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北京周报

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MINORITY REPORT

Improving
ethnic
groups'
living
standards
and
preserving
ancient
cultures



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COVER STORY China is a culturally rich and diverse country. Throughout the nation, 56 ethnic groups have been identified. And though the majority Han (90.56 percent of the population) dominate, the rest of the ethnicities enrich the country in a variety of ways, be it linguistic, gastronomic, artistic or historic. Yet poverty, illiteracy, as well as lack of educational and medical services have hindered the advancement of these peoples. While ethnic minorities have lagged behind in terms of economic, educational, and societal advancement, the government has pledged to assist in their development, and is attaching greater importance to helping minorities catch up to the dominant culture.

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ALL FOR ONE

By ZHOU JIANXIONG

China has been a unified multiethnic country since ancient times. Historical records show that as far back as 221 B.C., the State of Qin established the first centralized feudal monarchy in the country, extending its rule over parts of the southwestern regions inhabited by various ethnic groups. During the succeeding Han Dynasty (206 B.C.-A.D. 220), 17 administrative prefectures were set up in northwest China, where many ethnic peoples including Uygur and Kazaks lived in compact communities. From that time on, different ethnic groups have lived in harmony, and their age-old peaceful coexistence and cultural integration have brought them into the fold of the Chinese nation.

Greater attention has been attached to the interests and well-being of the ethnic minorities since the founding of the People's Republic in 1949. Not only have their political status and various rights been recognized and respected, but as prescribed by the Constitution, concrete measures have also been taken to protect their cultural heritage, stimulate the local economy, and uplift their living standards, all in an effort to seek political, cultural and economic advancement for these ethnic minorities, and maintain harmony.

Altogether, 56 ethnic groups have been identified in China, of which the overriding majority are Han people, accounting for 90.56 percent of the country's 1.3 billion gross population (2005 demographic census by the National Bureau of Statistics). What merits noticing, however, is that as a result of preferential state policies in family planning, the population of ethnic minorities has increased dramatically in recent years, making up 42 percent of the overall population growth from 2000 to 2005, and is expected to surpass 50 percent in the next decade.

Realistically, because of historical, geographical, social and other limitations, most of the ethnic minorities still live in a relatively backward state in their remote hometowns. This is manifested not only in the generally poor and harsh living conditions and outdated local infrastructures, but also in the inadequacy of social welfare undertakings, including a short supply of medical and education services, limited employment opportunities, and restricted sources for income growth.

To address these predicaments, the Central Government has devised several approaches, the latest being the 11th Five-Year Plan for Ethnic Minorities Affairs promulgated in March this year. The first ever of its kind, the plan has laid down some broad tasks up to 2010. These include, among others, upgrading local infrastructures to speed up economic growth, implementing special poverty relief projects, enhancing educational level for and spreading scientific knowledge among ethnic minorities, improving social security coverage, and encouraging economic and cultural cooperation between ethnic minority communities and the outside world.

While these lofty goals have been warmly and widely applauded, concerns are being voiced about the possible impact of some specific measures, as they may bring damage to the indigenous cultures and the local environment. After all, there seems to be no one-size-fits-all approach to the modernization of these ethnic minority groups, and the needs of each group should be considered in the context of the overall human and environmental harmony of the country. ■

Have a comment, complaint or question? *Beijing Review* welcomes your feedback.

E-mail our editorial team at contact@bjreview.com.cn or write to us at **Beijing Review, 24 Baiwanzhuang Lu, Beijing 100037, China**. Letters may be edited for length or content.

Optimistic Market Observer

China's red-hot stock market is a place to harvest not only wealth, but also fame.

Wang Zhongming, previously little known head of research with China's state-owned assets watchdog, became a cult hero to stock market players overnight when he challenged mainstream opinion on May 19, announcing that "national stock fever" is to be welcomed and not feared.

"It symbolizes a new era in which growing numbers of people will create wealth," Reuters quoted Wang as saying.

Before Wang made the comment, the media was overwhelmed by warnings that the flood of retail investors is taking the already stretched stock market bubble even closer to bursting point.

Going totally against the opinion of jumpy market analysts, Wang suggested less administrative interference during the current stock market boom. "There is no need to worry. China's bullish market reflects its economic prosperity. And if it is really overheated, there should be enough data-evidence to prove this," he said.

The benchmark CSI 300 Index, which tracks yuan-denominated A shares listed on China's two exchanges, has jumped about 90 percent so far this year after more than doubling in 2006 to reach 3938.95 on May 23. According to official statistics, the country now has nearly 100 million brokerage accounts, or 33 percent more than a year earlier.

But Wang regards the bull market as a test of the government's capacity to manipulate it and to help avoid risks.

An overcautious attitude will restrain more investors and mislead policymakers, he said.

Given the continuous bullish run, China's central bank has raised interest rates and banks' deposit reserve ratio to curb excessive liquidity and speculation.

However, Wang believes levels seen in the stock market reflected confidence in China's economic development rather than irrational behavior or market manipulation.

In an effort to build up investor confidence, particularly institutional investors, a package of measures have been adopted by China's securities watchdog, such as increasing new issues, to balance supply and demand. Retail investors have also been warned to be responsible for their assets investment and management.



"Corporate America has been here for decades, or at least 15-20 years, and we've been behind the curve...We have to engage, we have no choice."

Greg Tarpinian, Executive Director of Change to Win, who, along other leaders of the second largest U.S. coalition of unions, kicked off an ice-breaking China visit on May 18, ending a decades-old boycott of China unions by American labor groups

"Over the past 10 years there have been some bumpy moments—politically and economically—but some of the more dire predictions I remember so vividly from 1997 have not come true. 'One country, two systems' has worked."

British Foreign Secretary Margaret Beckett, in a May 21 speech at the British Chamber of Commerce during her visit to Hong Kong

"Every hour, three species disappear. Every day, up to 150 species are lost. Every year, between 18,000 and 55,000 species become extinct."

Ahmed Djoghlaif, head of the UN Convention on Biological Diversity, blaming human activities for causing the greatest wave of extinction since the disappearance of the dinosaurs 65 million years ago, on May 22, International Day for Biological Diversity

"On top of the money we already pay for U.S. forces in Japan, to pay further expenditures is unheard of anywhere in the world and that will not gain the understanding of the people of Japan, either."

Shokichi Kina, an opposition lawmaker from the Democratic Party, before Japan's lower house of parliament passed a law on May 23 to fund the reorganization of U.S. forces in Japan and help move thousands of Marines from the country's south to the U.S. territory of Guam

"We now have endorsed the concept of preemptive war where we go to war with another nation militarily, even though our own security is not directly threatened, if we want to change the regime there, or if we fear that some time in the future our security might be endangered."

Former U.S. President Jimmy Carter, in a telephone interview with the *Arkansas Democrat-Gazette* released on May 19

"The price-to-earnings ratio of the mainland market is staggering, reaching 50-60 fold...I think people should be more cautious about their investment, if it collapses, it will definitely affect the H-share of Hong Kong."

Li Ka-shing, Chairman of Cheung Kong (Holdings) Ltd. in an interview with *Wen Hui Po*, a Hong Kong-based daily

"The government should make more adjustments between supply and demand, in which supply should be emphasized to channel excessive influx out."

Professor Yang Chaojun, head of the Finance and Securities Institute of Shanghai Jiao Tong University

OPINION

Smaller Government Role, Bigger Rewards

In recent years, when dealing with PR crises in China caused by substandard products, transnational companies like Nestle, Coca Cola and Carrefour all chose to avoid the direct victims, ignoring consumers' legitimate rights, but rather turning to government agencies to solve the problems.

Why do these companies favor such a tactic? On the one hand, most multinationals believe that Chinese businesses and consumers are not mature and independent enough to have face-to-face negotiations. On the other hand, the Chinese Government still has too much influence on public issues. As a result, local businesses and consumers are deprived of the right to face up to the corporate titans and fight for their interests.

Only when the government, local businesses and consumers begin to see themselves as part of the same process, can we expect change. On the part of local companies, they must focus on updating their products; and ordinary consumers should pay more attention to product quality, shaking off the blind faith in foreign brands. This will force big transnational companies to stop ignoring the direct victims. The government needs to strengthen market regulation and leave local businesses and consumers free hand to handle business disputes.

The Beijing News

Bring Wages in Line With Prices

Statistics from the National Bureau of Statistics show that, in the first quarter of this year, China's consumer price index jumped 2.7 percent over the same period last year. In March and April, its growth rate reached 3.3 percent and 3 percent, respectively.

Since last October, most Chinese cities have seen the rise of grain and edible oil prices and the continual hikes are even adversely affecting the living quality of some middle-income families.

Against this background, the Ministry of Labor and Social Security recently announced that the state would take measures to raise common employees' wages. After nearly three decades' economic development, China is now in a position to do this.

The problem is, when consumer prices keep soaring, to what

extent can the so-called wage raise proposed by the government help to offset the price rises and when will the raise be made?

There must be an overall planning of the process and the speed of the wage increase must keep pace with the growth rates of the national gross domestic product and state revenues. In addition, tax breaks and sweetened social security benefits are of vital importance to ease the pressure from higher living costs.

Guangzhou Daily

Level the Provident Fund Playing Field

According to Shanghai Housing Provident Fund Center, such industries as banking, telecommunications, IT, power, and gas and water production and supply rank far ahead of other industries in terms of the total amount of money deposited into personal accounts.

State policy says companies must contribute money into a personal housing provident fund account in proportion to the individual's salary. As a result, the housing provident fund system is making the rich richer while doing little to help the poor.

Apart from the subsidy gap, there are no rigid regulations to ensure that the system is thoroughly implemented. In some cases, enterprises never contribute a cent into their employees' accounts but face no penalty.

Given the problems, it's time for reform. The money that is now contributed by employers should be returned to government, who should then distribute this in a more equitable manner to society at large. Fund management must be made more transparent and individual privacy should not be invaded.

Oriental Morning Post

Compassion and Respect Must Be Heartfelt

Under the slogan of "revitalizing traditional culture," in some places across China, children have been encouraged to help senior family members with a footbath and foot massage, in the process kneeling to show respect. Yet while some parents may feel their children's services come from the heart, in most cases these actions are of no tangible significance.

Take a footbath for example. The reason why so many people consider it as a typical way of showing filial piety can be attributed to the psyche of traditional Chinese culture. To give others a footbath, you have to first bend down, and as a result, those who are served will feel superior. But simply lowering one's own status is not the way to show respect for others. This is an incorrect understanding of filial piety. To encourage the young to act in a filial way, they should be motivated to develop true love and respect for the elderly and show they genuinely care about the life and health of the seniors around them. In this way, respect for traditional culture and customs will cause young people to develop themselves.

At a time when counter-tradition is stressed more than ever before, the younger generation sometimes shows complete indifference and apathy to the elderly. Some of them pay little attention to the living quality of seniors, and most of the young mistake filial piety as giving money. Against this background, to demand that children wash their parents' feet will hardly help to develop the essence of filial piety. The only way to improve the situation is to make ongoing efforts to cultivate the virtue of respecting the elderly and Chinese traditions. An occasional footbath is certainly not the way to produce these results.

Nanfang Daily



CAREFUL SPENDING: People are feeling the pinch as food prices continue to rise



MA ZHANG/CHINA PRESS

HU WELCOMES YOUNG VISITORS

Chinese President Hu Jintao meets with the visiting scholars of Yale University in Beijing on May 16.

The 100-member delegation, made up of students and faculty members, was led by President Richard Levin of Yale University. Their China tour was in response to an invitation offered by President Hu during his visit to the American university last April.

Hu expects more exchanges between the young people of China and the United States, which he said is helpful to strengthen mutual understanding and bilateral relations.

The delegation visited a number of prestigious Chinese universities in Beijing, Shanghai and Xi'an on May 15-25, where they interacted with local families and students.

SOCIETY

Hukou Reform

China's decades-long household registration system, which divides the population into urban and rural residents, may be reformed.

The Central Government is considering a proposal from the Ministry of Public Security to scrap the two-tiered *hukou* registration system and allow freer migration between cities and the countryside, *China Business News* reported on May 23.

Under the current system set up in 1958 to control citizens' movements, rural dwellers have little chance to change their registered residence regardless of how long they may have lived or worked in a city. The government's concern when the system was set up was that limited public service resources like education and health care in cities could become strained and even crushed by a massive migration of farmers.

Anti-Pollution Drive

Beijing Shougang Group, one of the capital's worst polluters, will close a key production plant early next year in time for the Olympics, said a company source on May 19.

Shougang, started in 1919, is just 17 km west of the city-heart Tiananmen Square. The steel company started to relocate production in 2005 to Caofeidian, a port in neighboring Hebei Province.

No.3 Steel Plant, which came on stream in 1992 and has an annual production capacity of 3 million tons, will be the first group plant to completely halt production, said a senior company official.

The steel company will finish moving all its production facilities to Caofeidian by 2010. The company had already started to reduce production in Beijing, closing a 2 million-ton production facility and a furnace with a capacity of 700,000 tons.

More Subsidies for Farmers

China's direct subsidies to its hundreds of millions of farmers will rise 63 percent from a year earlier to 42.7 billion yuan (\$5.58 billion) this year, the Ministry of Finance announced on May 21.

The subsidies include 15.1 billion yuan (\$1.97 billion) earmarked for grain planting and 27.6 billion yuan (\$3.6 billion) for farming materials like fertilizers and pesticides.

The ministry said the huge increase in direct subsidies to farmers will help raise their incomes and grain output, and the money should fall into the pockets of the farmers before the end of June.

After scraping the agricultural tax in 2006, China started to offer farmers direct subsidies amid efforts to boost their incomes as price hikes for fertilizers and other farming materials ate into their benefits.



CHEN FENG

RED PLANET BOUND The concept model of China's first Mars probe intrigues visitors at a space technology exhibition in Shanghai. The probe will be launched in October 2009 as part of a joint mission with Russia

Crackdown on Wireless Porn

Since the government launched a campaign in April to curb the spread of online pornography, police had closed 1,450 websites and deleted more than 30,000 allegedly obscene messages up as of May 18.

In a recent case, nine people were arrested for posting downloadable pornographic pictures and texts on a mobile phone website, making it the largest case involving wireless transmission of illegal pornography.

The website of the Beijing-based telecom technology company, where the nine people worked, had attracted 8.6 million clicks and the materials had been downloaded 1.3 million times since 2005.

According to Chinese law, if an obscene website receives more than 250,000 clicks, the operators shall face jail terms ranging from 10 years to life imprisonment.

Depression Sufferers in the Dark

Ninety percent of the 30 million people in China suffering from depression fail to get proper treatment due to worries about discrimination and a lack of professional psychiatrists, according to the Chinese Psychiatrist Association (CPA).

But for the 10 percent that do receive medical assistance, the results appear to be encouraging. The clinical cure rate among depression sufferers who seek hospitalization has hit a new high of 35 percent, according to the CPA.

Some patients refuse to take medication as they believe mental anguish can only be relieved by encouragement and support. Others are reluctant to see psychiatrists for fear of being discriminated against by their peers.

Chinese experts said the number of depression sufferers is on the rise in China due to fierce social competition and pressure.



LIU JIN

AUTHENTIC MOVES

Elaborately dressed young actors strike poses during a Peking Opera festival held on campus at a primary school in Nanjing recently where student fans dressed up and staged classical plays of Peking Opera



LIU JIN

BIRTHDAY STAMPS

A student of Tongji University in Shanghai exhibits her newly purchased memorial stamps for the 100th anniversary of her university, which fell on May 20

ECONOMY

New Tariffs to Dampen Exports

China will impose extra export tariffs while slashing import duties from June 1 to narrow its trade surplus, according to a circular the State Council posted on its website.

The Ministry of Finance said additional export tariffs will be imposed on 142 energy-consuming, highly polluting and resource-intensive products.

Export tariffs will be raised by 5-10 percent for more than 80 steel products, including steel wires, sheets and plates, said the ministry. Export tariffs on primary commodities like steel billets, steel ingots and pig iron are also being raised from 10 to 15 percent.

China's trade surplus jumped more than 74 percent year on year to \$177.5 billion in 2006. It has risen 88 percent year on year to \$63.3 billion in the first four months of this year.

Growth Pledge

Beijing's Party chief said that the economy of the Chinese capital will not slow down after the 2008 Olympic Games as investment and consumption will continue to soar.

"There may be less construction in downtown Beijing, but new construction will boom in satellite cities after the Games," said Liu Qi, Secretary of the Beijing

Municipal Committee of the Communist Party of China (CPC), at the city's 10th CPC Congress. Liu was reelected Beijing's Party chief at the congress which closed on May 22.

Beijing's per-capita gross domestic product will rise to \$10,000 after the Games from the current \$6,000, which will greatly enhance people's consumption capability, Liu said.

Some media have reported that a bubble economy is developing in the Chinese capital, which has poured huge investment into real estate and other relevant industries, and these industries will experience sharp drops after the Games.

Stock Exchange Loosening Up

China's securities regulator on May 20 unveiled management rules that give the green light to the establishment of representative offices of overseas stock exchanges in the country.

The rules will come into effect on July 1. To be eligible, the stock exchanges should have been in operation for more than 20 years and have fine financial records.

The representative offices can only do non-operating activities including liaison, promotion and research, the rules stated, and no less than half of the staff at the office should be Chinese.

Earlier media reports said the U.S.-based Nasdaq Stock Market Inc. was considering



AN ERA OF CHINESE VEHICLES Cars run along the production line of ChangAn Auto, China's fourth largest carmaker, which announced on May 21 that it will produce 1.2 million vehicles using patented technology in the next three years

opening a representative office in China to woo more companies considering initial public offerings.

Stricter Rules Against Stock Manipulation

China's securities regulator unveiled new rules to fight equity market manipulation and insider trading on May 22.

According to the China Securities Regulatory Commission (CSRC), the rules will impose transaction restrictions on the accounts of people under investigation for stock market manipulation and insider trading.

Restricted accounts, including fund and securities accounts, will be barred from buying, or selling shares and other financial products, for 15 days, said the CSRC.

It said the ban could be extended by another 15 days if the violations are very

complicated.

Tapping the Solar Market in China

Germany-based Conergy AG, a leading solar energy company in Europe, is looking to tap China's nascent renewable energy market as the nation charts an ambitious plan for clean energy.

Along with its flagship company Sun Technics, also a renewable energy solution provider, Conergy launched its China business office on May 21 in Shanghai, which will act as the "focal point" for its activities to develop the market in China.

The company estimates that by 2015, renewable energy will evolve into a market of over \$300 billion across the world, with much of it coming from China as the country needs more energy supplies to support its economic growth.



