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CHINA'S THRIVING NONFERROUS METAL INDUSTRY

China's Position
On the Gulf

A brightly decorated marriage costume for rural girls in Henan Province.



A farm child dressed in Henan style.

Photo by Wang Deying

HIGHLIGHTS OF THE WEEK

China's Position on the Gulf Crisis

□ At an UN Security Council meeting on February 14, China's permanent representative to the United Nations elaborated on China's stand on a peaceful settlement of the Gulf crisis. Ambassador Li Daoyu said that in order to give peace efforts a chance, there should be five elements (p. 8).

The Gulf War and the US Economy

□ The Gulf war will not bring a boom to the US economy. However, some positive changes have occurred in the oil and stock markets since the war began (p. 9).

Nonferrous Metal Industry Goes International

□ China is now the world's fourth largest nonferrous metal producer. The current economic restructuring, an expansion of the market role and changes in the management concepts have all helped the industry develop its international market and expand mutually beneficial trade exchanges with foreign counterparts (p. 13).

Nanjing Makes Fresh Progress in Opening Up

□ Since Nanjing was designated as one of the 14 coastal cities open to foreign investment and trade in March 1983, more than 120 foreign-funded enterprises have been set up and most of them are in smooth operation. Moreover, the first group of factories have gone into production in the high-tech development zone of the capital city of Jiangsu Province (p. 18).

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COVER: At the smelting workshop of the Jinchuan Nonferrous Metal Company, China's largest nickel production base and a centre for the production of precious platinum products.

Photo by Zhou Baoxuan

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Ground War Begins To China's Keen Regret

The Chinese government cannot but express its deepest regret at the escalation of the Gulf war but is still hoping for a peaceful resolution to the Gulf crisis, a Chinese Foreign Ministry spokesman said in Beijing on February 24.

On February 24, the multinational forces of the United States and other countries kicked off a fierce ground offensive against Iraqi troops in Kuwait and Iraq, at a time when hopes were running high for a peaceful settlement of the Gulf conflict.

"Since the outbreak of the Gulf crisis, we have painfully witnessed a heavy toll of human lives, including those of many innocent civilians, and the destruction of enormous wealth," the spokesman said. He added that the ground war will cause even greater suffering to the people in the region.

The Chinese government strongly appeals to the warring parties to exercise restraints so as to prevent greater and irretrievable losses.

China hopes that all parties involved will continue their efforts to find a practicable peaceful solution to the conflict at the earliest possible date. ■

Six-Point Peace Proposal by China

Despite the outbreak of ground war in the Gulf, the international community should continue to strive for a peaceful settlement of the conflict.

Special envoy of the Chinese government Yang Fuchang said on February 24 as he ended his tour of Syria, Turkey, Yugoslav

and Iran, in search of a peaceful solution to the Gulf conflict.

During his visit, Yang, vice-minister of foreign affairs, set forth a six-point proposal of the Chinese government for a peaceful solution to the Gulf crisis.

This proposal includes:

— Iraq should unconditionally withdraw its troops from Kuwait;

— The parties involved should show a willingness for peace;

— The urgent task at the moment is to prevent the war from expanding and escalating and to create favourable conditions for peaceful efforts. All sides involved in the conflict should do their best to avoid any actions which may cause an increase of personnel casualties and destruction of civilian installations;

— Matters concerning the security of the Gulf region in the aftermath of the conflict should be consulted and solved primarily by the regional countries. Foreign troops should pull out of the region, and Arab and Islamic countries should play a more important role;

— As for the Middle East issue, there can never be a real and lasting peace in the Middle East and Gulf region as long as the conflict between the Arab countries and Israel remains unsolved. The international community should focus its full attention on this issue;

— The above five issues may not be linked with each other, but they can be dealt with one after another. However, all these issues should be given equal consideration and attention.

Yang had discussed the Chinese proposal with leaders and diplomats of the four countries during his visit.

Through wide-ranging exchange of opinions, Yang said that China reached an extensive consensus with the four countries on the Gulf crisis, and these

countries all hoped that China, a permanent member of the UN Security Council, would play an important role in bringing an end to the Gulf war.

"The Gulf war has been escalated with the starting of ground war," Yang said, adding that it is regrettable to see the chance of a peaceful settlement of the Gulf crisis lost due to the escalation of war.

However, Yang said he did not believe that the international community will give up its effort for peace.

He urged all parties involved in the war to express their willingness for peace. "No other opportunities should be missed again," he added.

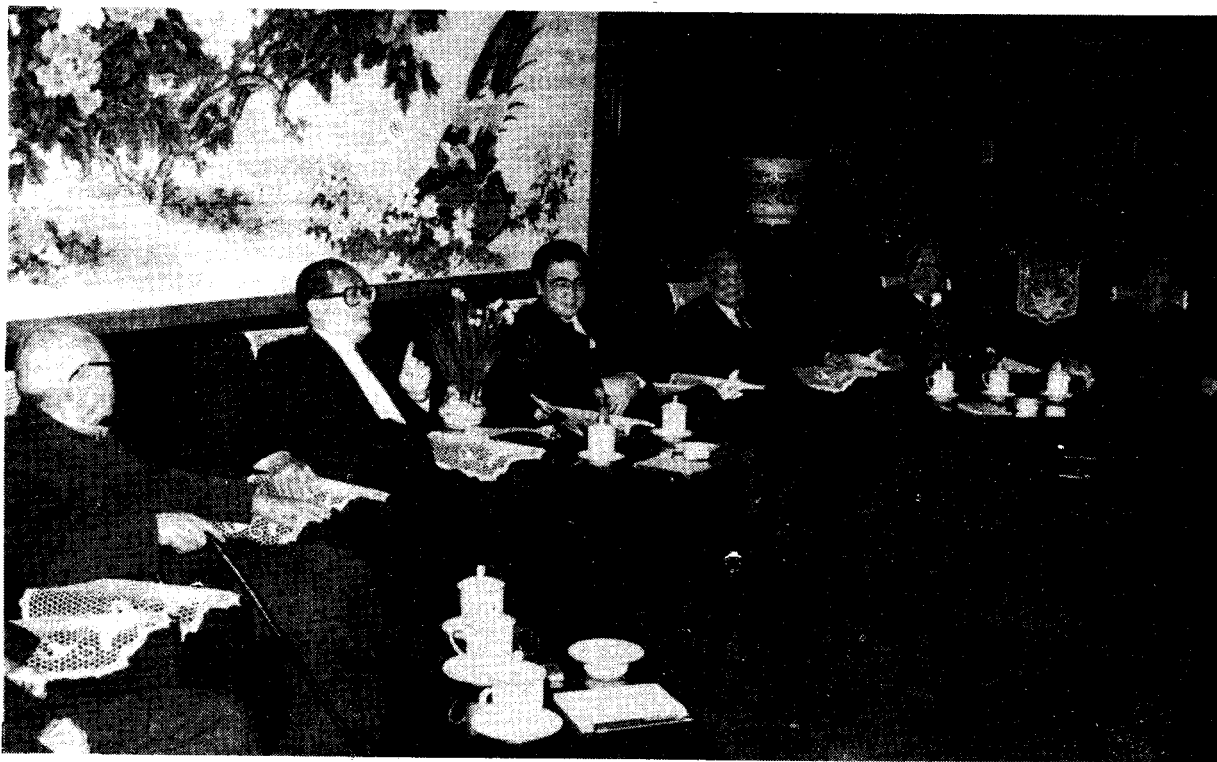
The vice-foreign minister said that China will continue to support all the international activities aimed at bringing about a peaceful solution to the Gulf conflict, and play its own part in putting an end to the war and realizing peace as soon as possible. ■

Chinese Lunar New Year Celebrated

China's socialist modernization is thriving and its people live and work in peace and are confident of the future, said Premier Li Peng on February 15 at a Spring Festival gathering held at Beijing's Great Hall of the People.

He said that 1990 had been an extraordinary year during which the Party Central Committee headed by Jiang Zemin did effective work despite difficulties at home and pressure from abroad.

The premier noted that China now enjoyed a stable economic, political and social situation, and all undertakings were steadily



On February 13, General Secretary Jiang Zemin and Premier Li Peng meet leaders of democratic parties and some non-party personage.

WANG CHUANGUO



On the eve of Spring Festival, TV sets are sold like hot cakes among farmers in Shandong Province.

WU GANG



Young Tibetan farmers joyously celebrate the Year of Golden Sheep according to Tibetan calendar.

TUBDAN

developing.

Progress has been made in improving the economic environment and rectifying the economic order and in deepening reforms. Inflation has been checked, and the consumer price index has dropped sharply.

The country recorded a bum-

per harvest last year, and witnessed an industrial recovery. In addition, Li said, there had been a steady increase in imports and exports.

Li admitted that although China had achieved great results, it was still faced with financial difficulties and its larger enter-

prises were still handicapped by poor economic efficiency.

He said the government will work to ensure another good grain harvest, appropriately develop the economy by keeping a basic balance between social demand and supply, improve the economic results of large and medium-sized enterprises, and deepen reforms in scientific and technical management and the education system.

China will further open to the outside world this year and expand foreign economic and technical co-operation and exchange in various forms, the premier said.

The gathering, which was held to mark the traditional Chinese lunar New Year's Day, was attended by General Secretary Jiang Zemin and other Party and state leaders along with more than 4,000 people from all walks of life in the Chinese capital.

On New Year's Eve, Jiang and Li extended festival greetings to people of all nationalities throughout the country while visiting a steel plant and residents' homes in Beijing.

Jiang visited No. 2 Steel Mill of the Shoudu Iron and Steel Company. He met with workers operating a continuous casting machine and asked about their working conditions.

The premier visited two families in Juer Lane of Dongcheng District together with Beijing Mayor Chen Xitong.

Juer Lane is a narrow lane lined with old, crowded compounds. In one small room which housed an entire family, the premier promised the housewife that the government will make greater efforts to improve the housing conditions in the coming years.

Meanwhile, former Chairman of the Military Commission Deng Xiaoping, President Yang Shangkun and Chairman of the Chinese People's Political Con-

sultative Conference Li Xiannian appeared in Shanghai, exchanging festival greetings with local people at a Spring Festival gathering. ■

4 Sentenced for Roles in Turmoil

The Beijing Municipal Intermediate People's Court announced judgements on February 12 on four men who violated law during the turmoil and rebellion in Beijing in 1989.

Among the four, Chen Xiaoping, who committed serious crimes, was exempt from punishment according to law for voluntarily giving himself up to the police and showing willingness to repent.

Liu Gang, who committed serious crimes, was given a mitigated punishment of six years' imprisonment with a two-year deprivation of political rights, because he owned up to his crimes and showed willingness to repent during the trial.

Chen Ziming and Wang Juntao, who committed grave crimes but have so far shown no willingness to repent, were each sentenced to 13 years' imprisonment with a deprivation of political rights for four years. Chen and Wang were accused of wantonly inciting others to subvert the people's government and the socialist system, establishing illegal organizations in Beijing and conducting a series of activities to subvert the people's government. During the enforcement of martial law in parts of Beijing, the two also participated in organizing and directing the interception of and attacks against the armed forces that were enforcing martial law and helping safeguard public order, according to the court.

The court held separate public hearings of the cases of the four defendants on February 5, 6, 11 and 12. Earlier, the city's public security organs investigated their cases before transferring them to the procuratorial organs for reviewing. The latter then instituted public prosecutions against the offenders.

The public hearings were attended by more than 200 local residents, including family members of the accused, journalists, and teachers and students from local universities and colleges. Lawyers for the accused conducted defenses on their behalf. ■

Qian Unveils European Tour

Chinese Foreign Minister Qian Qichen left Beijing on February 21 for official visits to Portugal, Spain, Poland, Bulgaria, Hungary, Greece and Malta at the invitation of his counterparts of these countries — the first time for a Chinese foreign minister ever to visit Europe since the latter half of 1989.

China has always enjoyed a very good relationship with European countries and a growing Sino-European relationship is beneficial to both sides, Qian said at a press conference before his departure. He said he was very glad to have the opportunity to gain first-hand knowledge of the latest developments and new issues that have occurred in the wake of dramatic changes in Europe.

"I am ready to discuss with leaders of the European countries the new approaches and prospects of developing bilateral relations," Qian added.

When asked to comment on Sino-Portuguese relations, he

said that China has enjoyed very good relations with Portugal, which is the first leg of his tour.

