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ON THE ROAD

Belt and Road Initiative spreads through Eurasia

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The Ninth Kangba Art Festival, the Seventh Kangding International Love Song Festival and the Garze Mountain Tourism Festival

Garze Tibetan Autonomous Prefecture, Sichuan, China, 2016



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Cover Photo: Chinese President Xi Jinping and his wife Peng Liyuan are welcomed upon their arrival at Bukhara, Uzbekistan, on June 21 (XINHUA)

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War on drugs heats up

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Silk Road Countries, Unite!

The Silk Road Economic Belt and 21st-Century Maritime Silk Road Initiative proposed by President Xi Jinping in 2013 has been applauded by countries along the routes and has made rapid strides in development. The Belt and Road Initiative also topped President Xi's agenda during his recent visit to Serbia, Poland and Uzbekistan, which began on June 17. Xi ended his trip by attending the 16th Summit of the Shanghai Cooperation Organization in Tashkent, Uzbekistan, on June 23-24.

The arrival of the first China Railway Express cargo train in Poland on June 20 exemplified one of the latest breakthroughs of the Belt and Road Initiative. Accompanied by Polish President Andrzej Duda, Xi attended a ceremony marking the event in Warsaw. The trans-continental train service began in 2011 before adopting the umbrella name earlier this month. A total of 39 cargo train routes connect China with Europe.

Under the Belt and Road Initiative, multiple other joint infrastructure projects have been carried out, such as the Belgrade-Budapest Railway, Belgrade's Mihajlo Pupin Bridge, Serbia's E763 Motorway, the expansion and upgrading of Serbia's Kostolac Power Plant, and the acquisition of Serbia's Smederevo steel plant by the HeSteel Group. These projects are the outcome of cooperation between China and other countries along

the ancient Silk Road routes. Although countries involved in the initiative have different national conditions and cultures, they are able to work in concert to achieve shared progress based on mutual respect and the shelving of differences.

Currently, the shadows of the global financial crisis and the European debt crisis still linger, leading to sluggish economic growth. Under such circumstances, the world's economies should seek close collaboration with each other to confront the problems together. The Belt and Road Initiative has provided a viable platform for relevant countries and regions to push for regional economic prosperity and maintain world peace and stability.

It should be noted that the Belt and Road Initiative remains at a preliminary stage. The countries involved in the initiative should dovetail their development plans and coordinate their policies. They should also raise public awareness of the initiative while pursuing closer collaboration with each other, with a focus on facilitating trade and buoying the economic outlook.

China has the confidence and ability to maintain medium-to-high economic growth, and such growth will bring tangible benefits to every country participating in the Belt and Road Initiative. In a nutshell, the initiative aims to help forge a community in which prosperity and development are shared by all. ■

WRITE TO US



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TELESCOPE

The 500-meter aperture spherical telescope FAST is completed in Pingtang County, southwest China's Guizhou Province, on June 21.

FAST is expected to be the world's largest telescope, overtaking Puerto Rico's Arecibo Observatory, which is 300 meters in diameter.



Emergency Evacuation

Rescuers help out a local resident who was trapped by a storm in Duchang County, Jiangxi Province, on June 19.

Heavy storms devastated 10 southern provinces including Zhejiang, Anhui, Jiangxi, and Hubei. Over 8 million people have been affected, with 42 losing their lives, 25 missing and around 460,000 evacuated as of June 22, according to the Ministry of Civil Affairs.

Desertification Control

China has effectively contained desertification, with its desert land area shrinking continuously over the past decade, according to the State Forestry Administration.

The area of formerly productive land degrading into deserts has been contracting at an annual average of 2,424 square km for over 10 consecutive years, said Zhang Jianlong, head of the administration.

Expanding deserts are a global problem. It is estimated that one third of the earth is exposed to desertification, affecting millions of people worldwide.

China has spent decades curbing desertification through plans to rehabilitate 10 million hectares of desertified land in the next five years, turning more than half of the

country's reclaimable deserts into green land by 2020.

Those who destroy vegetation on desert land will be punished, and compensation mechanisms will be established to reward localities working toward combating desertification, said the administration.

Support on Poverty Reduction

The Chinese Government has allocated 1.6 billion yuan (\$240 million) from the central budget to support projects in less developed regions, authorities said on June 20.

The funds will target less developed regions in 21 contiguous provincial regions, according to the National Development and Reform Commission.

County governments will have the power to choose what projects

will receive the investment.

The move is designed to fight poverty through practical means, with priority given to agriculture and rural infrastructure, instead of merely distributing the funds to those in need.

China aims to lift 70 million people out of poverty by the end of 2020.

Chronic Disease Treatment

A nationwide health program to improve the treatment of chronic diseases in community health centers has been launched.

Under the program, health practitioners will receive training on the treatment of chronic illnesses such as cardiovascular and cerebrovascular diseases, diabetes and central nervous system diseases.

The program will cover 30,000 doctors in 8,500 community hospitals or clinics in 42 Chinese cities by 2020. It is expected to benefit 23 million patients.

The program is led by the Chinese Medical Doctor Association and the Community Health Association of China.

BDS White Paper

The Chinese Government on June 16 released a white paper elaborating on the development of the BeiDou Navigation Satellite System (BDS), which has been independently developed and operated by China.

According to the document, China has formulated a three-step strategy to develop the BDS, aiming to complete the deployment of 35 satellites by around 2020 to provide services to global users. The document was unveiled by the State Council Information Office.

In the first step, China will provide services to domestic users, and in the second, the system will expand its services to the Asia-Pacific region. The second step was achieved by the end of 2012.

The BDS will provide all-time, all-weather and high-accuracy positioning, navigation and timing services to global users, according to the paper.

Gene Bank

A national gene bank built by China's gene research giant Beijing Genomics Institute (BGI) started a trial operation on June 18 in the southern Chinese city of Shenzhen.

Wang Jian, Chairman of the Shenzhen-headquartered company, said the gene bank has a collection of 10 million samples of biological resources.

The project is expected to boost research and business in the fields of health, agriculture, species diversity and environmental protection.

Approved by the National Development and Reform Commission in 2011, the facility is dedicated to storing and managing

the country's unique genetic resources and data, as well as biological information.

Wang said the company also plans to set up a national laboratory on genomics.

In addition, BGI announced on Sunday that it, along with several institutional investors, launched a startup incubator on the application of gene technology. The company promised to open its technology platform and data to members of the incubator.

Space Experiment

Four Chinese volunteers on June 17 started a 180-day living experiment in a sealed space capsule, which will test technologies that are designed to support China's deep-space exploration projects.

The volunteers—three men and one woman—will live in a sealed capsule in south China's Shenzhen City. Scientists hope the experiment will cast a light on how oxygen, water and food can be used and recycled under controlled conditions.

The project has been designed to test the "controlled ecological life support system," which is inspired by technologies used on China's *Shenzhou* spacecraft.

The 1,340-cubic-meter sealed capsule, which has a floor space of 370 square meters, is divided into eight compartments, including the passenger compartment, resource compartment and greenhouse compartments.

Scientists have cultivated 25

kinds of plants in the capsule, including wheat, potatoes, sweet potatoes, soybeans, peanuts, lettuce, edible amaranth and pak choi. Strawberry, cherry, tomato and horseradish are also on the list.

The plants are part of a larger ecological treatment system that will help regenerate oxygen and water, reducing the team's dependency on outside supplies.

Scientists will also monitor and observe how a hermetic environment affects physiological changes, biological rhythms, sleep patterns, and emotional well-being.

The Astronaut Center of China launched a call for volunteers in May last year, and selected eight people, including an alternative team, from 2,110 candidates.

Two of the volunteers are from the center.

More than a dozen Chinese and overseas institutions are involved in the experiment, including the Shenzhen-based Space Institute of Southern China, the Chinese Academy of Sciences, Harbin Institute of Technology, Harvard University and the German Aerospace Center.

Maiden Tour

Aircraft manufacturer giant Airbus announced on June 21 that the world's newest airliner, the Airbus A350 XWB, would make its first demonstration tour of China between June 25 and July 2.

During the trip, a test aircraft is to fly to the Chinese cities of Beijing,



Huge and Fast

The *Sunway TaihuLight*, a new Chinese supercomputer developed by the Chinese National Research Center of Parallel Computer Engineering & Technology, is named as the world's fastest computer at the International Supercomputing Conference in Germany on June 20.

The National Supercomputing Center was also unveiled the same day in Wuxi, east China's Jiangsu Province, where the new-generation supercomputer is installed.

Shanghai, Guangzhou, Haikou and Chengdu.

According to Airbus, the tour follows the A350's endorsement by China Eastern Airlines who ordered 20 A350-900 aircraft in April 2016. Air China also ordered 10 of the A350-900 planes.

China is one of the fastest growing markets for air transport, said Airbus.

The Chinese aviation industry has made important contributions to the development and construction of the A350 XWB. The Airbus (Beijing) Engineering Center and its partner, the Aviation Industry Corp. of China,

participated in the program's development, involving specific design work for the airframe.

Some 5 percent of the airframes are manufactured in China. The A350 XWB is a symbol of strategic industrial cooperation between Airbus and China's aviation industry.

The aircraft seats 42 in the business class and 210 in the economy class. The flights will be operated by Airbus flight crews.

To date, Airbus has recorded some 800 firm orders for the A350 XWB from 42 customers worldwide, said Airbus.



Translation Forum

The Eighth Asia-Pacific Translation and Interpreting Forum comes to a close in Xi'an, capital city of Shaanxi Province, on June 18.

More than 500 translation experts from 32 countries attended the two-day forum, which was first set up in 1995.

Wal-Mart's New Alliance

JD.com, China's second largest e-commerce platform, partnered with global retail giant Wal-Mart with the latter trading its China online unit for JD.com's stakes, a strategic step expected to expand Wal-Mart's reach to more Chinese customers.

Under the deal, JD will take ownership of Wal-Mart Stores under the Yihaodian brand, website and app. JD will give a 5-percent equity stake to Wal-Mart, worth about \$1.5 billion at JD's current valuation, the company announced on June 20.

The deal is expected to give Wal-Mart access to JD's online traf-

fic and bolster its presence in the extraordinarily lucrative, but increasingly competitive, online Chinese marketplace.

Wal-Mart's retail warehouse chain, Sam's Club, will open a flagship section in China on JD.com, and both companies will leverage their supply chains and broaden the range of imported goods to meet growing demands from increasingly affluent and quality-oriented Chinese consumers.

Yihaodian has a strong presence in east and south China, selling food and beverages, home goods and electronics.

JD has nearly 6,000 delivery and pickup stations in about 2,500

counties and districts across China, with a huge customer base and a same-day delivery network.

Direct Currency Trading

Direct trading between the Chinese yuan and South African rand on its inter-bank foreign exchange market started on June 20.

The move will lower exchange costs, facilitating the use of the two currencies in trade settlement and boosting bilateral investment, the China Foreign Exchange Trade System (CFETS) said in a statement.

The central parity rate between the yuan and the rand will be

decided according to the average quotation of direct trading market makers before the market opens each working day, according to the CFETS.

In the spot foreign exchange market, the two currencies can fluctuate by up to 10 percent from the central parity rate each trading day, the CFETS said.

South African rand is the 11th foreign currency that can be directly traded with the yuan in China's inter-bank foreign exchange market.

China is South Africa's largest trading partner. Their trade reached \$46.05 billion in 2015, while China had \$13 billion invested in South Africa at the end of last year.

Jamaica Applied Chinese Loans

The Jamaican Government has decided to use Chinese concessional loans to upgrade the island's road network, Jamaican Prime Minister Andrew Holness said on June 16.

