

A CHINESE WEEKLY OF NEWS AND VIEWS

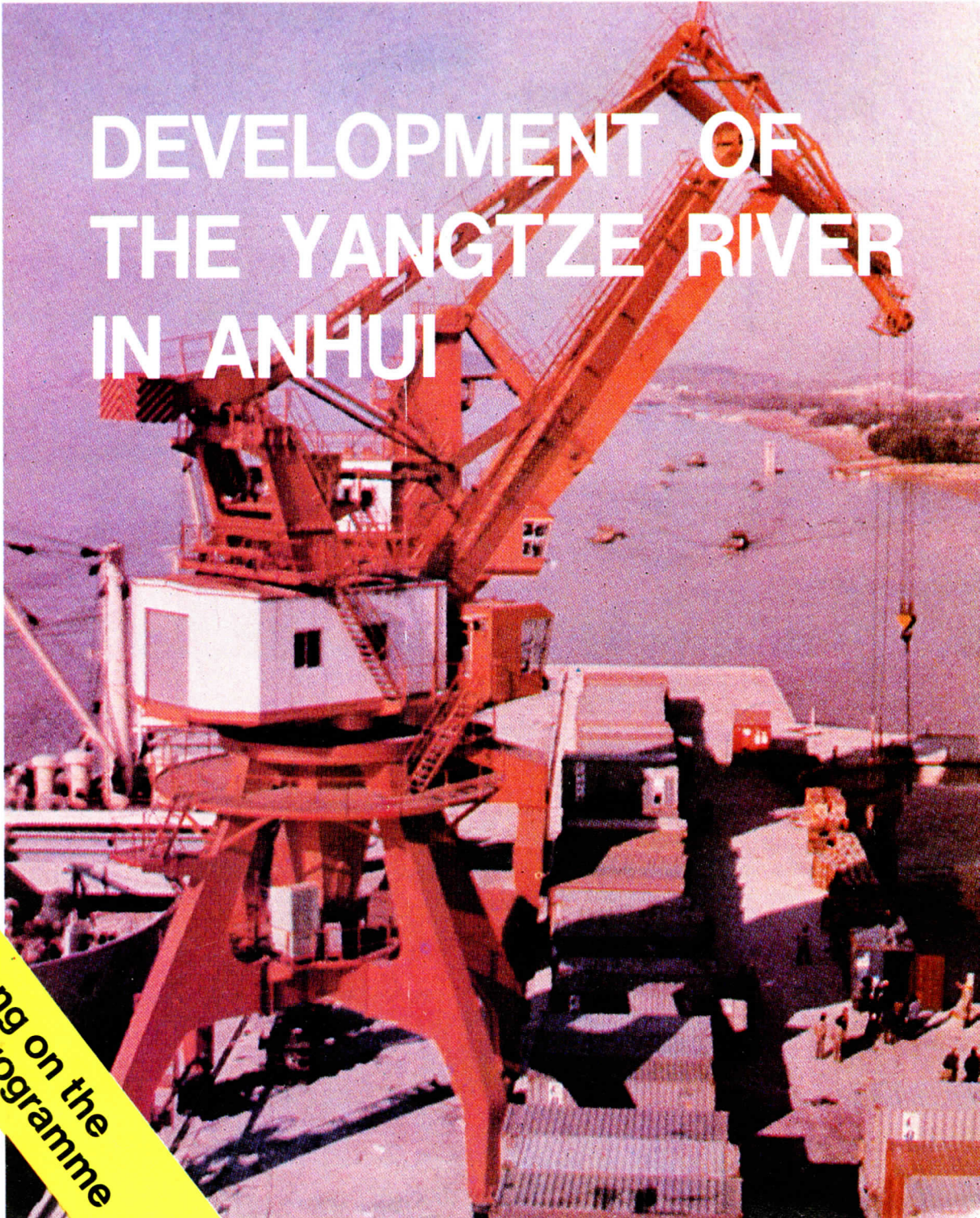
Beijing Review

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DEVELOPMENT OF THE YANGTZE RIVER IN ANHUI



Li Peng on the
10-Year Programme



Sunset at a building site.

Photo by Huang Weibin



Li's Visit Promotes Peace and Friendship

□ China pursues an independent foreign policy of peace, and will not pose any threat to any country in the Asian and Pacific region, either in the remaining years of this century or in the next century, Chinese Premier Li Peng says in Manila on December 15 (p. 4).

Li Peng Looks 10 Years Into Future

□ China is set to maintain sustained stability and co-ordinated development of the economy for the attainment of its second-stage strategic goal in socialist construction. The policy of reform and opening to the outside world will remain unchanged and the planned economy is to be integrated with market force for better results (p. 13).

China's Diplomatic Success in 1990

□ China has achieved marked successes in its foreign relations with other countries. It has established diplomatic relations with Namibia, Saudi Arabia, Singapore and the Republic of Marshall Islands. It has also restored diplomatic relations with Indonesia. Meanwhile, relations between China and the Soviet Union have normalized and those with Western countries have improved. (p. 8).

Problems Confronting North-South Ties

□ In the last decade of this century, relations between the developed and developing nations depend largely on how the dark legacy of the 1980s will be handled, a legacy which left third world economies devastated through escalating debts, price gaps between primary and finished products, and increased trade barriers created by Western protectionist policies (p. 9).

Anhui Province Set to Develop the Yangtze

□ To expedite the development and opening-up of Anhui Province, the provincial authorities have made a strategic policy decision on developing the Anhui section of the Yangtze River and will give priority to improving the investment environment of four cities along the river (p. 18).

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COVER: A dock used exclusively for foreign trade at Wuhu Harbour in Anhui Province.

Photo by Wan Xuan

General Editorial Office
Tel: 8314318
TLX: 222374 FLPDA CN
FAX: 8314318
English Dept. Tel: 8315599 Ext. 546

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Li Peng Continues South Asian Tour

Chinese Premier Li Peng and Malaysian Prime Minister Dr. Mahathir Mohamad expressed their common will that trade and economic relations between the two countries be boosted. The Chinese leader arrived in Malaysia on December 10 to start the first leg of his south Asian visit, which was also to take him to the Philippines, Laos and Sri Lanka.

During a three-hour official talk with his Malaysian counterpart on December 11, the Chinese premier said that he expected his current visit to further the friendship and co-operation between the two countries.

He stressed that differences in social systems and national conditions would not affect Sino-Malaysian relations, which are based on the Five Principles of Peaceful Coexistence.

Mahathir said that since his visit to China in 1985, bilateral trade volume has tripled and generally developed very smoothly. The six trade agreements between the two countries signed thus far are responsible for this expansion, he said.

Besides, Mahathir added, Malaysia has removed restrictions on visits to China and non-governmental cultural exchanges between the two nations have increased.

During their talks, both sides expressed satisfaction on the development of bilateral trade, which stood at US\$1.04 billion in 1989. They hoped that such developments would continue.

To accommodate increasing economic co-operation and personnel and cultural exchanges, the two countries expect their already-established airlines to expand their service on a reciprocal basis.

The two leaders briefed each other on their domestic policies and developments and exchanged views on international issues of common concern.

On the Cambodian issue, they expressed the hope that another Paris conference would be convened at an early date so that a political solution could be achieved, as called for by the five members of the United Nations Security Council.

Mahathir voiced appreciation for China's positive role as a peace-keeper on the Security Council.

In an exchange of views on the Gulf crisis, the two sides said they need to initiate political dialogue and make joint efforts towards preventing war in the region.

At a cocktail reception held by the Malaysian National Chamber of Commerce and Industry that same evening, Li welcomed the decision of the Malaysian Government to remove its restrictions on tourist visit to China, saying that it was a wise step which would promote economic co-operation and exchanges between the two countries.

Li assured Malaysian businessmen that China attached great importance to the development of trade and economic co-operation with Malaysia. He promised that China would continue its reforms and the policy of opening up to the outside world, and added that the Chinese government supports the idea that bilateral trade should be conducted on a direct basis.

Li left Malaysia and arrived in the Philippines on December 13. In a written statement upon his arrival, Li said that the purpose of his visit is to promote friendship, deepen understanding,

broaden common ground and develop co-operation between the two countries.

At the welcoming banquet given by President Corazon Aquino that evening, the Chinese premier said that friendly relations and co-operation in all technical areas between the two countries had consistently increased since the two countries established diplomatic relations in 1975.

Li said Aquino's goodwill visit to China in 1988 "contributed to consolidating and expanding the friendly relations between the two countries."

In her speech, Aquino said both the Philippines and China were engrossed in massive national undertakings to accelerate economic development so that their respective people may realize a higher quality of life.

Aquino reiterated her commitment to a "one China" policy, saying that it was the "cornerstone" of Manila's relations with Beijing.

The two countries have signed agreements on exchanges of products and co-operation in culture, civil aviation and science and technology. Bilateral trade between China and the Philippines totalled US\$300 million last year and is expected to top US\$400 million in 1990.

During their talks the following day, Premier Li expressed appreciation for the Philippine's "one China" policy.

"We have consistently held that the Taiwan issue be solved peacefully," Li said, adding that China may not have objections when countries having diplomatic relations with the People's Republic of China keep contacts with Taiwan, as long as such contacts are not official diplomatic relations.

China agreed to increase crude oil supply to the Philippines to alleviate the country's petrol shortages caused by the Gulf crisis. The Chinese premier an-

nounced the donation of 100 buses to Manila as a symbol of friendship.

Expressing her satisfaction with the development of bilateral relations between the two countries since they established diplomatic ties in 1975, Aquino promised that the Philippines would take all necessary measures to simplify visa processing procedures for visitors from China.

Answering a reporter's question at a press conference on December 15, Li said that China would not pose a threat to any country in the Asian and Pacific region, either in the remaining

years of this century or in the next century.

"China pursues an independent foreign policy of peace," he said: "The major task for our country at present is economic reconstruction and modernization, which requires political stability and a peaceful international environment."

He said that China's military force was purely defensive in nature and it had no intention to launch military intervention in other countries in the region. "Should China have any influence," Li said, "it would be for facilitating peace and friendship in the region."

He also said that China is not in favour of any country having military bases on the territory of foreign countries. He said the presence of US military bases in the Philippines is a question that remains unanswered, adding he believed that the Philippine government and people will properly solve it with the United States on the assumption that the interests of the Philippine people be served first.

Li also told reporters that China was willing to establish diplomatic ties with Brunei, the last country in the Association of Southeast Asian Nations which does not have such relations with China. ■

Saudi King Praises China's Gulf Stand

The Gulf crisis commands the attention of the international community, particularly after the United Nations Security Council recently adopted Resolution 678 which authorizes "the use of all necessary means, in essence, permitting the use of military force unless Iraq withdraws its forces from Kuwait before January 15, 1991." The crisis is intensifying as the danger of war increases daily. Many state leaders and diplomats are now making last ditch efforts to settle the crisis peacefully. In this regard, China's stand is conspicuous for its consistency. In a letter to Chinese President Yang Shangkun, King Fahd of Saudi Arabia expressed his country's appreciation to China for its position.

The letter was delivered to Yang in Beijing on December 11 by the Saudi king's special envoy Abdul al-Aziz Althonayan.

King Fahd wrote that China's position shows its concern for the

safety of small nations, opposition against aggression and wishes to promote international peace and security. Such a position is worthy of universal praise, he said.

On receiving the letter, Yang told the envoy that China believes that relations among all countries should be based on the Five Principles of Peaceful Coexistence. Based on these principles, he said, China stands vehemently opposed to the Iraqi invasion and annexation of Kuwait and holds that Kuwait's independence, sovereignty, territorial integrity and legitimate government should be restored.

He added that China understands that some neighbouring countries of Iraq invited foreign troops to stay in their territories to protect their own territorial integrity.

He pointed out that the crisis should be solved through peaceful means. The international community should do everything

it could to seek a peaceful solution so long as there is even a shred of hope. But as the danger of the eruption of war still exists, the international community should keep vigilant watch over the situation.

He added that the international community should keep its pressures on Iraq without hindering the prospects for peace.

On Resolution 678 the Chinese president said China has made it clear that it stands for a peaceful resolution to the Gulf crisis.

Althonayan, also Saudi Arabia's vice-minister for foreign affairs, said his country will make every effort to seek a fair solution to the crisis, namely, Iraq's withdrawal from Kuwait. He also held talks with Chinese Vice-Foreign Minister Qi Huaiyuan on the crisis, bilateral relations and other issues of common concern.

President Yang said that since the two countries established diplomatic relations in July, frequent exchange of visits at a high level has marked the dawning of a new era in Sino-Saudi Arabian relations. ■

Reunification: A Task in '90s

An important political task facing the Party and the nation during the 1990s is to seek a solution to the Taiwan issue and realize reunification of the motherland at an early date, according to a seven-day national working conference on Taiwan affairs.

Delegates to the conference, sponsored by the Party's Central Committee, were told that the whole Party will continue to carry out the policy of "peaceful reunification" and "one country, two systems." In addition, the Party will continue its work concerning Taiwan affairs in a down-to-earth manner, and actively promote the relations between the two sides of the Taiwan Straits in an effort to accelerate the process of peaceful reunification.

Since the Third Plenary Session of the 11th Party Central Committee in 1978, the Party, acting on Deng Xiaoping's proposal, has set the peaceful reunification of the motherland as one of its major goals for China's new period of historical development. The Party has also formulated the principle of "peaceful reunification" and "one country, two systems."

During the past decade, the relations between the two sides of the Taiwan Straits have changed dramatically. Large numbers of Taiwanese compatriots came to the mainland to visit their relatives, tour or do business. People-to-people exchanges in the fields of culture, academics, science and technology and sports have also made much headway.

Delegates to the conference voiced the hope that the Taiwan authorities and people will make efforts to realize the reunifica-

tion of the motherland.

The conference emphasized that the two parties, namely the CPC and the Kuomintang, should start a dialogue as soon as possible. Other parties and organizations on both sides of the Taiwan Straits should also be included in the negotiations.

Negotiations can be either held at a high level or initiated at a lower level. Priority topics may include plans for a peaceful reunification, and the development of direct exchanges of mail, trade, and air and shipping services.

The conference stressed that it is necessary to build up extensive contacts with various political parties, organizations and persons in Taiwan, enhance mutual understanding and seek common grounds. Where there is a common ground and mutual trust there is the foundation for reunification.

The delegates pointed out that it is necessary to further expand personnel and other types of exchanges, particularly those involving economic and trade relations.

It is imperative to constantly study new situations and issues, and substantiate and improve existing policies and measures to encourage and facilitate contacts and exchanges between the people on both sides of the straits.

The conference urged the Taiwan authorities to initiate positive and practical measures for the promotion of exchanges between the two sides by lifting their unreasonable limitations.

Reunification of the motherland does not mean that one side will annihilate the other; instead, it means that the entire Chinese nation will unite to develop the motherland more rapidly, delegates said.

They stressed that the 1990s is a critical period for promoting the process of the reunification.

They added that it is necessary to unite all people for the peaceful reunification and revitalization of the motherland. ■

Catching Up With the Developed

China will sustain a significant level of economic growth in order to gradually narrow its economic gap with the developed nations, a State Council official said.

In an interview with a German journalist, Yuan Mu, spokesman of the State Council, said that China will maintain an average yearly economic growth rate of 6 percent during the next decade. This rate compares favorably to a lower figure forecast by many economist in the world, he added.

The focus of China's economic development in the next decade, he said, will be placed on agriculture, basic industry and infrastructure. Education, science and technology will also be boosted.

Yuan said that China welcomes foreign investment in these areas, and will continue its co-operation and exchanges with foreign countries in the economic, scientific and technological fields.

