

BEIJING REVIEW

CASHING IN

Economy robust in 2007, but overheating jitters persist



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2007 IN REVIEW: CHINA AND THE WORLD



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COVER STORY: It was a wild ride for China's economy in 2007. Hanging onto the raging bull was difficult for some and highly profitable for others. Worried that overheating markets could affect the economy, by year's end, the government had raised interest rates six times and bank reserves 10 times. The macroeconomic slogan shifted from "prudent to tightened"—a signal that inflation, a surging consumer price index and excess liquidity are the main targets of financial regulators in the coming year. Even though there were jitters, the overall economic picture was rosy in 2007: GDP growth around 11.5 percent, foreign and domestic investment growth was up, and domestic consumption took a greater role in overall economic development.

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EDITOR'S DESK

Taming the Bull

By ZHOU JIANXIONG

So far this year China's central bank has raised interest rates six times and increased the reserve requirement ratio for commercial lenders 10 times. Anyone with even rudimentary economic knowledge will realize immediately the implications of these efforts: to curb an overheating economy and rein in the risk of inflation. Facts and figures have proved these regulatory measures are by no means based on groundless fear. The National Bureau of Statistics (NBS) has put the growth of the consumer price index for November at 6.9 percent, the highest in 11 years, in addition to the rising producer price index at a two-year high of 4.8 percent. This had followed a steady increase in the index since earlier this year, from 3.3 percent in March to 6.5 percent in October, well surpassing the 3 percent ceiling expected by economists and the government. The surging prices of some non-foodstuffs, including fuels and industrial goods, are an indication that inflationary pressure is building up and may require more tightening of regulations in the days ahead.

Along with this looming inflationary threat are some other unwelcome tendencies, ranging from over-investment and loose credit to swelling foreign trade surpluses. Many economists have defined these as "structural problems," ascribing them to excess liquidity originating from years of booming economic growth, ballooning foreign reserves and large inflows of hot money from abroad. Others also have blamed the country's extensive growth pattern that relies on investment much more than consumption, the existing export-oriented trade policy that has helped to induce mounting pressure on the renminbi's appreciation, and soaring prices of some capital goods in the global market.

Fully aware of these unhealthy economic phenomena in the nation's economy, the Chinese Government has designed a series of macro readjustments for next year. These include, among others, tightening monetary policies, regulating consumption, and modifying investment and foreign trade growth. Clearly, these measures are aimed at preventing the economy from overheating and bringing growth onto a more coordinated and sustainable track. Apart from these, the government has also come up with the essential task of keeping at bay commodity prices, including those closely associated with people's lives, such as foodstuffs and housing. This could well be a priority for China in 2008, since maintaining stable prices is a key to securing steady and sustained economic growth as well as ensuring greater harmony in social development.

Despite these negative elements, the general economic situation fared nonetheless pretty well in a number of respects through 2007. Gross domestic product (GDP) rose to 11.5 percent in the first three quarters and, according to forecasts by the Chinese Academy of Social Sciences, will top 11.6 percent for the whole year, meaning China will have experienced a double-digit growth rate for five consecutive years. In the meantime, both fixed-assets investment and foreign trade registered steady growth, up by 25.7 percent and 23.5 percent, respectively, and consumption also picked up steam, accounting for 37 percent of GDP, compared with 35.7 percent a year ago. Moreover, the government has laid greater stress on more diversified and effective macro-control measures to rectify the economic order, shutting down energy-devouring enterprises, reducing hazardous pollutant emissions in the industrial sector, cutting interest tax for bank savings and lowering export rebates for 2,268 commodities liable to cause trade friction.

Through opportunity and risk the Chinese economy will soon be entering another year. Most likely, it will continue to grow at a fast pace but in a more rational and healthy environment. That is good news for both China and the world economy. ■

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Top Retailer Expands Dominance

"Big is beautiful." Retail mogul **Huang Guangyu** (Wong Kwong-yu), founder of China's largest household appliance chain, seems to be a believer in this. And it has once again been proved, when Huang's Gome Electrical Appliances Holdings Ltd. announced that it was financing an acquisition of rival Dazhong Electronics Ltd., a move to consolidate its leading position in China's household appliance sales market.

"Gome would loan 3.6 billion yuan (\$488 million) to its strategic partner Beijing Zhan Sheng Investment Co. to complete the purchase and then manage Dazhong," the company said on December 16, adding that it could buy the Beijing-based retailer later for a minimum of 3.65 billion yuan (\$4.95 million).

The expected merger with Dazhong, which has more than 50 percent market share in Beijing, will increase the number of Gome's outlets nationwide to about 1,100, almost double its closest rival Suning Appliance Co.'s 600. Before Gome's offer, Suning scrapped its 3-billion-yuan (\$405-million) bid for Dazhong on December 12.

Huang, a typical rags-to-riches legend, was born in a peasant family in Shantou, Guangdong Province. In 1986, the young school dropout moved to Beijing with his elder brother, and launched Gome retail business by repairing and selling electronic products. The 38-year-old, who oversees Gome and owns unlisted Pengrun Investment Group, topped this year's Hurun Cashout Rich List by cashing out investment assets totaling 9.3 billion yuan (\$1.25 billion). The list was initiated in 1999 by Rupert Hoogerwerf, a Shanghai-based researcher.

Huang's ambition has been growing since his successful acquisition of China Paradise Electronics Retail Ltd., then third largest consumer electronics retailer in China, for more than \$675 million, at the end of 2006. Later in the first half of 2007, Huang, together with Bear Stearns, one of the leading investment banks on Wall Street, established a \$500-million investment fund to finance further expansion.

The future test for Huang is likely to prove tougher as economically stronger overseas retailing giants are increasing their presence in China. But Huang still sees small stalls on street corners as Gome's key competitor. "Our market has traditionally been highly fragmented," he noted.

"On the other side of the world, nearly half a century ago, Sam Walton pioneered the Wal-Mart chain to give American people what they wanted: consistent low prices. Huang aims to do the same."

Rupert Hoogerwerf, calling Huang China's Sam Walton in a profile story, after an exclusive interview with Huang

"When the foreign players start making their presence felt, we will be ready to take them on."

Huang Guangyu, pledging to make Gome a competitive player in the global retail market



PEOPLE & POINTS

"The amount is not important for China. It's still a poor country. What's important is that they joined the policy discussion where we talk about things like debt sustainability, about coordination on the ground, about working better together among donors."

World Bank Vice President Philippe Le Houverou, welcoming China's recent announcement that it would contribute for the first time to the International Development Association, a unit of the World Bank that provides grants and no-interest loans to the world's poorest countries

"Please set your minds at rest, we Chinese always keep our promise."

Minister Cai Wu of the State Council Information Office, promising to grant overseas media organizations more freedom to report in China in the run-up to, and during, the Olympic Games in 2008, when he spoke to a reception for foreign journalists on December 18

"There were no clashes."

Office of Iraq's Kurdish regional President Massud Barzani, in a statement after Turkish troops crossed into north Iraq on December 18 in the first ground incursion against Kurdish rebels

"It was inevitable, in my view, and that is why I imposed it."

Pakistani President Pervez Musharraf, saying on December 15 that his six-week emergency rule had saved Pakistan from a serious threat of militant violence, as he addressed the nation just hours after repealing it

"We have achieved more than we could have expected previously, but it is less than what is needed to meet the urgency of the problem."

German Environment Minister Sigmar Gabriel, after world climate negotiators set a 2009 deadline for a landmark treaty to fight global warming at the UN-sponsored climate change conference in Indonesia

"I don't mean to scare anyone but this isn't a scare story."

Russian army Chief of Staff Yury Baluyevksy, warning on December 15 that the launch of an interceptor missile by the United States could trigger a Russian missile strike because it could be mistaken for a ballistic missile aimed at Russia

OPINION

We Need More Sleep

It was reported that insomnia or the lack of sleep is not only a medical problem but also a social problem in present-day China. Studies show that half of the Chinese population doesn't get adequate amounts of sleep. In most cases this is because of heavy pressure from study, work and making a living.

Many workers have to work overtime to finish their jobs before the deadline and a large number of white collar workers have no regular schedule for sleep either. Those who suffer most from the shortage of sleep, however, are young students in primary and middle schools. Scientists suggest that adolescents should be provided 9 hours and 45 minutes for sleep every day, but actually Chinese students have much less sleep time because of heavy learning pressure, especially those who are preparing for tests for admission to higher-level schools.

Insomnia and the shortage of sleep are now common problems across the country and the consequences might be very serious. To ensure young students get enough sleep, education authorities must take effective measures as soon as possible to reduce the workload students shoulder. Social and labor security departments should do a tangible job to safeguard the rights of workers to rest and leisure as well.

Sanqin Metropolis Daily

Culture Hunger

After the Hubei Provincial Museum in central China first announced its free admission policy, every day it received more than 10,000 visitors, 10 times more than previous figures. Now it remains steady at about 5,000.

For years, high ticket fares have kept citizens away from public cultural venues. What happened to the Hubei Provincial Museum shows that people's demand is far from being satisfied.

At present, China's public cultural institutions operate largely on ticket income. However, unlike other sectors, such institutions are supposed to be non-profit facilities whose operation should rely on stable government subsidies, even under the market economy system.

With economic growth, "inadequate finance" can no longer justify some local governments' refusal to subsidize public cultural institutions. In many places, even if local fiscal revenues

run very well, few money will be "wasted" on cultural institutions, as they are believed unable to prove how well the local economy is doing. To a large extent, the problem does not lie in money, but in the lack of a stable financial basis.

Culture is also an important part of people's lives, so it's hoped that in the coming years, the public can enjoy more free admission into cultural places such as museums.

Workers' Daily

Caring Knows No Limits

According to newly issued regulations on fellowships, state subsidies to impoverished university students will rise from an annual average of 1,500 yuan (\$200) to 3,000 yuan (\$400) as of 2008.

When education costs are jumping, it's encouraging that the state has raised its aid fund to impoverished students by 100 percent. But obviously, this amount is still not high enough, given that the current per-capita income of farmers is no more than 3,000 yuan while the tuition and boarding fees amount to at least 10,000 yuan (\$1,350).

To make the state fellowship system work more effectively, there must be explicit and rigid criteria regarding qualifications, such as the annual family income for students to get it.

Apart from state subsidies, universities should take on more responsibility. They are expected to promote social equality as non-profit institutions, but should never add to the current inequality by always trying to make money.

At the current stage, most of the fellowships are provided by the state while universities do little to assist in the funding. This system worked in the planned economy age, as at that time, the state paid all school fees for college students. Now it's different and it's necessary for the universities to do something for the poor.

Modern Express

Justice Speaks Louder

Coalmine accidents are tragic for miners and their families, so it is always hoped that incidents are properly handled as soon as possible to minimize the emotional impact of these disasters on society.

However, it has been found that two years after the explosion at the Qitaihe Mine in northeast China's Heilongjiang Province in 2005, which claimed 171 lives, the investigation remained unfinished. If without the intervention by Li Yizhong, Minister of the State General Administration of Work Safety, maybe this case would have ended with no results. The 171 miners killed and their families might never see that justice is done.

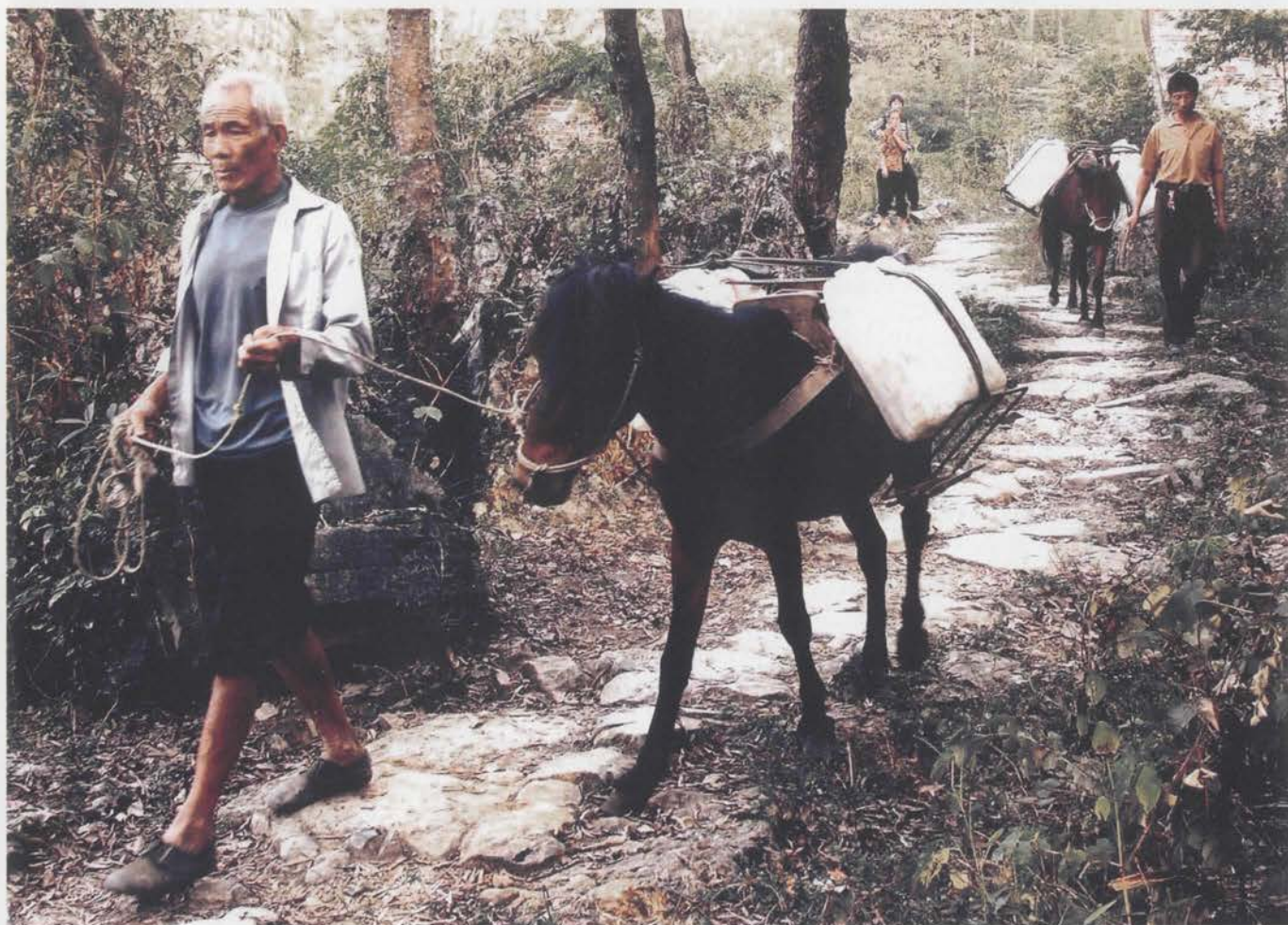
People can't help asking that since an incident as serious as the Qitaihe explosion was so poorly treated, how many "less serious" incidents are kicked around among relevant departments? Maybe that's why the public does not want to use laws to protect themselves when their rights and interests are violated and why villains dare to offend others and also the state's interests.

In the effort to build a human-oriented harmonious society, it's quite important for the authorities to take these incidents seriously, so as to build a safer working environment and a fairer social environment.

Guangzhou Daily



TOP DRAW: Ever since free admission to the Hubei Provincial Museum started, locals have flocked to get a glimpse at what is inside



WANG ZICHUAN

THIRST FOR WATER

Farmers in Quanzhou County, Guangxi Zhuang Autonomous Region, transfer drinking water home on December 15. A severe drought hit Guangxi and neighboring Guangdong Province in south China this winter. Reservoirs and rivers have dried because of a lack of rain, and more than 1.25 million people are battling water shortages in the worst-hit areas. Crop output for Guangxi this year is expected to be down by about 2.7 million tons, as 75 percent of the farmlands are reportedly being affected. Local governments have upgraded irrigation projects to ensure water supplies with financial support from the Central Government.



XU QINGYANG

A dried-out river in Lechang City, Guangdong

SOCIETY

Commercialization of Military Technologies

The Chinese Government is going to invest 377.7 million yuan (\$51 million) in transforming military technologies for civilian use in 2008, 20 percent more than this year's budget.

The Commission of Science, Technology and Industry for National Defense, organizer of technological development and production of national defense contractors in China, said that the funds will be channeled into 17 projects, covering alternative energy, electric equipment, information technology, heavy equipment, and energy-efficient and environment-friendly equipment.

Military Downsizing

China will transfer 60,000 military officers to civilian work in 2008, which is "still a tough task," announced the Ministry of Personnel.

A total of 337,000 officers of the People's Liberation Army (PLA) were transferred to civilian work over the past five years, including 256,000 demobilized from 2004 to 2006, a national personnel conference heard.

Minister of Personnel Yin Weimin said that local governments would set up special agencies to provide services and supervise and manage the transfer. More professional training programs should be organized to help demobilized

soldiers adapt to their new life, Yin said.

Patriotic Exhibition Well Received

Up to December 18, *Road to Revival*, a free exhibition illustrating the history of China since 1840, had attracted over 2 million people, who had written down over 30,000 comments, since its inauguration in October.

Co-sponsored by the Publicity Department of the Central Committee of the Communist Party of China, the Ministry of Finance, the Ministry of Culture, the General Political Department of the PLA and the Municipal Government of Beijing, the exhibition displayed the Chinese people's efforts over the past 160-plus years to realize rejuvenation of the nation.

The exhibition at the Military Museum of the Chinese People's Revolution in central Beijing will run through February 9, 2008.

Aging Society's Old Problem

According to a national survey on senior citizens conducted by the China National Committee on Aging, poor health remains a big problem hindering the life quality of the elderly.

The survey reported about 22 percent of elderly citizens in cities and 95.2 percent in rural areas do not have a pension, despite an 60-percent



WANG YONGSHANG

CELEBRATED MIND Fan Jianqing, a mathematics professor from Princeton University, receives a gold Morningside Medal of Mathematics for his creative application of mathematics to the field of statistics at the Fourth International Congress of Chinese Mathematicians

pension income increase for senior citizens with pensions since 2000. Only 27.9 percent of the elderly urban population and 23.1 percent of the elderly rural population consider themselves completely healthy or reasonably healthy. About 55.3 percent of elderly people in rural areas don't have basic medical insurance.

Most-wanted Couple Sentenced to Death

China's most-wanted couple has been sentenced to death in southwest China's Guizhou Province for forcing 23 girls, mostly primary and middle school students, into prostitution.

Zhao Qingmei, a former provisional teacher at Xinha

Town Primary School, and her husband Chi Yao, also a teacher who taught at Xinha Town Middle School in Weining County, were found guilty of procuring 22 girls from the two schools, including six under the age of 14, and a village girl. The offences took place from March to June 2006 in Liupanshui City and Nayong County. Zhao was sentenced to death and Chi was given a suspended death sentence, according to the local court.

The couple were arrested on August 10 in Panzhihua City, Sichuan Province, after the Ministry of Public Security issued a Class-A arrest warrant and offered a 100,000-yuan (\$13,500) reward for them.



ACROBATICS MASTERS Sudanese teenagers give their graduation performance after studying acrobatics for three years at an acrobatics school in central Henan Province



HOME SWEET HOME Primary school students in Lianyungang City, east China's Jiangsu Province, install self-made birds' nests on pine trees in parks for migratory birds that fly to the city in winter

ECONOMY

Continuous Growth of FDI

China utilized \$61.674 billion of foreign capital from January to November, 13.66 percent higher than a year earlier, the Ministry of Commerce announced. The growth rate is 2.51 percentage points higher than the figure for the first 10 months.

In November, foreign investment actually used in China surged 35.07 percent to \$7.679 billion. The number of newly approved foreign-invested firms fell 9.06 percent to 3,593.

During the period, China approved 34,419 foreign-funded companies, down 7.02 percent year on year, the Ministry of Commerce said.

The average foreign investment size has expanded as the nation has sought to boost foreign capital utilization quality.

Tourism Boom in Tibet

Tibet is expected to receive a record-high 4.02 million tourists in 2007 with a year-on-year increase of 64 percent, said Zhang Qingli, Party chief of the Tibet Autonomous Region. He said it is estimated that the region's tourism revenue will hit 4.8 billion yuan (\$649 million) this year, up 73.3 percent from last year.

Zhang attributed the rapid tourism growth to overseas promotional drives, as well as the opening of the Qinghai-Tibet railway and the third

civilian airport in Nyingchi. Tibet now has 88 star-level hotels and 56 travel agencies.

First Oil Reserve Starts Operation

China said its first national oil reserve base was filled with crude oil on December 19. Located in eastern Zhejiang Province, the base has a planned storage space of 5.2 million cubic meters, said the National Development and Reform Commission (NDRC), China's top economic planning agency.

The commission said the base, built by China's largest oil refiner Sinopec, was accepted after a yearlong trial operation.

China started a state strategic oil reserve base program in 2004 as a way to offset oil supply risks and reduce the impact of fluctuating energy prices worldwide on China's domestic market for refined oil. The other three oil reserve bases, still under construction, are expected to be in use later this year or next year.

Stronger Oil Tanker Fleet

China's oil tanker fleet is being encouraged to grow faster to shoulder half of the transportation of imported oil by 2010, experts have said.

Recent studies by the Institute of Comprehensive Transportation affiliated to NDRC showed that Chinese-operated tankers should transport at least 60 percent of imported oil to ensure supplies.

But domestic tankers last year shipped only 16 percent of oil imported by China.

The country imports more than 130 million tons of oil each year, about 90 percent of which is transported by ship. It has made China, the world's second largest importer after the United States, vulnerable to transportation costs and other uncertainties.

Macao's New Casino

Macao's 28th casino resort MGM Grand Macao recently made its debut with world class performances only a street away from Wynn Macao, another Las Vegas-style casino resort, intensifying fierce competition in Macao's gaming industry.

The \$1.25-billion project is a 50/50 joint venture between MGM Mirage of Las Vegas and Pansy Ho, daughter of the southern Chinese city's casino magnate Stanley Ho. The casino resort is also MGM Mirage's first in Asia. The new resort, claimed to target high-end customers, boasts 600 rooms and a casino with about 385 gaming tables, 890 slot machines and 16 private gaming salons. It also includes a convention space.

Official statistics show that in the first three quarters of 2007, Macao recorded gaming revenues of 58.31 billion patacas (around \$7.5 billion), already more than last year's total revenue.