The arrangement has been finalized with the Export-Import Bank of China (China Exim Bank), which will provide most of the funds. The road network will be constructed in the southeastern and southwestern parts of the country, the prime minister told a press conference in the Jamaica House.

Holness said that the projects will cost \$384 million. The Jamaican Government will raise \$57 million while the rest will be provided by the China Exim Bank as a loan.

The work in the southeastern end of the island will cover the construction of a toll-free four-lane highway and the renovation of some old roads, Holness said.

For the southwestern section, the prime minister said that the tolled road, Highway 2000, will be extended from May Pen, Clarendon Parish in the south to Mandeville, Manchester Parish in the Midwest of the country.

"This plan makes access, gives a better road, reduces cost and still



Green Transportation

Workers maintain a closed transport corridor in Changxing, Zhejiang Province, on June 21.

The new type of transportation realizes the replacement of coal with electricity in transporting raw material for mining enterprises.

So far, there have been 41 electric power replacement projects promoted in Changxing, reducing carbon dioxide emissions by 83,000 tons.



Promising Industry

Craftswomen make pottery pots in a factory in Qujing, southwest China's Yunnan Province, on June 21.

Liaohu Community in Qujing is home to 85 ceramic enterprises, with a total output value reaching 170 million yuan (\$25.8 million) in 2015.

achieves the objectives that we want," he said.

Pipeline and Railway Built

The construction of a new oil pipeline and railway began on June 16 at the Qingdao Port in Shandong Province.

The pipeline, which will transport 30 million tons of oil annually, will start at the Dongjiakou Port area and link the cities of Qingdao, Weifang, Dongying and Binzhou in Shandong, according to Cheng Xinnong, President of the Qingdao Port Group.

Construction also began on a 15.78-km railway linking the Dongjiakou's loading area with South Dongjiakou Railway Station, Cheng added.

Fueled by surging imports of crude oil by China's independent oil refineries, most of which are in Shandong, Qingdao Port reported unprecedented congestion this year.

Shandong imported 18.93 million tons of crude oil in the first five months of the year, a four-fold increase from last year's 3.66 million tons, according to data published on the Qingdao Customs District website.

Tightening Scrutiny

Top securities regulator, the China Securities Regulatory Commission (CSRC), has tightened scrutiny on initial public offerings (IPOs), vowing to eliminate any unqualified new share issues by companies.

The move came after the CSRC announced the termination of its review of IPO applications for 17 companies.

The regulator said it will look into IPO fraud by companies that attempt to "whitewash" their financial accounts to gain regulatory approval and fail to disclose proper information to investors.

Analysts said the tightened scrutiny on IPOs underscored the regulator's concerns about companies' illegal fundraising activities and

possible wrongdoings that would hurt investors' interests.

The CSRC has delayed the launch of the much-anticipated registration-based IPO mechanism to replace the existing approval-based scheme for new share sales.

On June 17, the CSRC also revised the rules for major asset restructuring by listed companies.

The regulator will ban listed companies from raising funds for asset restructuring and will extend the share lockup period for new shareholders to 24 months under the new rules.

Property Giant's Acquisition

China Vanke, the mainland's biggest property company by sales, said it will acquire a unit of the Shenzhen Metro Group for 45.6 billion yuan (\$6.9 billion) via a new share issue, making the state-owned subway operator its largest shareholder.

The final purchase price came at the lower end of the 40 billion yuan (\$6.07 billion) to 60 billion yuan (\$9.11 billion) target under a preliminary accord in March as Vanke's management fought to retain control of the company in a battle with its major shareholder, the financial conglomerate Baoneng.

Vanke said in a statement to the Shenzhen Stock Exchange that Shenzhen Metro will hold 20.65 percent of its enlarged issued share capital upon the deal's completion, beating Baoneng's 19.27 percent after dilution.

According to the deal, Vanke will issue Shenzhen Metro close to 2.9 billion A shares at 15.88 yuan (\$2.41) each, representing a 35-percent discount to its last trading price of 24.43 yuan (\$3.71) on December 18, 2015 in exchange for the SZMC Qianhai International Development Co., which owns large-scale projects atop metro facilities in Shenzhen.



An Interconnected Era

People visit the exhibition hall of the 2016 China Internet Conference, which opened in Beijing on June 21.

Based on the theme of a prospering cyber economy and building cyber power, the 15th China Internet Conference presents new business models and engines for participants.



JAPAN

Residents of the island prefecture of Okinawa demonstrate in a park in Naha on June 19 to protest against the disproportionately large presence of U.S. military personnel on the island and the crimes committed by them



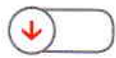
IRAQ

Government soldiers gesture in Falluja in the western province of Anbar on June 17 after the country's security forces retook most of the city from the control of the so-called Islamic State group



THE REPUBLIC OF KOREA

A local resident stands in front of a big screen at a railway station in Seoul on June 22 to follow the news of a missile fired by the Democratic People's Republic of Korea. Yonhap News Agency, citing military authorities, reported that the test had failed



MALAYSIA

People attend a celebration of the International Day of Yoga in Kuala Lumpur on June 21



THE UNITED STATES

Wildfire smoke from the Angeles National Forest appears on the skyline of Los Angeles on June 20



TURKEY

Rescuers help the injured after a train crashed into a minivan in the southeastern province of Elazig on June 20, which left at least nine people dead

SPACE SCIENTIST RECOGNIZED BY NATURE

Wu Ji, Director of China's National Space Science Center in Beijing, has been selected as one of the 10 Science Stars of China featured in *Nature* magazine's online edition published on June 20.

The 10 scientists have made significant impacts in fields ranging from neuroscience and neutrinos to space science and structural biology.

"Wu is hyper-focused on making clear that Chinese research must earn acclaim for its intrinsic value, not just because it is a first for the nation," says *Nature*.

Wu, 58, received his bachelor's and master's degrees from Beijing University of Post and Telecommunications. He graduated from Technological University of Denmark with a PhD in 1993.

Throughout his career, Wu has been engaged in designing space exploration projects and researching microwave remote-sensing technology. He has been involved in China's lunar probes, *Chang'e-1* (2007), *Chang'e-2* (2010) and *Chang'e-3* (2013), as well as the country's first Mars probe, *Yinghuo-1*, which crashed into the Pacific in 2011 along with a Russian launch vehicle.



Tuition Hike Caution

Beijing Times
June 20

Since the beginning of this year, educational authorities in several provinces have decided on or are reportedly mulling over a raise in university tuition fees. These moves have caught the public's attention.

It's not to say that university tuition fees cannot be raised, but this should be carried out cautiously. Educational authorities and other relevant government departments must follow explicit rules to ensure the rationality of such increases.

First of all, expenditures in higher learning institutions should be made transparent. This

is necessary to prevent extra costs incurred by extravagant or reckless spending from being passed over to students.

In addition, hearings should be held to solicit the public's feedback on possible adjustments to tuition standards.

According to a set of guidelines issued by the Central Government on the management of university tuitions, the government and the school are obliged to cover the majority of a student's education costs.

Although higher education is not compulsory in China, most universities are public-funded and should therefore shoulder more social responsibilities. Universities that have increased their tuition charges should set aside a certain proportion of their revenues to support students from impoverished families.

A Key Economic Policy-Maker

China Newsweek
June 13

The Central Leading Group on Financial and Economic Affairs, a key economic policy-making institution that used to keep a low-profile, has become increasingly open to the public in recent years.

On June 13, 2014, Xinhua News Agency reported on a meeting of the group on energy security strategies. The meeting was presided over by President Xi Jinping, who is also the group's head. Premier Li Keqiang took part in the meeting as deputy head.

This was the first coverage of the group's activities by an official media outlet since its establishment in 1980 and also the first time the identities of the group's leaders were made public.

Since then, the group and its office have frequently appeared in media reports.

The tasks of the Office of the Central Leading Group on Financial and Economic Affairs involve conducting surveys and research, providing policy recommendations on major economic issues, and organizing the annual Central Economic Work Conference that lays out arrangements for the next few years and beyond.

Its most pressing task at present is to push forward and implement various economic reform agendas. For instance, in order to promote the supply-side structural reform proposed by Xi at the end of last year, leading officials of the

"If we do not take action to preserve the area, we risk losing one of the best astronomical sites on Earth."

Wang Xiaohua, head of the Chinese branch of the International Dark-Sky Association, on China's first dark-sky reserve in Ngari Prefecture, Tibet

Autonomous Region, at a news briefing on June 21. The reserve aims to limit light pollution in the area

"It is a human right, where every human person and all peoples are entitled to participate in, contribute to and enjoy development in which all rights and freedoms can be fully realized."

Martin Khor, Executive Director of the Geneva-based South Center, commenting on the "right to development," a concept adopted by the UN General Assembly three decades ago, in a recent interview

李云峰：“一支笔”折戟 / 为何朝鲜总让人“猜不准” / 胡德夫：在荒芜的土地上“种歌”

中国新闻周刊

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office conducted three successive field investigations in Jiangsu Province alone from March to April.

The leadership of the office has also expanded from one director and three deputy directors in early 2013 to one director and six deputy directors at present. According to official biographies and media reports, the incumbents are experts in the areas of macroeconomic management, reform, agriculture and finance. It can be expected that the office will play a more prominent role in China's economic reform.

Discipline Is Paramount

Beijing Youth Daily
June 20

Hong Sheng, a vice mayor of a town in east China's Anhui Province, was recently put under investigation for offering paid ride services during work hours.

Hong said that he was working part-time as a driver for a car-hailing company in order to pay the debts of a gout treatment that he took in April. Hong has gotten divorced and provides for his son and parents on a salary of merely 3,000 yuan (\$456) a month. The gout treatment cost him 18,000 yuan (\$2,736), tantamount to half of his yearly salary.

After Hong's difficult financial conditions were reported by the media, many people have shown sympathy toward him instead of criticizing his dereliction of duty.

Nevertheless, such opinions have lost sight of the larger picture. Offering paid ride services during work hours undoubtedly violates the rules of civil service. Also, according to an ordinance governing Communist Party of China members effective since January 1, civil servants should attain consent from higher authorities in order to engage in business activities. The vice mayor in question violated that rule too.

The public's sympathy toward Hong actually displays their contempt of corruption. But, this cannot become an excuse that allows him to escape disciplinary sanctions.

On the other hand, the public's aversion to corruption forms the foundation for the anti-graft drive and pushes the campaign forward.

↓ VETERAN DIPLOMAT KILLED BY ACCIDENT

Wu Jianmin, former Chinese ambassador to France, has died at the age of 77. He was killed in a car accident on June 18 in Wuhan, capital of central China's Hubei Province.

Wu was on his way to give a lecture. The cause of the accident remains under investigation.

Wu joined the Ministry of Foreign Affairs in 1959 after graduating from Beijing Foreign Studies University. He was part of the first delegation sent by the People's Republic of China (PRC) to the UN in 1971 when the PRC resumed its legitimate seat at the world body. From 1991 to 1994, he was a spokesman for the ministry. After that, he served as China's ambassador to the Netherlands (1994-95), the UN Office at Geneva and Other International Organizations in Switzerland (1996-98) and France (1998-2003).

He is also the first Asian to take up the post as president of the International Exhibitions Bureau in 2003-07.

Following his retirement in 2009, Wu was actively involved in facilitating communication between China and the world.



“His down-to-earth style, wonderful sense of humor, and warm personality served to reinforce his formidable intellect and passion for economics.”