The spokesman pointed out that the reforms and open policy, which have revitalized China's economy and benefited the Chinese people, have reached a point of no return. The reforms will be carried through, and the nation's doors will swing still wider to the outside world.

He said that in the next decade the country will have a new economic structure and operating mechanism based on reforms and improved material and technological conditions. The new structure will furnish a better foundation for further develop-

ment of China's economy during the next century.

Questioned about the Sino-Soviet relations, Yuan stressed that regardless of what may occur in the Soviet Union, China will continue to develop friendly relations with the country on the basis of the Five Principles of Peaceful Coexistence.

He added that friendly co-operation between the two countries has progressed in many areas since the normalization of their diplomatic relations.

In the process of settling the Hong Kong issue, the spokesman said, the Chinese and British governments have adopted a friendly and co-operative attitude to each other.

He believes the prospects for co-operation between the two governments on the smooth transition of Hong Kong to Chinese sovereignty are good.

Setbacks in Sino-British relations which occurred some time ago were not caused by the Chinese side, he noted, adding that "they are becoming bygones."

China has welcomed statements by the new British Prime Minister John Major that Britain will maintain a friendly policy towards China, the spokesman said. ■

182 Million Own Life Insurance

The life insurance business is rapidly developing throughout China. In 1989 more than 182 million people possessed some form of life insurance, with premiums for the year totalling 4.6 billion yuan.

Since 1982, the year China first introduced the life insurance business, the variety of life insurance policies available has dramatically developed into a fairly comprehensive series.

Those buying life insurance include city and rural individual business owners or employees from private or foreign funded enterprises. Statistics show that in 1989 more than 4.84 million workers and 940,000 retired workers in 39,000 collective enterprises purchased life insurance policies.

Experiments are currently underway in Shanghai and Guangdong which will substitute free public health care in state-owned enterprises with medical care insurance. A nation-wide social security network has also been established for those employed in non-state-owned enterprises. Additionally, a series of insurance policies associated with family planning have become available in Jiangsu, Shandong, Gansu, Henan and Anhui provinces.

The life insurance business is expected to thrive in the next five years, with the advent of more complete and diversified insurance policies. ■

News In Brief

Air Service Opposed

The opening of air service to Taiwan by any foreign airline is not an issue of non-governmental economic and trade relations, but a political issue concerning China's state sovereignty.

A Chinese Foreign Ministry spokesman made the remark at a weekly news briefing on December 13 in Beijing.

Commenting on the approval by the Canadian government to open air service between Canada and Taiwan, the spokesman said that China and Canada began consultations on the matter as early as September of last year.

Regrettably, however, he said, the Canadian government failed to keep its promise not to take unilateral action before an

agreement could be reached between the two sides when it unilaterally approved the commencement of Canada-Taiwan air services.

In view of Canada's action, he added, "the Chinese side reserves the right to make further responses."

M. East Peace Conference

Chinese Foreign Ministry Spokesman Li Zhaoxing announced that China supports the convocation of a UN-sponsored international Middle East peace conference to be attended by the five permanent UN Security Council members and all concerned parties in the region.

The conference represents "an effort to seek a fair and reasonable settlement to the Persian Gulf crisis through political means," he said. "We are pleased with and fully support the resolution adopted by the 45th session of the UN General Assembly on December 6 calling for an international peace conference."

Li said, "It is our hope that the UN secretary-general will continue to coordinate the efforts of all quarters so that such a conference can take place at the earliest possible date."

Condolences

President Yang Shangkun sent a telegram, on December 15, expressing condolences to Taiwan on the death of Chang Chun, chairman of the presidium of the Central Advisory Committee of the Kuomintang. Chang, 101, died on December 14 in Taipei.

China's First Sea Bridge

Construction of a 6,599-metre-long highway bridge over the Gaoji Strait at Xiamen in Fujian Province was recently completed. The country's first sea bridge which links Xiamen Island with Jimei on the mainland is expected to be open to traffic on May 1 next year. Construction started in January 1988. ■

China's Noticeable Diplomacy of 1990

by Chen Wenying and Chen Xiaochun

In the passing year 1990, when the international situation underwent drastic changes, China has upheld its policy of reform and opening up to the outside world while retaining its independent foreign policy of peace. Following the Five Principles of Peaceful Coexistence, China has developed friendly relations with various countries and achieved noticeable diplomatic successes.

This year China has established diplomatic relations with four countries — Namibia; Saudi Arabia, Singapore and the Republic of Marshall Islands in the Pacific. China has also restored diplomatic relations with Indonesia after a 23-year suspension.

In the passing year China's relations with its neighbouring nations have improved and developed. Last August Premier Li Peng paid a visit to Indonesia, Singapore and Thailand. The



Soviet leader Mikhail Gorbachev meeting with Premier Li Peng at the Kremlin on April 24, 1990.

leaders of these three countries recently visited China. All these marked a new period characterized by an all-round development in relations between China and the ASEAN countries. Since

the normalization of diplomatic relations between China and the Soviet Union in May 1989, bilateral relations have steadily developed. Premier Li Peng's visit to Moscow last spring has strengthened the good neighbourly relations. General Secretary Jiang Zemin paid a friendly visit to the Democratic People's Republic of Korea last March and this has strengthened the traditionally friendly relations between the two neighbours. The relations between China and Mongolia have obviously improved. New progress has been made in the positive relations between China and the South Asian countries. Sino-Japanese relations are moving towards the normalcy.

Premier Li's official visit to Malaysia, the Philippines, Laos and Sri Lanka in December has further strengthened friendship with them.

This year has seen a marked increase in China's contacts with other third world countries. Last

President Yang Shangkun welcomes Indonesian President Suharto and his wife in Beijing on November 14.

photos by LI ZHIYUAN



May President Yang Shangkun visited Mexico, Brazil, Uruguay, Argentina and Chile. This was the first visit by China's head of state to Latin American countries since the founding of New China in 1949. Chairman of the Standing Committee of the Chinese National People's Congress Wan Li visited Pakistan, Iran and Iraq. In the meantime more than 20 heads of state or government from Asia, Africa and Latin America visited China. These visits provided opportunities for the leaders to exchange views on continued development of bilateral relations and regional and international issues of common concern and deepened the mutual understanding. During this period China signed a number of agreements involving economy, trade, science and technology, culture and education with other countries.

China always supports the just demands and reasonable proposals of other third world countries. It joins with them in the effort to change the unjust international economic order, to

promote dialogues between the North and South and the South-South co-operation. Such a stand of the Chinese government has won appreciation and support from other third world countries.

China adheres to the policy of reform and opening up to the outside world. Its stable situation at home, economic development and increasingly important position and role in world affairs have made more and more Western countries realize the importance of restoring, normalizing and improving their relations with China. Last July Japan resumed loans of yen to China. On October 22, the foreign ministers of the 12 member states of the European Community at a meeting held in Luxembourg decided to immediately cancel political, economic and cultural sanctions against China. On October 25 the French government announced resumption of negotiations on loans to China. On October 30 Bundestag (Federal Assembly) of Germany cancelled the limitation on German-Chinese co-operation and promised to provide a guarantee to the projects undertaken by the German en-

terprises in China. Sino-US relations have also improved. Recently Chinese Foreign Minister Qian Qichen paid an official visit to the United States at invitation of Secretary of State James Baker. The Sino-UK relations have also improved. In the first six months of this year, trade between China and Britain and France increased. Delegations and groups from Western countries visiting China have increased, co-operative projects expanded and investments into industry and commerce augmented.

China as a permanent member of the United Nations Security Council has made great efforts in solving international and regional issues.

On the international issues such as the Gulf crisis and the Cambodian issue, China persists in principle, seeking the truth from facts and pulling everything into consideration. It strives for world peace and justice. All of this is acknowledged by many countries and the international public opinion. China's stand is considered "very wise" and "invulnerable." ■

North-South Economic Ties: Past and Future

by Wang Hexing

Austere conditions for granting developmental aid to developing countries, the lingering debt crisis, the ever widening of the price gap between primary products and manufactured goods, and the struggle for and against trade protectionism, are the major questions in North-South relations to be addressed in the last decade of this century. Despite any past friction, the trend towards growing interdependence in the world economy makes it necessary for North and South to co-operate:

North-South relations refer primarily to economic ties between the developed nations, concentrated in the Northern Hemisphere, and developing nations, predominantly located in the Southern Hemisphere. This relationship evolved from a stalemate in the early 1980s to a state of mutual compromise in the late 1980s. How the relations will develop in the 1990s is a question of worldwide concern. A review of the path that North-South relations travelled in the 1980s suggests this relationship will be confronted with the following major problems.

Developmental Aid

The primary problem in third world countries' economic development is the shortage of funds, and the major way of resolving this problem is to obtain

economic assistance from developed nations and international multilateral institutions. According to statistics, developmental aid accounts for more than 75 percent of the total volume of capital influx into low-income countries, whose economies depend largely on international aid.

The United Nations General Assembly has adopted a resolution that member states of the Organization for Economic Co-operation and Development (OECD) allocate 0.7 percent of their gross national product (GNP) as official developmental aid to developing countries and 0.15 percent as aid to the least developed nations. Developing countries have repeatedly called on developed nations to observe the UN resolution. Specifically, they demanded: first, the amount of aid be increased — it is reported that in the sub-Sahara Africa alone an additional US\$5 billion is needed annually; second, that no preconditions be attached to the aid.

Nonetheless, developed countries, on the grounds of their economic austerity programmes, continued to reduce their aid. The assistance provided by the United States, Britain and Japan by the end of 1988, for example, accounted for only 0.21, 0.28 and 0.32 percent of their GNP respectively, falling far short of the UN designated quota of 0.7 percent.

With the increase in global interdependence, the continual deterioration of third world economies has seriously hampered the stability and development of the world economy as a whole. In recent years, under the pressure of international opinion, developed nations and international financial institutions have increased their assistance to the third world. The World Bank has decided to increase its assets from US\$95 billion to US\$171 billion. The International Monetary Fund (IMF), likewise, increased its capital from US\$120 billion to US\$180 billion. The European Community is prepared to provide to countries in Africa, the Caribbean and the Pa-

cific during the fourth Lomé Agreement 11.8 billion European Currency Units (US\$13 billion), a 39 percent increase over the previous agreement amount of US\$9.35 billion.

Today developed countries and international institutions are drawing on past experiences and thereby formulating new assistance policies. These policies will feature: (1). An integration of emergency assistance with developmental aid; (2). A shift of aid focus to projects of medium and small sizes that suit the conditions of recipient nations; (3). An increase of loans to projects and a reduction of short-term loans; and (4). A concentration of aid for key projects to encourage recipient nations to "help themselves."

Since the latter half of 1989, drastic changes erupted in Eastern Europe, and Western countries indicated one after another they were willing to provide economic assistance to East European countries. Third world countries, especially the least developed nations, felt lost, afraid that aid from the West might be cut.

To readdress these concerns, Western countries have repeatedly assured that their new policy towards Eastern Europe would not victimize the third world. The OECD stressed that assistance to the poorest nations will remain a priority in the coming years. It is expected that in the 1990s, international aid to the third world will not dwindle dramatically, but will have stringent conditions attached. The fourth Lomé agreement clearly pointed out that the recipient nation will not only receive supervision from the IMF but should also demonstrate it has made progress towards establishing a democratic, stable government. France has indicated it will link assistance in the future with the level of democratization in the recipient nation. The United States has gone further by openly declaring that the practice of a multi-party political system is the precondition for its providing aid to third world nations. It is expected that the

question of human rights will become a major criterion in Western nations' decisions to provide aid or not. Thus, it is expected that serious bargaining will erupt between the North and South over the amount of aid provided and the conditions attached.

Foreign Debt

For years the third world has insisted on an equal shouldering of the debt burden by the North and South, calling repeatedly for political dialogues between creditor and debtor nations and demanding the entry of debtor nations' exports into creditor nations' markets. However, these demands were met with no response. In April 1987, the Group of 77, which represents the interests of the third world, worked out a systematic plan to address the foreign debt issue. This plan asked that debt repayment be restricted within a certain limit of the debtor nation's export earnings or GNP. It also demanded that interest rates of the debts be reduced and the official loans provided to the least developed nations before 1987 be cancelled. Furthermore, the plan called for developed countries to be flexible in rescheduling debt servicing and providing new loans.

Although the attitudes of both the North and South by the late 1980s seemed to be in agreement with each other, and major Western countries announced partial cancellations of some countries' debts, the total amount of the third world's debt continues to grow — by the end of 1989, it reached US\$1,320 billion. Until now a realistic plan that is acceptable to both creditor and debtor has failed to appear, and it is unlikely to appear in the near future. The debt issue will continue to be an important aspect of the North-South relations in the 1990s. Joint efforts by creditor nations and debtor nations are needed in the quest for an appropriate solution to this longstanding problem, preserving the stability and enhancing the development of a restructured interna-

tional economy.

Primary Product

Since the 1980s, the continued shrinking of primary material markets has harmed the third world countries because of the advent of new materials and techniques. The proportion of primary products to all products trade in the international market declined to 28.4 percent in 1987 from 40.5 percent of 1979. The prices of most primary products in the international commodity markets have plummeted over the past decade. Between 1980 and 1986, average prices declined 30 percent and many fell to their lowest level in nearly 50 years, causing large financial losses for those countries whose economies are built on primary product export. Although some countries benefited from the price hikes of such products as cotton, tea and tobacco, most third world countries earned less export incomes than they did a decade ago. In addition, the price gap between primary products and industrial finished products has widened.

In the 1990s, with the increased development of science and technology and subsequent improvement of manufacturing techniques, the prices of finished products are expected to rise. The forecast for primary products is not as favourable. Economists predict that primary products' prices will not rise significantly. Although the prices of metal and mineral products may rise, the overall primary product market will continue to be extremely volatile. Despite the possibility of a slight rise in primary product prices, the price gap is expected to further widen. Under such circumstances, the North and South will struggle to compromise and co-operate over the trading conditions involving primary products.

Trade Protectionism

In the 1980s, trade protectionism escalated as the worldwide eco-

nomical growth slowed and international market competition intensified. The protectionist measures were characterized by implicit non-tariff barriers, different from the traditional tariff measures. To date, there are about 1,000 measures of non-tariff barriers, including anti-dumping, anti-subsidy and other various technical restrictions and standards. The prevailing nature of trade protectionism as an ideology in the West has devastated third world countries' foreign trade.

The Omnibus Trade Act passed by the US Congress in 1988, a typical example of trade protectionism, asked the US president to retaliate against foreign countries for "unfair" trading practices, enlarging the scope of the definition of "unfair" trade. The act authorized the president to impose countervailing duties and anti-subsidy duties; sanction action against countries that violated "US intellectual property right," prevent foreign countries from buying US enterprises when necessary, tighten multilateral control over the export of high-tech products and increase subsidy for agricultural product export.

This act marked a historical change of postwar US trade policies — "fair trade" replaced "free trade." Beginning in 1987, the United States cancelled benefits received from the Generalized System of Preferences to 17 developing countries and regions. On January 1, 1989, South Korea, Taiwan, Singapore and Hong Kong were formally removed from the list of nations enjoying this preferred status. Western Europe and Japan as well strengthened their non-tariff barriers to the third world countries. This indicates a more intensified North-South trade conflict in the 1990s.

The General Agreement on Tariffs and Trade's (GATT) Uruguay round of trade talks beginning in 1986, was an important event concerning commodity trade and service trade, and highlighting the differences between developed nations and developing nations. Dur-

ing negotiations, the former viewed service trade, intellectual property, and foreign investment measures as top priorities, while developing nations sought to make progress on issues concerning textile goods, clothing and natural resource products — their major export products.

