

# Beijing Review

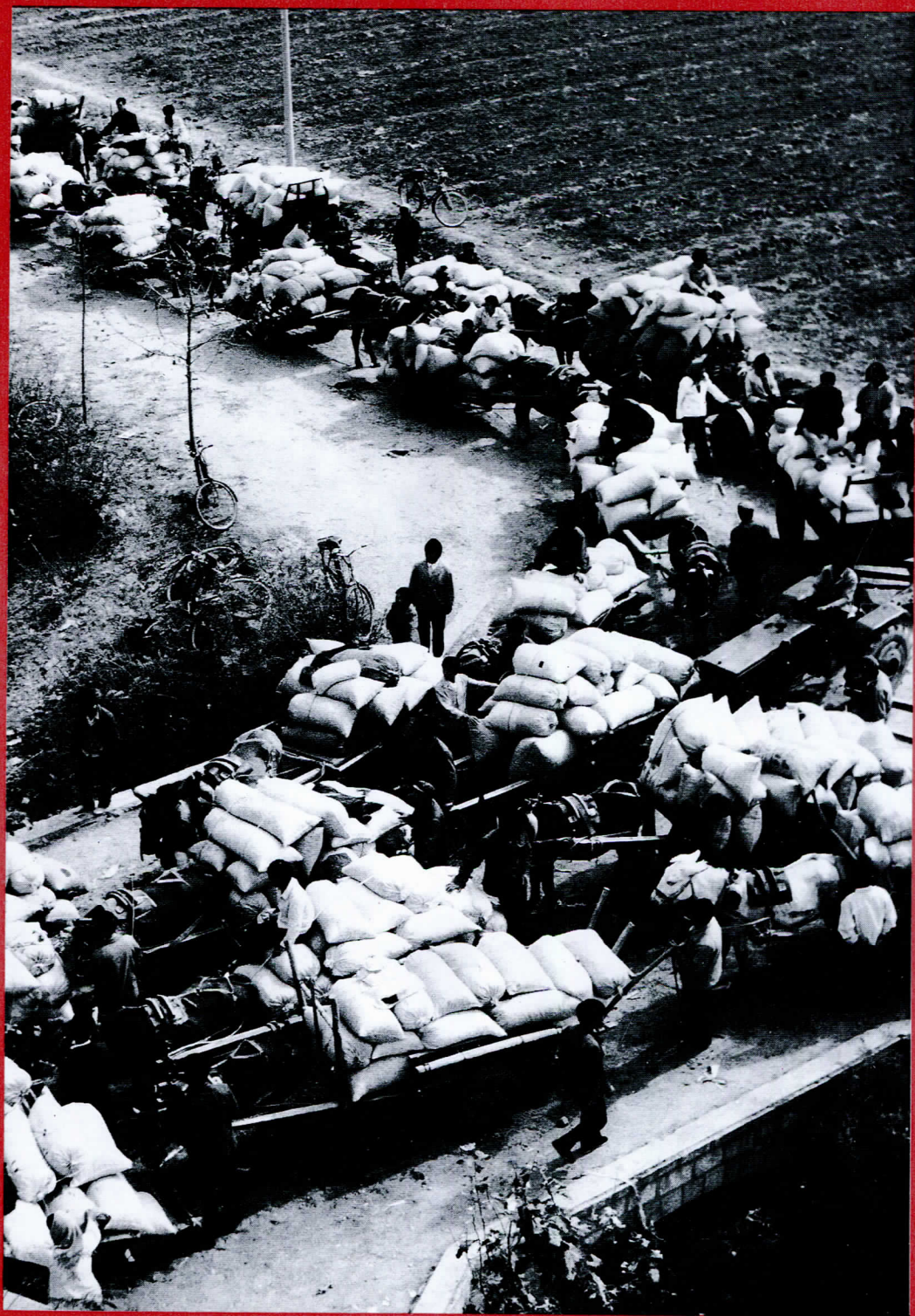
The background image shows a large-scale public burning of narcotics. A massive bonfire of wooden crates and bundles is burning brightly in the foreground. In the background, a large crowd of people is gathered on a tiered platform, and several police officers in dark uniforms are visible, some holding white flags. The scene is set outdoors, likely in a public square or a large stadium.

VOL. 34, NO. 34 AUG. 28

## YUNNAN: CHINA'S OUTPOST IN THE STRUGGLE AGAINST NARCOTICS

Foreign Economic  
Development Strategy  
For the 1990s





New grain to be on sale in the market.

—Shandong farmers deliver this year's summer harvest grain to the state.

*Photo by Yang Zhigang*



# HIGHLIGHTS OF THE WEEK

## Yunnan: China's Anti-drug Outpost

□ Drug-related crime that had been wiped out in the early 1950s has made its comeback in Yunnan due to the infiltration of the neighbouring Golden Triangle drug production base. It has caused great suffering to Yunnan and the repercussions have begun to spread across the country. The comprehensive measures taken by the province in dealing with this social problem that has endangered the modernization programme demonstrate China's stand on the fight against drugs (p. 16).

## Foreign Trade Strategy in the 90s

□ In the 1990s, by making use of its comparative advantages, China will build competitive pillar industries and large enterprise groups to set the stage for active economic and technological exchanges with countries and regions throughout the world, particularly those in the Asia-Pacific region (p. 12).

## The Yanan Spirit Endures

□ Yanan in Shaanxi Province, the seat of the Party Central Committee and the command post of the Chinese revolution during 1937-47, has taken on a new look since China implemented its economic reform and open policy. But the Yanan spirit of self-reliance and hard work has been carried forward to realize the four modernizations in the country (p.22).

## Bankruptcy of Losing Firms Called For

□ Though admitting it is a rather sensitive issue that must be approached cautiously in a socialist country, Chinese economists urge the government to "start closure experiments" with some debt-ridden and poorly-run state enterprises to improve the country's economic efficiency (p. 5).

## CONTENTS

### EVENTS/TRENDS

4-6

- Mainland Reporters in Taiwan at Last
- Let Soviet People Solve Their Problems
- Economists Want to See More Bankruptcies
- Beauty Parlours' Roaring Business
- Car Production Expected to Rise

### INTERNATIONAL

- Hopes Rise for Release of All Hostages 7
- Libya Changes its International Image 8
- Ties With Japan Strengthened 9
- Pakistan Promotes Economic Development 10

### CHINA

- Foreign Trade Strategies in the 90s 12
- Yunnan: China's Anti-Drug Outpost 16
- Carrying Forward the Yanan Spirit 22

### TOURISM

26

### BUSINESS/TRADE

27-29

### FROM THE CHINESE PRESS

30-31

### CULTURE/SCIENCE

32-34

**COVER:** Drugs are burned under the eyes of thousands of city residents in Kunming, Yunnan Province.

Photo by Li Hong

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

Published every Monday by BEIJING REVIEW  
24 Baiwanzhuang Road, Beijing 100037  
The People's Republic of China  
Distributed by **China International Book Trading Corporation** (GUOJI SHUDIAN)  
P.O. Box 399, Beijing, China

Subscription rates (1 year):  
**Australia**.....A.\$33.60  
**New Zealand**.....NZ.\$45.00  
**UK**.....18.00  
**USA**.....US\$33.80  
**Canada**.....Can.\$33.80

## Mainland Reporters In Taiwan at Last

**F**an Liqing and Guo Weifeng, the first two mainland journalists to visit Taiwan since 1949, were warmly welcomed and interviewed by the Taiwan and Hong Kong press on landing on the island August 12.

Fan, a correspondent from China's official Xinhua News Agency, and Guo from the China News Service were assigned to accompany two Chinese Red Cross officials who planned to go to visit the 18 mainland fishermen detained in Taiwan since July 21.

The 18 fishermen, all from Fujian Province, were detained following a maritime dispute. Seven of them have been charged for piracy while the other 11 have been sent to Quemoy to be repatriated.

According to an official from Xinhua, the mainland's decision to send correspondents to Taiwan is a special measure taken to meet the ardent desire of the people on both sides of the straits to learn the facts following the July 21 incident. Under



*China Times News photo via Xinhua*

Mainland journalists Fan Liqing (left) and Guo Weifeng (middle) welcomed by Huang Chao-sung (right), managing editor of Taiwan's *China Times News*.

the present circumstances the Taiwan authorities have not made reasonable and practical revisions to their regulations concerning visits by correspondents from the mainland.

Since the incident occurred, families of the detained fishermen have been greatly concerned over their situation. The fishermen from Fujian Province and other coastal areas are keen to know the truth and wondered whether the incident would be settled in a timely and reasonable manner.

On August 13, the two jour-

nalists visited Taizhong (Taichung) prison where they interviewed the seven fishermen and handed them five letters from their relatives.

Fan and Guo regretted that they could not complete the assigned task since the two officials from the Red Cross Society of China (RCSC), Qu Zhe and Zhuang Zhongxi, have not been allowed to enter Taiwan.

Based on humanitarian principles, the RCSC sent its Deputy General Secretary Qu Zhe and another official Zhuang Zhongxi to visit the detained fishermen.

From the very beginning, the relevant authorities in Taiwan used every means possible to delay their visit. After repeated negotiations, the disputes regarding the number of representatives allowed were settled. However, shortly before the two officials were due to leave Hong Kong, they were refused entry into Taiwan by the Taiwanese authorities under the pretext that the officials failed to promise that they would not visit the 11 fishermen in Quemoy.

Qu Zhe said in Hong Kong that he was disappointed with the Taiwanese authorities' in-

## Let Soviet People Solve Their Problems

**A** spokesman of China's Foreign Ministry made on August 20 the following statement on the situation in Soviet Union in response to questions posed by correspondents:

The changes which have occurred in the Soviet Union are its internal affairs. It is the consistent position of the Chinese government to oppose interference in other countries' internal affairs and call for respecting the choices of

the people of all countries. We hope and also believe that the Soviet people will overcome difficulties, solve their own problems by themselves, maintain political stability and achieve economic development.

The Sino-Soviet relations based on the principles of peaceful coexistence, equality and mutual benefit and friendship and good-neighbourliness will continue to enjoy unimpeded growth. ■

sincerity and had lodged a stong protest.

Zou Zhekai, a department director of the State Council's Taiwan Affairs Office, stressed at an August 13 Beijing press conference that the decision by the Taiwanese authorities to return 11 innocent mainland fishermen by repatriation is unacceptable.

Such a decision is in fact an insult to their personal dignity, and is by no means compatible with humanitarian principles, he said.

Zou urged the Taiwanese authorities to lift the ban on the entry of the two officials at the earliest possible date. ■

## Economists Want to See More Bankruptcies

The issue of bankruptcy was raised again after a one-year silence. Economists urge the government to "start closure experiments" with some debt-ridden and poorly-run state enterprises.

Though admitting it is rather a sensitive issue that must be approached cautiously in a socialist country, the economists say something must be done to improve the country's economic efficiency.

They said that without closures, the current major economic problem of debt defaults could not be tackled.

China's first law on bankruptcy, which took effect in November 1988 after repeated revisions, is designed exclusively for state enterprises.

However, no state enterprise has ever gone broke so far, except some collectively-owned and township enterprises.

"Competition without bankruptcy is not real competition at all," the economists said.

According to official statistics, some 200,000 state enterprises, 40 percent of the total, are running at a loss at present, as compared with 35 percent by the end of last year.

Sources close to the State Council said that some major industrial cities were currently preparing to start closing some debt-ridden state factories but they declined to give any details.

It is said that such a move has the support from the government, which called for a stop to the production "of anything that is stockpiled."

An earlier report put the value of stockpiles at 200 billion yuan (US\$37.4 billion) at the end of last May. Economists say this is 100 billion yuan too much. ■

## Beauty Parlours' Roaring Business

It is worth spending money on making yourself prettier," a 23-year-old woman

who just had cosmetic surgery on her upper eyelids said.

Goodlooks, the latest trend in Beijing, is what more and more Chinese can now afford to buy.

Hairdressing, make-up and even cosmetic surgery are now in vogue.

Beauty saloons run by the state or individuals abound. A modern hair style, for instance, costs about 80 yuan. This high cost frightens away most elderly and middle-aged people who would rather spend less and keep a relatively conservative hairdo. Young people are not deterred by the prices. They don't mind spending the money to make themselves beautiful as long as their income permits.

Newspapers, magazines and TV programmes often present know-how in this aspect. Once, Beijing TV Station broadcasted a face-massage exercise with Liu Xiaoqing, a famous film star, as the demonstrator.

Many Chinese no longer shy away from wearing wigs, which was tabu and criticized as a bourgeois way of living during



The Monita Beauty Parlour in Beijing's Western District was set up five years ago to cater to the need of fashion-conscious customers. All its staff accepted professional training. Receiving about 100 customers every day, the parlour has made a name for itself in the Chinese capital city.



LI HAIBO

At the wig counter of Dongan Market in Wangfujing Street of Beijing, a saleswoman is helping a customer trying on a wig. The counter is one of the busiest ones in the market.

the "cultural revolution" (1966-76). The majority of wig wearers are over 40 who feel that a wig will help ward off looming old age. But more and more young people find wigs interesting because they make them feel different.

Cosmetic surgery is available in many forms. For instance, the nose can be made bigger by inserting a silicon strip. Eyelids can be made to have a double fold, wrinkles removed and breasts augmented. A surgical operation to achieve double-fold eyelids costs 120 yuan, about half an urban worker's monthly income.

The booming cosmetic surgery illustrates the changing concept of beauty in China. The past decade has witnessed rapid economic growth due to the implementation of reform and open policies. The Chinese are becoming healthier, and this beauty culture is taking things a step further — making healthy people look and feel younger and more beautiful.

Young men are boldly joining the line of "beauty buyers" in the hope that a new look would

build their confidence in career as well as in finding a fiancée.

A female beautician of Sili-an Beauty Shop in Wangfujing Street said that cosmetic surgery "requires both artistic and medical skills." She thinks that people need cosmetics to conceal their defects.

The cosmetic surgery hospital at the foot of the Western Hill on the outskirts of Beijing is the first of its kind. Opened in 1957 under the Chinese Academy of Medical Sciences and in the following decade after its founding, cosmetic surgery was only performed on injured workers and soldiers. But today, more patients frequent the hospital out of a wish to look good. ■

## Car Production Expected to Rise

China's car makers will step up production in the remaining months of this year to meet rising demand.