Three years ago China and Portugal signed a joint declaration on the issue of Macao. Since then, bilateral relations have developed smoothly. The Portuguese President Mario Alberto Nobre Lopes Soares's visit to Macao last November had played an important role in stabilizing the situation there and strengthening Sino-Portuguese ties. China appreciated this very much, Qian said.

On relationship between China and Eastern Europe, Qian said that China has enjoyed "traditional" friendship and cooperation with the Eastern European countries. China maintains that the major changes occurring there over the past two years are a matter of choice on the part of East European people. "China respects their choices," he added.

He said he does not think that there are any obstacles to expanding relations between China and these countries. The two sides can find common interest and further their relations on the basis of non-interference in each other's internal affairs. ■

Shanghai Seeks Development in '90s

The 1990s is a decisive period for Shanghai's transformation and development. In the 10 years to come, the city is faced with the twin tasks of developing the Pudong New Area and renovating Puxi, the traditional city proper, by using investment and advanced technology from abroad.

Mayor Zhu Rongji made these comments when addressing the opening ceremony of an international symposium held in Shang-

hai February 4-7.

The International Symposium on Shanghai's Economic Development was co-sponsored by the municipal government and World Bank at the latter's proposal. The conference was to assess Shanghai's role in the world's future economic development and discuss the potential long-term co-operation between Shanghai, China's number one metropolis, and the World Bank as well as the United Nations Development Programme (UNDP).

In his opening remarks, Zhu spoke highly of the aid the World Bank had offered in support of the construction of the city's infrastructure and the development of its economy on the whole. The mayor mentioned a recent offer of a US\$150 million industrial loan from the bank for the renovation of four of the city's industrial sectors including electronic components and printing machinery. The latest of the 88 World Bank loans to China was granted in the United States by the executive board of the bank on January 29, 1991. Zhu believed that the prospects of Shanghai's co-operation with the World Bank are broad and bright.

Participants in the symposium were unanimous that Shanghai's economic strength will be beneficial to both its own resurrection and China's economic boom.

In a report entitled "The Economy of Shanghai on the Way to the 21st Century," Vice-Mayor Huang Ju explained Shanghai's current position, the strategic goals and guidelines for future development and plans the city will undertake in the next 10 years.

The symposium was attended by 200 officials, economists, theorists and observers, including senior representatives from the China Bureau of the World Bank, the Beijing Office of

UNDP and the Ford Foundation.

During the four-day conference, the attendants also listened to a briefing of the general plan of the Pudong project and made a field inspection of the new area.

by Staff Reporter Dai Gang

NPC Deputy Removed from Position

Xu Jiatun has been removed from his position as a deputy to the Seventh National People's Congress (NPC) for his unauthorized departure from the country.

Formerly a member of the NPC Standing Committee and director of the Hong Kong Branch of the Xinhua News Agency, Xu left China and went to the United States on April 30, 1990, without authorization and to date has not returned.

A report from the 18th session of the Standing Committee of the Guangdong Provincial People's Congress held February 19 pointed out that Xu, who was elected a deputy to the Seventh NPC by the provincial congress, "has betrayed the people, causing extremely bad consequences both at home and abroad, and betrayed the basic conditions expected of an NPC deputy."

A decision was made to remove him from his position as an NPC deputy, according to Article 40 of the electoral law concerning the national and a local people's congresses. This will be submitted to the Standing Committee of the National People's Congress for record.

A spokesman for the General Office of the NPC Standing Committee explained the move on February 23 that "if a deputy has lost confidence from his electors, they may naturally remove him." ■

For Peaceful Settlement of Gulf Crisis

by Xin Zhou

At an UN Security Council's meeting on February 14, Ambassador Li Daoyu, China's permanent representative to the United Nations, once again called on the belligerent parties in the Gulf war to exercise the greatest restraint, and considered that there should exist five elements for the peaceful settlement of the Gulf crisis.

The five elements are: first, Iraq should signify that it will withdraw its troops from Kuwait immediately; second, the parties concerned agree to seek a peaceful solution; third, the belligerent parties will exercise restraint so as to reduce hostilities and prevent the expansion and escalation of the war; fourth, the settlement of the Middle East question should be scheduled; and fifth, the arrangements after the Gulf war should be made mainly by the countries in the region and foreign military forces should withdraw from the Gulf region.

Li Daoyu said China regretted that despite the greatest efforts by the international community for a peaceful settlement of the Gulf crisis, all these efforts had unfortunately failed and the war finally broke out.

"The war has been going on for nearly a month, inflicting disastrous losses of lives and properties," Li noted. "Many innocent civilians have been

killed and many non-military installations demolished. We express our deep grief and sympathy about it. We are deeply anxious and worried that there exists a serious danger of the expansion and escalation of the war and the situation is extremely grave."

The Chinese ambassador said that from the very start of the Gulf crisis, the Chinese government has adopted a principled and responsible position. China has opposed Iraqi invasion and annexation of Kuwait and demanded that Iraq withdraw its troops from Kuwait immediately and unconditionally, and restore and respect the independence, sovereignty, territorial integrity and the legitimate government of Kuwait. At the same time, the Chinese government has consistently held that the Gulf crisis should be settled through peaceful means within the framework of the relevant resolutions of the Security Council. China believes a peaceful solution through negotiations may take a longer time, but with a lower cost, whereas the use of force will not provide a solution in short time and there exists the possibility of a protracted and expanded war. All the parties concerned will pay a high price for it. Consideration should be given to the fact that war has its own logic independent of man's will, and

that war will lead to many serious consequences, difficult to estimate at present. Modern war is cruel. The longer the war lasts, the more serious the consequences will be. Therefore, China once again calls upon the belligerent parties to exercise the greatest restraint and prevent the spread and expansion of the flames of war so that the people of the Middle East and the Gulf region and the countries concerned will be saved from greater disasters, thus creating favourable conditions and providing opportunities for the international community to continue its search for a peaceful solution to the conflict.

The Gulf war has caused universal concern and anxiety of the international community. Leaders of some states have put forward many peaceful proposals for an early end to the war. "We appreciate their efforts," Li said.

The Chinese government has always supported the positive role played by the Security Council, the Secretary-General and the relevant member states of the United Nations in seeking a peaceful solution to the Gulf crisis. Together with the international community, China is willing to continue to make its own contributions to achieving an early solution to this crisis and restoring peace and stability in the Gulf region. ■

Gulf War: No Boost for the US Economy

by Cao Dahong

What influences will the Gulf war produce on the US economy? Will it delay or accelerate the slump in the US economy or will it give a boom to it?

Contrary to expectations, there was a sharp drop in oil prices while the prices in stock market showed a tendency of rising after the Gulf war broke out. Some positive changes have also happened in other markets. Can we conclude from this that the Gulf war will bring new vigours to the US economy which is sliding? My answer is no.

Of course, several wars in history have brought prosperity to the US economy. For example, in World War II, the US government had successfully brought its economy out of the great depression beginning in the 1930s. In both the Korean and Vietnamese wars, massive orders from the government for military equipment and weapons had stirred an increase in the US economy. As a result, wars have been seen by some Western economists as an element which can stimulate the development of the economy.

However, the Gulf war differs from the others. The facts of the past wars prove that if the available productive ability of a country cannot meet the need of its government for a war and it is necessary to expand productive ability to satisfy an increasing general demand of society, the economy of that country will be stimulated. In World War I and II and the Vietnamese War, the

US government had inadequate armament. As a result, it made huge appropriations for building new ammunitions factories while increasing the production of its old ones. The measure succeeded in increasing the general demand of society, expanding the scale of production and creating new opportunities for employment. The entire US economy was stimulated and developed rapidly.

The situation of the Gulf war is quite different. Most of the military supplies and weapons provided to the US troops in the Gulf come from the country's military depot. Any deficiency can be provided by taping the surplus capacity of its available military industry. There is no need to build new factories. In addition, since the Cold War has ended and relations between the East and West have relaxed, the US government will unlikely increase its military budget to replenish its military stock after the Gulf war.

Moreover, the Gulf war will probably not last for a time long enough to stimulate the US economy. All of the wars in history which have brought a boom to the US economy had lasted for over 12 months. US President George Bush has repeatedly declared that the Gulf war is not another Vietnamese War, but a war of quick decision. In the eyes of the White House, the Gulf war can be seen as a war of quick decision if it lasts for two or three months. Any war which is limited in duration will produce no positive changes in em-

ployment, interest rate and stock prices, nor will it promote the development of the entire economy. No US military actions during the 1980s, such as the US invasion into Grenada and Panama and bombing Libya, played any role in creating an economic boom. The reason is that all of these actions were brief in duration.

Furthermore, the Gulf war is a modern electronic war. It means that not all branches of the US military industry will make money from the war. Since the war began, stocks in the US companies producing advanced military equipment and weapons have been increasing while those of the companies producing less advanced conventional weapons have remained low. It demonstrates that the Gulf war has not brought a boom to the entire US military industry, let alone the whole economy of the country.

There is another difference between the Gulf war and the wars which had played a role in stimulating the US economy. As the present war is fought in an area known as "the world's largest oil store." It will easily produce an effect on the psychology of some people. Before the war, some investors and consumers showed their worries about rising oil prices and worsening inflation. Their confidence has been hit and has not been restored with the outbreak of the Gulf war. Although stock prices rose following the outbreaking of the war, it was not encouraged by an increasing demand for new in-

vestment but caused by the psychology of investors. As the war progresses, stock prices will continue fluctuating. Investment and consuming activities will not become active unless the war is over and the worries of investors over a rise in oil prices and inflation are removed.

I seems that the US government and economists do not expect the war to bring prosperity to the US economy. They are hoping that the war will settle the "oil problem," thus paving the way for an economic recovery after the recession.

It can be predicted that the

Gulf war will not bring a boom to the US economy like the wars in the past. However, if the war can be short in duration, the oilfields in the area will not be destroyed and oil prices will remain stable, there is still a hope for the US government to pull the economy out of its slump earlier. ■

Confidence-Building in Asia-Pacific

by Si Chu

In view of the rapidly changing world today and particularly the tragic events in the Gulf, confidence-building measures (CBMs) and other security issues in the Asia-Pacific region have become more prominent. Against this background, the United Nations Regional Centre for Peace and Disarmament in Asia and the Pacific organized a regional meeting on "Confidence-Building Measures in the Asia-Pacific Region" in Kathmandu, Nepal, from January 24 to 26, 1991. Thirty-one government officials, diplomats, scholars, and the people from the non-government organizations and the press, coming from China, the USSR, the United States, Japan, the United Kingdom, Australia, New Zealand, Canada, Nepal, Malaysia, Pakistan, Bangladesh, Korea, Viet Nam, the Philippines, Thailand, Sri Lanka, Laos, Brunei, Austria, Germany and other countries participated in the meeting.

This meeting provided the participants with ample opportunity to exchange ideas and enhance mutual understanding on important issues.

World Situation

As one of the big countries in the Asia-Pacific region, China attaches great importance to maintaining and promoting peace, security and development of this region. In this context, appropriate approach and suitable measures related to regional confidence-building, security and disarmament issues have been explored.

In such wide areas as Asia and the Pacific, regional confidence-building, security and disarmament issues cannot exist alone; on the contrary, they are closely linked to and affected by what is happening globally or in other areas. As long as the strong and big nations continue to bully the small and weak, the sovereignty of states continues to be trampled on, and the arms race continues to escalate, peace and security in the Asia-Pacific region as well as elsewhere in the world will always be under threat; and as a result, confidence-building, security and disarmament arrangements for the Asia-Pacific area can hardly register real progress.

In recent years, there have occurred the most fundamental

changes in the international arena since World War II. The old world order has broken up and the new order has not yet taken clear form. Today's overall international environment and atmosphere have improved to a certain degree, as shown by the reduction in East-West military confrontation as well as by the fact that certain regional conflicts are on the verge of reaching political solutions. This indeed provides a favourable background for discussions on the confidence-building, security and disarmament issues in the Asia-Pacific region.

On the other hand, however, it is also undeniable that the world today continues to suffer from a series of factors which menace peace and security. Hegemony and power politics have yet to be eliminated. In certain areas, political, economic or national disputes are tending to deepen and worsen, leading to new tension and turbulence. Several regional conflicts, including, *inter alia*, that of the Middle East, have a long way to go and have many difficulties to overcome before reaching their just and reasonable political solution. In the

field of disarmament, although its momentum has been somewhat abated, the global arms race has not yet come to an end. Worse still, in some cases, weapons claimed to be reduced have in fact been transferred to other areas, thus causing new problems for peace and security. The progress of multilateral disarmament efforts remains unsatisfactory, partly because of attempts to shift the responsibility for disarmament onto others and to deviate from the right objects of disarmament. In the economic field, increase of world trade has slowed, while the economic situation in the developing countries is getting bleaker, the disparity between developing and developed countries deeper and the North-South gap wider.