Christine Lagarde, IMF Managing Director, praising Zhu Min, the first Chinese deputy managing director of the fund who is to leave office when his five-year term expires in late July, in a statement on June 21

“More and more countries have shown their support and understanding on China's stance after getting a clear picture of the background of the South China Sea issue.”

Hua Chunying, Foreign Ministry spokesperson, pointing out that dozens of countries, including Cambodia, Zambia and Serbia, have expressed their endorsement of China's position on the issue at a regular briefing on June 21



COVER STORY

VISITS OF OPPORTUNITY

President Xi Jinping's three-state trip injects impetus into the Belt and Road Initiative By Yu Lintao

Though Chinese President Xi Jinping had many issues on the agenda during his latest overseas trip on June 17-24, his first priority was to advance the building of the Silk Road Economic Belt and the 21st-Century Maritime Silk Road. The Belt and Road Initiative dominated the interaction between Xi and his hosts in Serbia and Poland in Central and Eastern Europe (CEE) as well as Uzbekistan in Central Asia.

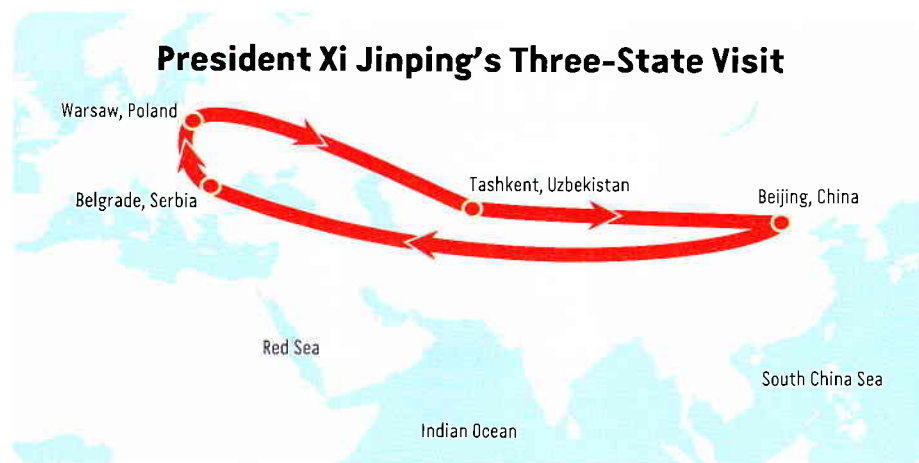
"The visits instill new vitality in the Belt and Road Initiative," said Li Zuguo, a researcher on Central Asian and CEE studies at the China Institute of International Studies.

Both CEE and Central Asia are essential components of China's Belt and Road Initiative, which was proposed by Xi in 2013 to promote common prosperity across more than 60 countries along their routes in Asia,



A Warsaw resident reads a book by Chinese President Xi Jinping on governance at a bookstore on June 14

President Xi Jinping's Three-State Visit



ment, Li told *Beijing Review*.

During interviews with the Chinese media in Belgrade ahead of Xi's visit, Maja Gojkovic, President of the Serbian National Assembly, hailed the growing economic links between the two countries. She said that new Chinese industrial projects in Serbia could be on the horizon. She added that Chinese investment and a strategic partnership between the two countries will only serve to stimulate the Serbian economy.

Li claimed that based on their sound bilateral relations, China-Serbia economic cooperation can serve as a model for China-CEE collaboration.

Actually, over the past several years, China and Serbia have cooperated on a number of projects such as the Belgrade-Budapest Railway, the Mihajilo Pupin Bridge over the Danube River in Belgrade, the Smederevo Steel Mill and the expansion and upgrading of the Kostolac Power Plant.

During Xi's trip to Serbia, he paid a visit to the Smederevo mill, the only steel maker in Serbia. Established in 1913, the cash-strapped company was acquired in April for \$51.6 million by the HeSteel Group which is based in north China's Hebei Province. HeSteel has announced a plan to invest at least \$337.6 million in order to make Smederevo one of the most competitive steel mills in Europe as well as retaining its 5,000 or so workers.

The renovation of the railway line between Belgrade and Hungary's Budapest was launched last year. The project is partially financed by China. Upon its completion, travel time between the two cities will be shortened from eight to less than three hours.

At a joint press conference last July, Serbian Prime Minister Aleksander Vucic emphasized the railway's importance in connecting his nation to other parts of Europe, while Hungarian Prime Minister Viktor Orbán praised the line as a

"most hopeful enterprise."

According to Liu Zuokui, a researcher with the Chinese Academy of Social Sciences, under the framework of the Belt and Road Initiative, the Belgrade-Budapest Railway will also be linked to other rail routes in Europe and, along with Greece's main port of Piraeus, form a China-Europe land and sea express passage.

Currently, Poland is China's largest trading partner in CEE, while China is Poland's largest trading partner in Asia as well as its third-largest importer. During Xi's visit, a series of cooperative documents on industrial capacity, finance and infrastructure construction were signed between the Chinese and Polish governments.

Li explained that because of Poland's location in the heart of Europe, almost all China-Europe freight trains pass through the country, granting Poland the opportunity to play an important role in advancing the Belt and Road Initiative.

He added that the EU debt crisis and its sluggish growth have negatively affected Poland, the largest economy in CEE. Against this backdrop, Warsaw has sought greater economic cooperation with China, since the latter is a major engine of the global economy that can bring more opportunities to Poland.

In a recent article published on China's leading newspaper *People's Daily*, Wang Yiwei, a professor on European studies at Renmin University of China, analyzed Poland's active China policy. He cited the expiration of EU aid to Poland in 2020 and a desire to increase its economic capacity as fundamental factors behind this trend toward China. As the only member of the China-led Asian Infrastructure Investment Bank belonging to the CEE region, Poland seeks to be a portal for Chinese investment in Europe, according to Wang.

A joint communiqué issued during Xi's stay ►►

Africa and Europe through greater policy and infrastructure interconnectivity. In the meantime, CEE and Central Asian nations have a strong desire to cooperate with China for their own development. Serbia, Poland and Uzbekistan were among the first to respond to this initiative.

Big projects

CEE is a key platform for the Belt and Road Initiative to take hold in Europe. So far, among the 16 nations in the region, seven have signed a memorandum of understanding with China on jointly building the new overland and maritime silk roads.

Serbia, for example, hopes that its re-industrialization strategy can coincide with the Belt and Road Initiative, which is expected to generate more foreign invest-

China Regional Cooper

2016年6月20日 波兰·华沙 June 20,



Chinese President Xi Jinping delivers a speech at the opening ceremony of the Silk Road Forum and Poland-China Regional Cooperation and Business Forum in Warsaw, Poland, on June 20



Chinese President Xi Jinping talks with Serbian President Tomislav

in Warsaw confirmed the both sides' desire to integrate the Belt and Road Initiative with Poland's own sustainable development strategy in order to promote common prosperity.

As for Uzbekistan, Li told *Beijing Review* that the landlocked country also looks forward to the Belt and Road Initiative to upgrade its transportation networks to facilitate exports of energy and agricultural products, two main pillars of the country's economy.

"As a major cotton producer in the world, Uzbekistan has an edge in developing the textile industry. However, if its transportation weaknesses persist, it will continue to lose out to Pacific coastal nations such as Indonesia and Bangladesh in terms of attractiveness to investors and clients," Li said. For this reason he explained that Uzbekistan has shown extraordinary interest in the Belt and Road Initiative, as it conforms to its strategic needs.

The 19.2-km Qamchiq Tunnel, the longest of its kind in Central Asia, is a key project in the Belt and Road Initiative in Uzbekistan. It forms part of the Angren-Pap Railway connecting the country's capital Tashkent with the eastern city of Namangan. The project,

undertaken by the China Railway Tunnel Group, was completed earlier this year and has become operational. In addition, China-Uzbekistan cooperation on other programs such as the China-Central Asia gas pipeline and an industrial park is also going smoothly, covering energy, transportation, chemical and hi-tech sectors.

Xi's recent visit saw the signing of a number of deals on cooperation in energy, finance, infrastructure and technology between the two countries.

China-CEE relations

Notably, Xi's visit to Serbia and Poland was his second trip to CEE within three months, having gone to the Czech Republic in March.

Chinese observers said that it is rare for a Chinese head of state to set foot in the same region twice within such a short interval during overseas visits, therefore the move reflects the rising importance of the CEE region in China's diplomacy.

Geographically, Poland adjoins the Baltic Sea and Serbia lies at the center of the Balkan Peninsula. Along with the Czech

Republic, the three countries constitute the principle axis of the CEE region. Through connections with these nations, China can expand cooperation throughout CEE, Li said.

Though the CEE region has achieved relatively fast growth in recent years, more challenges have begun to emerge. Current growth in CEE countries relies heavily on the EU, which accounts for over 80 percent of CEE exports. Economically developed members of the EU are also main sources of foreign direct investment in the region. Thus, the EU's weak economic recovery, particularly in the eurozone, has cast a shadow on CEE's development prospects. However, the EU's investment in CEE countries is diminishing, bringing greater economic uncertainty to the latter.

Comparatively, there is a lot of potential for China-CEE cooperation. Despite CEE countries accounting for 30 percent of Europe's territory and one quarter of its population, imports and exports between China and CEE make up only 10 percent of China-Europe bilateral trade, standing at \$56.2 billion in 2015.

"Successful cooperation projects such



Nikolic in Belgrade, Serbia, on June 17



Chinese President Xi Jinping and his wife Peng Liyuan visit a carpet workshop in the old city of Bukhara, Uzbekistan, on June 21

as the Belgrade-Budapest Railway and the Mihajlo Pupin Bridge demonstrate the dynamics of cooperation between China and CEE countries," he said.

Liu echoed Li's views, pointing out the influence of Serbia and Poland in CEE countries and how their bilateral relations with China can become a precedent to China-Europe relations.

Poland has already shown a desire to bridge cooperation between China and CEE. The joint communiqué signed between China and Poland during Xi's visit underscores an ambitious and extensive China-EU investment agreement, covering market access and investment protection. The two sides also pledged to enhance communication and coordination based on the principles of openness, inclusiveness and mutual benefit in order to promote China-CEE cooperation.

The CEE region now faces the task of upgrading its transportation networks, gas and oil pipelines, electricity grids and other infrastructure as well as industrial equipment. This has opened a path for cooperation, since China is strong in its capacity to pro-

vide construction and supporting services. In the Balkan region alone, there are more than 1,000 km of railways in need of upgrades.

As a result, Wang remarked in his article that China is good at providing exactly what is needed in CEE.

To improve this cooperation, a 16+1 mechanism (the 16 CEE countries plus China) was established in 2012. Under this framework, exchanges in the fields of investment, energy, infrastructure, trade, tourism as well as science and technology are increasing rapidly.

The mechanism has also given fresh impetus to many projects between China and regional countries. For example, a direct freight train service linking China and Poland became operational in 2013. In 2014, the China Gezhouba Group signed an engineering, procurement and construction contract in Bosnia and Herzegovina. In addition, tourism and financial cooperation between the two sides have witnessed great progress in recent years.

More importantly, Chinese observers believe that closer China-CEE cooperation can have a positive effect on China-EU relations,

CEE Quick Facts

CEE countries include all 16 countries covering the region east of Germany and Austria, north of Greece, south of the Baltics and west of Russia and the European members of the Commonwealth of Independent States. They cover a combined area of over 1.3 million square km, with a population of 123 million.

Among them, there are 11 EU Members—Estonia, Latvia, Lithuania, the Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgaria, Slovenia and Croatia.

The other five countries are Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia.