China has planned to produce some 66,000 cars this year, a 56 percent rise over last year. But experts say that at least 80,000

are needed.

The car makers, including Shanghai Volkswagen, which turns out Santana cars, and the First Automotive Works in northeast Jilin Province, which assembles Audi 100 models, will increase the import of car parts to meet their output quotas.

The latest statistics show that China turned out a total of 301,400 automobiles between January and June, up 33 percent from the same period last year; sales went up 46 percent; and stockpiles, which stood at some 100,000 at the beginning of this year, were largely cut down. This is a sharp contrast with the sluggish market a year ago.

Yet customers are still queuing for cars they have ordered.

Experts say demand for cars has been strong for years but production and sales suffered setbacks because of governmental control over institutional purchasing.

In China, nearly all car buyers are enterprises and collectives instead of individuals. The central government has kept tight control over public spending in a bid to curb inflation.

Officials in the industry agree that mainly because control was loosened, the auto industry seemed to have recovered in the year's first half from the setback that began in October, 1989.

However, the office to implement the governmental control recently issued a notice that control would tighten again.

Officials were uncertain about the rest of the year and feared too tight a governmental control on public spending would affect the auto market again.

In fact, production and sales in June showed drops from figures in May. ■

# Ties With Japan Strengthened

by Chai Shikuan

**J**apanese Prime Minister Toshiki Kaifu's four-day official visit to China will go down in the annals of Sino-Japanese relations as a new starting point of furthering bilateral ties.

Kaifu, who left Beijing on a visit to Mongolia on August 13, described his China tour as "having achieved its objectives" and "highly fruitful." His host, Chinese Premier Li Peng, called it a "complete success."

Observers here agree that the visit, the first one by Kaifu since he became prime minister, marks the full restoration of Sino-Japanese relations and will have a far-reaching influence. They believe that China and Japan will take this opportunity to push their relations to a new level to greet the 20th anniversary of the normalization of Sino-Japanese relations which falls in 1992.

People here have noted that during his 60-hour stay in Beijing, Kaifu took out some eight hours to have discussions with Chinese leaders on a wide range of issues. The two sides reached agreements or brought their views closer after these meetings.

Both sides now have a clear understanding that to live as friendly and co-operative neighbours is in the common interests of China and Japan.

As next-door neighbours, the two countries are complementary economically and have deep cultural ties. Strengthened exchanges and expanded co-

operation between China and Japan will not only bring benefits to the two countries, but will also be highly important for peace, stability and development in the Asia-Pacific region as well as in the world as a whole.

Therefore, Kaifu and the Chinese leaders reached an understanding that the two sides will have more frequent political dialogues and step up co-operation in various fields.



Premier Li Peng (left) welcoming Japanese Prime Minister Kaifu in Beijing on August 10.

LIU JIANGSHENG

The two sides also hold identical or similar views on international issues. In assessing the global situation, they believe that following the Gulf war, the world is moving towards multipolarization. They agree that against the backdrop of the fluctuating international situation, China and Japan should conduct consultations, harmonize their positions and expand co-operation with the view of contributing their share to maintaining world peace and stability.

The two sides agree that the

United Nations should play a greater role in building a new international order. They also agree to work for development and prosperity in the Asia-Pacific region.

On regional issues, the two sides share identical or nearly identical stands in many fields. Both sides welcome the applications of North and South of Korea to enter the United Nations and are willing to exert their efforts for the promotion of relaxation and stability on the Korean Peninsula.

On the Cambodian issue, both China and Japan voiced their support for the work of the Supreme National Council of Cambodia chaired by Prince Norodom Sihanouk. They also reiterated their willingness to make continuous contributions to pushing ahead the just and reasonable political settlement of the Cambodian issue as soon as possible.

It was significant for China to announce its decision in principle to join the Nuclear Non-proliferation Treaty on the very day of Prime Minister Kaifu's arrival in Beijing.

Japan is the only country in the world so far to have suffered a nuclear attack. Therefore, Japan is most concerned about the issue of nuclear weapons. Kaifu described China's decision as "an epochal step on China's part towards the common goal of the international community to strengthen the nuclear non-proliferation."

The Chinese side also pointed out clearly that "in principle" does not mean any preconditions; instead, it means that China needs to go through legal procedures first.

China and Japan are different in social systems and ideology. Therefore, it is impossible for them to share the same stand and have the same views on all issues. The practice in the past 19 years since the normalization of Sino-

Japanese diplomatic relations has proved that so long as the two sides observe the spirit of mutual respect and seeking common ground while reserving differences, and strengthen mutual understanding and mutual trust

on the basis of the Sino-Japanese Joint Statement and the Treaty of Peace and Friendship, they can steadily push ahead Sino-Japanese relations in a deeper and more comprehensive way. ■

## Pakistan Promotes Economic Development

by Zhang Xiaodong

Since Nawaz Sharif took office as Pakistani prime minister last November, the Pakistani government has pursued a new economic policy aimed at reducing dependence on foreign aid and developing an energetic, effective and internationally competitive economy. The goal is to achieve self-reliance.

Nawaz Sharif's government has introduced a series of economic readjustment measures to gradually overcome the country's economic difficulties. It has mapped out clear-cut programmes for industrialization, privatization, controlled government spending and deregulation, and lifted restrictions on foreign investment and trade.

Efforts have been made to reinvigorate industries and increase productivity by privatizing state-owned enterprises. Prime Minister Sharif said, "The job of government is to formulate policies. It is not its job to run industry, commerce or hotels." "We are rapidly moving Pakistan into an open market. Basically, I want minimal government. A government that is small but efficient."

The private sector has responded to the challenge by setting up banks, bidding for airline licences and telephone networks, building toll roads and operating ports. It is estimated that the investment during the fiscal year of 1991-92 in the private sector will total 105.4 billion rupees (US\$4.58 bil-

lion).

To promote investment in the industrial sector, the government lifted restrictions on the building of industrial enterprises and allowed investors to establish industrial enterprises except for those involving weapons and ammunition, minting of coins and radioactive materials. Investors who establish enterprises in rural areas will enjoy a preferential taxation exemption of 5-10 years.

The Sharif government has invited bids for the sale of 30 state-owned industries. Private sector has been involved in the construction of highways. A leading commercial bank has been denationalized and, for the first time in Pakistan's history, Pakistani citizens have been allowed to maintain foreign currency accounts.

Pakistan has also adopted a new financial policy. Under the banking and foreign exchange reforms, foreigners can purchase shares of the listed companies at the Karachi Stock Exchange (KSE) and can own 100 percent equity in new ventures. "There were all kinds of fears, but the feedback now is very good," Sharif said. "The stock market has reached an unprecedented level. We have already begun to attract foreign investment."

The price index of the KSE rose by 3 percent in the past several months due to an increase in the number of foreign investors in the market. The World Bank has lauded Pakistan's reform as

an impressive move towards a fundamental change in economic policy.

At least 20 new companies have been allowed to issue capital and be listed on the Karachi Stock Exchange. In addition, the Pakistani government recently lifted its control over foreign currency to attract investments from Pakistani people living in England, the United States and the Gulf countries. This policy is expected to draw a total of US\$12 billion-US\$21 billion of investment.

Pakistan has a labour force of 32 million. The country's quest to become an industrial power takes strength from the availability of skilled manpower, low cost, strategic location and a large consumer base. The country offers a competitive advantage in terms of local costs. Real estate prices in Pakistan are much lower and local technical expertise is available at every level. With the country's own market for consumer goods growing fast, it is sure to provide the essential stimulus for industrial growth.

It is estimated that the economic growth rate in this fiscal year will reach 5.5 percent, a comparatively high percentage growth considering the country's loss of billions of US dollars caused by the Gulf crisis. Pakistani economists said that if the new economic policies are well implemented, Pakistan's economy will make considerable progress in several years. ■



# Hopes Rise for Release of All Hostages

by Zhang Qixin

With the release of British journalist John McCarthy, Frenchman Jerome Leyraud and American book-salesman Edward Tracy, hopes for the release of all other Western hostages held in Lebanon are rising.

US President George Bush issued a statement on August 11 in Maine welcoming Tracy's release and reaffirmed his administration's determination to fight for the release of other hostages.

"I think it's got to be good news for all ... let's hope the process will go forward," Bush said.

The hostages have been held since the mid-1980s by various Lebanese Shiite Muslim organizations. For years this problem has been troubling the American diplomacy.

On August 6, one of the major Lebanese Shiite Islamic organizations, the Islamic Jihad for the Liberation of Palestine, released a statement saying that it would dispatch an envoy within 48 hours who would carry a letter on freeing hostages to United Nations Secretary General Javier Perez de Cuellar.

To prove its sincerity, the Islamic Jihad released McCarthy who delivered a letter to Perez de Cuellar. The key point of the letter said that the Lebanese Islamic organizations would release all Western hostages in exchange for Israel's freeing all Arabs it is holding, including 400 Lebanese. The letter called on De Cuellar to "make a personal endeavour, within the framework of a comprehensive solution, to secure the release of all detainees throughout the world."

Although Washington was cautious towards the release of the hostages, it could not hide its jubilation.

"Our preliminary analysis suggests there may be some positive aspects to this letter," White House spokesman Marlin Fitzwater said.

Private diplomacy and secret contacts are active. De Cuellar indicated that he would contribute his share in resolving the hostage issue. Apart from meeting with McCarthy, the secretary general has contacted various parties within the United Nations. On August 13, after meeting with Iranian and Israeli officials at the United Nations in Geneva, De Cuellar said he would continue to exhaust all possibilities to find a resolution to the hostage problem. He described his talks as "useful" and "rather positive." Meanwhile, he has dispatched his senior assistant to Damascus to consult with Syria and Iran. Other countries including Britain are also making efforts to win the freedom for the remaining hostages.

"I think if there's any overall kind of blanket reason to be optimistic, it might be that people around the world see that there's a good chance that ancient enemies will sit down and talk peace," Bush said with reporters outside his vacation home in Maine.

"I just hope that we soon wake up in this world and recognize that holding hostages is a counterproductive way to make a statement of policy or for any reason," Bush added.

However, many complexities

around the hostage issue remain. Various parties involved in the hostage problem differ in their demands and Israel's position especially is not to be neglected. Tel Aviv has been refusing to swap the Lebanese it holds with the Western hostages held in Lebanon. It insists that seven Israeli soldiers missing in action in Lebanon must be part of the hostage deal. Although reports say that all are dead except one, Israel continues to demand that it receive information about the missing soldiers as a first step before negotiating a swap of hostages.

Washington and London are exerting pressure on Tel Aviv to be flexible. In an apparent reference to governments involved, including Israel, Bush said, "We call upon the governments with influence" on the issue "to build upon the progress made and work for the release of all hostages, regardless of their nationality and for an accounting of those who may have died while in captivity. I have said that all countries holding hostages ought to release them."

British Prime Minister John Major has written to Israeli Prime Minister Yitzhak Shamir, urging Israel to release Arab prisoners to maintain the momentum in the Lebanon hostage crisis.

"We do believe that some immediate gesture by the Israeli government in response to today's dramatic development could be enormously helpful in the quest for a total release," Major said in the letter. ■

# Libya Changes its International Image

by Wang Xingang

*Iraq's invasion of Kuwait on August 2, 1990 broke the subtle balance of power in the Middle East. However, Libya, long renowned for its tough and radical stand, kept a low profile during and after the Gulf crisis, indicating a shift in its foreign policy.*

On September 1, 1969, Libya's "free officers" organization headed by Col. Muammar Ghaddafi overthrew the Idris Monarchy in a military coup and established the Libyan Arab Republic. Since then, Libya has upheld two banners in its foreign policy—armed liberation of Palestine and Arab unity. With its vast territory and economic strength, Libya has played a major role in the Middle East political arena.

Some Arab countries, however, had different opinions about Libya's radical "green revolution" and kept a wary eye on the call for Arab unity.

Since the late 1970s, especially after the mid-1980s, the gap between Libya and other Arab countries widened as a result of the increasingly louder cry for a peaceful settlement of the Middle East problems and the ever-increasing influence of the moderate factions in the Arab world.

Meanwhile, with the waning of Soviet clout in the region, Libya lost its reliable "ally." Beginning in the late 1980s, Libya began pursuing a flexible and practical foreign policy.

## Relaxation with the US

In the 1980s, Western coun-

tries, the United States in particular, followed a high-handed policy on Libya, accusing her of having a clandestine chemical weapon factory and bolstering terrorist activities. Washington saw Libya as its number one enemy in the Arab world and took several so-called "punitive" military actions to force Libya to change its policy. The United States even wanted to kill Ghaddafi, but failed. Libya adopted an equally tough policy towards Washington.

When George Bush entered the White House, Libya began to deal with the West and especially the United States in a practical way. Early last year, *Green March*, the official weekly magazine, quoted Ghaddafi as saying that the Bush administration is wise and mature government. Bush is familiar with international politics and will not follow Ronald Reagan's foreign policy in dealing with Libya, the magazine said. According to the magazine, Ghaddafi said Libya was willing to invite United States and Soviet Union firms to jointly exploit the rich oil and gas resources and participate in the water conservancy projects. Libyan Foreign Minister also expressed the hope for renewing its ties with Washington.

Libya also has changed its stand on terrorism. When interviewed by *Al Mussawar*, Ghaddafi, reversing his previous denials of any involvement in terrorist organizations, frankly acknowledged that Libya had mistakenly regarded the actions of some terrorist organizations as part of the Arab nationalist movement and thus supported them. He said that when he found terrorism serving only to create terrors, he suspended the support for these organizations. No terrorist activities were helpful for the Arab cause, he added. He reiterated that he would no longer support them.

In response, the Bush administration, while maintaining pressure, relaxed tensions by allowing US oil companies to return to Libya.

## Friendly to Neighbours

Libya's foreign policy has been most effective in improving relations with other Arab and neighbouring countries. It restored links with Iraq. Libya was one of the few Arab countries that backed Iran during the Iran-Iraq war, which led to a deep feud with Iraq and caused dissatisfaction with other Arab countries. During the last stage of the war,

Iran repeatedly rejected the mediating efforts by Libya. Libya turned to stand behind Baghdad and restored diplomatic ties with it in 1987.