These grave factors not only affect world peace and security, but also confine and curb the emergence and development of regional confidence-building, security and disarmament measures. In this regard, the Asia-Pacific region is no exception.

Differences

Solutions to issues in Asia and the Pacific can only be found in light of the specific situation and characteristics of the region. This also holds true for the arrangements for CBMs, security and disarmament.

An idea has surfaced recently that the CSCE (Conference on Security and Co-operation in Europe) model for confidence and security-building measures and the CFE (conventional forces of Europe) model for disarmament are panaceas that other parts of the world should only copy to solve their own problems. This, however, is not feasible.

Positive as it may be, the progress in Europe has been achieved under the circumstances prevalent in Europe. Experience gained in Europe can

hardly apply to other regions where situations and conditions differ from those of Europe. Differences exist at least in the following aspects: (1) For many years, Europe was dominated by two clearly-delineated blocs that confronted each other both politically and militarily. No such blocs exist among the dozens of countries in Asia and the Pacific.

(2) The Asia-Pacific region also differs from Europe in that there exists a wide variety of contradictions and problems of different sources and nature in this region, and indeed, in every sub-region.

(3) Countries in Europe may be at different levels of development, but on the whole, all of them are developed countries; while in Asia and the Pacific there are developed countries, developing countries and even the least developed countries. (4) The political, social and cultural diversity among Asian and Pacific countries is also much greater than that existing in Europe. These major differences preclude any possibility of mechanically copying the European experience and model in this region.

Different regions can only find and adopt appropriate measures to solve their problems in light of their own specific circumstances. This is a basic principle, a principle that must be followed in making arrangements for confidence-building, security and disarmament in Asia and the Pacific.

General Approach

Given the situation in our region, the following general approach appears to be reasonable and practicable in the search for confidence-building, security and disarmament arrangements:

(1) In terms of geographical scope, bilateral arrangements should be given priority, followed by multilateral arrange-

ments in small regions, which can then be gradually expanded to encompass larger areas if necessary.

(2) In terms of the measures to be taken, CBMs should take precedence, to be developed into security arrangements and, at a later stage, appropriate arrangements for disarmament could be made.

(3) In terms of the nature of the contacts and meetings between different countries, emphasis should first be laid on scholarly discussions and low-level official contacts, which will prepare the ground for high-level meetings.

(4) In terms of time, the institution of CBMs and security mechanism should be viewed as a process of continuous accumulation and gradual evolution, which needs time and patience.

This is only a general approach, which does not preclude the adoption of other methods and the occurrence of exceptional cases, so long as objective conditions and needs exist. However, viewed in the perspective of the overall process and steps to be taken, the above-mentioned approach is close to the logical development of things.

In light of this general approach, it is appropriate to first explore realistic and practicable CBMs. Generally speaking, CBMs can be divided into two categories: military and non-military, which are mutually complementary and promote each other. Given the situation in Asia and the Pacific, it seems that the first step should be taken in the non-military field, which will prepare the ground for the establishment of CBMs. The following steps are undoubtedly applicable to the Asia-Pacific region:

— Political and diplomatic relations between countries should be established and developed on the basis of the principles of mu-

tual respect for sovereignty and territorial integrity, non-aggression, non-interference in the internal affairs of other countries and peaceful coexistence;

— Economic relations between countries should be established and developed on the basis of the principle of mutual benefit;

— The search for fair and reasonable political solutions to the existing regional hot spots must be expedited;

— Aggression against and occupation of other countries must be stopped, interference in the internal affairs of other countries checked, and all forms of external expansion and hegemony opposed;

— International disputes must be settled by peaceful means, i.e. through negotiation and consultation;

— No country should seek to impose its social system and ideology upon other countries, nor should any country interfere in other countries' internal affairs or violate their sovereignty under such pretexts;

— Personnel exchanges and information interflow in the political, economic, social and cultural fields should be promoted among all countries, especially among those whose relations with each other are tense.

With regards to military or sub-military CBMs, the following are clearly relevant to the Asia-Pacific region:

1. Nuclear-weapon states should decide not to use or threaten to use nuclear weapons against non-nuclear-weapon states;

2. In order to prevent the proliferation of nuclear weapons, countries concerned may set up nuclear-weapon-free zones or zones of peace, and such status should be respected by nuclear states;

3. Military bases, troops and military equipment, especially

nuclear weapons set up or stationed on the territories of other countries must be dismantled or withdrawn; no country in the Asia and Pacific region should send military forces overseas;

4. Military equipment retired as a result of disarmament in other parts of the world should be destroyed. They should not be transferred to Asia and the Pacific, since such transfers will only constitute new factors of instability in this region;

5. Every country should exercise self-restraint in terms of armaments and military spending and not seek a level of armaments higher than that of necessary defensive needs. They should also take measures to make their military strategy and the structure of their armed forces strictly defensive;

6. In regions where conditions are ripe, countries concerned could, through consultations on a voluntary basis, make arrangements for the exchange and verification of military information and statistics and the declaration and mutual inspection of military manoeuvres, etc.

These are only some major aspects described in broad terms and do not exclude other CBMs.

It must be pointed out that the United States and the Soviet Union still maintain huge offensive armed forces in the Asia-Pacific region, including ground and air forces and fleets, posing a grave threat to other countries and exerting a negative influence on the political security situation in this region. In discussing the security of Asia and the Pacific, this cannot but be taken as a priority issue.

Steady Progress

Recently, some views and suggestions have been put forward by various countries on the security of Asia and the Pacific.

Still at a rather preliminary stage, these ideas have yet to be further developed and clarified. China is willing to positively consider all proposals and suggestions that are conducive to the improvement of security and maintenance of peace in the Asia-Pacific region, and will assess all the related ideas advanced by any side in light of the basic principles mentioned above.

Generally speaking, it would be too hasty to try to establish an Asia-Pacific security mechanism on a large scale overnight. Instead, what should be done is to let things take their own course, pushing gently here and there as appropriate and necessary. The more urgent tasks facing the Asia-Pacific region today are: resolving hot-spot issues and bilateral disputes; strengthening economic co-operation. Countries concerned should first strengthen their dialogues and consultations, and take practical measures to enhance trust, reduce tensions, put an end to conflicts and strengthen security. On this basis, they can gradually establish and develop regional security mechanisms, first in small areas, and then step by step and if circumstances so require, extend them to larger regions. This will prove to be a suitable approach for the Asia-Pacific region. Furthermore, issues concerning the common interest of all the countries in this region should be solved through consultation among all countries on an equal footing. If most countries tend to favour a certain form of consultation, this certainly deserves serious and positive consideration. Following these principles and approaches, the Asia-Pacific countries can surely find a suitable way to solve their problems. ■

China is now the world's fourth largest nonferrous metal producer. The current economic structural reform, the marketplace's increasing role and changes that have taken place in the managerial philosophy have created favourable conditions for the industry to promote international exchanges and co-operation on the basis of mutual benefit.

Nonferrous Metals: Going International

by Fei Ziwen

China produced 2.35 million tons of ten kinds of nonferrous metals in 1990—copper, aluminium, lead, zinc, nickel, tin, antimony, mercury, magnesium and titanium—an increase of 7.2 percent over the previous year. It ranked fourth in the world in 1989, following the United States, the Soviet Union and Canada.

China abounds with various nonferrous metal resources with deposits of 150 minerals found on the earth. The verified deposits of tungsten, tin, antimony, vanadium, zinc, titanium, lithium and rare earth rank first in the world and these of molybdenum, mercury, tantalum and niobium rank second or third. The verified reserves of lead, nickel, aluminium, copper, gold, silver and other kinds of

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LIU CHANGSHENG

Fei Ziwen, general manager of the China National Nonferrous Metal Industry Corp.

rare metals are also relatively high.

The nonferrous metal deposits in China are comparatively concentrated. They are highly valued for their comprehensive use and for their unusual size and richness. China lags behind in their exploitation, however, because of historical reasons and other factors. Quite a lot of mineral deposits are waiting to be exploited. The data from the state geological departments

show that of the 800 large and medium-sized nonferrous metal deposits, 70 percent or more of the rare earth, rare metal, aluminium and molybdenum deposits have not yet been exploited. Likewise, 60-70 percent of the magnesium, lead, zinc and titanium and 40-60 percent of antimony, tungsten, tin and copper have yet to be tapped. China produced 13,300 tons of nonferrous metals

in 1949. Since then the nonferrous metal industry has developed gradually. The output of the ten most used nonferrous metals reached 1.227 million tons in 1982, a 16.5-fold increase over 1952, the year of an overall economic rehabilitation. This is an average annual increase rate of 9.8 percent. But in the same period, the steel production rose by 27.5 fold, from 1.349 million tons to 31.759 million tons. In the last three decades, although

the nonferrous metal industry experienced a rapid development, the supply of nonferrous metals still fell short of demand and therefore China had to import large quantities of the metals. During the 1978-82 period, China imported 1.6717 million tons of nonferrous metals and exported 372,200 tons. The situation has changed since 1987, but the nonferrous metal industry is still a weak link in the national economy.

New Development Stage

The establishment of the China National Nonferrous Metal Industry Corp. (CNNC) in April 1983 pushed the nonferrous metal production onto a new stage of development.

Established on the basis of the State Administrative Bureau of the Nonferrous Metal Industry, the CNNC is a large enterprise group composed of strong state-funded prospecting, production, scientific research and construction units. It is a state-owned legal economic entity. In addition, the CNNC has the various functions in the nation's management of nonferrous metal industrial production.

According to national economic development plans and the demand of the domestic and international markets, the CNNC draws up and implements annual and long-term plans for nonferrous metal industrial development and ensures fulfilment of the state plan's profit and tax quotas.

It also studies and stipulates the principles, policies and regulations underlying development of the nonferrous industry, making sure they are implemented after approval by the State Council.

The CNNC was established after China introduced economic structural reform in order to administer and promote nonferrous



YIN YONGSHENG

An automatic casting production line at the Daye Nonferrous Metal Co. Smeltery in Hubei Province.

metal production by a large enterprise instead of governmental functional departments. Its role is similar to that of the China National Petrochemical Industry Corp., the China National Land Oil and Gas Industry Corp., the China National Unified State Coal Distribution Industry Corp., the China National Shipbuilding Corp., and the China National Nuclear Industry Corp. The CNNC boasts 150 production enterprises with a total payroll of 1.01 million and has fixed assets of 15.5 billion yuan, producing two-thirds of the country's annual total nonferrous metals.

Its direct and unified administration of enterprises has facilitated the steady development of nonferrous metal production.

The output of the ten most common metals topped 2 million tons for the first time in 1988 and reached 2.2 million tons in 1989. At the same time, China made big progress in technological reform, capital construction and geological prospecting.

Achievements in Reform

Before the 1980s, China's nonferrous metals were produced under a highly centralized mandatory plan. The state drew up production plans and was responsible for the supply of raw materials, the allocation of products, prices and construction funds. The enterprises were not responsible for their profits or their losses.



CHEN ZONGLIE
The calendaring workshop of the Chongqing Southwest Aluminium Processing Factory.

Since 1979, China has adopted a series of measures to eliminate the defects in the economic structure and established step by step a socialist planned commodity economy. All these have brought about some important changes in the nonferrous metal production and the methods of operation.

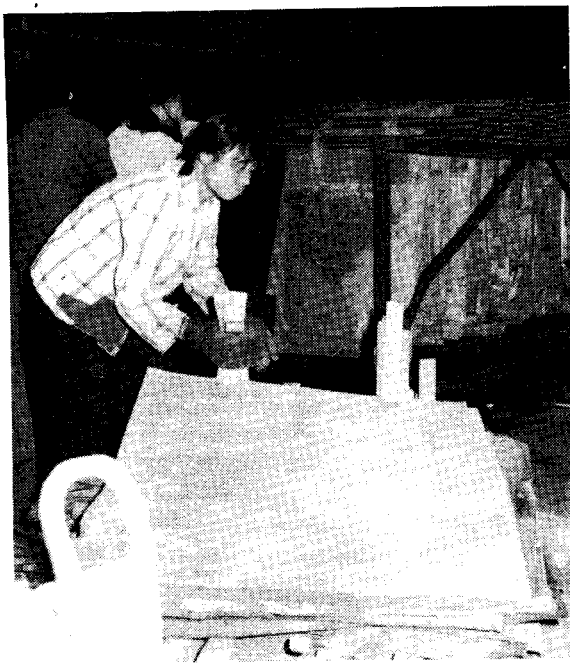
— **Market exerts an increasing influence on the nonferrous metal production.** China has, step by step, minimized the scope of mandatory plans and expanded the scope of guidance plans as part of its reform of the state planning structure. The varieties of nonferrous metals under the mandatory plans decreased from more than 80 to 23 in 1985 and

to 17 in 1988. Antimony, mercury, magnesium, titanium, rare metals, rare earth and other metals are now available on the market. Even those produced under the state mandatory plans can be sold at a market price. The increase in nonferrous metal production and the in-depth reform of the planning structure have helped cut the proportion of metals under the mandatory plans. Statistics show that the proportion of copper, aluminium, lead, zinc and tin sold at the market price increased from 26.7 percent in 1983 to 63 percent in 1990.