Since 2012, four China-CEE leaders' meetings have been held in Poland, Romania, Serbia and China.

since 11 of the 16 CEE countries are EU members and the remaining five are going through the application process. ■

Copyedited Dominic James Madar
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Guns and Politics

Orlando shooting reflects political and social problems in the United States *By An Gang*



The author is an op-ed contributor to *Beijing Review* and a researcher at the Pangoal Institution

The deadliest single shooting incident in U.S. history occurred on June 12 when a lone gunman killed 49 people at a gay nightclub in the city of Orlando, Florida.

The incident has once again aroused concerns over deep-rooted social problems in the United States, including gun control, homeland security and LGBT (lesbian, gay, bisexual and transgender) discrimination. As the U.S. presidential campaign

unfolds, the shooting has only added fuel to debates on domestic policies.

Implications

Undoubtedly, gun-related crimes have become a serious public security problem in the United States.

According to New York-based non-profit news organization The Trace, there have been around 23,000 shootings since the beginning of 2016.

However, divisions on gun control are wide in the United States. The public's opinion on this issue can be divided into three groups. Some defend the people's rights to keep and bear arms in accordance with the constitution. Others support the regulation

of guns, either moderately or strictly, to reduce crimes and tragedies. For many years, the United States has yet to reach a consensus on gun control legislation.

In a speech after meeting the relatives of the Orlando attack victims on June 16, U.S. President Barack Obama once again called on the Republican-controlled Congress to pass gun control legislation. The president has taken a number of measures to restrict gun purchases since January, after Congress refused to approve the legislation. In view of wide divisions and partisan disputes, it will be hard to make substantial progress on this issue in the short term.

In U.S. politics, the importance of gun control legislation has risen to a new height, closely following the agenda topics of economic recovery, fairness and justice, and immigration. The debate on gun control is closely linked to the U.S. Constitution, reflecting a clash between freedom and control.

The Orlando shooting has also challenged the security of the U.S. homeland. After the September 11 terrorist attack in 2001, the George W. Bush administration took counter-terrorism as the focus of its foreign policy.

In 2009, the Obama administration made adjustments to the counter-terrorism strategy, announcing the withdrawal of U.S. combat troops from Iraq and Afghanistan. Dealing with the rise of emerging countries such as China subsequently rose to the top of Obama's foreign policy agenda. Later in 2011, Washington declared the Asia-Pacific rebalancing strategy, strengthening what appears to be a policy of containment against China.

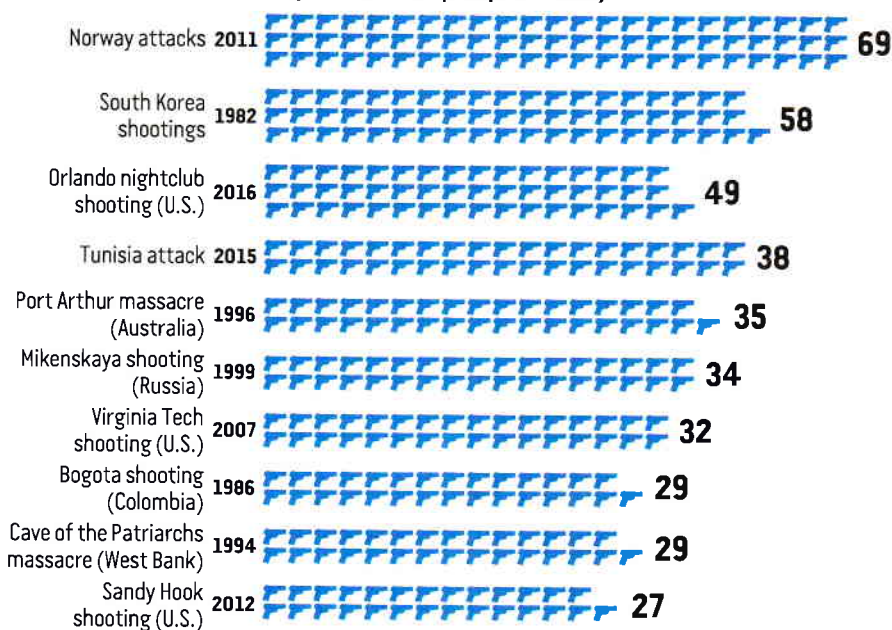
The shooting provides an opportunity for politicians to examine Obama's adjustment of the counter-terrorism policy.

Although there is no evidence that the so-called Islamic State (ISIS) group directed or had prior knowledge of the Orlando shooting, it is closely related to the attack, as the U.S. gunman Omar Mateen had claimed allegiance to the jihadist group before committing the massacre.

Republican senators such as John McCain have criticized Obama by claiming that the ISIS group was able to grow from Al Qaeda due to the withdrawal of troops from Iraq.

"When he pulled everybody out of Iraq, Al

10 Most Deadly Mass Shootings Worldwide (Number of people killed)



Note: Involves death of four or more victims. Does not include organized acts of genocide, terrorism or shootings during another crime.

(Source: *Public Mass Shooters and Firearms: A Cross-National Study of 171 Countries*, Adam Lankford, University of Alabama, designed by Pamela Tobey)

Qaeda went to Syria, became ISIS, and ISIS is what it is today thanks to Barack Obama's failures, utter failures, by pulling everybody out of Iraq," McCain said.

The recent tragedy has demonstrated that the United States is not as safe as Washington deems. The current strategy of the retrenchment of troops in the Middle East can neither reduce the terror threats that the United States faces, nor help eradicate terrorism from the world.

Presidential campaign

The Orlando massacre has also heated up the debate on immigration and LGBT discrimination—two other controversial topics in the United States.

The gunman came from an immigrant family, which arouses public concern over loose immigration policy.

According to the Center for Immigration Studies, the population of immigrants in the United States reached 61 million at the end of 2015. The growth of immigrant residents is six times that of the overall U.S. population. Immigration is changing the demographic composition of the country.

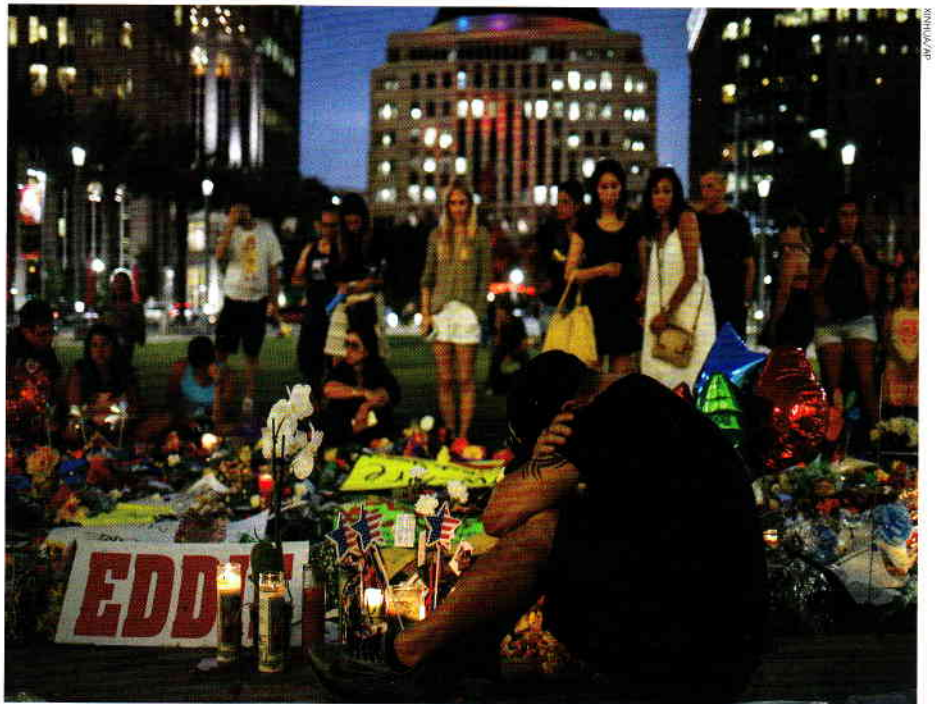
Meanwhile, problems related to immigration are making divisions in society. Some support a more relaxed policy on immigration. While others, conservative white voters in particular, urge the government to tighten related procedures.

In U.S. politics, there is a stark contrast on the immigration debate between Democrats and Republicans. Harboring the support of human rights, Democrats are usually inclined to take a tolerant stance on the immigration issue. Take for example, the Democratic Obama administration's adoption of steps to reform the immigration law and relieve restrictions on the naturalization of immigrants. In contrast, Republican lawmakers have strongly opposed Obama's reforms in order to safeguard the interests of their constituents.

Since votes on immigration topics have had an increasing influence on election results, it has also become a hot topic in debates between presidential candidates.

The attack has given Republican candidate Donald Trump a good chance to blow the trumpet of populism in his campaign. He immediately cultivated notoriety as well as support from differing factions by inciting populism and attacking the Obama administration's policies. Trump has repeatedly made vitriolic statements against Muslim and Mexican immigrants. He has even gone so far as to advocate restricting Muslim immigrants from entering the United States as a way to garner votes.

Furthermore, a majority of the victims in the



Residents of Orlando, Florida, mourn victims of the June 12 mass shooting at the Pulse gay nightclub in the city

shooting were LGBT people. This angle has also caught the attention of politicians who want to maintain the safety and rights of the LGBT community, which is also an important campaign target for the presidential candidates.

Obama has called on people to reflect on how to end violence and discrimination against LGBT people in the United States and overseas. During Obama's tenure, the United States has approved homosexual marriage, becoming one of 21 countries around the world to have legitimized it. The Democratic presidential candidate, Hillary Clinton, has also stressed that discrimination against LGBT people violates human rights.

In fact, the Human Rights Campaign, the largest LGBT civil rights advocacy group in the United States, announced at the beginning of the year their support of Clinton in the upcoming election in an attempt to make sure that the rights of the LGBT community won't be harmed by conservatism.

As an anti-homosexual massacre conducted by a religious extremist, the Orlando shooting has undoubtedly hurt the LGBT community deeply. But that doesn't mean that Democrats will win the support of all LGBT voters because some of them may turn to seek safety guarantees from Trump's policies.

Unpredictably

In the aftermath of the Orlando shooting, the United States has had its divisions on key domestic issues exposed. The public has been

filled with the sentiment of anger against hypocritical politicians and have expressed disappointment in the government's inability to operate fluidly. This sentiment might be reflected as the presidential campaign goes on. The country continues to be entangled with myriad debates for or against security, freedom, strengthening control and safeguarding rights.

Most observers don't believe that the shooting will have as great an impact on the country as the September 11 attacks did.

On the whole, rational reflection is the mainstream response to the shooting. There is no rash of anti-immigration movements in the United States as a result of the attack. U.S. people are not willing to see the shooting be used by politicians for their own purposes. In his speech on counter-terrorism after the incident, Trump slammed Obama and Clinton, demanding strict limits on Muslim immigrants. But few people bought his words.