Libya has improved relations with the Palestine Liberation Organization (PLO). After the signing of the Camp David Accord in 1979, the PLO had not entirely cut its political links with Egypt. As a major member of the rejectionist front and having long been antagonistic towards Egypt, Libya could not tolerate this. The rift between Libya and the PLO deepened.

Faced with the mounting cry for a peaceful settlement of Arab-Israeli conflicts in the Middle East since the mid-1980s, Libya lost no time to actively better its relations with the PLO. In 1987, Libya allowed the PLO to re-open its office in the country and, since then, the PLO Chairman Yasser Arafat has visited Libya more than 10 times. In addition, under the mediation of Libya, the PLO and Syria have improved their relations.

Likewise, Libya changed its attitude towards the Arab League and its member states. Ghaddafi abandoned his previous actions of sending low-ranking officials to the Arab League summits to show his boycott of the league; instead, he personally attended these summit meetings.

Libya improved relations with the Arab monarchy states such as Saudi Arabia, Jordan and Morocco. It pursued a good-neighbourly policy towards Tunisia and Sudan, normalizing relations with them. It stopped financing Lebanese left-wing factions in the civil war and supported Syria's efforts for promoting the peace process in Lebanon.

Additionally, it put an end to the 15-year-old territorial dispute with Chad in a bid to create a good external environment. Putting aside bitter feelings, Libya formed the Greater Maghreb

Union together with Morocco, Tunisia, Algeria and Mauritania in 1989.

### **Closer Ties with Egypt**

In recent years, Libya has readjusted its relations with Egypt. After Ghaddafi came to power, he was keen on Arab unity and wanted Libya and Egypt to merge into one country. On August 2, 1972, the two countries decided to realize incorporation within a year.

However, the intractable differences on the leadership of the proposed union and other related matters culminated in the border war in 1977. In November of the same year, when Egyptian President Anwar Sadat visited Israel, Libya and Syria immediately severed relations with Egypt and formed the "rejectionist front."

After the Arab summit meeting in Amman in 1987, most Arab countries restored relations with Egypt. During the 1989 special Arab summit meeting in Casablanca, Egypt returned to the Arab League that helped maintain unity of the Arab world.

These changes created conditions for Libya and Egypt to renew their relations. Under the mediation of Algeria and Morocco, Tripoli and Cairo increased their exchange and contact. At first, they reopened their borders and resumed communications. Then, Ghaddafi and Egyptian President Hosni Mubarak exchanged visits and held many talks. Ghaddafi said that "Egypt is a friendly neighbour. It was obsessed by economic woes and thus it needs the help of all Arab countries."

### **Prudent to Gulf Crisis**

During the Gulf crisis, Libya did not react furiously to the diplomatic and military actions

against Iraq by other Arab countries; instead it followed the same policy as the other Greater Maghreb Union countries.

Although the Maghreb region was full of anti-American fervour, Libya carried out a practical foreign policy. It opposed both Iraq's invasion and annexation of Kuwait and the US-led military involvement. It proposed to settle the disputes between Iraq and Kuwait within the framework of the Arab world.

In February 1991, sponsored by Algeria, eight countries including Libya, Morocco and Jordan convened a meeting in Algiers and issued a political statement concerning the post-Gulf war situation in the Middle East. The statement asked the multinational troops to immediately withdraw from the Gulf region. It called on the United Nations Security Council to lift its embargo against Iraq and the Arab world to cope with the challenge of Israel. It reiterated that the Palestinian problem was the core of the Middle East problem and that the Palestinian people had the right to establish their country on their own land; it called for a UN-sponsored Middle East peace conference attended by the five permanent members of the UN Security Council and countries concerned, reaching a comprehensive, permanent and just settlement of the Middle East question on the basis of equality.

Various signs indicate that Libya is adjusting its foreign policy and rebuilding its international image. The Gulf war broke the pattern of internal relations of the Arab world. The post-war realignment of forces will last for some time, during which the foreign policies of all parties will present new features. Attention will be focused on how Libya develops its foreign policy. ■



# Foreign Trade Strategies in the 90s

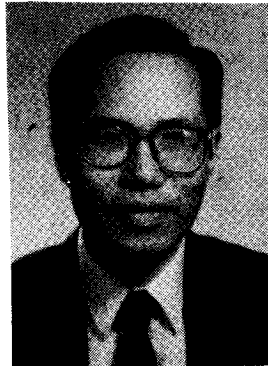
by Mao Liben

*In the 1990s, China, making use of its comparative advantages, will build competitive pillar industries and large enterprise groups for actively conducting economic and technological exchanges with various countries and regions throughout the world, particularly those in the Asian-Pacific region.—Ed.*

Since China introduced the open policy in 1979, its exported-oriented economy has experienced a sustained development. In 1990, China's total export volume reached US\$ 62.1 billion, roughly one-fifth of the total sales volume in the domestic market, i.e., out of every five yuan's worth of commodities produced, one yuan's worth was sold abroad and four yuan's worth was sold in China's own market. The country's main foreign market was in Asia, where 70 percent of its exports were sold. Of the total foreign market, Hong Kong accounted for 40 percent, Japan 16 percent, the United States around 8.5 percent and West European countries 17 percent.

During the five years from 1986 to 1990, China attracted US\$ 46.09 billion in foreign investment. In the same period, China's total social investment in fixed assets reached 1,974.6 billion yuan. In terms of the exchange rate of that time, foreign investment accounted for nearly one-tenth of the nation's total social investment. Of the total foreign capital used, foreign loans made up 65 percent, and foreign

The author is head of the Liaison Department of the All-China Federation of Industry and Commerce.



Mao Liben

HANG GONG

investment 35 percent. Japan contributed the most in foreign loans, reaching 40 percent of the total. In terms of foreign investment, businessmen in Hong Kong and Macao accounted for the main share, totalling 65 percent.

In the past decade and more, China introduced a great deal of advanced technology from Japan and other Western countries in many fields, ranging from micro-electronics, computers and aircraft manufacturing to household electrical appliances, textile, dyeing and printing, and food processing. This has improved China's production capacity and product quality, promoted the development of the national economy, raised the people's living standards and strengthened the competitiveness

of Chinese products in the international market.

Entering the 1990s, the growth of the world economy has slowed down. The United States, Canada and some West European countries have experienced a period of recession. And the process of forming regional economic groups has speeded up. On the one hand, countries within a region are preparing to share a unified market and eliminate tariffs, thus removing barriers to the flow of commodities, funds and personnel and strengthening economic co-operation; on the other hand, it is becoming more difficult for other countries to enter the market. The European Community (EC) is actively laying the groundwork for the building of a unified market in 1992; the first phase of the European Monetary Union began in July, 1990, and funds began to circulate freely among the EC countries. Discussions and preparations for the American Community and the American Common Market are also under way while negotiations between the United States and Canada, and between the United States and Mexico are being conducted. So on the one hand, with the slowing down of world economic growth, the growth of world

trade is also decreasing; and on the other, the formation of economic groups is intensifying trade protectionism between different regions. Such is the severe international economic situation which China faces today.

The Chinese economy has forged close relations with the world economy in terms of markets, funds and technology. The world economic situation will unavoidably affect the development of the Chinese economy. In the present international economic environment, what strategies should China adopt?

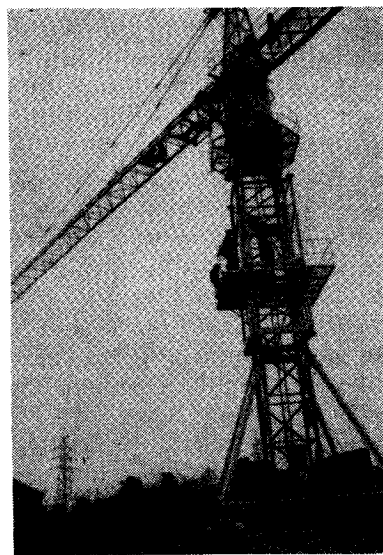
**1. Develop foreign economic relations and trade in an all-round way, with the emphasis, to be laid on the Asian-Pacific region.**

The United States and West European countries are without question important trade partners of China and sources of advanced technology. Some West European countries have also supplied considerable governmental loans under favourable conditions. The Soviet Union and East European countries are large markets for China's textiles and light industrial products. Africa, the Arab countries and Latin America are markets with great potential. While developing economic and trade relations with these countries, emphasis will be laid on the Asian-Pacific region, and East Asia in particular. Because 70 percent of China's commodities are sold in Asia and 60 percent of its foreign capital comes from Asian countries. The region has become China's base for further developing its foreign economic and trade relations.

The Asian-Pacific region, East Asia in particular, and Europe will enjoy the most rapid economic development in the 1990s and offer plentiful economic and trade opportunities. Since the 1960s, the Asian-Pacific region has witnessed a relatively high speed of economic growth and

has been one of the regions achieving the most swiftest economic growth in the world. In the 1990s, the region will continue to sustain its economic growth and press on, full of vitality. The unification of Germany, the formation of the European Common Market, and the combinations of West European capital and technology with the natural resources and markets of the Soviet Union and Eastern Europe will all forcefully promote the economic growth of Europe. But Europe is far away from China and has closer relations with American countries. China, on the contrary, has closer relations with Asian and Pacific countries. First, China neighbours these countries and has convenient access to them. Having a long-standing relationship with China, many of these countries were influenced by Chinese culture. Second, overseas Chinese have a strong influence on industry and commerce in this area and enjoy harmonious relations with the local people; all these can be of assistance in developing economic and trade relations with these countries. Third, as compared to other countries in the region, China has a stronger foundation in industry, science and technology.

In the great Asian and Pacific economic sphere, China will actively promote and take part in the development of the East Asian economic sphere and participate in the activities of the region's economic co-operative organizations, including the Asian Development Bank. China will seriously study the Malaysian proposal to establish an Eastern Asian Common Market. In line with the situation that countries in the region have great disparities in economic development, China will work out feasible methods to undertake economic co-operation. In other words, Eastern Asian countries,



ZHANG JINGMING

The tower-like crane, manufactured by the Jianglu Machine-Building Factory in Xiangtan City, Hunan Province, is to be exported to Southeast Asia.

from north to south, differ in degree of economic development; China, with its vast territory, is connected to both north Asia and southeast Asia. In accordance with this situation, China may develop a closer and smaller regional economic co-operation. For example, south China, Hong Kong and Southeast Asian countries may develop a southern China economic sphere centred around Hong Kong and based on Guangdong-Hong Kong economic co-operation. Shandong Province, East Liaodong Peninsula and north China may strengthen their economic ties with Japan, Korea (DPRK) and South Korea to forge a northeast Asian economic sphere. Fujian Province may further develop its economic relations with Taiwan. Shanghai, and Jiangsu and Zhejiang provinces, drawing on their superior industrial base and advantageous personnel resources, may pay special attention to developing economic relations with financial groups in Japan and Western

countries. These ideas can be worked out in detail after a careful research and exploration.

Hong Kong is the most important gateway for China's economic and trade relations with the outside world and a bridge connecting the economy of China with that of other countries. Scrupulous attention will be paid to doing the preparatory work well for the shift of sovereignty in 1997 in order to maintain the stability and prosperity of Hong Kong and keep its status as an international financial and trade centre in the Far East. It will continue to play a significant role in the development of China's economy.

Taiwan and the mainland are complementary economically. Efforts will be made to have direct trade, transport and mail services and further develop economic and trade relations between the two sides across the Taiwan Straits.

This will not only help to promote the common prosperity of the mainland and Taiwan and but also increase the mutual understanding between the people across the Straits and promote an early reunification of China.

Japan is the most vigorous among the developed countries and the economic centre of the Asian-Pacific region. With the decline of the US position in the world economy, Japan will play an increasingly significant economic role internationally and in Asian-Pacific economic affairs in particular. At present, countries in the Asian-Pacific region are all striving to increase their exports to Japan to compensate for the decrease of their exports to the United States. Japan has a significant share in China's foreign trade, as well as in its introduction of foreign capital. For

these reasons, China must put special stress on developing economic co-operation with Japan.

## **2. Make full use of China's economic advantages to establish pillar industries capable of competing in the world market.**

China not only has abundant human resources with its large numbers of ordinary workers but also a strong contingent of scientists and technicians. Emphasis



PAN JIAMIN

**Products of the Zhongshan Petrochemical Steel-Tube Factory have reached British technological standards and entered the international market.**

will thus be laid on the development of labour-intensive and knowledge-intensive industries, such as light industry, textiles, electronics, machine-building, arts and crafts, contracting of foreign construction projects and the export of labour.

Now is the right time to develop labour-intensive industries in China. Because of increase of labour cost resulted in the increase of wages and monetary values, the newly industrialized countries and regions in Asia such as Hong Kong, Taiwan, South Korea and Singapore, are all undertaking structural readjustments. This will result in a transfer of their labour-intensive industries to areas with lower labour costs. Hong Kong and Taiwan have strong social, economic and cultural ties with the mainland, and people there share a common

culture, language and customs with mainland Chinese, therefore Taiwan and Hong Kong businessmen are inclined to transfer their factories to the mainland when there are competitors with similar conditions. Combined mainland's rich human resources and Hong Kong and Taiwan's capital, technology and economic network, China's labour-intensive industries will enjoy competitive strength in the international economy. Besides, China will make great efforts to develop such knowledge-intensive industries as computer software, information and technology exports. China once made breakthroughs in atom bomb, rocket, man-made satellite and other sophisticated technologies. Today, it will continue to make breakthroughs in many industrial and agricultural fields, including non-ferrous metals, ship-building, textiles, and special agricultural products, and turn them into China's pillar industries. For this purpose, China will work out development plans and favourable policies and rally the country's forces to develop these industries and products.