YEAR OF MICKEY China Banknote Printing and Minting Corporation has launched coins, gold bars and silver bars with images of Micky Mouse and his girlfriend to commemorate the Year of the Mouse of 2008



CHEN QIANG

FRENCH ROMANCE IN ICE CITY

A sculptor puts the final touches to his work called *French Maiden* days before the opening of a snow art exhibition in Harbin, capital city of northeastern Heilongjiang Province. The theme of the annual exhibition for this year is "the romance of France"



REN LONG

JOLLY MASCOT FOR SHANGHAI

Shanghai unveils its mascot for the 2010 World Expo, a blue smiling cartoon figure with curly hair, during a televised ceremony on December 18. *Haibao*, the mascot's name, means treasures of the world in Chinese



XINHUA/AF

TRAIN TRAGEDY Pakistani soldiers carry a victim of a train accident in the southern town of Mehrabpur on December 19. A passenger train packed with holiday travelers went careering off the rails, killing at least 45 people and leaving more than 100 injured



XINHUA/AF

BACK TO THE GAME Yulia Tymoshenko waves to the Ukrainian Parliament in Kiev after being narrowly approved as prime minister on December 18. Deputies in the single-chamber parliament voted 226-0 in favor of Tymoshenko, the absolute minimum for a vote to pass in the 450-seat parliament, as the opposition boycotted the vote



XINHUA/AF

LISBON TREATY EU leaders pose for a picture after signing the landmark Lisbon Treaty at the Jeronimo Monastery in the Portuguese capital on December 13. The treaty strengthens European unity while maintaining national identities



WINNER'S GESTURE South Korean President-elect Lee Myung Bak of the conservative main opposition Grand National Party gestures to supporters in Seoul after his victory in the presidential election on December 19. Lee will take over the presidency from current President Roh Moo Hyun on February 25, 2008



SMOKING POINT Michael Windisch, chef with a restaurant in Lower Saxony state, Germany, sticks his head and hands through holes in the wall of his restaurant as he smoked a small cigar on December 19. He installed the "Smoking Point" after the introduction of a new law in the state, which prohibits smoking inside restaurants



SECURITY HANDOVER Iraq formally took over security control of the southern oil province of Basra on December 16 from British forces, paving the way for Britain to sharply reduce its nearly 5,000-strong troop presence

A Year of Change

Prominent features stand out as the world continued to evolve toward multipolarization in 2007

By LIU BAOLAI

While the international political structure remained unchanged, world powers became more balanced.

Although the United States maintained its superpower status, its influence and control over international affairs declined. It was forced to switch to a more pragmatic foreign policy given the following concerns:

- **Frustrated unilateralism.** The Bush administration's preemptive policy and frequent use of force proved unpopular among the public. Following the defeat of the Republicans in the midterm elections in November 2006, a number of neo-conservatives were ousted from the U.S. Government.

- **Failed Middle East strategy.** The United States was not able to extricate itself from the Iraq morass. Its Greater Middle East Initiative met with opposition from both governments and the general public in the region. As anti-Americanism heightened, more terrorist attacks and violence were committed against the United States in the Middle East. Washington failed to come up with an effective solution to the Iranian nuclear issue. It hosted a Middle East peace conference in Annapolis in November, only to find it difficult to make peace between the Palestinians and Israelis.

- **Economic slowdown.** Affected by the subprime crisis in the United States, global financial markets underwent alarming fluctuations. The prices of oil, raw materials and food rose sharply. With the dollar continuing to depreciate, the U.S. economy stagnated.

By contrast, other world powers such as the EU, Russia and Japan made rapid strides. The EU, whose economic power

is comparable to that of the United States, restored its integration process. Poland, Denmark and Britain withdrew their troops from Iraq under severe public pressure. Tony Blair was compelled to step down as British prime minister after his popularity plummeted because of his involvement in the Iraq War. Russia's economy grew considerably, with its gross domestic product (GDP) hitting some \$1 trillion.

While maintaining their political stability, developing countries enjoyed robust economic development and became an important engine powering world economic growth. These countries stood against hegemony, power politics and unilateralism while they advocated democracy in international politics and supported the UN's leading role in international affairs. Except for the escalating tension in the Middle East and Pakistan's political instability, the number of hot-spot issues in Asia and Africa decreased. The other world powers and developing countries put considerable restraints on the United States. Also, technological innovation fueled industrial revolutions in many countries, breaking the monopoly of the United States and other Western countries.

Globalization deepened and its negative implications became more evident.

The world economy maintained robust growth in 2007. While enhancing bilateral cooperation, countries actively collaborated on multilateral and regional levels. International, regional and subregional arrangements flourished. Multinational companies' industrial chains were extended to every corner of the world, making the world a huge machine, and all countries parts of the machine. At present, economic factors such as capital and technology are being

relocated to low-cost, high-growth countries. As a result, emerging markets are playing an increasingly important role in globalization. The GDP of the emerging markets combined accounted for 48 percent of the world total in 2006. Of these countries, BRIC (Brazil, Russia, India and China) and VISTA (Viet Nam, Indonesia, South Africa, Turkey and Argentina) are particularly notable. The BRIC economies posted an average annual growth of 8.3 percent in 2006, far higher than the world average. The International Monetary Fund believes that China, India and Russia are responsible for half of the world's economic growth in 2007.

The growing negative implications of globalization are not to be underestimated. First, the world economy is severely unbalanced. With the North-South divide widening, an increasing number of small and medium-sized countries have been marginalized. Second, globalization and political regionalism, as well as the global free trade regime and bilateral and subregional trade arrangements, have become contradictory goals. The dilemmas already have affected developed countries in the West. Many small and medium-sized enterprises in the United States went out of business. Millions of workers lost their jobs. Many members of the middle class became impoverished. As a result, trade protectionism mounted in Europe and the United States. American and European countries also relocated polluting industries to developing nations, a move that aggravated the non-traditional security threat.

While strengthening their strategic interaction, major powers were increasingly caught up in conflicting interests.

The relations between major powers were characterized by cooperation and coordination, as well as competition and

The author is a council member of the Chinese People's Institute of Foreign Affairs

Along with global warming, ecological deterioration and the increase in natural disasters, the global climate hit the top of the agenda at this year's UN General Assembly session and other major international conferences

China: Rising Standing

Along with the growth of its comprehensive national strength, China's international influence was greatly enhanced. While visiting foreign countries or attending major international or regional conferences, President Hu Jintao, Premier Wen Jiabao and other Chinese leaders demonstrated China's pursuit of "peaceful development," promoted the concept of "building a harmonious world" and dispelled misunderstandings about the country. China played a positive role in resolving the North Korean nuclear issue, the Iranian nuclear issue and the Darfur issue and was recognized by other parties for its efforts.

China's relations with major world powers, neighboring countries and developing countries made great headway. China-U.S. relations

generally remained stable; China-EU relations improved; China-Russia relations deepened; China-India relations made fresh progress; and China's relations with developing countries, including African nations, were raised to a new level.

At the same time, China was confronted with many challenges in 2007. For example, Western countries criticized its human rights record; U.S. President George W. Bush and German Chancellor Angela Merkel both met the Dalai Lama, against the Chinese Government's wishes.

China's GDP is projected to exceed Germany's to rank third in the world in 2007. It will also surpass the United States to become the largest contributor to global economic growth, according to the International Monetary Fund. China is the world's third largest trader. It boasts a foreign exchange reserve

of some \$1.4 trillion, which is larger than that of any other country.

In space exploration, China successfully launched its first lunar probe *Chang'e-1*.

On the security front, China continued to implement the "new security concept" and enhanced mutual trust with neighboring countries. The SCO grew more influential.

The situation across the Taiwan Straits was relatively stable, in spite of Taiwan leader Chen Shui-bian's attempt to seek Taiwan's UN membership. China also strengthened its cultural exchanges with other countries. To date, it has held Chinese cultural years in a number of countries, including Russia, India, South Korea and Italy, and established Confucius Institutes across the world. These non-profit educational institutions promote the teaching of the Chinese language and culture in foreign countries.

caution. They not only continued to build up their military forces, but also competed for resources and navigation routes in the South Pole, the North Pole and outer space. The United States relied more on Europe, leading to a remarkable improvement in their relations. Pro-U.S. leaders Angela Merkel and Nicolas Sarkozy took over the reins of Germany and France, respectively, further tightening ties across the Atlantic Ocean. The trilateral relations between the United States, Europe and China underwent new developments.

In East Asia, the United States strengthened its alliance with Japan and attempted to forge a four-nation alliance with Japan, Australia and India to contain China. As China-Japan relations improved, China-U.S.-Japan triangular relations were tilting in favor of China.

The "strategic cooperative partnership" between China and Russia deepened. China and Russia on the one hand and the United States and Japan on the other hand both relied on and checked each other in Central Asia. World powers strengthened their coordination on hotly contested issues such as the North Korean nuclear issue, the Iranian nuclear issue and the Darfur issue in Sudan. The six-party talks aimed at resolving the North Korean nuclear issue made substantial progress. The six vested parties in the Iranian nuclear issue—the five permanent members of the UN Security Council and Germany—reached a consensus on peacefully resolving the Iranian nuclear issue. The United States is unlikely to launch military operations against Iran in the

short term. The Darfur crisis also eased.

The major powers' fundamental divergences persisted, as evidenced by their frequent conflicts. Russia-U.S. disputes escalated, with the two countries' presidents verbally attacking each other. The two countries will remain in a state of "cold peace" for a long time to come but are unlikely to plunge into another Cold War.

Russia and the EU also were embroiled in severe, chronic disputes. However, both sides avoided being too aggressive.

Russia was extremely cautious about NATO's eastward expansion, which it resisted in collaboration with other members of the Commonwealth of Independent States (CIS).

The relations between the United States and the EU were also beset with structural problems. They are no longer the kind of allies that they were before the Cold War. Apart from the four-nation alliance, the United States attempted to create an "Asian NATO" with Japan and Australia to target China. With pragmatism gaining currency in Europe, the EU made frequent accusations against China. The United States carried out its Greater Central Asia plan to the curb influence of the Shanghai Cooperation Organization (SCO), while Russia used the CIS to keep the U.S. presence in the region in check.

The issue of climate change took center stage.

Along with global warming, ecological deterioration and the increase

in natural disasters, the global climate hit the top of the agenda at this year's UN General Assembly session and other major international conferences. Devising a plan for the reduction of greenhouse gas emissions after 2012 when the first phase of the Kyoto Protocol expires became a highly relevant topic.

Today's climate change situation is a result of greenhouse gases that have been discharged by developed countries since the Industrial Revolution. However, rich nations are using this issue to pressure developing countries and demanding that they shoulder the same responsibilities. The negative implications of climate change are felt across the world. Tackling the problem calls for concerted efforts by the international community.

The Chinese Government attaches great importance to greenhouse gas reduction and environmental protection. In General Secretary Hu Jintao's report to the 17th National Congress of the Communist Party of China in October, the Party vowed to promote a "conservation culture." Pan Yue, Vice Minister of China's State Environmental Protection Administration, said environmental protection would be incorporated into China's new sustainable development strategy. Environmental protection is an area where China has a lot in common with the rest of the world. It won acclaim from delegates at the recent UN Climate Change Conference in Bali, Indonesia. ■

Whither the Dollar

The fall of the U.S. dollar hit new lows in December. That's not good news for the world economy

By DING YING

The depreciation of the U.S. dollar is not big news, but its new low record is. In December, the greenback fell to its lowest rate in the last 30 years against other major currencies. The dollar slumped to 7.3589 per the Chinese yuan on December 14, the lowest point since it started depreciating in 2002. The Chinese Government had pegged the value of the yuan to the U.S. dollar until July 2005, when it adopted a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies.

With the value of the U.S. dollar dropping 24 percent during the last five years, economic experts said they expect the greenback to continue to weaken. The dollar's depreciation has already influenced the world's largest economies, including China. As the biggest developing country whose export volume is a major driver of its economy growth, China may be one of the major victims of the fall of the U.S. dollar, the experts said.

It isn't easy being green

The fall of the U.S. dollar has affected economic zones from west to east. "It has destabilized economies throughout the world," said Zhen Bingxi, a senior research fellow at the World Economy Division of the China Institute of International Studies (CIIS).

The eurozone has taken the biggest hit. Since 2002, the euro has risen 40 percent against the U.S. dollar. The euro's appreciation has caused a decrease in the EU's exports, although the eurozone's economy has not been affected to a great degree, Zhen said. The EU has softened the blow by adjusting the structure of its industry system and encouraging its citizens to consume more products instead of exporting them. The domestic demand inside the EU has partially replaced the bloc's reliance on foreign trade.

"On some level, the adjustments had made up for the disadvantages caused by the U.S. dollar's depreciation," Zhen said. The EU's domestic demand for goods has expanded in recent years, giving its economies a boost. According to the International Monetary Fund, the EU's



GREEN VS RED: The Chinese yuan has appreciated 12 percent to the U.S. dollar since July 21, 2005. The change has a negative impact on both China's export volume and its economic growth

economic growth rate is expected to reach 2.5 percent this year. That would be the highest growth rate among the EU, Japan and the United States.

The Organization of the Petroleum Exporting Countries (OPEC), which settles its accounts for oil exports mainly with U.S. dollars, is in a quandary. When the U.S. dollar depreciates, OPEC members raise the price of oil to lessen the losses brought by the currency's depreciation, Zhen said. But when world oil prices rise dramatically, they see bigger losses due to the depreciation of the U.S. dollar. This prompts importers to pay much more for their oil purchases, a move that also slows down world economic growth.

The U.S. dollar's depreciation also has triggered disagreements inside OPEC. To reduce their risk, some OPEC members started converting the U.S. dollars they received from oil exports into euros. Other OPEC members opposed abandoning the U.S. currency, arguing that it would aggravate their dollar depreciation risk and create an even worse situation. Changing some of their U.S. dollars into euros is one way to lessen the risk, Zhen said, but he added that underselling the U.S. dollar would be a wise move to avoid a bounce-

back of an unstable dollar exchange rate. Overall, the greenback is not a very popular currency at this stage, he added.

For Asian countries like China, whose economic growth relies heavily on exports, the greenback's fall has come as a blow. The Japanese yen and South Korean won also have been appreciating steadily in recent years.

The Chinese yuan has appreciated 12 percent to the U.S. dollar since July 21, 2005. The change has a negative impact on both China's export volume and its economic growth, said Zhen.

Zhou Shijian, Standing Councilor of the China Association of American Studies, said China's export volume has decreased annually since 2004 due to the U.S. currency's depreciation, because export transactions are settled in U.S. dollars. China's overall export growth rate was 35.4 percent in 2004, 28.4 percent in 2005, and 27.2 percent in 2006. It is expected that China's export growth rate will reach 25 percent this year, Zhou said.

"It is obvious that the U.S. dollar's depreciation has bashed China's economic growth," he said.

China's small and medium-sized enterprises are feeling the most pain from this situation. Their overall costs and salaries for employees are rising, but their profits are narrowing, Zhou said. Unlike big companies, they are not strong enough to resist the storm. In Guangdong Province, for example, more than 1,000 shoe factories that depend mainly on exports have already gone bankrupt. Companies and enterprises with overseas businesses, especially those in coastal areas, have been hit even harder, he said.

Deep in the red

Both experts believe that the U.S. dollar's depreciation will not end very soon and that it actually benefits the U.S. economy. Since the greenback's value started dropping in 2002, the United States has kept increasing its exports, while its employment rate has been rising.

"In this regard, the United States hopes that currencies in other regions continue to appreciate, and the U.S. dollar is the only currency to depreciate," Zhou said.

Zhen from the CIIS cited another reason. He pointed out that according to

the Peterson Institute for International Economics in Washington, the U.S. dollar's value rose about 40 percent between 1995 and 2001, and that the increase has been one of the causes of the U.S. trade deficit during the past years.

Zhen also said the U.S. "double deficit"—the trade deficit and the budget deficit—triggered the dollar's depreciation. He predicted that a further currency slump could ensue, because the current depreciation rate is only 24 percent of what it was in 2002. The U.S. dollar's decline will continue for at least two more years, he added.

The falling U.S. dollar will not drag down the economy of the EU, the biggest economic community in the world, Zhen said. After the EU adjusts the structure of its industry system, it will see a relatively steady increase in its economic growth, he said.

In the meantime, the gross domestic product (GDP) of the United States, which accounts for a quarter of global GDP, is rising. The country's economic growth can almost counteract the negative influences of decreased exports to other economic communities due to the U.S. dollar's depreciation, Zhen said. Given

such circumstances, China must consider some ways to stabilize its own economy, he added.

China expects its GDP to grow 9 percent in 2008, Zhen said. "Foreign trade, investment and domestic demand are the troika that can drive a country's economy ahead," he said. He also noted that since foreign trade and investment can be affected by the U.S. dollar's depreciation, the best way to keep China's economy buoyant for now would be for the gov-

ernment to further adjust its economic structure and develop knowledge-based industries instead of labor-intensive ones. Moreover, the country needs to encourage its people to consume more products. To decrease its risk in the meantime, China could change some of its U.S. dollar reserves into other foreign currencies, Zhen said.

Both the United States and the EU have been pushing China to allow the yuan to appreciate. Because the U.S. dollar's depreciation has caused many countries and regions to switch their foreign exchange reserves to euros, the EU should make more efforts to maintain the euro as a stable hard currency. The EU must find another currency to do the job together, and it would appear that the yuan is the most suitable, Zhen said. In this regard, the EU has prompted China to quicken the pace of the yuan appreciation, Zhen said.

"It is obvious that the U.S. dollar's depreciation has bashed China's economic growth."

—Zhou Shijian, Standing Councilor of the China Association of American Studies

Yet, international economic experts believe a fast yuan appreciation would not bode well for China.

"The appreciation should be carried out step by step to avoid possible turbulence, because China's financing system is not perfect enough now," Zhen said.

But currency appreciation is natural for a country whose economy has grown very fast. When considering the country's long-term economic developments, the appreciation of the yuan will be more flexible and mature, Zhen said. It also will let China adjust its currency exchange rate according to its needs, he added.

The dim future for exports could also prompt Chinese enterprises to improve their technological levels and adjust their export structures by selling more knowledge-based products to other countries, thereby benefiting China's future development, Zhen said. For example, China has enacted regulations that remove tax rebates on products made with higher energy consumption or pollution elements.

In this way, China can also realize its sustainable development goals. The current imbalance of trade between China and the United States could also be improved, Zhen said, because a huge trade surplus is not good for China. The trade volume between China and the United States was \$262.68 billion in 2006, and China's trade surplus was \$144.26 billion, according to the country's Administration of Customs.

If the Chinese Government lets the yuan appreciate, it will maintain its rate within a controllable range, said Zhou of the China Association of American Studies. If a boost in the yuan's value started dragging down the country's economic development with, for example, China's export volume dropping to an unbearable point next year, then the government would definitely curb the rate of appreciation, he said. ■



HIT A RECORD: For a brief time on September 20, the Canadian dollar reaches parity with the U.S. dollar for the first time in more than 30 years

Bali Blueprint

The UN Climate Change Conference maps out the future of the global climate change regime

By YAN WEI

A new milestone was reached in the ongoing campaign against global warming on December 15 when representatives from more than 180 countries came up with a roadmap for negotiations on a crucial international climate change regime. The roadmap was adopted at the end of the UN Climate Change Conference in Bali, Indonesia, after two weeks of marathon talks.

table features, such as stressing international cooperation and engaging the United States, Chinese climate change experts said. But its adoption is only the beginning of a long process toward finalizing the new deal.

The roadmap highlights the principle of "common but differentiated responsibilities" and calls on all parties to carry out long-term cooperation and take joint actions to realize the goals set in the UNFCCC, said Su Wei, deputy head of the Chinese delegation to the UN Climate Change Conference.

The United States has refused to sign the Kyoto Protocol, raising questions about how it will undertake emission reduction obligations as an industrialized country, Su said.

At the Bali conference, the United States waited until the last minute before dropping its opposition to a proposal made by developing countries, in which rich nations were asked to do more for the developing world to fight greenhouse gas emissions. This U-turn enabled the roadmap to come to fruition.

fully aware of the need to deal with climate change, he said.

Shared responsibilities

In the roadmap, both developed and developing countries accepted "measurable, reportable and verifiable" mitigation commitments or actions. But while negotiators should consider quantified emission limitations and reduction objectives for developed countries, developing countries will take actions "in the context of sustainable development," according to the roadmap. The delegates also decided that rich countries should work to transfer climate-friendly technology to poor nations.

Apart from mitigating climate change, the roadmap underlines three key points that have been ignored in previous international negotiations: the adaptation to climate change, technology development and transfer and financing, Su said.

At the Bali conference, the EU advocated a target of cutting greenhouse gas emissions by 25 percent to 40 percent compared to 1990 levels by 2020. But under opposition from the United States, this target was eliminated from the text, with an indirect reference inserted as a footnote.

The Bali roadmap does not commit countries to specific actions against global warming. Instead, it is intended to set an agenda and schedule for negotiators to find ways to reduce pollution and help poor countries adapt to environmental changes.

These negotiations should lead to specific emission reduction objectives for developed countries, Zhou said. They also should explore ways to promote technology transfer to developing countries, thereby helping them achieve sustainable development while cutting greenhouse gas emissions, he said.

China has committed itself to assuming responsibility for combating climate change along with other developing countries, Su said. "Developed countries are obligated to provide technological and financial support to developing countries, which should be commensurate with developing countries' efforts to cope with climate change." ■



A PIVOTAL STEP: UN Secretary General Ban Ki Moon (left) shakes hands with Rachmat Witoelar, President of this year's UN Climate Change Conference, on December 15, the day when the Bali roadmap was adopted. Ban hailed the roadmap as "a pivotal first step" toward an agreement that can address the threat of climate change

The countries agreed to formulate a new global climate change framework by 2009 for the period after 2012. In its first commitment period from 2008 to 2012, the current regime, the Kyoto Protocol of the UN Framework Convention on Climate Change (UNFCCC), binds 36 industrialized countries and the EU to cut greenhouse gas emissions by an average of 5 percent below 1990 levels.

The Bali roadmap has charted the course for future negotiations with a number of no-

America's reluctance to make emission reduction commitments has much to do with its domestic politics, said Zhou Dadi, a research fellow at the Energy Research Institute of China's National Development and Reform Commission. As the largest greenhouse gas emitter among developed nations and one of the largest emitters on a per-capita basis, the United States has a great potential for cutting emissions. But neither the government nor industry decision makers are

CORRECTION: *Beijing Review* published an interview with Cyprus' Ambassador to China Marios Ieronymides in its 50th issue on December 13. The second sentence in the first paragraph in the second column on page 14 should read: Cyprus welcomes China's support in the implementation of the July 8, 2006 process agreed between President Tassos Papadopoulos and [Mehmet Ali] Talat, the leader of the Turkish Cypriot community—Gambari Agreement—which has been endorsed by the UN Security Council, providing the only opportunity for a speedy, comprehensive and viable solution to the problem. Ambassador Ieronymides did not refer to Talat as "leader of northern Cyprus," which was an editor's note.

Solid Foundation, Challenging Future

Pervez Musharraf began his five-year term as Pakistan's civilian president on November 29. In an article for *Beijing Review*, he pledges to build a "new Pakistan"

Over the past year, the conflict in Afghanistan and the emergence of a virulent campaign by foreign terrorists to destabilize Pakistan have created a national threat that has interrupted Pakistan's progress much as the United States experienced in 2001-2002. Foreign terrorists have engaged our security forces and suicide bombers have struck at metropolises that are the pulse of our nation. These events have caused me to take unpopular and extraordinary actions to protect civil order.

Those actions have succeeded in minimizing violence and the vulnerability to attacks, with costs incurred to civil liberty and institutional balance. We are actively engaging civil society to ensure that it continues its critical role in building a consensus around a progressive agenda.

Through all this, my commitment to free elections has not wavered and we will have elections in January 2008. Elections are a very short time away, particularly for a nation that is 160 million strong, rich in diverse political opinions. The United States has the luxury of national campaigns in which a vision for the country's future can be developed and explained by its candidates over years. In Pakistan, we have but weeks. That is why I have been dismayed that the media has reduced our national discourse to a conflict between institutions and individuals, instead of real issues affecting the well-being of the people.

I will judge Pakistan's elections a success if they meet two criteria. First, they must take place in a free and safe environment. We cannot allow terrorists to hijack this critical democratic institution through violence. Nor can we allow self-serving politicians to disrupt the consensus required to continue the fight against terror. Second, we must move beyond personalities to debate a vision for Pakistan: a vision that builds upon our achievements, leveraging Pakistan's intrinsic strengths, and taking the people of Pakistan beyond a narrow-minded focus to an integrated perspective reflecting development, justice and prosperity. At this critical juncture, Pakistan needs the continuity of successful policies—not a myopic hustle for individual power.