The developing countries demand to remove various restrictive measures laid down in the multi-fibre agreement and want to put the textile goods on GATT's agenda as soon as possible, hoping to open up the textile goods trade. However, the negative attitude towards the reasonable demands by the United States led the negotiations down a deadend.

Service trade is the most controversial question in Uruguay round of talks. With the science and technology revolution, the service industry has become ever more important, an inseparable part of the production, sale, and consumption of finished products and primary products. Developed countries, headed by the United States, proposed to set service as the top priority for a new round of GATT talks, in a bid to expand service market and open the service trade. The developing countries fear that, because of their inferior position in the service industry, opening service trade will hinder the development of their service industries. Trade protectionism will be the major problem in the 1990s concerning North-South relations.

Oil

International energy organizations predict that the annual average growth rate of world petroleum consumption in the 1990s will be 1.6 percent. OPEC estimates that the world's (excluding countries of centrally-planned economy) daily petroleum demand will rise to 56 million barrels in 1995, and may reach 58 million barrels by the end of this century.

With a constant rise in demand for oil, the world may again rely heavily upon OPEC's petroleum.

Of the world's 1,001.5 billion barrels of proven oil deposits, OPEC countries account for 77 percent. Saudi Arabia, Iraq, United Arab Emirates, Kuwait and Iran possess 65 percent of the world's total oil deposits. Meanwhile non-OPEC countries' oil deposits are drying up, and oil output in these countries has nearly reached its peak capacity as the supply of known reserves drops.

Developed countries have begun to take measures to meet the emerging shortage in oil supply in the 1990s. New channels are being explored for close co-operation with oil-producing countries, and efforts are being made to strengthen connection with OPEC countries. In recent years, Japan frequently held dialogues with OPEC countries in an effort to establish wide connections between them. After the Iraqi invasion of Kuwait, the United States immediately dispatched troops to Saudi Arabia to ensure oil for the West. The Gulf crisis reflects the Western world's concern over the expected oil shortage in the 1990s. As a direct factor that had promoted North-South dialogues in the 1970s, the oil problem will also be a key link in North-South connections in the 1990s.

Technology Transfer

As is known to all, third world's economies operated on a subsistence basis. Their scientific and technological forces are weak. According to statistics, developed countries possess 85 percent of the world's scientific research talents and 94 percent of the world's scientific and technological research and development expenses, while developing countries own only 11 percent and 6 percent respectively. Scientific research and development expenditures account for about 2.2 percent of GNP in developed countries, however, while only 0.4 percent in developing countries. Inventions from developed countries account for 99 percent of the world's total, and patent applications 94 percent. Of the

total number of patent applications that developing countries receive every year, 84 percent come from developed countries.

As science and technology play a significant role in promoting the development of an economy, third world countries can shorten the course of realizing modernization by introducing advanced technology to their economy. Therefore, international technology transfer becomes an important channel for third world countries to catch up technologically.

Third world countries have neither reached an agreement nor proposed specific programmes concerning the issue of technology transfer. Their proposals and demands can be summarized as follows:

- While stressing technological development, attention must be paid to the delicate balance between economic and social development;

- Technology deemed proper by developed countries may not meet the needs of the developing countries;

- Opportunities to participate in science and technology must be equal;

- Export capacity of developing countries should be raised in order to create conditions conducive for technological exchanges, thus introducing advanced technologies;

- Direct investments and technological aid grants should be increased and restrictions and barriers of various kind for technology exports should be cut.

The research and development of high technology requires an enormous amount of labour, materials and the support of a solid finance. In developed countries, strong economic forces bolster the research and development of high technology which in turn continuously promote the further development of the already developed economy. However, in developing

countries, the case is completely different. Poor economies and backward technology form a vicious circle. Therefore, developing countries have to introduce regularly high technology of the same kind every other a period. It seems that in the 1990s the situation will remain unchanged and the economic and technological gap between the North and the South will continue to expand.

However, at the same time, with new science and technology being introduced daily and the globalization of world economy deepening, third world countries' participating in global technology market will be sure to promote their own technological advancements. Presently, technological co-operation between the North and the South is shifting its focus from technology transfer to common research and development. Although the North and the South may continue to dispute over the issue of technology transfer, North-South technological co-operation in the 1990s will surely expand.

In the 1990s, North-South relations will not be confined to economic exchanges, but will expand to include all fields in which problems are global. Without the participation and co-operation of third world countries, a proper and overall solution to such problems as environmental protection, drug-trafficking, refugees, international terrorist activities and the proliferation of nuclear weapons will be impossible. Moreover, when the East-West relations were tense, North-South relations were usually taken by the superpowers as bargaining chips to check the other side when implementing their global strategies, and the real demands of third world countries often went unheard. Only after the East-West relations have eased can it be possible for problems concerning the third world's interests to be put on the world's agenda. Therefore, North-South relations will demonstrate new progress in the 1990s. ■

Chinese Premier on Guidelines of The 10-Year Plan

China is set to maintain sustained stability and co-ordinated development of the economy for the attainment of its second-phase strategic goal in socialist modernization construction. This is based on the premise of improving economic quality and efficiency and relying on technical and scientific progress. The policy of reform and opening to the outside world will continue to be implemented, and the planned economy effectively integrated with market regulation for better results. Priority will be given to the development of science and education, and efforts will be made to step up construction in agriculture, energy, communications, telecommunications, and important raw and processed materials industries.

In 1991, fresh development and appropriate economic growth are expected along with the economic readjustment, which will continue to be the overwhelming task. Effort will be made to improve the economic returns of the enterprises.—Ed.

On December 1, 1990, Premier Li Peng delivered an important speech at a national conference on planning, in which he spelled out the scheme for development in the next ten years and principles regarding work for the next year. In the speech he touched on ten topics.

Present Economic Situation. The last decade of reform has been crowned with great achievements, creating a new situation in building socialism with distinct Chinese characteristics. Social production grew by a big margin; the national economic strength increased notably; science, technology, education, culture and other social undertakings developed by leaps and bounds; and people's life improved a lot. These constitute the main current of our socio-economic development. In this process of advance, some problems have arisen. The major ones include overheated economic growth and an increase in investment and consumption that went beyond the reach of national capability. These factors led to an obvious worsening of inflation and exerted an adverse impact on China's economic and social stability. This is one problem that should be kept in mind and dealt with seriously in future economic readjustment.

In the last two years, efforts to improve the economic environment and rectify the economic order have yielded good results. The economic situation is developing in a favourable direction. Within two years, the rapidly worsening inflation has been effectively brought under control while the economy continues to grow. The economic readjustment has not been completed, and our future task is heavy. Therefore, we should not relax our efforts and must



Premier Li Peng at the national conference on planning on December 1.

LIU JIANGUO

continue to do a good job.

Major problems that exist in China's economic work are: 1. The imbalanced relationship between market sales and industrial output; 2. The slow progress in readjustment of the industrial structure; 3. The decreasing economic returns and increasing financial losses in many enterprises, which add more difficulties to China's economy.

When viewed as a whole, the major task of the previous stage of economic readjustment was to reduce excessive social demand, cool down the overheated economy and curb inflation. China basically attained the goal. In the next stage, under the premise of continuing to readjust control over economic development, work will be focused on the readjustment of the industrial structure and the improvement of the economic results. Special effort will be made to improve the economic results of the enterprises.

All these are aimed at achieving a sustained and co-ordinated development of the national economy.

Principles for Economic Work in 1991. The State Council has since the beginning of 1990 been working hard to study and formulate a plan for the next ten years' development and the Eighth Five-Year Plan (1991-95). Their guidelines boil down to three major ones:

First, achieving the second-phase* strategic goal of China's socialist modernization construction. In the following ten years, effort should be made to raise the economic quality and improve economic efficiency and, under the premise of relying on scientific and technical progress, seek sustained, stable and co-

ordinated development of the national economy.

Second, continuing to implement the principles and policies of reform and opening to the outside world and striving to make them well-rounded and more effective. Major goals are to more efficiently integrate the planned economy with market regulation in accordance with the requirement for the development of the planned commodity economy,

Note: China's national construction will be undertaken in three phases. During the first phase, efforts were made to double the 1980 gross national product and solve the food and clothing problems of the people. This task has been fulfilled. During the second phase, China will quadruple the 1980 gross national product by the end of this century and enable its people to lead a well-to-do life. During the third phase, China will strive to approach the level of the moderately developed countries in per-capita gross national product by the mid-21st century and enable its people to lead a fairly rich life, achieving modernization in the main.

striving to give full scope to their strengths.

Third, persisting in placing science and technology and education in a prominent position, and placing the strengthened development of agriculture and construction of energy, communication and telecommunication, important raw and processed materials and other basic industries and infrastructure in an important position. This is aimed at developing the national economy in a more solid way and building up strength for economic development in the next ten years and the decade that follows.

The above three are also important principles for the implementation of next year's economic plan. Next year, work will continue to focus on the economic readjustment and efforts will be made to begin implementation of the Eighth Five-Year Plan. Progress will be made through economic readjustment. When economic readjustment has been completed in future, we'll work for development mainly, but at the same time we'll continue to fulfil certain tasks that have not been fulfilled during the economic readjustment.

In planning for next year, we should be both active and prudent and leave some leeway. The State Council has decided to unfold nationwide activities to make 1991 a "Year of Quality, Variety and Efficiency." Various localities and departments should set forth their own targets, work out practical and effective measures and work in a down-to-earth way. We expect to see sharp improvement in various important economic and technological indexes.

Investment Scope and Key Construction Projects. In formulating the plan for 1991 with regard to the scope of investment in social fixed assets, attention will be paid to the further exploring of

the market and expanding of market sales while controlling economic expansion. Excessive investment in capital construction that goes beyond the national capability must be prevented.

Under the premise of controlling the general scope of investment, efforts should be made to continue to rationally improve the investment structure, earnestly strengthen construction of key projects and technological transformation, and give appropriate priority to agriculture, energy, communications and telecommunication construction. In the next year, items under construction, including their related projects, which are of vital importance to the national economy and which will yield good economic returns, should be undertaken as key projects. Strict control should be exercised over new construction work.

Strengthening and Developing Agriculture. The economic situation in the rural areas is good this year. There has been a bumper harvest in grain production and a major increase in the production of cotton, oil-bearing crops and other farm and sideline products. This has played an important role in promoting rural, and even national, stability. The bumper harvests over the last two years are attributable, first, to the fact that both the central government and the localities have adopted measures geared to strengthen agriculture and further fire the enthusiasm of the farmers, and, second, to a great extent to good weather. The foundation of China's agriculture is rather weak, with inadequate capability of combating natural disasters and limited strength to conduct comprehensive production. Agricultural production will fall in case of any major natural disaster. Therefore, we must continue to beef up agriculture and always put the agricultural development

on the top of our agenda for economic work.

The bumper harvest in grain production this year, however, has brought difficulties in selling grain in many localities. The state has decided to set up a grain reserve system and purchase the farmers' surplus grain at a price designed to protect the interests of the farmers. To develop agriculture, we must rely on state policies, science and technology, and input. The household contract responsibility system linked up with output suits the current level of productive forces in most rural areas, hence is supported by the farmers. The system should be stabilized. In deepening rural reform in the future, a socialized service system must be developed in an active manner. Efforts should also be made to perfect the dual management system characterized by unity and separation, and build up the economic strength of the collectives.

Input in agriculture should continue to be increased with a view to further improving the conditions necessary for raising agricultural production. In the next year, the state will continue to increase agricultural investment and loans. Various local governments should do their best to increase agricultural input too. In arranging for agricultural input, farmers constitute the key link. They should be encouraged and guided to increase input in agriculture and their accumulated labour in the form of farmland and water conservancy construction. Water conservancy is the lifeblood of agriculture. Efforts should be redoubled to harness major rivers and strengthen construction and maintenance of farmland irrigation projects. Building water conservancy projects mainly implies building more irrigated or semi-irrigated land and terraced fields, and harnessing small river valleys. These

are the chief ways of raising per-unit output. In water-deficient areas, it is necessary to develop crops that need comparatively less water and popularize high-yield dry crops.

Continued efforts should be made to use science and technology to develop agriculture, strive to raise the multiple crop index, actively popularize fine varieties, popularize advanced cultivation methods and technology, pay attention to scientific application of fertilizers to achieve a proper ratio among nitrogenous, phosphate and potash fertilizers, and to advocate the use of more farm manure.

Developing agriculture is closely related to helping the poor areas to overcome poverty. Instead of granting these areas with social relief, it is necessary provide them with assistance designed to boost local economic development.

The Deepening of Enterprise Reform. Enterprises are the cells of the national economy. Doing a good job in reforming them, strengthening their vitality and improving their self-controlling mechanism have much to do with the deepening of the reform and the stability and development of the national economy as a whole. In the past decade, great achievements have been made in enterprise reform, and their vitality has been strengthened steadily. We have obtained some experiences and drawn some lessons in the process. Notably, the self-controlling mechanism has not yet become established in quite a few enterprises, and their economic returns have increased slowly. Therefore, it is necessary to increase their economic returns through transformation.

The major task for enterprise reform in 1991 is to uphold and improve the contract responsibility system in management. As things stand now, the contract

responsibility system is applicable to most enterprises. Therefore, enterprise reform in 1991 should be aimed at keeping the contract responsibility relatively stable and improving it properly. What is important is to handle well the relations between state, collective and individual interests and the relations between accumulation and consumption so as to divert more funds for technical updating and the development of enterprises.

In the enterprise reform in 1991, it is necessary to continue to maintain enterprises' autonomy in production and management and to persist in and improve the responsibility system of factory directors, while strengthening the factory director's exclusive power to control all activities of production and management, Party organizations in enterprises should be enabled to strengthen their leadership over ideological and political work.

It is necessary to support and advocate the development of enterprise groups. This work should be carried on in a planned way under the unified leadership of the governments at various levels and the departments concerned. Enterprise groups can be organized either in a loose or a closely-knit way. While developing various forms of enterprise groups, it is necessary to advocate the establishment of closely-knit enterprise groups with a view to achieving even greater economic returns.

All enterprises must concentrate on improving the quality of their products, increasing variety and improving economic performance. The key to improving economic performance lies in improving management and conducting technical transformation. In 1991, all the economic sectors should spend great efforts in strengthening various kinds of basic work, rigorously enforcing managerial rules and energetical-

ly raising the managerial level of enterprises. Efforts should be made to reduce deficits and increase profits.

Price Reform. The increase of the overall retail sales index in 1991 must be strictly controlled. Experiences of recent years have indicated that the three-point principle must be adhered to in price reform: First, strict control must be maintained over the general level of prices; second, the adjustment of prices of some commodities must be well timed; and policy decisions must be made in accordance with developments of the economic situation. Price-adjusting measures scheduled for 1991 will be deliberated in light of the implementation of plans. The adjustment of commodity prices by local governments in 1991 must be strictly controlled, for it has a direct bearing on people's livelihood. The reform of prices, an important component part of the economic restructuring as a whole, is aimed at promoting the development of production. Whether each measure and step of the reform will succeed or not is to be judged by whether it promotes social stability and economic growth.

The Financial Problem. To remedy the imbalance between financial revenue and expenditure, measures must consist of opening more financial sources and reducing expenditure. The first step is to do everything possible to develop the economy, improve economic performance and increase production. At the same time, in accordance with this, distribution should be managed more rationally. As for the increase of business tax rates of commercial retail outlets, this has been approved by the National People's Congress and will go into effect some time next year, depending on the development of the situation.

