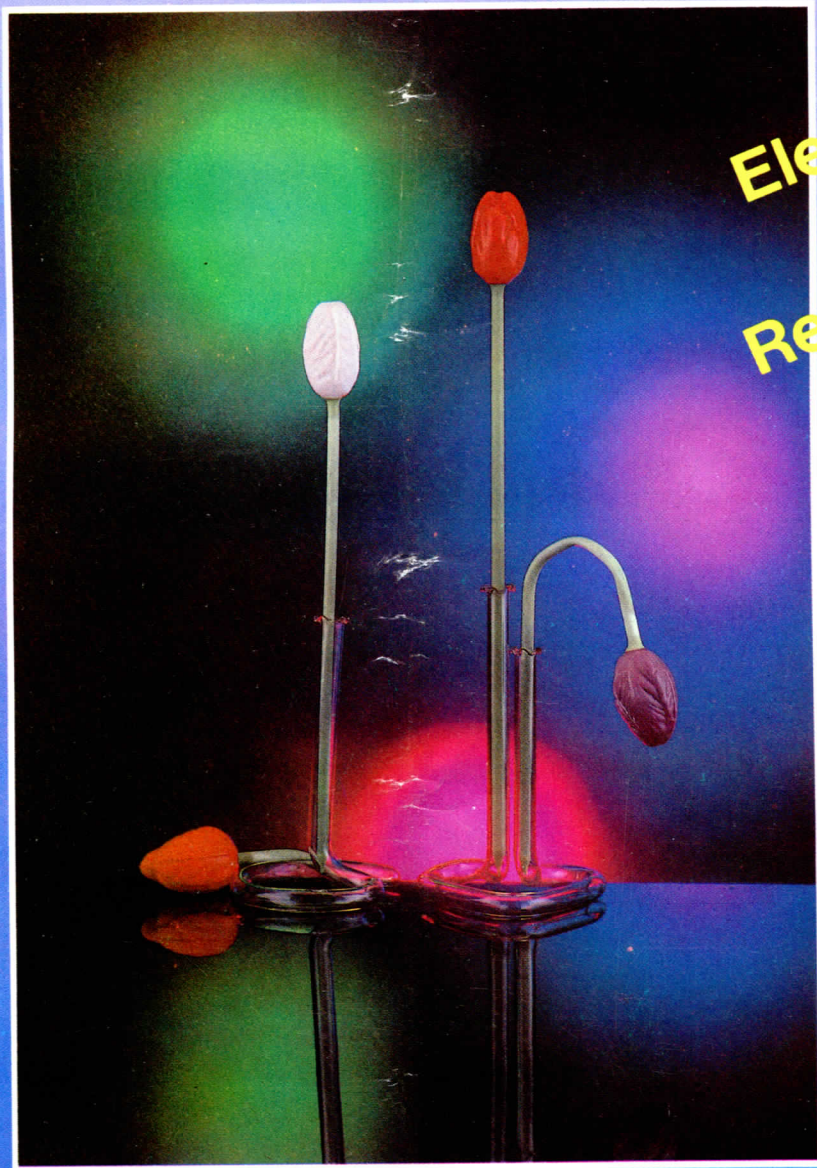
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