— **The planned and the market prices.** The mandatory plans and the non-mandatory plans offer

different prices for a product. Take copper and aluminium for examples. The planned price remained unchanged for 20 years and was in drastic variance from the value of products. The reform of the pricing system, however, allowed for two prices, the planned price and the market price. The chronic shortage of nonferrous metals caused a quick rise in the market price over the last few years, especially the leap in 1988 which was the result of various factors. The market price for copper, aluminium and nickel was double and treble that of the planned price, at times reaching as high as four or five times. The market price began to drop after the overheated economic development was brought under control by the economic rectification and consolidation in the last two years. At the same time the planned price has been rectified to reflect the true value of products. The difference between the planned and market prices is thus narrowing.

— **World market is being meshed with the domestic market.** Since more and more foreign trade companies and special economic zones and coastal open areas have been established, the scope of nonferrous metals to be regulated through the market has expanded into the world market. The domestic market price floats according to the world market price. This never happened before China implemented the reform and open policies. In the past, China imported nonferrous metals under a unified plan and allocated them to enterprises at the planned domestic price and the production and operation of the enterprises were not affected by market changes. Today, enterprises are independent in their operation and responsible for their profits or losses. They have to survive competition in both the



CHEN ZONGLIE

Nickel products of the Jinchuan Nonferrous Metal Co. in Gansu Province.

domestic and world markets.

— **Changes in composition of investment.** Enterprises can no longer rely on free state investment but have instead developed various financial channels. The free state investment or low-interest loans account for less than 10 percent of the CNNC's total investment in capital construction. Commercial loans with an interest rate exceeding 10 percent make up 50 percent of all investment.

To adapt itself to the changed situation, the CNNC has improved its administrative and operational systems. The production units under the management of the administrative department have gradually become independent legal economic entities. The CNNC contracts for production with the state and then subcontracts the tasks out in eight forms to enterprises according to their different production and operating conditions. The enterprises thus have more decision-making power in their operation, more

enthusiasm for production and a strengthened ability to adapt themselves to the changing market.

The contracted enterprises combine their gross payroll with economic results in order to link the interests of their employees with production, marketing and success or failure of enterprise operation. After the enterprises have assumed responsibility for profits and losses, they

hand over much more money to the state as profits and taxes. During the Seventh Five-Year Plan period (1986-90), the corporation handed over 108 percent more profits and taxes each year than when the quotas were fixed by the state in 1983. The workers' salary increased by 92.2 percent during this five-year plan period, an average annual increase rate of 13.9 percent. At the same time, profits retained by enterprises went up from 240 million yuan in 1983 to 1.2 billion yuan in 1990.

The reform in management has changed operational mechanisms to better suit the planned commodity economy, provided the material conditions for technical renovation and for tapping internal potential, and mobilized the enthusiasm of enterprises. During the Seventh Five-Year Plan period, some 9 billion yuan was set aside for the technical renovation of the enterprises, 60 percent of which were collected by the enterpris-

es themselves. Statistics show that of the added production output in the Seventh Five-Year Plan period, two-thirds were attributed to the technical reform. The technical reform has increased the strength of the enterprises. A number of key enterprises have reached the world level of the late 1970s and early 1980s with their updated equipment and technology.

A total of 10.05 billion yuan was used in capital construction during the Seventh Five-Year Plan period, an increase of 60.5 percent over the Sixth Five-Year Plan Period (1981-85). With this money, 22 large and medium-sized mining and smelting production projects were constructed, laying a good foundation for the development of nonferrous metal production during the Eighth Five-Year Plan period (1991-95).

Technological Progress

At present, China has 120 nonferrous metal scientific research and technological development institutions with a payroll of 32,000 (including 14,700 scientists and technicians). They engage in nonferrous metal mining, dressing, smelting, processing, equipment manufacturing, safety, environmental protection, analysis, examination and inspection, science and technology information dissemination and standardization of products. The Beijing Nonferrous Metal Research Institute under the CNNC is one example. Equipped with various kinds of advanced instruments and devices, the institute can analyse, examine and inspect all nonferrous metals and electronic raw materials at both low or high temperatures, at the micro or the macro stage, and from the mining to the smelting process.

The founding of the CNNC has accelerated scientific and technological research and promoted scientific and technological

exchange and co-operation with other countries. A group of research projects on mining, smelting, and the comprehensive use of resources and new materials are of international level.

Today, China is one of a few countries in the world which can produce 35 kinds of rare metals, ranking second in rare metals production in the world. Rare metals provide high-quality raw materials for newly developed industries such as electronics, nuclear energy and astronautics and quite a lot of rare metal products have entered the world market. For example, the laser-window material arsenide gallium and the ti-series-vapour eliminating agent are of advanced world level and the technology used for producing rare earth products for agricultural production leads the world.

A 40-year effort has put 64 kinds of nonferrous metals into industrial production. The aluminium, copper, lead, zinc, tin, nickel, antimony, magnesium, cobalt, tungsten, molybdenum, mercury, titanium, tantalum, niobium, lithium, beryllium, zirconium, silicon and rare metals are all produced by special enterprises while gold (specially produced by the State Administrative Bureau of Gold), silver, platinum, ruthenium, palladium, osmium, iridium and rhodium are produced by workshops affiliated to the enterprises. Some elements such as gallium, indium, rubidium, cesium and rhenium are produced in the recovery process.

Aluminium Production

Based on the needs of national economic development and the verified deposits, the state has drawn up a strategic plan giving priority to aluminium production, developing lead and zinc production and creating better conditions for copper produc-

tion. Currently, aluminium output accounts for one-third of the total output of the ten common nonferrous metals.

China is rich in bauxite resources and has good conditions for the development of aluminium production. Since most is diaspora, it is more difficult to produce alumina in China than from gibbsite in other countries. However, Chinese technicians have, after much research and practice, created an alumina production technology suitable to Chinese resources conditions. The quality, recovering rate and costs are all of advanced world level.

The main problem China faces now is that the capacity of electrolyzing aluminium and processing aluminium materials outstrips alumina production capacity. One of the main tasks for the near future, therefore, is to improve the production capacity of alumina.

The Development Plan

The two-year economic rectification and consolidation has made great progress and improved the economic environment. During the Eighth Five-Year Plan period, the raw material industry still enjoys a priority in national economic construction. Nonferrous metals have a large potential market in China and a strong appeal in the international market. This creates good conditions for a sustained and steady growth in nonferrous metal production.

The development plan of the CNNC for the Eighth Five-Year Plan period indicates that the output of ten common nonferrous metals will increase by 5 percent annually to reach 3 million tons in 1995. In addition, the production of ten common metals, tungsten, molybdenum, rare metal, rare earth, copper and aluminium products will be organ-

ized according to international standards. Also, a group of new nonferrous metal materials will be developed to meet the needs of national economic construction.

The upgrading of the existing nonferrous metal enterprises will be accelerated and the construction of a new enterprise group will be completed and put into operation during the Eighth Five-Year Plan period. In addition, a group of new nonferrous metal production bases will be built in order to continue to increase the nonferrous metal production during the Ninth Five-Year Plan period (1996-2000).

By the end of this century, the key nonferrous metal enterprises will be upgraded to the world level of the late 1970s and early 1980s. The nonferrous metal production capacity will be able to meet the needs of national economic construction in output, quality and variety. Also, the nonferrous metal products will enter the world market and, as a result, the nation's rich nonferrous metal resources will be brought into full play.

China will rely mainly on its own resources and technology to reach these target goals. At the same time, it will continue to import advanced foreign technology and equipment. Based on equality and mutual benefit, the various forms of technological and financial co-operation and trade exchanges with both governmental and non-governmental institutions of other countries will be strengthened. Compatriots from Taiwan, Hong Kong and Macao will be encouraged to invest and engage in business on the mainland. For the convenience of local businesses, the CNNC and its subordinate enterprises in various countries will keep them informed of the latest trade news in order to strengthen international and domestic business. ■

Nanjing Makes Progress in Open Policy

by Our Staff Reporter Yao Jianguo

Since Nanjing, the capital of Jiangsu Province, was designated as an open coastal city in March 1988, altogether 125 foreign-funded enterprises have been established in the city, and most of them are now in normal operation. The city's high-tech development area provides good conditions for investment and the establishment of factories, and the first group of enterprises have been put into operation.—Ed.

Nanjing held its Autumn Trade Talks in October last year, attended by over 600 businessmen from more than ten countries and regions including the United States, Canada, Germany, Japan, Singapore, Hong Kong and Taiwan. Eighty-five foreign investment contracts and letters of intent with a total value of US\$140 million were signed with foreign businessmen.

Favourable Climate

Located on the lower reaches of the Changjiang (Yangtze) River—China's largest river, Nanjing opened to the outside world nine years later than the four special economic zones of Shenzhen, Shantou and Zhuhai in Guangdong Province and Xiamen in Fujian Province, and four years later even than the open coastal cities of Nantong and Lianyungang in the same province. However, the latecomer recovered dramatic development after opening to the outside. Statistics indicate that by the end of September last year, 125 foreign-funded enterprises were set up with a total investment volume of US\$671.87 million, the highest among open coastal cities of the province. Of the figure, over US\$270.86 million were obtained beyond contracts. Ten of the enterprises have

an investment volume of over US\$10 million each.

It is not by chance that foreign businessmen have shown an interest in investing in Nanjing. Since Nanjing's liberation in April 1949, it has developed into a comprehensive central city with more than 3,800 industrial enterprises, of which over 140 are large and medium-sized. Industrial production of chemicals, petrochemicals, light industrial goods, textiles, building materials and transportation and commun-

ication have become the backbone of Nanjing's industrial base. The city's industries manufacture over 30 varieties of products including ethylene, phosphamidon, communications equipment, radar and TV sets, all of which hold a leading position in the country. During the Autumn Trade Talks, Nanjing proposed 369 projects for foreign participation, revealing the broad spectrum of its cooperative endeavours.

Currently, Nanjing has 463 scientific and research institutes



An evening view of the Nanjing Changjiang River Bridge.

FEI LIPIU

which employ over 177,000 personnel. The level of the city's scientific and research projects in astronomy, geography, paleobiology, agriculture, electronics and chemicals are among the most advanced in the country. Nanjing has 46 institutions of higher learning with more than 4,000 professors and associate professors. This scientific, technological and educational superiority lays the foundation for the development of high-tech enterprises in Nanjing.

Transportation and communi-

cations in Nanjing are convenient. Nanjiang Harbour, the largest along the Changjiang (Yangtze) River, is an important transfer harbour in China's north-south, sea-river and land-water through transportation network. In 1989, the network's handling capacity reached 44.59 million tons. In addition, Nanjing is the hub of three main railways, and has 21 air routes to main cities in the country and Hong Kong. Furthermore, Nanjing is one of China's six largest communication centres and its com-

munication network consists of open wire, cable, micro-wave and short-wave equipment which connects the city with business centres throughout the world.

Wang Xiaoyang, an official in charge of Nanjing's opening up, said that increasing numbers of foreign businessmen are realizing the economic and technological superiorities of Nanjing. The Philips Co. of Holland, the 3M of the United States, 48 British conglomerates, the Fiat of Italy and conglomerates from South Korea all expressed high interest in investing in Nanjing. Talks on some new investment or co-operative projects are under way.