## **3. Form a group of powerful enterprise groups to participate in international economic competition.**

China's foreign economic and trade system has its obvious drawbacks: there are too many enterprises on too small scale, lacking strength. Under different departments, these enterprises are cut off relevant trade businesses. On the contrary, many developed countries have well-known powerful enterprise groups. They always have a comprehensive trade company in the lead. This kind of trade agency usually has a distribution net-



work throughout the world and is able to deal with changes in international markets. The trade company takes charge of marketing the products and purchasing raw materials, spare parts and components. The productive enterprise only produces according to orders. There is a financial company within the group in charge of the collection and allocation of funds. With the trade, production and finance departments in the same group, it is easy to co-ordinate their relations and various interests.

China will take these experiences for reference, breaking barriers between different regions and departments in line with their economic relations and establish a number of comprehensive enterprise groups which combine trade with industry and are able to participate in international competition. This will impose a far-reaching impact on the development of China's export-oriented economy. China has already established some enterprise groups, but their relationships of jurisdictions, complicated and ill-defined, should be improved.

#### **4. Speed up the restructuring of the economic system and further improve the investment environment.**

In the past 12 years, China has built many ports, docks, airports, highways, power plants and telecommunication projects and promulgated a series of regulations, laws and preferential policies concerning foreign investment; and the work style and efficiency in relevant departments and regions have also been improved. However, there leaves much to be desired to meet the demands of foreign investors. This is true particularly in regard to the soft side of the investment environment as reflected in the incompleteness of the legal and market systems. For example, China plans to issue stocks to foreigners

to absorb capital from broad, but up to now it has not drawn up relevant laws concerning corporations, banks, negotiable securities, etc. The issue and trade of securities and the administration of stock exchanges still do not have a legal foundation. Moreover, at present, only Shanghai and Shenzhen have stock exchange institutions and they are both in the primary stage of development.

To cite another example, China plans to attract foreign businessmen to develop adjoining tracts of land. But it still does not have a complete legal system in regard to land and real estate. Moreover, real estate markets are still underdeveloped and lack specific institutions for taking up the relevant measurement, evaluation, notarization and trade procedures involved.

The deepening of the economic reform involves the establishment and perfection of relevant laws, regulations, markets and institutions. To further attract foreign capital, China has to speed it up and establish an economic environment which will enable foreign businessmen to invest and do business according to common international practices.

#### **5. Further open domestic markets for some products and services.**

To balance exports and imports, further increase the export of Chinese products and attract foreign capital, China will further open up its domestic markets. Foreign businessmen come to invest because China not only has lower labour costs but also a huge domestic market. If China does not open up its domestic market, some foreign businessmen will not come to invest. In fact, to open the domestic market will help to upgrade the level and competitiveness of China's industry.

The process will be a gradual



*SHEN HAIBING*

**Trial tillage machines manufactured by Dafeng Machine-Building Factory in Jiangsu Province are being loaded for export to Indonesia.**

one, however. First, it is necessary to choose which field to open. For example, to open the market of integrated circuits will play a significant role in promoting the development of China's computer and micro-electronic technology. But to open the market to foreign wines and cigarettes will have no positive result.

Second, it is necessary to choose the right time. China must protect its home market for some key industries for a certain period of time and not open it before they have laid a solid foundation.

Third, limitations will be set the opening of some markets. For example, foreign cigarettes, wines and cosmetics can be sold in luxury hotels, and airports only, but not in ordinary department stores. Some products can be sold in special economic zones but not in other places.

In conclusion, to serve the best interests of its economy, China will make full use of import licences, quotas, tariffs and sale licences to regulate the scope, degree and time for the opening up of its domestic market. ■

*In recent years, drug-related crimes that had been wiped out in China for more than three decades has made a comeback in Yunnan Province due to the infiltration of its neighbouring Golden Triangle drug production base. Comprehensive measures taken by the province in dealing with the problem reflect the Chinese government's stand on the fight against drugs.*

## Yunnan: China's Anti-Drug Outpost

by Our Staff Reporter Yao Jianguo

**O**n June 26, 1990, at a provincial anti-narcotics conference in Kunming, the capital of Yunnan, some 40,000 people saw 520 kg of heroin and 480 kg of opium confiscated since 1986 reduced to ashes.

This reminded the Chinese of the event that happened 150 years ago. June 1839 saw the burning of 1.15 million kg of opium on the beach of Humen, Guangdong Province, an incident which triggered the First Opium War (1840-42) against foreign aggressors. Now the sheer quantities of drugs are much less than those in the mid-19th century but the drug burning in Kunming indicated China's renewed determination to control narcotics.

The destruction of opium of 150 years ago failed to stop its spread in China. A three-year nationwide campaign against narcotics, launched immediately after the founding of the People's

Republic of China in 1949, basically eliminated drugs from China. However, narcotics have reappeared in China in recent years and Yunnan has borne the brunt of the suffering.

### Inroads of Narcotics

Located in China's southwest frontier area, Yunnan, adjacent to the infamous Golden Triangle drug production base, shares a border as long as 4,061 km with Myanmar, Laos and Viet Nam.

In the early 1950s, Yunnan almost eliminated the remnants of drug abuse left by old China. But since the 1980s, with an increase of international demand for drugs, drug crimes started to become rampant. Some drug cartels and individuals, taking advantage of China's reputation as a "drug-free country" and natural conditions in Yunnan such as many border passages and few natural defences, began to smug-

gle large amounts of drugs into China. They attempted to use Yunnan as a transition station or to directly sell drugs to China. Owing to the illegal drug traffic conducted by both foreign and domestic drug runners, drug dealings and abuse spread in Yunnan.

According to incomplete statistics, up to 1990, there were over 20,000 drug takers in Yunnan, most of whom were teenagers with scanty experience of life. The main drug was heroin. Ruili County bordering Myanmar is an example. In 1982, it had only a few drug addicts. But in 1989, the figure rose to 500, 73.6 percent of whom took heroin and 26.4 percent opium. Heroin takers under 35 years old accounted for 69.6 percent of the total.

Yunnan has suffered seriously from international drug trafficking and the drug influx. From January to October of 1989, in

Ruili alone, 42 people died of overdoses of heroin, the youngest being only 15 years old. In addition, there were 146 cases of AIDs resulting from heroin injections in 1989, which, together with another 222 in 1990, reached a total of 368.

Triggered by drug abuse, murders, robberies, thefts and swindling have increased in the province. According to the Yunnan Public Security Department, from January to April in 1990, there occurred in Mangshi Prefecture 233 violations of the social order, 199 criminal cases and 148 bicycle thefts. About 80 percent of the offences were committed by drug abusers. Five members of a drug-abuse group detected in Kunming last January were involved in thefts and stealing.

The smuggling of drugs harms not only Yunnan, but has begun to spread from border areas to the interior and from the countryside to cities. A preliminary survey has revealed that drug abuses have proliferated in Guizhou, Sichuan, Guangdong, Fujian, Shaanxi, Gansu, the Inner Mongolian Autonomous Region, and other places, becoming a malignant force jeopardizing

China's modernization.

### Relentless Strike

Yunnan provincial government and public security institutions have been paying close attention to the drug infiltration and its harm to society. In the early 1980s, they set the anti-drug principles of "halting sources and prohibition of planting, trafficking and abuse." In 1982, the province took the lead in China with the first 1,300-member professional team to wage an anti-drug war. With the support of the masses, they blocked drug sources along borders, checked on roads and used secret information to strike severe blows to serious smuggling. The team has successfully cracked down on nearly 100 international drug trafficking cases, jolting international drug cartels.

Wen Yuanhe, a Thai national, was an old hand at drug peddling. He had never been caught smuggling heroin from Southeast Asia to Europe and America, even when Interpol issued warrants for his arrest. However, between April and August of 1989, while he and his Hong

Kong drug collaborators Dai Wenxuan and Yu Xikuan were smuggling 22.768 kg of heroin into China, in order to transfer it to Hong Kong via Kunming and Guangzhou, he was captured by Yunnan Provincial public security authorities. Under interrogation, he claimed he had never expected that he would tumble into the hands of the Chinese police.

This was the most significant international drug trafficking case the team has cracked down on since its founding. It was also the first one in China involving over 10,000 grams of heroin. For that reason, the team was praised by the Ministry of Public Security.

Another big international drug trafficking case was exposed in March 1990. Under the command of the Ministry of Public Security, Yunnan co-operated with Sichuan, Gansu and Guangdong provinces in arresting nine drug traffickers from Myanmar and Hong Kong as well as 60 domestic drug traders. In this action, they seized 221.3 kg of heroin, 1.6 million RMB yuan, US\$20,000 and HK\$40,000 Hong Kong dollars, ten vehicles and seven pistols, demonstrating the capability of Chinese security authorities in dealing with drug smuggling.

During April-September period last year, Yunnan security authorities broke two other big international drug cases. They confiscated 74.17 kg of heroin, 1.42 million yuan of drug profits, 216 grams of gold, one grenade and one car, and arrested 25 drug traffickers including Wang Shangchun of the Myanmar nationality, who processed and sold drugs outside China.

The above cases are only some of those exposed by the Yunnan public security authorities. According to Chen Cunyi, an official in charge of drug control in the Yunnan Public Security De-

Yunnan police detect drugs on a train.

YAO JIANGUO





partment, the relentless attack on drug activities in recent years has enabled Yunnan to succeed in cracking down on more drug crimes and confiscating more drugs. In 1986, the province exposed ten cases of drug trafficking and confiscated 78.05 kg of opium and 22.768 kg of heroin. Equivalent figures for 1988 and 1990 were 214 cases involving 167.38 kg of opium and 132.92 kg of heroin and 2,143 cases involving 407.6 kg of opium and 1,445.177 kg of heroin respectively. Of the 1990 cases, 41 had heroin amounted to over 10,000 grammes. From January to June this year, 20 cases were exposed by the authorities.

As the outpost of China's anti-drug battle, Yunnan has intercepted 60 to 70 percent of the total illegal opium in China and about 90 percent of the heroin, Chen said. The cases have revealed that heroin, firearms and ammunition were illegally carried into Yunnan from outside China. Among the 3,240 drug traffickers arrested in 1990, 680 were foreigners, accounting for about 20.99 percent of the total.

Meanwhile, the Yunnan Higher People's Court has accelerated its hearing of drug cases. In

1989, people's courts at all levels in the province accepted and heard 1,320 drug cases, wound up 1,295 and sentenced 1,715 drug traffickers. In 1990, the courts took 1,245 cases, finished 1,240 and sentenced 1,622 offenders. From January to May this year, 742 cases were heard and 518 concluded, with 756 traffickers being sentenced. Criminals who dealt in large amounts of drugs were given the death penalty.

The ruthless sweep on drugs in Yunnan has not only scared the traffickers but also effectively checked the spread of narcotics in the province. It has reduced the drug threat to other provinces as well as other countries, and been hailed by the international community. An American anti-drug official said, drug traffickers mistakenly believed southern China to be a "reliable" transport route. The head-on blows from the Chinese government have caused a chain reaction in the New York drug market, a proof that China's drug control achievement is of great significance.

Recently, some anti-drug officials of other Western countries also have expressed the view that

no international anti-drug campaign will succeed without the co-operation of the Chinese government.

However, due to long borders, lack of anti-drug personnel, backward equipment and insufficient funds, drug crimes are still out of control in the province. In addition, the ever-changing forms of drug trafficking and the increasing internationalization of larger cartels equipped with modern facilities add to the difficulty of the anti-drug work in Yunnan.

Since drug crimes cross national borders, China needs international assistance to strengthen its anti-drug capability, said Chen. Meanwhile, there are hopes for more exchanges of information with neighbouring countries so as to co-operate in the effective suppression of drug trafficking, he said. The ultimate goal of our anti-drug work is to eliminate the drug encroachment in Yunnan as well as in the whole China and thus lessen the drug pressure in other countries, added the official.

So far, the state and provincial public security authorities have made tentative efforts in terms of international co-operation in drug control. In March 1989, the Ministry of Public Security and the US Drug Enforcement Administration jointly sponsored a training course in Kunming on the suppression of drug trafficking. As a result, more than 60 trained people formed a backbone force against drug smuggling in Yunnan and other provinces and cities. In 1990, officials in charge of drug control in Yunnan visited Myanmar and Thailand twice to consult the Golden Triangle joint plan.

### Ruili Mode

In ridding drug addicts, Yunnan has also accumulated some experience that has aroused in-

Drug traders apprehended by Yunnan police.

YAO JIANGUO



terest in other countries. In October 1989, Dr. Edward Seney, an American expert in drug prohibition, was sent by the UN Narcotics Control Fund to Ruili for inspection. Dr. Seney showed his appreciation of the county's comprehensive work in reforming drug addicts and called it the "Ruili mode." He said, socialist China's anti-drug endeavours embody Chinese characteristics and other countries can learn from the Ruili mode.

What Dr. Seney called the "Ruili mode" actually epitomizes Yunnan's work to help drug takers shake off their addiction. Some are measures used internationally, but others are in accord with China's social systems and conditions. They include such aspects as publicity and education to force drug addicts to quit their habit and receive treatment, and consolidation of the achievements by social forces. The practices have proved efficient.

### Publicity and Education

Although Yunnan Province has undoubtedly made remarkable progress in cracking down on narcotics smugglers, the illegal trade continues. The number of drug takers has been on the increase in recent years. International drug smuggling has become more rampant than before and domestic drug runners pocket huge amounts from their illicit activities. Citizens have not been called on to combat the evil.

A survey indicates that most drug users in the province are minimally educated young farmers, urban private businessmen, young factory workers and the jobless. They take drugs out of curiosity, with little knowledge of the side effects. When they become addicted to the point of no return, they either sell all their belongings or steal to get the money for the drugs.

To crack down on drug traf-



LI HONG

UN and Myanmar officials inspecting transit drugs in Menghai County, Yunnan Province.

ficking and taking, Yunnan Province convened a provincial conference on June 8-14, 1990 to mobilize all citizens for an anti-drug campaign. To mark the 150th anniversary of China's first open resistance to drugs, the Opium War, and the third anniversary of International Anti-Drug Day, on June 26, 1990 the province held the largest rally so far in the anti-narcotics drive in the provincial city of Kunming, attracting 40,000 participants.

On the same date this year, another upsurge was launched province-wide to crack down on drug smuggling and use. Thousands of employees from security, judicial, customs, health and government departments poured into the streets in a publicity campaign to educate citizens about the importance of the drug fight through cultural performances, video shows, art exhibitions and counselling.