We are confident in our ability to provide security. We need to continue developing the economic opportunity



"My commitment to free elections has not wavered and we will have elections in January 2008."

—President Pervez Musharraf

that will give our young people the hope and encouragement to work productively toward a future that will benefit them and Pakistan as a whole. Even beyond the national borders, my concept of "Enlightened Moderation" needs to be used as a bridge between the Western world and the alienated Islamic world.

Indeed, over the past eight years, we have built a solid foundation for an

economically vibrant Pakistan. We have maintained one of Asia's highest gross domestic product growth rates at 7.5 percent, increased our per-capita income by 38 percent, and achieved a record-high foreign investment of \$8.4 billion, up from a mere \$322 million in 2000. Other financial indicators support this trend: Pakistan's total foreign exchange reserves have increased ninefold to reach \$15.7 billion. The stock exchange index has increased more than tenfold. The exchange rate has remained stable. The public debt has been halved. And 1.5 million Pakistanis have come above the poverty line.

Taking advantage of our geostrategic position, we have improved the infrastructure environment by investing in public sector development funds and promoting public-private partnerships toward infrastructure megaprojects. We have created a strong system of local governance where elected representatives manage their local districts with the help of civil administration, thereby significantly empowering the masses at the grassroots level. We have deregulated the media to where it is the freest in the history of Pakistan, where it is expected to exercise its freedom with responsibility. I have always believed in the freedom of expression and have respected differences of opinion, and I will continue to do so in the future. We have sought to create a balance between the executive, legislative and judiciary branches, coupled with a vibrant, peaceful and productive civil society.

My policies have reflected the aspirations of the progressive, moderate forces in Pakistan that have been aimed at containing the growing extremist forces fueled by regional unrest. Pakistan's physical security and that of the world necessitates that religious extremists are sidelined; that Pakistan's natural resources and nuclear assets are protected; and that military morale remains high.

It is my commitment to ensure the continued implementation of a policy that will take the people of Pakistan safely through this critical juncture toward a future free from the present conflict. The vision I will present for a "new Pakistan" in the coming days, as Pakistan's democratically elected civilian president, rests on this decisive premise. ■

A Century With Chinese Characteristics

How to coexist with a China growing in economic power and more active in world affairs? David Gosset, Director of the Academia Sinica Europaea, China Europe International Business School, Shanghai, and founder of the Euro-China Forum, provides his analysis based on his long-term engagement with this fast-changing nation. Following are excerpts of an article published by Gosset on Asia Times Online:

The *Quattrocento* refers to the 15th-century Italian Renaissance; *ershiyi shiji*—21st century in Mandarin—can be used as a reference to the current Chinese renaissance and the way it is changing our world.

Arguably the most significant process of our time, China's renaissance is composed of three interrelated elements: economic reemergence, socio-political transformation and intellectual reinterpretation of the Chinese tradition.

After the 17th National Congress of the Communist Party of China in October, and before the 2008 Beijing Olympics and the 2010 Shanghai World Expo, not one single day goes by without news, debates and comments on China; confronting such a profusion, one risks taking short-term variations or trivial fluctuations for long-term tendencies and losing any sense of pattern.

One question can help us focus on what really matters: Are Westerners ready to adjust to the effects of the Chinese renaissance? In other words, is the West prepared for a century with Chinese characteristics, is it ready for the *ershiyi shiji*?

Understanding the China factor

Fourteen years after the collapse of the Qing Dynasty (1644-1911), writer Lu Xun was asking in his essays: "When are we going to stop bringing new bricks to the Great Wall?" A defensive construction built and consolidated through the centuries to protect the empire from the invasions of nomads, the Great Wall could also be seen as the symbol of an immured Chinese mind. In 1949, China fully recovered its sovereignty; in 1978, Beijing adopted the opening-up policy—today, the Great Wall is a tourist attraction.

In a process of unprecedented magnitude, one fifth of mankind, different from the West, is entering the world stage. While Western scientific and economic modernity will continue to have influence on China—Beijing's overall strategic goal

is modernization—the Chinese world will have considerable quantitative and qualitative impacts on the global village.

To look at China without passion requires constant intellectual vigilance. One has to avoid the idealizations of the Sinophile or the demonizations of the Sinophobe.

True, the People's Republic of China is a developing country that is, as such, facing considerable challenges. If one focuses exclusively on what has yet to be done to catch up with the developed world or on the various visible signs of Westernization within China, the idea of serious Chinese influence on the global village can appear illusory.

However, if one considers the scope of post-imperial China's metamorphosis (the collapse of the Roman Empire in the 5th century was followed by at least 300 years of disorder in Western Europe), the speed of its transformation since 1978, while keeping in mind the Chinese empire's past cultural, economic and political centrality in Asia, the question of the Sinicization of the world makes sense.

The presupposition of the "China threat" leitmotiv is precisely China's capacity to influence on a massive scale our world system, but it also assumes that this impact will be negative. Between two extremes, "China fever" and "China threat," the analyst should stay rationally within the limits of what can be called the "China factor": China's opening-up means, to a certain extent, Sinicization of the world, a process that has to be integrated and explained and not adored or condemned a priori.

Modernization does not mean cultural alienation

But how could the global citizen be in any way Sinicized if tomorrow's China is radically Westernized?

Looking at the young people in Dalian, Beijing, Shanghai, Shenzhen or Chongqing, it seems that Westernization

is China's future. It gives Chinese students "face" to speak some English—more "face" if it is American English. On campus they practice sports popular in the West, and after graduation they would opt preferably for a career in a joint venture where the corporate culture is supposed to be Western—and the pay higher.

But it is necessary to put these trends into historical perspective. In China, snapshots can be misleading. One has to integrate different "clocks" and be attentive, behind shorter developments or even ephemeral fashions, to very slow movements, what Fernand Braudel called the *longue durée*.

Past interactions between China and what was foreign to it show the unique resilience of Chinese civilization. It has the ability to change without losing itself; it could even be defined by this singular capacity of renewal.

The Yuan Dynasty (1277-1367) and the Qing Dynasty (1644-1911) were established respectively by Mongols and Manchus. However, the only way for the "barbarians"—non-Han—to rule the empire was to adopt elements of the Chinese tradition. Immutable China is a myth—the long history of China is a succession of clearly distinct periods—but absolute discontinuity from one time to another is also a narrative.

Buddhism and Christianity have also been testing Chinese civilization's capacity to absorb exogenous elements. Entering under the Han Dynasty (Eastern Han, 25-220), Buddhism penetrated deeply into the Chinese world under the Tang Dynasty (618-907); but this penetration has seen the transformation of original Buddhism to fit Chinese philosophical and linguistic context.

In the age of European expansion, Christian missionaries spared no effort to convert Chinese people. The Jesuits' approach initiated by Matteo Ricci (1552-1610) was to engage as much as possible with China's elites; no one has ever understood the Chinese world better than the Sinologists of the Company of Jesus, but genuine European intellectual excellence failed to change radically the Chinese mind. How can one seriously believe that current superficial material Westernization in China—related to food or clothes, the introduction of managerial skills, the instrumental use of English, etc.—is going to affect essentially Chinese culture?

China's technical and economic



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CHEN YANQIANG

FOR WORLD PEACE: Chinese peacekeepers in Haiti are awarded medals for their dedication to world peace. As China grows stronger, it plays a more active role in world affairs to fulfill its own obligations as a world stakeholder

modernization does not mean cultural alienation. China is once again translating into its own context foreign practices and theories. Democratization might be unavoidable for the Chinese world—in fact, the process has already begun—but it will be a democratization with high Chinese characteristics, a very fortunate process indeed. One should remember the words of Alexis de Tocqueville (1805-1859) in *Democracy in America*: “I am well aware of the influence which the nature of a country and its political precedents exercise upon a constitution; and I should regard it as a great misfortune for mankind if liberty were to exist all over the world under the same forms.”

Some external forms of the translation process can be a surprising accumulation of heterogeneous pieces. Look at a Sichuan-cuisine restaurant with Rococo furniture or at a Shanghai middle-class home where reproductions of European impressionists coexist on the same wall with Chinese calligraphy. The sociologist observing China's megasociety can interpret these unusual combinations as parts of a gigantic assimilation. One can also enjoy completed translations where the “original” fits perfectly into the evolving Chinese context;

it is often the case in architecture, in urbanism or in design.

The resilience of Chinese culture cannot be separated from China's demographic vitality; they reinforce each other in what constitutes a virtuous circle. The very fact that China is the most populous country in the world is highly significant.

In the global community, fundamentally optimistic and life-oriented China will interact with various Western forms of nihilism; the culture of life and happiness will quietly prevail.

China and globalization

China absorbs, translates and regenerates itself vigorously. In 2005, Chinese people from Singapore to Beijing celebrated the 600th anniversary of the navigator Zheng He's (1371-1433) first voyage. These celebrations of the Ming Dynasty explorer, Asia's Christopher Columbus, were also indicative of China's current mindset: Chinese people can also be extrovert and do not intend to witness passively, beyond the Great Wall, the reconfiguration of the world.

China's direct investment overseas is rising rapidly. By the end of 2006, China made \$75 billion direct investment in more than 160 countries. The 2008

Beijing Summer Olympics and the 2010 Shanghai World Expo will reinforce this momentum.

The Chinese world is not only made up of China's mainland, Hong Kong, Macao, Taiwan and the highly Sinicized Singapore, but also includes in its largest extension a Chinese diaspora active worldwide.

This diaspora—estimated at 50 million people—is not just about Chinese restaurants (although food and cooking are key elements of culture) or Chinatowns (perfect examples of Chinese cultural resilience far away from the Yellow River or the Yangtze River); the notion of Chinese diaspora indicates that China is not only a political entity related to a territory but, above all, a cultural expression already having global reach. Those who know Mandarin and, more importantly, written Chinese, those who can play by the codes of the Chinese culture, have, in fact, access to a network whose main hubs are in the Mainland and at its periphery but which is certainly not limited by traditional borders. The “sinosphere” is not only a transnational domain ideally structured to benefit from “a flat world” but also an accelerator of globalization.

Co-architect of the 21st-century new world order?

For the West, adjustment to China's renaissance requires modesty and intellectual curiosity. Are Westerners ready to learn from the Chinese civilization as Chinese people are ready to learn from the West? This is the precondition of a genuinely cooperative relationship. Seriously engaging China is to accept the very possibility of Sinicization.

The West, in a position of scientific and economic superiority since the industrial revolution, is used to treating China as a product of orientalism. For the majority of Westerners, China is either a museum—hence the surprise of many foreigners in China: “I was expecting something else!”—or a classroom: One has to lecture Chinese people on more advanced standards. The West has to reflect on these prejudices and to look at China as a living matrix of a civilization that is already reshaping our time.

If China proves to be an integrating factor in a world plagued by morally unacceptable, exclusive globalization, if China proves to be a laboratory where cultures can cross-fertilize in a world threatened by tensions between civilizations, one should rejoice to find a co-architect of the 21st-century new world order and to live at the very beginning of the *ershiji shiji*. ■

Saving Beijing's Old Face

After years of watching developers tear down the city's old districts, the Beijing Municipal Government is trying to preserve and enrich what's left

By YUAN YUAN

There was a very popular Chinese TV play series a couple of years ago called *Zhang Damin's Happy Life*. The main character Zhang Damin was a typical Beijing resident who lived in a *hutong* with his family. All six family members lived in a small shabby room of less than 20 square meters. The cramped situation became even worse after Zhang and his brother got married.

It reflected the living conditions of some older local people who have lived in Beijing for a long time. Most of them live in the old *hutongs* located in the center of

the city. Their houses are small and short of sunshine. They have no private bathrooms or heating system, and are hot in summer and cold in winter.

The situation has to be changed, but how? The former way used to be to pull down the old houses and resettle the residents to other places. This created disputes and destroyed the essence of the old city. In 2001, Feng Jicai, a writer, caught the eye of the public by speaking out against demolishing a street in Tianjin, an old municipality near Beijing. He even shed tears on the subject and called for a united front to protect the street. With his

endeavor, the local government decided to cancel the demolition plan and built a museum there instead.

However, building museums is not suitable for all old city areas. Most houses must be for people to live in. Considering the poor living conditions in some older parts of Beijing, how to both preserve the flavor of the old city and ensure the people living there have a good living environment has long been a hot issue. Beijing has been seeking new ways to deal with it. From relying mainly on real estate developers, who simply pulled down all the old houses and built modern apartment buildings, the city has moved toward focusing more on the role of government, which is reconstructing the old city step by step, largely preserving its original look.

A good start

From the beginning of 2004, the Beijing Municipal Construction Commission (BMCC) cancelled 36 expired reconstruction projects in preservation areas and made new plans focusing



more on the preservation of old houses. Some experts specializing in preserving cultural relics and urban planning were invited to supervise the new projects. No reconstruction plans can be put into practice without the permission of the experts.

The old city of Beijing mainly refers to the area within the 2nd Ring Road, which occupies 62.5 square km. It not only embodies the essence of the history and culture of Beijing, but also holds very shabby houses and low-income residents. Statistics show that at the end of 2004, in the eight districts of Beijing, ramshackle houses occupied 2.97 million square meters and made up 105,000 households.

In 2005 and 2006, the government of Xicheng District of Beijing took the lead to comprehensively reconstruct the old streets and *hutongs*, spending 40 million yuan (\$5.4 million). Five *hutongs*, including Qingfeng Hutong, Boxue Hutong and 87 residential compounds were on the list to be modified. The modification includes giving every household a private bathroom, renewing ground bricks, rebuilding the walls for some particularly shabby

rooms and painting.

After the reconstruction, the conditions of people living there were greatly improved. The five *hutongs* took on a fresh look and showed again the atmosphere of old Beijing. Qingfeng Hutong was also selected as one of the top 10 *hutongs* in Beijing this April.

"I can live in the new house without spending even a penny, and still in my old residential compound where I spent 50 years," said an old man with the surname Qu who lives in Boxue Hutong.

The *hutong* reconstruction project this year spread to three other districts including Dongcheng, Xuanwu and Chongwen. The local governments have already allocated 250 million yuan (\$33.9 million) for the reconstruction of 40 *hutongs*, which includes 1,474 residential compounds and 9,635 households in four districts. This is the biggest reconstruction of old houses since the founding of the People's Republic of China.

The reconstruction this time is quite different. Instead of tearing down the old houses, replacing them with modern apartment blocks and resettling the residents, the government will restore the old buildings and allow the residents to move back in after the work has been done. That is why the project has been supported by most residents even though they have to find other places to stay for a couple of months during the reconstruction process.

Compared with the former reconstruction projects, which went to extremes, either demolishing everything or doing nothing under the name of preservation, the policy this time is to be economical and practical.

"Former reconstruction focused more on houses and land resources. This time we focus on people," said Huang Yan, Director of Beijing Municipal Commission of Urban Planning.

Living in a new house has been Yang Qinglin's dream for half a century. He used to live in a big residential compound, which held 11 households. Aside from other inconveniences, the shabby flat leaked when it rained. The rocketing housing price of Beijing made it impossible for him to move out.

In October this year, he got a surprise from the government. The residential compound he lives in—No.16 residential compound in Dongsì Shítiao Hutong—was put on the list for reconstruction. "This is no different from moving to a new house," said Yang, with a big smile.

GOOD AS OLD: Workers reconstruct the door of a quadrangle in Xinghua Hutong, Xicheng District

Plans for the future

There are altogether 13 residential compounds, which are squeezed with ramshackle houses, on the list in this area. Before the reconstruction, the project engineers visited households one by one to collect data and take pictures in order to ensure the area remained the same after reconstruction.

Deputy Director of BMCC Zhang Jiaming recently revealed his commission and the Beijing Municipal Administration of Cultural Heritage will cooperatively organize a group of experts majoring in preserving cultural heritage as consultants for the reconstruction of the four districts.

Deputy Chief of Dongcheng District Zhang Zhong described the principle of the reconstruction as "making the old look like old."

"The way to reconstruct the houses varies according to the different styles of them. The difference is even detailed to the types of files covering the roofs, the bricks on the walls and the wood used for doors and windows," said Zhang.

Different areas show a different atmosphere due to the geographic location and social structure. For example, Dongsì Shítiao Hutong was a gathering place for noble people in ancient times, so the yards there after reconstruction will show noble characteristics with high arches and relatively large spaces. The Xilangxia Hutong near to White Pagoda Temple was a place for common people, so the reconstruction project will use blue bricks and doors to depict an atmosphere of common life.

"The governments of the four districts have all taken the specialties of their districts into consideration, so I am sure that they will not look alike," said Zhang of BMCC.

At present, there are 301 residential compounds in Xicheng District and 57 residential compounds in Dongcheng District under reconstruction. Some *hutongs*, including Dongsì and Yandai Xiejie, are taking on a new look and coming alive with the reconstruction. Yandai Xiejie, in particular, has already become a popular *hutong* lined with small shops and is a draw for fashionable people seeking interesting odds and ends. The whole project concerning 1,474 residential compounds in the four districts is planned for completion on June 30, 2008.

"This does not mean that the reconstruction project of the old streets and *hutongs* will stop. We will add more on the list every year in the future. This year is just a start," said an official of BMCC. ■



OYA/EM



GOOD CAUSE: Students from poor families in southwestern Guizhou Province receive scholarships paid for by funds from lottery industry proceeds

False Profits

Opaqueness and lack of regulation have left China's lottery system wracked with corruption

By FENG JIANHUA

On November 27, 2007, a man in his 40s from Jiayuguan City in northwestern Gansu Province became the biggest millionaire created by lottery games in China. The 21 firsts and 15 seconds the anonymous man scored in the "two-colored balls" game skyrocketed his winnings to 113 million yuan (\$15.3 million).

It was an eventful year for the lottery industry in China. As the industry walked into its 20th year, the population of lottery players reached nearly 100 million.

In 1987, the debut year of the lottery industry in China, the total sale of lottery tickets was less than 20 million yuan (about \$5.4 million back then). The sale for 2006 grew by over 4,600 times to 81.3 billion yuan (\$11 billion). It is estimated that sales for 2007 will achieve a new record of 100 billion yuan (\$13.5 billion).

"The annual per-capita spending on lottery in China is less than 100 yuan (\$13.5), while the figure in Singapore is \$300. Figures in the European Union and north American countries are also much higher than in China," said Wang Xuehong, acting Director of the China Center for Lottery Studies at Peking University. She said the growth potential of the lottery is huge in China as fast economic growth has increased people's purchasing power.

Yet the bright prospects of this in-

dustry have been shadowed by fraud and embezzlement cases, which in 2007 have been unprecedented in terms of the rank of officials and sums of money involved. One high-profile case led to the downfall of Zhang Weihua, former Deputy Director of the Sports Lottery Administrative Center of the China General Administration of Sport, one of the only two legitimate lottery sellers in China, the other being China Welfare Lottery Administrative Center affiliated to the Ministry of Civil Affairs. The high-ranking official faces trial on a charge of bribery after China's top auditor exposed the center's misuse of lottery income in 2005.

"People are attracted to the rocketing sales volume of the lottery while ignoring the mismanagement of this industry," said Wang. She believes that many barriers need to be cleared for the fast and sustainable development of the industry, for which the key problem is lack of law and regulations.

Controversy over biggest lottery prize

Immediately after the Gansu Provincial Welfare Lottery Center announced that an individual had won the largest ever lottery prize, media organizations throughout the country sent journalists to wait at the welfare lottery to interview the lucky man when he came for his prize.

No journalist succeeded in interviewing the winner as the lottery

administrative center allowed the prize-winner to secretly flee after collecting his prize. Journalists only received a copy of a newsletter from the lottery administrative center. The anonymity of the winner has so far been protected.

The provincial welfare lottery center explained that it was simply trying to protect the privacy of lottery winners. "I don't think we possess the power to reveal the information of this prizewinner," said an official from the center. He said they would be glad if the winner chose to reveal his personal information and they had tried to persuade him into doing so. "If we insist on publicizing his identity, who would take the responsibility if an accident happened to him?" asked the official.

Yet this explanation runs against the norm of many countries. For example, under the Freedom of Information Acts in some states in the United States, lottery winners are required to disclose their name, hometown, and the amount won. Some big-prize winners even host news conferences or become the guests of TV talks shows. In light of this, many people in China questioned why something similar couldn't take place in China.

Many experts in lottery studies, including Wang, believe that although personal information of lottery winners could be protected on the basis of not infringing upon privacy, this act in the long run could harm the credibility and healthy development of the industry.

Another argument supporting the disclosure of the personal information of lottery winners is that lottery buyers pay for the lottery prizes. According to the rules of the "two-colored balls" game, of the two-yuan buyers pay for each stake, one yuan goes to lottery winners. Lottery ticket buyers have argued that although the safety of lottery winners should be protected, it should not infringe on public right to know who they are.

The frequency of corruption cases involving lottery administrators has been attributed to the lack of information transparency surrounding China's lottery. The opaqueness of China's lottery blocks public supervision and allows corruption to take place behind closed doors.

Many people believe that China should learn from the Freedom of Information Act in the United States that states basic information about prizewinners has to be disclosed. By doing so, the public could not only know the real identity of prizewinners but, more importantly, monitor the lottery for corruption and abuse of power.

Openness and transparency are basic norms for the lottery industry. Wang said

the recent public debate on whether the prizewinner of 113 million yuan (\$15.3 million) should be anonymous sheds light on a deeper issue that the transparency of the lottery industry in China urgently needs to be improved. Wang said this is not only about the interests of lottery buyers but also the survival and development of the industry in China.

System loopholes

The government has so far failed to define the role of the state-run lottery industry, which has exempted this lucrative business from effective supervision. Many people regard China's lottery industry as an independent interest group, which explains why the lottery industry has been riddled with scandals in recent years. Zhang's corruption case is not pure coincidence, they argue.

It was reported by *Shenzhen Daily* that according to China's Chief Auditor Li Jinhua's report to the National People's Congress in September 2005, the Sports Lottery Administrative Center established a print plant and an issuing company and paid them far above market rates, which translated into the two companies' combined profit of 558 million yuan (\$75.4 million) from 2003 to 2004.

With the approval of China General Administration of Sport, the two companies also spent 130 million yuan (\$17.6 million) buying a building for rental purposes. They also paid 37.5 million yuan (\$5.1 million) in dividends to its investors, most of which were central or local

sports authorities. They also handed out another 131 million yuan (\$17.7 million) in personal bonuses, Li said.

China's sports lottery has tried to separate its issuance from its administration. In practice, the Sports Lottery Administrative Center is in charge of administration while issuance and sales are commissioned to companies. However, there have been no regulations on how to select companies and whether public bidding should be introduced. This blank in regulation has enabled Zhang to obtain profits from monopoly companies appointed by him.

"The roles of government and mar-

ket forces in the lottery industry should be clearly separated, but in China the government is both supervisor of the market and seller of lottery tickets," said Professor Shen Mingming at the Research Center for Contemporary China, Peking University.

The government has so far failed to define the role of the state-run lottery industry, which has exempted this lucrative business from effective supervision

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Legislation hindered by interest groups

"Since the lottery industry has strong adverse effects, the lack of laws and regulations for this industry have already harmed

its healthy development," said Wang. A document from the Central Government in 1987 stipulated that only civil affairs departments are allowed to sell lottery tickets. This situation had lasted until the founding of the Sports Lottery Administrative Center in 1994. The Ministry of Education and the State Administration of Environment Protection have also tried to win the rights to issue lotteries, but have so far failed.