Foreign-Funded Firms

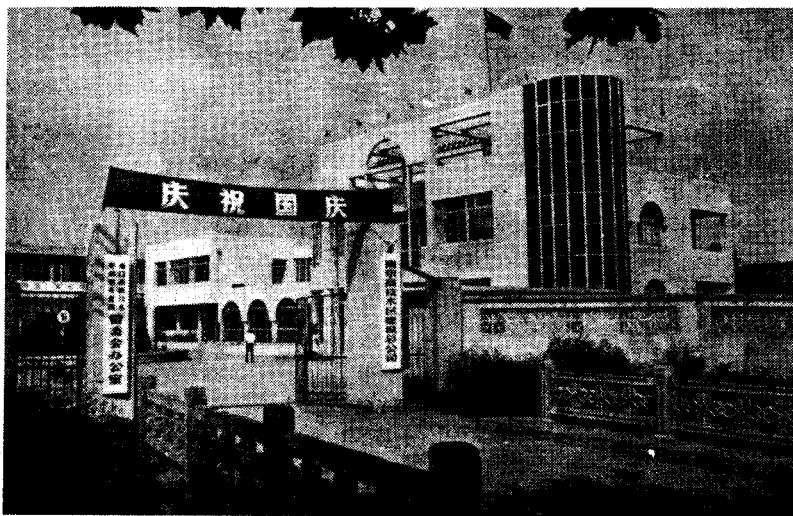
The Nanjing Tristar Electric Enamel Co. Ltd., a joint venture between the Nanjing Enamel Plant and TST Kowloon of Hong Kong, has a contract term of 12 years. It mainly manufactures daily-use electrical enamel products, kitchen utensils and other products. Following its establishment in February 1990, the company encountered certain difficulties with respect to the supply of water and electricity and the import of raw materials. However, with the help of the city's Economic and Trade Commission, the company began operation smoothly within six months. Seven days after it was put into operation, the venture was able to export its first batch of products. Zhu Zeren, deputy general manager of the company, said that from 1989 to September 1990, the company's export volume amounted to US\$1.5 million, and that volume exceeded the 1990 year-end figure of US\$2 million.

The Hong Kong businessman was satisfied with the profit made since the operation and expressed his confidence in continued investment. In April 1990, the joint venture partners decided to invest an additional US\$4.25 million to expand production capacity. The



The Nanjing Autumn Trade Talks held in October 1990.

YAO JIANGUO



The Nanjing Pukou Hi-Tech Development District is under construction.

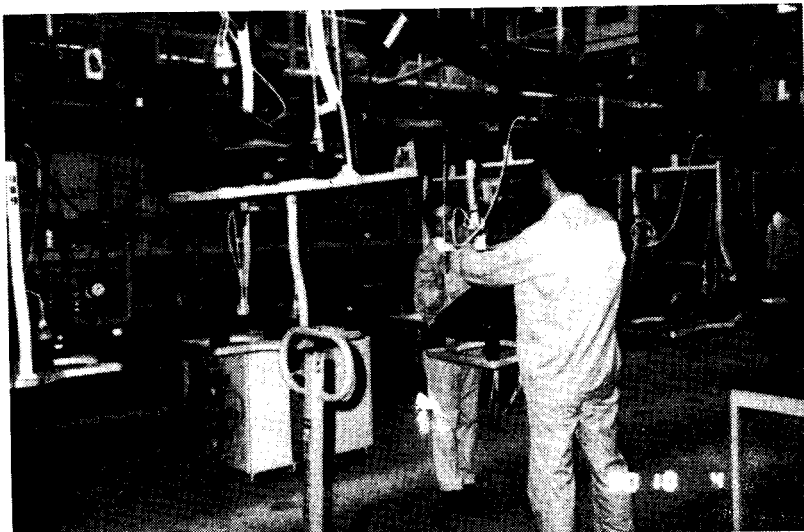
YAO JIANGUO

Hong Kong businessman also signed a new co-operative agreement with the Nanjing Thermos Factory for the establishment of the Nanjing Tristar Thermos Co. Ltd., which began operation on November 4, 1990.

This same Hong Kong businessman has another large-scale investment plan to build an international golf course in the Pukou District, Nanjing. Construction of the project, which will require an investment of US\$25 million, will soon begin. Talks on other co-operative projects are currently under way.

The Nanjing Tristar Electric Enamel Co. Ltd. is not the only one of its kind in Nanjing. On November 10, 1990, the Huafei Colour Display Systems Co. Ltd., one of China's largest electron co-operative enterprises, was put into operation after three years of construction. The company, with an investment of US\$180 million, is a joint venture between the China Huadong Electron Tube Factory of the Philips China Hong Kong Group and the Hong Kong Novel Technology Development Co. Ltd. It will supply in excess of 1.6 million kinescopes for colour televisions with a flat, square-cornered screen and deflection yoke combination items. A recent survey of Nanjing's 89 foreign-funded enterprises, conducted by the city's economic and trade commission, indicated that 25 percent of the city's foreign-funded enterprises are highly efficient, 50 percent operate normally, and only a few encounter operational difficulties or are facing losses. The city's relevant industrial departments are seeking ways to help these enterprises.

The Nanjing Suvi Woollen & Knitting Co. Ltd., which went into operation in early 1989, is a joint venture between the Nanjing Woollen Weaving Factory, the China National Textile Commodities Import & Export Corp., Jiangsu Knitting & Cotton Commodities Co. and the Aus-



A workshop at the Huafei Colour Display Systems Co. Ltd.

YAO JIANGUO



P.C. Boland, general manager of the Huafei Colour Display Systems Co. Ltd., inspects the production line.

NAN WAI

tralian P & V Investment Group. The venture's Golden Bell wool yarn was at one time a hot sale item on the international market. By October 1989, its export volume had reached US\$2 million and the company was listed as one of Nanjing's export-oriented enterprises. However, beginning at the end of 1989, the company was beset with declining sales and suffered losses due to the fluctuating international market. To help the enterprise extricate from this difficult position, the city's

economic and trade commission swiftly approved of the company's plan of expanding its operational scope and development of new products such as woollen sweaters.

Installation of production equipment to produce woollen and knitting commodities now has been completed and the plant will be put into production by early 1991.

Emphasis has been placed on the establishment of foreign-funded enterprise in proper utili-

zation of foreign investment, according to Zen Jianhua, director of the foreign investment office of the Nanjing Economic and Trade Commission. Zen said that in order to guarantee normal operation of foreign-funded enterprises, the government will, in the first half of this year, conduct an examination on the implementation of the law on foreign-funded enterprises. Until that time, Provisional Regulations of Nanjing on Management of Foreign-Funded Enterprises, the Regulations on Encouraging Foreign-Funded Enterprises to Export and the Regulations on Personnel Management of Foreign-Funded Enterprises will be instituted in an effort to ensure legal management of foreign-funded enterprises and their smooth development.

High-Tech District

Although Nanjing has established more foreign-funded enterprises than other cities in the country, the city has few high-tech enterprises. This situation is not in line with Nanjing's scientific and technological superiority and fails to bring the city's potential into full play. Currently Nanjing is accelerating construction of the Pukou High-Tech Development District.

The district, located on the northern bank of the Changjiang (Yangtze) River, is 13.5 km away from the city proper, and has access to convenient transportation and communication facilities. Office buildings, banks and technological markets, as well as over 30,000 square metres of standard workshops and living facilities have been constructed on what were once desolate hills. The district has provided the conditions necessary for investment and establishment of factories.

Gong Zhisheng, an official from the administrative committee for the development district, said that the district was established in April 1988 with state

approval. The district adopted proven methods used in the American silicon valley high-tech development district and the Taiwan Xingzhu industrial district while at the same time combining natural conditions in Nanjing. The first phase of the project, which is currently in the planning stage, includes the establishment of three functioning districts, covering an area of 2.27 square km. One square km is set aside for a mechanical and electrical industrial district, a 0.6 square km area is designated as a new materials and biological technology district, while a 0.5 square km area will be a micro-electron district. In addition, a ten square metre area in depth has been set aside for long-term developmental needs.

Gong said that in line with Nanjing's current economic and scientific and technological superiority, the district will give priority to the development of electronic information systems, mechatronics, new sources of energy, new materials and biological engineering technological projects. Domestic and foreign businessmen who invest in the area will be allowed to develop adjoining tracks of land, transfer technological and property rights, process imported materials, design spare parts, and rent standard factory buildings. Apart from this, those who invest in the area and establish high-tech industries will be allowed to select co-operative partners and choose co-operative methods.

The establishment of the Nanjing Pukou High-Tech Development District has attracted businessmen from both at home and abroad. The AKZO Pharma International B V Oss of the Netherlands has signed a letter of intent for the establishment of a project which will engage in jointly manufacturing contraceptives. A formal contract will soon be signed, and the project is scheduled to become operational in June 1991. An official from the

group revealed that other factories which will produce other high-tech products such as vaccines, will be set up if this project is successful.

Statistics indicate that by October 1990, the district had approved the establishment of 46 high-tech enterprises. Of that number, 15 enterprises engaged in the production of numerical-controlled lathes, artificial crystals, macro-molecular coating and UPS mains have been successively put into operation. Industrial output for these enterprises had exceeded 50 million yuan by the end of 1990, and is expected to reach 100 million yuan this year and increase dramatically to 700-1,000 million yuan by the year 1995. The committee is optimistic about the development prospects for the district.

In April last year, acceleration in the development of the Pudong area in Shanghai, China's estuary on the Changjiang River, provided nearby Nanjing City with excellent opportunity to further open to the outside world. Currently Nanjing is further improving its investment environment in an effort to expand the scale of absorbing key foreign investment projects including the 600,000 kw Nanjing Huaneng Power Plant, the Beihokou Water Works which will have a daily water supply capacity of 600,000 tons, the Shanghai-Nanjing Railway, 137,000-channel programme-controlled telephones, and support facilities at Xingshenwei Harbour with an annual handling capacity of 10 million tons.

Wang Rongbin, mayor of Nanjing, said that improvement of soft environment for investment is an important agenda item. Wang said the city is strengthening the education of officials at all levels in regard to maintaining an open consciousness which will enable them to increase their work efficiency in line with international conventions for attracting foreign investment. ■

Public Funds: A Boost to Education

With money pooled by the public, rural schools in China were able to tear down dilapidated teaching buildings and build new ones, and improve their other teaching facilities and equipment, thus raising the level of the nation's educational system.

In 1979, the per-capita daily income of Majiazhuang, a poverty-stricken mountain village in Sishui, itself a poor county in east China's Shandong Province, averaged less than 0.2 yuan. That year, the village's per-capita grain output was only 90 kg and the villagers had to rely on state relief grain. Despite their financial difficulties, however, in spring 1980, the villagers built eight corridor classrooms in 28 days with purlins and crop stalks brought from their homes, 500 reed screens bought with money from the sale of eggs, pigs and sheep, and 300 cubic metres of stone which they had quarried themselves.

As they pooled their efforts in the work, the foremost thought in the minds of the Majiazhuang villagers was that their children and grandchildren would better be able to read and write in com-

fortable, spacious classrooms and that, after mastering the necessary skills, they could help develop their village. They never thought that by their actions they were blazing a new road for the development of China's educational system in the following decade.

In the late 1970s, about half of the school buildings in Shandong Province were in danger of collapse. Many schools were housed in temples and ancestral halls built before 1950 which, dilapidated by wind and rain, were in a state of disrepair. Many other schools had no classrooms at all and were given the name "shadow schools" because the students had to take classes in the shade of trees in summer and sit in the sun in winter.

This problem existed to varying degrees in every part of China. An investigation made by the state educational department a decade ago found that 17 percent of all primary and secondary school buildings (chiefly located in rural townships and county towns) were a danger to the students. The total floor space was more than 200 million square metres and was growing at an average annual rate of 4-5 percent. Based on a per-capita average school building floor space of 5 square metres, the safety of 40 million students throughout the country was in question. Indeed, during that time there were several dozen instances of collapsed school buildings each year in different parts of China.

The results of the investigation shocked educational circles and the public. Many people noted that although the problem of



CHEN YUFENG

Li Guangrong, deputy to the people's congress of Shehong County, Sichuan Province and a private entrepreneur, with the students of the Guangrong Secondary School which he helped finance.

dangerous school buildings was one which had built up over several dozen years, the situation required serious thought and action. There were many reasons for the problem. For instance, for a long time, government departments at various levels paid inadequate attention to education and the educational system was seriously damaged during the decade-long "cultural revolution." In those unusual years, educational development came to a standstill and school facilities and buildings went into a state of disrepair.

Although the government has made as much investment as possible in education over the past several decades, the finances fell short of meeting the growing needs. It's clear that it will take a long time to repair the many school buildings simply by relying on state investment. Moreover, it is still a pending question whether the state can afford the cost and the children can wait.