The Orlando shooting may even not have the potential to change the election. If the shooting makes conservatives support Trump, who urges a tough policy on immigration, then there will be more minority and LGBT voters backing Clinton. Regardless of the outcome, the presidential election is likely to create further rifts among people in the United States. ■

Dispute Settlement Needs Concerted Efforts

Editor's Note: China's Ministry of Foreign Affairs on June 8 issued a statement calling for the settlement of China's disputes with the Philippines in the South China Sea through bilateral negotiation on the basis of respecting historical facts and in accordance with international law. It said that the door for China-Philippines bilateral negotiation is always open. An edited version of the article follows:

China and the Philippines are neighbors facing each other across the sea, and the two peoples have enjoyed friendship over generations. Before the Philippines' unilateral initiation of the South China Sea arbitration on January 22, 2013, the overall situation in the South China Sea had remained stable despite certain disputes between China and the Philippines therein. China and the Philippines carried out friendly consultations on, among other issues, establishing dialogue mechanisms and engaging in practical cooperation and joint development, and have achieved positive outcomes in these regards. However, since its initiation of the arbitration, the Philippines has unilaterally closed the door to settling the South China Sea issue with China through negotiation, and has, while turning its back on the bilateral consensus regarding managing differences, taken a series of provocative moves that have infringed upon China's legitimate rights and interests. This has led to the dramatic deterioration of China-Philippines relations as well as of peace and stability in the South China Sea. China is firmly opposed to the Philippines' unilateral actions. China adheres to its solemn position of non-acceptance of and non-participation in the arbitration, and will stay committed to settling the relevant disputes with the Philippines in the South China Sea through bilateral negotiation.

It is the common agreement and commitment of China and the Philippines to settle their relevant disputes in the South China Sea through negotiation

China has all along stood for peacefully

settling territorial and maritime delimitation disputes through negotiation with states directly concerned, and on the basis of respecting historical facts and in accordance with international law. On issues concerning territorial sovereignty and maritime delimitation, China never accepts any recourse to third-party settlement or any means of dispute settlement that is imposed on it. Territorial sovereignty issues are not subject to the UN Convention on the Law of the Sea (UNCLOS). With regard to maritime delimitation disputes, China made, pursuant to Article 298 of the UNCLOS, an optional exceptions declaration in 2006, excluding disputes concerning, among other issues, maritime delimitation from the UNCLOS third-party dispute settlement procedures.

It is not only the Chinese Government's consistent policy, but also a clear agreement reached between China and the Philippines, to settle their relevant disputes in the South China Sea through negotiation.

Released on August 10, 1995, the Joint Statement Between the People's Republic of China and the Republic of the Philippines Concerning Consultations on the South China Sea and on Other Areas of Cooperation states that "disputes shall be settled in a peaceful and friendly manner through consultations on the basis of equity and mutual respect," and that "a gradual and progressive process of cooperation shall be adopted with a view to eventually negotiating a settlement of the bilateral disputes." Afterward, China and the Philippines reaffirmed the consensus on settling the South China Sea issue through bilateral negotiation

and consultation in a number of bilateral documents, such as the Joint Statement of the China-Philippines Experts' Group Meeting on Confidence-Building Measures on March 23, 1999 and the Joint Statement Between the Government of the People's Republic of China and the Government of the Republic of the Philippines on the Framework of Bilateral Cooperation in the 21st Century on May 16, 2000.

On November 4, 2002, China and the 10 member states of the Association of Southeast Asian Nations signed the Declaration on the Conduct of Parties in the South China Sea (DOC), in which the parties concerned solemnly "undertake to resolve their territorial and jurisdictional disputes by peaceful means, without resorting to the threat or use of force, through friendly consultations and negotiations by sovereign states directly concerned, in accordance with universally recognized principles of international law, including the 1982 UNCLOS."

Afterward, China and the Philippines reaffirmed this solemn commitment they had made in the DOC in a number of bilateral documents, such as the Joint Press Statement Between the Government of the People's Republic of China and the Government of the Republic of the Philippines on September 3, 2004 and the Joint Statement Between the People's Republic of China and the Republic of the Philippines on September 1, 2011.

China and the Philippines have never conducted any negotiation on the subject-matters of the arbitration initiated by the Philippines

According to the Philippines, China and the Philippines have engaged in a number of exchanges of views since 1995 on the subject-matters of the arbitration initiated by the Philippines but the disputes have remained unsettled, and the Philippines has good reasons to believe that it is meaningless to continue the negotiations and it therefore has the right to initiate the arbitration. The fact, rather to the contrary, is that the two states have so far never engaged in any negotiation on the subject-matters of the arbitration.

China and the Philippines have held multiple rounds of consultations on the proper management of disputes at sea, but have so far had no negotiation designed to settle the relevant disputes in the South China Sea. China has on a number of occasions proposed with the Philippines the establishment of a China-Philippines regular consultation mechanism on maritime issues; however, to date, there has never been any response from the Philippine side. On September 1, 2011, the two countries issued the Joint Statement Between the People's Republic of China and the Republic of Philippines, reiterating the commitment to settling the disputes in the South China Sea through negotiation. Thereafter, China, for many times, proposed to restart the China-Philippines consultation mechanism for confidence-building measures, but this proposal once again fell on deaf ears. It is completely groundless for the Philippines to claim that it is meaningless to continue the negotiations and that the Philippine side has had to initiate the arbitration.

The Philippines' unilateral initiation of arbitration goes against the bilateral agreement on settling the disputes through negotiation and violates the provisions of the UNCLOS

The South China Sea arbitration was unilaterally initiated by the Philippines. In doing so, the Philippines has turned its back on the agreement reached and repeatedly reaffirmed by China and the Philippines on settling the relevant disputes in the South China Sea through negotiation and violated its own solemn commitment in the DOC. This is a violation of the principle of *pacta sunt servanda* and an abuse of the UNCLOS dispute settlement procedures. It goes against international law, including the

UNCLOS.

First, by unilaterally initiating the arbitration, the Philippines has violated its agreement with China to settle the relevant disputes through bilateral negotiation. In relevant bilateral documents and the DOC, China and the Philippines have agreed to settle through negotiation their disputes in the South China Sea and reaffirmed this agreement many times. The above bilateral documents between China and the Philippines and relevant provisions in the DOC are mutually reinforcing and constitute a binding agreement, by which both sides have chosen to settle the relevant disputes through negotiation. The Philippines' breach of its own solemn commitment is a deliberate act of bad faith.

Second, by unilaterally initiating the arbitration, the Philippines has violated the right, as provided for in the UNCLOS, of a State Party to the UNCLOS to choose the means of dispute settlement of its own will. Article 280 of Part XV of the UNCLOS stipulates, "Nothing in this Part impairs the right of any States Parties to agree at any time to settle a dispute between them concerning the interpretation or application of this Convention by any peaceful means of their own choice." Article 281 of the UNCLOS provides, "If the States Parties which are parties to a dispute concerning the interpretation or application of this Convention have agreed to seek settlement of the dispute by a peaceful means of their own choice, the procedures provided for in this Part apply only where no settlement has been reached by recourse to such means, and the agreement between the parties does not exclude any further procedure." Given that China and the Philippines have made an unequivocal choice to settle the relevant disputes through negotiation and

have excluded third-party settlement procedures including arbitration, the third-party dispute settlement procedures stipulated by Part XV of the UNCLOS are thus non-applicable in this regard.

Third, by unilaterally initiating the arbitration, the Philippines has breached Article 283 of the UNCLOS regarding the duty of exchange of views. The Philippines deliberately misrepresents certain consultations with China on maritime affairs and cooperation, all of a general nature, as negotiations over the subject-matters of the arbitration and uses this as an excuse to claim that bilateral negotiations have been exhausted. This is despite the fact that the two states have never engaged in any negotiation on those subject-matters. Such a claim made by the Philippines is fundamentally contrary to facts and must have been made with ulterior motives.

China will adhere to the position of settling the relevant disputes with the Philippines in the South China Sea through negotiation

China is a major force for upholding peace and stability in the South China Sea. China is a staunch supporter of the purposes and principles of the UN Charter. It is committed to upholding and promoting the international rule of law and shall always respect and act in accordance with international law. While firmly safeguarding its territorial sovereignty and maritime rights and interests in the South China Sea, China adheres to the position of settling disputes through negotiation and consultation and managing differences through relevant rules and mechanisms. China endeavors to achieve win-win outcomes through mutually beneficial cooperation and is committed to making the South China Sea a sea of peace, cooperation and friendship.

On issues concerning territory and maritime delimitation, China does not accept any means of dispute settlement imposed on it, nor does China accept any recourse to third-party settlement. The door of China-Philippines bilateral negotiation is always open. China will remain committed to settling through negotiation the relevant disputes with the Philippines in the South China Sea on the basis of respecting historical facts and in accordance with international law. China urges the Philippines to immediately cease its wrongful conduct of pushing forward the arbitral proceedings and return to the right path of settling the relevant disputes in the South China Sea through bilateral negotiation with China. ■



A Chinese Coast Guard vessel patrols the waters of Yongshu Reef in the South China Sea on July 16, 2012. A meteorological observation station was built on the reef by China in 1988 at the request of the UN Educational, Scientific and Cultural Organization

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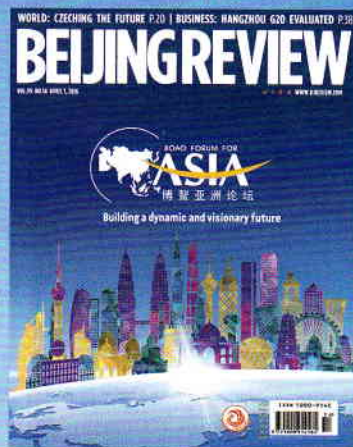
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Battling a Hydra

China steps up measures and international cooperation to fight drugs By Yin Pumin



A fishing boat is caught by police at the Jiazi Town of Lufeng, Guangdong Province, in February for carrying 2 tons of methamphetamines

AIDS, terrorism and the illegal drug trade are some of the biggest threats facing the world. China today faces more challenges in combating drug-related crimes, due to the spurt in the number of drug abusers, products as well as routes.

"Influenced by both domestic and international factors, drug-related problems have spread rapidly, involving more people and sectors," Tao Jing, Vice Director of the Beijing Municipal Public Security Bureau (BMPSB), told a press conference in Beijing on June 21, ahead of the International Day Against Drug Abuse and Illicit Trafficking, which fell on June 26. "With the involvement of more youths, our task has become tougher and more urgent. It needs cooperation between different departments, regions, social groups and countries."

A complex scenario

According to a report by the National Narcotics Control Commission (NNCC) in February, China had 2.34 million registered drug users by the end of 2015. Police confiscated 102.5 tons of

narcotics in 2015, a 48.7-percent increase year on year. More than 165,000 drug-related crimes were solved and 194,000 people arrested. Nearly 80 percent of these suspects were from rural areas and did not have stable jobs.

A startling find was that drug users now include public-institution employees, Liu Yuejin, Deputy Commissioner of the NNCC, said.

In April 2015, Gong Weiguo, former Mayor of Linxiang City in central China's Hunan Province, and Liu Qunlin, former Chief Procurator of Linxiang Procuratorate, were disciplined for using illicit drugs. In September 2015 alone, 18 officials in Hengyang County, also in Hunan, were disciplined for drug abuse.

The disciplinary measures came after the county came up with a regulation on drug abuse by public servants in January 2015. The regulation said any Party member or public servant caught abusing drugs would be disciplined. Those found using more than two types of drugs would be sacked.

Since then, 39 officials have been caught using illicit drugs, local media reported.

To address this special problem, the Supreme People's Court (SPC) of China issued a judicial interpretation in April 2016, saying public-institution employees committing drug-related crimes would face tougher penalties than the public.

"The criteria for conviction in drug-related crimes committed by public-institution employees shall be half the general criteria," the interpretation read.

Explaining it, Fang Wenjun, an SPC judge, said public-institution employees have the responsibility of being role models in combating drug-related crimes. "If they themselves were to commit such crimes, it would cause a more adverse impact on society," Fang said.

The number of young people abusing drugs also rose last year. The NNCC report said 60.6 percent of the registered drug users were between 18 and 35, while 1.8 percent were under the age of 18.

In Beijing, 62 percent of the new drug users registered last year were under 35, according to Tao. The youngest was just 12.