All regulations on the lottery industry took shape in 1995. At that time, supervisory authority of its operation went to the People's Bank of China. In 1999, the Ministry of Finance became the supervisor.

Shen believes that two essential shortcomings of China's lottery industry are its high threshold for new players and the failure to publicize the use of money raised by the lottery. He believes these problems can only be solved by drafting new laws.

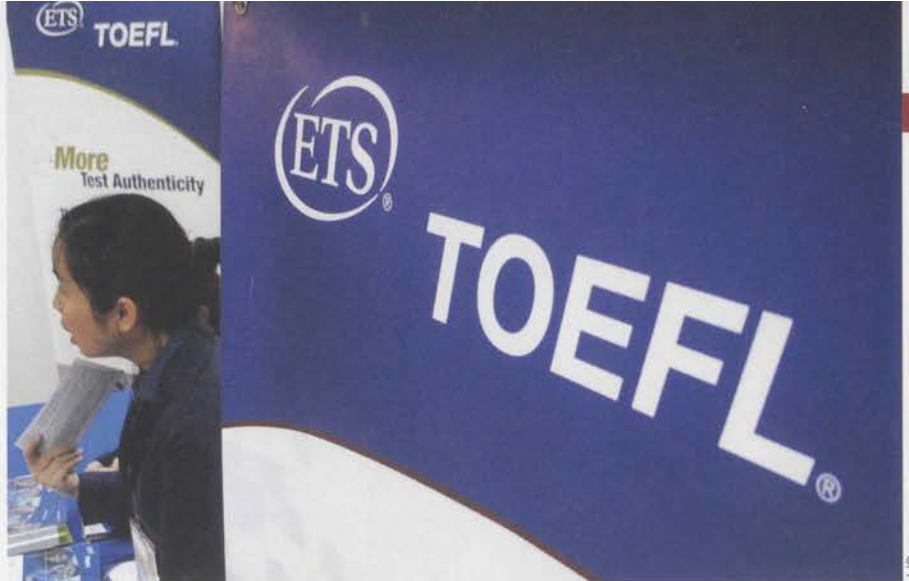
So far, the highest regulation on the lottery industry is a regulation issued by the Ministry of Finance on lottery issuance and sales in March 2002. The Ministry of Finance and the State Council started to draft a law on the lottery in 2001. Over the last six years, the Ministry of Finance, Ministry of Civil Affairs and China General Administration of Sport have been discussing and revising a draft version of lottery law.

After participating in several deliberations on the upcoming law on the lottery industry, Shen believes the lengthy and difficult legislative process is attributable to two factors. The first is the lack of theoretical studies on the lottery business. The other is that the new law would hinder the interests of many government departments.

This December, Ding Feng, a senior official of the Legislative Affairs Office of the State Council, said that China's first national regulations on the supervision of the lottery industry are expected to come out in 2008. Although these are regulations rather than law, they have drawn on the experience of other countries and regions in making explicit stipulations about each aspect of the lottery, such as distribution, sales, announcement of results and fund management. ■



LUCKY NUMBERS: The "two-colored balls" lottery, organized by the China Welfare Lottery Administrative Center, has become the most popular lottery game in China with weekly sales of around 100 million yuan (\$13.5 million)



Testing Partnership

ETS and New Oriental sign a deal to help Chinese students prepare for the TOEFL

By CORRIE DOSH

A leading worldwide provider of educational testing and China's largest private educational services provider are teaming up to offer Chinese students better access to preparation materials for the Test of English as a Foreign Language (TOEFL). Educational Testing Service (ETS), the creator and administrator of the TOEFL, in November announced that Beijing's New Oriental Education and Technology Group Inc. had been authorized to provide and sell online practice materials to Chinese students.

"We've had a long history in China, and had always been partnered with organizations like the NEEA [National Education Examination Authority], the government assessment organization. As the China market segment for educational assessment has grown, our need to reevaluate the partnerships we have in China has also changed," said Kurt Landgraf, President and CEO of the New Jersey-based ETS. "New Oriental school has had significant growth in the last few years and has become a major player in the educational segment."

After "lengthy discussions" on New Oriental's capabilities and market reach, the school was authorized to use the ETS package of TOEFL Practice Online (TPO) in training classes for students and to sell the TPO directly to students. ETS will continue to offer the TPO through its own website and through its distribution partners in China, but

New Oriental becomes the first and only Chinese organization authorized to sell the TPO on its own.

"We were looking for a viable, high-quality, high-integrity partner," Landgraf told *Beijing Review*.

The TPO has been available to prospective students for years, and prepares them on how the test will look and feel, as well as the type of questions they would be asked during the examination. Practice materials like these are essential to test-takers, he said, as they help to reduce mistakes due to nervousness and anxiety. Students feel better about their scores, and schools are assured that the tests are as an accurate measurement of students' abilities as possible. A free sample of the TPO is available on the ETS website (www.ets.org).

"We took a long time deciding on New Oriental, but they're the right partner and represent the kind of company we're interested in being associated with."

—Kurt Landgraf, President and CEO of the New Jersey-based Educational Testing Services

"The assessment experience is never a happy one for anyone, but what we try to do is [to] minimize the anxiety involved," Landgraf said.

The TOEFL has been available to Chinese students since 1978, and while this is the first agreement between ETS and New Oriental, it is not their first interaction. ETS in 2001 sued the school for copyright violations after students there were given undisclosed test questions ahead of their exams. Now, the school's reputation for excellence has prompted ETS to cement a partnership, Landgraf said.

"At ETS, we're very careful who we partner with," he said, "because our brand equity rides with our new partners. We took a long time deciding on New Oriental, but they're the right partner and represent the kind of company we're interested in being associated with."

Landgraf, former Chairman of Dupont's operations in Europe, launched a worldwide initiative to identify local partners in key markets when he took the reins of ETS nearly one year ago.

"Any American company that feels it can do a good job without a local, high-quality partner in a country that is run by in-country nationals, is making a huge mistake," he said. "My policy at ETS has always been that when we enter significant, new, non-domestic U.S. markets, we always partner with in-country organizations that really understand the marketplace."

ETS is open to additional partnerships and agreements with other organizations in China as well as expanded agreements with New Oriental, as developments dictate, he said.

"Asia in general and China in particular represent the largest segment from which we get English-language learning assessment candidates. Those are students that want to come to American or English-speaking universities. It's a very large and important segment of our market and one that we've been involved with for a very long period of time. TOEFL is the gold standard," he said.

The TOEFL test is used by more than 6,000 universities around the world to measure the English skills of prospective students, Landgraf said, and as the United States begins to relax the visa restrictions put in place over the past seven years due to security concerns, demand for the test and for testing materials has increased.

"We're very pleased that we've formed this partnership and we look forward to many years of cooperation," he said.

(Reporting from New York)

Language Rivals Reconciled

Cooperation between China's largest education service provider and the creator of English proficiency tests for non-native speakers is unexpected given their difficult past

By YUAN YUAN

An unusual era of harmony appears to have come about between two traditionally warring factions in the foreign study market of China. The cooperation between Educational Testing Service (ETS) and New Oriental Education & Technology Group Inc. is surprising given a history of conflict between the two organizations that dates back to 1997. In January that year the Beijing Administration for Industry and Commerce investigated New Oriental over allegations of illegal copying and selling of TOEFL exam papers made by ETS. New Oriental admitted that it had infringed on ETS copyrights but did not stop, despite being ordered to do so, because this would have made TOEFL training impossible.

In 2001, ETS brought a lawsuit in the Beijing No.1 Intermediate People's Court against New Oriental for copyright and trademark infringement, the hearing for which was held in 2002. In its verdict, the court held that the materials on which ETS and Graduate Management Admission Council (GMAC) obtained copyright registration with the U.S. Copyright Authority should be protected in China under the Chinese Copyright Law. The court ruled that New Oriental stop its copyright in-

fringements, hand over to the court all the infringing written material and film for printing to be destroyed, publicly apologize in a newspaper, and pay damages to the plaintiffs, including 8.9 million yuan (\$1.2 million) of compensation for losses to ETS and 953,000 yuan (\$129,045) of litigation expenses.

The largest obstacle

"To be sued by ETS is the largest obstacle we've ever met," said Yu Minhong, President of New Oriental.

Yu is renowned as the "godfather of studying abroad" and believed to be the richest teacher in China. He started New Oriental in 1993, shortly after quitting a job at Peking University. He had applied to study in America before that for three years, but failed. Using the rich experience he gained in preparing for the exams that Chinese need to pass in order to study abroad, he opened New Oriental with the main purpose of training Chinese students to get higher scores in foreign exams such as TOEFL and GRE.

From just a handful of students in the beginning, New Oriental expanded to take over 80 percent of the foreign exams training market and became a must for students wanting to study abroad.

The classrooms of New Oriental are always packed with students. There is no spare space even in the doorways. Teachers hired by New Oriental are required to be humorous and inspiring in order to spread the spirit of the school—"Hew out of the mountain of despair a stone of hope and you can make your life a splendid one."

The test scores of Chinese students in TOEFL and GRE rose significantly as a result of New Oriental. This caught the attention of some foreign universities and education organizations, especially ETS, which announced that it had doubts about the scores of Chinese students in 2001. "ETS does not believe that the sharp increase in Chinese students' test scores is due to implementation of the computer testing system. The computer testing system has been administered worldwide and a significant increase in scores has only occurred among examinations in China," a statement from ETS said.

Cooperation is a must

Despite all the disputes, the cooperation between ETS and New Oriental has been a gradual process. "Significant changes have taken place and continue to take place in China's language testing and training. ETS and the local promoters of our products and services must change along with them in order to maintain high quality products and services," Paul A. Ramsey, Senior Vice President of ETS's Global Division told *Beijing Review*.

As part of the agreement, New Oriental has an exclusive right to provide TOEFL Practice Online (TPO) as a component of its language training or test preparation courses and may also sell TPO to the general public through its bookstores. ETS will continue to sell TPO on its website or through its subsidiaries or other third-party resellers.

Talking about the purpose of cooperation with New Oriental, Ramsey said, "We appreciate the achievements that New Oriental has made in its business growth, and we hope our combined strengths and shared mission will bring more benefits to Chinese students. The cooperation with New Oriental makes it more convenient for Chinese students to access and experience our TPO product, the latest official tool from ETS for both English language development and test preparation, which can greatly help test takers get ready to take the TOEFL test, as well as improving their English competency. ETS is focused on looking at the future and better serving the education needs of China and Chinese students; we want to better meet their needs and help them succeed in today's international marketplace." ■



STRONG APPEAL: New Oriental's President Yu Minhong gives a lecture on an university playground packed with students

Clouds Over Half the Sky

Women's average pre-tax income was 65 percent of men's in Shanghai in 2005, down from 73 percent reported in 2000

By WANG HAIRONG

“Women can hold up half the sky!” With this statement, the late Chinese leader Mao Zedong put an end to an era when women were considered inferior to men. The constitution of China stipulates, “Women in the People’s Republic of China enjoy equal rights with men in all spheres of life; in political, economic, cultural, social and family life.” Empowered by equal education and employment opportunities, women have gained higher status in and out of their homes and have achieved great successes in arts, education, technology, business and politics.

Despite remarkable improvements in women’s overall social status, a gender gap still exists. Now, women find it difficult to get a job, to retain their job, to advance in their career and to balance personal life with career. Gender discrimination in employment is prohibited by the Employment Promotion Law, which will come into force on January 1, 2008. The new law also forbids employers from including clauses in the employment contract to restrict women’s freedom to get married or give birth to a child.

Tilted scale

Social transformation often shapes women’s lives. Since China implemented its reform and opening-up policy in 1978, significant social and economic changes have taken place. China’s economy has been growing rapidly and the country has lifted hundreds of millions of people in rural areas from absolute poverty.

“Despite such progress, China faces great challenges. Disparities between those who benefit from economic advancement and those who are left behind are sharpening,” said the United Nations Development Program (UNDP). The World Bank estimates China’s income disparity as measured by the Gini Coefficient has gone up by 50 percent in the past two decades.

In the meanwhile, the gender income gap has also widened. “Social and economic transition in China means that opportunities for women and men are changing rapidly. There are significant

differences in the ways in which men and women benefit from growth,” said Adrian Davis, the UK’s Department of International Development (DFID) Representative in China, in a 2005 speech at the launch of China Gender Facilities, an initiative to reduce gender inequality through research and advocacy.

Profound changes have occurred in the labor market. The “iron rice bowl” has been broken. Mass layoffs during the restructuring of state-owned enterprises and the migration of rural surplus labor to the cities have intensified competition. To add worse to worst, job growth lags behind labor force growth. Until the early 1990s, the government assigned jobs to new graduates. State-owned enterprises and government organizations had to take the persons assigned to them. Now, women have to compete with men for jobs.

Moreover, firms are unabashed in profit seeking. In their recruitment advertisements, some firms do not even bother to disguise their preference for

male candidates. Phrases such as “female preferred” and “male only” are frequently listed in job requirements. A survey administered by the Women’s Federation of Shanghai revealed that a little over half of the female respondents replied that they had experienced gender discrimination during job searches. For women with a job, many find their careers negatively affected by maternity leave. Some women have even been fired after telling the company of their pregnancy.

In general, women’s employment rate is lower than that of men. According to the 2005 Sample Census of China, women’s employment rate was 6.7 percent lower than that of men for the 20-24 age group, 14.6 percent lower for the 25-29 group and 16 percent lower for the 30-34 group. Older women are in a more disadvantaged position than younger women.

Women’s average income is also less than that of men. The 2000 China Population Census (2000 Census) showed that on average, women made 20 percent



UNDER-REPRESENTATION: Female job seekers find more difficulties to start up a professional career

2007

TOP

STORIES

YEAR IN REVIEW



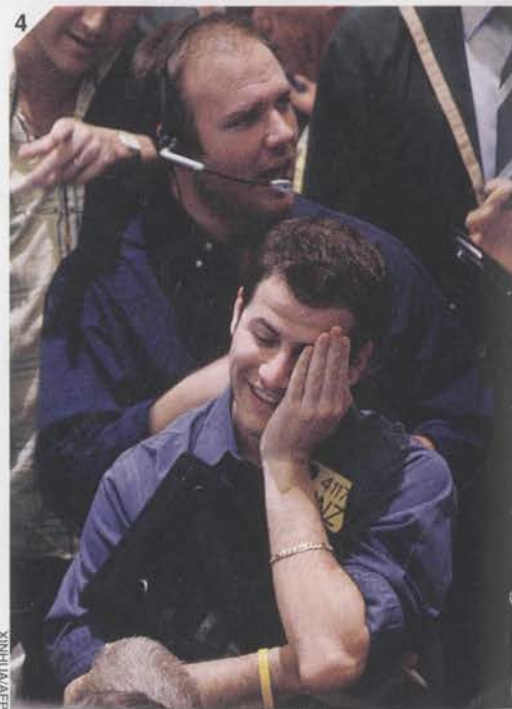
1 WANG JIANHUA



2 HOI JIN



3 XINHUA/AFIP



4 XINHUA/AFIP



5 XINHUA

1. DENUCLEARIZATION PROGRESS
The sixth round of the six-party talks on the North Korean nuclear issue opens on February 8 in Beijing. Denuclearization on the Korean Peninsula made great progress in 2007 with North Korea agreeing to disable all its nuclear facilities and provide a complete declaration of all its nuclear programs by December 31, 2007

2. FOUR YEARS OF IRAQ WAR
Protestors hold large-scale demonstrations in New York on March 18 against the U.S. military presence in Iraq. Tens of thousands of Iraq

civilians and more than 4,000 U.S. soldiers have been killed during the past four and half years

3. CONFRONTATIONS IN MYANMAR
Buddhist monks chant prayers of peace while marching through Yangon on September 27. The UN Security Council passed a joint statement on October 11, calling for dialogue between the Myanmar Government and the opposition to end the turbulence in the country

4. SUBPRIME CRISIS
A trader reacts on November 12 at the New York

Mercantile Exchange. The U.S. subprime loan crisis, starting in August, has triggered a slowdown in the U.S. economy and has influenced the stability of the world economy

5. SOUTH-NORTH SUMMIT
South Korean President Roh Moo Hyun and North Korean leader Kim Jong Il wave to the public after signing a joint statement in Pyongyang on October 4. This was the first summit meeting between the two sides since 2000



The nuclear energy is our certain right.



6. LIFE AFTER CYCLONE

A Bangladeshi woman carries a pot of water to her tent in a cyclone-devastated village in the Bagerhat district on November 25. More than 3,400 people were confirmed dead and 280,000 were left homeless by Cyclone Sidr

7. TALKING PEACE

Israel's Prime Minister Ehud Olmert (right) shakes hands with Palestinian Authority President Mahmoud Abbas during the Annapolis Conference in Annapolis, Maryland, on November 27. The two sides reached an initial agreement on realizing

peace in the region through negotiations

8. IRAN'S STRONG WILLS

Students hold placards in support of Iran's nuclear program in Tehran on April 9. The United States announced that Iran is still a threat to the world even though evidence showed that Iran had stopped its nuclear weapons research since 2003

9. TAKES OATH AS CIVILIAN

Pervez Musharraf takes the oath as civilian president of Pakistan on November 29

in Islamabad, after the Pakistani parliament insisted that Musharraf quit the military job. The country still faces challenges with the upcoming parliamentary election in January 2008

10. FIGHT AGAINST GLOBAL WARMING

Environmentalists spell out "Climate SOS" in Auckland on December 8. The global warming situation worsened in 2007 as the world confronted serious weather damage. At the end of the year, nations met to hammer out a new climate pact at the UN Climate Change Conference in Bali, Indonesia

Soaring CPI

Inflationary pressure haunted China all year long in 2007.

China's consumer price index (CPI), a key barometer for inflation, grew 6.9 percent in November year on year, its highest in a decade.



The CPI growth rate hovered above 3 percent—a

recognized international standard to indicate inflation—from March this year and kept accelerating month after month.

The overall CPI growth in the first 11 months stood at 4.6 percent.

This year's CPI surge was triggered by soaring pork prices which grew nearly 50 percent each month compared to 2006. In November, the pork price grew 56 percent, and showed no signs of going down.

Reverberations from higher pork prices soon spread to other food sectors like cooking oil, vegetables as well as fruits.

Foodstuffs have a 33-percent weight in China's CPI and were the major force for the CPI surge.

The producer price index (PPI), another measurement for overall inflation, was up a mild 2.9 percent in the first 11 months.

Monetary Policy Frequently Adjusted

In 2007, China raised the reserve requirement ratio 10 times and interest



rates, six times.

The central bank raised the reserve

requirement ratio from 9 percent at the start of the year to 14.5 percent as of December 25.

The 10th hike came immediately after the Central Economic Work Conference, which set the tone for the next year's economic development to "follow a tightened monetary policy from the previous prudent one."

The central bank stated that the repeated hikes were aimed at "strengthening liquidity management in the banking system and checking excessive credit growth." It would take diversified monetary measures to cool the economy in the

future.

The central bank also raised the benchmark one-year deposit rate from 2.52 percent at the end of 2006 to the current 4.14 percent. The one-year loan rate was raised from 6.12 percent to the present 7.47 percent.

The decade-high CPI forced the central bank to take such actions. The repeated interest rate hikes were also meant to cool down the overheating stock and real estate markets

China Investment Corp. Debuted

China Investment Corp. (CIC), responsible for managing part of China's foreign exchange reserves, began operations this year with senior government official Lou Jiwei as its chief.



The sovereign wealth fund, a Chinese version of the Singaporean Temasek Holdings, was officially set up on September 29.

Its aim is to divert the risks of China's ballooning foreign reserve, which stood at \$1.43 trillion by the end of September this year—the largest in the world.

In May, the CIC, still in preparation, made its first investment in non-voting shares, valued at \$3 billion, in the Blackstone Group, a U.S. private equity firm.

The company has had a total of \$200 billion in registered capital allocated from China's foreign exchange reserves. The Ministry of Finance issued 1.55 trillion yuan (\$208 billion) worth of special treasury bonds to buy the foreign exchange reserves and inject the funds into the CIC.

One third of CIC's capital will be used to purchase Central Huijin, which now controls China's major state-owned commercial banks; another third to replenish the capital of the Agricultural Bank of China and China Development Bank; and the remaining third to invest in global financial markets.

Foreign Banks Open Branches

China made remarkable achievements in honoring its WTO commitments in 2007. In the five years since



HongkongBank

China's WTO accession, operational entities opened by foreign banks increased

from 190 to 312.

In April, four branches of foreign-funded banks were locally incorporated and engaged in renminbi retail business, namely, HSBC Bank (China) Co. Ltd., Standard Chartered Bank (China) Ltd., Bank of East Asia (China) Ltd., and Citibank (China) Co. Ltd. More overseas banks are preparing to register their local branches or have filed applications. Most of them registered their China subsidiaries in Beijing and Shanghai.

Once locally incorporated, they are allowed to engage in all foreign and domestic currency business without quota limitations, including offering renminbi services to Chinese citizens. Foreign bank branches can only conduct foreign exchange business and offer renminbi services to corporate and institutional clients. A foreign bank can determine the makeup of its company in the light of its business strategy on a voluntary commercial basis.

QDIIs & QFII

China devised two schemes—qualified foreign institutional investor (QFII) and qualified domestic institutional investor (QDII)—to honor its commitments to the WTO by further opening its financial markets.



The QDII scheme, adopted in May, enables

domestic insurers, banks and fund management companies to invest in overseas financial markets. It was devised to divert excess liquidity in the domestic market and encourage people to invest in mature markets.

Currently, a total of 16 Chinese and foreign banks, 20 insurance companies and eight mutual fund management companies have been approved by the regulatory departments to invest in overseas markets.

However, the QDII products managed by those companies did not report satisfactory performances due to the volatile international financial markets deeply affected by the U.S. subprime mortgage crisis.

Meanwhile, the QFII scheme, adopted in 2002, made it possible for foreign institutional investors to invest in the mainland financial market. The quota was raised from \$10 billion to \$30 billion by the end of this year.

To date, a total of 49 foreign institutions have acquired QFII quotas of \$9.95

billion, and the value of their portfolio has increased to 200 billion yuan (\$26.5 billion).

The two schemes are beneficial to both domestic and overseas markets. When the cross-boarder capital scale is expanded further, the openness of Chinese capital accounts under the international balance of payments will be increased.

Yuan Kept Appreciating

In May, the Chinese 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.

On December 14, the exchange rate of the U.S. dollar against yuan was 7.3589. The yuan appreciated 5.7 percent this year, and it has appreciated 11.08 percent against the U.S. dollar since China reformed its exchange rate system in July 2005.

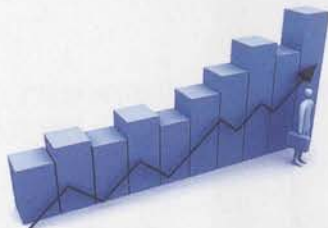
The yuan's daily permitted trading range had remained at 0.3 percent for two years. It is widely expected the range will be further widened next year.

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

IPO Rush on the Mainland

The bullish performance of the mainland stock market attracted many overseas listed Chinese companies to launch initial public offerings (IPOs) at home.

PetroChina, which holds the biggest



weight in the mainland stock market, made 3 billion of its shares tradable in the A-share market on November 5 after seven years of trading in Hong Kong and New York.