FILM FEAST Organizers announce in Beijing on May 21 that the 10th Shanghai International Film Festival will be held on June 16-24 and the 13th Shanghai Television Festival, on June 11-15



GREAT WALK A representative of the Royal Dutch Association for Physical Training and local officials beat a drum to launch the Sixth Beijing International Great Wall Walking Convention on the Simatai section of the wall



PREPARATION FOR EXAM Indonesian students sit for an entry exam for state universities in Jakarta on May 23. Thousands of Indonesian high school students were taking part in the exam to ensure their place in the state universities across the country



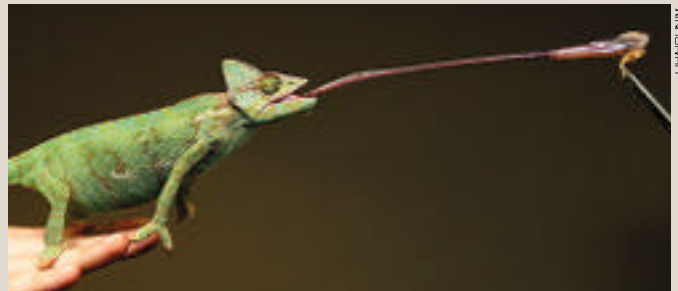
AIRPORT STRIKE A passenger waits at an empty check-in counter at Rome's Fiumicino International Airport on May 22, as strikes grounded hundreds of flights. Two strikes by air traffic controllers and Alitalia cabin crew that day, grounded 394 flights



REFUGEE'S RAGE A Palestinian youth burns tires at the entrance of the Palestinian refugee camp of Bedawi adjacent to the besieged Nahr al-Bared camp in north Lebanon to protest against the continued attack by the Lebanese army against the Islamic militants of Fatah al-Islam on May 22



MUD-COVERED VILLAGE Aerial view taken on May 21 of the village of Taraza, Department of Antioquia, Colombia, covered by mud after being hit by a landslide. Seasonal rains touched off landslides that destroyed homes and fields forcing some 500 families to flee and leaving nine dead



TONGUE CATCH A Chameleon extends its tongue and catches a cricket during feeding time at the Melbourne Museum



EU-RUSSIA SUMMIT MEETING European Commission President Jose Manuel Barroso, German Chancellor Angela Merkel and Russian President Vladimir Putin (left to right) pose on the eve of a Russia-EU summit near the Volga River city of Samara on May 17

XINHUA/AFEP



XINHUA/AFEP

TREASURE FOUND Experts of the Odyssey Marine Exploration examine a coin recovered from the "Black Swan" shipwreck. U.S. deepsea treasure hunters said on May 18 that they had retrieved 17 tons of silver coins from the shipwreck, declaring the find the largest of its kind



XINHUA/AFEP

POLLUTED SEA Aerial view of the beach of Zihuatanejo, in Guerrero State, Mexico, on May 20, with reddish water encroaching on the shore. Workers of the area consider it red tide, but tourists and other citizens claim it is pollution resulting from sewage dumped in the Zihuatanejo Bay



XINHUA/AFEP

CHILD LABORERS RESCUED An Indian child laborer working at an embroidery and jewelry workshop is rescued in New Delhi on May 19. India has one of the highest percentages of child labor in the world, a source of income for poor families

Striking A Chord

The recent Strategic Economic Dialogue between China and the United States achieves some results but more talks are apparently needed to iron out fundamental differences

By YAN WEI

Top Chinese and U.S. economic officials may justifiably take some pride in their recently concluded strategic dialogue. Despite the fact that only a few minor agreements were reached, they took a further step toward resolving the two countries' trade disputes in a more rational manner. This is what some Chinese analysts believe, though their reasons vary.

"The dialogue was successful because the talks helped mitigate trade friction, and provided an example of how to prevent trade and economic issues from being politicized," says Yan Xuetong, Director of the Institute of International Studies, Tsinghua University.

Echoing Yan in declaring the economic talks a success, Zhou Shijian, standing counselor of the China Association of American Studies, credits the Chinese delegation for not buckling under pressure mounted by the United States on the Chinese currency; the United States, he believes, forced China to make concessions in some other fields such as opening its market further to U.S. goods with this bargaining chip.

The China-U.S. Strategic Economic Dialogue (SED), a bi-annual event aimed at addressing bilateral and global strategic economic issues of common concern, was initiated by U.S. President George W. Bush and Chinese President Hu Jintao in September 2006.

The second round of the dialogue, held on May 22-23 in Washington, focused on the service sector, energy and environment, the rebalancing of growth and innovation. Co-chaired by Chinese Vice Premier Wu Yi and U.S. Treasury Secretary Henry Paulson, the high-profile dialogue opened as a grand gathering of dozens of ministers and secretaries from the two



countries. Chinese economic leaders voiced frustration over recent U.S. restrictions on Chinese imports and U.S. hi-tech exports, and their American counterparts complained about copyright piracy and indicated a growing frustration with Chinese government subsidies.

No politicization

The talks had nearly been scuttled, due to U.S. trade sanctions proposed in March against China, according to media reports, and Wu and Paulson held lengthy private discussions prior to the main event.

During the SED, both sides, it appeared, had adopted a tougher stance to push for change. In his opening remarks, Paulson said the United States was "not afraid" of competition from China, but supported a stable and prosperous China. "Our policy disagreements are not about the direction of change, but about the pace of change," he said. "Americans have many virtues, we are a hardworking, innovative people, but we are also impatient. Even the notion of a 'dialogue' may seem too passive for America's action-oriented ethic."



FROM SHINA

TOP GUNS: Leaders from both countries at the closing session of the second China-U.S. Strategic Economic Dialogue in Washington D.C. on May 23

Wu said it was in the interests of both countries to improve relations. She emphasized three key points with which this could be done: by opposing trade protectionism, avoiding the politicization of economic and trade issues and seeking ways to handle trade problems as they arise. Solutions to bilateral disagreements will come about as each side focuses on internal solutions, Wu said. Neither side should blame the other for domestic problems, nor pressure the other for change, she added.

She warned that attempts to politicize economic and trade issues should be resisted. "Politicizing economic and trade issues is absolutely unacceptable, since it is of no help but will make the situation more complicated, harm bilateral economic and trade relations or even cause serious negative impact on the progress of overall China-U.S. ties," said the Chinese vice premier.

The two sides failed to make much progress on one major issue—the revaluation of yuan. It didn't help that the Chinese

currency reached a new high against the U.S. dollar during the talks. Just prior to the discussions, China's central bank widened the trading band of the currency from 0.3 percent to 0.5 percent. It was a move seen as more symbolic than practical by U.S. economists, who do not expect the yuan to appreciate dramatically. Some American manufacturers have said that China's currency is undervalued by as much as 40 percent, making Chinese products cheaper than they should be in the United States and making U.S. imports artificially more expensive.

China's goal in the strategic talks was to gain balance in trade, including increasing imports from the United States, Wu said. The import of hi-tech U.S. products has long been a point of contention, given the U.S. restrictions on the same.

However, U.S. Secretary of Commerce Carlos Gutierrez noted that hi-tech exports from the United States to China totaled \$17.7 billion in 2006, up 44 percent from

the previous year. "We don't see our controls as barriers for the increase of hi-tech exports," he said. "We talked about ways we can build that [technology trade] in specific areas: computer systems, environmental systems, energy products," Gutierrez told reporters. "These are the areas that we agree we can focus on in the future."

Yan of Tsinghua University notes that the two countries refused to compromise on two issues in the SED: the United States' controls on hi-tech exports, and the exchange rate of the Chinese currency. He says if they continue to hold on stubbornly to their views, economic and trade issues will risk being politicized.

The stakes are high in building a cooperative partnership between two of the world's fastest growing economies. Indeed, the relationship between China and the United States is key to global economic stability. Over the past five months, the United States has filed complaints with the World Trade Organization against China on charges of



CNSPHOTO

FRANK EXCHANGE: Chinese Vice Premier Wu Yi and U.S. Treasury Secretary Henry Paulson go head to head at the Strategic Economic Dialogue

government subsidies and copyright piracy. U.S. regulators have also proposed trade sanctions against Chinese paper imports—seen as a political move by the Chinese.

Since the election of a new Congress last year, U.S. lawmakers have increasingly complained over the large trade deficit with China. Rumors of a trade war have begun to circulate, and the SED is aimed in large part at avoiding a conflict. More than a dozen bills on Chinese issues are pending with U.S. lawmakers. To many analysts, the situation is reminiscent of U.S. trade disputes with Japan two decades ago. Then, as now, the U.S. Congress blamed trade imbalance for the loss of American manufacturing jobs. Many newly elected U.S. representatives promised voters and domestic manufacturers they would get tough on foreign trade issues.

Joint effort

After two days of intensive dialogue, both sides agreed that the meeting had enhanced mutual understanding with much consensus and a wide variety of tangible results.

“Thanks to a great joint effort, the second meeting of the strategic dialogue has achieved great success,” Chinese Vice Premier Wu said in her concluding statement. She pointed out that China-U.S. economic and trade relationship is one of the most complicated in today’s world. The SED provided an excellent ground and opportunity for both sides to enhance mutual understanding and increased mutual trust on strategic issues, she added.

“While we have much more work to do, we have tangible results for our efforts thus far,” Paulson said. “These results are like signposts on the long-term strategic road, building confidence and encouraging us to continue moving forward together.”

The two countries held their first SED in Beijing in December last year. Since then, China has taken a series of noteworthy steps. For example, in March, it agreed to terminate the subsidy that allowed major Chinese exporters to receive discounted loans not available to other companies. In April, it announced tax rebates on imported components for advanced equipment. These rebates apply to imports by 16 industries, including large power-generating plants and transmission equipment. Also, China announced on May 21 (effective from June 1) that it will raise export taxes on 142 goods and cut import tariffs on 209 goods to rein in its trade surplus, improve energy efficiency, and promote domestic consumption.

In the weeks preceding the second SED, a Chinese delegation of over 300 entrepreneurs, led by Vice Minister of Commerce Ma Xiuhong, went on a veritable shopping spree across the United States, signing 138 purchase and investment contracts and agreements totaling \$32.6 billion.

A number of minor agreements were reached during the dialogue, in the areas of financial service, energy and environment and civil aviation. The two countries also concurred that cleaner energy production would have to be developed. An aviation

agreement announced at the dialogue will double daily passenger flights between the two countries by 2012, and air cargo carriers will have greater access to China. American Airlines, Delta Air Lines and United Airlines have all previously announced interest in expanding services to China. The new agreement allows up to 23 daily flights by U.S. carriers, up from the 10 permitted at present.

Another trade agreement reached during the talks provides financing for U.S. exports to China in transactions that exceed \$20 million. China also agreed to lift a restriction on foreign firms in its securities industry, and will allow overseas banks to issue credit and debit cards in the Chinese currency, according to Paulson.

Mei Xinyu, an expert of international trade with the Chinese Academy of International Trade and Economic Cooperation, believes that while reaffirming their long-term strategic goals, it is extremely important for China and the United States to come up with some specific arrangements in each dialogue. These concrete results, to his mind, would be conducive to garnering domestic support and ensuring that the dialogue mechanism develops in a stable and sustainable manner. He notes that results are difficult to come by as the two countries have to restructure their interests. Given the difficulties, he says, China and the United States should try and pursue solutions acceptable to both countries. “If a solution requires that one party make major

adjustments or has significant potential impact on the other, the two parties should seek a proper time when the risk of the potential impact is the lowest," he adds.

"Obviously, some agreements reached in the SED, such as expanding the import of U.S. goods, and launching negotiations on facilitating Chinese group tours to the United States, are not controversial in both countries," he continues. "The decision to cooperate on developing clean coal is expected to bring about enormous benefits, too. However, some agreements, especially the one regarding the opening of China's financial service market, may turn out to be potentially risky for the country."

He believes China's decision to increase the quota for qualified foreign institutional investors (QFII) from the current \$10 billion to \$30 billion may also trigger domestic suspicion. However, he does not think the actual impact will be as severe as most people believe.

Other experts, however, tend to downplay the importance of these agreements. Yan points out that the agreements in specific areas were mostly cosmetic. It is his belief that the SED was significant in that the two sides expressed a political will to

resolve their trade friction through dialogue. The principle consensus reached was far more important than the minor agreements.

Niu Xinchun, a research fellow with the China Contemporary Institute of International Relations, also underlines the importance of strategic dialogue between China and the United States, given the two countries' vastly different evaluations of their economic relations. In an article published by *People's Daily*, he observes that while China views the two countries' relations as healthy and positive on the whole, the United States seems to see more negative factors than positive ones. Chinese statistics show that the two-way trade volume increased 106-fold between 1979, when bilateral diplomatic ties were normalized, and 2006, an average increase of 18.9 percent year on year. In the past decade, commodities exported from China have saved an estimated \$600 billion for U.S. consumers. The jobs of 4 million to 8 million Americans are closely connected to Sino-U.S. trade, many of which are created by retailers of Chinese goods. In light of these figures, Niu says, economic and trade ties between China and the United States have admittedly been mutually beneficial.

The two countries also have different

perceptions of the root causes of their economic problems, according to Niu. The Chinese side holds that the United States' trade deficits with China result from global influences and the U.S. trade policy towards China. However, America attributes the trade imbalance to China's artificial depreciation of the value of its currency, and its tendency to subsidize exports. There is no other way, he states, to resolve the economic and trade problems between China and the United States, except through consultation and dialogue, and the SED is the most important mechanism in this regard. He notes that some organizations in the United States intend to gain political mileage by taking advantage of the economic and trade problems between China and the United States.

Niu says this politicization is detrimental to the interests of both countries, adding that understanding the nature of economic and trade problems from a strategic perspective is a precondition to resolving specific hurdles.

"And that's precisely why the SED is so widely scrutinized," he concludes.

(With reporting by Corrie Dosh and Chen Wen from New York and Washington D.C.)



FLYING HIGHER: The first direct flight ever (United Airlines) from Washington to Beijing lands at Capital International Airport on March 29, 2007. An aviation agreement announced at the second round of the China-U.S. Strategic Economic Dialogue will double the daily passenger flights between the two countries by 2012

New-World Nexus

In a major promotion for Sino-African economic ties, the African Development Bank Group convenes at Shanghai



LUI WEIENING

WATERSHED YEAR: Chinese Premier Wen Jiabao addresses the opening ceremony of AfDB'S 2007 annual meeting in Shanghai on May 16. Topics of infrastructure construction, regional integration and poverty alleviation in Africa were discussed at the conference

By NI YANSHUO

China's teeming coastal hub of Shanghai has always attracted its share of people from the African continent. However, this May, in an unprecedented event, high officials and financial experts from all 53 African countries converged on the International Convention Center, under Shanghai's pride, the Oriental Pearl Tower, for a meeting widely considered a monumental boost for Sino-African relations.

The gathering—the 42nd annual meeting of the Board of Governors of the African Development Bank Group (AfDB)—boasted senior finance officials, development policymakers and various experts from the 53 African countries, as well as 24 non-regional members of the organization. The theme of the conference, “Africa and Asia, Partners in Development,” illuminated the importance attached by the AfDB to the blossoming relationship between the two continents.

“It is a great honor that the AfDB has chosen China in which to hold its annual

meeting, and this will greatly promote Sino-African financial cooperation,” said Zhou Xiaochuan, Governor of the People's Bank of China (PBC), China's central bank, also one of the hosts of the meeting.

Several days ahead of the meeting (May 16-17), a series of conferences and symposiums were held to discuss issues of cooperation between Asia and Africa. According to Zhou, the meeting provided a valuable opportunity for African banks, enterprises and governments to closely understand China and exchange views and experiences with their Chinese counterparts. This, he said, would solidify a platform for pragmatic and active cooperation between Chinese and African financial institutions.

Zhou's remarks were echoed by Donald Kaberuka, President of AfDB. “The financial sector is an important field for cooperation between China and Africa,” said the Rwandan, AfDB President since 2005.

This is the second Africa-related convention held by China, after the Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) in November 2006.

China also became the second non-African country to host the company's annual meetings, after Spain in 2001.

Founded in 1964 and established with a view to overcoming Africa's enormous development financing challenges in the post-independence era, AfDB is now one of the world's five largest multilateral development banks, together with the World Bank, the Asian Development Bank, the Inter-American Development Bank and the European Development Bank. In 1982, AfDB opened its membership to non-regional countries, and China joined the group in 1985. China is now also a member of the West African Development Bank; moreover, China Development Bank has signed framework cooperative agreements with the East African Development Bank, and the Eastern and Southern African Trade and Development Bank. “With the deepening of Sino-African financial exchanges and cooperation, more and more Chinese and African enterprises will enter one another's markets,” said Zhou.

Fresh impetus for cooperation

“China-Africa cooperation methods should emphasize technology- and talent-training to help African countries strengthen their ability to develop independently,” said Chinese Premier Wen Jiabao on May 16, at the opening ceremony of the annual meeting. Wen's suggestion was exemplified by the recent event of a satellite-launching program between China and Nigeria. On the morning of May 14, China successfully launched a communications satellite for Nigeria, the first of its kind in Africa and the first time a foreign buyer has purchased a Chinese satellite and its launching service.

“Compared with European countries and the United States, China's satellite technology may not be the most advanced, but it is the most suitable for African countries. China reduced Africa's cost for satellite telecommunications and trained large numbers of scientific and technological talents for us,” said Bode Augusto, Director General of the Budget Office of the Presidency of Nigeria.

The Chinese Government, said Zhou, encourages Chinese enterprises—especially small and medium-sized enterprises—to increase their investments in Africa. He noted that with the increase in China's capital accumulations and foreign exchange reserves, China's non-governmental investments in Africa would rise proportionately.

By the end of 2006, China's investments in Africa totaled \$11.7 billion, including \$6.64 billion of direct investments from various enterprises. Meanwhile, China has also helped launch nearly 900 projects for Africa in the past 50 years. According to

the commitment made by Chinese President Hu Jintao at the Beijing Summit of FOCAC, in the next three years, China will help African nations build 30 hospitals, 100 rural schools, 30 anti-malaria centers and 10 special agricultural technology demonstration centers. During his trip to eight African countries early this year, Hu participated in the opening ceremonies of the first anti-malaria center in Liberia and the first special agricultural technology demonstration center in Mozambique.

“Enterprises have become the main part of China’s investment in Africa and both sides can gain benefits from this cooperation mode. This represents a new type of strategic partnership between China and Africa in the new era,” said Shu Yunguo, Director of the African Studies Center of Shanghai Normal University.

“Against the backdrop of economic globalization, Africa is closely connected with China,” said Marc Ravalomanana, the President of Madagascar, adding that Africa possesses abundant natural resources. “This supplies preconditions for further cooperation between China and Africa.” Ravalomanana, who also attended the Beijing Summit of FOCAC, stated that many African countries, including Madagascar, are improving their economic situation rapidly, and China’s developing experience is very important for them. In recent years, the annual economic growth of Madagascar has hit 5 percent, and this is expected to rise a further 2 percentage points this year.

On May 14, at the Forum for Chinese and African Entrepreneurs, the head of Project Finance at South Africa Standard Bank, Jonathan Wood, had

this to say, “Africa’s economic growth exceeded that of the world average in the past decade, and thus African countries have great demands for infrastructure construction. I think this gives Chinese enterprises more opportunities.”

Established in 1862 in South Africa, Standard Bank, the largest commercial bank in Africa, has branches in 18 African nations and 21 non-African countries. “Since we are familiar with African and Chinese markets, we can supply excellent financing services to enterprises for both markets and help them find suitable partners,” the Chief Representative of Standard Bank’s Shanghai office, Fan Bing, told

Beijing Review.

According to Jacko Maree, CEO of Standard Bank, his bank has lent Shanghai and Hong Kong a platform to help its Chinese clients invest in Africa.

New frontiers

On May 13, the AfDB, together with the Organization of Economic Cooperation Development (OECD), published the African Economic Outlook 2006/2007, noting that Africa has been experiencing its highest economic growth, with the GDP growth rate averaging about 5 percent in the past six years, rising to 5.5 percent in 2006, and expected to reach 6 percent in 2007. The OECD is an international organization headquartered in Paris, helping governments tackle the economic, social and governmental challenges thrown up by a globalized economy.

According to the document, which investigated 31 major African countries—comprising 86 percent of the continent’s population and 91 percent of its economic aggregate—the main factors supporting this growth were a strong external demand for oil and non-oil minerals, increased investment in these sectors, and weather conditions favorable for agriculture. The perpetuation of sound macroeconomic policies in most of the countries also

increased business confidence, leading to a general escalation in private investment. However, “the continent needs to accelerate growth to the level of 7 to 8 percent to be able to achieve our Millennium Development Goal of halving the proportion of people living in extreme poverty by 2015,” said Dr. Louis Kasekende, Chief Economist of the African Development Bank.

“China and Africa are partners on an equal and mutually beneficial basis. Sino-African trade currently contributes 20 percent to Africa’s economic growth,” said Wei Jianguo, Deputy Minister of Commerce of China. In 2006, China became Africa’s third largest trade partner after the United States and France, with bilateral trade volume hitting \$55.5 billion. According to Wei, the high quality and inexpensiveness of Chinese goods broke the monopolization of the African market by high-priced commodities, and brought real benefits to its people. China’s technologies are also suitable for African countries, a factor that goes a long way in reducing operating costs.