Villagers of Majiazhuang did not wait and their action spurred on many others. In 1980, Sishui County called on other county people to learn from the actions of Majiazhuang and, through contributions of money or labour, the county quickly renovated and rebuilt all dangerous school buildings. Following this, in 1981, the Shandong provincial government brought the efforts of Sishui County to the attention of the whole province. In 1982, the state educational and financial departments held a national school building maintenance work conference in Shandong and introduced Shandong's experience to the whole country. This was quickly followed by a national upsurge in fund raising by the public to build schools.

In 1985, the Central Committee of the Communist Party of China issued a decision to reform the educational system. This programmatic document encourages



XU XIANGJUN

The No.1 Primary School of the Li and Miao Autonomous Prefecture in Hainan Province.

enterprises, social organizations and individuals to build schools and encourages collectives and individuals to donate funds to assist the educational system on a voluntary basis. This marks a change in the long-standing practice whereby China's educational system was funded exclusively by the government. Since then, education has been increasingly managed by the people and begun to improve through the use of public funds.

As already stated, a recent investigation indicated that the floor space of dangerous primary and secondary school buildings dropped from 17 percent a decade ago to 3 percent. The rate came to less than 1 percent in more than one-third of the provinces, municipalities and autonomous regions. The funds for the renovation of school buildings, donated and raised by the masses nationwide over a ten-year period, amounted to 40 billion yuan. During the period, nearly 300 million square metres of school buildings were built or rebuilt. Today, many schools have clean, standard compounds in which new buildings are shaded by green trees and beautified with flowers and plants. These schools are well equipped with teaching

facilities and sports grounds. According to the annual appropriation for the renovation of school buildings budgeted by the state in the early 1980s, however, it may take nearly 100 years to complete all the necessary projects.

The Donators

Chen Guizhen, a 76-year-old childless widow living in a village of Linfeng County, central China's Hunan Province, donated 1,000 yuan of her frugal savings and a brick house valued at 3,000 yuan to the village primary school. Disregarding others who tried to dissuade her from her action, she moved into an old adobe house. At the inauguration ceremony for the new school, Chen, touching the colour painted wall of the new building, was overcome by emotion. "At last, the matter which had been weighing on my mind was settled. I can close my eyes when I die," she said. She has placed her hope on the future. The elderly believe that even though they were deprived of the chance of going to school because of poverty and chaos caused by war in their childhood, the younger generation now has the opportunity.

Qin Shiyi, an accountant at the

educational bureau of Linfen City, Shanxi Province, visited more than 7,200 villages and travelled a total length of 25,000 km in a ten-year period. He gave more than 4,000 lectures to local villagers, encouraging them to raise funds to build their own schools. Instead of preaching to them, however, he enlightened the villagers with vivid stories such as this one. Long ago, a person named Guan Zhong (c. 700-600 BC) was asked how he would spend his life. "Growing crops," he answered. "What about ten years later?" "Planting trees." "And what about in the remaining days of your life?" "Cultivate people." Qin explained that the cultivation of people meant teaching one's own children how to read and write. "Once they are educated, one can be rid of poverty and improve one's life," he told his listeners. Qin's words always drew a response from his audience. The local farmers donated 200 million yuan to help renew 7,310 schools in the Linfen Prefecture. Later, Qin's story was made into a TV drama named *A Hundred Years of Misery* which was shown nationwide.

Many farmer entrepreneurs and specialized rural households who prospered during the rural economic reform have contributed much to school construction efforts as a way to show their concern and support. In Hebei Province, Liu Jinyu, a woman entrepreneur in Shexian County, donated 180,000 yuan for the construction of a primary school classroom building in her village and for the salary of some of the school's teachers; Hou Qingzhong, a farmer entrepreneur in Sanhe County, presented a printing house valued at 1.08 million yuan to a local school for its work-study programme; and Wang Qifa, a farmer engaged in a specialized line of production in Lixian County, donated 850,-

000 yuan for school construction in the past three years.

Over the last decade, those areas successful in raising funds for school construction have, without exception, had the benefit of good government leadership. In central China's Henan Province, which has been cited as an advanced province for its use of publicly raised funds for school construction, more than 30,000 leading cadres at the township, county, prefectural and provincial levels took the lead in donating from several dozen to several thousand yuan. Their actions fired public enthusiasm. Wei Chun Shu, for example, chairman of the Guangxi Zhuang autonomous regional government, included renovation of dangerous school buildings a key task during his tenure of office which began in 1988. To meet this goal, the autonomous regional government saw to it that the planning, financial, industrial and commercial, construction and material supply departments and the bank fulfilled their respective tasks. Leaders of the autonomous region publicized their efforts on television and sponsored meetings for people from every quarter in a bid to encourage public contributions. In two years' time, the people of the autonomous region raised a total of 870 million yuan and reduced the percentage of dangerous school buildings from 25 to 0.58 percent.

Today, public fund raising for school construction is a common practice in China and more and more people realize that their efforts benefit future generations. Now, the best buildings in rural areas are always the schools.

Overseas Contributions

Over the last decade, numerous overseas Chinese and Hong Kong and Macao compatriots have donated generously to build

schools in their hometowns which, like tiny streams, trickled together and became a rush of funds for school renovations.

According to initial statistics, in the past ten years, overseas Chinese donations for basic education totalled 855 million yuan in Guangdong Province, 350 million yuan in Fujian Province, and 16 million yuan in Hainan Province's Wenchang County.

Wu Shunde, an overseas Chinese, decided to build a first-rate secondary school for his hometown Taishan in Guangdong Province when he returned there after a leave of more than 40 years. He donated 1.9 million yuan and HK\$1.3 million to the project which was completed one year after his visit.

Wu Guixian, over 60 years old, an overseas Chinese residing in Japan and president of the Japanese Association of Fellow Guangdong Provincials, has always been concerned himself with education in his hometown Zhongshan City. Since 1982, he has contributed fund and goods valued at 14 million yuan which have been used to renovate a secondary school in the suburbs of his hometown, establish a Wu Guixian Scholarship in another two secondary schools and replenish the libraries and teaching facilities for several other primary and secondary schools.

In the early 1980s, Cai Jiyou, a Hong Kong businessman, was elected chairman of the first board of directors of the Overseas Chinese Secondary School in his hometown of Zhongshan City after it retook its former name. He donated 2 million yuan for the project. Later, he flew to the United States, Canada, Australia and Japan and collected another 9 million yuan from overseas Chinese living there. These donations were used to build a 30,000-square-metre teaching building, a laboratory, a library, an art building, a sports ground

and dormitories for the Zhongshan Overseas Chinese Secondary School.

In 1987, Chen Jinglun, an overseas Chinese, donated HK\$20 million to build the Chen Jinglun Secondary School in his hometown of Xinhui County, Guangdong Province. Chen asked the architect to decorate the walls on each side of the school gate separately with a map of Xinhui County and a map of China in order to teach the students to love their hometown and their country. Chen's request reflects the overseas Chinese compatriots' deep affection for their motherland and for the elders and brethren in their hometowns.

People's Education Fund

In October 1984, the Pingdu County government in Shandong Province made a decision to raise People's Education Fund throughout the county. According to the decision, the education fund would be collected based on 2 percent of the average per-capita income of 428 yuan for county farmers in 1983. The fund raised each year would be used in the next year. In 1983, the county collected 10.3 million yuan. In 1987, as the average per-capita income of the county's farmers increased to 677 yuan, the funds increased to 16.34 million yuan. As of now, the People's Education Fund has provided the county's educational development with nearly 100 million yuan which has been used to renovate school buildings and raise the level of library and teaching facilities in more than a half of the county's primary and secondary schools to the state standard. The construction of many schools facilitates the overall development of education as equal attention is paid to classroom, residence, sports and production experiment facilities.

The methods used for collect-



Students of the Kashi No. 1 Primary School in Xinjiang.

XU XIANGJUN

ing the People's Education Fund have already been made a local regulation and put into effect in Pingdu. The regulations legally affirm the citizens' responsibilities and obligations to the country's educational undertakings.

In 1986, the State Council issued a similar document, noting that all units and individuals who pay a product tax, additional value tax and business tax should pay a certain amount of education tax. The income from this tax shall be controlled by each locality as a special fund and mainly used to improve the facilities and conditions of primary and secondary schools.

Since then, other provincial, municipal and county governments have issued documents regarding the levy of an education tax. More and more local governments, referring to the document of the State Council and the experience of Pingdu, have established the people's education fund system.

For instance, the Xinjin County government in Liaoning Province decided in 1989 that in addition to raising the people's education fund based on its average per-capita income, the gov-

ernment financial department would also use 1 million yuan from 13 local taxes for the people's education fund. The Shanxi provincial government decided in 1990 that each employee of Party and government organizations at all levels, people's organizations, enterprises and institutions should donate 10-20 yuan a year to the People's Education Fund. The governments at the provincial, prefectural, county and township levels have thus all established the People's Education Fund. Since all the ten suburban counties in Beijing established the People's Education Fund in 1990, a total of 25 million yuan has been raised.

An official of the Financial Department of the State Education Commission commented that the People's Education Fund system is a good method to ensure the sustained and stable source of funding for education. Currently, the State Education Commission is drafting a regulation to raise funds from a variety of channels to develop education, and some experts have suggested the establishment of an education bank. ■

Impressions of North Korea

by Our Staff Reporter Wu Naitao

Our plane landed at the Pyongyang Airport after a 90-minute flight from Beijing. At the invitation of the Korean Foreign Languages Press, I thus began a two-week visit to the Democratic People's Republic of Korea during which I had the opportunity to get a glimpse of the country and its people.

Urban Construction

Before departure, a friend of mine who once stayed in Korea told me, "North Korea was re-

duced to rubble and Pyongyang was razed to the ground during the Korean war. Only a few buildings remained undamaged." It just so happened that my hotel, the Botonggang Hotel near Botongmun, was one of the buildings which had escaped the flames of war. It has been well preserved and around it a garden-style city has emerged. Clearly, the local authorities put a lot of effort into the capital's postwar reconstruction.

Some foreign visitors say that north Korea "is a country with many palaces." It is a reason-

able statement. The streets are lined with many tall and imposing structures of different styles. The buildings, designed and constructed by the local people, are places of public activities—cinemas, theatres, gyms and children's palaces—and the state leaders of Korea have paid close attention to the construction of some of these important structures. Koreans perhaps take their greatest pride in the "May First" Stadium, which can accommodate 150,000 viewers and covers an area of 207,000 square metres. This stadium, shaped

like an umbrella, was designed by He Zai Hei, a Pyongyang architect. Its peculiar shape and novel design won it the Eureka prize. The opening and closing ceremony of the 13th World Youth and Students Festival in July 1989 were held at the stadium.

On a tour of Pyongyang, one sees a huge pyramid-style building from every direction. This building with more than 100 storeys is perhaps the tallest skyscraper ever built in north Korea. Internal renovations are

During the Korean war, Peng Dehuai (left), commander of the Chinese People's Volunteers, and Kim Il Sung (right), supreme commander of the Korean People's Army, meet at the frontline.

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now being done and the outside will probably be sheathed in glass. After its completion, the monumental building will be the most spectacular sight in Pyongyang.

I also toured the broad and clean streets of Wonsan, Kaesong and Nampo which were rebuilt on ruins following the war. Those buildings, however, are not as colourful as those of the capital. Yet, some are built in traditional Korean style.



Children

In Korea, students' after-school activities are considered a "second classroom."

"The bases of after-school activities" are the after-school arenas set up by the Korean government to strengthen teenage education. Children's palaces, halls, clubs, summer camps, libraries and cinemas and theatres are found all over the country.

The Mangingde Children's Palace is one the favourite after-school activity arenas of the students in Pyongyang. This palatial-style children's centre covers 103,000 square metres and has more than 200 activity halls, including a scientific hall, a natural science hall, a theatre, a natatorium, and art, science and technology halls. It can accommodate 5,000 students daily. Students can engage in a variety of activities in this "children's kingdom" based on their interest and skills. Some learn music, dancing, painting

and calligraphy; some study foreign languages, astronomy and electronic techniques; still others apply themselves to inventions. According to a local official, children's palaces and children's halls can be found in each of Korea's 200 counties.

Over the past decades, several million Korean students have benefited from the training available through children's palaces. Everyone learnt one or two practical skills, and a number of the students have become quite talented in their endeavours. The former lightweight weight lifter Lu Dong Il and table tennis national champion Hong Cel were discovered and trained at children's palaces.