These efforts are paying off. For example, the Dehong Dai and Jingpo Autonomous Prefecture on the Myanmar border was formerly known as a locale of drug users. Last year, a total of 1,877 cadres went to every village, spreading anti-drug educa-

tion to 90 percent of the inhabitants and 99 percent of the users. Many wives and parents sent their husbands and children to half-way houses. Some addicts even went voluntarily. An example was Han Yiliang, a farmer in Luxi County. He turned in to the anti-drug team 800 yuan and half a bottle of heroin he had long kept hidden and said, "I've taken smack for years. I attempted to quit several times but always failed. This is the money I've kept concealed for drugs. I see you sincerely want to break me of the habit. This time I'm determined to stop, through the help of this cash. After I come back from the half-way house, I'll work hard to show my appreciation to the government for its concern."

Local people are becoming more aware of the dangers of narcotics. A drug control network has been established province-wide, and an increasing number of citizens have approached anti-drug offices to report on possible incidences of drug smuggling and use. In recent years, many drug trafficking cases have been unearthed on the basis of information provid-

ed by the masses. Their public spiritedness has also contributed greatly to efforts to persuade users to permanently give up their habit.

Provincial authorities have put the drug fight at the top of their working agenda for the Eighth Five-Year Plan (1991-95) in order to create a strong public outcry province-wide against the narcotics trade.

### Half-Way Homes

A survey estimates Yunnan Province has more than 20,000 drug users. Some take opium and others heroin, either occasionally or habitually. They vary in age. The province has divided them into four groups.

For the elderly and casual users, a fast cutoff of drugs followed by a cure is administered under the care of family members or relatives.

Those not deeply addicted are rounded up and treated by their

villages or work units.

Takers who have gone cold turkey for sometime and then resumed drug usage, must undergo a period of three to six months compulsory treatment.

Addicts who refuse to stop taking narcotics are forced to reform through labour to make them give up the habit.

These four methods are different from those in other countries but they suit conditions in Yunnan. All sections of society including families, work units, health teams and the armed police have been mobilized for the crackdown on drugs.

Ruili County of Dehong Prefecture, which borders Myanmar on three sides, is an area with high drug-use incidence. The Ruili County Medical Dependence and Rehabilitation Centre, funded by the United Nations, is a half-way house for the drug users. In addition to 30 beds, the centre has three divisions for social work, medical treatment and

rehabilitation. The social work division is responsible for investigating drug-users and urging them to get rid of drugs, while at the same time giving guidance to anti-drug offices in townships and villages. The treatment division is in charge of administering internationally recognized narcotics substitutes such as methadone. The rehabilitation division organizes dissemination of information on laws and regulations concerning drugs to addicts, thus aiding their physical and mental recovery. The centre has treated 326 drug takers since its founding in 1988.

Most of the people now receiving therapy at the centre were escorted here by the leaders of their townships or villages or the organizations where they worked. Some came of their own accord. A 27-year-old Myanmar citizen has been in the centre for treatment for three months. It is said that during each course Myanmar drug users come for

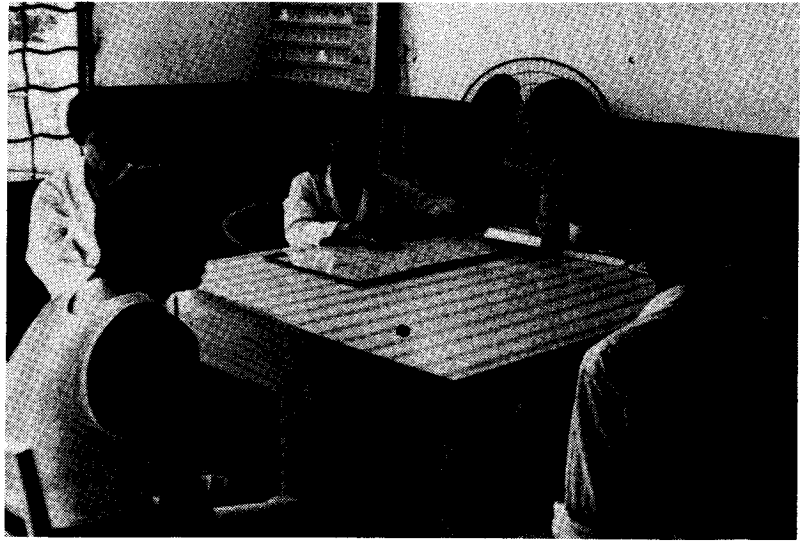
Kunming publicizing for International Anti-Drug Day.

YAO JIANGUO



treatment of their own initiative. The centre has decided to have 20 more beds.

Liu Dequan, an official in charge of the drug fight at the Health Department of the Yunnan provincial government, said there are similar centres in Kunming and Lancang County. He added that there are more than 70 half-way homes at the county level and up, and hundreds of drug-quitting courses in villages and townships throughout the province. Last year, 17,000 drug users received treatment at these places. Following their recovery they were escorted home by anti-drug officials and their families and kept under surveillance.



Treatment of drug addicts in the Ruili County Recovery Centre.

YAO JIANGUO

### Social Responsibility

For many countries, relapses by drug offenders after a period off narcotics is a major and seemingly insolvable problem. socialist China, however, has been quite successful in keeping ex-users off drugs.

Anti-drug organizations have been established from the county level all the way down to townships and villages to keep an eye on those stopped from using drugs. There are 1,239 such groups in Dehong prefecture. Their task is to identify drug users, use various measures to urge them to quit, encourage their progress and fine those who refuse to stop taking drugs or who resume taking them.

Anti-drug organizations are also penalized if they do not perform well. If in a village for example, 30 percent of the known users take up drugs again, the village's yearly allocation for the drug fight will be reduced by 100 yuan and if the percentage is 40, the grant will fall by 200 yuan and so on. If ex-addicts are caught taking drugs again, their leased farmland is confiscated. They are allowed to resume till-

ing the land three years after providing evidence that they have really stopped using drugs.

Some villages add anti-drug provisions to their community rules to force self-restraint on drug smugglers and addicts and put them under the control of all the inhabitants.

Due to the combined efforts of the anti-drug organizations and motivated citizens, about 50 percent of all known drug takers in Dehong prefecture were found to have not resumed their habit in 1990 and 30 percent of the villages were free from drugs. In Huyu Township, Ruili County, for example, the registered number of drug users totalled 335, of whom 238 received treatment in 1990, and 25, or 10.5 percent, were found to be back on drugs again this year. Tuo Ma, a farmer of Yishan Village, and Duo Shi, a farmer of the Jingpo nationality in Guangbeng Village, were formerly drug users. Recently, they were both elected village leaders on the basis of their hard work after they were found to be off drugs.

The reduction in the number of drug users has helped promote social stability. For example, in 1990 a total of 68 criminal cas-

es occurred in the township of Huyu. In the first half of this year, however, there were only six such cases.

To minimize the number of drug users and stop offenders from resuming their habit, the Standing Committee of the Yunnan provincial people's congress on May 27 this year passed the Provisions of Yunnan Province on Prohibition of Drugs. These stipulate that the smuggling, peddling, transport and manufacture of narcotics will be cracked down on in accordance with state laws. Drug users will be held in custody for 15 days or punished with a fine of no more than 2,000 yuan. Drug addicts are instructed to either quit by their own efforts or spend a certain time in a half-way house. Ex-addicts found using drugs again will be forced to reform through manual labour. It is widely believed these regulations will promote the anti-drug campaign in Yunnan Province.

Yunnan Province is said to be working on a new anti-drug programme to decrease the number of drug users by 30 percent every year over the coming five years, thus reducing the harm of drugs done to local people. ■



# Carrying Forward the Yanan Spirit

by Our Staff Reporter Huang Wei

The city of Yanan in Shaanxi Province is a three-hour southwestbound flight from Beijing aboard an An-24 aircraft.

A sacred place of the Chinese revolution, Yanan was once a seat of the Central Committee of the Communist Party of China and headquarters of the Chinese People's Liberation Army. It was also the command post of the Chinese revolution from 1937 to 1947. During this period, tens of thousands of patriotic youth and other people from various parts of the country and abroad came to the city for revolutionary education and training, seeking national salvation and democratic freedom. From here the Party Central Committee led the Chinese military and civilian forces in defeating the Japanese invaders, overthrowing the reactionary rule of the Kuomintang and finally winning the nationwide victory.

The 1937-47 period was full of hardships. Especially between 1941-42, the Kuomintang troops intensified the encirclement and blockade of Yanan and the Shaanxi-Gansu-Ningxia border areas in co-ordination with the Japanese invaders, in an attempt to cut off all means of subsistence. To overcome the blockade, Mao Zedong called on the army and the people to secure adequate food and clothing through their own efforts. Together with Zhou Enlai, Zhu De

and other senior Party leaders, he participated in what became known as the Great Production Campaign. With joint efforts, the army and the people reclaimed wasteland and grew wheat, millet and maize; they took up spinning, weaving, soap-making and paper-manufacturing in simple workshops. Thus, the army and the people both in Yanan and in the border areas achieved self-sufficiency in their basic needs. Since then the Yanan spirit of "self-reliance and hard work" has always been acclaimed by the people.

Half a century has elapsed since then. During the last 50 years, what has happened in Yanan? Has the Yanan spirit been carried forward and developed since China introduced the economic reform and opening up policy?

## Yanan Is Changing

Yanan Prefecture has one city and 12 counties under its jurisdiction, with a combined population of 1.77 million. The prefecture, situated as it is on the loess plateau, has suffered from drought, serious water and soil erosion and poor communications; this is the impression people generally have had of the place.

But an entirely different scene presents itself as one drives from the airport to the downtown area. Running on the wide asphalt road are coaches, cars, minibuses

and trucks. On both sides are vast fields of golden wheat. The slopes in the distance are dotted with newly built cave dwellings. One Yanan companion told this reporter, "Half of the rural residents have moved into new houses in the last ten years. Some well-off families have built two-storey houses."

Jia Zhibang, commissioner of Yanan Prefecture, said that Yanan, like other rural areas in the country, has introduced the household contract responsibility system since China implemented the economic reform and opening up to the outside world in 1979. As the local people's income has increased yearly, problems of food and clothing have been basically solved and some families are leading a comfortable life. Last year the Yanan Prefecture gathered a total of 680 million kg of grain, equal to 400 kg per capita on the average. The output of the four main farm products—cured tobacco, apples, wool and sweet potatoes—valued at 312 million yuan, accounts for 52.5 percent of the total agricultural output value.

Industry has developed apace in the last ten years, with output value increasing from 150 million yuan in 1978 to 710 million yuan last year. Petroleum, coal and woollen textiles have become the pillars of the local economy. At the same time, commerce and marketing in both rural and urban areas have also flourished.

Consumer commodity retail sales went up from 206 million yuan in 1978 to 639 million yuan in 1990.

Streets in the downtown area are flanked by barber shops, clothing stores and grocers. Goods shipped in from the coastal areas as well as local products find ready customers. Buyers can bargain with private shop owners. Not far from the highest building, a big nine-storey bank, is a karaoke ballroom. At dusk, young people come to the ballroom in twos and threes. Here this reporter learnt from a young woman who was working at the prefectural tax bureau and who came to the ball with her boyfriend every weekend, that there are seven or eight such ballrooms in the downtown area.

### Brigade No. 359

How did the local people participate as the commodity econo-

my developed?

Nanniwan, 45 km away from the downtown area, was set up as a grain production base during 1941-44 by the Brigade No. 359 commanded by Wang Zhen (now vice-president of the central government). Today it is one of the comparatively rich townships in Yanan Prefecture, with a per-capita grain output of 650 kg and net income of 550 yuan a year.

The Nanniwan township government occupies two rows of one-storey houses. The township magistrate and other government leaders were out helping farmers with their harvesting. A functionary explained that they did this every year. The township government leadership is still located in 20-year-old one-storey offices while all the residents have moved into new houses, he said. It has postponed the construction of office buildings and put aside the main part of its income for compulsory educa-

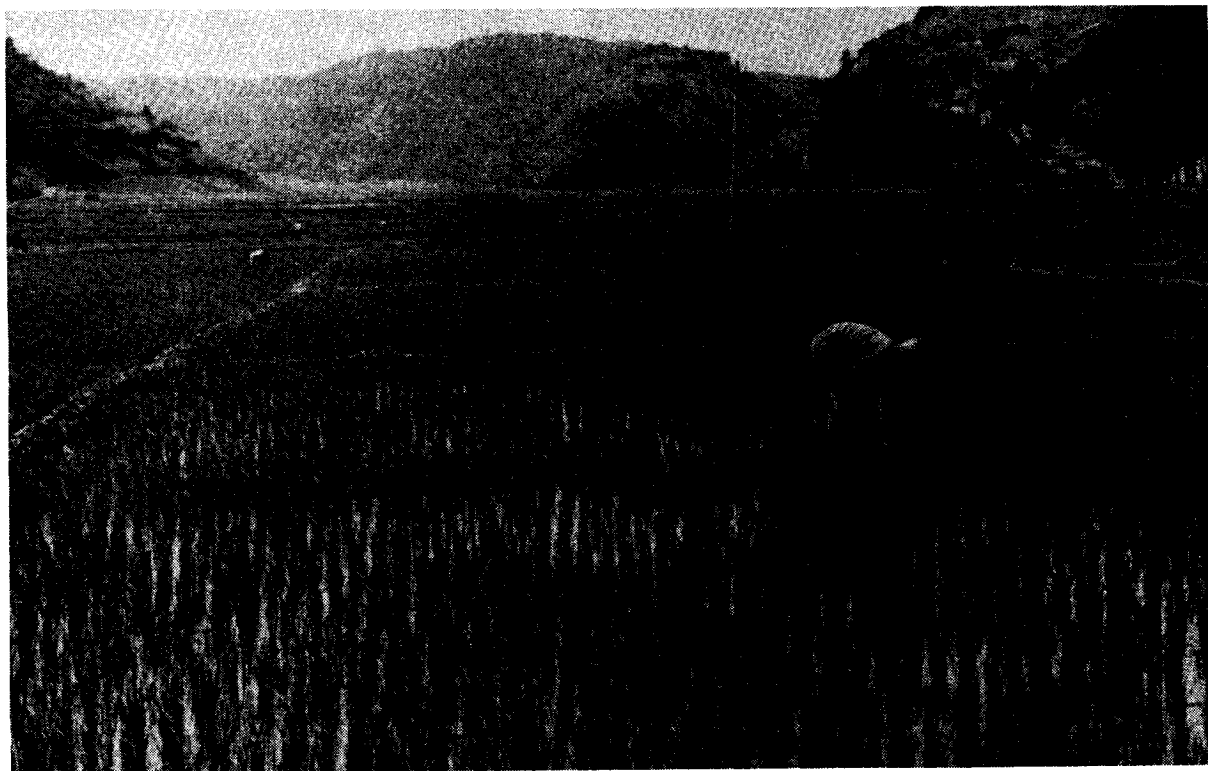
tion, elimination of endemic diseases and supplying electricity to homes.