The individual and private

sector is a necessary and beneficial supplement to the publicly owned sector. It has played a positive role in invigorating the channels of circulation, increasing job opportunities, making people's lives more convenient and increasing the state's tax revenue. Policies for the individual and private sector will remain unchanged. However, management over it should be strengthened.

The Monetary Problem. Generally speaking, the current monetary situation is good. Since the beginning of this year, bank savings of both rural and urban residents have continued to increase and the scope of loans has also expanded, notably to support industrial production and increase circulating funds. In addition, allocations set aside especially for the purchase and reserve of grain, cotton and oil-bearing crops have been increased. All these factors are necessary for maintaining the development and stability of the economy. In enforcing the central government's credit retrenchment programme, banks need to maintain strict control over the management of funds. Since the beginning of this year, banks have done a lot in readjusting the momentum of retrenchment and in expanding the scope of loans. Banks should, while persistently serving production and construction, improve the quality of their work and services.

As a unified country, China should establish a unified economy and market. Regional blockade means protecting the backward. It not only impairs the normal circulation of commodities but also hinders the economic development of those areas practicing regional blockade. The circulation of commodities should be nationwide, so should the circulation of funds.

Opening Wider to the Outside

World and the Reform of the Foreign Trade System. We should continue to carry out the basic state policy of opening to the outside world and actively use all favourable international conditions that can be made use of to serve economic rectification and economic development. It is necessary to maintain a steady growth in exports and fulfill export task set for next year. The stress of work in this area should be put on improving the mix and the quality of export commodities. At the same time, it is necessary to properly readjust the composition of import and maintain imports at a proper level.

We should continue to carry out the strategy for the economic development of the coastal areas and strive to promote an export-oriented economy. Practice has proved that our country's policy for establishing special economic zones, economic and technological development zones and opening cities and belts along the coast to the outside world is correct and has made remarkable achievements. These areas, as China's important windows and bases, have played a role in promoting China's foreign trade, introducing foreign funds and technology and expanding China's co-operation and exchanges with other countries. We should continue to carry out and improve those policies and measures that have proved effective so as to run the special economic zones still better. It is necessary to consolidate and develop the already established technological development zones, open cities and belts to enable them to play a still greater role in opening to the outside world. The task of the special economic zones in the future is to try to raise their technical level, to introduce and develop more, advanced technology and even to make use of new and high technology, so as to further develop technology-intensive enterprises and an

export-oriented economy.

This year, the Party Central Committee and the State Council, as a further move in keeping with our country's strategy for long-term economic development, have decided on developing and opening Shanghai's Pudong New Area. This decision will be of great significance for tapping the economic resources and science and technology of Shanghai and the areas along the Changjiang (Yangtze) River and promoting the region's economic development.

It is imperative to deepen reform of the foreign trade system. The principle in this regard is to furnish favourable conditions for bringing into full play the enthusiasm of the central government, localities and enterprises and opening China to the outside world more effectively. A mechanism should be established to gradually make foreign trade enterprises responsible for their own profits and losses.

Strengthening Science, Technology and Education. Relying on education, science and technology to invigorate the national economy has been our consistent policy. Priority should be placed on moral education. Education in patriotism, collectivism and socialism should be given and students should be enabled to develop morally, intellectually and physically and become worthy successors to socialist construction. Attention should be given to the popularization and application of scientific and technological research results so as to turn them into productive forces as quickly as possible. Efforts should be made to tackle those scientific and technical problems of great consequence arising in the national socio-economic development, to strengthen basic education, and as a matter of policy, to support efforts for establishing high-tech development zones, and scientific and technological development zones. ■

Anhui: Rediscovering the Yangtze Valley

by Our Staff Reporter Yao Jianguo

To work in concert with the opening up of Shanghai's Pudong area where the Yangtze River flows into the sea, the authorities of Anhui Province formulated the strategy of developing the Anhui section of the river, about 200 kilometres up from Pudong. Priority will be given to four cities—Maanshan, Wuhu, Tongling and Anqing—along the river. Investment environment will be improved to attract foreign capital.

Anhui Province in east China hit the headline in 1979 when it led the nation in implementing the contract system of responsibility linked to production in the rural areas and attained marked achievements in agricultural production. However, as it is not a coastal province, it accomplished little in opening to the outside world. According to statistics, between 1979 and September 1990, the province established only 157 foreign-funded enterprises involving US\$58 million in foreign investment. The figures are much lower than those in a prefecture or a city of a coastal province and are insignificant as compared with the 26,500 foreign-funded enterprises founded nationwide, with the US\$37.8 billion of contracted foreign investment involved or with the US\$17.7 billion which have already been used by the country.

In July 1990, to co-ordinate with the development and opening up of the Pudong area in Shanghai, Anhui Province lost no time in formulating the strategic policy decision for developing the area along the Wanjiang, as the 416-km local section of China's largest river, the Yangtze, is called.

In mid-October, this reporter visited the four cities of Anqing, Tongling, Wuhu and Maanshan and found the preparatory work

on the opening-up project was in full swing.

Seizing the Opportunity

Development of the Pudong area in Shanghai offers Anhui Province, hemmed in between coastal and inland provinces, a rare opportunity. The four cities on the banks of the Yangtze here, in particular, are endowed with favourable natural and geographical conditions. Maanshan City is 440 km away from the Pudong area. Anqing City, the most distant, is only 692 km away. The water transportation route along the Yangtze, which is known as the "golden waterway," provides easy accessibility to these cities located on it.

Zhou Benli, deputy head of the leading group in charge of the development and opening up of the Wanjiang area, told this reporter the strategic policy decision for the development and opening up of the four cities was made after several years of investigation and verification.

First, the four cities have a combined population of 9.2 million, accounting for 16.8 percent of the province's total. In 1989, their industrial output value reached 12.3 billion yuan, their financial income 1.57 billion yuan and their total value of goods purchased for export 850 million yuan, accounting for 28 percent, 30 percent and 31 per-

cent respectively of the province's total. The development of the Pudong area in Shanghai is expected to expedite the economic growth of the four cities which are known as Anhui Province's "golden area" for economic construction.

Second, the four cities and their surrounding areas abound in mineral resources, indicating the area's tremendous potential for economic development. According to statistics, the number of verified mineral resources in the area tops 40, and the reserves of iron, copper, sulphur, limestone, marble and quartzite not only come first in the province but also occupy an important place in the country as a whole. An estimate based on existing reserves indicates that the local mineral reserves may be sufficient for production needs, for up to 100 years, of large enterprises with an annual capacity of 5 million tons of steel, 10 million tons of cement, 5 million crates of glass, 3 million tons of sulphuric acid and 100,000 tons of copper. In addition, the area's rich coal and oil resources also have good prospects for exploitation.

To speed up the development of the Wanjiang area, Anhui Province established a leading group to take charge of the work, with Governor Fu Xishou acting as the head. According to Governor Fu, the provincial govern-

ment will grant the area special and preferential treatment. Material and financial resources will be concentrated mainly on supporting the development and opening of the four cities, with an eye to promoting the opening up and invigorating of the economy throughout the province.

Development Blueprint

The Anhui provincial government has drafted an overall plan for the development of the Wanjiang area. According to the plan, industrial groups will be set up in the four cities on the basis of their existing large and medium-sized key enterprises, in order to constantly expand the absorption of foreign funds. A solid export-oriented economy will basically take shape in the area during the Eighth and Ninth Five-Year Plan periods (1991-2000). By 1995, the proportion of the value of its export

commodities is expected to rise from the present 5 percent to 15 percent, and the figure will rise further to 25 percent by the year 2000.

- The metallurgical industry. Priority will be given to the construction and transformation of the Maanshan Iron and Steel Co., the Tongling Non-Ferrous Metal Co. and the Wuhu Smelter, with an eye to increasing these enterprises' iron and steel output and their intensive processing capacity of rolled steel and copper. An investment of 2.683 billion yuan will be used to re-equip the Maanshan Iron and Steel Co. to increase its iron and steel output from the present 2 million tons to 4 million tons by 1995 and raise the company's foreign exchange earnings from the present US\$10 million to US\$60 million.

- The chemical industry. An industrial setup to facilitate oil processing and the production of

chemicals will quickly take shape. A series of oil products will be developed on the basis of the existing Anqing Petrochemical General Plant with an annual processing capacity of 3 million tons. The coking by-products of the Maanshan Iron and Steel Co. will be used as raw materials to develop fine chemical products. And Tongling and Maanshan will be turned into sulphuric acid and ammonium phosphate production bases.

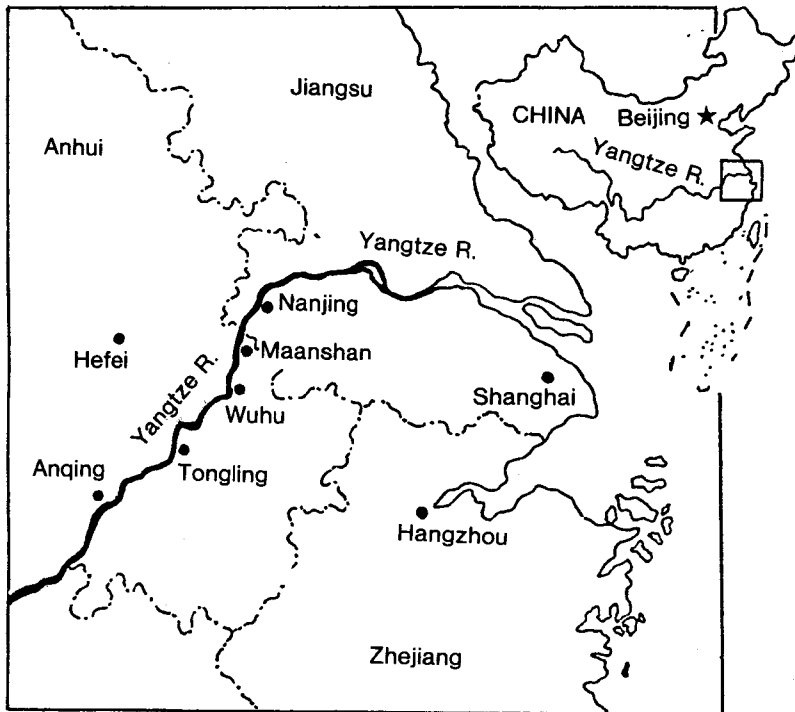
- The textile industry. A number of textile raw materials bases will be established in the four cities, in order to increase the locality's intensive processing ability and to expand the export of its products.

- The machinery and electrical appliances industry. Efforts will be made to increase the output of motors, meters, precision machine tools and electronic components and upgrade the products for export through technological transformation and the reorganization and co-operation of enterprises.

- The building materials industry. The locality's rich building materials resources will be tapped to develop the production and intensive processing of marble and granite products. Meanwhile, a number of export-oriented cement production bases will be built or expanded. Maanshan City will build a cement works with an annual capacity of 1.2 million tons by making use of the 1 million tons of slag produced by the iron and steel company's 2,500-cubic-metre furnace and rich local limestone resources. Wuhu and Tongling cities will each expand its existing cement works in order to raise its annual productive capacity to 1.5 million tons.

- The light industry. Technological transformation will be introduced to the four cities' existing light industrial enterprises in order to upgrade and increase

A Sketch Map of the Yangtze River in Anhui Province



the variety of their products and enhance the competitiveness of their commodities on the world market.

According to the plan, the development project will undergo three stages: 1990 is the preparatory stage; the years between 1991 and 1995 will be the stage for initial development; and the period between 1996 and 2000 will be the stage for an all-round development. A good foundation is expected to be laid for the province's economic take-off in the next century after the decade-long period of construction and development.

Wuhu: First Stage

Wuhu, with an investment environment more favourable than that of the other three cities, has been incorporated into the first-stage development project.

This 2,000-year-old city is an important hub of water and land communications in the lower

reaches of the Yangtze River second only to Nanjing, capital of Jiangsu Province. Along with Shanghai Port, Wuhu was made a foreign trade port way back in 1876. In April 1980, following China's introduction of the open policy, the city became Anhui Province's first open foreign trade port. To date, regular navigation lines have been opened to link the city with Hong Kong and Japan, in addition to irregular lines to Singapore and Malaysia.

Currently, a project to turn Wuhu into the second largest hub of railway transportation in east China is under way. Four railway lines from Wuhu to Hefei, Nanjing and Tongling and from Anhui to Jiangxi will meet here. Construction of the Wuhu Railway Station and the East Wuhu Marshalling Yard has started and their completion during the Eighth Five-Year Plan period (1991-95) will enable the city to play a decisive role in the east China railway transportation system.

Compared with the other three cities, Wuhu has a better industrial foundation. After 40 years of efforts, the city has established a fairly strong industrial setup which, with light industry as its backbone, embraces more than 40 trades in 31 categories, including machine-building, metallurgy, ship-building, chemicals, building materials, pharmaceuticals, paper-making and electronics. In 1989, the city's industrial output value totalled 3.961 billion yuan, ranking first among the four

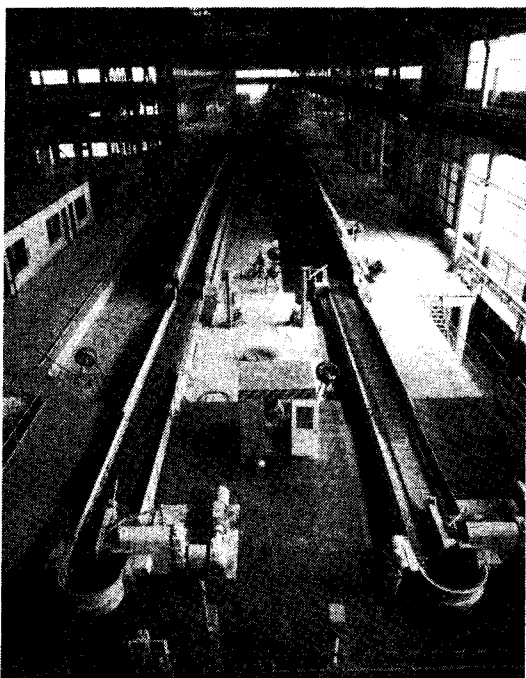
cities. Several dozen products turned out by the city, including iron pictures, micro-motors and down-padded jackets, are now well-known items on the world market. In September 1990, the city offered overseas investors 114 projects as co-operative ventures, indicating its potential for wide-ranging foreign co-operation.

The city is stepping up the preparations for the construction of the economic development zone which is aimed at absorbing more foreign investment. The zone provides a fine investment environment and favourable geographical conditions. Located on the bank of the Yangtze River, the zone is 6.5 km from the city proper, 2 km from the Zhujiaqiao foreign trade dock and 2 km from the Wanli Airport which is now under construction. Nearby, the Wuhu Power Plant with an installed capacity of 250,000 kw is being expanded.

The clatter of machines and shuttling bulldozers indicates that the construction project is in full swing. According to Wang Jusheng, chief engineer of the economic development zone, the city has already invested 70 million yuan in the infrastructures on a 20-hectare piece of land, including the levelling of the land, and the building of the water and electricity supply systems and standard factory buildings. By the second half of 1991, some 25,000 square metres of factory buildings are expected to be completed and available for use. According to plan, the first-stage project of the economic zone will cover 4 square km of land.

Mayor Zhao Hengqu encouraged foreign, Hong Kong, Macao and Taiwan business people to set up joint ventures or co-operative enterprises involving electronics, textiles, clothing and machine processing in the development zone and to contract for or develop adjoining tracts of land in the zone. According to

A workshop of the Maanshan Iron and Steel Company's High-Speed Wire Rod Mill which has an annual output of 400,000 tons of quality wire rods.