"One way to prevent young people from

using drugs is education," Tao said, suggesting the education could be imparted through interesting events such as exhibitions, concerts and even opera performances.

"Social media tools like Weibo and WeChat are also being used to disseminate anti-drug knowledge, especially among youngsters," he added.

Synthetic drugs are becoming more popular among young drug addicts. These are chemically laced substances sold over the counter at many places. What makes synthetic drugs extremely dangerous is that neither the buyer nor the seller knows exactly what chemicals and how much of them the drugs contain.

According to the BMPSB, 22,000 out of the 33,000 registered drug users in Beijing took synthetic drugs. Tao said synthetic drug users accounted for the 12.3-percent annual increase in the number of Beijing's registered drug abusers.

Nationwide, 80.5 percent of the 531,000 new registered drug users last year were synthetic drug addicts, according to Liu.

To tackle the problem, the April judicial interpretation indicates more stringent measures for synthetic drug abuse, especially ketamine, known as "K powder." It has redefined 500 grams of K powder as a "large amount," saying people who smuggle, transport, purchase, make or illegally possess that

quantity will be sentenced to a minimum of 15 years in prison.

Previously, offenders faced that prison term when the amount of the drug involved was 1 kg.

K powder abuse in China has been escalating with the number of its users, ranking third after methamphetamine and heroin abusers. This has resulted in more violent cases under the influence of the drug, Fang said, underscoring that it was urgent to control the spread of the drug.

However, the greater inflow of drugs from abroad and growing multi-channeled transportation are posing challenges for police.

"Drugs are being transported by road, railway, plane and express mail," Tao said. According to him, in the first five months this year, Beijing Police arrested more than 850 drug mules and confiscated 3.2 kg of drugs at security checkpoints alone.

In Lufeng in south China's Guangdong Province, 2 tons of methamphetamine, known as "ice," were seized from a ship in February.

"It showed that trafficking by sea is more rampant than by land. Ships can carry much larger consignments," Lin Chunjia, Vice Director of the Political and Legal Affairs Commission of the Communist Party of China, Lufeng City Committee, told Xinhua News Agency.

According to the NNCC report, about 90 percent of the heroin and ice tablets seized in 2015 came from the "Golden Triangle," one of Asia's two most prolific opium-producing areas comprising Myanmar, Laos and Thailand.

"To control cross-border drug smuggling, international cooperation is needed," Liu said.

International cooperation

China lies next to the Golden Triangle as well as the Golden Crescent, the other most extensive illicit opium-producing area comprising Afghanistan, Iran and Pakistan. The proximity has made China a major transit and destination country for drugs.

The area between southwest China's Yunnan Province and Myanmar is the second-largest route for smuggling drugs to China, according to the Ministry of Public Security. The border area between Guangxi Zhuang Autonomous Region in southwest China and Viet Nam is the second largest.

In 2015, over 1,900 foreign suspects were arrested. They came from 39 countries, including Myanmar, Viet Nam, Nigeria and Pakistan, according to the NNCC report. Liu said stricter police crackdowns and greater international communication led to many foreign suspects' arrests.

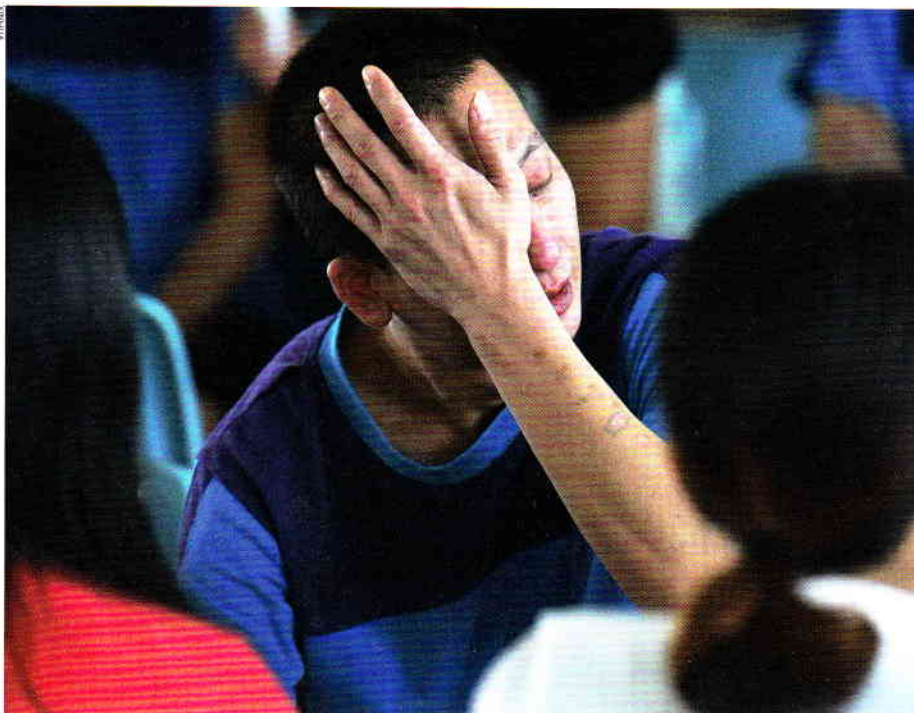
At the UN General Assembly Special Session on the World Drug Problem in April, Chinese State Councilor Guo Shengkun proposed enhancing international cooperation on drug control.

China has signed 24 intra-governmental documents with more than 20 countries in recent years to strengthen drug control cooperation. It has cooperated with more than 50 countries to conduct export and import checks on precursor chemicals.

In 2015, more than 10,000 suspected drug traffickers were arrested and 100 million ice tablets seized during a two-month joint operation by China, Laos, Myanmar and Thailand. The coordinated action, aimed at curbing drug crimes in the Mekong River Region, resulted in charges for in nearly 9,000 drug crimes.

In another two-month joint anti-drug campaign by China and Viet Nam late last year, over 1,400 trafficking cases were busted, 2,000 suspects nabbed and 2,300 kg of drugs was confiscated.

The two countries agreed to strengthen judicial cooperation to combat cross-border drug trafficking. ■



A drug abuser in a rehabilitation center in Zhangzhou, Fujian Province, sheds tears when meeting with family members on June 21

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Comments to yinpumin@bjreview.com

Valuable Information

Would you be willing to pay thousands of yuan to have one question answered? By Yuan Yuan

By answering 32 questions, Wang Sicong, the son of Asia's wealthiest man, Wang Jianlin, (according to *Forbes*, on March 2), collected more than 240,000 yuan (\$36,930) within two weeks by responding to questions through an online Q&A platform.

The platform, Fenda, which literally means "one-minute answers," is a new hit in China. Based on the idea that users will pay for answers, Fenda operates not as an independent app, but by association with WeChat, the leading instant message app in China. On Fenda, people can introduce their area of expertise and set a price, normally between 1 yuan (\$0.16) and 500 yuan (\$76), for answering relevant questions. The answers are in spoken form, lasting 60 seconds or less.

Launched on May 15, Fenda soon made waves, attracting over 1 million users including a bunch of "cyber-stars" who linked their Fenda and social network pages and encouraged followers to visit the platform and raise questions.

Wang Sicong is often in the media spotlight for his love affairs and frequent involvement in arguments with pop stars. He is also renowned for once remarking, "I never care whether my friends have money or not, as none of them can have more money than I do." On May 30, Wang set up his Fenda page, news of which soon became viral on social media.

Curiosity makes money

Initially, Wang set his price for answering questions at 3,000 yuan (\$462) before raising it to 4,999 yuan (\$770). But, this didn't stop followers swarming to pay to put forward various questions on topics ranging from investment to Wang's personal life.

Zhang Ziyi, leading actress of the movie

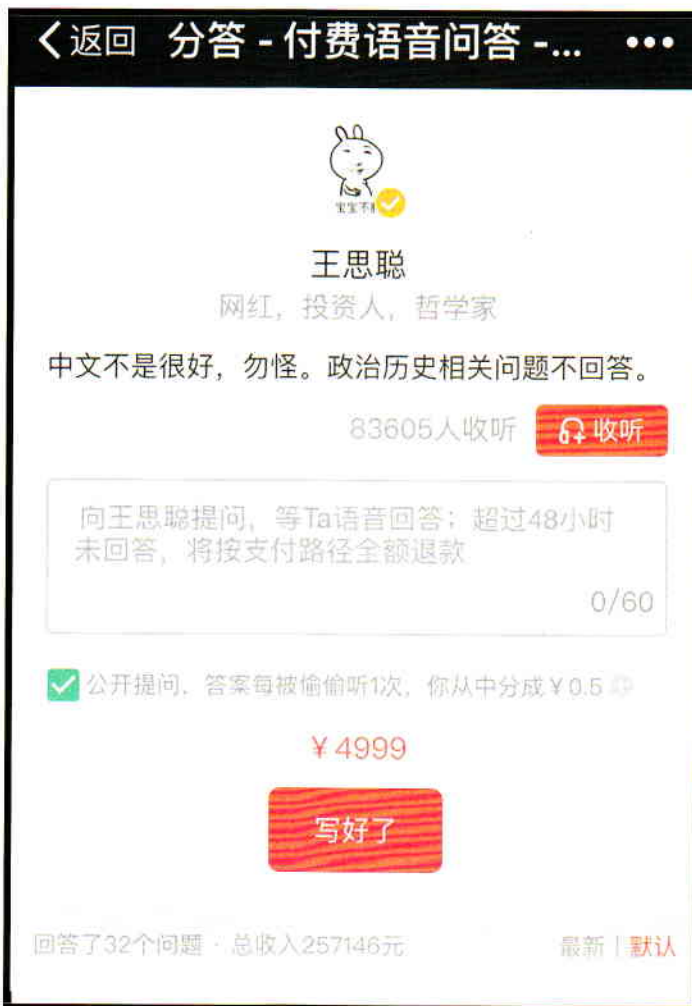
Crouching Tiger, Hidden Dragon, set her price at 2,929 yuan (\$450) and has picked up over 100,000 yuan (\$15,384) for answering 31 questions within one week. Currently, though, Wang remains Fenda's highest-paid

participant.

Asking questions on Fenda can seem expensive. But, a key feature of the platform is that anybody interested in a question can pay 1 yuan (\$0.16) to "eavesdrop" on the answer, and after Fenda deducts its commission of 10 percent, the remainder of the one yuan is shared between the questioner and the questioned.

As Wang is very popular, many people are willing to pay 1 yuan to listen to his answers, so questioners can potentially make a profit. Among the 32 questions Wang had answered by June 23, quite a few attracted over 20,000 eavesdroppers. Thus, the people who put forward the questions stand to make a profit of at least 6,000 yuan (\$923)

Since its release, Fenda has been aggressively inviting famous actors, singers and athletes to register on the service and lure their fans to join. Scriptwriter Shi Hang, who gained heaps of followers as a result of the



recent TV show *Weirdo Talk*, has become a hit on the platform. Even though he set his answer price at only 38 yuan, he still managed to earn over 80,000 yuan (\$12,307) by answering 1,754 questions within three days.

Besides celebrities, professionals such as economists and doctors have also been invited, but they tend to fare not so well. Mao Yushi, a well-known economist, prices his answers at 100 yuan (\$15.4), each of which attracts around 100 listeners on average.

Fenda is not the first pay-for-answers platform. Dagong Q&A, launched in February, took the lead but received little attention. Zhihu.com, renowned as a professional and serious Q&A website, launched its paid-for service in March and enhanced the offering in May with Zhihu Live, via which questioners can pay to enter text-based chat groups with those questioned.