While children's palaces, libraries and students' cinemas are quite beneficial, "second classrooms" are also available at the seaside, in the mountains and at other scenic spots so as to cultivate a love of nature. While

touring the Kimgangsán and Miaohiangsan mountains, this reporter met many students enjoying the outdoors.

Comrade-in-Arms

I was in Pyongyang in time for the 40th anniversary of the Chinese People's Volunteers' participation in the Korean war.

Four decades ago, the United States launched a war of aggression against Korea and spread the flames of war all the way to the Yalu River on the Sino-Korean border. To resist US aggression and aid Korea and defend China, the Chinese People's Volunteers crossed the Yalu River and fought side by side with the Korean People's Army. After three years of bloody battle, they finally defeated the strong enemy, curbed the spread of the war, defended peace and security of China, Korea and the Far East and

The Korean people give the Chinese People's Volunteers a warm send-off on their return home.

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created favourable conditions for the socialist construction of China and Korea.

After the Korean war, the officers and men of the Chinese People's Volunteers actively helped the Korean people heal the wounds of war and rebuild their homeland. After the volunteers returned to China, the Korean people did not forget them, particularly those martyrs who shed their blood on Korean territory. A special friendship tower was built in Pyongyang. The reliefs and paintings inside and outside the tower depict the militant scenes of officers and men of the vol-

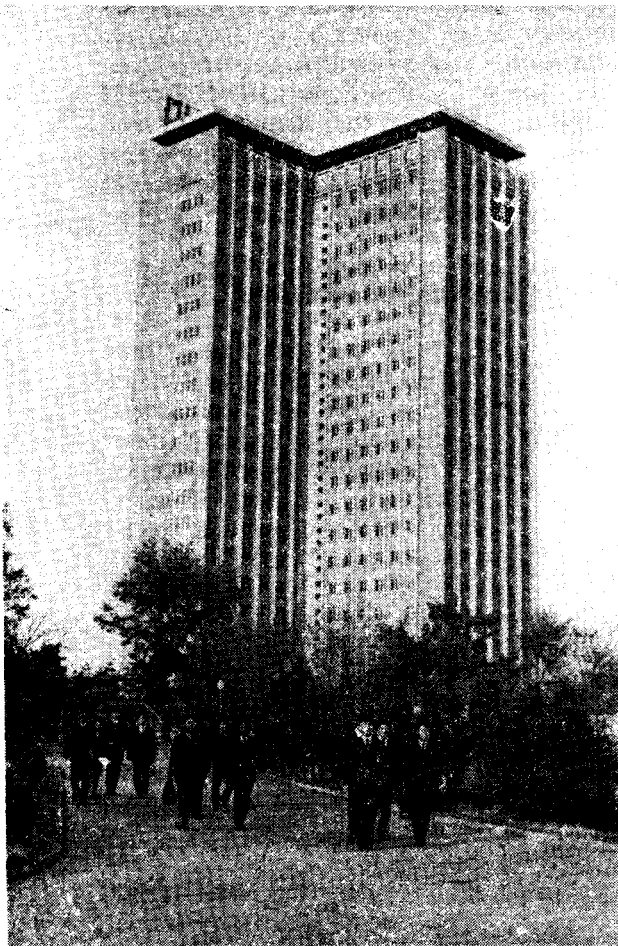
unteers and the Korean people fighting side by side against the enemy. In the round hall of the tower is a large exquisite copper box in which the names of some of the Chinese martyrs who died in the Korean war are kept.

During the days which marked the 40 anniversary of the volunteers' participation in the Korean war, I joined several thousand officers and men of the Korean People's Army to view a Korean film entitled *Luo Shengjiao*. The film was based on real people and events. After Luo Shengjiao, a battalion officer of the Chinese People's Vol-

unteers who died when he rescued Cue Ing, a Korean child, from a river, the local people built a monument for him. Over the years, his name has always been remembered by the Korean people.

The Pyongyang Kim Il Sung Comprehensive University—a renowned institution of higher learning in Korea.

ZHENG BAOQIN



Reunification

When I arrived in Pyongyang, the second round of high-level negotiations between the north and south Korean premiers had just come to a close. For several decades, the Korean Peninsula has been divided into two, and the Korean people are separated from their own flesh and blood. In recent years, however, the voice of the Korean people's demand for reunification has risen to an unprecedented height. Both sides now recognize that "dialogue is bet-

ter than confrontation." The holding of negotiations between the two premiers, therefore, is in conformity with the trend of the times and with the interest and aspirations of all the Korean people. Although the negotiations did not reach any specific agreement, both sides did reach a common understanding on the draft declaration of mutual non-aggression put forward by the north and the common declaration of south-north reconciliation and co-operation raised by the south. Both sides have endorsed the two declarations. This gives impetus to future negotiations, taking a step forward towards the first round of negotiations by the two premiers in Seoul.

In reading the local news, my eye caught the news about a "Pan-National Unified Concert." The north had invited 17 traditional musicians from south Korea to participate in the concert, perhaps the first time that south Korean authorities allowed folk musicians to visit north Korea. Since the country was separated 45 years ago there have been similar exchanges and contacts conducted. At the Asian Games held in Beijing, the joint cheering squad composed of north and south Korean athletes encouraged Korean athletes from both sides and, after the Asian Games, the unified men's and women's football teams organized by south and north Korea held matches in Pyongyang and Seoul respectively. It was the first exchange of athletes between the two sides since the separation of Korea. Dialogues and contacts between the two sides are increasing. Is it the prelude to reconciliation?

My host was glad to let me visit Panmunjom, the site of military demarcation and the

location where the armistice agreement was signed. For 37 years, the arrangement of the hall where the signing ceremony was held has been kept the same but those who gazed at each other from the two sides of the five-cm-high cement strip on the military demarcation line are military men of a new generation, Korean and US armymen born after the war. Even though no relaxed signs can be found from their young and unconcerned faces, the tension is sometimes broken. In September 1990, Yon Hyong Muk, premier of the Democratic People's Republic of Korea, went to Seoul to take part in the first round of high-level talks between north and south Korea by way of Panmunjom on the military demarcation line. One month later, Gang Yin Hun became the first premier of south Korea to enter north Korea through Panmunjom. Major Li of the Panmunjom Military Armistice Committee said that the south Korean football team and the traditional music performance troupe all went to Pyon-



An underground marketplace in Pyongyang.

ZHENG BAOQIN

gyang and returned to Seoul via Panmunjom. The north Korean football team also went to Seoul through Panmunjom.

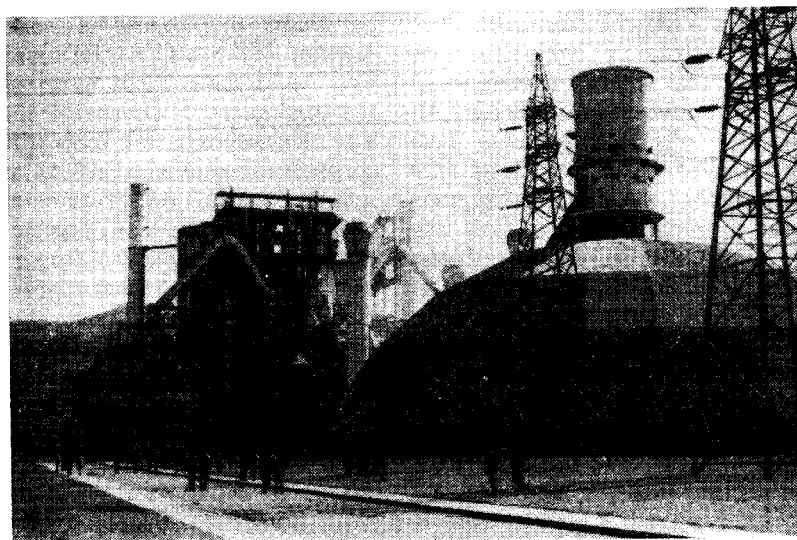
Still, no major changes have taken place on the military demarcation line. According to a lieutenant colonel of the Military Armistice Committee, in the late 1970s, the south Korean authorities built a 240-km-long

cement wall on the southern side of the demarcation line. In January 1990, north Korea suggested that the cement wall be dismantled by south Korea in order to realize free contact and an overall opening between the two sides. However, the southern side always denied the existence of the cement wall. On the platform of the northern side of the military demarcation line, as I viewed the scenery on the southern side, I could clearly see a cement wall several metres in height. It looked like a grey snake wriggling about green mountain slopes. The white slogans on the wall and people moving along it were visible. The 44-year-old lieutenant colonel said that he had witnessed the entire process of the wall's construction from beginning to end.

Despite visible and invisible barriers such as the cement wall which separate north and south Korea, the reunification of the motherland is the common desire of all Korean people. When the kindergarten children tearfully sing a song of reunification, who could not be moved?

This cement plant in north Korea has an annual production capacity of 2 million tons.

ZHENG BAOQIN



China to Dispute EC's Suit

More than 30 videotape manufacturers in the Shenzhen Special Economic Zone in Guangdong Province recently established a study group and a China Shenzhen Association of Videotape Manufacturers to confront a suit brought by the European Community (EC) on April 11, 1990 which charges Chinese manufacturers with dumping China-made videotapes. The EC required that an investigation be held and indicated that there would be an initial ruling soon against the Chinese exporters.

The China Shenzhen Association of Videotape Manufacturers maintains that the EC's suit is groundless, claiming that it is unfair for the EC to calculate the production costs, especially the costs of labour, based on the Japanese and South Korean prices because their costs are much higher than the Chinese costs. The association also says that there are no grounds to accuse the Shenzhen Special Economic Zone of having a "non-market economy."

The association points out that since it implemented the reform and open policies the Shenzhen Special Economic Zone has always followed international practice, the principle of free pricing and open competition and acted fully in accordance with a free market operation. No manufacturers, if any, sell products at a price lower than the cost of production and none receive "government subsidies."

The association notes that should the EC make an initial ruling against the videotape manufacturers, members will continue to fight the ruling.

Since the establishment of the Shenzhen Special Economic Zone in 1980, various industrial enterprises in the zone have ex-

perienced a rapid development. Since their products are more competitive on the international market, their exports have increased rapidly. In the last few years, however, some foreign importers have brought suits against Chinese exporters in an attempt to protect their own trade. Before this most recent case, the EC's ruling on the dumping of Hong Kong videotapes in January and June 1989 led to an increased anti-dumping tax from 4.9 percent to 21.9 percent. ■

World Bank Loan for Technical Updating

The World Bank recently approved US\$150 million in loan for technical transformation of four industrial enterprises in Shanghai. The loan is intended to promote a readjustment of the mix of products and help deepen reform, announced at the Shanghai International Economic Development Symposium.

In the past decade ending January 1991, the World Bank had provided a total of US\$9.83 billion in loan for Chinese 88 projects. The loans were used for the development of education, health, energy, transportation, city construction, agriculture, industry and finance as well as to support investment and agricultural banks. The projects have been carried out in China's 29 provinces, autonomous regions and municipalities.

Luo Qing in charge of the World Bank Business Department of Chinese Ministry of Finance said at the meeting that a recent joint inspection of the projects indicates that most were going well and yielded good returns. A few had some difficulties which were in the process of being resolved.

The problems, including the

slow purchase of materials and a shortage of necessary Renminbi, were related to a retrenchment of China's economy.

In addition to the granting loans, the World Bank has helped China import advanced technology, train personnel and invite foreign experts. It has also assisted Chinese personnel to conduct research abroad. ■

World Bank Loans Succeed in China

The China Rural Sector Adjustment Loan funded by the World Bank in July 1988 with US\$300 million has had good results in structural reform of rural land system, the system of grain purchasing and marketing and the system of township enterprises and financial system, according to Yi Lantian, deputy general director of the Agribusiness Trust and Investment Corp. under the State Agriculture Investment Corp.(SAIC).

Yi said that the loan, with a term of 20 years and a grace period of five years, was granted especially for policy considerations for the first time by China. It is mainly used for various experiments in support of rural reform. The SAIC Agribusiness Trust and Investment Corp. is the implementing organ for the loan. In the past two years, the corporation supported 19 rural reform experimental areas in 15 provinces with the loan. Agricultural projects can earn foreign exchanges in four coastal provinces. The loan helped to develop 24 rural financial (investment) medium organizations, supported 107 rural financial organizations and established and developed more than 400 rural cooperative financial organizations. Some 80,000 people were employed and 300 enterprises

were provided with the use of the loan.