A recent study made by Harry G. Broadman, Advisor on the African Economy at the World Bank, shows that the rise in Sino-African and Indo-African trade has produced great opportunities for the Sub-Saharan countries to develop their markets. In his book, *Africa’s Silk Road: China and India’s New Economic Frontier*, Broadman reckons that the rapid growth of Sino-African trade and sustained Chinese investment in the continent would boost the integration of the African economy with the world economy.

He Wenping, Director of the African section of the Institute of West Asian and African Studies at the Chinese Academy of Social Sciences, said at the conference that China has contributed an average of 14 percent to the growth of the world economy since the year 1979, when it began to adopt the policy of reform and opening up. “More and more African countries are sharing the benefits of China’s economic growth,” he affirmed.

An unqualified success

The two-day meeting was hailed by AfDB President Kaberuka as “a success.” He said the discussions on a wide range of issues were constructive and the organization of the event flawless.

“We did a lot of work before the meeting was held to ensure its success,” Liu Changqing, an official in the Shanghai Headquarters of PBC, told *Beijing Review*. Liu had visited the Asian Development Bank’s Beijing office in April to gather information regarding its experience of holding annual meetings. According to Liu, this year’s meeting was of the highest caliber, and of the largest scale in AfDB’s history. The delegates present included such dignitaries as Rwandan President Paul Kagame, Pedro Pires, President of Cape Verde, and Madagascar President Marc Ravalomanana. The World Bank, the International Monetary Fund, and other regional and sub-regional development financial institutions and nongovernmental organizations also attended the meeting, at which the number of participants exceeded 2,100. Among these were 437 journalists, far more than at the annual meetings in previous years.

Participants focused their discussions on AfDB reform, development financing, debt management, aid to vulnerable countries and Asian-African cooperation, among other issues. PBC Governor Zhou, who chaired the meetings, said the meeting helped give birth to an AfDB blueprint on how to carry out poverty eradication and development programs in a more effective way. A series of business seminars were staged on the sidelines of the AfDB board meetings, which helped companies and entrepreneurs, Chinese or African, establish contacts and discuss deals. The next AfDB board meeting will be held in Maputo, Mozambique, next May. ■

Friends in Need

China and the East African country of Tanzania may be distant from one another in geographical terms but ever since they established diplomatic relations in 1964, they have maintained a sound and stable partnership, both politically and economically. Sources from the Ministry of Commerce of China say that bilateral trade between the two countries in the first nine months of 2006 hit \$390 million, up 12 percent year on year. According to the *African Economic Outlook 2006/2007* released by the African Development Bank (AfDB) in Shanghai in May, Tanzania is among the fastest growing countries in East Africa.

On May 16, **Abdisalaam Issa Khatibu**, Deputy Minister for Finance of Tanzania, shared his views on Sino-Tanzanian relations and the role of AfDB with *Beijing Review* reporter Ni Yanshuo at the AfDB 2007 annual meeting in Shanghai.

Beijing Review: What do you think of AfDB's role in Africa's economic and social development?

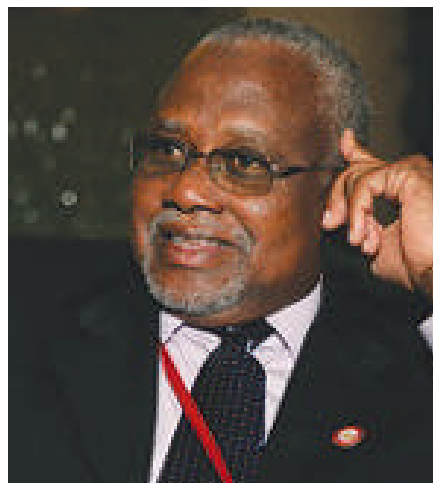
Abdisalaam Issa Khatibu: I think the role of AfDB is very important, mainly to help African countries launch development projects in order to ensure that they can conquer development-related obstacles. This can greatly benefit these African countries. AfDB can also promote their social development, depending upon projects in different countries. Many African countries have projects related to social development. And social development, as you know, contains many things like education and health. Actually, AfDB has already done quite a tremendous job in this regard. So we expect that they will do even better than before.

What specifically has the AfDB done to help your country's development?

AfDB has done a lot for Tanzania in terms of infrastructure construction and social development. They have done magnificent work in building hospitals and medical centers in Tanzania, as well as some other small projects. AfDB has also done a lot for the water supply construction in my country. Presently they are working on infrastructure development. There are some other examples. AfDB is helping us in rural development, including some regional projects. I call them regional projects because they involve Tanzania and some neighboring countries like Kenya. These countries are cooperating in some particular projects.

The theme of this year's annual meeting is "Africa and Asia, Partners in Development." How do you define the theme?

I think it is a good theme because we want to learn from our good friends and our brothers and sisters from Asia. They



COOL CAMARADERIE: Abdisalaam Issa Khatibu, Deputy Minister for Finance of Tanzania, praises China's efforts in the development of his country

[some Asian countries] became developed through agriculture. Some African countries are now following their examples, you see. And there are very practical examples. You know we are now in Pudong. Twenty years back, Pudong was not like it is now. At that time, it was only a place of agriculture. Now, you can see skyscrapers here because the infrastructure here has been developed. Pudong is now the commercial center of Shanghai. This is a very good example that we should follow.

China possesses 20 percent of the world's population; it has a developed infrastructure and its social development is far ahead. Why shouldn't we take China as an example for the development of my country?

In recent years there's been a boom in relations between China and African countries. How do you perceive the

relationship between China and Tanzania?

China and Tanzania have always had good relations. Tanzania is among the African countries that have had a long-standing relationship with China. You know that Tan-Zam Railway, connecting Tanzania and Zambia, was constructed by China. The railway is now contributing a great deal to the economic and social development in that region. It greatly helps commodity imports and exports in both Tanzania and Zambia. China has also done a lot for us in terms of medical facilities and health services. Our friendship with China is continuing. And they are doing even more for us than they have in the past.

Prior to the opening of the AfDB annual meeting this year, Vice Governor of People's Bank of China Xiang Junbo spoke about China's experience in developing its rural regions through development finance institutions. What is the status of these institutions in Tanzania, and what efforts are our two countries making in this regard?

Yes, we do have development finance institutions in my country, and the finance institutions of our two countries come together when some bilateral projects have been developed. We are also looking to cooperate on some other projects with your country through the Export and Import Bank of China.

Which sectors do you think require stronger cooperation between our countries?

We have started [cooperating]. We are still exploiting some other projects for the development of Tanzania, for the betterment of my country. We are looking for something that can mutually benefit both countries in terms of investment and trade, because there are certain things and commodities that we can also sell to China. In the past, it was only China assisting us; there were no mutually beneficial channels. We are now able to change the assistance mode so that we can get benefits from each other.

Trade between China and Tanzania has skyrocketed in recent years. However, there is still a trade deficit on Tanzania's side. What measures have been taken to change this situation?

When China looks to develop rapidly, surely there will be some commodities that it can buy from Tanzania. We've got good coffee, tea and sugar. I believe that thanks to our advantages in these areas, we can balance our trade with China. ■

Searching for Clues

Despite China's economy maintaining its electrifying annual growth, over 10 percent since 2003, the country has somehow successfully kept its inflation rate at relatively low levels. This growth pattern, which contradicts traditional theories in economics, is challenging many world-renowned economists to speculate on this phenomenon. **Fan Gang**, Director of the National Economic Research Institute under the China Reform Foundation, and **Justin Yifu Lin**, Director of the China Center for Economic Research of Peking University, gave their explanations for China's economic miracle at this April's Bo'ao Forum for Asia.

Fan Gang: Overcapacity can easily bring losses to manufacturers through too many price wars. Banks will have to clear their bad corporate loans caused by such over investment. China now enjoys a good overall economy, and profits for enterprises are also on the rise. A study by the Brookings Institution, a private nonprofit organization that analyzes the current and emerging economic policy issues facing the United States and the world, concluded that over the past two decades, the total factor productivity (TFP) of China's manufacturing sector increased by 2.4 percent year on year. TFP is an indicator invented to measure overall productivity efficiency, including multiple functions of technical progress, system transformation, profit increase or any other social and economic effect. Actually, China's economy boasts an overall TFP rise of 3.8-4.2 percent on

average over the last 18 years, and this could explain China's current prosperity. In the context of adjustment, China maintains a comparatively low consumer commodity price against the price hikes of factors of production. The improvement of its economy should be largely attributed to the high performance of these corporate entities.

Justin Yifu Lin:

Investment had been a driving force in China's economic growth since 2003 with an increase of 27.7, 26.6, and 25.8 percent, respectively, until 2005. Today, it holds 40 percent of the total volume of

national gross domestic product. An investment rise can usually pull price indices up, and indeed prices for building material, energy and resources have been going up; but it has not caused much inflation in other sectors mainly due to deflation stemming from overcapacity since 1998.

Rapid economic growth might not be absolutely harmful for a developing economy, and what has concerned the Chinese Government the most is that huge investment increases always centered on a few industries, for example, automobile manufacturing, real estate and building material sectors in 2002-03 and the chemical industry in 2005-06. It could further worsen the situation of overcapacity once the investment is transformed into productivity and therefore poses a big risk to the sound growth of

China's economy. In response, the government should promote its macro control policies to optimize the investment portfolio.

Some economists suggest a frequent raising of the interest rates to curb over investment. However, it could be a double-edged

China's economy boasts an overall total factor productivity rise of 3.8-4.2 percent on average over the last 18 years, and this could explain China's current prosperity

sword. To raise interest rates could also discourage consumption and make it harder to digest oversupply in the market. If we only raise the lending rate, it might not affect consumption but will inevitably widen differences between lending and deposit rates. Thus commercial banks would like to lend more and that will also boost investment. More importantly, since more than 80 percent of corporate investment in China comes from bank loans, the interest leverage won't offer much help. As far as the above reasons are concerned, the Chinese Government has to depend simultaneously on the market, the law and administrative regulations.

This year opened with a 11.1-percent GDP growth in the first quarter, but maintained a low inflation rate and stabilized the consumer price index at 2.7 and retail price index at 2.1, respectively. It is noticeable that the government has dramatically reduced administrative regulations as overcapacity tensions are eased. Interest rate adjustments have become a more effective tool, especially after the listing of major state-owned commercial banks. A more rigorous lending condition requires an increase of company capital in investment, and makes these enterprises more sensitive to such adjustments. ■



MEGA AUTOMAKER: Cars roll off the assembly line of FAW-VW Automobile Co. Ltd. in Changchun, northeast China's Jilin Province. The country's current economic soundness has been attributed to a general increase in the performance levels of Chinese corporations

Post-Olympics Bubble Unlikely

The Olympic Games will generate enormous business opportunities and facilitate a major face-lift for China. However, some countries have experienced an economic recession after hosting the world's largest sports event. This phenomenon has been termed the "post-Olympics bubble." Where will China go after the Olympics? Professor **Li Yining** at Peking University speaks to *People's Daily* on this question and other related issues. Excerpts follow:

Post-Olympics bubble?

There is no lack of hotspots for post-Olympics investment in China. The country has maintained rapid and stable economic growth, ranging from 8 to 10 percent annually, over the last few years. This should be attributed to a multitude of factors. First, investment inertia plays an important role in promoting economic growth. Large projects cannot be completed in a single year. Once launched, ongoing investment is required. The huge investment by the government in infrastructure construction will push forward the economic growth of the country.

Second, China's private economy is growing rapidly.

Third, with the rising demands of urban and rural residents, China's domestic market is steadily expanding. Chinese household expenditures on housing, entertainment and tourism, education, health care and durable products, including motor vehicles, are expected to maintain an uptrend for some time.

Fourth, China now has to undertake large-scale renovations of fixed assets. Given stricter environmental requirements and the tough task of reducing the consumption of energy and resources, if enterprises are slow to update their equipment their competitiveness will decline and they risk being eliminated from the market. The continual fixed assets investment will drive economic growth.

Hi-tech industries are a new destination for investment. The "New Economy" combines technological innovation with the capital market. The evolution of the capital market will greatly promote the development of hi-tech industries. The development of new energy sources, biotechnology, new materials and electronic products will attract substantial investment, which, in return, will stimulate national economic

growth. In short, China is not worried about a lack of new investment destinations, although Olympics-related demands will disappear after 2008.

Olympic influences

The Olympic Games is generating some very important business opportunities mainly in two sectors. The first is the building and renovation of competition venues and other facilities, where the latest scientific and technological achievements will be widely applied. This will eventually promote the technological progress of related



GROWTH STIMULUS: Compared with Olympic venue construction, such as the bird's nest-like National Stadium in this picture, Beijing is likely to face much greater challenges in terms of evading the "post-Olympics bubble"

industries. Even after the Olympic Games concludes, its influence on China's economic growth will remain.

The influence of the Olympics on the development of the modern service industry is even wider and more persistent. For example, China's banking sector has favorable opportunities to develop a number of new businesses before and during the Olympic Games, such as banking card services and sales of Olympic tickets and licensed merchandise made of precious metals. By offering and improving these services, local financial institutions can raise their overall service levels significant-

ly. Insurance services will have the same opportunities and endeavor to innovate. In addition, the influence of the 2008 Olympic Games on IT, tourism, hotel and catering services will also be profound.

Employment challenge

As for enterprises engaged in the building of sports venues and traffic facilities, they will be able to take on new projects. With new technology and better skills gained through carrying out Olympics-related projects, their workers can find more job opportunities.

On the other hand, China currently is short of high-caliber professionals in terms of financial and IT services. Those who accumulate experiences during the Olympic Games will be able to stay in the industries after 2008.

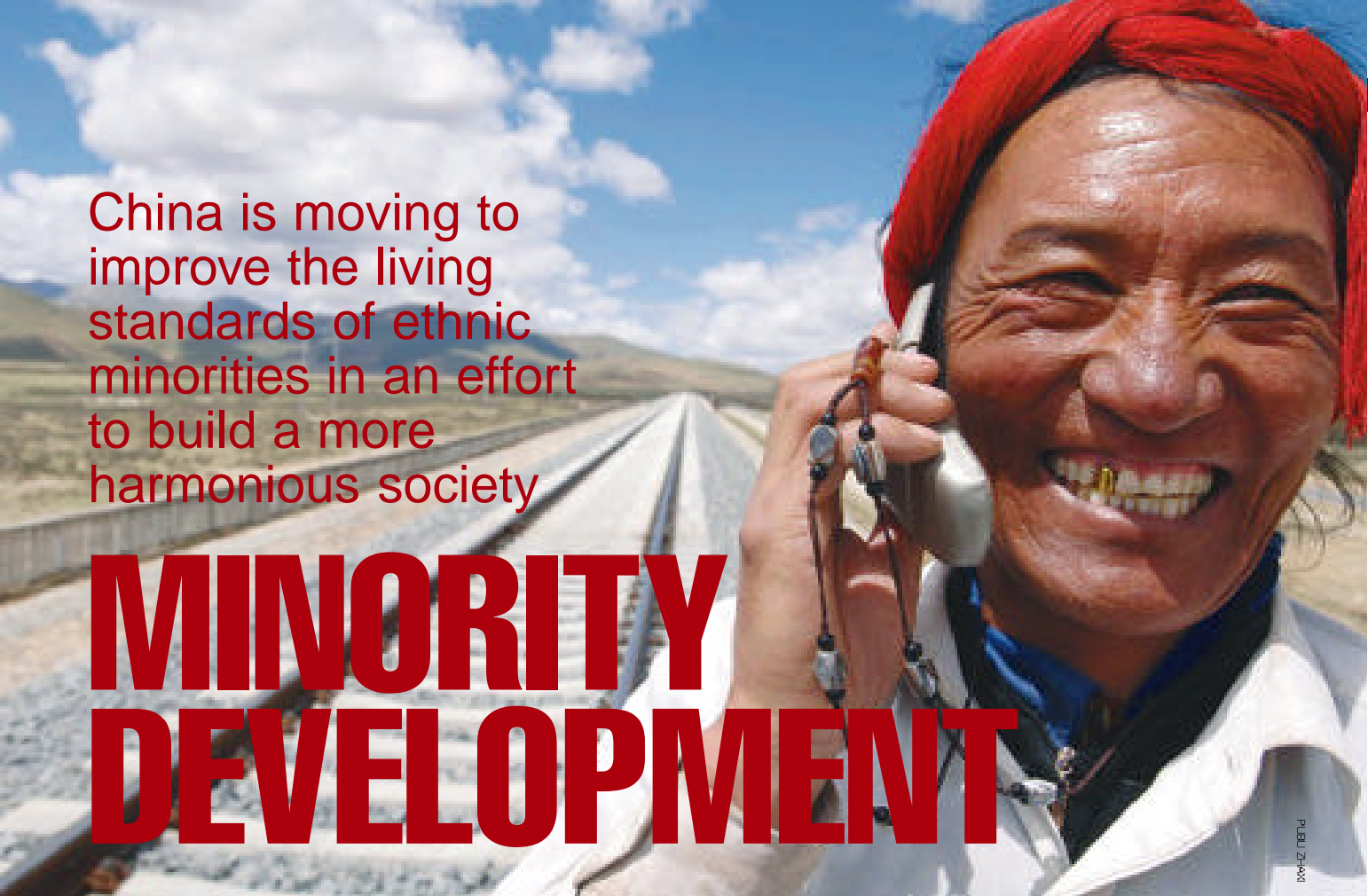
The tourism, retail and catering industries are likely to experience a slump after 2008, which may decrease job opportunities in these sectors. However, while China's economy continues to grow, Beijing's status as a major tourist attraction will remain. In the long run, these industries will expand and create new jobs.

Sustained growth

In my opinion, there are five major obstacles—industrial monopolies, the almost stagnant transformation of the government's functions, slow increase of farmers' income, an insufficient supply of resources and environmental constraints. To remove these obstacles, we must deepen reforms.

Industrial monopolies must be broken to allow more private enterprises to enter areas that were once closed off to them. The government should complete altering its role as early as possible to serve enterprises best. To increase the income of farmers, China needs to concentrate on the reform of the urban-rural dual structure, promote

and optimize the mobility of production factors in urban and rural areas, and increase investment in rural education, health care and social security. In order to address shortages of certain resources, China should give priority to the reform of the R&D system and encourage enterprises to invest more in innovation, so as to establish a multi-layer capital market system and alleviate the problem of an insufficient energy supply by developing new energy resources. To ease environmental constraints, the government should adopt a comprehensive assessment system and increase monitoring of environmental protection. ■



PI LIU ZHANG

China is moving to improve the living standards of ethnic minorities in an effort to build a more harmonious society

MINORITY DEVELOPMENT

NO LONGER REMOTE: A Tibetan herder calls a friend. Telecommunications have covered once remote areas along the Qinghai-Tibet railway line

By FENG JIANHUA

The Chinese Government issued the 11th Five-Year Plan (2006-10) for Ethnic Minorities Affairs in late March, 2007, the first of its kind since the founding of the People's Republic in 1949.

According to the plan, China's ethnic minority areas will see much progress by 2010: public infrastructure and the ecological environment will be improved, poverty levels will be eased and the standard of living will be raised.

"The plan aims to provide equal basic public services to all, starting by solving the conspicuous problems and difficulties of ethnic minorities and autonomous regions," according to Dondrub Wangben, Vice Minister of the State Ethnic Affairs Commission.

Lagging behind

The Chinese Government has attached great importance to ethnic minority affairs, and energetically supports work in this regard, said the vice minister. However, due to historical, natural and social reasons, economic and social development have not been well coordinated in many ethnic

minority areas and the gap between rural and urban regions as well as between ethnic groups remains large and is a hindrance to building a harmonious society, he said.

China is a unified multi-ethnic country with 56 ethnic groups (for more information, see P.27). More than 100 million people, or 8.4 percent of the country's total population are from ethnic minorities. Ethnic autonomous regions cover an area of over 6 million square km, making up 63.7 percent of China's territory.

Of the nation's 55 ethnic minority groups, 50 are situated in the western part of the country where economic development has progressed slowly, accounting for 75 percent of the total minority population.