Audio-enabled Fenda followed hot on

the heels of Zhihu Live, and on June 8, 24 days after its release, Ji Shisan, the founder of Guokr.com, which produced Fenda, announced the closure of a \$100 million series-A funding round for the platform and another knowledge-sharing mobile app named Zaiheng.

Short-lived fad?

"The problem here is that stars can get much more attention, and questions are more focused on gossip rather than serious knowledge," Lu Yi, a professor at Peking University, told *Beijing Review*. "Gossip questions can only lead to answers which aren't serious, and such communication won't last long."

So far, the most-listened-to answer from Wang Sicong is his response to the question, "How can you tell whether your girlfriends love you or your money more?"

"It's understandable for customers to

ask about personal gossip when they get so close to celebrities for the first time," said novelist Ma Boyong. "However, for long-term development, questions on the platform should be focused on knowledge and expertise, since people will get bored with gossip-related questions, and what they really need to solve in daily life are questions about certain knowledge and expertise."

"It is not the first time for followers to feel close to their idols," said Professor Lu. "When Weibo was first launched, followers were also excited, as it seemed they could exchange instant messages with big stars. But, in fact, it is not an ideal platform to do so, and the fervor has cooled down a lot. Products like Fenda are just another temporary distraction in people's pointless migration from one service to another."

Lu expressed concern that such platforms are simply gossip-magazines dressed in "new tech" clothing which can only glue young people more tightly to their mobile devices and computers.

"I would say that most people are lazy and enjoy prying on celebrities' personal lives," said scriptwriter Shi Hang. "This is sadly true."

Shi is not optimistic about the market for serious knowledge. "After [an] exhausting [day at] work, many [people] want to relax more than learn serious stuff," said Shi while answering a question on Fenda. "Entertainment, at least for now, can attract more people."

"One minute is far from enough to communicate serious knowledge," Gao Fei, a doctoral student at Beijing Normal University told *Beijing Review*. "I think the purpose of such platforms is more for fun."

Gao revealed that he had paid a total of 10 yuan (\$1.6) to listen to some answers but had not felt very satisfied. "Some [respondents] spent the first five or six seconds repeating the question and then slowed down their speaking speed. You can't expect any valuable stuff within 60 seconds."

Some netizens, however, view Fenda and similar platforms from another perspective. "We are used to getting free stuff online. Maybe through platforms like this, we can learn to pay for information. It is a good sign," said Wen Peng, a software engineer in Beijing. "Knowledge should be valuable."

"With growing numbers of paying customers, the success of the Fenda app proves knowledge is valuable," said Wu Yunfei, assistant to Ji Shisan. ■



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Comments to yuanyuan@bjreview.com

An Inspiring Visit

International students learn about development and local culture while visiting Jiangsu Province By Wang Hairong

Kimmy Cassandra Frederick, a native of Grenada, painstakingly tried to synchronize her jump with two middle-aged local women she had just met in the picturesque Zhouzhuang Town in Kunshan City, east China's Jiangsu Province, after she had toured the iconic waterfront town.

"One, two, three," she kept on saying. After numerous attempts, the exciting moment was finally captured in a photo. Many more such moments remain imprinted on her mind.

Frederick, who is enrolled in Peking Normal University's international MBA program, visited Nanjing and Kunshan cities in Jiangsu on June 13-16 to learn about local economic and social development as well as to get a taste of the local culture.

The 34 students in her class, from over 20 countries and regions, mostly worked in government departments in their respective countries before coming to China.

Sharing experience

During the visit, students met with local officials and toured hi-tech companies, research centers and places of cultural significance.

Nanjing, capital of Jiangsu Province, lies on the lower reaches of the Yangtze River. In recent times, the historic city has revitalized itself

through reform, opening up and innovation.

The municipal government set improving development quality as the focus of its work in 2016. The city is geared toward developing innovative, service-oriented, open and environment-friendly economic activities.

The Nanjing Economic and Technological Development Zone spearheads the city's reform and opening-up initiatives. Among the stops on the students' tour was the Nanjing Institute of Advanced Laser Technology.

In the futuristic-looking Nanjing Laser Science and Technology Museum located in the institute, students were impressed with hi-tech products including unmanned aerial vehicles, 3D printers and a 3D-printed statue of famous table tennis player Wang Liqin.

Shen Yinlong, the development zone's deputy director, gave a briefing on Nanjing's policies to encourage innovation, upgrade conventional manufacturing to smart manufacturing, and attract talented people.

Shen also shared Nanjing's experience in operating its development zone. He said the planning of such zones should take into account local conditions—such as industry structure, human resources and market environment—keep in line with international practices, and attach importance to

both "hardware" such as infrastructure and "software" such as services.

In Kunshan, students listened to a lecture by Zhang Yuelin, Deputy General Secretary of the local municipal committee of the Communist Party of China (CPC), who introduced the city's development path and experience.

Kunshan lies 55 km west of Shanghai and 35 km east of Suzhou City. With a population of 2.55 million and an area accounting for just 0.01 percent of China, the city contributed 2 percent of the nation's imports and exports in 2015.

Last year, its per-capita GDP and disposable income reached \$29,957 and \$8,148 respectively. For 11 consecutive years, its overall economic competitiveness has topped that of over 2,000 county-level cities in China.

With a highly open economy, the city has drawn investors from 56 countries and regions, and its business partners are scattered around the world, Zhang said.

Kunshan has competitive advantages in display technology, renewable energy and biotechnology, with emerging industries contributing one third of its industrial output. The city also focuses on developing modern services such as logistics and finance.

Home to a number of universities, including Duke Kunshan University, a joint venture between Duke University in the United States and Wuhan University in China, Kunshan has abundant, high-quality human capital. The Chinese Academy of Social Sciences has rated the city China's most innovative county-level city.

Kunshan has undergone five development stages. In Zhang's words, the city went "from farm to factory in the 1970s, from local to global after Deng Xiaoping's southern tour in 1992," and its industries have moved "from fragmentation to clustering after the Asian financial crisis in 1997, from low to high value after the 16th CPC National Congress, and from big to strong after the 17th CPC National Congress."

Zhang neatly summarized the city's development experience in five phrases: quick response to opportunity, an open spir-



A student in the international MBA program of Peking Normal University poses with a 3D-printed statue of Chinese table tennis player Wang Liqin



Students from the international MBA program of Peking Normal University visit Zhouzhuang Town, Jiangsu Province, on June 16

it, a learning culture, highly efficient services, and highly committed civil servants.

"Kunshan's five development stages are very typical, and its experience in dealing with the 'new normal' [by adjusting economic structure] is valuable," said Hu Biliang, Dean of the Emerging Market Institute of Peking Normal University.

After the visit, Alex Ampaire, a student from Uganda, told *Beijing Review*, "China's development has hinged mostly on innovation and technology development. The Chinese are people who make things happen rather than watching things happen!"

Exploring opportunities

When Chen Lei, a mid-career Chinese official, and Meer Hassan Kohan, a Pakistan professional on the international MBA program, met for the first time in Nanjing, they felt like old friends.

After some small talk and warm toasts at a welcoming dinner for the students, they exchanged contact information and decided to keep each other informed of cooperation opportunities.

Chen is the director of the Department of Outward Investment and Economic Cooperation of the Nanjing Municipal Bureau of Commerce. Before studying in China, Kohan was Assistant Director of Finance and Accounting, Pakistan Standards and Quality Control Authority in Pakistan's Ministry of

Science and Technology.

Chen has visited many countries to solicit investment and promote Nanjing's companies in world markets.

Enterprises in Nanjing are either seeking to cooperate with foreign companies or have already done so, according to Liu Liya, Vice Director of the Nanjing Municipal Bureau of Commerce.

During the visit, Kohan sought technology and business cooperation opportunities. In addition, he also wanted to enhance his "general knowledge of China, including economic, political and social areas, which will be useful to my future career."

Other students also expressed the wish to promote cooperation between their countries and China.

"It is important for my country to focus on [attracting] investment, especially from China," said Jarrel, a student from the Bahamas, who worked for a resort development company before coming to China. He said that the Export-Import Bank of China had already made a large investment in the Bahamas. He hopes that the Bahamas will enhance cooperation with China, especially in the agricultural and manufacturing sectors.

A Peruvian student who used to work as an international buyer in his country said, "I'm happy to stay here because one of my suppliers is from Nantong City in Jiangsu." He also said he wishes his country's newly

elected president would improve relations with China, especially commercial ties.

Alexis Benon, a student from Benin who is fluent in Mandarin Chinese, said that he would like to engage in bilateral trade.

Learning about culture

During their visit, students experienced aspects of local culture and enhanced their understanding of local people.

Wang Yun, General Manager of China Jiangsu International Namibia Ltd., who has worked in Africa for over 20 years, said that mutual understanding is very important.

Wang said that in Africa, he learned that African people are friendly and Africa has abundant business opportunities. He believes that during their stay, the iMBA students will find that "Chinese people are friendly, Chinese cities are safe, and Chinese goods are inexpensive."

The students visited the Memorial Hall of the Victims of the Nanjing Massacre (1937-1938).

Viphanith, a student from Laos who worked for the Lao National Committee for Special Economic Zones before enrolling in the international MBA program, said the images reminded her of the suffering that her country went through during World War II. At the Oriental Metropolitan Museum in Nanjing, Viphanith marveled at how ancient cultural artifacts such as ceramics and paintings made about 1,500 years ago had been preserved.

"Tradition and culture is vital for any society because people without culture are like a tree without roots and branches," said Ampaire. "In the case of China, the traditional values, customs, character and magic have taken root all over the world." He added that China's traditional culture attracts a large number of tourists to the country.

The students not only learned about local customs, but also participated in them. At Zhouzhuang Town, they sailed along the rivers that crisscross the town in boats rowed by local people and watched an outdoor performance depicting rural life during the four seasons.

The performance, with a blend of singing, dancing, acrobatics and comedy, climaxed in a matchmaking grandma searching the audience to find a boyfriend for a young woman. Armando Vasquez, a student from Panama, was the chosen one. After he joined his "bride-to-be" on stage, a Chinese-style pretend wedding ceremony took place. In the jubilant atmosphere, the students felt thrilled. ■

Copyedited by Chris Surtees
Comments to wanghairong@bjreview.com

Growth Through Innovation

Companies in Nanjing fuel growth by adopting cutting-edge technology

By Wang Hairong

Gazing at her own image projected onto a big screen the size of a fitting room mirror, Kyalisiima Prisca from Uganda could hardly believe her eyes. Simply by pointing her fingers at the small images of clothing items displayed at the sides of the screen in front of her, she could see herself in the “mirror” dressed in the selected clothes.

She was amazed at the technology, which allowed her to see the visual effect of various outfits without the trouble of putting them on.

Prisca is a student in the international MBA program of Peking Normal University. She experienced the technology during a visit with classmates on June 14 to the headquarters of leading electronic appliance retailer Suning Commerce Group in Nanjing City, capital of east China's Jiangsu Province.

At Suning's base, a cluster of stylish buildings in which about 10,000 people work, the MBA students were amazed at the avant-garde character of the company's technology.

Suning has kept up with the times by constantly adopting new business models and cutting-edge technology. The company has research and development centers in Beijing, Shanghai and Nanjing.

Founded in December 1990, it started out by selling air conditioners. In its second decade, it grew into a home appliance retail chain. In recent years, it has embraced e-commerce and branched into other industries such as real estate, finance and culture.

Now the company operates over 1,700 stores in more than 600 cities in China and elsewhere.

Transformative growth engine

This year's Central Government work report stated that “innovation is the primary driving force for development and must occupy a central place in China's development strategy.”