To date, the majority of the Hong Kong and U.S.-listed mainland companies have made their debut on the mainland, such as China Life, Ping An of China, Shenhua Energy, PetroChina, Bank of China and China Construction Bank.

On December 14, the total market value of the yuan-denominated A-share market reached 30 trillion yuan (\$4.05 billion), more than three times higher than what it was at the end of 2006.

Overseas Acquisition Fever

Domestic companies were more active in acquisitions in overseas markets in 2007. The wave of overseas acquisitions started in the financial institutions.

South Africa's biggest commercial bank—Standard Bank—announced on December 3 that an overwhelming majority of shareholders had approved the acquisition of a 20-percent stake by China's biggest lender, the Industrial and Commercial Bank of China (ICBC). The deal would make ICBC the biggest shareholder in the South African bank.

Before ICBC hit the road, the China Development Bank (CDB) has become a major stakeholder in London-based Barclays. CDB agreed to pay 2.2 billion euros for a 3.1-percent stake in Barclays.

China Minsheng Banking Corp., the country's seventh largest lender by market value, is the first Chinese bank to be involved in the U.S. banking sector. It acquired 9.9 percent shares worth of about \$317 million of UCBH Holdings Inc.—the biggest bank serving the Chinese community in the United States. Minsheng announced plans to buy up to 20 percent of UCBH's shares if conditions permit.

Ping An of China, the country's leading insurer, bought 1.81 euros worth of stocks of Belgium's Fortis NV in the secondary market, which enabled the insurer to be the biggest single shareholder of the bank.

Tax Rebate Cuts

The Chinese Government made its boldest move ever to slash tax rebates this year. This move was part of a basket of measures to rein in its overheated export growth and reduce its ballooning trade surplus.

The new tax rebate policy, effective on July 1, affected 2,831 items which account for 37 percent of all exported products. Among those, tax rebates of 553



items falling into the categories of "energy- and resource-consuming or highly polluting" were totally abolished, and tax rebates on exports of 2,268 commodities that "tend to cause trade friction" were reduced.

Since 2004, China has readjusted its tax rebate policy many times and quickened its attempts at bringing its soaring trade surplus under control.

China-Made Toy Recalls

Starting in June, U.S. importers recalled more than 21 million China-made toys for containing lead paint, loose magnets or cheap industrial solvent.

Most recently, the U.S. Consumer Product Safety Commission recalled 4.2 million China-made Aqua Dots sets on November 8.

However, in fact only 0.9 percent of 3 billion toys sold in the United States each year have been recalled, and the majority of recalls were for design flaws, not manufacturing problems.

Besides this, differences in quality and safety standards are another reason why a considerable proportion of exported toys have come under scrutiny.

In September, Mattel, the world's largest toy company, issued an official apology to China for the design defects and damaging the reputation of China-made toys, which account for up to 80 percent of the toys sold in the United States.





Adoption of the Property Law

China's top legislature, the National People's Congress, overwhelmingly adopted the Property Law on March 16, after a legislation process of more than 13 years. The law, which came into effect as of October 1, 2007, is the first Chinese law to grant equal protection to public and private property.

The photo shows owners of a two-story house in southwestern Chongqing Municipality, unsatisfied with compensation for losing their home, as they battled to stop developers from razing it.



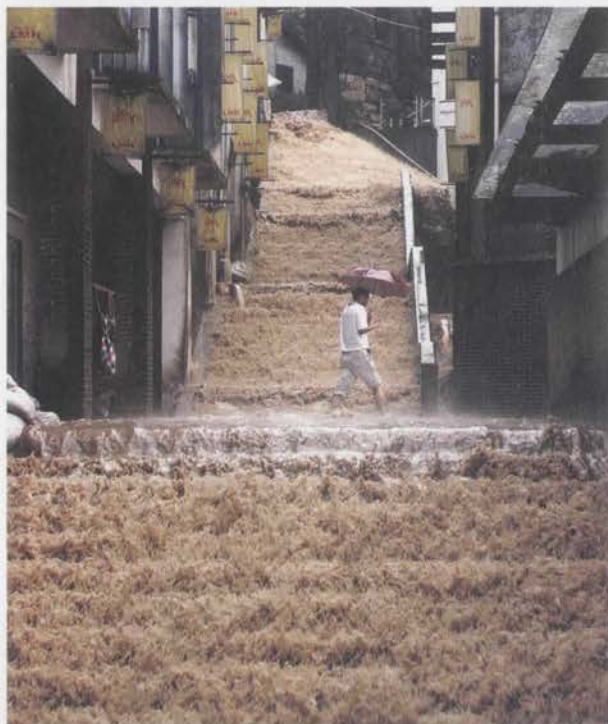
Forced Labor Scandal

A forced labor scandal came to light in June when illegal brick kilns in northern Shanxi Province were found to be forcing kidnapped workers to work 14 to 20 hours a day without payment. Owners of the brick kilns made use of fierce dogs and thugs to prevent workers from escaping. The ensuing nationwide crackdown on unlicensed illegal kilns, mines and workshops rescued over 1,300 people from forced labor.



10th Anniversary of Hong Kong's Handover

A gathering marking the 10th anniversary of Hong Kong's return to China and the inauguration of the third-term government of the Hong Kong Special Administrative Region was held on July 1. Chinese President Hu Jintao attended the gathering and said Hong Kong's success over the past 10 years shows that Hong Kong people are fully capable of managing Hong Kong well and sustaining its growth.



Disastrous Floods in Chongqing

Southwestern Chongqing Municipality experienced its fiercest torrential rain in almost a decade in mid-July. Ensuing floods, landslides and mud-rock flows in one week killed at least 56 in the city and caused direct economic losses of over 3.1 billion yuan (\$419 million). By the end of November, floods in China this year had affected 180 million people, with 1,203 people killed. The floods this year also led to direct economic losses of 107.1 billion yuan (\$14.5 billion).



Founding of National Bureau of Corruption Prevention

The National Bureau of Corruption Prevention (NBCP) directly under the State Council was founded on September 13. Without power to investigate individual cases, the bureau has been assigned the tasks of pushing forward transparency of government information at various levels, evaluating loopholes in new policies that may give rise to corruption and pushing for sharing of information among prosecutors, police, banks, courts and the NBCP.



Special Olympics in Shanghai

Almost 7,500 athletes with mental disabilities from 164 countries and regions competed at the 2007 Special Olympics World Summer Games in Shanghai between October 2 and 11. As the largest Special Olympics in the movement's 39-year history, it was the first games staged in a developing country and in an Asian country.



17th National Congress of CPC Convened

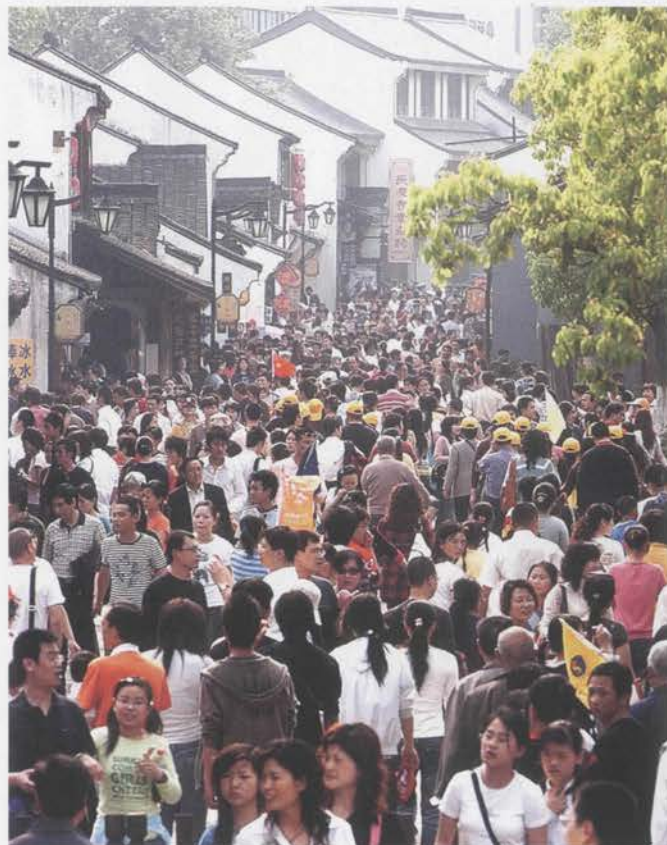
The 17th National Congress of the Communist Party of China (CPC), which mapped out China's overall development for the coming five years, opened on October 15. Hu Jintao was reelected for his second five-year term as Party chief. The new Political Bureau Standing Committee of the CPC Central Committee, the Party's top leadership, consists of five reelected members and four new faces, Xi Jinping, Li Keqiang, He Guoqiang and Zhou Yongkang.



Launch of China's First Lunar Probe

China successfully launched its first unmanned lunar probe, *Chang'e-1*, on October 24, the first milestone of the country's lunar exploration program initiated in 2003.

Chang'e-1, named after the Chinese Goddess of the Moon, will fulfill four scientific objectives, conducting a three-dimensional survey of the moon's surface, analyzing the abundance and distribution of elements on the lunar surface, investigating the characteristics of the lunar regolith and the powdery soil layer on the surface, and exploring space between the earth and the moon.



A New Vacation Plan Introduced

After a year of deliberation and an online poll, the Chinese Government overhauled the country's eight-year-old national holiday system on December 7. It canceled the weeklong May Day holiday, added three traditional festivals, the Tomb-Sweeping Day, Dragon Boat Festival and Mid-Autumn Festival, as national holidays, and raised the number of public holidays to 11 from 10. A regulation giving people more freedom over when to take their own paid vacations was adopted on the same day.



National Center for the Performing Arts Unveiled

The National Center for the Performing Arts, formerly known as the National Grand Theater, was completed in late September and opened for performances on December 22. The landmark center, which cost 2.69 billion yuan (\$364 million) to build, had been a controversial project due to its futuristic design and high cost, since its construction began in December 2001.

less than men. A statistic report on women in Shanghai exhibited that in 2005, women's average pre-tax income was 65 percent of that of men, down from the 73 percent reported in 2000.

Gender income disparity can largely be explained by the fact that a bigger percentage of women are employed in low-tech and low-paying sectors and in lower levels of the career ladder. The 2000 Census showed that illiterate and semi-literate women outnumbered men 2.6-to-1 and the percentage of women in low-paying jobs was 5 percent higher than that of men. Women were more likely to work in catering industries and in social work. These jobs are often temporary or seasonal, with less pay and benefits, and fewer opportunities for training and career advancement. Of the women who were professionals, about half had professional qualifications at entry level, about one third at intermediate level and only about one fourth at advanced level. Fewer women were in management positions than men.

Admittedly, income disparity is not necessarily inequitable. For instance, it is fair for better-educated people to get paid more. However, the 2000 Census indicated that women had to be better educated than their male counterparts to get similar high-paying jobs. The labor market showed "clear gender discrimination," pointed out the UNDP 2005 Human

Development Report. When it comes to layoffs, ladies often go first. Data from Adrian Davis's 2005 speech showed that women accounted for about 39 percent of formal employment, but about 50 to 60 percent of layoffs in urban areas.

Notable gender disparity is also found in social security coverage. The percentage of urban men covered by medical insurance, unemployment insurance, pension and work injury insurance was 7.9, 6.5, 5.4 and 10.6 percent higher than that of urban women, according to the UN's 2005 Human Development Report.

Breadwinner has more say

Economic base determines the superstructure, Karl Marx's theory says. This law seems also apply to family life. The chief breadwinner of the family often has more say at home.

In feudal China, women were confined to their homes, busy with housework. Women were considered inferior to men. The social order was arranged according

to their homes is sometimes transmitted into their family life. Economic independence for women is important for family harmony. "In urban and rural areas, when wives have low incomes, it leads to more conflicts, disharmony, economic disputes, and even violence," Xin Yuan, an assistant researcher at the Institute of Marriage and Family, Heilongjiang Province recently told *Heilongjiang Daily*, a local newspaper in northeast China. Unemployment is often associated with anxieties and financial hardship, as well as strained relationships. Of the unemployed women responding to the 2005 Sample Census of China, one fifth reported being chastised by their parents or husbands.

Job insecurity and the difficulty of rising up the career ladder have also affected women's lifestyles. To focus on their careers, some women have postponed marriage and childbirth. In early 2007, the Institute of Population and Labor Economics at the Chinese Academy of

As Chinese society is shifting into the market economy, women are becoming more vulnerable in the job market. The pressure women face outside their homes is sometimes transmitted into their family life

to the three iron laws of Confucianism, "A subordinate must obey the King, a child must obey his father, and a wife must obey her husband." For about 10 centuries, women in China had to live with deformed feet to get a graceful walk and a better chance to marry into a good family. When their feet were bound, the toes were bent in and often broken.

After the founding of the People's Republic in 1949, Chinese women were liberated and became breadwinners. Their status at home has risen alongside their social status. Many women no longer subscribe to the traditional view that, "Men call the shots while women keep the house." The phrase "waxing of *yin* and waning of *yang*" is sometimes used to describe the situation where females outperform males. Many men have tucked their authoritarian manner underneath aprons and impressed their fair ladies with culinary skills, but henpecked husbands can become the joke of town.

However, as Chinese society is shifting into the market economy, women are becoming more vulnerable in the job market. The pressure women face outside

Social Sciences published a study on demographic changes in Beijing. The study showed that the percentage of women aged 35 who had not given birth had risen from 4.08 percent of women of child-bearing age in 1990 to 11.79 percent at present. Even successful women feel it stressful to manage both the family and career well.

Clear sky

Protection of women's rights has already been codified in several laws in China, including the Constitution and the Law on the Protection of Rights and Interests of Women, yet gender discrimination is still widely practiced. Experts have different ideas about how gender discrimination should be tackled.

Lu Zhifeng, Deputy Director of the Legal Affairs Office of the Ministry of Labor and Social Security, believes that the key to eliminating employment discrimination is to improve lawmaking. Lu thinks that the new Employment Promotion Law has not clearly defined the problem or prescribed counterstrategies. Lu believes that a more specific anti-discrimination law is necessary. ■



YIN-HIH

More Convenient

Beijing is upgrading its public conveniences with the Olympic Games approaching

By TANG YUANKAI

In China, the words for “go to the toilet” can also be interpreted as “need a convenience,” but it is far from convenient for Beijing residents to find a public toilet.

“Our community is very big but it is equipped with only four public toilets, of which one has been torn down and another one closed,” said Cheng Yi, who is a tour guide and resident of Fangzhuang Community in Beijing.

Being a tour guide, on many occasions Cheng has had to lead groups to nearby hotels or restaurants in order to find a toilet. Cheng is concerned that the “convenience” shortage might prove a problem when people from all over the world flock to Beijing for the Olympics.

“There are public toilets in *hutongs*, but most of them are stinky and unclean,

how we are supposed to let our foreign guests go to toilet like that?” he asked.

What comforts Cheng is that over the last three years the Beijing Municipal Government has invested an unprecedented 400 million yuan (\$54 million) to reconstruct old public toilets and build new ones.

“Beijing began a massive toilet reconstruction project in 2005 and new ones are being built at 1,000 each year,” said Ma Kangding, an official with the Beijing Municipal Utilities Administration Commission overseeing the project. According to Ma, who has been dealing with toilet construction for 17 years, the 2008 Beijing Games will provide a golden opportunity for the city’s “toilet revolution.”

One of the missions for Ma and his co-workers is to replace the old-fashioned groove-like flushing toilets with separate ones. By the end of 2007, more than 5,000

public toilets within the city’s 5th Ring Road will have been updated. “Public toilets are no longer hard to find and their conditions are better than before,” said Ma.

The renovation measures have included installing hi-tech devices to save water and neutralize odors. A batch of high-standard public toilets have already come into existence. There’s a two-floored one close to Zhongshan Park that covers an area of 600 square meters, which costs 2 million yuan to build.

There will be 700 toilets in Olympic venues by the time the Beijing Games start and an additional 800 nearby.

The average person can walk 300-500 meters in 5 to 10 minutes, so the distribution of public toilets should be within this range. This objective is achievable for main streets by the Olympics but on smaller roads the average distance between two toilets will be 750 to 1,000 meters.

“To build a toilet is much easier than to find the right location,” according to Ma. The city has a strict building layout, so to insert toilets that are both practical and pleasing in appearance is no easy job. The city’s biggest street, Chang’an Avenue, was supposed to have 33 more public toilets, but after much research and negotiation this was shrunk to a dozen.



CLASSY TOILET:
A mobile and environmentally friendly public toilet on the streets of Beijing. Many more will be around the host city for the Olympic Games in 2008

www.cepi.org.cn

Though many are longing for more public toilets, few want these toilets to be located in front of their home. Beijing already has regulations saying that large hotels, catering premises and public office buildings should have public toilets that should be free to use no matter whether people are customers or not, but some bosses disregard this regulation. "It will create a problem for us to clean the toilets if our toilets are open to all," some claim. Besides, many people feel uncomfortable using restaurant toilets.

Taxi drivers face the risk of being fined for unlawful parking if they stop to go to the toilet or to let a customer go. In light of this, the government is thinking about designing a temporary parking zone for drivers. Taxis will also be equipped with GPS devices, which will enable drivers to find the nearest public toilets.

"At present the construction of Beijing's public toilets is on a level with developed countries; but management after construction lags far behind," noted Ma, adding that Beijing is trying to explore social resources by contracting the management of the public toilets to companies.

"At the same time education on properly using toilets has been enhanced," added Ma. The good image of updated toilets won't be maintained if the users don't change their poor habits. Some users still leave their shoe prints on the cushions of the toilet seats. Although many public conveniences have baby toilets specially designed for babies, some citizens don't want their babies to use them as they think they might not be clean enough. ■

With the management of Beijing's public toilets lagging far behind those of developed countries, Beijing is trying to explore social resources by contracting the management of local public toilets to companies



ENOT/UTA

OLYMPIC BRIEFS

Secure Food

The Chinese Government began a four-month nationwide campaign in September to improve the quality of goods and food safety, targeting farm produce, processed food, the catering sector, drugs, pork, imported and exported goods and products closely linked to human safety and health.

By the end of November, Beijing's agricultural wholesale markets had been included in the food-quality monitoring system and all small food workshops were committed to providing quality food. Almost all supermarkets, dining places, restaurants and grocery stores have established a system of asking for receipts when buying stock. Of all the food producing and manufacturing factories, 94 percent have obtained a food production license.

Beijing has set up a monitoring network on food contamination and diseases originating from poor-quality food, and is considering publicizing the sanitation records of catering businesses to further improve food safety. So far the city has established a market access system for 25 categories of food, including vegetables, aquatic products and condiments.

The Olympic Games will add impetus to further regulate the business operations of the country's catering companies and foster the perfection of a food safety monitoring system. At present, Beijing has a standard set for 10 categories (including 345 items) of food for the Olympics. Tailored supervising programs have been worked out to monitor every link in the food chain: production, processing and distributing. So far some 70,000 food samples have been recorded into the food safety monitoring database.

24-hour Transport System for Olympics

Midnight revelers will have a wider choice of public transport during the 2008 Olympic Games as Beijing is to launch special bus routes and add seven routes to the 24-hour bus network.

Thirty-four bus routes will be arranged to relieve possible transport pressure around venues and tourist sites during the Games, said Liu Xiaoming, Deputy Director of the Beijing Municipal Transportation Commission.

The host city will add seven additional night bus routes besides the current 12, Liu said.

"A round-the-clock public transportation system during the Beijing Olympic Games will be ensured," he added, as 40 percent of Beijing's 66,000 taxis will operate 24 hours a day and rail transport can be extended during the Games.



International Goodwill Ambassador Fan Bingbing
世界医药卫生理事会国际慈善大使 范冰冰

Welcome Corporations to Join in
Welfare Project Help Needy Mothers

范冰冰诚邀企业参与爱心捐助
幸福工程 救助贫困母亲行动



中国人口福利基金会捐赠热线: 010-62179760
China Population Welfare Foundation Hotline
期待更多爱心企业加入: 010-51654797
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Thanks: The World Medication & Health Council
爱心伙伴: **BEIJING REVIEW**
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幸福工程 救助贫困母亲行动



Beijing Xing Boter Technology Co. Ltd

Beijing Xing Boter Technology Co. Ltd specializes in the manufacturing of golf gloves and other products. Rolled out from a tightly controlled production line, many of our products are exported to Europe, Japan and America. Years of experience have endowed us with reliable ability to develop good-quality products and undertake processing supplied materials and samples. Besides this, we boast a team of experienced professionals in the management and technology of glove manufacturing. Our gloves are made of top-grade materials and through unique processing technologies. They are delicately knitted, catering to all shapes of human hands. Bearing in mind the vital importance of management in determining the quality of products, we have been tightening our efforts to further develop and improve. We have been striving to ensure the safety and reliability of our products to meet the stringent criteria.

We hold a firm belief that good-quality products and sound reputation of our company are our core competitiveness. We are making unremitting efforts to meet individual needs. Our growth is deeply rooted in the close connection with you. Your advice will further push forward our development of more creative and high-quality products.

Our products:

Our golf gloves are made of imported genuine Indonesian leather, Japanese super-fiber cloth materials and high-technical synthetic materials. They are delicately designed and cater to all kinds of weather. We have showcased many of our featured products, which are soft, wear-resistant, perspiration-absorbent, shake-resistant, breathable and rain-proof. With the improvement of our technologies and materials, the PU gloves are comparable to the ones of genuine leather in quality and feel. Besides, they are more variable in color and appearance and are becoming more and more popular. Nowadays, many gloves are integrating both materials to perfect their quality and appearance.

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ECONOMIC FEATURES IN 2007

By LAN XINZHEN

The year 2007 saw the Chinese economy growing as fast as before and the opening of markets widened and accelerated. However, inflationary pressure has clouded the economy since mid-year.

Fast economic growth

Fast economic growth is the keystone of the Chinese economy. According to statistics from the National Bureau of Statistics (NBS), the total GDP in the first three quarters reached 16.6 trillion yuan (\$2.24 trillion), up 11.5 percent year on year. This was 0.7 percentage points faster than the growth rate in the same period last year.

A report from the Center for China in the World Economy of Tsinghua University published in December forecasts that the GDP will grow 11.8 percent in 2007.

Since 2003, the country has maintained two-digit growth rate.

Judging by the NBS statistics, investment remains the major driver of the robust economy and contributed 41.6 percent to economic growth. From January to November, the fixed assets investment in urban areas surpassed 10.06 trillion yuan (\$1.36 trillion), growing 26.8 percent year on year. Among this figure, investment in the property sector stood at 2.16 trillion yuan (\$292 billion), up 31.8 percent year on year.

Consumption has also started to contribute more to the economy. Total retail sales of consumer goods amounted to 8.02 trillion yuan (\$1.08 trillion), surging 16.4 percent. In the first three quarters, consumption contributed 37 percent to economic growth, and the figure was 4 percentage points higher than that in 2005.

The function of imports and exports changed slightly in a driver of economic growth. As the nation's macro-control

policies took effect, the growth rate of exports began to slow, while the speed of imports picked up, leading to a narrowing in the trade surplus. Figures from General Administration of Customs show that the total trade surplus in the first 11 months surmounted \$238.1 billion, growing 52.2 percent over the same period of 2006. This was 6.8 percentage points slower than that in the first 10 months.

Judging by current economic development, in the near future, export speed will continue to slow while consumption and investment will maintain robust growth.

Financial market opens wider

Foreign financial institutions commenced local incorporation efforts in 2007.