According to Dondrub, living conditions in some ethnic minority areas are critically low, with poor infrastructure, a lack of social services and few ways for people to increase their income. Efforts to alleviate poverty have largely proved unfruitful as a result of natural disasters, heavy medical and educational costs.

In 2005, 11.7 million people from ethnic minorities were living in absolute poverty, comprising 50 percent of the total poverty population. The poverty rate among ethnic minorities stood at 6.9 percent, 4.4 per-

centage points higher than the national average.

According to statistics from the State Ethnic Affairs Commission, there are 22 small-population minorities, referring to those with a population below 100,000, numbering around 630,000 people.

Most of the small-population ethnic minorities live in the remote mountain areas of west China. Many of the 640 administrative villages inhabited by small-population ethnic minorities do not have electricity, drinking water, health clinics, primary schools or telephones. The level of illiteracy in these communities stands at 42 percent and in nine minority groups even exceeds 50 percent.

No discrimination

To carry out its ethnic equality policy, in 1953 the Chinese Government started a large-scale program to identify all of the country's ethnic peoples. A total of 55 ethnic minorities were identified, making each ethnic minority an equal member of China's family of peoples for the first time in history.

China's ethnic groups are spread across the nation and live in a diverse range of communities. In some cases minority peoples can be found living in concentrated communities in areas inhabited mainly by the Han people,

while in other cases this situation is reversed. China's ethnic minorities, though small in numbers, are scattered over vast areas, and live in every province, autonomous region and municipality directly under the Central Government.

Equality and unity among ethnic groups have been clearly defined in China's Constitution and laws. The Constitution of the People's Republic of China stipulates that all ethnic groups are equal. The state protects the lawful rights and interests of ethnic minority groups and upholds and develops the relationship of equality, unity and mutual assistance among all peoples. Discrimination against any ethnic group is prohibited.

To safeguard equality among ethnic groups and enhance unity, the Constitution contains provisions on the need to combat large ethnic group chauvinism, either Han chauvinism, or local ethnic chauvinism.

China has also joined international conventions including the International Convention on the Elimination of All Forms of Racial Discrimination, the International Convention on the Suppression and Punishment of the Crime of Apartheid, and the Convention on the Prevention and Punishment of the Crime of Genocide, and has conscientiously performed the duties prescribed in these conventions and made unremitting efforts together with the international community to realize ethnic equality and oppose racial segregation and ethnic oppression and discrimination in all countries of the world.

In China, any words or acts aimed at inciting hostility and discrimination against any ethnic group and sabotaging equality and unity among peoples are regarded as violating the law.

Any ethnic minority subjected to discrimination, oppression or insults, has the right to complain to judicial institutions at any level, which are bound by duty to handle the complaint.

In China, ethnic minorities and the Han people participate as equals in the management of affairs of central and local governments at all levels, and the right of ethnic minority groups to take part in the management of state affairs is guaranteed. Elections to the National People's Congress (NPC)—the highest organ of state power—fully reflect respect for the rights of ethnic minorities.

From the first NPC, held in 1954, to the present day, ethnic minorities have enjoyed over-representation among deputies.

Practicing ethnic regional autonomy in areas where people of ethnic minorities live in compact communities is a major political aim of China and a basic policy of the Chinese Government.

Regional autonomy for ethnic minorities means that under the unified leadership of the state, regional autonomy is practiced in areas where people of ethnic minorities live in concentrated communities; in these areas organs of self-government are established for the exercise of autonomy and for people of ethnic minorities to become masters of their own region and manage the internal affairs themselves.

Help continues

In accordance with the actual conditions in ethnic minority areas, the state has worked out and adopted a series of policies and measures to assist these areas in developing their economies, as well as mobilized and organized the developed areas where Han people live to support them.

The 11th Five-Year Plan for Ethnic Minorities Affairs set out six main targets as well as 11 main tasks and 11 key projects, involving every aspect of the development of minority groups.

In August 2005, the State Council discussed and adopted the development plan (2005-10) for the aid of ethnic minorities with small populations. Substantial measures were announced in the plan, including improving the infrastructure for these ethnic minorities, optimizing their economic structure, promoting science and technology and training more qualified professionals.

The 11th Five-Year Plan for Ethnic Minorities Affairs also addressed a lack of information, which is a big obstacle to the development of remote ethnic minority dominated areas.

According to Lou Qinjian, Vice Minister of Information Industry, by the end of 2005 ethnic minority areas had had 30.84 million fixed phone users, 37.17 million mobile communications subscribers and 5.31 million Internet users, with the popularization rate of fixed telephone and mobile phone users reaching 18 percent and 22 percent respectively. ■



MAKE POVERTY HISTORY: An ethnic minority pupil answers a question during a Chinese class in a poverty-alleviation school in Urumqi, Xinjiang Uygur Autonomous Region



CULTURAL TREASURE: In southwestern Guizhou Province, a performer of Dixi, an ethnic folk drama, teaches his students vocal skills and stage moves of the art which dates back thousands of years

ENDANGERED ETHNIC CULTURE

The ancient traditions of many minority groups across China face extinction because of economic development

By FENG JIANHUA

On March 22, a group of scholars from Canada and China met at Qinghai Nationalities Institute in the western Province of Qinghai to exchange ideas on how to protect the history and culture of ethnic minority groups. Speaking at the international conference, Professor Jia Yinzhong from Southwest University for Nationalities expressed worry about the inadequate protection given to the spoken and non-material cultural heritage of China's ethnic minorities.

Jia said that many of the traditions and languages of ethnic minorities are on the verge of extinction because of a lack of inheritors. In many villages, the number of

people who can talk in their mother tongue has been steadily declining. In Guizhou Province in southwest China, home to around 50 ethnic groups, there used to be over 30 villages where Miao people conversed in the Miao language. Now more than a third of these villages have switched to other languages.

As one of the oldest ethnic groups in southwest China, the Gelao people have a population of 500,000, most of whom reside in two counties in Guizhou Province. The Gelao language has no writing system.

"For the time being, only a handful of elderly Gelao people understand the language," said Long Yaohong, dean of a school at Guizhou University for Nationalities. "With economic and social development,

almost nobody in the two counties inhabited by Gelao people can speak the language."

In recent years, prompted by scholars, the Chinese Government has enacted and implemented a series of laws, regulations and policies on the protection of ethnic culture. In a general plan on the development of ethnic minority groups by 2010, the government has promised to collect and classify classics in ethnic languages, increase publication and news reporting in ethnic languages and preserve the customs and languages of minority groups of a very small population.

Dondrub Wangben, Vice Minister of the State Ethnic Affairs Commission, said Chinese society has attached unprecedented importance to the preservation of ethnic minority culture.

No successor

Zuochang, literally translated as sitting and singing, is an ethnic stage performance popular in northwestern Ningxia Hui Autonomous Region. As an art dating back hundreds of years, *zuochang* is on the verge of becoming an art form only seen in museums as there are only two professional performers, Xu Mingzhi and Zhao Jie.

"As I grow older, I have become worried about this stage art after my retirement," said Xu. He faces enormous pressure. On the one hand, he feels one person's strength is not enough to prevent the art form's extinction. On the other hand, he has to create new works to satisfy his audience's increasing demand for the ancient art.

"I started to sing on the stage at the age of 18, but who can succeed me when I cannot sing any longer?" said the 50-year-old Xu.

Xu is not the only person facing such a difficult situation. The problem of having no successors plagues most arts and crafts practiced by China's ethnic minorities. Tan Mingrui, 78, is a celebrated singer in the Tujia language. Tan can sing the folk songs of his ethnic group for three days in a row without repetition. When asked who will learn his art, Tan answered helplessly, "What young people think of is making money. They are unable to learn my songs wholeheartedly."

Jingzhou Miao and Dong Autonomous County is located in the southwest of the central Hunan Province. With a total population of 260,000, Jingzhou is home to 16 ethnic groups, of which Miao people and Dong people together account for over half of the total population.

In recent years, with the rapid social and economic development that China has experienced, local traditions and culture have been invaded by outside forces. Local people have scrapped the delicate traditional architecture of wooden houses built on stilts and lost interest in their traditional performing arts and rituals used to worship their ancestors.

Driven by the market economy, many young people have moved to cities to find employment where they have no opportunity to inherit their traditional culture. In cities, the majority of these young people accept a new lifestyle and gradually lose interest in traditional singing, dancing and clothing.

To make things worse, there are no professional researchers of the traditional singing and dancing of the

Miao and Dong people in the region. Throughout history, both ethnic groups have passed on many of their cultural traditions visually only. Younger men and women have watched their elders perform and learned from the experience, with no written material to guide them. The younger generation's lack of interest in learning traditional art forms means that many could die out in a generation.

"For many unique stage arts, the death of the artist will equal the death of the art. Such a scenario will cause enormous losses to China's cultural heritage," said Professor Wu Bing'an from Liaoning University, an expert on folk customs.

Miscommunication

Yongning Village in southwestern Yunnan Province is the home of over 1,000 Mosuo families, who are a branch of the

Naxi ethnic minority group and have kept a rare matrilineal custom alive. Mosuo brides do not leave their parents to form a new family after marriage. Instead, the husband visits the wife regularly.

In recent years, Lugu Lake beside the Mosuo community has been developed as a tourism destination. Attracted by the special marriage system of the Mosuo people, some tourists hold misunderstandings about local customs.

"Many male tourists half-jokingly ask whether they can visit us as a husband regularly and other tourists ask whether we have fathers," complained a Mosuo girl, who said these questions were insulting and irritating.

A local official said language and cultural differences had led to misunderstandings about the Mosuo people by the media, tourists and even scholars. He said many people who mistakenly believe that Mosuo people randomly have sex have come to

Province.

Difficult balance

Taijiang County is primarily a Miao community as about 97 percent of its 144,000 population are Miao people. Its unique culture and beautiful scenery have made the county a famous tourism spot.

In the last few years, the local government has implemented a policy encouraging farmers to earn profits from the tourism industry. Following such a policy, Jiubai Village has made a name for its traditional silver crafts. It is a tradition in the village to manufacture diaphanous silver headgear, traditional ornaments for Miao women. Gong Daxiang, 65, makes silver crafts for sale only during the idle farming season. He can make 5,000-10,000 yuan a year from his crafts, which is quite remarkable compared to his income from farming.

Some of Gong's fellow villagers have expanded their business to other Miao tourism spots and provided tailor-made silverware for tourists and art collectors. According to the local government, these farmers can easily make 60,000 yuan per year from the silver business.

Vice Minister Dondrub believes that most ethnic minority regions suffer from backward economies but possess rich cultural resources, which can be the basis for economic growth in the tourism industry. Many ethnic minority areas in China have developed themselves into world-renowned tourism destinations, such as Lijiang in Yunnan and Jiuzhaigou in Sichuan.

However, Dondrub said considering the endangered situation of some ethnic cultures, China should make protection its top priority. He believes economic development should come only after the preservation of culture.

Despite Dondrub's comments, some ethnic minority regions have embarked on massive property development driven by commercial interests, at the cost of the destruction of indigenous culture. Meanwhile, under the banner of protecting minority culture, some officials in ethnic minority regions have asked to confine people of a primitive ethnic minority to living in a small area.

Dondrub said every ethnic group should enjoy the rights of economic development and a better standard of living. "It is inhuman to cut off one ethnic group from the outside world only to protect its unique culture," he said. ■



ETERNAL CHARM: A Tibetan painter puts the finishing touch on his latest Tangka painting, a kind of sacred Buddhist painting mounted on silk created by Tibetans

Lugu Lake for a one-night stand, which is humiliating for Mosuo people.

Zhuo Huashan, a scholar from Hong Kong who lived in a Mosuo village for more than a year to study their society, believes that the main reason for the outside world's misreading of the Mosuo people is the backward economy and education of the region. This lack of economic and educational development has deprived Mosuo people of the right of speech. For a long time, Mosuo culture has been interpreted by scholars and writers while the Mosuo people's voice is rarely heard.

"Mosuo people have been studied by scholars from 20 countries, who have published their results in books. Meanwhile, the Mosuo people themselves cannot speak for themselves," said a Mosuo scholar of the Academy of Social Sciences of Yunnan



TRILINGUAL: Students from a primary school in Lhasa, capital city of Tibet Autonomous Region, write a blackboard newspaper in Chinese, Tibetan and English

071-FX

LANGUAGE DILEMMA

Linguists and the government hope to preserve the diversity of China's languages

By LI LI

When Xu Shixuan, a linguist from the Chinese Academy of Social Sciences, returned to a southwestern county bordering Myanmar in 2002 to study the local language after a nine-year interval, she was struck by the change to Li Xuewen, a master storyteller in the village. Xu could not relate the silent and listless old man with watery, turbid eyes to her vivid memory of Li reciting tales of his ancestors. When Li's fellow villagers told Xu that a serious illness several years ago had led to the changes to the old man, Xu felt sorry both for Li, and for the human history that could be lost forever before being recorded.

Li is a speaker of the Bisu language, a transnational language spoken in the border areas of China, Thailand, Myanmar and

Laos. The Bisu people of China live in Yunnan Province in southwest China. They are a branch of the Lahu ethnic minority. There are around 6,000 Bisu people in China and less than one third can speak their own language. The decline of the Bisu speaking population is also happening in Thailand, Myanmar and Laos, putting the language on the verge of extinction.

Like most of the 82 ethnic languages in China, the Bisu language does not have a unified writing system. The Bisu people's culture has traditionally been passed on through story telling, usually by a respectable senior citizen, during festivals, weddings and funerals, where smart and articulate young men picked up the tales and later tell them to their children.

The fascinating folk tales told by Li, which Xu believed best captured the essence of the Bisu language and history,

have provided rich material for her research, which she compiled into a book entitled *Bisu Language*, published in 1998. "There is no single Bisu person in my research, young or old, who is nearly as knowledgeable about their language and history as Li," said Xu, who still regrets that she failed to record more.

As a linguist who has studied China's ethnic languages for more than two decades, Xu has witnessed the death of numerous languages. Although the demise of a language is in some cases inevitable, she expects that the wakening social awareness of cultural diversity and the state's new efforts to protect endangered languages will help to slow the process.

According to a general plan related to ethnic minorities during the period of the 11th Five-Year Plan (2006-10) released in March 2007, the government will support the collection of materials and studies on endangered ethnic languages and help to set up a national database for all endangered ethnic languages in China. This marks the first time that protection of endangered ethnic languages has been clearly written into a national policy.

Xu believes this is encouraging for China's linguistic academics studying endangered languages, who felt outside of the mainstream 10 years ago. Xu said Chinese linguists were introduced to the concept of endangered languages for the first time at the 15th International Congress

of Linguists on the Survival of Endangered Languages in 1992. The first national academic conference on endangered language was held in 2000.

Over the last decade, China's cause of protecting endangered languages has proceeded rapidly as scholars have been awarded research grants from the Central Government, provincial governments, the United Nations, and foreign academic institutions. Xu said her major concern is a lack of standardization in material classification and an overall research plan, which has led to an enormous waste of research resources. The linguist, who is doing a three-year program sponsored by the UK-based Endangered Languages Documentation Program, said China urgently needs to learn about language preservation from advanced countries and set up a national language archive open to all linguistic researchers.

Until recently the focus of China's governmental language policy had been put on popularizing *putonghua*, a common form of speech with pronunciation based on the Beijing dialect and the standardized Chinese characters created in 1955. The policy was designed to smooth communication between people from different regions as the Chinese spoken by the majority Han people, which constitutes 92 percent of the total population, has some seven major

dialects and can be divided into hundreds or even thousands of smaller categories. In October 2000, the Law on the Standard Spoken and Written Chinese Language was released, which demands local governments at various levels and the relevant departments under them should take measures to popularize *putonghua* and the standardized Chinese characters.

Xu said she thinks it is time for the government to shift the focus from promoting *putonghua* to preserving language diversity. "As we all know, language is a tool for communication. People tend to select the handiest tool, which is the majority language in terms of communication. People's self-motivation in mastering the majority language has become a worldwide phenomenon, and *putonghua* is no exception," she added.

She said in her field of research she had encountered an interesting phenomenon among government officials who assisted her research in regions inhabited by minority groups. These government officials, who were from local ethnic minorities, on the one hand complained about the decline of local ethnic culture, while on the other hand teaching their children *putonghua* or dialects of *putonghua* rather than their ethnic group's language as a mother tongue. The reason for this was primarily that they believed a good command of *putonghua*

was linked with better education and employment opportunities, especially if the children left the region to seek a life elsewhere. Meanwhile, they believed that learning a local language could hinder their children's ability to learn *Putonghua*. Xu called these parents the "language-filtering generation," whose perception could cause the extinction of a language in the long term.

Xu believes it is a mistake to promote the learning of *putonghua* against learning ethnic languages. Her long-term studies have concluded that China's most bilingual ethnic groups, including Korean, Bai and Zhuang, have enjoyed economic development levels and education levels higher than the average level for ethnic minority peoples.

Xu expects a lot from the general plan for ethnic minorities released in March, which intends to introduce pilot programs to create a bilingual cultural environment in ethnic minority regions. Xu's opinion was solicited to create a draft for the plan. One intention of the pilot program is to improve bilingual education. For the time being, more than 10,000 primary and middle schools in ethnic minority regions teach courses in 21 ethnic languages. Ideally she would like children in the plan's pilot regions to begin to cherish their native languages and have no difficulty accessing quality education whether they speak *putonghua* or not. ■

Spoken and Written Languages in China

The Han people's spoken and written language is the most commonly used language in China, as well as one of the most commonly used languages in the world. Chinese, also known as *hanyu* or Han Chinese, comprises seven major dialect groups that are composed of over 100 sub-dialects. These dialects are major components of Chinese culture, playing a unique role in the formation and development of the Chinese nation.

Generally speaking, one ethnic group uses one language, but there are those that use two or more languages. These languages, except for Korean and Gin, whose relationships have not been classified, belong to the Sino-Tibetan family, the Altaic family, the Austro-Asiatic family, the Austronesian family and the Indo-European family of languages.

Archaeological findings and research results indicate a total of 57 ethnic minority scripts have been used within the boundaries of China since ancient times, and 22 ethnic minorities in China are using 28 written languages of their own. In China, the spoken and written languages of ethnic minorities are widely used in the fields of law and justice, administration, education, political and social life, and other areas. When important meetings, such as the national congresses of the Communist Party of China and sessions of the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference, are held, documents of the meetings are available in

Mongolian, Tibetan, Uygur, Kazak, Korean, Yi and Zhuang, and simultaneous interpretations in those languages are also provided.

The minority groups of Mongolian, Tibetan, Uygur, Kazak, Kirgiz, Korean, Yi, Dai, Lahu, Jingpo, Xibe and Russian have their own scripts, most of which have a long history. Of these, Mongolians in the Mongolian-inhabited areas use alphabetic scripts, written vertically, while those living in Xinjiang Uygur Autonomous Region use different alphabetic scripts that fit local dialect features. The Dais in Yunnan Province use four kinds of scripts in different areas.

Most Lisu Christians use a Lisu script based on the Roman alphabet, which uses only upper case letters as well as inverted upper case letters. There are also a small number who use syllabic Lisu writing, created by locals. The Va Christians in Yunnan use a Va script based on the letters of the Roman alphabet. Some Zhuang, Bai and Yao peoples use ethnic scripts that are prominently influenced by Han Chinese scripts.

The Mongolian, Tibetan, Uygur, Korean and Yi languages have coded character sets and national standards for fonts and keyboards. Software in the Mongolian, Tibetan, Uygur and Korean languages can be run in the Windows operating system, and laser photo-typesetting in these languages has been realized. Applied software in the languages of ethnic minorities are emerging one after another, and some achievements have been made in research into the OCR (optical character recognition) of languages of ethnic minorities and machine-aided translation.

(Source: China: Facts and Figures 2006)

MELTING POT

Though differences between China's ethnic groups persist, people and cultures are mixing

By JING XIAOLEI

She sat in a coffee shop, with dyed brown hair, speaking fluent *putonghua*. “Quite often people think I’m from mixed blood,” said Guli, 27, a Uygur girl who was born and grew up in Kuqa County, Xinjiang Uygur Autonomous Region, an area inhabited by ethnic minorities (for more information, see P.27) with Uygur being the largest.