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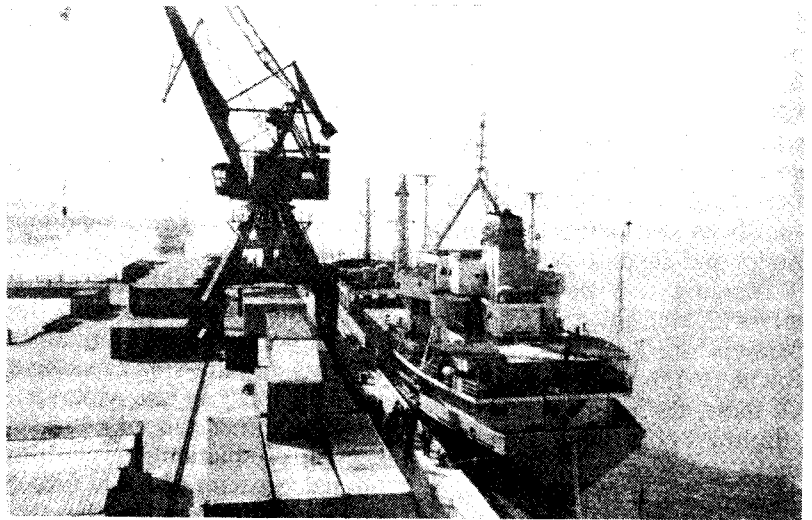
him, the development zone has already attracted the attention of overseas business people. By the end of last October, the city had signed 14 letters of intent and agreements with Hong Kong, Macao, Taiwan and foreign business people on the development of the zone. A Hong Kong business plans to contract 5.3 hectares of land and invest US\$25 million on its own to produce inter-call machines. An American business plans to invest US\$5 million in the joint production of liquid crystal display.

Mayor Zhao made no efforts to conceal the city's disadvantages in the absorption of foreign funds. The city is inferior to coastal cities in its geographical location and it enjoys less favourable treatment from the government. However, Zhao said, the city's rich natural resources, well-trained labour force and low land prices may offset these disadvantages. To date, of the 14 foreign-funded enterprises established in the city in the past few years, four have brought in foreign exchange from exports and have had good economic returns. The Nikon Electronic Co. Ltd., a joint venture between Wuhu No. 3 Radio Factory and the South Light Enterprise Co. Ltd. of Hong Kong, has exported US\$300,000 worth of products since it went into production in March 1989. This has heightened the confidence of the Hong Kong investor who has decided to reinvest US\$2.47 million in May 1991 to build another mini-condenser production line for further increasing the joint venture's output and export.

Tapping Advantages

Maanshan, Tongling and Anqing are unique as compared with Wuhu. Their development and opening up, therefore, will centre on their respective advantages.

If you have not seen them with



The Zhujiqiao foreign trade dock in Wuhu with an annual handling capacity of 900,000 tons.

your own eyes, you would find it hard to believe that Anhui Province, known for its agriculture, also has some of the nation's top-notch enterprises. The High Speed Wire Rod Mill of the Maanshan Iron and Steel Co. is a case in point. In the 456-metre-long and 111-metre-wide modern factory building, two high speed wire rod machines imported from the Schlemann Siemag Co. of Germany were turning out quality wire rods at a speed of more than 100 metres per second. According to Wen Long, a responsible member of the mill, since its construction in August 1985 and trial production in May 1987, the mill has turned out over 1 million tons of wire rods in a dozen or so specifications, and 100,000 tons of which have been exported to Southeast Asia and some European countries. By late 1989, the mill had recouped all its investment totalling 250 million yuan. In September 1990, the wire rod produced by the mill won a gold prize for quality products awarded by the state.

The Maanshan Iron and Steel Co., one of the nine extra-large iron and steel complexes in China, is now able to produce 2

million tons of steel and 2 million tons of iron annually and four other products—high speed wire rods, locomotive tyres and sheet and section steel. Among the 500 large enterprises in China, the company's profit and tax came 19th and its sales income ranked 31st.

Zhou Yude, mayor of Maanshan, told this reporter that with the support of the Maanshan Iron and Steel Co. for development and with a number of large newly built projects as the mainstay, Maanshan would actively absorb foreign capital for its construction. According to Mayor Zhou, the 85 potential foreign-funded include those involving the production of locomotive tyres, galvanized wire, steel cable and high-speed uncoiling machines, and the establishment of a welding rod plant. The most important one is the construction of a universal steel plant as a joint venture or a project under co-operative management. With a total investment of US\$230 million, it will be the biggest Sino-foreign co-operative project in Maanshan. It will introduce from abroad or produce special-shaped continuous casters and other relevant equipment in co-operation

with foreign firms and is expected to turn out 650,000-700,000 tons of H-shaped steel in various specifications annually. The company has already formulated co-operative plans and is holding business talks with foreign investors from Germany, the United States and Japan.

Tongling is a new industrial city with rich mineral resources. Mineral ore deposits have been found in 126 places in the city. Of these, the reserves of copper, sulphur, gold and limestone make up 70 percent, 40 percent, 70 percent and 40 percent respectively of the province's total. The rich mineral resources have furnished favourable conditions for the city to develop its metallurgical, building materials and chemical industries. The Tongling Non-ferrous Co. has become the third biggest copper-smelting base in China. Its output of ammonium phosphate ranks third in China and its ramie, sulphur-iron ore and terylene also hold an important place in production countrywide.

During the Eighth Five-Year Plan period, Tongling will invest 4 billion yuan in expanding its non-ferrous, chemical and build-

ing materials industries, including several dozen large and medium-sized projects by tapping and utilizing its local resources. These projects include cement works with an annual output of 1.5 million tons, the second phase of an ammonium phosphate project with an annual capacity of 240,000 tons, the second phase of a sulphurous iron ore project with an annual extracting and dressing capacity of 900,000 tons, an art paper mill with an annual output of 15,000 tons, a production line with an annual capacity of 4,000 tons of copper strips used in the electronics industry, and a production line which is able to turn out 2,000 tons of fine denier polyester filament annually. Foreign businessmen are encouraged to invest in these projects or set up joint auxiliary industries.

Anqing City, which has the largest urban area in Anhui Province, is famous historically and culturally. After a decade of construction, this ancient city has become an important petrochemical and textile industrial base in the province.

The Anqing General Petrochemical Plant, located in the northwestern suburbs of Anqing

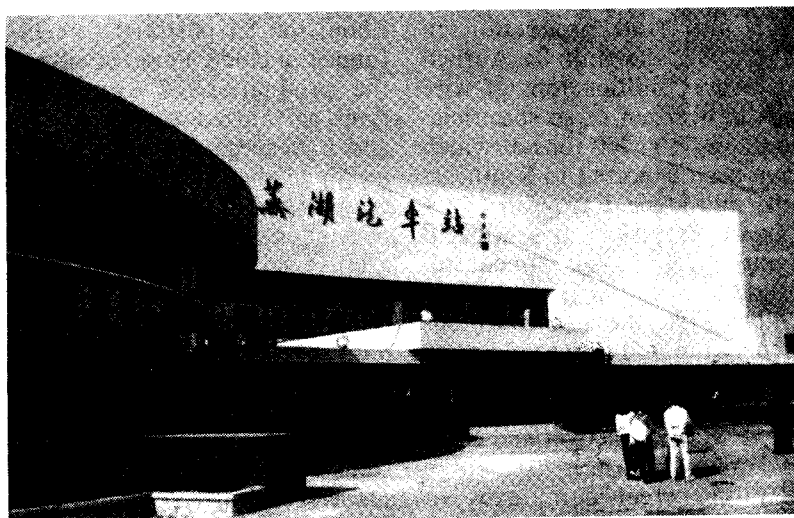
City, is able to refine 3 million tons of crude oil and produce 300,000 tons of synthetic ammonia and 520,000 tons of urea annually. Its annual output value totals 850 million yuan, ranking 39th among the nation's large enterprises. The eight of its products, including diesel oil, naphtha and sulphur powder, have been exported to Japan, Singapore, the Philippines, Canada and Hong Kong.

Wang Shiman, deputy mayor in charge of the day-to-day work, said that the development and opening up of Anqing will proceed with the help of two advantages—the petrochemical and the textile industries. Most of the 56 economic and technological co-operative projects with foreign countries are connected to the two industries. The Anqing General Petrochemical Plant will seek foreign funds for the intensive processing of petroleum coke. After its completion, it will be able to produce 35,000 tons of petroleum calcined coke, 10,000 tons of calcined coke, 3,000-5,000 tons of graphite products and 20,000 tons of methionine annually. The city's textile industry is to develop high-count fabrics and superior-quality leather products, and expand the acrylic filament knitwear mill with 50,000 spindles. All these textile and light industrial projects are expected to yield good economic returns.

Zhou Benli, who is in charge of the work for speeding up the economic development and opening up of the Wanjiang area, said that most of the foreign co-operative projects offered by Maanshan, Tongling and Anqing in accordance with their respective advantages relate to energy and raw materials industries. They meet the state industrial policies and are key industries encouraged by the state during the Eighth Five-Year Plan period. Foreign investment in these

The newly built Wuhu bus terminus.

Photos by YAO JIANGUO



fields not only can win the support of the state, but also yield quick economic returns. For instance, the methionine project with an annual output of 20,000 tons is expected to recoup its investment in seven years.

Investment Environment

Although the four cities have their advantages in respect to industries and resources, compared with the coastal open areas, their investment environment leaves much to be desired. While expediting the development and opening up of the four cities, the Anhui provincial government has stressed the strengthening of local infrastructures which will be regarded as the main work at the initial stage of development.

Zhou Benli noted that the plan for further improving the investment environment of the four cities has been put into practice. The following are some of the main projects:

Transport and Communications.

Construction of the 267-km railway from Hefei, (capital of the province) to Anqing started at the end of 1990. With a total investment of 486 million yuan, the railway will be completed and open to traffic in 1993. Construction of the Tongling Highway Yangtze River Bridge with a total investment of 280 million yuan will start in 1991. The project for expanding the 180-km second-class highway from Tongling to Hefei is under way. After the completion of the highway, the travel-time of vehicles from Tongling to Hefei will be cut by 50 percent. In addition, the plan for building larger airports in Anqing and Wuhu has been mapped out. They will help the two cities to maintain easy contact with other cities throughout the country.

Harbour Construction. Wuhu's Zhujiqiao foreign trade dock with a designed annual handling

capacity of 900,000 tons has been basically completed. During the Eighth Five-Year Plan period, the Jiangbei coal dock and the Yuxikou dock will be expanded. The expansion projects include a berth for 3,000-ton-class vessels, two berths for 5,000-ton-class ocean-going vessels and two berths for 5,000-ton-class container ships. By 1995, the handling capacity of the Wuhu port will have reached 17 million tons.

The second-phase expansion project at Anqing port has been brought into line with the key projects of the state for the development of the Yangtze River. Two berths for 5,000-ton-class vessels will be built and the six freight transport berths will be renovated in order to raise the port's handling capacity to 12 million tons in 1995.

A plan for expanding the Maanshan harbour has been approved. The state will invest 100 million yuan in the construction of two berths for 2,000-ton-class vessels and the reconstruction of three foreign trade bulk cargo berths for 2,000-ton-class vessels, one foreign trade berth for 5,000-ton-class vessels and one foreign trade berth for 2,000-ton-class vessels. These projects will start in 1991 and are scheduled to be completed and put into service by 1995. By that time, the ports' annual handling capacity will total 15 million tons.

Energy Construction. Maanshan, Tongling and Wuhu have begun the construction and reconstruction of two 125,000-kw generators which are expected to be completed and put into service by 1991. The plan for the installation of two 125,000-kw generators in the Anqing Power Plant has been worked out and the preparatory work is now under way. Upon completion, these generators will greatly help improve the region's energy supply.

In recent years, the region has come a long way in its communication facilities. There are

more than 30,000 programme-controlled telephones in the four cities and direct dial service is available to connect these cities with 500 other cities in China and more than 100 countries and regions throughout the world. The Nanjing-Wuhan and Hefei-Wuhu optic fibre project, and the Hefei-Wuhu-Tunxi digital micro-wave telecommunications systems which are now under construction will provide the investors with better telecommunications services.

Efforts are also being made to improve the "soft" investment environment. Maanshan has stressed the need to enhance the sense of opening up among its citizens. To improve work efficiency, the four cities have set up organizations for foreign capital service. Anqing has set up a foreign capital service centre staffed by members from the city's planning and economic commissions and foreign trade departments to work jointly in the examination and approval of foreign-funded projects. Maanshan has established a foreign economic work leading group headed by Mayor Zhou Yude to offer necessary services to foreign investors. Foreign businessmen and Hong Kong, Macao and Taiwan investors may complete all the procedures just by contacting this organization.

Since the policy-decision of developing the Wanjiang area began to be carried out six months ago, noticeable benefits have been brought to the four cities along the Yangtze River. According to statistics of Tongling city alone, between July and September 1990, some 137 businessmen from Italy, Germany, Japan and Hong Kong came to the city for business talks and signed seven letters of intent. Along with the large-scale development of the Pudong area in Shanghai in the 1990s, the four cities are expected to take further steps to open up to the outside world. ■

Interest in Psychoanalysis Grows in China

by Our Staff Reporter Cui Lili

It was in the early 1980s that psychoanalysis began to draw the attention of China's medical and psychology circles. Basing their work on China's traditional cultural background, experts and scholars have since made a deep and systematic study of a variety of psychological illnesses, their pathology and methods of treatment.

Soon after Jia Jian, a pretty girl of 19, entered the Hebei Provincial Teachers' College at Shijiazhuang as a student of the Fine Arts Department, she became morose and depressed. Previously active and outgoing, she became reticent with others and often stayed by herself. Her mood became worse until she even neglected to wash and dress herself.

Last year, Jia went to see a psychiatrist in one of the city's hospitals, where she was diagnosed as having a "dread of social contact," a common psychological problem.

Jia had been favoured by teachers and classmates in her middle school, but after she went to college, she found there were many other talented people and felt herself getting the cold shoulder for the first time. The change was too great for her; she refused to have contact with others and lost interest in the world around her.

The doctor took Jia shopping, seeing a film and dancing in an attempt to spark her interest in life. His efforts succeeded. Jia, completely recovered, has regained her previous ac-

tive disposition.

Presently, psychoanalysis, a rarely used treatment in recent decades, is being acknowledged and welcomed by more and more people throughout China. In addition to the departments of psychoanalysis in comprehensive hospitals, there are some 200 institutions specializing in professional psychoanalysis. Moreover, dozens of colleges and universities, including Beijing University, Qinghua University, People's University of China, East China Normal University and Chinese Medical Science University, have also provided psychoanalysis services for students.

Progress

Psychoanalysis is the use by doctors of modern medical science and psychology in order to treat those who are psychologically upset or who have a mental or physical illness. By helping the patient recognize and perhaps rid themselves of the psychological factors contributing to an illness, a psychoanalyst can help a patient either avoid an illness altogether or alleviate the symptoms.

In the early 1980s, psy-

choanalysis began to attract the attention of China's medical and psychology circles. After in-depth study and research, medical experts have discovered that the most serious diseases threatening human health and affecting a person's life span, such as cardiovascular and cerebrovascular diseases, malignant tumour, bronchial asthma, ulcer and diabetes, are closely related to mental depression, social environment and social contacts.

Doctors of the stomatological college of the Beijing Medical Science University proved that some oral diseases, such as jaw pains and atypical toothaches, could not be linked to a definitive cause but were related to psychological stress, worry and depression. A hospital in Henan Province analyzed 70 cases of occupational throat diseases and 101 cases of throat abnormalities and concluded that most patients had some kind of emotional disturbance before they fell ill such as frustrations in work, family dispute, an unexpected accident or extreme anger.