In April, four foreign bank branches were locally incorporated in China with Shanghai as their base of operations. The first four banks were HSBC (China), Standard Chartered (China), Bank of East Asia (China) and Citibank (China).

To date, foreign banks have set up 364 head offices or branches in 25 mainland cities, 95 more than that in the beginning of this year.

The central bank's Shanghai headquarters published a report showing that

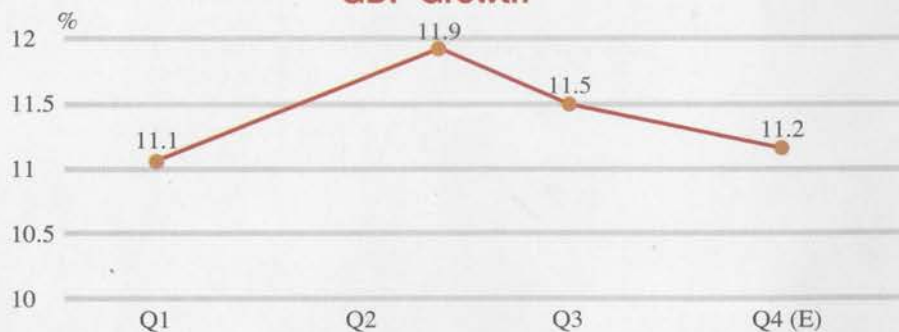
foreign banks in Shanghai reaped 3.847 billion yuan (\$520 million) in the first three quarters, up 64.54 percent year on year with a market share of 14.43 percent.

Besides the cities, the rural financial market, long ignored by financial institutions, caught increasing attention from foreign financial institutions. In August, HSBC (China) was allowed to set up a branch in Zengdu District in Suizhou City in Hubei Province and became the first foreign bank entering the rural market.

While large-scale foreign banks entered the mainland, Chinese banks were increasingly expanding their presence in the overseas market. In the first half of 2007, Industrial and Commercial Bank of China and China Merchants Bank sent applications for establishing branches in New York. In the middle of November, the U.S. Federal Reserve approved the latter to set up a New York branch, making it the first Chinese bank approved for the United States financial market.

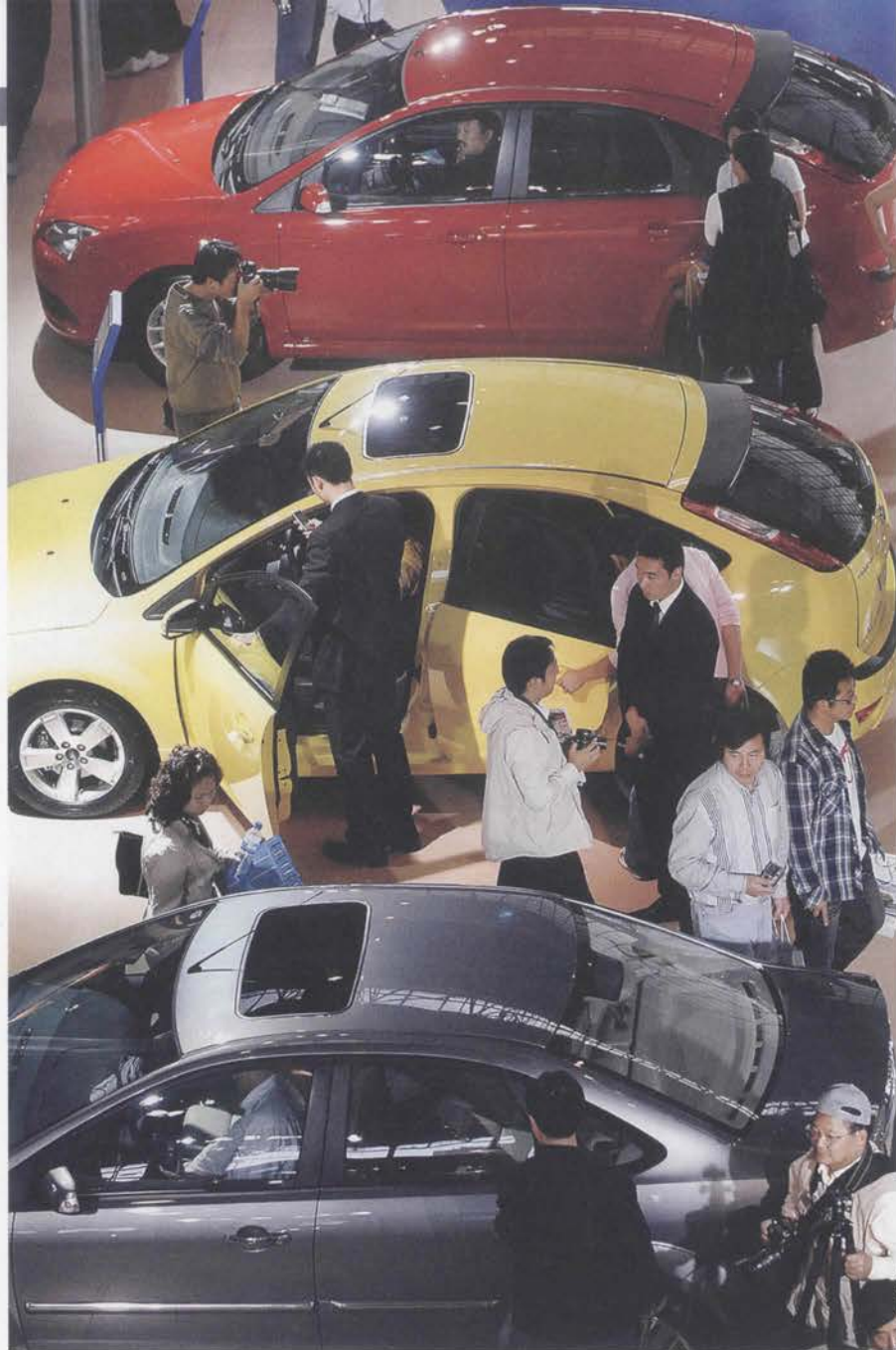
The opening of the capital market was also on the fast track. The Chinese Government devised a qualified foreign institutional investor (QFII) scheme, which allowed QFIIs to invest a restricted amount of money in the mainland stock market. The QFII quota was raised to \$30

GDP Growth



Growth of Urban Fixed Assets Investment





IN THE DRIVER'S SEAT: Consumption, as one of the three major drivers of the economy, contributed to over one third of China's economic growth in 2007, its highest proportion ever

billion at the end of this year. Consensus was also reached at the Third China-U.S. Strategic Economic Dialogue (December 12-13) on the allowance of qualified foreign-invested companies, including banks, to issue stocks in the mainland market, on the allowance of qualified listed companies to issue yuan-denominated corporate bonds, and on the allowance of qualified locally incorporated foreign banks to issue yuan-denominated financial bonds.

With the opening of the financial market, the Chinese currency appreciated significantly. On December 14, the exchange rate of yuan against the U.S. dollar was 7.3589. The yuan has appreciated 11.08 percent against the U.S. dollar since China reformed its currency on July 21, 2005.

Runaway inflation

Pork and edible oil prices spiked. The consumer price index (CPI) growth kept rising from 3.3 percent in March to a decade high of 6.9 percent in November, hovering above the government-set warning mark of 3 percent for nine months.

Some experts from the National Development and Reform Commission (NDRC) and NBS repeated that the recent rises have been partial and temporary, and that China is not saddled with nationwide inflation. But others claim that China has entered a period of an overall inflation, and are increasingly concerned that the increase in food prices will spill over into other sectors, especially when the CPI increase was coupled with the dramatic growth of the producer price index (PPI), which increased 4.8 percent year on year in November, the highest level in the past two years.

The annual Central Economic Work Conference held on December 3-5 stated that next year's top macroeconomic priorities would be preventing the economy from overheating and keeping the current partial price rises from evolving into "evident inflation."

CPI Growth





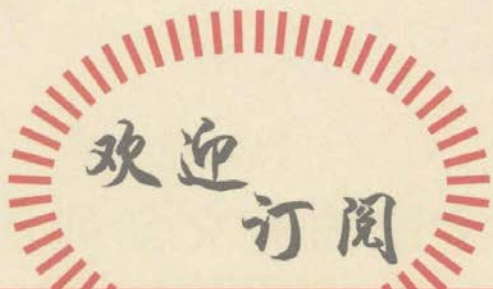
BUILDING THE FUTURE: China increasingly encourages the use of environmentally friendly energy sources such as wind power to protect the environment





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Effective macro control

Statistics from the central bank show that China's M2, a broad measure of money supply that covers cash in circulation and all deposits, has been higher than 18 percent year on year for five consecutive months, contributing to an excessive money supply. The narrow money supply (M1), an indicator reflecting liquidity and covering cash in circulation and current account deposits, has also risen dramatically. This rise reflects the fact that bank savings are shifting from time accounts to current accounts and that growth of liquidity has accelerated, although the inclination to save picked up slightly after the most recent interest rate hikes.

Huge foreign exchange reserves due to the expanding trade surplus and excessive credit growth spurred by an excessive money supply in the banking sector have created excess liquidity, resulting into negative interest rates, excessive investment, an overheated economy and worries of serious inflation.

The central bank engaged in a "moderately tight" monetary policy all year in an effort to check excess liquidity. On December 8, the central bank announced its 10th reserve requirement ratio increase

of 2007, pushing it to a record high 14.5 percent. The 10 rises of reserve requirement ratio have locked in a total of 2 trillion yuan (\$270 billion). Besides these moves, the central bank raised interest rates six times this year, something rarely seen in the past.

Furthermore, the central bank had issued bills worth 3.93 trillion yuan (\$532 billion) by December 12, with six issuances of over 100 billion yuan (\$13.5 billion).

Emissions cuts

China's energy consumption per unit of GDP dropped 3 percent year on year in the first three quarters of 2007, according to NDRC statistics, marking a turning point of China's campaign of cutting energy consumption and pollutant emissions.

China has vowed to cut the energy consumption used to generate per unit of GDP by 20 percent and major pollutants emissions by 10 percent between 2006 and 2010. The first drop in the per unit energy consumption offered hope for further slashing energy consumption.

Measures the government adopted this year to cut emissions have already taken effect.

From January to September,

China's daily sewage handling capacity in cities went up 9 million tons.

During the same period, 253 small coal-fired generating units, with a combined capacity of 9.03 million kilowatts, were shut down. Operations in more than 500 paper mills were suspended, and nearly 400 paper mills were asked to improve their wastewater processing facilities.

By the end of October, the State Environmental Protection Administration (SEPA) had inspected more than 860,000 enterprises nationwide and suspended operations in more than 1,200.

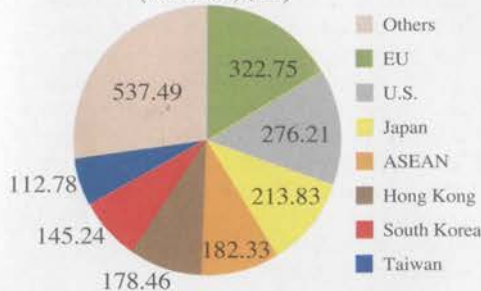
Furthermore, the government abolished tax rebates on 553 exported commodities that harm the environment and consume large amounts of energy and resources as of July 1.

Input of investment is an important guarantee of the effectiveness of this campaign. NDRC statistics show that by the end of November, a total of 21.3 billion yuan (\$2.88 billion) has been earmarked for the national energy-saving and emissions-cutting campaign, of which 9 billion yuan (\$1.22 billion) was allocated for major projects of energy saving as well as building up related administration capabilities, 12 times more than last year's amount.



Major Trading Partners

(Jan-Nov, \$bn)



Stock Market Overview

(As of Dec 14)

	Shanghai Stock Exchange	Shenzhen Stock Exchange
Number of Listed Companies	857	664
Number of Listed Securities	1,122	860
Capital Stock	1,404.6 billion	275.59 billion
Market Value	25.2 trillion yuan	5.12 trillion yuan
Average P/E Ratio	55.52	63.79

Note: Q4 (E) is the fourth-quarter GDP growth rate estimated by the State Information Center. All growth rates are on a year-on-year basis.

Sources: www.stats.gov.cn, www.pbc.gov.cn, www.mofcom.gov.cn, www.sse.com.cn, www.szse.cn

FOREIGN TRADE IN RETROSPECT

China's huge trade surplus and U.S. huge trade deficit are two extremes contributing to the global economic imbalance

By MEI XINYU

China's foreign trade continued to grow faster than the gross domestic product (GDP) in 2007. Total exports and imports hit \$1.97 trillion during the first 11 months, up 23.6 percent from a year earlier. The trade surplus hit \$238.12 billion, surpassing that for all of 2006, which stood at \$177.5 billion.

While foreign trade expanded in volume, its structure also improved. With a faster pace of machinery and electrical exports and a lower growth of manufactured product imports, China's status as an industrial country in international trade

The author is a researcher with the Chinese Academy of International Trade and Economic Cooperation, a think tank of the Ministry of Commerce

and division of labor has been stabilized.

In the first 11 months, China exported \$634.06 billion worth of machinery and electrical products, up 27.8 percent—1.7 percentage points higher than the growth of total exports. During the same period, China imported \$217.8 billion worth of primary products, up 27 percent and accounting for 25.2 percent of total imports. The growth was 6.5 percentage points more than that of total imports. Imports of machinery and electrical products hit \$452.7 billion, up 16.8 percent, and the growth was 3.7 percentage points lower than total imports.

In terms of trade patterns, especially in general trade, there was evidence of improvement in 2007.

An outstanding feature of foreign trade in the past decade is that processing trade, which is dominated by foreign-owned enterprises, contributes to more than half of China's exports. Despite the fact that China is the world's third largest trading power, Chinese enterprises have only reaped very thin profits from processing products for foreign brand owners and wholesalers, who are the major beneficiaries of the final profits. Without changes regarding dominance of foreign companies in processing trade, Chinese companies in this sector will not see remarkable profit increases.

Between January and November, general trade grew faster than total foreign trade, and general trade exports also grew

CHINA'S 2008 ECONOMIC FORECAST

In 2008, the Chinese economy will remain stable and retain high growth. It is expected that the growth of the gross domestic product will drop slightly, the increase of the consumer price index (CPI) will slow, fixed assets investment will cool down and the growth of the trade surplus will fall, according to a report issued by the State Information Center.

Consumer market remains prosperous

Years of prosperity in the macroeconomy, high employment growth, rapid growth of individual income and the upgrading of consumption structure will continue to push forward consumption. All these factors will contribute to the growth of China's consumer market in the next year.

Moreover, the 2008 Olympic Games to be held in Beijing will also promote the domestic sales market.

The leading indicator of retail sales of consumer goods has increased between 2006 and 2007. Since the leading indicator shows the trend about one year in advance, it can be concluded that in 2008 retail sales of consumer goods will still grow rapidly.

Based on the research by the State Information Center of the potential growth rates of retail sales of consumer goods since

reform and opening up in the late 1970s, a growth rate of about 12 percent for retail sales of consumer goods is adaptive to the 10-percent growth of GDP. Since retail sales of consumer goods increased more than 12 percent in real terms in 2006 and 2007, there is little likelihood that retail sales of consumer goods will grow more rapidly.

It is estimated that in 2008 the nominal growth rate for the retail sales of consumer goods will be 15.8 percent, 0.6 percentage points lower than that of 2007. However, the real growth rate should be around 12.5 percent after deducting price factors, almost the same as in 2007, a high but normal rate.

Investment to drop slightly

In 2008, basic factors leading to high growth of fixed assets investment will still exist. Under a rapid increase of corporate sales revenues and profits, companies are highly motivated to invest. At the same time, the rapid growth of self-owned capital provides sources for companies to enlarge investment. Month-by-month increases of newly started projects since the second half of 2007 provide inertia for the growth of investment in 2008.

However, there are some factors that may restrict investment in 2008. Since the

central bank has frequently raised interest rates recently, the increase of the actual interest rate level may restrain investment by companies. Owing to the accumulated risks in the real estate market and the warnings brought by the U.S. subprime crisis, authorities such as the China Banking Regulatory Commission have strengthened monitoring efforts on housing loans and prudent policies on granting loans will pose some restrictions on the source of funds to real estate developers and house-buyers. Meanwhile, restrictive policies on the export of energy-consuming products may change the supply-demand situation and prices in these industries, reducing the expected returns of investment.

Considering various factors, it is expected that fixed asset investment growth will still be a little bit on the fast side and to curb the rapid increase of fixed assets investment will remain an important task of macro control. It is estimated that in 2008 the nominal growth of fixed assets investment will stand at 23.5 percent, 2 percentage points lower than that in 2007. Of the total, fixed assets investment in urban areas will grow 24 percent nominally, a decline of 2.3 percentage points. The nominal growth of real estate investment will reach 25 percent, dropping 4.5 percent than 2007.

faster than the total exports. Exports and imports of general trade totaled \$874.4 billion, up 29 percent from a year earlier, and the growth was 5.4 percentage points higher than that of total exports and imports. General trade exports hit \$488 billion, up 30.2 percent, 4.1 percentage points higher than that of total exports.

This indicates that general trade has gained more weight, a nice trend to see.

China also adopted major changes in its foreign trade policies in 2007, largely in order to cut its trade surplus and improve the structure of export and import commodities.

On April 5, the 2007 Catalogue of Prohibited Commodities in Processing Trade was issued. Since then, 1,140 commodities, including those in the 2007 Catalogue, have been listed as the prohibited commodities for processing trade.

Provisional import and export tariff rates of many commodities were revised as of June 1.

On June 19, the Chinese Government made its boldest move by slashing tax rebates. The new tax rebate system took

effect on July 1, affecting more than 2,831 commodities, or 37 percent of the total export items.

As of August 23, 1,853 commodities were added to the list of restricted items in processing trade, accounting for 15 percent of the total customs tariff numbers. This was the biggest move to tighten processing trade in China to this point.

Despite these efforts, China remains focused on issues of trade friction because of its huge trade surplus. Especially evident in 2007, the "Made-in-China" image was stained when the quality and safety of products were called into question after massive recalls. In fact, China should not shoulder the blame for these recalls alone.

China's huge trade surplus and the U.S.'s huge trade deficit are two extremes contributing to the global economic imbalance. Basically, there are two theories to explain the situation. One is the "crowding out" effect of countries with current account deficits like the United States that spend more, save less and thus have excessive demand for capital.

The other is the "crowding in" effect of countries with current account surpluses, which, on the contrary, tend to save more, spend less and have an excessive supply of capital.

The U.S. Government tends to support the "crowding in" effect of China and stresses that China should expand domestic demands and allow more foreign investment into the financial services sector. In fact, the external imbalance between the two economies results from the interaction between the irregularities in the economic structures of both countries. It will not work to ask one side to make adjustments.

As for the quality issues, it's also wrong to only blame one side. Economic globalization has developed remarkably in the past two decades and manufacturing has been rearranged among all participants. Supervision systems of both China as the exporter and the United States as the importer have failed to keep pace with global production and trade. Because of these supervision loopholes, the quality of Chinese exports became a hot topic. ■



BEST FOOT FORWARD: In 2008, China's economy will remain stable and retain high growth with the overall growth rate dropping slightly

Trade surplus falls markedly

In 2008, the growth of China's exports will slow.

First, trade protectionism in the international community has risen again and trade frictions with China, particularly the media scrutiny over the quality of Chinese products, are increasing and could impose great negative influence on China's exports in 2008.

Second, China's exports to the United States are mainly consumer goods and

U.S. consumption growth is likely to slow, so this could be unfavorable to China's export growth.

Third, intensive policies launched in 2007 to control rapid export growth and the readjustment of foreign trade structure will show effects in 2008, renminbi appreciation is speeding up, and various production costs are increasing. All these factors will slow down China's export growth in 2008.

On the other hand, since domestic

demand will likely retain high growth, renminbi appreciation shortens the price gap between domestic and foreign markets and the state has issued other policies to encourage imports, meaning the growth of imports will remain stable in 2008.

Preliminary estimates are that in 2008 China's exports will grow 19 percent and imports will increase 18 percent, with the trade surplus standing at \$328.4 billion, \$60.4 billion more than that of 2007. The growth of trade surplus will drop from 51 percent in 2007 to 22.5 percent in 2008.

Influenced by international factors

If influences of the U.S. subprime crisis are as predicted and effects of the macro control measures proceed normally, China's economy in 2008 will remain stable and continue high growth with the growth rate dropping slightly. GDP may grow 10.8 percent year on year in 2008, lower than the estimated 11.4 percent in 2007.

If adverse effects of the subprime crisis are lower than estimated and the effects of macro control measures are not obvious, China's economy will still remain high growth in 2008. GDP may increase 11.3 percent, almost the same as in 2007.

If influences of the subprime crisis are more serious than expected and effects of macro control measures are very obvious, China's economic growth may drop to 10.3 percent in 2008. ■



By LAN XINZHEN

Wang Jiahui, General Manager of Beijing Wangzhihe Food Group, a seasonings producer, is bound to have a tight schedule in 2008. Having just rid himself of a lawsuit, Wang dares not drag his feet trying to evade more troubles. He is about to set out on a tour in order to register his trademark "Wangzhihe" in over 30 countries and regions. The time and energy wasted on the lawsuit is actually worthwhile for Wang—it awakened him to the importance of protecting his brand by getting it officially registered.

Wang's troubles started in 2006 when his group was attempting to break into the German market. To his great surprise, the 330-year-old Chinese brand "Wangzhihe" had been hijacked by the Germany-based Okai Import Export GmbH.

As one of China's time-honored brands, Wangzhihe is endowed with intangible assets worth of over 100 million yuan (\$13.5 million). Unfortunately, Wangzhihe products could not be sold in Germany because of the preemptive trademark registration by its German counterpart. In August 2006, the cornered Wangzhihe Food Group filed a lawsuit at the Munich court of Germany to defend its rights. Finally and fortunately, on November 14, the court ruled to revoke the registered trademark of Okai.

"We are not alone in such cases," Wang said. "A handful of renowned Chinese brands are also suffering infringements."

Similar infringement cases go back as far as the 1990s. According to incomplete data, over 250 Chinese trademarks have been hijacked in Australia, more than 200 in Japan and over 50 in India. Enterprises in the EU, Latin America and Southeast Asia are also catching up. In the last 10 years, trademarks of over 2,000 export commodities have become victims of such illegal acts, rippling through many industries such as cosmetics, drinks, household appliances, garments and culture. Most of the affected are time-honored Chinese brands.

"With Chinese brands gaining a foothold in the global market, overseas competitors are vying for these brands to sharpen their competitive edge," said Huang Guoxiong, professor at the Renmin University of China and Deputy Director of the Chinese Society of Commercial Economy.

On the other hand, many Chinese enterprises are poorly armed with the awareness to safeguard their trademarks due to fledgling intellectual property right protection mechanisms. Once preempted,

PRESERVING TRADITION: Tianjin-based "Go Believe" is also a shining pearl among Chinese time-honored brands

Rescue the Old

Traditional indigenous brands nosedived from 10,000 in 1950 to 430 in October 2006, highlighting the urgency to act

they have to buy back their trademarks or rename their products, both of which can lead to substantial costs.

A painful loss

Feng Yibin, Director of the Association of Chinese Trademarks, pointed to preemptive trademark registrations as roadblocks for Chinese enterprises on their paths to go global. Worse still, the brand robbers even blackmail their Chinese counterparts for high trademark transfer fees. Feng has in recent years dealt with many trademark disputes on behalf of domestic enterprises.

Statistics of the State Administration for Industry and Commerce show that old and famous brands are losing intangible assets worth of approximately 1 billion yuan (\$135.1 million) annually.