Guli has been a mathematics teacher for three years at Beijing Hui School, which has many students from ethnic minority backgrounds. “My father always told us that if we wanted to have a better career in the future we’d better learn Chinese well, so he sent all his six children to Han language schools,” said Guli, who has three sisters and two younger brothers. Han language schools refer to schools in predominantly ethnic minority areas where classes are taught in *putonghua* rather than in a local ethnic language.

Her father works as a financial manager in a local oil company. He came to realize the importance of learning Chinese during the 1970s when he was required to write receipts not only in Uygur but also in Chinese.

Guli attended Han language primary and middle schools that were mostly attended by Han Chinese students and were twice as expensive as ethnic minority schools in the area. Benefiting from the country’s preferential policy for ethnic-minority students, who can be awarded 10 to 20 points on their grades for the college entrance examination, Guli ended up in Northeast Normal University in Changchun, Jilin Province, though she had wanted to go to college in the country’s alluring capital, Beijing.

College life was good for her. She lived in a dormitory with several Han girls and made good friends with them. Her new friends were

considerate and thoughtful of her culture. When they went out to a restaurant they respected her Muslim traditions and were careful about choosing a place to eat.

Despite their welcome, being from an ethnic minority in a Han-people dominated city sometimes did bother Guli a little, particularly because of her slightly foreign appearance. “I hate to be stared at when I’m riding a bus or shopping in a supermarket,” she said, admitting that she would yell out in her heart, “Don’t look at me like that. I’m a Chinese as you guys are!”

But after a while she became more accustomed to the looks and even began to smile to her curious onlookers. “I’m becoming more tolerant because I know they are good people and they don’t mean bad,” she said.

“I always feel that we are the ones who live our lives in the chink between two cultures,” said Guli, talking about people from ethnic minorities who move away from their region.



JING XIAOLEI

FITTING IN: Guli, a Uygur girl in multicultural Beijing



MIX OF CULTURES: Located in Xuanwu District, an area of Beijing with a large Muslim population, the Niujiie Mosque encompasses both ancient Chinese and Arabian architectural styles, and is the oldest and most famous Muslim place of worship in Beijing

Having studied away from her hometown, she began to find her outlook on the world different from many other Uygur people. She didn’t get along well with Uygur fellows from the fellow-townsmen’s association in her university. “It’s partly because I’m too independent and I don’t like their cliquish behavior, but the most important reason is that I have a Han Chinese boyfriend,” she explained.

According to her, the *Koran* bans marriage between Muslim women and non-Muslim men. She’s been in love with her boyfriend for seven years but she knows there is little chance of them getting married.

“My boyfriend’s parents like me and are very kind to me, but my family opposes our marriage,” she said, with a hint of frustration flashing in her eyes.

“I pray to Allah and seek for peace from him when I’m feeling lonely or depressed,” she added, admitting that she’s not a strict Muslim and seldom goes to Mosque to worship. “Religion is something all about heart and soul, and I’m sure Allah is always there for me when I need help.”

Despite her problems Guli is satisfied with her current life in the country’s capital. “I have a decent job, make a good salary and have respect from my students and their parents. I like my life here in Beijing.”

Talking about the future, she said she has long wanted to own a flower shop. “I’m a romantic type of person. I’d prefer to open my flower shop in a small city by the sea, where life is quiet and simple,” said the Uygur girl, painting a beautiful future scenario, just like a million other dreamy girls on the planet.

BASIC FACTS OF VARIOUS ETHNIC MINORITIES

Name	Population	Where They Live
Mongolian	5.8139 million	Inner Mongolia, Hebei, Liaoning, Jilin, Heilongjiang and Xinjiang
Hui	9.8168 million	Ningxia, Beijing, Hebei, Inner Mongolia, Liaoning, Anhui, Shandong, Henan, Yunnan and Xinjiang
Tibetan	5.416 million	Tibet, Sichuan, Gansu, Qinghai and Yunnan
Uygur	8.3984 million	Mainly in Xinjiang
Miao	8.9401 million	Guizhou, Yunnan, Hunan, Hubei, Guangdong, Sichuan, Chongqing and Guangxi
Yi	7.7623 million	Yunnan, Sichuan, Guizhou and Guangxi
Zhuang	16.1788 million	Guangxi, Yunnan, Guangdong, Guizhou, Hainan, Hunan and Hebei
Bouyei	2.9715 million	Guizhou, Yunnan, Sichuan and Guangxi
Korean	1.9238 million	Jilin, Heilongjiang, Liaoning and Inner Mongolia
Manchu	10.6823 million	Mainly in Liaoning
Dong	2.9603 million	Guizhou, Hunan and Guangxi
Yao	2.6374 million	Guangxi, Hunan, Yunnan, Guangdong, Guizhou and Jiangxi
Bai	1.8581 million	Yunnan, Guizhou, Sichuan and Hunan
Tujia	8.0281 million	Hunan, Hubei, Sichuan and Guizhou
Hani	1.4397 million	Yunnan
Kazak	1.2505 million	Xinjiang, Gansu and Qinghai
Dai	1.159 million	Yunnan
Li	1.2478 million	Hainan
Lisu	634,900	Yunnan and Sichuan
Va	396,600	Yunnan
She	709,600	Fujian, Zhejiang, Jiangxi, Guangdong and Anhui
Gaoshan	400,000	Taiwan, Fujian and Zhejiang
Lahu	453,700	Yunnan
Shui	406,900	Guizhou and Guangxi
Naxi	308,800	Yunnan Province
Dongxiang	513,800	Gansu, Qinghai, Ningxia and Xinjiang
Jingpo	132,100	Yunnan
Blang	91,900	Yunnan
Kirgiz	160,800	Xinjiang
Tu	241,200	Qinghai
Daur	132,400	Mainly distributed along the banks of the Nenjiang River, northeast China and in Xinjiang
Mulam	207,400	Mainly in Guangxi
Qiang	306,100	Sichuan
Salar	104,500	Qinghai, Gansu and Xinjiang
Tajik	41,000	Xinjiang
Maonan	107,200	Guangxi
Gelao	579,400	Guizhou, Yunnan and Guangxi
Xibe	188,800	Xinjiang, Liaoning, Jilin and Heilongjiang
Achang	33,900	Yunnan
Pumi	33,600	Yunnan
Nu	28,800	Yunnan
Ozbek	12,400	Xinjiang
Russian	15,600	Xinjiang, Heilongjiang and Inner Mongolia
Ewenki	30,500	Inner Mongolia and Heilongjiang
Bonan	16,500	Gansu
De'ang	17,900	Yunnan
Yugur	13,700	Gansu
Tatar	4,900	Xinjiang
Lhoba	3,000	Tibet
Jino	20,900	Yunnan
Derung	7,400	Yunnan
Oroqen	8,200	Inner Mongolia
Hezhen	4,600	Heilongjiang
Moinba	8,900	Tibet
Gin	22,500	Guangxi

Note: Above statistics are according to the fifth census of China's population in 2000.

(Source: China: Facts and Figures 2006)

JOB INFORMATION

TEFL in China Certificate Training Program, With Job Placement

ChinaJob.com (CAIEP) with the Center for Teaching & Learning in China, USA (CTLIC)

Date: August 22-29, 2007

Location: Beijing and Shenzhen City, Guangdong Province

Program tuition: \$500 (or yuan equivalent)

Training

This well-designed, intensive eight-day training program prepares native speakers of English to teach oral English in China. If you desire to be an energetic, effective teacher, this training program will help you to be a better English teacher in China. The training is specifically focused on teaching English speaking and listening skills and includes a wide range of essential topics that provide the basis for success as a teacher in China. The lead trainers and teaching assis-

tants are well qualified and experienced.

Certificate

You will earn a TEFL in China Certificate awarded by the U.S. TEFL Training Center jointly with the China Association for International Exchange of Personnel (CAIEP), which is an affiliate of the State Administration of Foreign Experts Affairs.

Job Placement Service: As long as you are successful in applying for a job placement posted on the website: <http://tefl.chinajob.com>, you will gain a free TEFL training opportunity.

Contact: Shari

E-mail: tefl@ChinaJob.com

Tel: 0086-010-68946818, 68948899 ext. 50112

Fax: 0086-010-68949527

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We offer job placement during summer vacation, and if you are interested, please visit our website: www.chinajob.com.

Professional Vacancy:

Han's Laser Technology Co. Ltd., established in 1996, is now a world-class enterprise, the largest laser machining equipment manufacturer in Asia. Our customers include Sony, Panasonic and many other top brands in various fields. We have a 107,000-square-foot custom-built factory and research center, facilitating our passionate 2,000 employees; among which there are six academic experts, and over 60 engineers hold a Master's degree or above.

Positions:

International Investment Manager (Location: Shenzhen)

Responsibilities:

Be responsible for international investment projects.

Qualifications:

Bachelor's degree in finance or accounting,

Master's degree preferred;

Over five years of working experience in international finance or international accounting;

Investment or financing work experience both in China and abroad preferred;

Proficient in English and Chinese, with the passion to take on a great challenge and a desire for success.

Assistant to Board Chairman (Location: Shenzhen)

Responsibilities:

Manage time, agenda and logistics in a complex environment and coordinate schedules with other internal/external executives;

Receive customers, suppliers and other visitors and exercise judgment in handling requests from them to assess their priorities.

Qualifications:

Bachelor's degree, team player with at least one year related experience;

Outstanding communication skills are a must to interact externally with customers and government agencies, as well as internally within the organization;

Ability to proficiently utilize hardware, software and web applications to perform administrative activities;

Sound and independent judgment to resolve complex situations;

Excellent language proficiency in both English and Chinese.

International Sales Assistant (Location: Shenzhen)

Responsibilities:

Provide admin/secretarial support for the sales department on sales proposal preparation, quotations, contract processing and filing, project fol-

low-up, customer order handling, sales exhibitions and other related work;
Prepare monthly/quarterly sales reports.

Qualifications:

Bachelor's degree in business or related majors;
Over two years' experience in sales administration and secretarial service with a JV or multinational company;

Proficient in Microsoft Office.

International Lawyer (Location: Shenzhen) Responsibilities:

Audit business contracts for equity ownership of international investments, take part in project negotiations and provide legal support both internally and externally;

Audit and draft law documentation of the company's international investment businesses and other relevant files;

Participate in the formalization of the company's investment equity ownership, contract auditing and other general businesses from a professional lawyer's point of view;

Take part in drafting and pushing standardization of the company's law documentations.

Qualifications:

Bachelor's degree or above, law discipline;

Three years work experience in international law for a large-scale group;

Excellent in both English and Chinese, proficient in using English to handle law business, ability to speak second foreign language preferred;

Outstanding communication skills and team-work spirit;

Ability to travel.

Contact:

Tel: 86-755-86161099

E-mail: hrwork@hanslaser.com

Website: www.hanslaser.com

Teaching Vacancies:

The International College of Beijing (ICB), as one of 14 colleges of China Agricultural

University, was founded in 1995, offering international education to Chinese and international students.

ICB provides an exciting rewarding learning experience in an English-speaking environment. ICB currently runs undergraduate educational programs with three partners, the University of Bedfordshire, Plymouth University in Britain and the University of Colorado at Denver in the United States.

Around 700 students in three different levels, namely level zero, level one, and level two are currently studying in the seven programs:

Business Administration
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Advertising and Marketing Communications
Human Resource Management
Accounting and Finance
Business and Information Communication Technology
Media Production

Teacher's qualification:

Native English speaker or as fluent

Master's degree or above

Must have teaching experience OR relevant working experience

Payment:

8,000-10,000 yuan per month before tax

Return air tickets from and back to your home country

Guesthouse room (single room with private bathroom, shared kitchen, TV, air conditioner, free Internet).

Working conditions:

College students

Fully equipped classroom

45-50 students per class

Imported English textbooks

English as working language

Visa support

You are welcome to join us, be a member of our faculty of more than 50 people among whom 35 are international.

If you want to know more about us, please visit our website:

China Agricultural University: www.cau.edu.cn

International College at Beijing:

<http://icb.cau.edu.cn>

Taishan Medical University located in Shandong Province is looking for Russian teachers.

Requirements:

Bachelor, Master, Ph.D.

Native speaker (without strong accent)

Preference for more than two years' teaching experience

Majored in: language in education, history, literature, education, medicine, etc.

Age: 22-60

Good health and personality

Description:

Workload: 16 teaching hours/week

Courses: Listening and speaking, reading, writing (undergraduates and postgraduates)

Treatment:

Monthly salary (yuan): 3,000-4,000 (depending on teacher's education and workload)

Two-bedroom flat with lounge, kitchen, bathroom and living facilities, TV, fridge, air-conditioner, hot-water heater, telephone, computer, laser printer.

Medical care

Reimburse airfare from and to the applicant's country of origin after a one-year contract is fulfilled (reimburse half for a half year contract)

Traveling allowance: 2,200 yuan/year

Term of contract: half or one year

Documents required:

1. CV

2. Copy of passport

3. Certificate of final education

4. Letters of recommendation

Contact: Kathy Lee

Tel.: 86-538-6222034

Fax: 86-538-6222505

Website: <http://www.tsmc.edu.cn>



China Hits the Road

The world's largest domestic tourism market faces increasing demands to improve service quality and tourism resource development

By LAN XINZHEN

With the assistance of a taxi driver and after several hours on a train with his family, Kang Liqin finally found a hotel with vacant rooms.

Clean and comfortable, this two-star hotel saw a 40-percent rise in room rates during the May Day "golden week." The taxi driver highly recommended the hotel, saying Kang was "very lucky" to find accommodation in Hangzhou, Zhejiang Province. The city, known for its scenic attractions, was packed during the holiday.

"Many tourists are sleeping on the street," said the taxi driver.

Kang took the advice of the driver. She and her family had been to five hotels—all booked—before finding this one. Less than an hour after they settled in, the hotel was also out of rooms.

Over the next two days, as her family toured the city, Kang was able to see the so-called "golden tourism week" first hand. Tourists were everywhere. Once the family had to wait an hour for a taxi. Lines were long in front of scenic spots that were packed with holiday photographers. Sometimes it didn't take much effort to walk—the push of the crowd moved the family along in a human river.

"We came to enjoy the scenery, but most of the time we just saw the back of the heads of other tourists," complained Kang.

And according to the Hangzhou Statistics Bureau, there were a lot of heads to see. Around 7.6 million tourists came to the city during the recent May Day holiday—nearly equaling the number of its permanent residents. The Hangzhou Tourism Administration reported that hotels, restaurants, transportation services and scenic areas all operated beyond their capacity.

Hangzhou wasn't the only place to witness extraordinary holiday migration. Beijing, for instance, saw an influx of 4 million tourists, and about 1.8 million Beijingers left the capital city for the holiday.

According to the National Tourism Administration of China (NTA), during the holiday, 179 million Chinese traveled across the country—an increase of 36 million from

the previous year—filling major scenic spots and transportation routes to full capacity.

Domestic tourism boom

In less than two decades, China has developed the world's largest domestic tourism market, said NTA Deputy Director Wang Zhifa.

"Tourism in China has experienced three stages of development," said Wang. "It began from mainly hosting foreign guests and becoming a source of China's foreign currency reserves, to developing into the present domestic market dominated by Chinese tourists."

In 2006, the tourism sector registered 620 billion yuan (\$81 billion) in revenue from 1.39 billion individual Chinese tourists, a year-on-year growth of 17 and 15 percent respectively. For the first time, the growth of domestic tourism revenue exceeded that of GDP.



HOLIDAY MIGRATION: Major cities with tourist attractions in China witness extraordinary holiday migration twice a year during the National Day and May Day holidays

"Tourism has become the third most important family consumption, next to housing and automobiles," said Wang Maolin, Deputy Director of the China Society of Urban Economy. "It enjoys a huge market potential."

A study released by the World Travel and Tourism Council (WTTC) on China's tourism and travel economy predicts that income from tourism will account for 2.5 percent of the country's GDP in 2007. The study also optimistically forecasted that the tourism sector would see average sustained annual growth of 10.4 percent over the next decade.

Related industries have risen around the burgeoning domestic tourism industry. NTA statistics indicated that at the end of 2006, there were 12,000 star-level hotels, 16,000 travel agencies and over 20,000 tourist resorts. More than 48 million people are directly or indirectly employed in the tourism sector, accounting for 5.2 percent of the workforce in China. During the recent May Day holiday, some airlines operated flights exclusively to popular tourist destinations.

According to the 11th Five-Year Plan, by 2010 the number of domestic tourists will reach 1.78 billion, with tourism revenue surpassing 1.22 trillion yuan and accounting for 7 percent of the GDP. In 2015, the number of domestic tourists is expected to exceed 2.6 billion, with tourism revenue hitting 2 trillion yuan.

"This constitutes an enormous market," said Shao Qiwei, Director of the NTA. "It will become a significant industry."

Open tourism markets

The growing Chinese tourism industry is not only exciting domestic travel agencies. Foreign agencies are eager to get in the game as well.

Under WTO commitments regarding opening its tourism sector to outside competition, China has to allow foreign investment in travel agencies and lift restrictions on where those travel agencies could locate by November 2007.

"In fact, tourism is among the earliest industries to open extensively to foreign investment," said Wang Zhifa. In July 2003, the NTA fulfilled its WTO commitments four years ahead of the deadline and approved the establishment of the first wholly foreign-funded travel agency, Jalpak International (China) Co. Ltd., in Beijing.

Apart from Jalpak International, U.S. business travel giant American Express established a joint venture with the China International Travel Service in 2003, and the German giant CAISSA Touristic (Group) AG invested 30 million yuan (\$3.9 million) in CAISSA (China) Investment Co. Ltd. in 2006 to provide travel agency, airline and e-commerce services. Currently, there are 10 joint ventures or for-



WELI WANG

infrastructure and a slow pace of development of public facilities have failed to keep up with the growing demands for transportation and accommodation within the travel market, said Wang Maolin.

Tourist Kang Liqin agrees, saying, "Some cities advertise nationwide for tourists, but their capacities are limited." Complaints the NTA has been receiving indicate that disputes between tourists and travel agencies have increased due to insufficient infrastructure at tourist destinations.

Wang Maolin believes that excessive exploitation within the travel market has destroyed part of the resources—a pressing problem for the industry which could do it much harm in the future.

"Some scenic areas

are building high-profile hotels, restaurants and entertainment facilities to pursue short-term economic returns at the price of the sustainability of tourist resources," said Wang. "It's quite short-sighted."

In addition, tourists who lack a sense of environmental protection and cultural awareness have endangered the longevity and original look of ancient relics by engraving their names or climbing on them.

Wang calls for the sustainable development of travel resources, a development plan of national tourism resources, and the drafting of related state regulations and rules to guide and coordinate the use of tourism resources.

Shao Qiwei holds similar opinions. He said the NTA would encourage companies and institutions to train management teams with an international outlook and a spirit of innovation to prepare for competition in the global tourist market. He said the NTA, to facilitate the development of information and networks, would use hi-tech solutions to coordinate and monitor the development of tourism resources, and ensure the sustainability of the Chinese tourism industry.

"At the same time, we must improve the quality of service," Shao added. "In particular, we must strengthen the training of front-line employees including those in hotels and restaurants, as well as tourist guides, to broaden their horizons and enhance their skills and services." ■

OPEN MARKET: The Forbidden City in Beijing is a major tourist attraction for foreign guests

oreign-funded travel agencies in China.

Despite this, restrictions are still in place requiring a certain minimum amount of registered capital for travel agencies intending to establish branches in China. The good news, according to Shao, is that China will lift these restrictions on July 1 this year. By the time, foreign travel agencies will be allowed to establish branch offices in any Chinese city after passing through a licensing process and will be granted the same status as any domestic travel agency.

Some domestic travel agencies have embraced the news. Chen Rong, Vice President of the CITS Group Corp., believes the lifting of restrictions will provide opportunities for domestic companies to cooperate with foreign investors.