In the township, the reporter also visited the "New Brigade No. 359"—the Nanniwan Oil Exploration Corp. established in 1989. It is managed by Tian Weikuan who took the job after he resigned as director of the Yanan Industrial Bureau in 1990.

Tian's office is simpler than that of the township government. The 20-square-metre space is divided in two by a curtain. On one side is Tian's office, equipped with a wooden desk, a bookshelf and several armchairs; on the other is his bedroom, furnished with a single bed, a wash basin and other toilet articles. His secretary said Tian stayed here almost everyday and visited his wife and children in the downtown area only once a month.

Tian's life-style is not a matter of great importance to him.

Today's Nanniwan.



"Now conditions are much more better," he said. "When the corporation was first established, we handled business in caves on the hill. Our four corporation leaders slept on the same hard earthen bed, while our more than 300 workers lived in abandoned farmhouses. Today we have new offices and 60 percent of our workers have moved into new apartment buildings."

Since funds were limited, the first measure Tian adopted was to streamline the managerial units stationed in the downtown area and move them back to the oilfields: At the same time he cut down on non-productive expenditure and encouraged leading members at various levels to work and take their meals together with the workers. Led by him, the workers laid more than 300 tons of pipes within one year, and constructed a two-storey office/dorm building and more than ten workshops, as well as a 200-square-metre parking lot. Today he and his workers are building an asphalt road connecting the corporation to a highway.

When asked why he left the

city to work in this hilly area, he smiled, "The comforts of life are created by the people. Without the hard work of our predecessors, Nanniwan would not be what it is today. Now we come to prospect for oil to further the economic development of northern Shaanxi Province and help create a comfortable life for the local people."

## Finding Happiness

In Nanniwan the reporter met Yang Yigang, vice-mayor of Yanan then on an inspection tour of the township. Yang got straight A's when he was studying geology at Northwest University in the late 1950s. After graduation, he volunteered to come to Shaanxi Province, determined to carry forward the spirit of hard work as exemplified by the revolutionaries of the older generation. He has brought his talents into full play for the benefit of the local people. In the last 30 years he visited every corner of the province and made suggestions for oil-prospecting in the northern part. To confirm the presence of rich oil reserves,

he cooped himself up in the laboratory for more than 100 days and surveyed the site several times. Finally he provided reliable data. Since then, several dozen high-yielding oil wells have been drilled.

Yang Yigang is seldom found sitting in his office. He is usually in the factories or villages discussing and helping to solve production problems with workers and farmers. To get from one place to another he hitches a ride with a friend or acquaintance or takes the public bus.

When asked why, in his 50s, he still persists in this simple, hard-working style, he says, "I think the greatest happiness in life is hard work, not sitting idle and enjoying the fruits of other people's work."

## Self-Reliance

Going on further to the south, this reporter arrived at Yichuan County on the Yellow River. Yichuan is one of the nation's 136 poor counties, although its per-capita annual net income increased from 120 yuan in 1985 to 390 yuan last year.

Wang Luhou, county magistrate, was graduated from the English Department of the Xian Foreign Languages Institute in the 1960s. He said, "Every country no matter what its social system must go through hardships at the initial stage of its development. China is like a young mother with many children. All of us should work hard in order to lighten the burden on our mother."

Some farmers in the county have extricated themselves from poverty by relying on their own hands, and now live a fairly comfortable life.

Song Zhuying from Jingyang Village is a good example. She contracted 0.7 hectares of land and raised more than 1,000 yuan, which she used to buy 500 peach

A cigarette worker operates an imported machine.



saplings in 1988. At present she harvests fruit from 200 of the trees. She does all the work by herself, from watering, fertilizing and pruning to picking and packing the fruit. Sometimes she has to guard the orchard for several days in a row to keep wild goats from breaking through the surrounding wall.

Song nets more than 3,000 yuan a year from her peach orchard. With the money, she has rebuilt three brick caves and bought a 20-inch remote-control colour TV set last year.



Workers decorate ceramic pots.

Photos by LI SUILIN

## Yanan Spirit

As the commodity economy develops, new concepts, production technology and management methods have challenged the traditional ideas of self-sufficiency and simple physical labour both in urban and rural areas and are being accepted by the majority, especially by young people.

Wu Jikang, 34-year-old deputy director of the Xinhua Ceramics Factory in Yanan, introduced the management of total quality control (TQC) in the second half of last year. Wu worked hard explaining his new programme to the workers. Once adopted, it resulted in an increase of product variety, updated the production technology, decreased the number of sub-standard products and increased the income of advanced workers.

Liu Zengxing is well-known among the local people. He raised 500 yuan to establish a transport company in the early 1980s when he found that local economic development was being

slowed down by poor communication facilities. Several years later, his company expanded into a motor transport enterprise boasting over a million yuan in fixed assets and deploying ten motor vehicles. In the last few years he has gone to the United States, France, Italy and other countries to study advanced technology and managerial skills. He has put into use what he learnt abroad and plans to initiate a surface and air transport corporation involving motor vehicles, aircraft and ships. Liu said, "Development of the local economy calls for hard work. It is absolutely wrong to remain isolated from the outside world. Instead, we must make a breakthrough in a pioneering spirit."

Near the Yanan Hotel in the busiest shopping centre are several hairdressers'. One is called the "Garden of Pleasant Dreams." Huo Yanli, the owner, is a 23-year-old woman. She opened her shop a year ago after she had received training from a well-known Guangzhou hairdresser. Her monthly income reaches 500 yuan when business

is good. With several beauty shops around, can she continue to win over the customers? At this Huo smiled. "Competition is one way," she said. "I attract the young women with new styles, enthusiastic service and reasonable prices."

As the commodity economy continues to develop, Jia Zhibang, commissioner of Yanan Prefecture, looks forward to the future. "We should study the experiences of other places, free ourselves from old ideas, accept new concepts and develop an export-oriented economy. These are our main tasks during the Eighth Five-Year Plan period (1991-95)." He also said the prefecture would import advanced foreign technology, equipment and investment for running foreign-funded enterprises.

Jia introduced the concrete goals to be realized in the coming five years and explained the methods to be adopted. To realize these goals, it is necessary to develop the economy while carrying forward the Yanan spirit of self-reliance and hard work. ■



## Suzhou International Silk Festival

Suzhou, situated on the lower reaches of the Yangtze River, will hold the 2nd Suzhou International Silk and Tourist Festival of China beginning September 20.

One of China's main silk producers, Suzhou produces over 200 kinds and over 3,000 patterns of silk products including *chou* (silk fabric), *duan* (satin), *ling* (fine satin), *luo* (silk gauze), *fang* (soft plain-weave silk fabric), *jing* (brocade), *xiu* (embroidered silk), *si* (silk) and *juan* (a fine tough silk). Suzhou's silk products make up about one-third of China's total export of silk and are exported to over 100 countries and regions.

Suzhou, a historical and cultural city, has a 2,500 year history and attracts many tourists. Known as China's Venice, it is characterized by its classic gardens, little canal bridges, and thousand-year-old scenic spots. It has convenient transport connections. The Beijing-Shanghai Railway and the Beijing-Hangzhou Grand Canal both run through the city and the airport is located close to the downtown area. There are more than 3,000 standard room available for tourists.

During the festival, the following activities are planned:

- Suzhou used to be the capital of the Wu State 2,500 years ago. At the opening ceremony the cultural art of the Wu State will be on exhibit;

- A tour of the newly completed China Silk Museum;

- A silk fashion show displaying the best of China's silk fashions;

- A sales exhibition of the latest silk products and designs for Chinese and foreign tourists;

- A lantern show on the Moon Festival on September 21 in Suzhou's famous classic gardens;

- Trade talks and wide-ranging business discussions.

by Zhang Xiaolian

## Tourist Videos Come in Vogue

On May 1, 1990, Beijing set up its first tourist video agency. Over the past year or so ten similar centres have sprouted during the tourist video craze.

Those who do the video work are young women between 18 and 25 years old. They accompany tourist groups who come to Beijing and film their stay in the capital. The agency cuts, edits and adds narration and music to the video tapes. It can dispatch a 130-minute tape to a guest at his or her hotel on the same evening as the filming. If it has the visitor's approval, the final version can be available the next day.

In May this year, the Luoda Tourist Video Department started business with an investment of 300,000 yuan. It is one of the

five enterprises under the Luoda Trade Agency in Beijing. The branch has a strong economic backing and is very competitive. It chose 20 applicants with senior middle school education from several hundred applicants with a good command of at least one foreign tongue. They invited special teachers to train them in photography, editing, art and languages.

Presently the agency can provide narration in English, Korean, Indonesian, Japanese and Cantonese. They can also make copies that are suitable for showing on different TV systems. The tapes with 20 minutes of Beijing scenery at the start are of good quality and warmly welcomed by tourists.

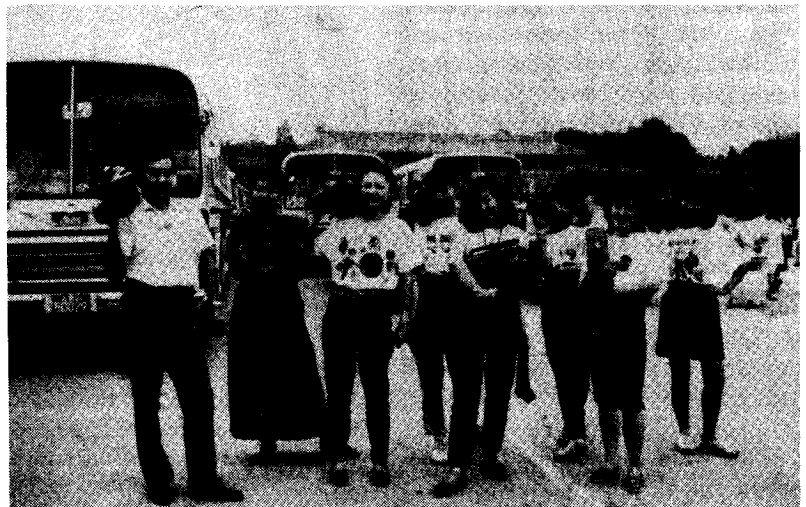
After two months of operations, the centre has signed cooperation agreements with 14 travel agencies and provided video services for 400-odd tourist groups. They have sold as many as 800 tapes without mishap.

The general manager of the service centre, Dong Xiaodong said, "We plan to establish a joint venture with a Japanese company to expand our business scope before the end of the year."

by Kou Zhengling

Dong Xiaodong (first left) with some of the young video girls.

WANG GUIZHEN



## **Impex Opens Chinese Business**

Michio Yamanouchi, newly appointed general president of the Impex Trading S.A. Co. of Japan, noted at a recent press conference in Beijing that his company is actively participating in the development of China's export-oriented economy. He added that he sincerely welcomes the further co-operation in the development of exports of Chinese products.

On November 27, 1990 with the approval of the French government, the Okura Co. Ltd. of Japan purchased 89 percent of the stocks of the Impex Trading S.A. Co. of France issued by the Banque Nationale de Paris of France. Okura is in charge of the Impex's overall operation and management.

The headquarters of Impex, based in Paris, has four departments handling Chinese business, Japanese business, banking and finance. Its newly established banking department aims at providing services for clients who have futures relations with manufacturers.

Yamanouchi said, "We will be sure to continue to provide good services in the light industry, petrochemicals, packaging and nonferrous metal industry formerly undertaken by Impex. Meanwhile, we hope businessmen will co-operate with our office in Beijing to seek trade opportunities."

He added, "In 1991 we hope to complete business of 100 million francs in the expectation that Chinese business will make up 50 percent of the total value."

Impex began to conduct business contacts with China in 1958. At that time, the company mainly imported carpets and arts and crafts from China.

Over the past few years, the firm has promoted the exports of Chinese products to Japan and the United States. It is said that the company will help ship China-made perfumes to all parts of the world.

by Li Rongxia

## **Liaoning Expands Foreign Ties**

Liaoning Province has made outstanding achievements both in use of foreign funds and economic co-operation.

By late May, Liaoning had directly introduced 231 overseas-financed projects involving US\$240 million in investment, an increase of 19 percent over the same period last year. At the same time, the province had also used US\$164 million in loans from foreign governments, international financial organizations and commercial banks, a 100 percent increase. In addition, between 1979 and 1990 the province absorbed US\$5.75 billion including US\$3.39 billion contributed directly by foreign businessmen, US\$1.25 billion in loans provided by foreign governments and US\$1.11 billion in loans from international financial organization and foreign commercial banks. By the end of last June, it had 1,279 foreign-funded enterprises.

Liaoning has signed 792 contracts for technological exports covering US\$81.5 million. However, by the end of last May the province had already earned US\$22 million from such sales to more than 20 countries and regions. In the first five months of this year, Liaoning sent 3,938 workers abroad and signed labour contracts worth US\$62.9 million. Last year, however, it dispatched 13,000 workers overseas and concluded contracts worth US\$240 million.

Between 1979 and 1990, the province introduced more than 2,100 kinds of advanced foreign technology and equipment, and upgraded its 500 major enterprises by varying degrees.

by Yang Xiaobing

## **Shanxi Seeks Overseas Co-operation**

In late July this year, Shanxi Province republished Measures for Encouraging Foreign Investment in Shanxi Province, and Measures for Encouraging Taiwan Compatriots to Invest in Shanxi Province. They were published along with the first batch of 100 negotiated co-operative projects.