In 1950, China boasted over 10,000 time-honored brands. By 1990, the number had sharply shrunk to 1,600. In October 2006, there were a measly 430 still surviving, according to the Ministry of Commerce.

Many domestic enterprises only legalize their brands in countries where they export, heedless of long-term development. When they set their sights on new markets, they find their brand names have already fallen into the pocket of others, noted Wang Hongqing, attorney of Wangzhihe case. "To recover the trademark, the Wangzhihe Food Group paid 500,000 yuan (\$67,568)."

A thorny path

To everyone's surprise, most enterprises that have been infringed chose to settle in private, instead of following Wangzhihe's example and filing a lawsuit.

Financial cost is a major disincentive to taking legal action. Present time-honored brands are mostly rooted in the catering industry, with little profit margin. Originally growing from snack bars, these enterprises have begun seeking expansion since 1978 when the reform and opening-up policy was adopted. "What actually constrains them from bringing a lawsuit is the concern over huge costs," Wang Hongqing said. "It's unaffordable for ordinary enterprises."

According to Liu Manlai, Deputy Director of Beijing Traditional Brands Association, only 70 percent of China's time-honored brands can make ends meet. Hovering at the brink of bankruptcy are another 20 percent. Only 10 percent have been able to scale up their enterprises. As a result, they have no other choice but to bend to the financial pressure arising from overseas lawsuits.

With an annual turnover approaching 600 million yuan (\$81.1 million), the Wangzhihe Food Group can be considered one of the most well-performing among the remaining old brands. Notwithstanding, the group only yields an annual profit of less than 15 million yuan (\$2 million).

Hence, to lower the costs of legal fights

overseas has become a pressing task. "It costs little to maintain a trademark," Liu said. "However, it can swell once the registration is taken over. Worse still, the brand rights are unavailable during the lawsuit, which may span two to three years."

A helping hand

"Enterprises themselves are supposed to be held responsible for the protection of their trademarks, some of which have merged with the traditional culture. But given their financial difficulties, it's unrealistic that they shoulder the burden alone," said Wang Hongqing. "We should come up with an independent protection mechanism to organize the trademark registration process so as to protect these intangible assets," Wang said.

Support from the society and the government can be utilized and can assist enterprises that are incapable of launching global registration campaigns. "If this happens, more financial and personnel resources can be saved for production," said Wang Jiahui.

Relevant government departments and industrial associations are also obliged to serve the interests of domestic enterprises. For example, blessed with convenient access to broad information, they can sound the alarm when they discover preemptive registrations. They can also publicize successful experiences some companies have had in defending their intellectual property rights overseas, and they should try to provide interpreters and lawyers for those companies involved in overseas lawsuits.

As embodiments of the Chinese traditional culture, these time-honored brands deserve adequate preservation and promotion, added Wang Jiahui.

At present, the Ministry of Commerce is brewing a pre-warning system for intellectual property rights in an effort to rescue the brands under threat. Meanwhile, a campaign to revitalize the old brands is also on the way. Namely, 1,000 Chinese time-honored brands, with their own intellectual property rights, will be confirmed in three years. ■



LONG LASTING: Wangzhihe seasonings stand out at the Beijing Famous-Brand Products Exhibition



Experience Luxury

Seeing China as a booming market, the world-renowned Marriott International is accelerating its expansion in the country with the opening of the Ritz-Carlton Hotel Beijing in October 2007. *Beijing Review* conducted an interview with Manfred Weber, recently appointed as general manager of the hotel

"I'm very confident about our new hotel here in the CBD of the capital city," Weber said. "Given the prime location and the increasing number of people in China who want to experience luxury, I do see a bright prospect in it."

The new hotel enjoys a convenient location in the very heart of the central business district of Beijing. The complex also includes three office towers, a shopping plaza and an apartment complex, all surrounded by gardens—a rare and beautiful amenity in the central city.

Principally styled in European classical, the hotel combines Chinese elements in its pictures, statues and paintings, said the general manager.

"And the unique thing about the new hotel is that it has a wedding chapel which is the first of its kind in Beijing," said Weber. He further added that the wedding chapel renders tailored services to customers with a variety of needs depending on their different budgets.

Couples can celebrate their nuptials at this serene venue nestled beside the rose garden and then enjoy a wedding feast in the ballroom. Dedicated wedding specialists are on hand to collaborate with bride and groom on all aspects of their most memorable day. A private hair salon and grooming center crown the day with luxury.

Besides, the hotel enjoys other leisure facilities. As a quiet haven of indulgence with amenity, the hotel spoils the guests



BRIGHT PROSPECTS:
Manfred Weber, General Manager of Ritz-Carlton Hotel Beijing shows great confidence in the market

with many luxurious and relaxing therapies. For guests needing to stay connected, there are state-of-the-art technology options and flat screen televisions. Uninterrupted luxury goes a step higher with a spa on the top floor, including treatment rooms outfitted with balconies and a health club with an indoor heated lap pool.

As the Beijing Olympics draws near, international hotels are endowed with an opportunity to participate in the excitement, as well as the benefits.

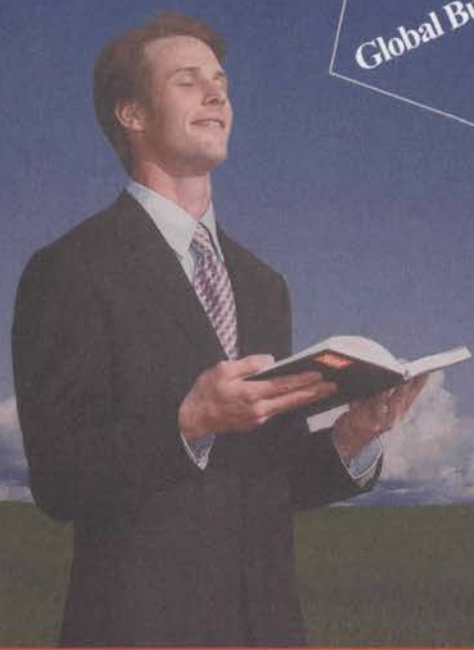
"I am looking forward to the Olympics," said Weber. "When the host city of 2008 Olympics was announced, I was living in Beijing. So I am a witness of the great changes Beijing has undergone. So we have good reason to say that even after Olympics, China will do well. We see no signs of a slowdown or recession."

Weber pointed out that the establishment of the Marriott brand is an urgent task for his team. "Our hotel aims not only to cope with market needs, but to establish a new benchmark on what luxury hotels in the city can be. We want our customers to experience the true luxury."

Marriott International is optimistic about its prospects in the Chinese market and is planning to build three more luxury hotels in China in the next six months, Mr. Weber said.

By HU YUE

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MARKET WATCH

TO THE POINT: In line with the Central Government's decision to carry out tightened monetary policy, China's central bank launched two special deposits, encouraging banks to deposit more money into the central bank in order to curb liquidity. China's state-owned investment firm is buying into Morgan Stanley's shares to divert the country's ballooning foreign reserves. Allowing foreign-invested companies to be listed in the mainland stock market could work as another measure to absorb the excessive money in circulation. Shanghai has established a financial arbitration court to resolve disputes arising from the booming financial market.

By LIU YUNYUN

A Done Deal?

China Eastern Airlines is entering into a strategic partnership with two Singapore companies in a bid to boost its performance and expand market share.

The prenuptial agreement stated that Singapore Airlines and Temasek—the investment body of the Singaporean Government—will purchase a combined 24-percent stake of China Eastern's shares at the cost of HK\$3.8 per share.

Both governments have approved the deal, but the final decision still awaits the vote of stockholders. If two thirds of the shareholders agree, the deal will be closed.

"I am confident the deal will be approved at the shareholders' meeting on January 8," said Li Fenghua, President of China Eastern.

If the deal succeeds, China Eastern will surpass China Southern Airlines as the second largest airline on the mainland. Li hopes to increase the market share in Shanghai from the current 36 percent to 50 percent after the deal is inked.

However, Air China, the largest mainland airline and the biggest stockholder of China Eastern's tradable shares, disagreed and complained the acquisition price was "too low."

Fan Cheng, Air China's Vice President, pointed out that Singapore

Airlines once invested in many airlines like Air New Zealand and Virgin Atlantic, but all ended in failure. Fan said these failures indicate the enormous difficulties confronting international cooperation in airline operation. "It is hard to say whether China Eastern can truly learn advanced management experience from Singapore Airlines," Fan said, adding that Singapore Airlines mostly focuses on the North American and European markets, while China Eastern serves mainly the Asia-Pacific region. "There is hardly any experience to share," Fan argued.

Li Fenghua contended that the cooperation with Singapore Airlines "is a government decision," and that he was sure "stockholders will vote for the cooperation."

Sparing No Effort to Curb Liquidity

One week after it announced it would raise the reserve requirement ratio by another 1 percentage point to 14.5 percent, the Chinese central bank said it would start taking special deposits as of December 27.

The move was the second time in the fourth quarter that the central bank has decided to issue special deposits, a measure that had previously not been resorted to in the past two decades.

Under the special deposit agreement, financial institutions will deposit a cer-

tain amount of money with the central bank and they will receive interest payments on the deposits after a certain period.

This time, there are two kinds of special deposits, including a three-month and a one-year special deposit with annual interest rates of 3.37 percent and 3.99 percent, respectively, said the central bank. The special deposits target rural credit cooperatives and city commercial banks excluding primary dealers in the open market. The special deposits adopt voluntary declaration of quotas.

Experts said the move shows the central bank's determination to curb the excessive liquidity in the financial markets. It is also a demonstration of "tightened monetary policy," which was stipulated at the Central Economic Work Conference held on December 3-5.

Serving Justice

Shanghai established a special financial arbitration court to handle the increasing number of financial disputes and also to relieve pressure on other courts.

Shanghai's Vice Mayor Feng Guoqin said that the establishment of the new court was to ensure the ability of the city's legal system to keep pace with the rapid development of the city as a leading financial center.

By the end of November, the aggregate trading volume (excluding foreign exchange trade) in Shanghai reached 114 trillion yuan (\$15.41 trillion), a surge of 110 percent from a year earlier, according to Fang Xinghai, Director General of the Shanghai Municipal Government's Office for Financial Services. The figure far outpaced the amount estimated in the 11th Five-Year Plan for Shanghai published in 2006. The report had said that Shanghai's financial market trade value would reach 80 trillion yuan (\$10.81 trillion) by the end of 2010.

Along with this rapid financial development, the number of financial disputes also grew.

"Most of the time, the law simply cannot keep up with the fast-evolving financial market," said Fang. "Without a transparent and efficient arbitration mechanism, financial innovation will be thwarted."

The arbitration court will involve a team of financial legal experts from home and abroad. The court has hired 78 people, including 14 from the United States, UK, Germany, Canada, Japan, French, South Korea, Singapore and

the Hong Kong Special Administrative Region.

Removing Grain Rebates

The export tax rebates for wheat, grain, rice, corn and soybeans and related flour products were removed starting December 20. Altogether 84 kinds of products are affected. The current rebate rate stands at 13 percent, according to the Ministry of Finance.

China is the world's largest grain consumer and also a major exporter. The country exported 4.9 million tons of corn, 1.2 million tons of rice and 400,000 tons of soybeans in the first 11 months, according to figures from the General Administration of Customs.

The government had already stopped corn and wheat exports in the second half of the year to meet domestic demand.

Experts believe the rebate elimination is a bid to ease the nation's rising consumer prices.

China's consumer price index, a barometer for inflation, surged 6.9 percent in November, its highest mark in 11 years, mostly caused by soaring food prices. Food prices, which make up one third of the consumer basket, rose 18.2 percent in November.

Water Prices Up

The National Development and Reform Commission (NDRC), China's top economic planner, claimed that urban water prices will rise in 2008 at an appropriate time.

Spurred by the news, the stock prices of water-related companies, like Shanghai Municipal Raw Water Co. Ltd., rose considerably—an average 5 percent on December 10.

Officials from the NDRC explained that the costs for upstream water processing companies were rising due to increasing labor costs and environmental protection charges. Currently, the water price in Beijing is 2.8 yuan per cubic meter and 0.9 yuan per cubic meter for sewage processing.

The price of water used for agriculture production will also be raised to a rational level. Meanwhile, the fees for processing sewage will be increased by 1-2 yuan per cubic meter.

Beverage industries will be most impacted by the hike in water prices, said experts.

"All companies will be affected by the water price rise, which will eventually cause serious inflationary pressure,"

NUMBERS OF THE WEEK

7th and 29th

The U.S.-based *Petroleum Intelligence Weekly* listed the top 50 global oil companies and China National Petroleum Corp. ranked 7th in the list, the highest ranking for Chinese petroleum companies. Sinopec Corp. ranked 29th.

said Chen Wei, a researcher at the Shanghai Academy of Social Sciences.

But Chen said the price hike will be a double-edged sword: The rising water price will add costs to users but can also force companies and individuals to make full use of water and cut waste.

More Foreign Companies Eye Listing

As one of the achievements of the Third China-U.S. Strategic Economic Dialogue (SED), China will allow foreign-invested companies, including banks, to launch yuan-denominated A-share initial public offerings in the mainland stock market. In addition, the qualified listed foreign companies will be able to issue yuan-denominated corporate bonds.

U.S. Treasury Secretary Henry Paulson urged China to establish a sound supervisory system and adopt relevant policies to make sure the implementation is successful.

The Fourth SED will be held in the United States in June 2008.

Investing Muscle Overseas

The China Investment Corp. (CIC), the country's state-owned investment body, stated that it will invest up to \$5 billion in the second largest U.S. investment bank Morgan Stanley, despite recent U.S. stock market turbulence.

Morgan Stanley is expected to be the least affected by the devastating subprime mortgage crisis, largely because it was less involved in collateralized debt obligations than other major investment banks like Merrill Lynch.

Earlier this year, the CIC invested \$3 billion in the U.S. private equity firm Blackstone Group. This time it will purchase equity units that are automatically convertible into 9.9 percent of Morgan Stanley common shares. The equity units carry a fixed annual interest rate of 9 percent before conversion on August 17, 2010.

"It is a good time to invest in U.S. financial institutions, as many of them are undervalued due to the subprime mortgage crisis," said Li Yang, a financial expert with the Chinese Academy of Social Sciences. ■

Writing Competition for Foreign Students Kicks Off

The "China and I" themed essay writing and photography competition for foreign students in China, which is hosted by the Service Center for Studying Abroad of the Ministry of Education and supported by *Beijing Review* magazine, will be launched soon. The competition is to demonstrate foreign students' bonds with ancient and modern China and the upcoming Olympic Games.

For more information please visit: www.studyinchina.net.cn or www.bjreview.com

Shapotou Tourism Zone

Located southeast of the Tengger Desert, 20 km from Zhongwei City in Ningxia Hui Autonomous Region, the Shapotou Tourism Zone borders the Yellow River, and features a unique landscape combining water and sand. Huge waves, precipitous cliffs and an oasis in the seas of sand make this a special place. Due to efforts to transform the desert, the zone was honored with a "Global 500 Environmental Protection Award" by the United Nations and received the designation as a 4A-Grade Tourism Area by the National Tourism Administration. At present, it is dubbed as one of the top 10 most interesting tourism spots in China and one of the most beautiful desert areas in the country.

Roaring waves of the Yellow River roll through the Heishanxia Gorge into Zhongwei City, and turn suddenly at Shapotou, where the waves become slow and steady, creating the miracle of Shapotou. In the vast expanse of Tengger Desert, the sand waves rise and fall, rolling in to a halt at Shapotou.

They lie still at the bank of the Yellow River and at the foot of Xiangshan Mountain, forming a huge 60-degree sand dune with a height of 200 meters and a width of 2000 meters. This is where Shapotou gets its name, meaning top of a sand dune. When it's sunny, the rolling sand buzzes like a bell, making it one of the top four sounding sands of China. Standing at the top of the dune, you can marvel in the view of this hanging river of sands.



The Shapotou Tourism Zone is the perfect embodiment of the mood of a classic Chinese poem: "In the great desert one straight plume of smoke, by the long river at sunset a ball of flame." It also caters to tourists with a variety of traditional and modern activities such as sand sliding, playing in the springs, river rafting, as well as sand sculptures, sand therapy, sand bath and other sporting activities. All the planned activities integrate wisdom, fun and healthy living. It is also rewarding to experience the desert by riding on a camel and sleeping in a tent under the mysterious bright moon.

The area is an international center for sand sliding, a desert tourism base and a base for rafting on the Yellow River.



number of tourists, including skiing fans and travel groups.

Heilongjiang Province

Dense forests, pristine lakes, vast grasslands and the magical volcanic springs make the landscape of Heilongjiang Province a wonderland of destination for ecotourism and relaxation. Walking through the virgin forests of the Greater and Lesser Hinggan mountains of Heilongjiang, you can enjoy the fresh air and embrace the greenery. Jingpo Lake, Xingkai Lake and Lotus Lake are like pearls scattered over the mountains.

Heilongjiang, northernmost region in the country, is rich in snowfall in winter and in spring it sees frequently extreme day-night temperature differences, creating a favorable environment for artificial snow-making and the maintenance of snow ways.

In recent years, the province has branded itself as a ski resort in spring, taking advantage of its weather resources. As a recognized and popular tourism zone, the province is receiving an escalating



Photos are provided by local tourism bureaus.



Warm Love in Chilly Winter

On December 6, the Beijing Pacific Century Place hosted its fifth annual Christmas tree lighting ceremony. At the ceremony, the charity mascot "Huggie" was revealed for the first time and President of Beijing Light and Love School, Shi Qinghua, received an award as "Goodwill Ambassador."

"This is the first step for spreading love and embracing everyone surrounding us. We are calling on the public to join in the charity cause to warm others' hearts," said Sun Guanghua, General Manager of Beijing Pacific Century Place.



Kempinski Hotel Beijing Lufthansa Center

One of the city's best meeting places takes on a new look. Modernly designed and with a comfortable environment, our Rendez-vous Bar & Lounge is an ideal place to meet your business partners or have a drink after a long day. Who says that business and pleasure do not mix? Check it out from December onwards.

Open from 8 a.m. to 1 a.m.

Marco Polo Parkside, Beijing

Marco Polo Parkside, Beijing management presented the grand Christmas



hamper to the Third Deaf School of Beijing on International Day of Disabled Persons on December 3. This gesture was meant to share our love and Christmas happiness to these special children during this meaningful festive moment.



The Regent Beijing

The Regent Beijing was honored to host a VIP delegation led by José Manuel Barroso, President of the European Commission and José Sócrates, Prime Minister of Portugal during their visit to Beijing for the 10th EU-China Annual Summit on November 28.



Mandarin Oriental, Beijing

Many may not be aware of the pre-opening process of a hotel and the blood, sweat and tears that are involved in helping to create a magnificent product. To ensure endurance, good spirits and good health, Mr. Pierre Barthes, General Manager, leads the executive committee in its daily yoga regimen.

Gloria Plaza Hotel, Beijing

When the winter winds begin to blow you know it's time to treat yourself to Sampan hot pot. Our chefs have created his special soup together with a quality selection of fresh seafood, meats and veggies to warm you up,



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Holiday Inn Downtown Shanghai

Mr. Dominic Brennan, General Manager of Holiday Inn Downtown Shanghai, warmly greeted the famous movie director Mr. Zhang Yuan, who recently traveled to Shanghai for his personal photo exhibition.



2007 the Third "Project Hope" Charity Cousin Contest of InterContinental Hotels Group, Beijing

Dedicated to charity works, the InterContinental Hotels Group organized its third charity cousin contest in cooperation with China Youth Development Foundation. Over 30 talented chefs from our group's hotels in Beijing participated in the contest as a contribution to "Project Hope."

Four Seasons Club

Situated at Star River of Chaoyang Beilu, Four Seasons Club is 25 minutes drive from the Beijing International Airport and 10 minutes drive from the central business district. Covering an area of 14,000 square meters, the club presents fresh air, broad views and a quiet environment.

With green grass and a beautiful landscape, we offer the high-quality services of a five-star hotel and recreational and sporting facilities, such as swimming pools, saunas, tennis, badminton and table tennis.



Returning to the Garden

Despite strong opposition, a ruined royal garden is under renovation at its original site in Beijing and at the same time the construction of an actual-size replica has begun in another city

By ZAN JIFANG

Even for a foreigner who has lived in Beijing for years, the ruins of Yuanming Yuan might be a place they have never heard of before. But to Chinese, everyone is familiar with the ruined garden and its special meaning—not just as a scenic spot or a historical site, but as a lasting thorn in the side of national pride.

Yuanming Yuan, located just northwest of Beijing, is also known as the Old Summer Palace. Less well known to foreigners as the Summer Palace to the west of it, the 300-year-old palace that once sat on the site was the most beautiful and grandest imperial garden during the Qing Dynasty (1644-1911).

The gardens and buildings on the site once were an exquisite blend of classical Chinese architecture styles and Baroque architecture from the West. It was also home to art treasures and cultural relics and a library of valuable books.

That grandness and splendor all disappeared in 1860 when British and French troops sacked Beijing. The invaders set fire on all the royal gardens located in the western part of the city, including Yuanming Yuan, destroying most of the garden and plundering numerous trea-

sures stored there. The vandalism of the site happened again in 1900, when allied forces of eight foreign countries (Britain, the United States, the Austro-Hungarian Empire, Italy, Russia, France, Germany and Japan) entered Beijing.

For over a century, sections of broken stone pillars have stood silently as reminders of that sad past. But in recent years, heated debate about whether the site should be reconstructed has broken the former tranquility of the garden and brought Yuanming Yuan back to national attention.

In 1999, some Chinese architectural experts proposed renovations of Yuanming Yuan. Although the proposal had few supporters at that time, moves to reconstruct the site have not stopped ever since.

At an international seminar held on October 18, 2007, to celebrate the 300th anniversary of the completion of Yuanming Yuan, Wang Zhili, founder and Vice Chairman of the Yuanming Yuan Research Society of China, appealed for efforts to restore the original landscape and garden arrangement and rebuild many of the old buildings according to the original size and style.

Like Wang, supporters for the renovation project hoped to make the rebuilt garden into a special commemora-

tive place to showcase the history of Yuanming Yuan and the Qing Dynasty, as well as to exhibit the traditional Chinese garden design arts.

But opponents have attached more importance to the “reminding role” of the ruins. They think that the destruction that has been left in the garden carries a heavy reminder and sadness. The pillaging of Yuanming Yuan deeply hurt the Chinese people, not only the Qing court.

No matter how heated the debate has become in the academic circles and among the general public, in 2000, the Central Government approved the renovation plan for Yuanming Yuan. Renovations have recently begun, but details about what this entails have not been released.

Compared with the recent low-key and prudent moves to begin restoration at the actual site, a private reconstruction project has garnered the latest media exposure and criticism.

The advocate of the private project, the Hengdian Sannong Promotion Society, has recently said that they have raised 1.16 billion yuan (around \$155 million), and that the reconstruction will be launched in early 2008.

Xu Wenrong, President of the Hengdian Sannong Promotion Society, said that funds were acquired without large-scale fundraising. According to Xu, the money Sannong has raised is composed of three parts: 120 million yuan (some \$16 million) is from a special fund management committee for the reconstruction of Yuanming Yuan, 1 billion yuan (some \$133 million) is in capital that the initiator has put forward, and the remaining amounts are from private enterprises.