"With consideration of the advantages of local travel agencies, foreign investors will prefer joint ventures to wholly owned companies, hoping to make the most out of

respective strengths and participate in the management of major travel agencies in China," said Chen.

In the long run, Chen believes that opening the market to foreign investment is conducive to the development of the domestic travel market and will help speed up the division of labor within the industry.

Yet, some worry about the competition.

"If foreign investors acquire major travel agencies, it will have a great impact on the rest of domestic companies," said Zhan Lei, Spokesman for Spring International Travel Service. Spring International Travel attempted to partner with Rosenbluth in the 1990s on the founding of branches in China, but failed to see any fruitful results from the venture because of "idea clashes," according to Zhan.

Room for improvement

Despite the rosy prospects, there are problems within the travel sector. Weak

Domestic Tourism Figures (2000-06)

Year	Visits (million)	Growth (%)	Revenue (billion yuan)	Growth (%)
2006	1390	15	623.0	17.9
2005	1200	10	528.6	12.2
2004	1100	26.6	471.1	36.9
2003	870	-0.9	344.2	-11.2
2002	877.82	12	387.8	10.1
2001	783.66	5.3	352.2	10.9
2000	744.45	3.5	317.6	12.1



WAVING IT PROUD: Chinese tourists show their tickets at the foot of the Eiffel Tower in Paris. They are the first tourist group from China officially able to travel to 24 EU countries in September 2004

Go Abroad

China is currently the largest source of tourists for Asia, and by 2020 it will be the fourth largest tourist source for the world

By **WANG JUN**

During the recent May Day holiday, Ren Hongjuan, who works for ARD-Germany Radio Beijing, traveled with her husband to Spain. They visited Madrid and some ancient towns in the area. Instead of living in hotels, they chose to camp.

Since her first trip abroad to the Netherlands in 1994, Ren has traveled to Germany, Italy, Belgium, France, Spain, Thailand, Cambodia, Viet Nam and Myanmar. "We plan to go to Egypt, Greece and India in the future," Ren told *Beijing Review*.

When Ren first traveled abroad, few Chinese could be seen. She was often asked, "Are you Japanese or Korean?" But now, millions of Chinese travel outside China, just like Ren.

China's ever-growing outbound travel market has become Asia's largest source of tourists, says the Pacific Asia Tourism Association (PATA). According to statistics from the National Tourism Administration of China (NTA), about 34.52 million Chinese people traveled overseas in 2006.

A tourism boom

The forecast from the World Travel Fair 2007 predicts that some 37.4 million Chinese will travel abroad this year, an increase of 10 percent over last year. The World Travel Organization also estimates that China will be the fourth largest tourist source nation in 2020, and that in 15 years, 100 million Chinese people will travel abroad each year.

The major reason for the increasing number of outbound travelers is China's GDP growth. Wang Qiyuan, Director of the Leisure Economy Research Institute of Renmin University, said that when a country's average GDP exceeds \$3,000, it experiences a tourism boom. In 2006, as Shanghai's average GDP reached \$7,490, more than 2 million locals made trips abroad.

China's increasing number of outbound travelers has attracted international travel organizations worldwide. By the end of 2006, a total of 132 foreign countries and regions had opened travel markets to China, allowing Chinese citizens to travel to their countries. According to the NTA, 19 overseas travel agencies currently have offices in China.

Three U.S. states—California, Hawaii and Nevada—have tourism offices in China. Besides these states, the California city of Los Angeles has a travel office in China as well. According to Caroline Beteta, Executive Director of the California Travel and Tourism Commission, China will most likely become the state's largest overseas tourist source in the next decade. In European countries, Britain

will attract at least 200,000 Chinese tourists by 2010 and 500,000 by 2020, according to Sir Michael Lickiss, chairman of the British Tourist Authority.

Diversified destinations

“Southeast Asia is the most popular destination,” said Li Weimin, Press Manager with Shanghai’s Spring International Travel Agency. “A majority of our customers choose to go there.” Li attributed the boom of Southeast Asian routes to proximity, relatively low cost, balmy coastal weather and, in many cases, the availability of Chinese language services. “These routes are really hot, and it seems no matter how many airline seats we book, we can sell them to that number of tourists,” said Li.

According to a survey released at the International Forum on Chinese Outbound Tourism hosted by the Beijing Tourism Administration in November 2006, most Chinese outbound tourists travel within close proximity of China. The survey said that Asian countries and regions account for 90.4 percent of Chinese outbound travelers’ destinations. Eight of the top 10 outbound destinations of Chinese tourists are in Asia.

But other continents are starting to catch up.

“There are more and more high-income customers who have been to the Asian destinations and are willing to see different places,” said Sun Changwei, General Manager of the Outbound Department of China Youth Travel Service (CYTS). “The number of visitors to rich countries such as Britain and Australia is on the rise, and I think there is still big potential.”

He added that tours to new destinations contributed significantly to the 20-30 percent yearly growth in CYTS’s outbound

travel business.

However, some travel professionals say they are seeing evidence that the *nouveau riche* spending image of Chinese tourists is gradually changing. “There are an increasing number of customers who don’t like tours with heavy itineraries, and more and more are favoring the ones that give them more free time to see and taste where they are,” said Liu of the Beijing CITIC Travel.

Shanghai’s Spring International is among the travel agencies adjusting their itineraries to changing tastes. It recently promoted a 10-day tour to France and Italy in contrast to the traditional European routes, which may cover seven or eight countries in a week.

“An increasing number of outbound travelers don’t want to travel for travel’s sake—they want more leisure and fun,” said Li of the Spring International. “The ‘*nouveau riche*’ style of travel with heavy schedules and extravagant shopping will be outdated some day.”

On a spending spree

Coupled with the zeal to go abroad is the zeal to buy abroad. Early in 2005, Chinese tourists spent the most in the world when traveling abroad. According to Global Refund, an international tax-refund service, Chinese outbound travelers spent \$987 on average, and the monthly shopping expenditure could total \$235 million.

The consumption capability of Chinese travelers has largely been improved. “Ten years ago when we traveled to Europe, we dared not buy too many things and spend too much because we felt the prices were too high for us,” Ren told *Beijing Review*. “But now we feel it’s OK, for example, to take a taxi which costs some 10 euros.”

“We discovered that many of our customers, after paying for the tour package that accounts for 30-50 percent of their budgets, would spend most of the rest of their money on shopping, which is quite different from Western tourist habits of spending on accommodations and services,” said Sun.

Travel professionals say there are many reasons for the Chinese outbound tourist shopping spree. “If you look at some ordinary products in a foreign shop, you will probably find a ‘Made in China’ tag,” said Liu Yang, an outbound tour manager with the Beijing CITIC Travel Co. Ltd. “There are not many things worth buying except for those top luxury brands.”

“To most Chinese, the chance to travel abroad is rare, so when they get there, they want to buy something as a memento or something they can show off to their families and friends,” said Song Rui, a researcher on tourism with the Chinese Academy of Social Sciences. “There are business travelers who have their accommodations paid by others, which gives them a bigger budget to buy things, and there are tourists who have to select things for their friends at home.”

More luxury trips

With improved consumption capability, Chinese tourists are not satisfied with conventional travel and are searching for new styles of traveling.

Rovos Rail, a luxury train trip operator in South Africa, started market development in China in the second half of 2005, aiming at the high-end and tailored tourism market. Up to now, more than 40 Chinese tourists have traveled via Rovos trains, said Jin Xiaoxu, China representative of Rovos Rail. He said the package trips, often 10 days long, cost 70,000 yuan per person on average, with the cheapest costing about 45,000 yuan. Many of the customers are from high-income families in developed coastal areas such as Jiangsu and Guangdong, traveling for family gatherings or for such events as honeymoons.

As opposed to its customers from other countries who are older, most of Rovos’ Chinese customers are in their 40s. In Jin’s opinion, this is because in China the accumulation of wealth has been rapid and the development of the luxury travel market is abnormal.

“We have no specific target of growth in China, but we do believe the Chinese market will expand very rapidly,” Jin told *Beijing Review*. He hopes that customers that have enjoyed Rovos trips can be its best promoters. In his view, the Chinese market is worthy of observation and further input.

“It’s still a sowing season for us, not a harvest one,” Jin concluded. ■



GRAND TOUR: Chinese tourists begin to enjoy luxury trips, and more than 40 Chinese have traveled with Rovos. Here the luxury Rovos train crosses the Zambezi River near Victoria Falls in Zimbabwe



ZHUANG JIN

TO MAKE A FORTUNE: A fund manager with the Guangdong Development Fund introduces a new investment vehicle to potential buyers

Bitter Sweetness For Fund Managers

An influx of small investors eager to earn money puts heavy pressure on fund managers

By TAN WEI

Fund managers control millions in capital and call the shots in the stock market. They can make a fortune from a single judgment. The debut of fund management operations in China came in March 1998 when the China Securities Regulatory Commission (CSRC) approved two closed-end funds: Kaiyuan and Jintai. Since then, the Chinese fund management

business has gone through eight years of twists and turns and has become more prosperous than anyone could have predicted at the start.

Backed by the buoyant stock market, fund management companies have become hot commodities. More and more investors believe investing in a fund to be the most important aspect of their wealth management.

By the end of the first quarter this year, 318 different kinds of funds were available

on China's mainland, managing a total of 822.5 billion yuan, according to the central bank's first quarter monetary policy report. The report also stated that in that period, aggregate wealth generated from the 822.5 billion yuan amounted to 1.1216 trillion yuan.

However, faced with a bullish market that is continuing to break record highs, many fund managers cannot feel at ease. While such a massive amount of capital is pouring in, there are also huge risks of sudden pullouts. Many retail investors not familiar with financial market rules could make the market fickle.

The fund rush

A branch of the Industrial and Commercial Bank of China (ICBC) on Gulowaidajie Street in Beijing opens at 9 a.m. everyday. By 10:30 a.m. on May 13, the number of accounts waiting to be serviced had reached 276. Most were there to buy or redeem funds. Only a few needed other services.

"I bought a fund from CITIC Securities at the end of 2005," said Beijing resident Wang Qiming. "When the yield per share came out in January this year, I found that I

earned 300,000 yuan, which was an increase of 80 percent." Wang later went to ICBC, a distributor for many fund companies, to see which fund was worth investing in.

Success stories like Wang Qiming's have attracted a wave of new investors to fund management companies. Standing in line at banks to buy funds has become a favorite pastime. The most frequently asked question on many people's lips is "have you bought any funds?"

Sensing this fund mania, the CSRC has issued regulations that new funds must register the amount of the transaction in order to track abnormal transactions.

While the fund market may be flourishing, banks are seeing less and less deposits. The People's Bank of China reported that household deposits in April decreased sharply by 167.4 billion yuan, compared with an increase of 60.6 billion yuan at the same time last year. Meanwhile, household loans went up 123.6 billion yuan in April, a year-on-year increase of 63 billion yuan, according to the bank.

"The deposits at many of our branches have been shrinking by millions of yuan, and we have felt the pressure of the deposit shrinkage," said Wei Yi, an employee with Agricultural Bank of China. "However, people are putting more money into funds."

Under pressure

"The bullish market last year has greatly spurred the fund investment rush, bringing in huge income for fund operators," said Wang Changjiang, a headhunter with Beijing Topjobway. He said that the salary of a prominent fund manager is now increasing 50-200 percent compared with previous years.

"Income is proportional with pressure," said Wang Jian, a 40-year-old fund manager with China Asset Management Co. Ltd. "The average age of Chinese fund managers is about 35, and I am already an elder citizen in this field. For a fund manager, the biggest strength is actual fund operating experience. The longer the experience is, the better solution he will be able to come up with."

From the perspective of Li Xuli, a 30-year-old fund manager with Huayin Fund Management, the overall quality of a fund manager is the key, including research ability, critical point of view and international vision.

"Research is the basis," said Li. "Investment is all about research." He said that actual fund management experience is not that important, but a fund manager should know the intricacies of changes within the macroeconomic and industrial structure.

Investors all buy funds in the hope of earning money from them. Whatever it is, bear market or bull market, the ultimate goal for a fund manager is to reach the ideal profitability of investors.

"I even dream of the K curve at nights," Li said. Li noted that almost all investors judge company performances before they buy a fund. "When people are buying stocks, they don't care which stock market they are into. Essentially, a good company will perform well anywhere. For instance, if Microsoft were listed in the New York stock exchange, it would be as successful as it is in the NASDAQ."

Wang Jian said that the high yields of funds last year have spurred the interest of many retail investors who believe they will make a fortune. "If they think the stock market is about to restructure, the first thought of these investors could be to redeem their funds," said Wang. "Apart from these speculators, many senior citizens are known to spend all their life savings on funds with the mistaken belief that a fund is a kind of deposit with high interest returns.

"These people lack the ability to resist risks—the only thing they want is to get more money. Since the current social security system is not perfect, the huge influx of this kind of money will probably have negative effects on the stock market and social stability."

The Harvest Strategic Growth Fund once had 50 billion yuan in assets under management, but its holdings were reduced to 30 billion yuan due to a sell-off by fund holders discontent with low returns. The portfolio value of the fund was only 1.11 yuan in early April, far behind that of other funds.

The company is optimistic about the fund's future, but investors aren't buying into such optimism. Many of them have redeemed their funds, saying they bought Harvest Strategic Growth because of the outstanding performance of another Harvest family fund, Harvest Growth. "Since the new fund didn't meet our expectations, we left," an investor said.

"The issuance of new funds provides more capital and also breeds lots of potential speculators," Li said, "Although many companies are overvalued, some fund managers will still buy their stocks, because they are afraid of leaving behind a booming period of that stock."

Li said investors are very shortsighted. They keep a close eye on the yield rating and they will pullout if a fund has not performed well and don't care about the long-term development trend of the fund. Yet Li's concern cannot change the fund buyers' decision. ■

BEIJING REVIEW

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- Jing Guang New World Hotel
- Grand Hyatt Hotel
- The Peninsula Palace Beijing
- Shangri-La Hotel Beijing
- Swireôtel Hong Kong Macau Center
- The St. Regis
- Hilton Beijing
- Jinglun Hotel
- Holiday Inn Lido Beijing
- Jianguo Hotel
- Novotel Peace Hotel
- SciTech Hotel
- Tianlun Dynasty Hotel
- Wangfujing Grand Hotel
- Capital Hotel
- Gloria Plaza Hotel Beijing
- Xiyuan Hotel
- Beijing Friendship Hotel
- Presidential Plaza Beijing
- Rosedale Hotel & Suites Beijing
- Crowne Plaza Beijing
- Fragrant Hill Hotel Beijing

Profit Prospects For E-Magazines

Electronic magazines are looking for a successful profitability model

By GAO YULEI

The past two years have been a golden time for Web 2.0 concept companies. Of all the venture capital invested in China last year—totaling \$1.64 billion—about \$100 million poured in electronic magazines, according to Yu Gan, CEO of Xplus, the first e-magazine website in China.

Acer, Lenovo Investment and China Merchants Group collectively invested \$4.5 million in Xplus; IDG invested about \$20 million in POCO, one of the largest e-magazine vendors in China; and Carlyle invested \$10 million in ZCOM, the largest e-magazine operating platform in China.

An e-magazine can survive with just 50,000 readers, said Li Xiguang, professor of the School of Journalism and Communication at Tsinghua University. “Without the difficulties of securing publication license numbers and free from expenses for paper, printing and distribution, e-magazines usually operate at a very low cost,” explained Li. “This is undoubtedly the main reason for the sudden, explosive growth of e-magazines in China.”

Partly due to this low threshold, Chinese netizens can currently choose from a pool of more than 200 e-magazine websites. However, the Internet is an industry where winners are glorified and losers ignored—nobody remembers the pioneer e-magazines at their embryonic stage during the first Internet peak in 2000.

According to a recent study by Analysys International, an Internet-based business information service provider, there are bubbles in the current e-magazine market in China. Many operators falsify their revenue, readership and publication volume to attract advertisers and investors. According to Analysys International, the e-magazine industry in China is experiencing its peak of irrational expectations, and adjustment and integration are just around the corner.

At the China Internet Conference

2006, Li Yanhong, CEO of Chinese search engine Baidu, warned, “The biggest challenge with Web 2.0 is the lack of a business model.”

TOM Online CEO Wang Leilei was even blunter. “Is there a Web 2.0 website with venture capital saying for sure it will exceed any of the currently U.S.-listed China concept stocks in revenue in two to three years?” Wang said. “None. Therefore, there must be bubbles in this industry.”

How to identify a profitability model that will get high recognition from customers while boosting the company’s development? How to survive in an industry where content is king? How to provide better services and win more loyal readers to the e-magazines? These are burning issues for e-magazine websites.



RUDDERLESS: Will e-magazines, or the digital presentation of traditional printed content online, ever discover a successful business model?

Finding successful models

Xplus CEO Yu had an exciting Spring Festival last year. Just prior to the holiday, Xplus beat the Founder Group and signed an electronic newspaper agreement with the Liaoning Newspaper Group. Three newspapers of the Liaoning Newspaper Group, *Liaoning Daily*, *Liaoning Morning Post* and *Peninsular Morning Post*, started offering electronic versions of their newspapers on the Xplus online platform to readers free of charge, adopting the single-click conversion software provided by Xplus. This was a new attempt for Xplus.

“We do electronic versions for magazines for free at a cost of approximately 6,000-8,000 yuan per magazine,” said Xplus General Manager Xia Hong. “That means we need at least 200,000 yuan per month for a total of 300 magazines now on our platform.” The high cost, together with an advertising model that failed to be recognized as a successful one, have become obstacles to the company’s profitability.

“Venture capitalists want us to become profitable in a short time and we have to change the business model,” said Yu, explaining the reason for putting e-newspapers on Xplus.

“To launch the e-newspaper business we acquired Shanghai Sunbird IT Co. Ltd., because they had the technology we use today,” said Yu. The zero-threshold solution offered by Xplus to printed newspapers includes “single-click publishing” software called NPMaker. The software seamlessly connects the newspaper digitalization process with the original newspaper typesetting process. This unifies all data formats and allows sharing in different departments of the newspaper, preventing from the overlapping of work.

“This is very significant to the implementation of our parallel strategies in developing e-newspapers and e-magazines,” said Yu.

With the launch of e-newspapers, a new business model was born. From the fourth quarter of 2006 to the Spring Festival of 2007 (February 18), Xplus had signed agreements with 15 newspaper groups across the country.

However, just as Xplus discovered a workable business model, Founder Group, the long-standing e-newspaper leader, shot back. “Founder’s solution used to be priced at 500,000-600,000 yuan when ours was around 100,000 yuan,” said Yu. “Very quickly, Founder dropped its price to 300,000 yuan, and we began to provide our software for free.” Reluctantly, Xplus abandoned its software sales.

“The positioning of Xplus is clear,” Xia said. “We are a publishing platform and not a software vendor, so we never feel pity for the loss of this part of our profit margin.”

Trying and trying again

Between March and June 2006, 23 periodicals, including *Movie World*, *New Finance and Economics*, *Global People*, *Civilization* and *Digital Business Times*, joined ZCOM. In the second half of 2006, ZCOM secured the electronic publishing rights of many leading publications in the IT, fashion and travel sectors. On July 7, domestic veteran IT media *Computer World* joined ZCOM. Three electronic magazines—*Fashion*, *Beauty* and *Deco*—of the Ray-li Group signed up on August 7. Authoritative travel magazine *Chinese National Geography* joined on September 1.

ZCOM soon found that increases in content do not mean increases in income.

ZCOM President Huang Mingming once stated that advertising was the most stable profitability model for e-magazines. Despite his words, his advertising model was not acceptable to most advertising agencies.

“The number of e-magazine readers is not small, but stability is not there because the readers are mostly young people,” commented a leading advertising agent. “We don’t have faith in this model since it is not easy to identify and cultivate stable consumer groups.”