Yi said that the corporation had over 900 million yuan and US\$110 million. A total of 315 million yuan and US\$28 million had been put into rural areas. The World Bank will be repaid a total of 34.9 million yuan and US\$8.68 million interests on schedule.

In April, the corporation will jointly research with the World Bank the use of rural financial loans in China and how best to deepen reform of the rural financial system.

by Yao Jianguo, Kou Zhengling

Petrochemical JV To Be Built

The State Council recently approved a proposal to build a petrochemical project in the South China Sea by China, Britain and the Netherlands' Shell Oil Co. The co-operative project, to be built in Huizhou, Guangdong, will be China's largest petrochemical joint venture.

The Chinese partners for the project will be the China Off-shore Oil Co., the China Petrochemical Co., the China Oil & Gas Co., Guangdong Province and the Merchants Steam Navigation Co. The total investment amounts to US\$2.5 billion, of which both the Chinese and foreign sides will contribute 50 percent. The giant petrochemical complex will include a refinery for processing 5 million tons of crude oil and an ethylene unit with an annual output of 450,000 tons.

The Chinese partners will quickly undertake a feasibility study together with Britain and the Netherlands' Shell Oil Co. and plan for an early start of construction so that they can begin production in 1995. When the South China Sea petrochemical

complex is completed, it will provide oil products and chemical raw material for Guangdong Province and other areas as well as a new source of energy. Some of the energy products will be exported.

The agreement for the project was signed in March 1989 and according to procedures, the Chinese side then put forward a proposal which was approved by the Chinese government in January of this year.

by Li Ming

News in Brief

- The Beijing North Star Real Estate Corp. (NSREC) recently signed an agreement with the Trust and Consultancy Co. of the Bank of China and the Shenzhen Branch of Hong Kong Nan Yang Commercial Bank at the Continental Grand Hotel in Beijing. The agreement offers compatriots from Hong Kong, Macao and Taiwan as well as foreign capital enterprises registered in China 10-year mortgage loans equal to 70 percent of the cost of real estate.

It is the first time that mortgage loans have been available in Beijing, though similar loans have been seen for years in such south China cities as Shenzhen, Guangzhou, Xiamen and Shanghai. Lin Shou, deputy general manager of NSREC, said that all 400 apartment suites on sale this time are of the best quality and are well-furnished to meet the needs of Asian Games visitors and athletes. With the new mortgage loans available through the bank, the apartments are thus available at a more attractive cost.

- The biggest Sino-foreign joint venture in China's automobile industry, the Changchun No. 1 Motor Works Volkswagen Co. Ltd., was founded in

Changchun, Jilin Province on February 8, 1991.

The company, shared by China's Changchun No. 1 Motor Works and the German Volkswagen Co., has investments totalling 4.2 billion yuan with a 6:4 ratio between the Chinese and German parties. The company's main products are the popular, Golf and Jetta sedans.

The company will assemble imported spare parts into 2,000 sedans in 1992 for the domestic market and then, when the company goes into full production in 1994, its output will reach 150,000 sedans, 270,000 motors, and 180,000 gearboxes. According to the joint venture contract, the company will annually sell back 100,000 motors and replacement parts of 50 million marks to the German Volkswagen Co. The German Volkswagen Co. will sell 15 percent of the total annual output of sedans on the international market.

- The economic department of Taiwan recently gave approval to the Chung Hsing Textile Co. of Taiwan to invest in a new factory in Shanghai.

The Taiwan Co. invested US\$900,000 from its Hong Kong branch to establish the Three-Rifle Brand Knitwear Factory with its Shanghai counterpart. Some 65 percent of company shares will be owned by the Chung Hsing Textile Co. of Taiwan. Some 30 percent of the products will be sold domestically and the remaining 70 percent to Southeast Asia, Eastern Europe and the Soviet Union.

Since the economic department of Taiwan announced that Taiwan businessmen could invest in the mainland, eight applied to invest in 1990. Of the eight applicants one has already been approved and the remaining seven are still being evaluated. ■



The girls sadly see off the wedding sedan in which the bride Aiyue sees her future fate in the tragedy of her grandma. hanged herself.

Film Tells Tragic Life of Chinese Women

The *Death of Five Young Girls*, produced by the Emei Film Studio, describes the tragic fate of five young girls in a remote mountain village in western Hunan Province in the 1930s. The girls ranged in age from 16 to 19 and, according to tradition, were of marriageable age.

One of the girls had a vicious step-mother who betrothed her to a sick man who suffered from tuberculosis, an incurable disease at that time.

Another girl's sister-in-law, who was accused of adultery, was badly beaten by her husband and was paraded through villages as punishment. Forced by her brother, the girl ended her love affair and became engaged to another man.

One girl's sister died in child birth for the simple reason that

her husband's family decided to save the baby instead of the mother. The girl was going to be married to her brother-in-law.

From the tragic sufferings of their sisters, the five girls realized that their lives would be miserable after marriage. So they decided to work out some way to avoid their own tragic fates.

One night the girls overheard a witch from the village instructing a girl who was going to be married: "You should hang yourself before the wedding. A girl should die with a clean body. The soul of a girl is a white bird. It will fly to the heavenly garden." Several days later the girl hanged herself in her wedding sedan.

The five girls wanted to be turned into white birds and live a free and happy life in heaven. So one day they all put on their red wedding clothes and went to a

deserted house and hanged themselves with a long rope.

Different from previous tragic films which tried to achieve a tragic effect by destroying beautiful things, this film exposes the tragic story of the girls in a light narrative tone. The girls did not see death as self-destruction but as a way to avoid a miserable life and take a more hopeful road which would lead to a promising life. Wang Jin, director of the film, said, "A tragedy need not always be sad. A light tone can deepen the tragic impact of the film. A tragic film should make the audience think not only shed tears."

Apart from the portrayal of characters, the film is also outstanding in many aspects such as the authentic depiction of local customs and the cinematography of the beautiful scenery. It was praised as one of China's best films in 1990.

by Hong Lanxing

Jinmei who has decided to hang herself bids a silent farewell to her mother.

The five girls hang themselves with a long rope.

Photos by ZHU XIANG



China's Swimming Making Giant Strides

The Chinese team ranked second after the United States at the Sixth World Swimming Championships held in Perth, Australia, with eight golds (four for swimming and four for diving), three silvers and two bronzes, a historical breakthrough for Chinese swimming.

"Lin Li emerged from the water as she usually did. But today (January 1) she did a most extraordinary thing—she won China's first world-level swimming gold," reported *China Sports News* on January 8.

After she captured the champion of women's 400-metre individual medley with a record of 4 minutes and 41.45 seconds, Lin seized the gold for the women's 200-metre individual medley. The other two golds in women's 100-metre butterfly stroke and women's 50-metre freestyle were won respectively by Qian Hong and Zhuang Yong.

"I've done arduous preparation for this swimming championship," said Lin after the competition. Lin's words best describe the pertinacious efforts of the Chinese swim team for years.

The first reward of China's swimming undertaking came in the 1950s. At the First International Youth Friendship Sports Meet in 1953, Chinese athlete Wu Chuanyu won the men's 100-metre back stroke, thus for the first time a Chinese won an event at an international swimming competition. During 1957-60, Qi Lieyun, Mu Xiangxiang and Mo Guoxiong broke the world record in men's 100-metre breast stroke five times. In 1988, Yang Wenyi broke the world record in women's 50-metre freestyle and Zhuang Yong and others won medals for the first time at the Olympic Games, marking a new

prosperous period in China's swimming history. At the Beijing Asian Games last September and October, the Chinese team swept away 23 gold medals out of 31, for the first time replacing Japan, the swimming power of Asia for years. Many other Chinese athletes set records approximating world levels, such as Zhuang Yong's 100-metre freestyle, Wang Xiaohong's 100-metre butterfly and Lin Li's 200-metre individual medley, all with the best scores in the world in 1990.

Although the Chinese athletes won a dazzling number of medals, not all the results were as satisfactory as expected. The main reason for this, according to Chinese swimming authorities, is that it was difficult for the athletes to give their best performance twice in three and a half months, from the Asiad to the World Championships. Concerning the fact that the Chinese team failed to break world swimming records, Chen Yunpeng, the chief coach, declared that if there had been no Asiad the Chinese team would definitely have broken some world records. Chen frankly admitted that the men's performances were disappointing. But he explained: firstly, compared with the women athletes, whose average height is 1.725 metres, very near the average height of the first eight athletes in the finals of the Olympic Games, the average height of the men athletes is 10 cm shorter than that of the other Olympic athletes; secondly, the current training exercises are more suitable for women; and thirdly, the men are not as hard-working as the women.

In the short-distance competition event of the International Swimming Association, an informal event at the World Championships, Qian Hong, Yang Wenyi and Chen Jianhong won three gold medals. This shows that the Chinese team is more promising in short-distance swimming. But according to authorities of the International Swimming Association, the Chinese may also reach



CHENG ZHISHAN
A Soviet coach congratulating Fu Mingxia after she captured the gold medal in women's platform diving with a score of 426.51 at the Sixth World Swimming Championships.

the world level in medium- and long-distance events. Actually, while the Chinese team has been making great achievements in short-distance swimming in recent years, the victory of Lin Lin is an indicator that the Chinese can also reach the world level in medium- and long-distances.

Diving, as usual, is a strong event for the Chinese team. Gao Min won two gold medals just as expected, and the other two golds were captured by two young athletes, Fu Mingxia and Sun Shuwei. Fu, only 12 years old, won

the first gold medal in the ten-metre platform with a series of magic performances. Being the champion of the Seattle Friendship Sports Meets at the age of 11, Fu is regarded as the youngest champion in the world's diving history and will be a brilliant performer in future world cups, Olympic Games and world championships. Sun, 14, although he looks rather fragile, won the men's 10-metre platform. He said, "I never thought I would win the event. I just tried my best to complete each movement precisely." His success enabled the Chinese diving team to sweep four of the six golds, together with two silvers and one bronze.

According to Xu Yiming,

coach of the Chinese diving team, at present, there is still work to be done, especially in the two spring-board events, in which only a silver and a bronze were won. Chinese athletes should learn from their foreign competitors how to twist the body and use the board. One-metre spring-board was included in world competitions only two years ago. Prominent athletes like Tan Liangde only placed ninth in this competition. Besides faults in performing, the difficulty of the movements accounts more for the failure. Xu expressed that it would take some time to train high-level athletes, especially high-level spring-board athletes. "Now we've changed the usual training method that began

with platform. Instead, we train the athletes from the spring-board at a young age," he said. "In two months, we'll have juvenile diving training in Chengdu, capital of Sichuan, to solve the problem of reserve athletes."

Wang Xiaojie and Guan Zhewen placed sixth in women's synchronized swimming, showing that China's synchronized swimming is moving closer to world medals. China has never entered any final event at world competitions since it started the event ten years ago. The problem lies in the lack of strength when performing in low water levels. This prohibits the athletes from accomplishing rapid, precise movements that require great strength.

Appendix:

1. Medal Standings of the top six countries at the Sixth World Swimming Championships

Country	Gold	Silver	Bronze	Total
USA	17	11	6	34
China	8	2	2	13
Hungary	5	2	2	9
Germany	4	9	9	22
Australia	3	5	2	10
The Netherlands	2	1	1	4

2. Results of China at the Sixth World Swimming Championship

Gold

Lin Li	Women's 400-metre individual medley
	Women's 200-metre individual medley
Qian Hong	Women's 100-metre butterfly stroke
Zhuang Yong	Women's 50-metre freestyle
Fu Mingxia	Women's 10-metre platform
Gao Min	Women's 1-metre spring-board
	Women's 3-metre spring-board
Sun Shuwei	Men's 10-metre platform

Silver

Wang Xiaohong	Women's 100-metre butterfly stroke
Tan Liangde	Men's 3-metre platform
Xiong Ni	Men's 10-metre spring-board

Bronze

Zhuang Yong	Women's 100-metre freestyle
Wang Yijie	Men's 1-metre platform

International Swimming Association Short-Distance Events

Gold

Chen Jianhong	Men's 50-metre frog style
Qian Hong	Women's 50-metre butterfly stroke
Yang Wenyi	Women's 50-metre side stroke

Silver

Wang Xiaohong	Women's 50-metre butterfly stroke
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A Young Girl.



Old Men Playing Instruments and Singing.



A Small Town.

Sketches by Peng Xiancheng

Peng Xiancheng, born in Chengdu in 1941, an artist of the Sichuan Provincial Studio of Calligraphy and Art, specializes in Chinese painting. Here are his sketches of daily life.

ART PAGE



A Tree.



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