The entire reconstruction project, which will be located in Hengdian, in east China’s Zhejiang Province—a Hollywood-like film-shooting base in the country—is planned to have a budget of 20 billion yuan (\$2.7 billion) and will cover an area of 6,165 *mu* (around 411 hectares). It will be built with a scale of 1:1 according to the actual size of the former Yuanming Yuan outside of Beijing.

Xu said that of the 20 billion yuan, 7 billion yuan (\$933 million) will be used in



NEWSPHOTO

THE LEFT: One part of the ruins of Yuanming Yuan

the construction itself. The remaining investment will be used for collecting cultural relics and manufacturing some relic imitations.

The whole construction is said to be finished in five years and is planned to be open to the public in 2013. Xu said the current 1.16 billion yuan is enough for the construction in the first year and he has confidence the additional funds won't be difficult to come by.

"We have seen high enthusiasm from various social groups both at home and abroad for the reconstruction of Yuanming Yuan in Hengdian," Xu said. Xu also said that they will hold a press conference in April 2008 to start the first round of domestic public fundraising.

Xu, 73, who has dedicated more than a decade to researching the history and architectural and cultural value of Yuanming Yuan, said that it is his dream to rebuild Yuanming Yuan to be exactly the same as the original. Believing that it might not be realized by his individual efforts, he hopes that all those sharing this common ideal can join the reconstruction project.

Xu's reconstruction plan was first made public in September 2006 and encountered almost immediate and overwhelming opposition.

A recent survey done by people.com.cn, one of the leading state-owned websites in China, 72.1 percent of respondents were against the reconstruction of Yuanming Yuan in a different place or even renovation at the old site, holding that the ruins of Yuanming Yuan need to be left as they are to remind people not to forget the disgraces of the past. Only 4.4 percent of the respondents said that part of the original garden should be renovated.

Zhang Enmeng, Director of the Management Office of Yuanming Yuan, is one of those who think it is ridiculous to rebuild Yuanming Yuan in a different place.

"People could understand building a new Yuanming Yuan in Beijing, but if it will be built out of Beijing, I think it is rather inappropriate," Zhang said.

In Zhang's view, maintaining the current situation is the best way to protect Yuanming Yuan, as history is impossible to be duplicated.

Some other opponents also think that a replica of Yuanming Yuan built to the actual size is a great waste of the already depleted land resources in China.

But no matter how strong the opposition, the renovation at the old site, and reconstruction at the new are becoming reality. What the impact will be, only time will tell. ■

January 17-20, 2008

Paris Plumes—a musical from France

Venue: Poly Theater
Tickets: 2,280/1,680/980/680/480/280/
180 yuan

January 19-27, 2008

Cats—the Broadway musical



Venue: Beijing Exhibition Theater
Tickets: VVIP/VIP/880/680/480/280/180/80 yuan

January 24, 2008

X-magic 2008 Vitas Beijing Vocal Concert

Venue: Capital Gymnasium
Tickets: 1,880/1,480/1,080/880/680/
480/280 yuan

January 30-February 4, 2008

Burn the Floor—classic dance

Venue: Beijing Exhibition Theater
Tickets: 1,280/880/680/480/280/180/80 yuan

February 14-16, 2008

The Peony Pavilion—the Kunqu Opera version

Venue: Beijing Exhibition Theater
Tickets: 580/380/280/ 200/150/100/50 yuan

December 30

Classic Film Songs Concert

Venue: Beijing Concert Hall
Tickets: 880/680/580/380/280/180/80 yuan

December 28

The Raspberry Is Flowering—Russian Songs Vocal Concert

Venue: Beijing Concert Hall
Tickets: 1,280 (VIP)/880/580/380/180/100 yuan

January 21-22, 2008

Moonlit Sea of Clouds—Joe Hisaishi Concert

Venue: Poly Theater
Tickets: 880 (VIP)/580/380/280/180/80 yuan

January 1-2, 2008

Cross-Talk of the New Year by Deyun Club

Venue: Beijing Exhibition Theater



Tickets: VIP/680/580/480/280/180 yuan

December 29

Qi Baoligao Morin Khuur Concert

Venue: Beijing Exhibition Theater
Tickets: 880/580/380/180/80 yuan

January 15, 2008

Wu Qiong New Year Vocal Concert

Venue: Beijing Exhibition Theater
Tickets: 1,080/880/580/380/180/80 yuan

January 5-6, 2008

Original Nursery Rhymes

From Inner Mongolia
Venue: Beijing Exhibition Theater
Tickets: 880/580/380/180/80 yuan

January 12, 2008

2008 Zhang Qiang Beijing Vocal Concert

Venue: Beijing Exhibition Theater
Tickets: 880/680/480/280/180 yuan

January 19, 2008

2008 Wang Feng Beijing Vocal Concert

Venue: Workers' Stadium
Tickets: 880/680/500/300/200/100 yuan

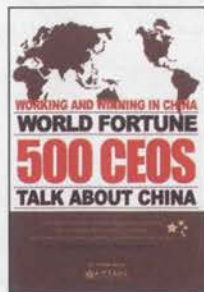
January 5, 2008

Cui Jian Vocal Concert

Venue: Workers' Stadium
Tickets: 1,000/800/680/480/280/180/100 yuan

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Working and Winning in China

A new book on the development of the world's top 500 enterprises in China has recently been published by the New World Press in both Chinese and English. It vividly explores and displays the experiences and strategies of the enterprises through interviews with 30 top managers of the most renowned enterprises, interweaved with interesting stories. Distributed by Xinhua Bookstore, the book is printed in color, with the Chinese version priced at 48 yuan and English version at 78 yuan.

Should Doctors Be Allowed to Impose Operations on Patients?

Li Liyun, a 22-year-old who was in her ninth month of pregnancy, died of serious pneumonia at Chaoyang Hospital in west Beijing on November 21, after her husband refused to let doctors perform a Caesarean section. The hospital had offered to do the operation free of charge but the husband did not believe it.

The husband, Xiao Zhijun, works at a restaurant with a monthly salary of 700 yuan (about \$93). In Beijing, a normal spontaneous delivery in a hospital will cost about 5,000 yuan (\$676), while a Caesarean costs about 7,000 yuan (\$946). The husband said that they came to hospital to treat a cold, not to deliver the baby. At that time, there was one month of pregnancy left before delivery. He believed the hospital should have let his wife recover from the cold and then give birth without the operation.

In accordance with the Administrative Regulations on Medical Institutions, without permission from patients or their family members when the patients are too ill to express their ideas, doctors are not allowed to conduct operations on them.

Finally, because the best time to conduct the Caesarean operation was missed, both the mother-to-be and her baby in womb died.

Li's death triggered a heated controversy among the media and the public. Some believe the husband is to be blamed for the wife's death and others argue that the hospital should take accountability. There are accusations against the current system that forbids doctors to perform surgery without permission from patients or their family members. It is believed that in as serious a condition as Li Liyun was in, the system should have been more flexible in order to rescue the woman's life.

Life outweighs system barriers

Han Han (*The Beijing News*): In accordance with the Beijing Municipal Health Bureau, Li Liyun's death can't prove the underdevelopment of laws, that is, Li's death should be blamed on her husband.

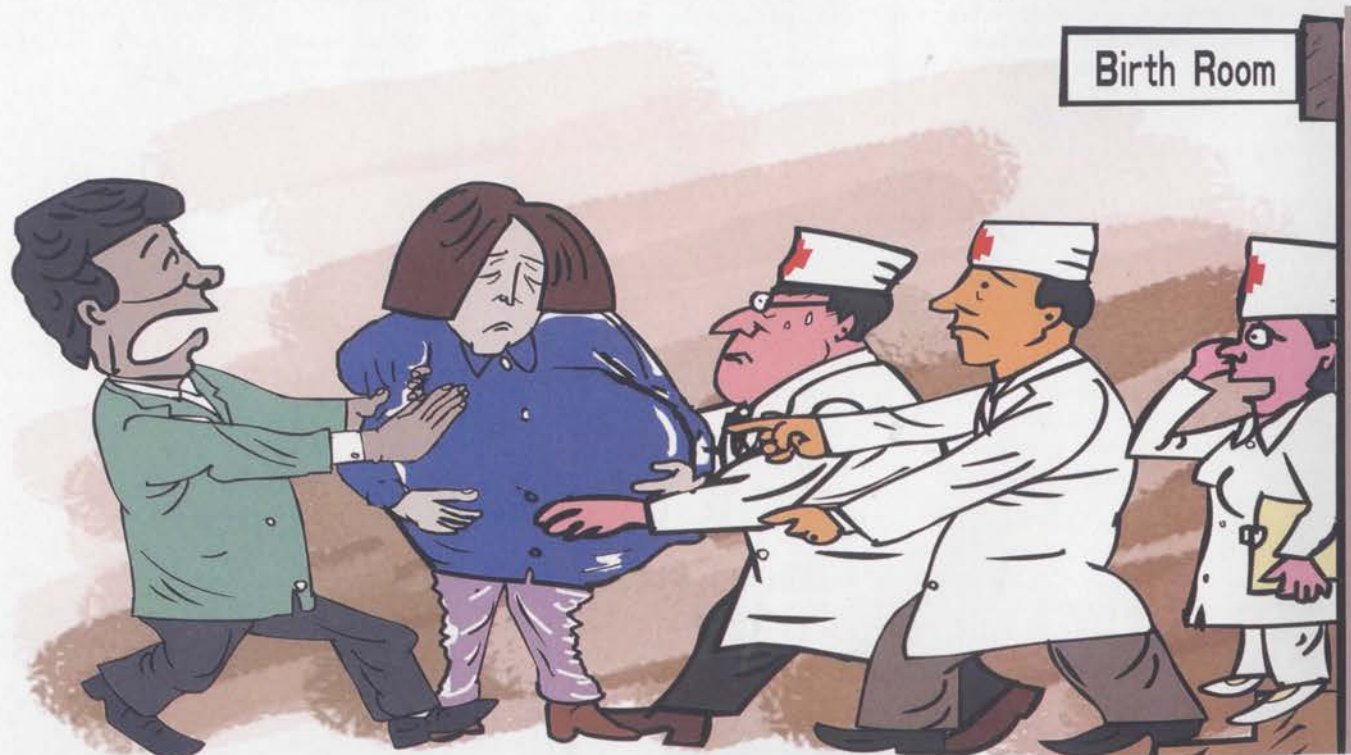
However, as details to guide social life, laws must also take into consideration the complicated factors in real life and cover all possible situations. Particularly, when it comes to medical emergencies,

"extreme or special" cases should never be excluded from laws and regulations.

Obviously, to ask patients or patients' family members to sign papers before operations, which is stipulated in the Administrative Regulations on Medical Institutions, has loopholes. It overlooks the complicated reality facing different families and grants too much decision-making power to patients' family members.

The original intention to ask the family sign before a surgical operation is to protect patients' rights and interests, but Li Liyun's case shows that the practice is just too rigid to cover emergencies. It is time that relevant clauses in the current Regulations were modified. Meanwhile, in order to prevent hospitals from casually dealing with emergencies, a set of mechanisms to examine the behavior of doctors are necessary.

Yang Tao (www.hebei.com.cn): It is to ensure patients and their families have the right to know and to define the rights and obligations on both sides that relevant regulations say that doctors have to get consent before an operation. Nevertheless, in practice, this regulation is quite questionable. While in most cases, family



LI SHIQUANG

members will follow suggestions of doctors, in some cases, they do not agree with doctors and then the best chance to save a dying person is missed. In some extreme cases, family members even deliberately want the patient to die. Usually, doctors know much better about the situation than family members do, so in cases when an emergency operation is needed but family members do not agree, the laws must give doctors the right to act.

Since laws have made it possible for family members to decide whether a patient can be operated on or not, then they must be made to shoulder certain responsibilities. Isn't it necessary to punish the decision makers if they insist on not taking emergency treatment after being informed of the dangerous situation or deliberately refuse the treatment? If so, family members will act more cautiously when endorsing medical treatment by hospitals.

Shao Jian (Modern Express): It is a common practice to ask family members to sign before a surgical operation is carried out, but this is a contract within the health sector, not an administrative stipulation. As for this contract, its rationality is still a problem, especially when it's a matter of life and death. In essence, this contract is a measure for the hospitals to protect their own interests.

In common cases, the consent of patients' family members can shield hospitals from possible disputes. However, when it comes to an emergency, if medical workers choose to follow this principle without respect to life, they are actually breaching professional ethics.

Hospitals should always treat life as more important than anything else. When a person is at critical condition, what matters to doctors should be life, and at such a critical moment, even if without the consent of family members, they are supposed to conduct the necessary operation.

Gao Yongfeng (Yanzhao Evening News): It's ridiculous if hospitals value the non-violation of laws and regulations more than a patient's life. Actually some detailed regulations in the health system have become a time bomb and the occur-

rence of more Li Liyun-like tragedies is only a matter of time.

In line with relevant health regulations, no matter how simple a medical treatment is, as long as it may harm patients, the hospital has to ask patients or their family members for permission. This regulation will always put the hospital at an advantageous position in case of any medical malpractice dispute.

Hospital regulations and systems need to be respected and further improved, but it is also important for hospitals to act in a more flexible way when emergencies do occur. The system is not supposed to outweigh a citizen's right of enjoying life.

Hospitals should not have too much power

Wang Lin (Guangzhou Daily): According to the Administrative Regulations on Medical Institutions, when a surgical operation is to be performed, doctors must have permission from the patient or his/her family members. From the legal point of view, the hospital should not be blamed for Li Liyun's death. To conduct an operation is a risk at all times, so if doctors insist on doing it regardless of the patient or the family's opinions, how is the unexpected occurrence to be handled?

Some people may argue that hospitals should be exempted from punishment if the operation is conducted to save a patient's life. The problem is how can we tell that the operation is done for the purpose of saving life, instead of economic benefits? If hospitals are given the decisive right of conducting an operation, then no one can guarantee that some profit-centered hospitals would not decide to conduct a Caesarean on every pregnant woman in order to make more money.

Whether to receive an operation or not is a patient's right and this is confirmed by current laws. Only when the patient is too ill to express his/her ideas clearly will this right be transferred to the family members. Besides, who can be certain that if hospitals have the right to decide, a tragedy like that of Li Liyun will not happen again?

Yang Zhizhu (New Express): Just as law-savvy lawyers are not allowed to freely deal with their clients' properties, doctors can't force patients to have an operation because they are more medically capable than the patients. Otherwise, knowledge and science will become a murderer.

Actually, whether an operation will succeed or not depends on the surgeons' ability to deal with the situation, not on permission from patients or the family members.

When a patient is too ill to express his/her ideas and the family members are absent, the hospital is entitled to conduct proper management in the patient's interests. In principle, proper management can't be conducted against the patient's will, but when the patient is thinking of something unacceptable, say, killing himself, doctors can go against that person's will, let alone the family's requirements.

In this sense, doctors at Chaoyang Hospital should have saved Li Liyun's life as this will ensure her basic right of survival. However, proper management is not compulsory.

Zhuo Xiaoqin (Procuratorial Daily): It is a common practice that hospitals should always put the life of their patients first and when emergencies occur, to save a patient's life is the most important thing. However, in these cases, to some extent, the right to know seems a more important principle. Since a medical operation may well do harm to a person, it is necessary for patients and their family members to know about the situation. If the action is taken without consent, this is already a violation of the patients' rights.

In the case of Li Liyun, too much attention has been paid to the husband's refusal to have his wife operated on and many believe that the hospital's inaction is the major reason for her death. Actually, this presumption is misleading the public.

The relationship between patients and hospitals should be a harmonious one based on mutual trust. However, in the current market economic environment, this ideal situation is no longer true. The key is that patients and hospitals may conflict with each other because of respective interests. In this case, laws must play a role in restricting hospitals from taking actions that may hurt patients' interests, that is, patients must have the final say on their own cases.

Therefore, we don't like to see hospitals have the right to impose operations or certain treatments on patients. Loosened controls in this regard might seem effective ostensibly, but fundamentally they threaten the patients' basic rights and interests. ■

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 we really helpless in the fight against sex bribes due to the absence of a legal definition for this crime?

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

Editor: Yao Bin



JOY FOR ALL: Christmas has become one of the most favorite holidays of China's new generation, due largely to its Western style of celebration

Freezing Warm Christmas

By NGUYEN THI CAM PHUNG

A lot of Beijing expats carp at Christmas here because of celebration allegedly without regard for its true spirit.

Not me.

I'm from Ho Chi Minh City, Viet Nam, where Christmas is more like Mardi Gras than a celebration of Jesus Christ's birth.

Granted, on December 25, people gather in droves at "one particular church" in Saigon, as we still like to say. But what happens there is anything but holy.

Mayhem, if not murder, ensues. That's a little hyperbolic, but then again, could you imagine being given thongs and birth control as Christmas gifts by strangers? Even the motorbike swarm—so characteristic of my hometown—is scared away by the human masses, forcing passersby to wallow at a maximum speed of 0.5 kph.

By contrast, Beijing looks like a manager scene.

In all seriousness, despite the freezing temperature, I'm feeling quite warm this Christmas.

The writer is a Vietnamese living Beijing

Christmas here seems to be about family and about spending time with the ones you love. It's what puts a smile on mom's face at a local mall when her son's eyes light up at the prospects of dressing in a costume like Santa Claus. It's what makes a young girl idle for 10 minutes in front of gift cards before she chooses one with a big heart, presumably for her boyfriend.

If the spirit of Christmas isn't about these things, I'd be a serious scrooge even if I were the Pope.

So I'm happy to say I believe in *Zhongguo* (Chinese) Claus.

And I'm wishing for a perfect Christmas.

So far, so good. I came to Beijing to build a new life with my love, and despite the relationship hiccups, I'm happy to be here with him.

The holiday season perks aren't bad either.

This is my first time outside of Viet Nam, and in some ways, I'm like a newborn this December.

A few days into the month, I was shocked when I threw a rock in a lake, and it didn't fall to the bottom because it was-gasp-frozen! My laughter reached a

pinnacle when I saw the look of a Chinese guy standing next to me, dumbfounded by my schizophrenic behavior. I wonder if he would react like I did if he saw a coconut fall from a palm tree for the first time. I guess not.

On December 10, I saw snow for the first time in my life. This time I exhibited mere retarded behavior, licking a clump and thinking it tasted better than ice in my refrigerator. Fortunately, no one saw that, except my boyfriend. And it's about time he smiled in mental revenge, since I usually refer to him as "mentally disabled" (even though he is helping me write this).

Other things on my Beijing Christmas to-do list: I'd like to be invited to a Chinese family party to experience warmth rather than just witness it. I'd like to get some munchies together and invite our friends to gather around for some yuletide cheer. I'd like to put some gift in a sock and stick it under my boyfriend's bed.

He tells me now that it's customary to hang it by the fireplace in the West. We don't have one, so it's going under his bed anyway—smarty pants.

And here's something on my not-to-do list: ice-skating. My rock-thrown-at-the-lake-test showed that frozen lakes can thaw, as the stone went straight through the slushy surface. I imagine a bigger, more lifelike likeness of that rock—namely me—might encounter the same fate on skates, and I'm plain horrified. Lakes are still for swimming in my tropical book, and not for meandering over like Jesus, even if it is just about Christmas.

Sure, there are a few things I dislike about Christmastime in Beijing. I don't like having to wear long underwear, thereby fattening my legs both with chocolate and cotton. I'm also not especially happy to be away from my own family.

But Christmas pales in Beijing not because it isn't spirited.

It pales only because it's an off-white tundra compared to Saigon. But what it loses in Celsius, it gains in true merriment. And this for the Gentile readers: What Christmas lacks in religion in China, it gains in joy to the world (or at least to 1.3 billion people).

So the next time you hear *Jingle Bells* at a hypermarket or see Santa's helper in a red miniskirt, just think: WWJD (What would Jesus do)?

Smile, I guess. ■

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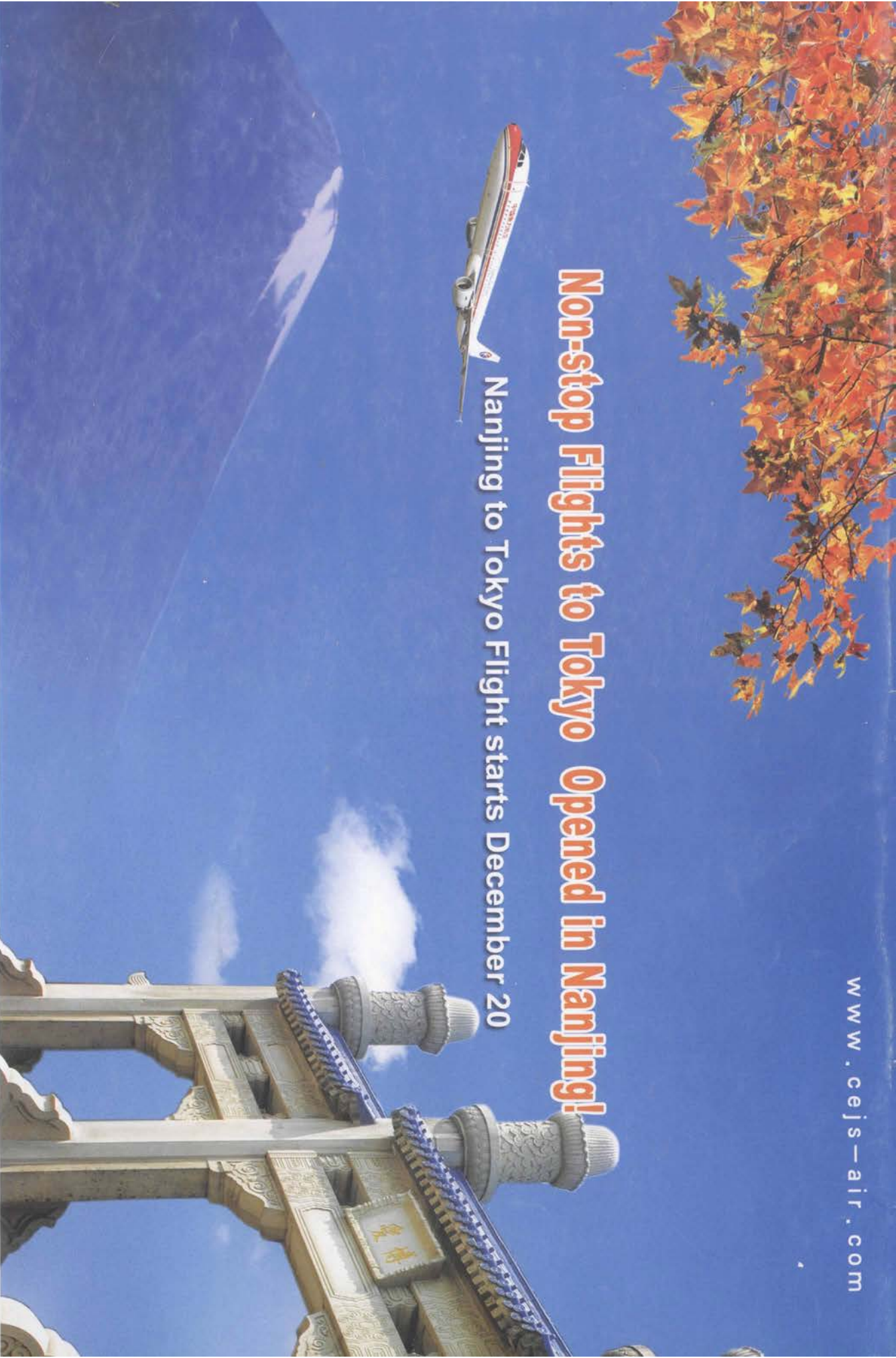
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