“Today, vulgar and disoriented content is used even on large e-magazines to attract subscribers,” Professor Li Xiguang said. “How much commercial value will these subscribers bring? Click rates do not equal reading rates—most of the time the subscriber only reads two pages of the downloaded magazine and abandons the rest.

“A high reading rate does not equal to great impact either,” Li added. “How much influence will vulgar content have on readers with true consumption potential?”

Nevertheless, thanks to the Web 2.0 frenzy, ZCOM walked away with the title “Enterprise with the Most Investment Value” in the 2006 Zero2IPO-China Venture 50. “The e-magazine business can settle into a profitable model and grow healthily given sufficient funding and extensive user support,” said Huang.

Today, ZCOM’s challenge is not to

spend money on frantic expansion, but to gain the recognition of the audience and advertising agencies.

Tightening market focus

Beijing-based Gogosun, with an initial investment from Sun Media Investment, is a recently developed alternative e-magazine operation company.

Gogosun has been focusing on the enterprise market since inception. Its business model is very simple: Using multimedia digital technologies, Gogosun creates presentations based on publicity materials—such as product information and the brand image—provided by the enterprise.

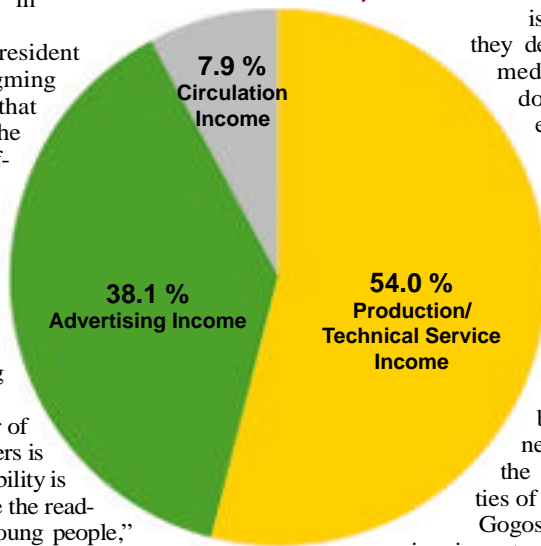
The transaction is completed when they deliver their multimedia product. “We don’t care if the enterprise puts it on their website for others to download or burns it onto a CD or DVD for their customers,” said Gogosun CEO Cheng Hong. “This is their business. Gogosun never participates in the marketing activities of its clients.”

Gogosun targets enterprises in sectors that require multimedia presentation, for example, in the automobile, real estate, consumer electronics, furniture and tourism. By nature, what Gogosun does is not much different from e-magazine production, but Cheng would rather position his company as a service provider of multimedia digital presentation technologies. This kind of business-to-business (B2B) company is certainly different from the look-alike e-magazine business that has yet to find a profitability model.

“The problem with Gogosun is whether this kind of business has a sustainable potential,” said a venture capitalist after investigating the Gogosun model. “How big can this grow?” Faced with competition from other sectors, the development course for Gogosun—with its limited number of potential enterprise customers—is not an easy one. Nevertheless, for e-magazine providers without a successful profitability model, the enterprise market is certainly a possibility. ■

(Xinhua Finance)

Chinese E-magazine Market Revenue, 2006



BEIJING REVIEW



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MARKET WATCH

TO THE POINT: The substantial rise in foreign direct investment (FDI)—10 percent—and fixed assets investment—25 percent—was the last straw that prompted the Chinese Government to take action by instituting a package of policies aimed at taming the overheating economy and excessive liquidity. The Chinese central bank raised lending and deposit interest rates for the second time this year, and the reserve requirement ratio was raised for the fifth time this year. They also allowed the daily yuan exchange rate to float within 0.5 percent from the previous mark of 0.3 percent. Such a monetary policy package is unprecedented and demonstrates the central bank's determination to let air out of the hot markets. In April, foreign trade rebounded and the trade surplus hit \$16.68 billion, \$10 billion more than what it was in March. However, as a research report revealed, some of the trade surplus was actually driven by fake trade, through which international speculative money flowed to the Chinese mainland. The rising trade surplus contributed to increasing foreign exchange (forex) reserves. The Chinese Government has decided to invest \$3 billion of its forex reserves into U.S. private equity firm Blackstone Group LP, demonstrating that the country is finding alternatives for its mounting forex reserves instead of just buying U.S. treasury bonds. The second round of the China-U.S. strategic economic dialogue has achieved positive results. In the financial sector, China agreed to increase the quota QFIs can invest in the Chinese capital market from \$10 billion to \$30 billion.

By LIU YUNYUN

Central Bank Resolute

The People's Bank of China, the central bank, is very determined.

On May 18, the central bank announced a package of policies, demonstrating its strength and desire to cool down excessive enthusiasm for the

stock market.

It again restricted banks' lending ability by raising the reserve requirement ratio to 11.5 percent—the fifth raise so far this year—altogether freezing 800 billion yuan in liquidity.

It also raised the benchmark one-

year interest rate by 0.27 percent to 2.79 percent. One noticeable occurrence is that the one-year lending interest rate is only up 0.18 percent.

The asymmetry of deposit and lending interest rate hikes shows that the central bank actually encourages consumption-driven loans and won't be too hard on consumers. At the same time, raising the reserve requirement demonstrates the bank's determination to trim excessive investment.

Tao Dong, chief economist with Credit Suisse First Boston, said this round of interest rate hikes would not be effective enough, and China is still in a period of negative interest rates. He said the raise wouldn't damage the banks' profitability, as the interest rate for current accounts, which accounts for 46 percent of all deposits, remained unchecked.

The primary goal of the first two policies can be seen as an effort to tame the white-hot stock market. However, like the last few efforts by the central bank, this round did little to cool the market in the following days. The benchmark Shanghai Composite Index soared 3.56 percent to 4173 points on May 23 compared to what it was on the day the policies were announced.

Confronted with the increasing awareness of the stock market by ordinary citizens these measures are helpless. The last three times interest rates were raised, stocks boomed instead of busted.

In another move, the central bank allowed the yuan exchange rate to float at a wider range—plus or minus 0.5 percent each day—from its previous range of 0.3 percent. This move is believed to be catering to U.S. critics who allege that the U.S. trade deficit with China is due to an undervalued Chinese currency. Meanwhile, the strategic economic dialogue between China and the United States held in Washington may have contributed to this round of policy changes.

The yuan's daily permitted trading range had remained at 0.3 percent for two years. To avoid drastic currency appreciation and potential financial risks, it is a must that the central bank take moderate steps to revalue the yuan. Drawing from the lessons learned from the Asian financial crisis in 1997,

an emerging economy should not heedlessly open its financial market fully before it is ready to absorb the risks.

Anyhow, loosening on the yuan is an important step forward and lays a solid foundation for the currency's full convertibility.

Blackstone's Lucky Draw

Blackstone Group LP doesn't have much to worry about for its June initial public offering (IPO), because China will invest \$3 billion in this alternative investment company.

Blackstone originally planned to raise \$4 billion in its IPO. Adding China's \$3 billion, Blackstone enlarged its IPO scale to \$7 billion. China has agreed to hold Blackstone shares for at least four years without voting rights.

A huge trade surplus and the increasing FDI pushed China's forex reserves to a world leading \$1.2 trillion by the end of March. That money is mostly invested in U.S. treasury bonds, less risky but with low yield. In order to find better ways to invest this money, the Chinese Government has decided to form a state forex reserve investment company, which is due to be established at the end of this year.

Lou Jiwei, head of the reserve investment company working group, said, "We are very pleased to be able to make the forex reserve investment company's very first investment in such a well-respected firm as Blackstone."

The government's participation will also boost Blackstone's performance in the Chinese market, where it is competing hard with rival Carlyle Group. In January, Blackstone hired Antony Leung Kamchung, former Financial Secretary of the Hong Kong Special Administrative Region, to operate its business on the Chinese mainland, as well as in Hong Kong and Taiwan. The remarkable political background of Leung gives the company an edge in doing business throughout China.

Foreign Trade Rebound

After the drastic export drop in March of around \$83.4 billion, China's exports rebounded in April to \$97.4 billion. The trade surplus jumped to \$16.88 billion in April from a measly \$6.87 billion in March.

Judging by first-quarter figures, the EU maintained its position as China's

leading trade partner. Bilateral trade relations with the EU are growing stronger, with the total trade volume reaching \$103.6 billion, up 29.5 percent from a year earlier. The United States and Japan followed in second and third, increasing less than 20 percent. The ASEAN was fourth on the list.

The research institute under the Chinese Ministry of Commerce published a report on May 18, predicting that total imports and exports this year would exceed \$2.1 trillion, up 20 percent compared with 2006. Experts fear the rebounding surplus will generate another wave of trade friction with major trading countries.

But "fake trade" or problems with false, misleading, or doctored financial information released by exporters, could be the real culprit. A report by the Academy of Macroeconomic Research under the National Development and Reform Commission said that fake trade has jacked up the trade volume, thus assisting a large influx of speculative capital. The report said that under current conditions, while the yuan is not fully convertible, international hot money has tended to slip in through fake trade and fake FDI, making a fortune in the booming stock and property markets.

The State Administration of Foreign Exchange announced in early April that it has launched stricter checks on forex inflow in 10 coastal cities. The watchdog is determined to crack down on underground illegal "banks" which are supported by speculative money.

FDI & FAI Increase Steadily

Statistics from the Ministry of Commerce show that paid-in FDI

increased by 10.17 percent in the first four months to \$20.36 billion.

However, the number of newly established foreign-invested enterprises dropped 2.29 percent to 12,349.

From January to April, urban fixed assets investment (FAI) surged to 2.2594 trillion yuan, up 25.5 percent from a year earlier period.

Statistics from the National Bureau of Statistics (NBS) show that investment growth in iron and steel, power and railway construction has slowed down significantly. The rapid FAI growth was mainly driven by agriculture, real estate and coal industries.

Investment in real estate was as hot as ever. It jumped 27.4 percent from a year earlier to 526.5 billion yuan in the first four months of this year, defying the government's measures to cool it down.

The NBS added amid record investment by real estate developers, domestic bank loans rose by 26.8 percent year on year, while foreign investment in the property market also soared 91.7 percent. ■



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AIRLINE INFORMATION

Qatar Airways

**Carrier's Privilege Club wins unprecedented number of accolades at 19th annual Freddie Award
Airline presented with Stateside honors weeks ahead of U.S.A. launch**

As Qatar Airways prepares for its historic launch of scheduled flights to the United States this summer, the airline's Privilege Club frequent flyer program has been honored by scooping an unprecedented eight accolades at the annual Freddie Awards in America.

More than 450,000 frequent flyers cast their votes in numerous categories covering the airline, hotel and car rental industry. Named after the late airline industry veteran Sir Freddie

Laker, who pioneered low-cost travel across the Atlantic, the awards represent excellence in frequent travel programs.

Qatar Airways' honors included the highlight of the evening, being voted for having the Loyalty Program of the Year in the Europe, Middle East and Africa region. The awards were held at the Crystal Gateway Marriott in Arlington, Virginia, with more than 300 guests present, including travel industry personnel and frequent flyers.



United Airlines

Hong Kong-Los Angeles passenger and cargo service begins October 2007



United Airlines, the world's largest transpacific passenger carrier, announced that it will increase the number of flights it operates from Hong Kong with the launch of a new daily passenger and cargo flight between Hong Kong and Los Angeles. The new

service will commence on October 29, 2007.

"The Hong Kong-Los Angeles route expands United's breadth of service for Asia, and there will be three nonstop direct flights flying from Hong Kong to the United States every day. The new route provides United customers in south China with a second gateway to California, and also provides them with convenience

in traveling to Ho Chi Minh City, Vietnam," said Mark Schwab, Vice President Pacific, United Airlines. "The Hong Kong-Los Angeles service also creates significant new revenue opportunities for the airline."

"Los Angeles is a popular destination among business and leisure travelers from Hong Kong and south China, and I am glad that United is able to begin this new service in response to their needs," said Sidney Kwok, General Manager of United China. "We recognize that the majority of our south Chinese passengers wish to travel nonstop across the Pacific and I believe this daily service to our Los Angeles hub will help achieve this goal."

United's Los Angeles hub offers 243 daily domestic flights on United, Ted (United's low-fare service) and United Express to many popular U.S. cities including New York, Las Vegas, Seattle and Boston in addition to international destinations in Canada, Mexico, Central and South America.

Asiana Airlines



Establishment of a partnership between Asiana Airlines and Kempinski Hotels in China

Added benefits to loyal customers of both companies

Asiana Airlines, represented by Kim Hyoung Gyun, President of the firm's regional headquarters in China and Kempinski Hotels, represented by René Schmitt, Senior Vice President

for China, held a signing ceremony at the Kempinski Hotel Beijing Lufthansa Center to begin collaboration in China. Effective May 1, 2007, Asiana Airlines passengers who stay at one of the eight participating Kempinski Hotels in China will be able to earn 500 miles per stay.

Cooperation between the two companies, both with a reputation of offering attentive, high quality service, is expected to create synergies that will result in greater customer satisfaction and improved profitability. Asiana Airlines, which has been actively promoting its mileage program in recent years due to customers' growing interest and participation in mileage programs, has been building customer loyalty by offering greater opportunities for members to accumulate miles. Similarly, Kempinski Hotels is hoping to tap into the lucrative Korea-China business travel market by participating in Asiana's mileage program.

Asiana Airlines has been the market leader in air travel between Korea and China since beginning service to China. It began flying to China in 1994, and currently operates 161 flights weekly on 26 routes to 20 cities throughout the country, servicing 1.95 million passengers per year. The Airline has 20 offices in China and its coverage extends from China's major cities to mid-sized and small cities throughout the country.

Finnair golden shopping on long haul flights

Finnair's tax-free advance sales will gradually be extended

to cover all intercontinental scheduled flights, excluding return flights from Shanghai to Helsinki.

Tax-free products can be ordered for all Finnair outbound and inbound flights, excluding the Shanghai return leg, at the latest five days before the departure of the flight in question. An order can be made on the Internet at the address www.finnairshop.com or using an order form in a brochure that can be found in seat pockets on board aircraft.

The form is completed on the flight and the products are delivered on the return flight directly to the passenger's seat. Products are packed in a sealed plastic bag that can be taken onto a connecting flight departing from an EU country. Restrictions on liquids carried in hand baggage are in force in an increasing number of countries outside the EU, for example on flights departing from India, Japan, Hong Kong and the United States.

The range of products that can be purchased in advance includes gift items, jewellery, alcohol, cosmetics, sweets and toys. In mid-May the product range will expand significantly, when fine Finnish design and additional world-class brands are included.

A tax-free advance order can be now made for all long-haul flights departing from Helsinki as well as for return flights from Delhi, Guangzhou, Nagoya, New York, Osaka, Beijing and Tokyo.

The service will be extended to return flights from Bangkok and Hong Kong on May

17. An advance order will also be possible on the Mumbai route that opens on June 26. In Europe, advance orders can be made for return flights from Zürich. A corresponding service has already been available on leisure flights for many years.



Minzu Hotel

We have launched the latest issue of our hotel journal *The Landscape of Business*. The management of our hotel has taken the initiative to redesign the entire magazine to divide the directory into four themes under each season. Moreover, a new column “Green Minzu” has been introduced to publicize Minzu Hotel’s efforts to create an environment-friendly hotel. The updated version also introduces a new section carrying discussion on hot issues and another section for interviews with Minzu Hotel’s VIP guests. Since Minzu Hotel is a partnership hotel for the 2008 Beijing Olympics, *The Landscape of Business* continues to carry the hotel’s warm-up for the grand sports event.

The *Landscape of Business* is still targeted at being the bridge of communication between hotel and guests.

For more information, please call 86-10-66014466 or e-



mail us at sale@minzuhotel.cn. Our website is www.minzuhotel.cn.



Loong Palace Hotel & Resort

Choue Chung Won (center), President of the World Taekwondo Federation, and Cui Dalin (right), Deputy Director of General Administration of Sport of China, are welcomed by Peter D. Gibbons, Managing Director of Loong Palace Hotel & Resort on May 14 during the 2007 Taekwondo World Tournament held in Beijing. Over 150 international judges and governors stayed at the hotel.

Holiday Inn Downtown

On May 12, Holiday Inn Downtown took part in a sports event named “One Dream, One Team” held by InterContinental Hotels Group in Beijing to welcome the 2008 Olympics and increase the employees’ cohesion. The



hotel team pulled together and got the second group score, with the lead of General Manager Henry Chan (center). They showed motivation to “aim higher and work better together,” in the spirit of InterContinental Hotel Group, together with other cluster hotels.

The Radisson SAS Hotel Beijing

The Radisson SAS Hotel Beijing



recently welcomed well-known Danish Band Dodo and the Dodos. As a favorite “home away from home” for Scandinavian visitors during their stay in Beijing, the Radisson SAS Hotel has also been playing an active role in promoting Scandinavian cultural and art activities.

Pictured are the hotel’s general manager Mac Karlsson (center) and the band members.

“Earth Guest Day” Tree Planting Action

April 22 was Earth Day, and Accor employees across all its businesses, brands and divisions took advantage of the week leading up to the event to showcase their commitment to the principles of sustainable development. The culmination of campaigns pursued by employees throughout the year, the day—called Earth Guest



day at Accor—highlighted the Earth Guest program introduced by the group in 2006 to federate its social and environmental responsibility initiatives.

All of the five Accor hotels in Beijing, Novotel Xinqiao Beijing, Novotel Peace Beijing, Sofitel Wanda Beijing, Grand Mercure Xidan Beijing and Novotel Beijing West took part in tree planting in Yanqing. All together 100 employees from the five hotels planted 350 trees.

Radisson Plaza Xing Guo Hotel Shanghai

Chen Genrong (right), General Manager of Radisson Plaza Xing Guo Hotel Shanghai, warmly greeted Ms. Dora Bakoyiannis, the Foreign Affairs Minister of Greece, at Villa 8 Conference Center upon her arrival at the hotel.



Red Wine Over China

The color red dominates Chinese life and now growing interest in red wine maintains that trend and ushers in a new fashionable addition to local culture

By ZAN JIFANG

There was a time when trying to find a good red wine in China was a difficult affair. But as with all the rapid changes in this advancing country, that is no longer the case. The nectar of the gods is today an integral part of China's trendy social world. In lounges, nightclubs, discotheques, upscale restaurants and official banquets, corks are popping and glasses are being filled with Cabernet sauvignon. Fashionable youth, *nouveau riche* and even one time skeptical folks who clung to their old drinking habits of hard liquor and rice wine, are now sipping reds either as a symbol of status and good taste or for health reasons.

In vino veritas

Despite rice wine being the most popular alcoholic drink for Chinese throughout history, its red grape cousin is muscling in to stake a claim on the palates of deep-pocketed locals.

"It is very popular in business circles to serve vintage French wine as a prelude to negotiations," said Liu Xin, who works in a financial company in Beijing.

And there is no shortage of ads espousing the virtues of wine. Zhou Ning, a marketing manager of a real estate company in Beijing, said there are often billboard ads of a couple enjoying wine, or an elegant woman holding a glass of wine on the sides of Western-style apartment buildings. Adding wine into house ads is intended to tell potential homeowners that people who live in the apartment community are cultured, upper class, he said.

In many circumstances, price itself has now become part of the glamor of wine. Most wine consumers in Beijing are brand conscious, and drinking wine is a way they can show off their newly found wealth. For this younger crowd, it's all about the mood and atmosphere that surrounds the red liquid that W. C. Fields once called "bottled poetry." According to Alex Remy, Manager of the Beijing office of Sopexa, an association aimed at promoting French food and

agricultural products, many people in China buy wine to show their status. It makes wine consumers feel important and those who receive wine as a gift feel respected, he said.

The number of Chinese middle class is growing. Although it is hard to get an accurate number, experts estimate that the middle class numbers at least 100 million in China and is rapidly rising, according to an article on 21fooden.com, a professional food website and the largest online food market in China. The enlargement of the city bourgeoisie has stimulated sales of luxury goods in China, including wine.