The two sets of measures laid down some novel regulations concerning preferential treatment to foreign-funded enterprises in terms of coal, electricity, water supplies, petroleum, transport, goods and materials, funds and tax concessions, and working funds they need, as well as the examination and approval of projects. For example, foreign-funded enterprises may be exempt from local income tax for ten years, and transport of their exports is to be incorporated into provincial planning.

The aboved-mentioned 100 projects involve nine fields including the metallurgical, chemical, machine-building, building materials, light, textile, farming, animal husbandry and medical industries. Some are either foreign-funded or spot-exchange introduced items, while others cover both comprehensive resource development and intensive processing for products. They are mainly medium-sized enterprises characterized by the yielding of quick economic returns.

Zhao Jinfu, secretary-general of the Shanxi provincial govern-

ment, said that these schemes are firmly guaranteed by domestic conditions and funds. Foreign businessmen and compatriots from Hong Kong, Macao and Taiwan can come to choose and hold business talks about them.

In addition to abundant natural resources and sufficient energy reserves, Shanxi Province also has a solid industrial base. At present more than 200 billion tons of coal reserves have been discovered, accounting for one-third of the country's total. Apart from considerable reserves of aluminium, iron and copper, Shanxi Province has advantageous conditions for mining. It has an annual production of raw coal amounting to 270 million tons, making up one-fourth that of the whole country. It not only supplies 26 provinces, municipalities and autonomous regions, but also sells coal to Britain, France, the Netherlands, Italy and Japan, as well as Hong Kong and Macao. Shanxi is known as the main province for China's power output with a power generating capacity of over 30 billion kwh a year. The province has over 12,000 industrial enterprises with a comprehensive industrial system that covers the coal, electric power, machine-building, chemical, metallurgical, light, textiles, electronics and food industries.

Railways and highways radiate in all directions. Its seven main railway lines extend to all big cities and ports throughout the country, and seven air routes leading direct to Beijing, Tianjin, Shanghai, Guangzhou, Chengdu and Dalian. The opening of domestic and international direct-dial telephone lines has expedited communication with the outside world.

by Kou Zhengling

## Hulun Buir Seeks Technical Co-operation

In July, the Hulun Buir League in the Inner Mongolia Autonomous Region promulgated the Provisions on Preferential Policies for Promoting of Opening Up to the Outside World and rules for their implementation. Also announced were about 100 economic and technological co-operative projects.

The preferential policies stipulate that foreign-funded enterprises with products for export and advanced technology will be given priority for guarantees of capital construction and the arrangement of the supply of essential credit, energy, transport and communications facilities, and raw materials.

Foreign-funded enterprises in these fields will enjoy a 24 percent reduction of income tax. The rate for foreign-funded businesses involved in energy, transport, ports and docks, and other projects encouraged by the state, will be 15 percent.

Productive foreign-funded enterprises scheduled to operate for a period of ten years and more will be exempt from enterprise income tax in the first three profit-making years and permitted a 50 percent reduction from the fourth to the eighth year.

Foreign-funded businesses do not have to pay local income tax in the first ten profit-making years. Export-oriented and technically advanced enterprises, and businesses involved in energy, transport, infrastructure facilities, the development of resources, the production of raw materials, the development of agriculture, animal husbandry, forestry and fishery will be exempt from local income tax.

Export products manufac-

tured by foreign-funded enterprises, except for those controlled by other stipulations of the state, will be free from industrial and commercial consolidated tax. Materials imported for making export products will require no import licence, customs duties or industrial and commercial consolidated tax.

Special preferential treatment will apply to land-use fees for foreign-funded undertakings. The 85 economic and technological co-operative projects that have been offered cover forestry, animal husbandry, metallurgy, mining, chemicals, paper-making, textiles, machine-building, electronics, building materials, sugar-refining, dairy products, leather and fur production, clothing, shoe-making, meat and food processing.

by Feng Jing

## Technology Upgrades Dalian Locomotives

The Dalian Rolling Stock Plant has over the past decade imported foreign advanced technology and equipment to boost the manufacture of its locomotives, which are already up to international market standards. Recently, the plant has tendered to sell 82 locomotives to New South Wales, Australia.

The plant spent 2 million pounds sterling introducing software for locomotive manufacture from the Ricardo Concerning Engineers of the United States to raise the horse power of its products to 4,000. The American technology has also helped reduce oil consumption and widen the interval between major maintenance. Both parties are conducting co-operation in order to raise the locomotive horse power to 5,000.

The Chinese plant has also

outlaid US\$2.4 million on a technological transfer deal with the CE Co. of the United States, and US\$14 million purchasing locomotive manufacturing equipment from Japan, Germany and Sweden.

The Dalian plant accounts for half of China's present locomotive production capacity. At present, it is able to produce 200 locomotives with six to 12 cylinders. Some European and American experts believe the plant's production capacity is close to that of advanced international factories.

by Yang Xiaobing

## China's First Tonic Wine Of World Calibre

"Gongting Baochun" wine, China's first tonic wine produced in Foshan, Guangdong Province, was appraised as excellent by international gourmets who sampled and negotiated to purchase it at the China International Food and Cultural Seminar held last July. The beverage has won a reputation as the nation's first tonic wine due to its notable efficacy and high quality.

By combining the secret palace recipe handed down from the Qing Dynasty with modern production techniques, the Zumiao Food Enterprise Co. Ltd. has been able to manufacture a health product containing low alcohol.

The Chinese emperors in the Qing and several preceding dynasties drank the elixir prepared from the secret recipe, raising its status in society. Up to now, its composition has been kept hidden from foreign circles. However, the singular potency of the liquid that can restore sexual powers is well known. After five days of taking the brew, the effects become evident. Experts said the wine is prepared mainly from Chinese medicinal herbs. Mellow and transparent, it contains no hormones or additives.

Since producing this tonic wine for about ten years, the product has been exported to the United States, Japan, Southeast Asia and Europe. The high-priced wine can only be found in domestic five-star hotels. Hong Chan Chia, general manager of the Agencia Comercial Chi Seng of Macao, and general foreign manager of the Zumiao Food Enterprise Co. Ltd., is full of confidence about the prod-

uct's prospects. The wine can become a world class health elixir.

by Li Ming

## News in Brief

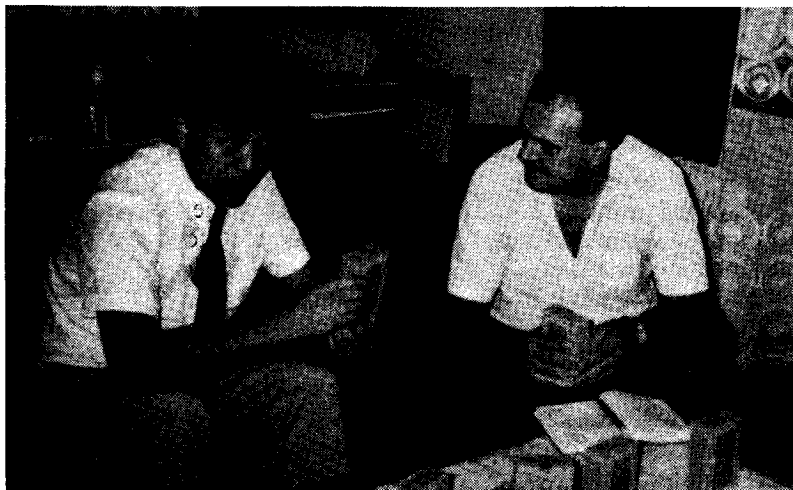
● Harbin, the capital of Heilongjiang Province in northeast China, has gradually become a hot spot for foreign investment. Between January and June this year, the number of newly registered foreign-funded enterprises in Harbin reached 46 and the total value of investment was US\$72.85 million. In addition, 58 newly approved projects utilizing foreign-investment involved a negotiated value of US\$28 million.

● Tanghai's No. 10 Garment Factory located in Tanghai County, Hebei Province on the shores of the Bohai Sea, has hit an eight-year record of export-oriented clothes production. The factory's goods are sold to a dozen countries and regions including the United States, Japan, Britain, France, Italy and Hong Kong and enjoy a high reputation among foreign traders. Li Kefu, the director of the factory, said it will have an additional investment of 700,000 yuan annually in the next three years in order to introduce Japanese equipment and produce 100,000 more clothes a year.

● "The Beijing '91 Beer Festival," co-sponsored by the Beijing North Star Group and the Beijing International Convention Mansion, was held in the capital from July 19 to 28. The festival, which marked the integration of displays of domestic and international beer, their sales and receipts of orders, demonstrated the excellent situation brought about by China's reforms and opening to the outside world as well as the development of China's beer industry.

by Xu Xiaodong

Marian Kibilda, manager of the Kopex Export-Import Co. in China discusses the purchase of Gongting Baochun wine.





## Questions and Answers on Reforms

BANYUE TAN  
(Fortnightly Forum)

**I**s there any progress in improving the economic environment and rectifying the economic order?

Yes. On the one hand, the key steps taken since the Third Plenary Session of the 11th Party Central Committee in 1978 have remained steady and excellent. On the other hand, fresh measures which help to deepen reform have been worked out in co-ordination with the measures taken to improve the economic environment and rectify the economic order. Conspicuous reforms have been seen in the grain purchase and selling structure including stabilized purchase, sales at reduced prices and the implementation of a contract responsibility system. The first stock exchange has been set up in Shanghai and stock markets have developed further. There has been a breakthrough in the structure of foreign trade through the establishment of mechanisms that make foreign trade enterprises responsible for their profits and losses. Social welfare security has been put on the agenda, and a series of measures for housing reform proposed. The development of the Pudong area in Shanghai indicates a new starting point in opening to the outside world.

Price reform has made some headway too. In 1990, the state raised prices of grain, cotton, sugar, coal and edible oil, as well as transport fees for railways, airlines, highway and waterway traffic and postal service. Such wide-ranging price increase within one year has seen rare in recent years.

**Where will further reforms go?**

The general idea is to create a

mechanism for a planned economy with market regulation. Reforms will cover the following areas:

**Rural reform:** to uphold and perfect the household contract responsibility system which links remuneration to output and to develop social services and expand the collective economy.

**Enterprise reform:** to stabilize and fulfil the enterprise contract responsibility system, gradually shift enterprises to a system of separating tax payment from profit delivery, and after-tax repayment of loans; to encourage the development of enterprise groups and improve enterprise management. Top priority task is to deepen reforms within large and medium-sized state-owned enterprises.

**Price reform:** to expand the scope of market regulation; to readjust the prices of the major means of production, gradually abolish the double-track system which maintains the coexistence of planned prices and market prices, resolve the paradox that the purchase price of grain is higher than the selling one; to decontrol prices for processed materials whose supply and demand are largely balanced, and also those products that fluctuate in availability plus durable goods and daily necessities.

**Social security system reform:** to change progressively the situation wherein the state and enterprise take care of workers' housing, pensions, employment and medical care.

**What are the problems?**

Major problems are as follows:

—The situation of irrational distribution of payments will remain unchanged without reforming the existing distribution system. If the reforms are too violent, they will affect the social stability.

—It will be difficult to invigorate enterprises unless they can retain more profits. However, if imperfect self-control mechanisms for enterprises remain unchanged, it will be hard to prevent hikes of personal consumption.

—Macro-economic regulation and control cannot be strengthened or economic growth concentrated without reforming the excessively scattered economic mechanisms. However, the enthusiasm of enterprises and local authorities will be dampened if the proportion of their income is reduced.

—Enterprises which operate in the red should be announced bankrupt, shut down, merged with other companies or switched to other production. But if this occurs, many people will become jobless, which will adversely affect social stability.

These difficult problems must be resolved if the reforms are to be pushed ahead.

(Issue 5, 1991)

## Young Shanghainese: Marriage, but No Kids

CHINA NEWS  
(Zhongguo Xinwen)

**W**ith the trend of "late marriage and late birth" pounding at the Chinese tradition of "bear a son early to obtain early happiness," the Chinese have adopted a new approach to the family. Now, more and more young people in Shanghai choose to marry but have no children,

Data from the Shanghai Information Centre, of Population show that of more than 1.13 million registered marriages from 1979 to 1989, about 160,000 or 14 percent still have no children. At present, 2.5 percent of

Shanghai families are "DINKs" and do not want to have progeny.

These families believe that "life should be happy, so why have a baby and waste money." They hope to escape the hassles of raising offspring, heavy housework, and economic pressure. They want, instead, to have free time to meet old and new friends, as well as relax after work, listening to popular music and drinking strong coffee in their cozy rooms.

The survey also showed that most couples who choose to have no children are from intellectual circles. Above 60 percent are university graduates. This indicates that the important influence in these families is the progressive ideas of women who are opposed to tradition.

(June 11, 1991)

## Fewer Children, More Trees

ZHONGGUO RENKOU BAO  
(China Population Weekly)

**F**amily planning and afforestation are the correct ways to achieve prosperity, said sociologist Fei Xiaotong recently.

"China is a socialist country, which aims to enable all to become well off," Fei pointed out. "Helping the poor is a necessity. We should first solve the problems of food and clothing in poor areas, then proceed to develop production, shake off poverty and seek affluence. Most of China's hinterland have played a big role in the founding of the republic, and we must do what we can to help the economic development of these areas."

While the population grows slowly in developed areas, the regular pattern is that in the

poor regions, however, birth rate is rising rapidly all the time. China has more than 1.1 billion people but the per-capita size of cultivated land is only 0.06 hectare. "In this situation many people seem to share a single bowl of rice. We need to control population growth to eliminate poverty," Fei added.

Fei reiterated that the top priority for population control is helping the poor. "We should first make people understand the principles of birth control and second, spread scientific knowledge. Relief funds are no solution if the birth rate is out of control," Fei said.

Talking about economic development in China's northwest, Fei held that grass and trees may be planted to restore the ecological balance and also prevent water and soil erosion. "The northwest is rich in natural resources, especially in its variety of fruit trees," Fei said. "It is possible to plant more trees as well as develop a household economy. Farmers can manage cultivation, forestry, animal husbandry, side-line production and fishery.