In addition, China's reform and opening to the outside world have led to radical changes in every social stratum. The change in values has created disorder in some people's spiritual life and increasing competition in society has brought about psychological stress. Some people, particularly the elderly and children of one-child families, find it difficult to adapt. The result has been an increase in the number of people suffering from serious emotional and psychological illnesses.

The increase shocked the medical and psychology experts. They demanded that the old medical treatment which neglected a person's psychological health and focused solely on the cure of physical diseases be reformed. They wanted to integrate psychological and physi-

cal treatment. It was on this basis that China's psychoanalytic services have come to the fore.

According to Prof. Shen Yucun, director of the research institute for psychological health under the Beijing Medical Science University, the development of psychoanalysis has been comparatively rapid in recent years in the larger cities of Beijing, Shanghai, Tianjin, Guangzhou and Nanjing. There, psychoanalysis is characterized by an integration of study and practice and by the improvement of outpatient services through theoretical exploration.

Since 1980, Shen's institute has established some ten research offices for social psychiatry, science on child mental health and elderly psychological and psychoanalysis services. The institute produced hundreds of theses of guiding significance and organized dozens of special study groups which focused on psychoanalysis. The institute also regularly sends people abroad for study and invites noted overseas scholars of psychoanalysis to lecture in China. In addition, it has established cooperative ties with other countries on a variety of special topics. Currently, as one of the three psychological research and training centres set up by the UN World Health Organization in China (the other two are in Shanghai and Nanjing), the institute has a national training programme for professional psychologists.

Shen says that psychoanalysis has proven to be effective and that more and more people of all ages and differing occupations are willing to accept such therapy, including those with sexual problems. In the first year after Tianjin established a mental health centre, which offers services including psychology counseling, psychotherapy and

other related methods, there were more than 30,000 patients and more than 2,000 letters requesting advice from 25 provinces. The psychoanalysis "hot line" of the China Institute for Health Education in Beijing has helped to prevent 47 possible suicides and has been praised as a "life line."

Currently, dozens of medical colleges offer psychology courses. The Beijing Medical Science University, for example, formally set up the Department of Mental Health this year and admitted about 30 students.

Consultation

The Zhejiang Hangzhou Naval Sanatorium surveyed 1,200 convalescent pilots and found that 35 percent suffered from mental or physical problems, particularly stomach functional disorder, insomnia and pain in the neck, shoulder, waist and back. The pathology of the illnesses, however, was uncertain and the doctors believed that the main cause lie in the pilots' emotional distress.

China Psychology Health, the nation's most authoritative magazine in the field, has published a large number of theses since 1987 when it first started publishing articles on the psychological problems of different occupational groups, like sailors, machinists and nurses. The articles systematically analyzed a variety of diseases and the resultant social and psychological factors, then proposed the theoretical basis for mental and physical fitness.

Chinese psychologists have found it useful to classify those seeking psychological treatment into different groups according to age and has already set up research institutions to tackle psychological problems of the different age groups—psychol-

ogical health associations, for example, for children and the old people. Young people, especially college students, have become the particular focus of attention.

College students were previously thought to be the healthiest group, but research in the 1980s showed that quite a large number suffered from psychological problems to varying degrees.

The psychological medical research office of the Shanghai Medical Science University diagnosed and analyzed 83 college students seeking psychological counseling. To their surprise, 92.8 percent of the students were found to be under emotional stress because of a heavy study burden, examinations, poor performance, an inability to adapt to the changed life style and the change in habits, language barrier, social contacts, frustration in their search for love and confusion about their sexual identity.

The psychological problems of the 83 college students were representative of students in China's colleges and universities. According to a thesis published in 1986 by a group of experts headed by Wang Jiguang, 30-60 percent of all college students are under emotional stress.

How to keep college students' mental and physical health is an important research topic in institutions of higher learning. In colleges that have already set up psychological counseling centres, the medical personnel have done a great deal of work to solve the psychological problems and emotional crisis from which the students suffer. For example, the Shanghai Jiaotong University set up a "Beneficial Advisory Service Center" offering advice regarding vocational training, coping with pressure and the benefits of keeping mentally and physically fit.

The research institute for mental health of the Beijing Medical Science University is now planning, in co-operation with the State Education Commission, to carry out psychological research on college students in certain selected colleges. After the survey is finished, a plan to prevent and treat emotional and psychological problems of students will be drafted and disseminated to other colleges and universities.

Cultural Background

In recent years, psychologists have noticed that some elements of traditional Chinese culture have exerted a negative influence on a person's mental and physical health. They point to the fact that Chinese culture favours restrained and conciliatory personalities. The more emotional upset one can bear, the more "cultivated" he is thought to be. Many people with psychological problems, therefore, are reluctant to see a doctor lest they be criticized and looked down upon.

Psychiatrists say that patients with emotional problems usually emphasize on their physical illness. According to Dr Lu Qiu-yun of the research institute for psychological health of the Beijing Medical Science University, many patients talk more about their headache, feelings of lassitude and weakness and stomachache when they consult with their psychiatrists and little about the psychological reasons behind their problems.

According to Dr Zhong Youbin of the psychoanalysis research section of the Shoudu Steel Company Hospital, the Chinese have a strong sense of shame because of Confucianism's emphasis on "courtesy, righteousness, sense of honour and sense of shame." This sense of shame

is most apparent in the attitude towards sex, an attitude which triggers a dread of social contact and sexual inhibitions. A report on 75 cases of young people suffering from an inability to have normal social contact showed that 48 had difficulties with sexual love at the onset of their illnesses. They feared, for example, that they would be sneered at if those towards whom they were sexually attracted knew of their thoughts towards them.

The many cases of sexual disorder also show that the excessive constraint and public disdain of sexuality by traditional Chinese culture has engendered in some people such strong sense of shame regarding sexual activities that they have become ill. The contradiction between their physical desires and moral censure was too much to bear.

Taking into account the influence of the traditional Chinese culture on people, China's psychoanalysts are trying to develop theories and methods suitable for the Chinese psyche. Dr Lu generated one treatment method through his counseling of a man employed as a teacher. The man's problem was that he was afraid to have contact with middle-aged women. He told Dr Lu that he had left his mother for a long time when he was a child and that he was badly in need of his mother's love and regretted ever having parted from her. When he returned home, however, his mother rebuffed his feelings. Since then, he had been terrified at meeting middle-aged women like his mother. Lu helped the man understand his mother's feudal, backward and inconsiderate attitude. In time, the man's fear gradually dissipated and he was able to have normal interaction with middle-aged women. ■

Sister Cities: A Window for Mutual Accommodation

by Our Staff Reporters Wu Naitao and Huang Wei

Sister cities," as the name suggests, date back to the early post-war years as a special kind of friendly ties established between cities of different countries. Such a relationship first found its way into China in 1973, the year the coastal city of Tianjin of China and Kobe of Japan became sister cities. Since that time, under the influence of the open policy, 344 such pairs have been established between China and 40 countries around the world. In almost every province in China there is at least one city which is a "sister" to a foreign counterpart.

Bonds of Friendship

The sister cities have promoted inter-city exchanges and mutual understanding between different countries and peoples. They have become part and parcel of friendly Sino-foreign relations and important windows for China to open to the outside world and for foreign friends to know China better.

With the development of friendly activities, multi-channelled, multi-layered networks between city halls, enterprises, scientific and technological, cultural and educational and other social groups have appeared in many sister cities. Stable and friendly co-operative relationships have begun to take shape.

Xiong Xirong, head of the foreign affairs office under the Guangdong people's government, said that the province often sends acrobatic troupes, song and dance ensembles, Guangdong opera troupes, silhouette-show troupes and martial arts teams on tours of

the province's sister cities abroad. It has sent celebrities in cultural circle to hold calligraphy and painting exhibitions, exchanged highly prized animals and plants and carried out an extensive interchange of museum materials on management and cultural artifacts. Foreign friends were deeply impressed by a "panda exhibition" held in Fukuoka, Japan in 1980 and a "Chinese culture week" in Sydney, Australia; and both cities were instantly swept by a "China craze," according to local newspapers. But the "friendship park" in New South Wales, Australia, was perhaps the longest lasting symbol of the craze. The 10,000-square-metre park was designed by experts from Guangdong Province and is still the largest Guangdong-style park in the world.

Last year, some Western countries took advantage of the political disturbances in Beijing early spring and late summer to stir up an anti-China wave. Relations between most sister cities, however, were unaffected and many officials sent letters and telegrams to express their understanding. The governor of Iowa of the United States, for example, wrote the governor of Hebei Province that the importance of maintaining friendship during times of difficulties could not be underestimated. The deputy governor of Antwerp, Belgium, sister province to Shaanxi Province, said, "There is no reason to condemn the Chinese government; we could not hurt the feelings of people in Shaanxi Province." Friends from Japan's Gifu and Fukui said in their letters and telegrams that their friendship with the Chinese people would re-

main unchanged. In November last year, Gifu sent a delegation headed by its deputy mayor to participate in a Marathon race along scenic West Lake in Zhejiang Province according to the original plan. In addition, the exchange programmes between some sister cities which were suspended for some time after the June 4, 1988 political disturbances have been gradually resumed.

Co-operation

The coastal metropolis of Shanghai with its population of 12 million has speeded up its industrial development over recent years. Consequently, the industrial and residential waste water each day reached 5.4 million cubic metres, three quarters of which drained untreated into surrounding rivers, severely polluting the environment of Shanghai. Since 1980, engineers and technicians in Shanghai have consulted extensively on the problem of waste water disposal with their counterparts from San Francisco. They conducted on-site investigations in San Francisco to collect project materials. Technicians from San Francisco came to Shanghai to look into the city's problems; they issued an advisory report and discussed possible waste water treatment projects. In August 1988, the first phase of a project which adopted suggestions of San Francisco consultants was started.

Li Mingxiang, vice-chairman of the Shanghai Association of Friendship With Foreign Countries, said that in the past decade Shanghai has developed various forms of exchange and co-



A Beijing friendship delegation visiting a farm house in Tokyoto, Japan in 1982.



Left: The production line for knitting plastic bags, imported from Linc City of Austria by Chengdu City of Sichuan Province;
Right: Sichuan Hotel in Dusseldorf, North Rhine-Westphalia, Germany.

operation with sister cities such as Rotterdam, Osaka and Hamburg on such topics as city planning, new area development, environmental clean-ups, land reclamation from the ocean, harbour construction, underwater tunnels, subway systems, tap water and gas projects. Professional technicians on both sides were able to expand their field of vision and glean new information in the process.

Co-operation between sister cities is also manifested in scientific and technological research, and exchange of talents. Experts are invited from each other countries.

After establishing a sister city relationship with Duisburg, Germany, the city of Wuhan, Hubei Province, invited some retired German experts to work in China. One expert advised the city of Wuhan on how to reduce its use of expensive imported car-paint for repair purposes. He designed a new formula for the plant free of charge. Ninety-two percent of the ingredients producing a result as good as imported products were home-made materials. The product compared favourably with imported one and was thus highly praised by clients after one year of popularization.

Since 1981, 11 institutions of higher learning in Shanxi Province established ties with 31 foreign institutions through the sister city programme. Nineteen colleges invited 312 long-term foreign teachers and 103 short-term scientific and technological experts and enrolled 440 foreign students. Moreover, 623 Chinese students were sent abroad for further studying.

Trade, Exhibitions

Bilateral economic and trade development was promoted through various product exhibitions, trade talks and the establishment of joint ventures by Chinese and foreign sister cities in recent years.

Xiong Xirong believed that holding exhibitions in both sister cities would promote friendship and contact and allow the direct

introduction of products of each side, thus helping to meet each side's needs. In addition, each city could learn about the international market situation, which is a matter of benefit to both sides. In July 1988, for example, the Shenzhen City, Guangdong Province held an export commodities sales fair in Lancashire County, Britain. Such Chinese goods as arts and crafts, textiles, costumes, hardware and minerals on display were popular with local consumers. Sixty-six trade contracts were signed at the exhibition with business volume reaching US\$34.36 million, helping Britain's industrial and commercial circles to learn about the economic strength of the city.

The local residents of Guangzhou were highly impressed in 1985 by a machinery exhibition held by Hyogo of Japan. The rate of purchase reached 80 percent to a business volume of US\$310,000. This helped to expand the market for Japanese products in Guangdong Province and helped enterprises and hospitals in Guangdong to import some urgently needed equipment and machinery.

Trade Talks

In addition to the exhibitions, sister cities also directly organized or participated in economic and trade talks in order to open up a new channel for product exports.

The city of Dalian in Liaoning Province holds foreign economic co-operation and trade talks annually for northeastern China and the Inner Mongolian Autonomous Region and each time invites sister cities to participate. In 1986, the city of Shenyang in Liaoning Province exported 100,000 cases of Xuehua (Snowflake) Beer to Chicago. During the past decade Liaoning Province exported US\$82 million worth of products and US\$66 million in barter trade as a result of economic and trade activities of sister cities.

Over recent years, Liaoning Province also used the mechanism of the sister city to develop econo-

mic and trade relationships with the Soviet Union and East European countries and, in the past two years, the contracts for goods signed by companies affiliated to foreign affairs department reached 260 million Swiss Francs.

Joint Ventures

Establishing joint ventures has been an important means to stimulate the economy since China adopted the reform and open policy in 1979. Tianjin, which, as already noted, was China's first city to establish friendly ties with Kobe of Japan, had set up 14 joint ventures with investments of US\$46.58 million and foreign fund worth US\$5.74 million by the end of 1988.

The Sino-US Tianjin Smith-Kline & French Laboratories Ltd. began its operation in 1987 with some US\$8.5 million of investments during the first phase for the production of 14 medical products, earning an average rate of profit of 15.8 percent. The medicines manufactured by the company are currently on sale around the country and in high demand. Construction for the second phase of the project is speeding up.

Nanning in Guangxi Zhuang Autonomous Region and a city in Gambia used their sister city relationship to develop economic and trade co-operation. Nanning set up an exclusively Nanning-owned company and a joint company which operates light industry, machinery, food, poultry and vegetables in the Gambian city. The Gambia Swan Business Co. Ltd. and Gambian businessmen sold bicycles and spare parts imported from Nanning and also manufactured light industry products such as pumps, car lamps, glazed tiles and batteries. The practical and diversified operations met the demands of local markets. The Swan brand bicycle is in great demand in Gambia and is exported to Senegal, Guinea and Nigeria. ■

Major Data of the 1990 Census (3)

Population of China's Ethnic Nationalities

On November 13, 1990, the State Statistical Bureau of the People's Republic of China released its No.3 Communique of Major Data of the 1990 Census.

The hand-tabulated population of the various nationalities in the mainland's 30 provinces, autonomous regions and municipalities including military servicemen is shown in the "1990 census" column of the following table.

Compared with the data of the 1982 census, the number of nationalities with population exceeding 1 million increased from 16 to 19. They include the Han, Mogolian, Hui, Tibetan, Uygur, Miao, Yi, Zhuang, Bouyei, Korean, Manchu, Dong, Yao, Bai, Tujia, Hani, Kazak, Dai and Li nationalities. The number of nationalities with population under 1 million but over 100,000 rose from 13 to 15. They are: the Lisu, Va, She, Lahu, Shui, Dongxiang, Naxi, Jingpo, Kirgiz, Tu, Daur, Mulam, Qiang, Gelo and Xibe nationalities. The population of the remaining 22 nationalities is lower than 100,000.

The nationalities which doubled their population during the past eight years include the Manchu, Tujia, Gelo, Xibe, Russian and Hezhen nationalities.