Don St. Pierre, Sr., President of ASC Fine Wines, the largest wine import and sale company in China, said the growing wine consumption is part of a trendy luxury goods phenomenon. "The wine trend started in the newly emerged middle class but it will gradually affect the upper class," he added.

And as the taste for wine grows, people



NOT JUST A DRINK: A wine judge teaches the Chinese audience how to appreciate French wine at a fashion show held in southwest China's Chongqing City

in Beijing are beginning to learn how to savor that taste. "I used to like drinking wines with a pure, pleasing taste," said Liu, the company worker who is also an avid wine drinker. "But now, I begin to favor those wines with a lasting aftertaste and various taste layers and I know now that wine is part of Western food and drink culture."

In 2002, when Zhao Fan, a wine judge, held a private wine appreciation party, only seven people attended. Now, he has to limit the number of people who want to attend. "But not all people coming to my parties know much about wine," he said. "Some people do not even know how to hold a wine glass correctly, but they are clearly eager to learn about wine culture."

Zhao is teaching a course at the China Agricultural University on wine appreciation, which is very popular among students.

In an interesting spin-off, even the rise in automobile sales has impacted the wine industry. As more and more Chinese can afford a private car and go on weekend outings, wine is now the main drink for picnic parties. Miss Wu, an office worker in Beijing who prefers wines with a fresh fruity flavor, recently spent over \$2,000 for a dozen bottles of Bordeaux wine, which she hopes to enjoy with her friend on her next country outing.

Some Chinese are also installing wine racks in their living rooms to display their collections. Senior managers of big companies in Beijing are even taking the plunge and building private wine cellars to store their liquid assets.

And in a bid to make it as convenient as possible to get wine to consumers, Changyu Wine Company, China's largest winemaker, now offers a buy-and-deposit service. Clients can order a certain barrel of Changyu Castel wine, which will be stored by the company and then bottled on demand.

In elegant and upscale restaurants in Beijing, like Tian Di Yi Jia outside the famous Palace Museum, various fine wines stored in oaken casks are available for diners. Robert Cho, owner of Tian Di Yi Jia, will also recommend to his clients what kind of wine will compliment the dishes on offer.

"Half of my clients don't know much about wine," Cho said. "They know French wines like Chateau Lafite and Chateau Margaux, but know almost nothing about wine from California or Australia. Others who have studied abroad have a better understanding of the role wines play in Western food culture."

However, as many imported goods to China, a degree of Chinese characteristics inevitably creeps into the process. By mixing red wine with Sprite and ice, Beijingers have come up with their own trendy way of customizing their after work drink.

And as the 2008 Olympic Games draws near, and more luxury hotels grace the Beijing skyline, there is no doubt sales of wine will flow in ever increasing amounts, in whatever way its drunk.

Foreign winemakers scramble

As wine is increasingly popular in cities like Beijing (population 15 million) and Shanghai (population 18 million), it is not surprising that overseas winemakers are anticipating strong revenue growth from the market in China.

According to the Canadian Embassy in China, Beijing and Shanghai have the largest markets for Western food while their major hotels and restaurants prominently feature wine.

Wine sales (grape and non-grape) in China jumped 42 percent between 2001 and 2006, from 1.5 billion liters to 2.18 billion liters. And per-capita consumption of wine in China saw an increase of 55 percent from 2000 to 2006, according to the U.S. Department of Agriculture Trade Office, Shanghai, making China one of the six biggest wine-consuming countries in the world.

In Asia, China's wine consumption volume has now shot to first place, higher than that of Japan. But China's wine market still has vast potential for growth. The average annual wine consumption per capita in China is currently 1.5 kilolitres, while in France it is around 55 kilolitres.

Since joining the World Trade Organization in December 2001, China has lowered tariffs on wine imports from 64 percent to 14 percent. Statistics show that wine imports to Beijing in 2006 increased 50 percent compared with the previous year. The exports of wine from France to China reached some 5.3 million kiloliters in 2006, an increase of 30,000 kiloliters year on year.

Today, most Chinese still believe that French wine is the best. According to Alexandre Remy, the export volume of French wine to China almost doubled in 2005 and 2006. But France still lags behind Australia, which is the biggest wine exporter to China.

More than 100 varieties of French local table wine were shown at the Eighth China International Food and Beverage Exhibition held in Beijing on May 10-12, indicating French winemakers' ambitions to take a bigger share in the Chinese market. They not only hope to seize the top grade wine market in China, but also want to enter the low-end wine market here.

It is said that wine makes daily living easier, less hurried, with fewer tensions and more tolerance. If that is the case, in China's quest for a harmonious society, wine could have a big role to play. ■

Gallery Information

798 Photo Gallery

Exhibition: "Chinese Interior"—The Photography of Robert van der Hilst
Add: Dashanzi Art District, 2 Jiuxianqiaolu, Chaoyang District, Beijing
Opening Ceremony: 3:00 p.m. June 2
Date: June 2-June 22
Tel: 86-10-64381784/64375284
E-mail: 798@798photogallery.cn
Website: www.798photogallery.cn

Bitang Gallery

Exhibition: "The Thinker"—Solo Exhibition of Wang Qingsong
Add: No.7 Building, Ego Space Community, 16A Baiziwlanu, Chaoyang District, Beijing
Opening Ceremony: 4 p.m. April 27
Date: April 27-June 6
Tel: 86-10-87746332
Fax: 86-10-87746339
Website: www.chinabluegallery.com
E-mail: info@chinabluegallery.com

Pata Gallery Beijing

Exhibition: "New Space"—Li Xiaojing's Solo Exhibition
Date: May 12-June 1
Opening Reception: 3 p.m.-6 p.m. May 12
Add: No.5 of 3818 Warehouse, 2 Jiuxianqiaolu, Chaoyang District, Beijing
Opening Hours: 12:00-18:30 (except Monday)

Linda Art Museum



Exhibition: "Reminiscing at Jianglou"—An Exhibition of 12 Chinese Contemporary Artists
Opening: 3 p.m. April 28
Date: April 28-May 30
Add: No.35-37 Guanyintang Art Avenue, 2 Wangsiying, Chaoyang District, Beijing
Opening Hours: 10:00-18:00
Tel: 86-10-87390889

Red Gate Gallery

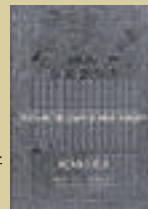
Exhibition: "Bird's Nest Project"—Photography Exhibition of Zhou Jun
Preview Date: 3-5 p.m. May 19



Exhibition Dates: May 19-June 17
Opening Hours: 10 a.m.-5 p.m. (everyday)
Add: Dongbianmen watchtower, Chongwenmen District, Beijing
Tel: 86-10-65251005
Fax: 86-10-64322624
E-mail: redgategallery@aer.net.cn
Website: www.redgategallery.com

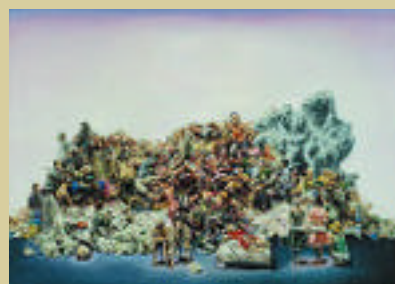
Chinese Contemporary Beijing

Exhibition: "Texts are the Legacy of Great Thought"—Huang Rui's Project
Opening: 11 a.m.-6 p.m. May 19
Add: 4 Jiuxianqiaolu, Chaoyang District, Beijing
Tel: 86-10-84562421
Mobile: 13521492101
E-mail: beijing@chinesecontemporary.com



Soka Art Center

Exhibition: "Weaving"—Tu Hongtao's Painting Exhibition
Date: June 2—July 1
Opening Reception: 4 p.m. June 2
Add: Room 101-103, Tianhai Building, Tower B, Dongsidi Beidajie, Dongcheng District, Beijing
Tel: 86-10-84012377 86-10-84015810
Fax: 86-10-84015813
Website: www.soka-art.com



Book Information

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Does the Long Arm Of the Law Need the Community's Hand?

Most people would agree that police are responsible for ensuring that robbers and other criminals are kept off the streets and apprehended when they cross the line. But what happens when theft cases increase to such an extent that police cannot cope with? Enter community policing, focusing their efforts on anti-theft initiatives that have achieved credible results across China. However, due to the related social problems stemming from this form of crime fighting, in some parts of the country this practice has been banned. The problems vary from community organization members abusing caught robbers to cases of vigilantes and their families being injured when cornering dangerous robbers.

In Haikou, the capital city of south China's Hainan Province, however, the local police openly recruited civilian anti-crime volunteers in April. Today, these volunteers have become members of the anti-theft volunteer team administered by the city's traffic and patrol police.

According to a survey on China's sina.com website, 88.62 percent of respondents support what the Haikou police have done and believe that to officially recognize civilian anti-theft volunteers will help to more efficiently reduce robberies. Only 9.46 percent believe that catching robbers is solely the police's business and that it's dangerous for civilian organizations to carry out this work.

Despite the high support rate, there are still those who believe that it's improper to standardize these civilian organizations by incorporating them into the police force. They are calling for anti-crime community volunteer organizations to have their own legal status and exist as an independent entity, not subject to the police.

Let civilians get involved

Jun Qiu (www.gxnews.com.cn): There is a big demand for an effective anti-theft force, but from whichever perspective one looks at it, to catch robbers is the police's business. Thus, no matter how many people support the Haikou police's action to incorporate the civilian anti-theft

volunteer organizations, it is suspected that the police are deliberately shirking their responsibilities. After all, the police are the designated guardians of our security and the onus of preventing crime should not be placed on civilians. In order to better protect the public's property, what is more effective? Is it better to strengthen the police force or to recruit more volunteers?

It's true that civilian organizations can help to catch robbers too, but isn't it better for the police to act more effectively than to recruit anti-theft volunteers? If the police are permitted to transfer the right of law enforcement to volunteers, then such government departments as industrial and commercial bureaus and taxation bureaus can all do the same. Under these circumstances, why do we then need to keep these institutions?

Shu Shengxiang (Dah Daily): China has an understaffed police force, and volunteers prove to be an unlimited human resource bank. Indeed, by incorporating volunteers, the police can legalize civilian organizations, which will assist the work of both parties.

Many people therefore applauded the initiative. However, I think they are over optimistic. As we all know, to catch robbers is the responsibility of the police and it is because people want a safe living environment that they depend on the police to do this work. There is a prerequisite, however. The right to enforce the law is not to be abused. If they officially incorporate anti-theft volunteers, the police are acting without a legal basis. Since excessive authority will lead to power abuse, it's dangerous to grant law enforce-

ment rights to a group of civilians.

In essence, civilian anti-theft organizations are trying to strengthen social justice, but after being incorporated into the police, they will become a tool to help police reduce the costs of law enforcement. Gradually the police may become reluctant to carry out their duties, and instead would transfer the burden to the volunteers. Eventually these volunteers will be the major force against robbers, while the police will sit idly by. If this happens, it will bring social justice into disrepute.

If civilians are incorporated into the police, their initial desire of being a volunteer is replaced by the semi-professional practice of operating within a police system. The question must then be asked: Will they continue to fight for justice in the same way after incorporation?

Gao Yongfeng (Youth Daily): The significance of civilian anti-theft organizations lies in its nongovernmental nature, which is different from the government's work style and reflects the Chinese people's rising sense of citizenship. It is a natural desire of citizens' will to safeguard social justice.

By incorporating civilian organizations into the police force, the government is actu-



ally reclaiming the right of civilians to fight crime. In daily life many people do not have the courage to confront robbers and may choose to be indifferent and flee the scene.

Against this background, it's unwise to announce that the fight against criminals "has nothing to do" with the public, when in fact we should do more to encourage everybody to protect social justice.

Civilian anti-theft organizations are based on citizens' sense of justice. Its being incorporated into the police force reveals the lack of a tolerant environment for the existence of nongovernmental organizations in China. The Haikou police's practice is only one of the ways to standardize this type of civilian group, and it's not right to impose such a fate on all such groups. In order to encourage more people to maintain social order, it's necessary to find better ways to help them to act more effectively while remaining citizens groups.

Need to work with police

Ma Bi (Changjiang Times): Civilian anti-theft organizations act on moral disciplines. Having deterred thieves, they are also a useful supplement to the understaffed police force. This is a reflection of the ordi-

nary people's will to safeguard social justice. More importantly, it shows that people are more actively engaged in social governance and take a hand in running their own society.

However, as community organizations are set up on the basis of social morality, their code of conduct is moral standards and not laws. Besides, due to the lack of legal protection, volunteers and their families are often threatened and attacked by criminals. On the other hand, there is no lack of cases that show the volunteers violate laws when going about their business. Thus, these groups are slipping into an embarrassing situation. While they are trying to protect and promote social moral standards, there are no explicit laws to validate their actions.

By incorporating civilian anti-theft organizations, while providing the groups with legal and technical aid, the police are now trying to have volunteers insured, which will protect them in the case of injury or loss.

It is a fact that there is a lack of police in China and thieves are rampant in certain areas, so it's an urgent task to standardize and make use of civilian organizations to cope with these criminals. Civilian anti-theft organizations are necessary, but in order for this system to progress, they have to act in accordance with the law and this requires the state to work out more explicit and practical laws and regulations to help them.

Sun Ruizhuo (chinacourt.org):

It's true that Chinese laws encourage citizens to fight against criminals and, apart from judicial and law enforcement departments, ordinary citizens are also entitled to act against criminals. Currently, China's limited police force is incapable of coping with the level of robberies and this means anti-theft organizations will be a huge help in protecting people's property.

However, how to standardize these organizations and how to protect their rights poses a big problem. In September 2006, a thief unexpectedly died after he was caught by vigilantes in central China's Wuhan City, and as a

result, volunteers involved in operation were taken into custody and may face criminal charges. This case shows the importance of standardizing and guiding civilian anti-theft organizations.

Having been incorporated into the police force, now, volunteers in Haikou have a legal identity, which will help them to face up to criminals with more confidence. Making them more aware of legal knowledge also means they can act legally without jeopardizing others' legitimate rights. The tragedy in Wuhan should not be repeated. In addition, volunteers also need to be taught effective anti-crime techniques, which will also be of great help in the carrying out of their duties.

Li Jian (Dazhong Daily):

The public regards thieves as a nuisance. Thieves frequently move from place to place, so to catch a thief is not an easy job for the police. In this scenario, civilian anti-theft organizations are helpful. However, not every reasonable action conforms to the law.

Law enforcement is a "privilege" granted to law enforcement institutions and no other organizations or individuals are allowed to share this right. From the legal perspective, anti-theft volunteers do not have the law enforcement right.

To catch thieves is a kind of law enforcement activity and an obligation entrusted on the police by the law. It is also a business that requires a high degree of technical expertise. Without special training, volunteers tend to neglect important procedures and evidence to prove thieves are guilty. This may make it more difficult for the police to deal with the consequences. Besides, to catch thieves is a risky job. Policemen use weapons to protect themselves against criminals, but in most cases, volunteers do not have such weapons and stand the risk of being injured.

Therefore, it's necessary to give guidance to anti-theft organizations and bring them under control. Either they should be banned, or incorporated into the government's formal institutions, where they can receive special training and also certain law enforcement rights. Haikou's police are therefore doing the right thing. ■

Dear Readers,

"Forum" is a column that provides a space for varying perspectives on contemporary Chinese society. In each issue, "Forum" will announce the topic for an upcoming issue. We invite you to submit personal viewpoints (in either English or Chinese).

Upcoming Topic: Are luxury housing advertisements a cause of social pains?

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Please provide your name, telephone number, zip code and address along with your comments.

Editor: Yao Bin



By VALERIE SARTOR

Last month cabin fever overwhelmed me. I desperately needed a break: from my polite but wily students, from my unsatisfactory yet demanding lover, and from my overpopulated and mundane Chinese city. But going abroad took too much time, money and planning. Suddenly, in a flash of insight I recalled Kashi, the Chinese Silk Road city 400 km from the Afghan border. "It's a fabulous forgotten world," a chubby Italian photojournalist had gushed to me over noodles. "They're Muslims who irrigate their desert fields with the karez, an ancient underground irrigation system. And the food: melons, almonds, figs: you'd think you were in Iran. The aroma of roast lamb and flat bread wafts everywhere." He kissed his fingers appreciatively. "The Internet has arrived but the city still lives in a Biblical era. Mosques call people to prayer. Plus Kashi has the largest Sunday market in China."

"Is it safe for a lone woman traveler?" I queried.

"Safer than going to Rome, my dear," he replied, winking lecherously.

No further persuasion was necessary. I booked my flight. A few hours later strolling through the Kashi Airport, a very friendly and very wiry Uygur man grinned at me, exposing two flashy gold teeth. "Bus to town?" he asked cheerfully. I nodded.

He dropped me off at the Seman Hotel, once the Russian consulate. A pretty young maid in national dress led me to my room. "Cheap but suitable for a concubine," I thought smugly, noting the ornate plastered walls, soft bed and lace curtains. "No wonder the Russians hated to leave this joint." And in fact, throughout history many nations, particularly China, have fought for control of Kashi and its environs. Although this remote city is closer to either Moscow or New Delhi than to Beijing, its location is strategic, for the city sits at the foot of the enormous Pamir Mountains. From Kashi

The author is an American teaching in Inner Mongolia



SHOPPERS DELIGHT: A child vendor in one of Kashi's eclectic markets, where anything goes

Magic Carpet Ride

traders and warriors once staggered across them and then through the treacherous Taklimakan Shamo Desert, following the Silk Road highway from China into Central Asia, India and Persia.

This desert oasis town connected Rome and China over 2,000 years ago. I, too, made a desert crossing in a bus to Hotan, a city famous for rugs and jade. But the eight-hour journey dehydrated and exhausted me. "How did they feel on camels and ponies?" I grimly wondered. In their bazaar a grizzled rug dealer sternly advised, "Go back to Kashi. We send our best stuff there." Wearily I boarded the musty old bus again, my skin itching from searing heat and dry air.

For centuries the Chinese controlled Kashi. Then, between the 10th and 12th centuries the Turks arrived. Thus, Islam, rather than Buddhism, became the dominant religion. These nomadic Turkish tribes understood the city's strategic location for

trade. Although the Mongols sacked Kashi in the 1300s, Islam and the Turkish people remained.

Later, in the 1800s this mesmerizing Muslim city became important again. Russians, Chinese and the British struggled for control of Central Asia and they all wanted Kashi. Again the Chinese won out, allowing tourists like me to peacefully sleep in defunct Russian consulates.

Back in the hotel, I met up with a young bilingual Uygur guide named Omar. Together we biked around the city, exploring streets and alleyways. Kashi bustled in a very un-Chinese fashion. Drums pounded, advertising shops. Vendors hawked blood-red pomegranate juice and glistening melon slices. Sultry women swayed by in sequined dresses and colorful headscarves while large-eyed bearded men in pale caftans watched them intently. Few spoke Chinese. Over 90 percent of the city's 300,000 residents are Turkic—Uygurs, Tajiks or Kazakhs.

I marveled as Turkish artisans worked on the street making copper pots, wooden spoons and steel knives, but soon I tugged at Omar's ragged T-shirt, and confessed, "Rugs, I want to see real carpet."

Patiently he led me to his friends' shops. Finally the legendary Hotan carpets were at my fingertips, as well as kilims carried in by dusty dark-eyed traders from Iran, Afghanistan and Turkmenistan. We sat on piles of precious carpet, haggling in slow motion, like poker players. Bargaining here is not only acceptable, but expected. Finally, after hours negotiating and drinking tea, I lugged out a beautiful camel's hair rug from Afghanistan.

"You did well for a foreign lady," commented Omar. "And you certainly do not look your age." He glanced at my sweaty bosom. Pleased and somewhat flattered by his attention I wondered, "Is he seeking a tip or a fling?"

"Hah?" I smirked internally. "If he were 10 years older he'd get both, for these swarthy Uygur men are sexy, indeed."

But outwardly I demurely replied, "Certainly, a return trip is necessary to look around for more treasures in your extraordinary city." ■

EXPATS, WE NEED YOUR STORIES!

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