"Development of production and improvement in lifestyles will help change attitudes to birth."

(Issue No. 369)

## Bird-Watchers' City of Warblers

WENHUI BAO  
(Wenhui Daily)

**N**early 300,000 Beijingers breed birds. Passersby are attracted by birds singing in central street gardens every morning and evening.

Bird-fanciers can be divided into three kinds: The first aims at appreciation of the decorative

quality of the feathered creatures. They collect green and red parrots budgerigars and lotus birds, because these birds look exquisite inside beautiful cages. They attract the admiration of visitors and give pleasure to their owners. The second type and most numerous greatly appreciate the sounds of birds. They raise thrushes and larks, which sing brilliantly. However, these birds require a lot of attention since their owners have to stroll around with bird cages in their hands and play with the birds or else they will refuse to burst into beautiful songs. The third kind is crazy about bird training. They obtain mountain finches and crossbills which are clever although their appearance is drab and their warbles are not sweet. A good teacher can train them to hold money in their beaks and play marbles.

Along with the increasing number of bird raisers, bird markets are flourishing in Beijing. The five main ones are Guanyuan, Longtan Lake, Dongdaqiao, Hongqiao and Xibianmen. Bird fanciers flood into the markets every weekend. At Guanyuan, the price for a sought-after thrush or lark is more than 100 yuan, equivalent to a county head's monthly salary. A jade bird with white and red eyes commands to 200 or 300 yuan.

Bird conservationists are on the increase with the growth in the number of bird lovers. Sanctuaries to attract birds have been built since 1985 in the Beijing Botanical Garden, Summer Palace and Yuyuantan Park. Several thousand wooden bird nests and 100 feeding stands have been set up. Numbers of birds have evidently increased and there are over 150 species according to statistics.

(No. 15904)



Chinese athletes greet the audience at the closing ceremony of the Universiad.

LIU YU

## China Second at World Universiad

**A**t the Sheffield World University Games, the Chinese sports delegation won 20 golds, 17 silvers and 20 bronzes to rank second in the medal tally, the best result so far for China in world universiads.

Yuan Weimin, vice-minister of the State Commission of Physical Culture and head of the Chinese delegation, said, "Our target is the Barcelona Olympics. The future seems promising although great difficulties lie ahead."

**Water Sports.** Swimming, diving and water polo are the three most hopeful arenas for the Chinese delegation. They accounted for more than half of China's gold medals at the last universiad.

In the 32 swimming competitions, the Chinese team took nine golds and five silvers to rank second, putting an end to China's blank ledger and placing the country level with the United States. It is especially noteworthy that all five new records were created by Chinese athletes. They

included the women's 50-metre freestyle, 100-metre backstroke, 200-metre medley, 400-metre medley and 4x100-metre freestyle relay. The women's 4x100-metre freestyle relay seized by Zhuang Yong, Qian Hong, Wang Xiaoming and Sun Chunli was the first team gold China has scored at an important international swimming competition.

Chinese swimmer Lin Li took three golds and also established records in the 200-metre and 400-metre medley, becoming the woman swimmer to capture the most gold medals at the universiad. She showed the same dazzling style she displayed at the Beijing Asiad.

Shen Jianqiang clocked 54.25 seconds in the men's 100-metre butterfly to take the title. He was the first Chinese in several decades to win a gold medal in men's swimming at a major world competition with European participants. Zhou Ming, coach of the Chinese swimming

team, said, "In recent years, Chinese women swimmers have entered top world ranks, but male swimmers have lagged behind not only in physical fitness but also in competitive psychology. They have suffered from an inferiority complex. We expect to eliminate this blot soon."

However, because of the absence of first-rate swimmers from England, the United States, Canada, Hungary, Australia and the Soviet Union, competition was not on a high level.

China swept five out of the six gold medals in diving events, showing its strength as a diving power.

The Chinese water polo team lost the game with the United States by a narrow five to six in the last six seconds to win the silver medal. However, the team acquitted themselves well. They defeated the Australian team by ten to six and crushed the Romanian team by ten to eight. This has increased the self-confidence of the members of a formerly second class team.

**Gymnastics.** Due to the absence of top Chinese, Japanese and Russian stars who were preparing for the coming World Gymnastic Championships, the overall level of competition was not very high or intense.

China won two gold medals in the men's individual all-around event and the vaulting. But compared to the People's Democratic Republic of Korea, China's performance was far from satisfactory. The Korean team took 10 golds in the ordinary and artistic gymnastics. However, Chinese veteran gymnast Wang Chongsheng's victory in the men's all-around event was a significant one. Such a win was a rare success for China even in its heyday in gymnastics in past years.

**Field and Track.** China won three golds in the field and track events. Li Huirong created a universiad record in the newly in-

roduced women's triple jump with a length of 14.2 metres.

It was the first time for 23-year-old Xiao Yanling to take part in comprehensive international sports games. Xiao won the gold medal in the women's discus with a distance of 64.36 metres. The record surprised even the athlete as her best result before 1991 was a little over 48 metres. The women's shotput title was taken by Sui Xinmei who threw the ball 19.94 metres.

Chinese field and track athletes have suffered from definite shortcomings. However, this time most of them displayed their capacity to the full in unfavourable weather conditions. Chen Yanping covered 16.97 metres in the triple jump. Li Jing passed 6.64 metres in the women's broad jump.

**Ball Games.** On July 21, Xia Jiaping defeated Francesco Michelotti of Italy to gain the laurels in the men's tennis singles, becoming the first Chinese champion in this event. China also obtained a bronze medal in the mixed tennis doubles. These triumphs have given Chinese tennis players greater incentives to challenge their powerful Western rivals.

The Chinese women's basketball team lost to the United States, failing to enter the finals. Although the team played at its optimum level, it was obviously inferior to its rival both physically and in attacking tactics.

The Chinese women's hockey team came second. The man's volleyball team was a disappointing fifth.

**Fencing.** In the fencing competition there were many former world champions. However, the Chinese team won two silvers in women's foil and one bronze medal in heavy sword, performing better than they did at the recent World Championships.

by Lou Linwei

## After-hours Life in Wuhu

Every morning, the Mirror Lake scenic spot in the centre of Wuhu City, in eastern China's Anhui Province, is a scene of vitality. Lovers of Peking opera sing its melodious tunes, some residents gyrate to the brisk rhythms of modern music, and others practise Chinese *wushu*.

When the evening falls, workers' cultural centres, cinemas and Karaoke clubs scattered around the downtown are livened up. Wuhu residents go to these places to spend an enjoyable night.

Wuhu is a major port city on the lower banks of the Yangtze River. In recent years, the economy of the city, with a population of 500,000, has made much progress. The municipal government, in order to ensure that the citizens can relax comfortably after a hard day's work, has constructed various recreational facilities. Now, the city has 15 dance, singing and karaoke halls; 31 cinemas; 26 video spots and 138 cultural centres. The Mirror Lake scenic spot, built at the cost of several million yuan in gov-

ernment investment, is admission free for citizens wishing to relax there.

In addition, every year Wuhu holds three large-scale mass cultural and sports activities. They are the Yangtze River Swimming Festival in summer, the Chrysanthemum Art Festival in autumn and the Literary and Art Flowers Month in winter.

The Yangtze River Swimming Festival takes place in June when the Yangtze River reaches a width of about 2,000 metres. This event is not only loved by the local citizens as a way to improve their swimming skills, raise their courage and keep fit, but also attracts many keen swimmers from other provinces and cities.

The Chrysanthemum Art Festival is held in October when the chrysanthemums are in full bloom. The chrysanthemum is the official flower of Wuhu. Up to 1990, the festival had been held on 16 occasions, lasting 20 days each time. Last year, the chrysanthemum exhibition was held in the city's Tieshan Park. More than 500 chrysanthemum

A children's calligraphy and painting competition in Wuhu.

TANG SHANGHAO





varieties and over 50,000 pots were exhibited in 50 mini landscape scenes. The spectacle attracts a large number of visitors every year. According to the organizers, 320,000 Chinese and foreign tourists went to Wuhu during the 1990 festival.

The Literary and Art Flowers Month is scheduled for the end of the year and the following January. This carnival integrates literature and art with local customs. A procession begins led by performances of Wuhu folk songs and dances, followed by a phalanx of motor bikes, people

waving multi-coloured flags, a singing group and a band of waist drummers that sing and dance along the streets. During the month, there are fashion shows, calligraphy and painting exhibitions, performances of popular songs, tastings of local dishes and so on. Since 1987, the activity has been held four times with a different emblem each year. This year the symbol is a peace dove with an olive branch in its bill, denoting that happiness, good fortune and courtesy fill the city of Wuhu.

by Tang Shanghao and Xu Lanqing

## New Information on Origin of Japanese Rice

Chinese archaeologists revealed in July that they have found and verified carbide of 3,000 year-old *japonica* rice (round-grained non-glutinous rice) and sorghum in Dalian in northeast China's Liaoning Province.

Experts say this discovery is of great significance for it provides new evidence of how Chinese rice travelled to Korea and Japan.

The carbide grain was found in 1987 in six jars at the site of the ruins of a house partly built underground at Dazui, Dalianwan Town, in the Ganjingzi District of Dalian City. Only recently have archaeologists verified that three jars contained rice and the others held sorghum.

According to agricultural historian Professor You Xiuling, up till now it has been known that Japan began to cultivate rice during the late Jomon and the early Yayoi (about 500-200 BC). Japanese scholars concede that Chinese rice spread to Japan by three routes. The central sea route was from the Yangtze estuary and east China's Jiangsu and Zhejiang provinces to Japan's Kyushu. The southern route began from China's southeast coastal areas and islands, and the northern route was from north China to Japan via Korea. At present, the central route is seen as the most likely correct theory. Undoubtedly the discovery of rice on the Liaodong Peninsula will provide new evidence on how Chinese rice went east to Japan.



ZHANG SHUHE

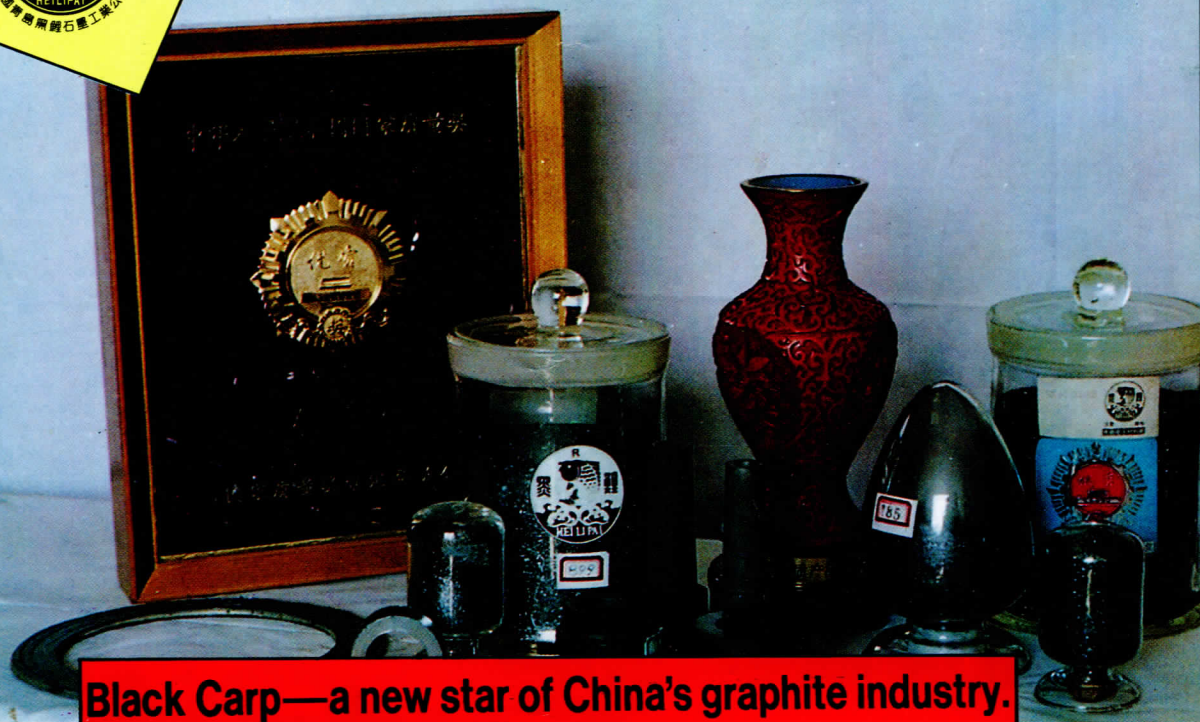
Pegasus, the first American popular band to visit China, made its debut at the Beijing Great Wall Sheraton Hotel in mid-July, presenting American popular songs from the past four decades.



## Frescoes and Colour Sculptures

Ne Zha, a child god in fairy tales of ancient China, defeated in battle not only another god but also the Dragon King. These frescoes and colour sculptures portraying Ne Zha are displayed at the Ne Zha Palace in the seaside resort city of Beidaihe. They were created by teachers and students of the Art Department at Beijing Peili University.





**Black Carp—a new star of China's graphite industry.**

## **Qingdao Black Carp Graphite Industry Co.**

A joint venture between the State Raw Material Investment Corp. and the Qingdao Electronics Material Works, our company is a large state-owned enterprise which processes and exports graphite. All of our "Black Carp" brand graphite and its products, sold to more than 38 countries and regions, are winners of state gold and silver medals and have proven reliable and highly efficient to domestic and foreign clients. Our company provides wholehearted service to all customers.

### **Main products:**

All specifications of medium-carbon graphite,  
All specifications of high-carbon graphite,  
All specifications of expanded graphite,  
Flexible graphite and its products,  
Pure artificial graphite and its products.  
Our medium-carbon graphite was awarded  
both gold and silver medals by the state.  
Our high-carbon graphite won a prize for  
excellence from the Chinese ministry.  
Chairman of the Board and General Manager  
(senior engineer): Chen Xisen

Address: South End of Hangzhou Road,  
Pingdu City, Qingdao, China  
Tel: 762628, 764102 Cable: 8955  
Fax: (0086-05423) 762628