Table: Population of China's Nationalities and their growth during the 1982-90 period

Nationality	1990 Census (population)	1982 Census (population)	Growth Rate (%)				
Total	1,133,682,501	1,008,175,288	12.45	Daur	121,357	94,014	29.08
Han	1,042,482,187	940,880,121	10.80	Mulam	159,328	90,426	76.20
Mogolian	4,806,849	3,416,881	40.68	Qiang	198,252	102,768	92.91
Hui	8,602,978	7,227,022	19.04	Bulang	82,280	58,476	40.71
Tibetan	4,593,330	3,874,035	18.57	Salar	87,697	69,102	26.91
Uygur	7,214,431	5,962,814	20.99	Maonan	71,968	38,135	88.72
Miao	7,398,035	5,036,377	46.89	Gelo	437,997	53,802	714.09
Yi	6,572,173	5,457,251	20.43	Xibe	172,847	83,629	106.68
Zhuang	15,489,630	13,388,118	15.70	Achang	27,708	20,441	35.55
Bouyei	2,545,059	2,122,389	19.91	Pumi	29,657	24,237	22.36
Korean	1,920,597	1,766,439	8.73	Tajik	33,538	26,503	26.54
Manchu	9,821,180	4,304,160	128.18	Nu	27,123	23,166	17.08
Dong	2,514,014	1,426,335	76.26	Uzbek	14,502	12,453	16.45
Yao	2,134,013	1,403,664	52.03	Russian	13,504	2,935	360.10
Bai	1,594,827	1,132,010	40.88	Ewenki	26,315	19,343	36.04
Tujia	5,704,223	2,834,732	101.23	Deang	15,462	12,295	25.76
Hani	1,253,952	1,059,404	18.36	Bonan	12,212	9,027	35.28
Kazak	1,111,718	908,414	22.38	Yugur	12,297	10,569	16.35
Dai	1,025,128	840,590	21.95	Jing	18,915	11,995	57.69
Li	1,110,900	818,255	35.76	Tatar	4,873	4,127	18.08
Lisu	574,856	480,960	19.52	Drung	5,816	4,682	24.22
Va	351,974	298,591	17.88	Oroqen	6,965	4,132	68.56
She	630,378	368,832	70.91	Hezhen	4,245	1,476	187.60
Gaoshan	2,909	1,549	87.80	Moinba	7,475	6,248	19.64
Lahu	411,476	304,174	35.28	Lhoba	2,312	2,065	11.96
Shui	345,993	286,487	20.77	Jinuo	18,021	11,974	50.50
Dongxiang	373,872	279,397	33.81	Other uni- identified na- tionalities	749,341	881,838	
Naxi	278,009	245,154	13.40	Foreigners	3,421	4,842	
Jingpo	119,209	93,008	28.17	of Chinese citizenship			
Kirgiz	141,549	113,999	24.17				
Tu	191,624	159,426	20.20				

Note: the figures presented in the table include military servicemen.

News and Publications Journal

- Window of information and news
- Advice on news and publications
- Helper of printers and distributors
- Friend of the reading public

The *News and Publications Journal*, put out by the Administration of News and Publications of the People's Republic of China, is the only official, professional paper available in this sphere to people whose pastime is watching video or reading magazines and newspapers. Guided by Marxism, it passes on Party and state policies on news and publications in good time, focuses on the trends, achievements and problems in publishing, and for introduction to its readers, compiles the new ideas and cultural achievements of China and foreign countries.

The *News and Publication Journal* focuses on areas wherever events are crowded and knowledge is concentrated, and wherever modern civilization shines at its brightest. It notes special articles of magazines and newspapers as well as outstanding video shows, and in addition to reporting major events and news roundups on its front and second pages, it offers features and supplements on the third and fourth pages under headings such as "Bookstall," "Newspaper Centre," "Periodicals Window," "Video World," "Market," "Editing and Interviews," "Probing," "Printing Front," "Overseas Page," "Folk-Song Collection," "Surging Emotions," and special columns such as "Best Sellers," "Recommended Publications," and "Afloat in a Sea of Books." Texts, richly illustrated, suit both discriminating and popular tastes. Authoritative, instructive and highly readable, it was appraised as one of the best papers in Beijing in 1988.

The *News and Publications Journal*, has four folio pages. From 1991, it will be published three times a week (on Monday, Wednesday and Friday) and publicly distributed both at home and abroad. Orders are welcome from news and publications administrative departments, broadcasting stations, TV stations, periodical and newspaper offices, publishing houses (including video publishing units), bookstores, printing presses, universities, colleges, libraries, reference libraries and periodical and newspaper distributing units.

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Foreign Funds Pour Into Guangzhou

In 1990, a batch of industrial enterprises with advanced technological equipment and large-scale investment have been completed and put into operation in the Guangzhou Economic and Technological Development Zone of south China's Guangdong Province. A favourable situation emerged in the use of foreign funds.

Huang Ruiyuan, deputy director of the development zone, noted that the newly completed 19 industrial enterprises include the Pepsi Group and PNG of the United States and some enterprises of transnational corporations. There are four enterprises with investments exceeding US\$10 million each. The Guangzhou Malt Co. Ltd., a Sino-foreign joint venture, for example, has an investment of US\$30 million and can produce 60,000 tons of malts annually. It is the largest of its kind in Asia.

Businessmen and financial groups from the United States, Japan and Taiwan are eager to invest in the Guangzhou Development Zone. Managed jointly by the United States, Japan and China, the Guangzhou Polyester Slice Co. Ltd. has US\$60 million in investment. In the first 11 months of 1990, the zone signed 43 contracts on foreign-funded enterprises. The contract value was US\$86.3 million, 2.8 times that of the same period of 1989. Progress was also made in attracting Taiwan investment and in the field of for-

ign investment in land transfer and development. At present, the zone has 14 Taiwan-funded enterprises.

Through six years of construction, a favourable investment environment has begun to take shape. The Hengyun Heat and Power Plant, completed and put into operation this year, supplies 90 million kwh annually and meets the needs for electricity in the development zone. Currently, businessmen from 14 countries and regions including the United States, Canada, Australia, Japan and Italy have investments there. Over the past few years, the zone has approved 350 contracts covering an investment of more than 2.9 billion yuan, of which US\$89.5 million has already been put to use in the area. ■

New Commodity Inspection List

In order to strengthen the management of import and export commodities to be inspected by laws, a new "List of Varieties of Import and Export Commodities to Be Inspected by the Commodity Departments" (referred to below as the List of Varieties of Commodities) which was issued after re-classification, will be implemented on January 1, 1991.

A leading official of the State Administration for the Inspection of Import and Export Commodities noted that the new list basically covers commodities as included in the List of Varieties issued in 1989, with 302 varieties under 17 categories of imports and 592 varieties in 17 categories

of exports, totalling 894 varieties of products. In the commodity classification, using the "Commodity Classification and Coding Co-ordination System" popularized and applied throughout the world will not only be more consistent with the current practice regarding classification standards but help information exchange and statistics both in China and abroad and the computer management of commodity examination.

According to the provisions of the Law of Commodity Inspection, the official said, import and export goods enumerated in the new List of Varieties of Commodities must be inspected by the commodity examination organizations or the state commodity inspection departments. Import and export goods without examination are not allowed to enter the market or be used; this also applies to unqualified export commodities.

The list now under implementation came into effect on August 1, 1989, and will be abolished on December 31, 1990.

by Yao Jianguo

Co-operation in Oil Prospecting

The Hunan Tongting Basin Petroleum Contract, the first oil co-operative exploration and development contract for an inland basin of south China, was officially signed in Beijing on December 10. This is the first foreign co-operative project for China's inland oilfield.

The contract was jointly signed by the China Petro-

leum Development Co., the Santa Fe Energy Resources Co. (US), the Northern Michigan Prospecting Co. (US) and the Oil Exploring Co. (New Zealand). According to the contract early-phase risk prospecting will be undertaken alone by foreign partners using their advanced geophysics technology. After geological survey is completed, the two sides will jointly invest in oil/gas fields development.

The Dongting Basin Oil Contract Zone, covering an area of 15,900 square km, is located at the juncture of Yueyang, Changde, Yiyang and Taoyuan of Hunan Province.

Those concerned note that the signatures to the contract are an important result of opening China's oil industry to the outside and of actively developing economic and technological co-operation with foreign countries. This endeavour will open wider vistas for more foreign oil companies to come to south China for co-operation in oil prospecting.

by Li Ming

Factory Seeks Co-operation

Zhan Hongyao, director of the Bench Clamp Factory of Laizhou County, Shandong Province, recently noted that in order to further expand its production capacity and develop more new products, his factory encourages overseas businessmen to work in co-operation with it through the forms of processing imported materials according to supplied samples or designs and compensatory trade.

According to Zhan, his factory produces more than 700,000 bench vices annually. They are exported to more than 90 countries and regions, including the United States, Germany, Britain and France. As China's largest bench clamp production base, this factory exports a quarter of China's total bench clamp output. The vice-president of the United States Global Industrial Group specializing in marketing the factory's products spoke highly of the excellent quality of its products and its punctual delivery of goods.

The 38-year-old Laizhou Bench Clamp Factory produces more than 20 kinds of products, including bench vices table vices and flat-nose pliers in more than 70 specifications. Exports account for 86 percent of the factory's total output. The factory's new products such as precision machine flat-nose pliers, universal flat-nose pliers and other high-grade products now find brisk sales in the market.

The factory is expected to raise its annual production capacity to 1 million of bench vices and its annual export value to US\$10 million in three years. ■

New Motorcycles Jointly Produced

On November 28, 1990, the Nanfeng Power Machinery Building Co. and the Yamaha Co. of Japan began the production of Nanya 125 motorcycles jointly developed by them.

The power of the motorcycle engine which uses Japanese patent technology is 10.44 kw. The figure is 17.3

percent higher than that of similar products. The motorcycle's oil consumption is economical at 1.89 litres per km, which is 17.8 percent lower than similar products and the lowest among domestic motorcycles.

Success in developing this motorcycle indicates that China's technology in this field has entered the advanced world rank.

The contract for the co-operative project was signed in March 1985, and the first batch of sample engines were turned out in September 1989. After that, the product was put into trial-production. The product passed the technical appraisal in April 1990 and captured first prize at the national motorcycle contest.

Batch production of Nanya 125 motorcycles will register an annual output of 100,000 engines and 50,000 motorcycles. ■

Sino-US Trade Info Centre

The signing ceremony for the establishment of a Sino-US Trade Information Service Centre in Shenyang, Liaoning, was held on November 27 in Shenyang.

This centre is the first commercial service where both China and America pool their commercial information for mutual exchange. It promotes economic and trade co-operation between Shenyang and the United States, and also enables enterprises in Shenyang to understand better US economic and trade laws and regulations, and commercial information. It opens new vistas for trade and

investment for both sides.

The centre offers complete facilities such as TV, video, fax, copying, etc., necessary for business, and has up-to-date materials on the Sino-US commercial situation. It has been disclosed that the centre, which will open on December 17, will hold a series of seminars on Sino-US trade and investment, and hold some exhibitions to display Chinese and American products of practical use to both sides. Besides, interpreters will be provided, receptions and visits arranged for visiting economic and trade personnel.

by Li Ming

Development Plan For Waigaoqiao

The first-phase development plan for the Waigaoqiao bonded area of the Shanghai Putong New Zone was drawn up on December 8, 1990.

The first-phase development, 3.66 square km in area, includes a bonded warehouse district, a management centre, a trading district and an export processing district which cover 2.83 square km.

The construction of the wharf, the power and water plants in the Waigaoqiao Harbour, the widened engineering project in Yanggao Road and the Putong Canal project are all scheduled to begin in 1991. At the same time, 3,000 programme-controlled telephones are expected to be completed and put into operation as well.

With a designed area of ten square km, the bonded area, located in the northeastern end of the Putong New Zone in the middle part of the trading port of the Yangtze River, has favourable harbour conditions. ■

News in Brief

- Statistics from the People's Bank of China indicate that by the end of last September, the total volume of China's foreign exchange reserve had reached US\$25.869 billion, and gold reserves, 12.67 million ounces. Of the foreign exchange reserve, the state's bank reserve was US\$11.382 billion, an increase of 36.85 percent compared with US\$8.317 billion of last March; the balance of foreign exchange of the Bank of China was US\$14.487 billion, an increase of 10.02 percent over the US\$13.035 billion of last March.
- The First International Exhibition for Industrial Safety and Prevention Technology (Safety and Prevention '91) will be held at the Beijing China International Exhibition Centre on December 5-10, 1991.

The exhibition is co-sponsored by the Ministry of Labour and the China Council for the Promotion of International Trade (CCPIT). The CIEC Exhibition Co. (HK) Ltd. will help to handle overseas businesses. The exhibition will display dozens of items under five categories including new safety and protection technology for household electrical appliances, new-type safety and protection devices, safety and sanitation checking and testing instruments and meters; new technologies and materials for the prevention of harm caused by fire, explosions and dust, and toxic materials in the industrial production process.

- The Anqing Petrochemical Plant in Anhui Province, listed among the country's 100 large enterprises, exported 142,500 tons of finished oil products and 8,100 tons of chemical products in 1990 at a total volume of more than US\$30 million, an increase of 50 percent over that in 1989.

The plant is a large complex

which can process 3 million tons of oil, 300,000 tons of synthetic ammonia and 510,000 tons of urea annually. It is located along the bank of the Yangtze River and can export its products throughout the year. It registered an export volume of more than US\$200 million during the eight years starting from 1983, and the variety of its exports increased from two to seven. Its products were exported to Japan and Canada.

- The 1990 Exhibition of High-Tech and Export Civilian Products by Military Enterprises was held from December 15-20 at the Beijing China International Exhibition Centre. About 726 enterprises and institutions from the Ministry of Machine-Building and Electronics Industry, the Ministry of Aeronautics and Astronautics Industry, the General Logistics Department of the Chinese People's Liberation Army and the Commission of Science, Technology and Industry for National Defence, as well as some ship-building enterprises displayed 2,500 items of technology and products involving machine-building and electronics, automobile, broadcasting equipment, chemical industry, medical care, light industry and machinery in a 10,000-square metre exhibition area. About 40 percent of the items were patented at home and abroad or won prizes above the ministerial level; and a quarter of them was high technology with good export potential.

Over the past ten years, China's military enterprises have established more than 300 civilian commodity production lines and manufactured over 10,000 varieties of products. Its export volume of machinery and electronics made up 10 percent of the country's total.

by Li Ming

A Full Night Life

In the splendid Palace Hotel, people were intoxicated with the comedy *Table Manners*, written by the well-known British dramatist Alan Ayckbourn. The play was a Dinner Theatre production of British artists invited to China by Mr Han CA Brouwers, the general director of the hotel. The activity was supported by British Airways and Air China.

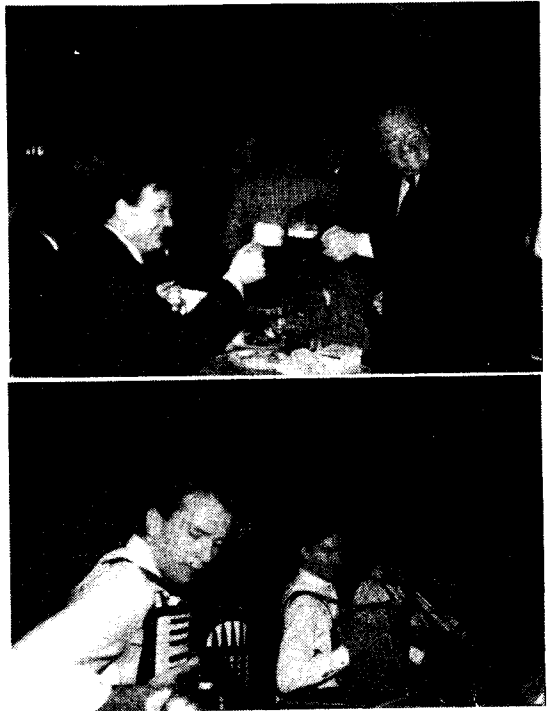
Bringing well-known foreign art groups and artists to perform in Beijing is just one characteristic of the Palace Hotel.

In late October, the hotel

held an Octoberfest for the first time in its Crystal Ballroom, providing an orchestra and siners from Munich to liven up the festival. In the spacious banquet hall, seated among the rows of long wooden tables and benches, the audience could listen to German music and drink imported German beer.

In addition to the hotel guests, representatives of foreign business offices residing in China, members of foreign embassies, reporters and tourists staying at other hotels also joined in the Octoberfest.

by Han Baocheng



Mr. Han C.A. Brouwers clinking glasses with guests; The music band playing German folk music.

News in Brief

- Customs Tourist Sales Exhibition of China's Southern Nine Provinces '91 will be held from April 12 to 15, 1991 at Yunjing-hong, capital of Xishuangbanna Autonomous Prefecture, Yunnan Province. The exhibition is sponsored by the International Market Development Co. under the State Travel Service and the Yunnan Travel Service, and jointly organized by travel services of Guangdong, Fujian, Hubei, Hunan, Guangxi, Sichuan, Guizhou and Hainan.

On the occasion, nine provinces in southern China will announce a variety of special tours such as a narrow track railway tour in Yunnan, an azalea appreciation tour, a tour to the community of the Miao people in Guizhou, a tour of Worshipping Goddess Mazu, a giant panda inspection tour in Sichuan, a dinosaur lantern festival, and other

activities with strong local and national features. During the exhibition, people will be invited to take part in the annual Water-Sprinkling Festival and inspect the folklore of the Dai nationality. To the east of Xishuangbanna is a tropical rain forest.

- Jinjing Tower of Shanghai, a Sino-foreign joint venture built in accordance with the top international standard, opened for business on October 8.

Located in the city's centre, the hotel has a 43-storey main building, 153.6 metres high, and a 5-storey wing building. With a total of 66,000 square metres of floor space, it has 728 guest rooms, including two luxury and 46 deluxe suites. It has hosted six heads of state from Burkina Faso, Central Africa, Syria, Bangladesh and other countries, and 20 or so groups of important political and internationally famous personalities.

The hotel is the only large

Sino-foreign luxury one to be managed by the China hotel managerial group.

- The first issue of *China Tourism Pictorial*, jointly published by the China Tourism Publishing House and the Hong Kong-based Hing Tat Ming Ltd., came off the press on October 7. It is a Chinese-English quarterly with 16mo, colour pictures and exquisite printing.

The pictorial provides overseas readers with a review of China's tourist industry, the nation's rich tourist resources and insights into the industry's improved services and facilities. It introduces China's culture and art, history and scenic spots, local flavours and nationality customs, native specialities and famous products, delicious food and various interest tours, thus providing a window through which readers can have a better understanding of China.

by Yao Jianguo

Shang Dynasty Tomb in Jiangxi

Chinese archaeologists have confirmed that the Shang Dynasty (17th—11th century BC) tomb discovered in Xingan County, Jiangxi Province in southern China last year is an important breakthrough in the field of archaeology which sheds new light on the history of ancient civilization in southern China.

The tomb was discovered on September 20 last year by local farmers who were building an embankment. Archaeological teams from Jiangxi Province and the Shanghai Museum have completed the excavation and restoration work on the tomb.

The tomb housed an inner coffin and an outer coffin. The outer coffin is 8.22 metres long and 3.6 metres wide while the coffin is 2.34 metres long and 0.85 metres wide. Archaeologists failed to find the remains of the deceased except for some verdigris-stained teeth. However, the burial objects were numerous. Bronze objects numbered by 480 and included ritual vessels, weapons and farming tools. Also unearthed from the tomb were over 300 crockeries and more than 100 jade, agate and crystal decorative articles.

In terms of archaeology, southern China has long been considered a barren land of ancient civilization.

However, the discovery of the Shang Dynasty tomb shattered this belief. Although some of the bronze and jade wares bear obvious traces of the Bronze Culture of central China in mold and design, quite a number of the unearthed objects are identical to the local culture in technology and style which can be seen, for example, in the

swallow-tail designs and the tiger-shaped objects. The short sword, axe and plough unearthed have not been found in the Shang Dynasty tombs in northern China. With the discovery of the bronze plough, the origin of plough farming can now be traced from the Western Zhou Dynasty (11th century-770 BC) to the Shang Dynasty (17th-11th century BC).

Bronzeware experts from the Chinese Academy of Social Sciences, Beijing University and Shanghai Museum came to the conclusion after carefully studying the relics from the tomb that a highly-advanced bronze culture existed in the Ganjiang River and Boyang Lake areas 3,000 years ago, and that a slavery state also existed at the time of the Shang Dynasty in southern China. The person buried in the tomb was probably the highest ruler of this state. Experts expect that this discovery will result in modifications in the history of ancient Chinese civilization in southern China. ■

Stone Age Relics Found in Fujian

Chinese archaeologists recently confirmed that the more than 1,000 stone objects found in the outskirts of Zhangzhou, Fujian Province in southern China were valuable remains of the Old Stone Age. These are the first set of cultural relics of the Old Stone Age to be discovered in the province.

The stonewares were unearthed from two earth layers. The first was the red earth bed where a small number of quartz stonewares are unearthed and believed to have been from the mid-Pleistocene Epoch. The

other layer was the brown earth bed where a large number of flint stonewares were found which are believed to be from the late Pleistocene Epoch. Archaeologists claim that these stonewares belong to what they named the *Zhangzhou Culture*.

Altogether 1,457 pieces of stoneware scattered in 113 different sites have been unearthed, along with a small number of mammalian fossils and human bones. The stonewares are divided into three categories, including stone cores, stone artifacts and stone flakes. The stonewares, made mostly of black or grey flint, were generally small, delicate and of high quality craftsmanship. The stone artifacts can be divided into scrapers, carving tools, drills and pestiles. The scrapers, which are the most complex and account for the majority of the stoneware find, can be further divided into ten types.

Archaeologists identified these stonewares as being products of a culture of the coastal areas of Fujian Province from the period between the Old Stone Age and the New Stone Age, about 9,000—13,000 years ago. The stone objects reveal clues that the human beings of that culture lived by hunting land and sea animals.

The discovery of the "Zhangzhou Culture" has attracted much attention from Chinese archaeologists. The discovery gives an insight into prehistoric culture along China's southeastern coastal areas and provides valuable material for the research of the relation between Fujian and Taiwan during prehistoric times. The stoneware proves that Fujian Province was the place of origin of the prehistoric culture in Taiwan, a belief held by many Chinese archaeologists, and that Zhangzhou was the outlet to Taiwan during the

prehistoric period.

Not long ago, Fujian Province had been one of the few Chinese provinces where no relics of the Old Stone Age had ever been discovered. But since 1987, remains of human beings and other mammals have been found throughout the province. Fossils of a mammal of the Pleistocene Epoch and a fossil of a piece of human humerus from the late Pleistocene epoch or the early Holocene Epoch were found in the sea near Dongshan County. Giant pandas, stegodon elephant, Chinese rhinoceros and giant tapirs fossils were discovered in Mingxi County. A fossil of a human lower premolar mandible was found in Qingliu County.

The discovery of the "Zhangzhou Culture" has opened a new page in Old Stone Age archaeology in Fujian. ■

Yantai People Love Peking Opera

As she watched *Uproar in Heaven* presented by China's Yantai City Peking Opera Troupe in an Indian theatre in 1983, Indira Gandhi was greatly amused. After the final curtain, the former Indian prime minister said to leaders of the troupe, "I enjoy Peking opera art. Your performances are excellent."

Since 1983, the troupe, which is from Yantai, a coastal city in Shandong Province, has been to more than ten countries in South Asia, Latin America and Western Europe as a state delegation of the arts. Its more than ten repertoires are well received wherever it went.

In the autumn of 1989, the troupe went to six Latin American countries including Urug-

uay, Chile, Bolivia, Cuba, Mexico and Venezuela, putting on 49 performances for audiences totalling 50,000. The audiences were able to follow the plot with the help of a simple synopsis and from the performance themselves, and they applauded at every climax.

From July 19 until August 31, 1990, the troupe visited Spain and Portugal. The cast will never forget their performance at the *Torre de Belem* open-air theatre in Lisbon. The stage was assembled in front of a castle surrounded by a moat beside the sea. The audience was to watch the performance on the other side of the moat, but because the bleachers fell short of the demand, two large screens had to be erected to broadcast the performance live for those who couldn't be seated. The audience inside and outside the theatre totalled 25,000, and the sound of their applause accompanied by the rushing waves of the sea made the event even more spectacular.

"This particular experience made me realize that real art belongs to the world," said He Guanqi, head of the troupe.

It has been 100 years since Peking opera was introduced to Yantai. From the 1920s to the 1940s, well-known Peking opera artists often went to perform in Yantai. Some of their fans later became Peking opera performers themselves.

Peking opera is still loved by people in Yantai. In summer, men and women, old and young, can usually be found singing Peking opera on the streets, in courtyards and in seaside parks.

Many outstanding young and middle-aged Peking opera actors and actresses are from Yantai. In recent years, six people of the Yantai City Peking Opera Troupe have won the title of excellent Peking opera performer of Shandong Province, and two won first prize for the *dan* (female role) in the National Youth Peking Opera TV Competition.

Not long ago, Yantai hosted a Peking Opera Art Festival. Including performances not only of well-known Peking opera artists throughout China, but also of local Peking opera professionals and amateurs, it proved to be a grand occasion.

by Cai Hongwen

A Spanish reporter interviewing members of the Yantai City Peking Opera Troupe.



Collected Fine Art Works of China

The most magnificent publishing project in the history of Chinese culture, a plan to publish a classified, 400-volume *Collected Fine Art Works of China*, has been drawn up. Editing and compilation are already under way.

Divided into five parts and 19 topics, this voluminous work proposes to cover from the Paleolithic Period of the primitive society to the late Qing Dynasty and systematically summarize the Chinese achievements in painting, sculpture, arts and crafts, calligraphy and architecture. Representative works from 1911 to 1990 will be included in a 40-volume *Collected Modern Chinese Works of Fine Arts*.

Twenty-six Chinese publishing houses will participate in this key cultural undertaking of New China. It is expected to be completed in ten years with an expenditure of nearly 100 million yuan.

Cultural Development During 1911-49

A Cultural History of the Republic of China, a new three-volume publication put out by the Jilin (a northeastern province in China) Literary and Historical Publishing House and the first book on the subject published in China's mainland since 1949, objectively described the Chinese cultural developments and summarized its achievements over this period.

In the period of the republic (specifically from 1911 to 1949), China, on one hand, witnessed melee among warlords and frequent civil wars;

on the other hand, it further introduced and disseminated advanced science and culture from the West after the overthrow of the corrupt Qing Dynasty in 1911. New cultural institutions mushroomed; newspapers and magazines rolled and came off the press with full force; newly established schools of different kinds proliferated throughout the country. There was the New Culture Movement, the National Salvation through Education or Science campaign and the Left-Wing Culture Movement—one followed another. Just as the late Chairman Mao pointed out, "Its influence has been so great and its impact so powerful that it is invincible wherever it goes. The numbers it has rallied behind it have no parallel in Chinese history."

At that time, both natural sciences and social sciences including the humanities flourished. The Chinese Science Society, China's first national natural science association, was founded in 1915. The Institute of Geological Survey, the first natural science research institution in China, proclaimed its birth in the following year. From then on, China's educational and research

systems of natural science were gradually established and Chinese scientists began to produce success stories: Pei Wenzhong discovered the skull fossil of "Peking Man" in 1929; Hou Debang invented a new method for soda-making in 1939; Huang Jiqing published his *Fundamental Geological Structure Units of China* in 1945.... China prod-

uced scientists of world level such as Li Siguang, Hua Rugeng and Zhu Kezhen.

On the whole, the book has given a faithful account of China's cultural achievements gained during this period and analyzed the relevant political, economic and social backgrounds.

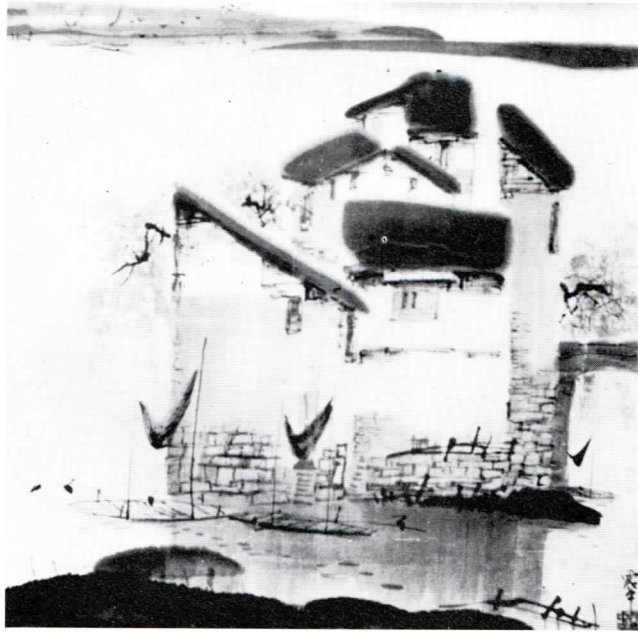
Chinese Kuomintang History Published

A History of the Chinese Kuomintang (1894-1949), the first one on the subject in the mainland, has recently been published by the Jilin Literary and Historical Publishing House and is due to be distributed in China and abroad.

The Kuomintang, a nationalist party, has trekked a zig-zag path over the past 90 years. At one time, it was revolutionary following the trend of the times, and at another, it went against the current. Although it had suffered frustrations and failures, it had periods of development and progress. No matter how we evaluate, beyond a doubt it played a significant role in modern China. Therefore, as Mr Qu Wu, honorary chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, has said: "It is quite significant to seriously study the past and present of the Kuomintang and objectively and justly evaluate its merits and demerits."

The book, edited by Song Chun, professor of the Northeast Teachers' University, is an important achievement of historians in China's mainland.

by Shi Quansheng and Lou Xinyue



Fishermen's Homes.

Landscape Paintings by Duan Zhenzhong

Duan Zhenzhong, born in Anhui Province in 1944, is now an art designer with the Beijing Film Studio. Skilled in oil, ink and wash landscape painting, he likes to feature the "water villages" of south China and the mountain city of Sichuan Province. In some of his new creations he combines Chinese and Western styles.



Mountain City.



Houses and Bridge.



Scene in a "Water Village."

Taiwan Hotel



The Taiwan Hotel, an exclusive and spectacular hotel in Wangfujing, Beijing's bustling downtown.

The hotel has 310 rooms equipped with IDD telephones and closed-circuit video. Satellite dishes allow direct reception of American TV programmes.

The hotel has Chinese and Western restaurants for its Chinese and foreign guests. Cantonese and Taiwanese cuisine are prepared by famed Taiwan and Hong Kong chefs. Round-the-clock room meal service is available. The hotel takes great pride in providing guests with warm and efficient services.

Address: 5 Jinyu Hutong, Wangfujing Street, Beijing

Tel: 5136688

Fax: 5136896