While delivering the work report in

March, Premier Li Keqiang said “We need to move faster to develop new technologies, industries, and forms of business, boost the development of a sharing economy through institutional innovations, create sharing platforms, and develop emerging industry clusters, such as hi-tech and modern service industry clusters, thus creating strong new engines.”

Encouraging progress has been made in structural adjustment. According to the work report last year, the share of China's GDP contributed by the service sector rose to 50.5 percent, for the first time accounting for more than half of the total. Consumption's contribution toward economic growth reached 66.4 percent, and hi-tech industries and equipment manufacturing grew faster than other industries.

After the global financial crisis in 2008, China accelerated the transformation of its economic model to deal with the economic “new normal” of slower growth.

In the 2015 government work report, Premier Li highlighted the “twin engines” driving development—popular entrepreneurship and mass innovation in combination with increased supplies of public goods and services.

Li also mentioned the Internet Plus action plan, which integrates mobile Internet, cloud computing, big data and the Internet of Things with modern manufacturing to help companies increase their international competitiveness.

In May 2015, the State Council unveiled Made in China 2025, a plan designed to transform China from a manufacturing giant into a world manufacturing power.

Smart manufacturing lies at the heart of the plan, which prioritizes 10 key sectors: new information technology, numerical control tools and robotics, aerospace equipment, ocean engineering equipment and hi-tech ships, railway

equipment, energy-saving and new-energy vehicles, power-generation equipment, new materials, medicine and medical devices, and agricultural machinery.

To implement these national initiatives, Nanjing City encourages its businesses to be innovative and has launched programs to spur entrepreneurship and attract talented people.

Innovating business model

Innovation is the driving force of development, said Zhang Jindong, Chairman of Suning. Zhang is a member of the Chinese People's Political Consultative Conference. He made this remark in March while attending the annual session of the top advisory body in Beijing.

From 2009, Suning began to shift its business model from brick and mortar electric stores to both an online and offline retail company.

The company has surveyed customers, with offline customers reporting better product experiences, and online shoppers saying that they enjoy the more convenient payment method and richer product choice.

Now the company's online platform sells a wide variety of products, ranging from household appliances to baby products. In August 2015, it partnered with e-commerce giant Alibaba Group, which acquired 19.99 percent of Suning's stock to become its second largest shareholder. Suning holds 1.09 percent stake in Alibaba as part of the deal. The marriage with the e-commerce giant is expected to boost Suning's online presence.

Suning uses big data technology to make marketing and distribution more precise. A gigantic screen mounted on the wall of a spacious display room at its headquarters shows “Suning Commerce Live,” the company's real-time online membership and sales data, such as the day's best-selling and most-viewed products, members' preferences, and whether



Students in the international MBA program of Peking Normal University learn about the Suning Commerce Group at its headquarters in Nanjing City, Jiangsu Province

people entering Suning's physical stores are already registered members.

"Big data technology makes the invisible visible," said Kasun Abeyasinghe, a civil engineer from Sri Lanka.

Logistics is the core competitiveness of retail development, the company believes. Suning has established a storage, transport and distribution network across China. Utilizing Internet of Things (IoT) technology, the company has set up high-density storage facilities, as well as automatic picking and efficient distribution systems.

When an order is received, the product can be automatically collected by a robot from the storage shelf, put onto a conveyor belt and readied for shipping to other cities.

Suning also uses IoT technology to offer custom-made, smart-home solutions, which enable people to control household appliances with voice commands. The phrase, "I'm going to work," for example, can be used to turn off all devices, and even while away from home, people can control household appliances remotely.

Now the company provides customers and enterprises with various financial services, such as third-party payment, wealth management, consumption finance, enterprise loan, crowd funding and insurance selling. Big-data technology makes such services more efficient and

convenient.

In recent years, Suning has hired a large number of professional managers and technical personnel to facilitate its transition into a both online- and offline-based retail company. In line with the transition, the company has also updated its organizational structure and changed its management style from one based on military culture to a liberal style which suits an Internet company better, said Meng Xiangsheng, a human resources officer at Suning.

Pursuing excellence

While Suning is embracing new technology, another company, Nanjing TICA Air-Conditioning, is pursuing excellence through innovation. The words "We are always pursuing excellence" are etched on a huge stone at the company's entrance.

The company specializes in the development, manufacturing, sale and service of central air-conditioning systems and refrigeration. The company has four factories located in Nanjing, Tianjin, Guangzhou, and Kuala Lumpur in Malaysia.

"Many of TICA's technologies are self-developed," Liang Lujun, the organization's marketing support director told *Beijing Review*.

He said the company has invested 3 percent of its annual sales revenue in research and

development. It has a research center based in Osaka, Japan.

The company's research and development base, located in the Nanjing Economic Development Zone, boasts over 20 leading laboratories for developing and testing air-conditioners.

At TICA's noise testing laboratory, after the gigantic door was closed, the hubbub of the plant was shut out, leaving the room almost in complete silence save for the humming of the air conditioner being tested. The test is designed to make sure that an air conditioner runs very quietly.

A workstation for academicians has been set up in the company. Tao Wenquan and He Yaling, two scholars specializing in heat transfer, have been invited to the station to advise the company's technical work.

According to the company, TICA air conditioners have been installed in the mass transit systems of major cities including Beijing, Shanghai, Guangzhou and Shenzhen. They have also been installed in important places such as Zhongnanhai, where China's top leaders work, the Great Hall of the People, and the National Stadium. ■

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Comments to wanghairong@bjreview.com

Held under the banner of the Forum on China-Africa Cooperation, the China Africa Industrial Forum (CAIF) is committed to promoting development and cooperation between China and African countries. It aims to encourage rapid and sound economic development in China as well as African countries and boost exchanges and cooperation in politics, the economy, culture, science and technology, and tourism.



CAIF—The Bridge of China-Africa Cooperation

Launched in 2009, the biennial forum has been held four times, witnessing the signing of agreements on more than 300 investment and procurement projects. It has helped a large number of Chinese enterprises start business in Africa and African countries learn more about China.

The Authority Brand Forum Think Tank of China-Africa Cooperation



The First CAIF kicked off in Beijing in 2009.



CAIF and Beijing Review signed a strategic cooperation agreement.



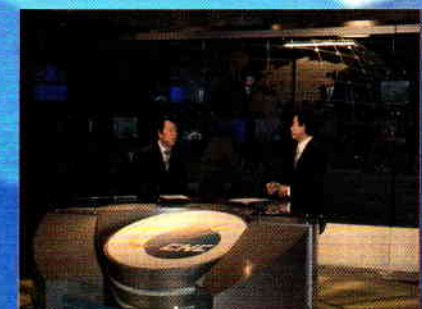
Thousands of people from China and African countries look part in the Fourth CAIF.



Seminar on Legal Risk of Africa Investment & Establishment Ceremony of Africa Legal Affairs Center



Seminar on Africa Energy and Mineral Resources



Cheng Zhigang, Secretary General of CAIF, was interviewed by Xinhua News Agency.





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China COSCO Shipping's cargo ship *Panama* anchors at Piraeus Port in Athens, Greece, on June 12

Full Steam Ahead

Chinese shipping giant sets sail to weave its global pivotal port network

By Deng Yaqing



The global shipping industry has limped along battered and bruised since the fall out of the global financial crisis, a condition exacerbated by weakened demand and surplus supply of transport capacity. However, recent activities in China's ongoing Belt and Road Initiative have served to mitigate the damage, offering a life-line to ailing global shipping enterprises, some of which are realigning to seize opportunities unlocked by the move.

An example of this move is China COSCO Shipping Corp. Ltd., the largest ship-

ping conglomerate born from the merger of China Ocean Shipping (Group) Co. and China Shipping (Group) Co., which has set out formulating and implementing its port layout along the Silk Road Economic Belt and the 21st Century Maritime Silk Road. In September 2015, its Hong Kong-based branch company COSCO Pacific acquired the Kumport Terminal in Turkey, while in the first half of this year, it renewed and upgraded its port investment project with the Port of Singapore Authority, purchased Piraeus Port

Authority in Greece and invested in Euromax Terminal Rotterdam in Holland.

"While the Belt and Road Initiative provides numerous opportunities for Chinese enterprises to go out, China COSCO Shipping hopes to share our abundant overseas resources and provide supporting services for them using our overseas shipping network," said Xu Lirong, Chairman of China COSCO Shipping Corp. Ltd.

To date, China COSCO Shipping has invested in more than 50 ports along the Belt ►►

and Road, most being scattered around the Maritime Silk Road, with 11 located overseas, according to Xu.

"Entering 2016, China COSCO Shipping has further optimized its overseas layout by investing in ports located in Holland and Singapore and acquired an over 60-percent stake in the Piraeus Port Authority, which has aroused extensive attention in the global shipping industry," said Xu.

Acquisitions on the Silk Road

Last September, a joint venture set up by a Chinese consortium bought a 65-percent share of Turkey's third largest container terminal, Kumport, for \$940 million. The acquisition was carried out by a firm named SPV, jointly established by the subsidiaries of COSCO Pacific, China Merchants Holdings (International) and China Investment Corp. (CIC) Capital. More specifically, of the joint venture, COSCO Pacific and China Merchants hold 40 percent each and CIC Capital holds 20 percent.

The acquisition showed the advantage of Chinese enterprises teaming up to go global and is an exemplary project for countries along the Belt and Road to realize mutual benefit and achieve win-win results, said Gu Jingqi, Chinese Consul General to Istanbul.

Located on the northwest coast of the Marmara Sea on the European side of Istanbul, Kumport is a gateway to the Black Sea and a strategic interchange between Europe and Asia. The port has six berths, with a capacity to handle 1.84 million 20-foot equivalent units (TEUs) of cargo and can expand to 3.5 million TEUs. In 2014, it registered a container throughput of 1.41 million TEUs, accounting for 17 percent of Turkey's total container throughput. Financially, the terminal is in sound shape, maintaining a compound annual growth rate of around 30

percent in container volume from 2009 to 2014.

"Turkey, as the hinterland of Kumport, stands at a strategic location along the Silk Road Economic Belt and the 21st Maritime Silk Road. In the future, the port will see strong demand in container logistics services," said Li Jianhong, Chairman of the Board of China Merchants Holdings (International).

Kumport has good growth prospects, according to COSCO Pacific. The terminal will generate synergies with the Piraeus Container Terminal near Athens, which is also a subsidiary of China COSCO Shipping. Meanwhile, since COSCO Pacific and China Merchants Holdings have accumulated much experience in port investment, management and operation, and maintained good relations with shipping enterprises, the cooperation between the two parties has favorable long-term prospects. The advantageous position of Kumport along the Belt and Road also makes the purchase a lucrative investment.

In April this year, China COSCO Shipping and Greece's Hellenic Republic Asset Development Fund signed an agreement for the sale of a majority stake in the Piraeus Port Authority in Athens. Piraeus is the largest port in Greece and one of the largest in the Mediterranean Sea basin. In the deal, the Chinese investor will pay 280.5 million euros (\$318 million) to the Greek privatization fund for the initial acquisition of a 51-percent stake, while it will pay another 88 million euros (\$100 million) within five years for the remaining 16 percent, providing that it implements the agreed investments in the port.

In fact, since 2009, China COSCO Shipping's subsidiary Piraeus Container Terminal has been operating Piers II and III at the Piraeus Port under a 35-year concession agreement, posting remarkable results. According to statistics pro-

vided by China COSCO Shipping, from 2010 to 2015, container throughput at the Piraeus Port soared from 880,000 TEUs to 3.36 million TEUs, boosting its ranking worldwide from 93rd to the 39th.

Greece stands on the important commercial and marine lane of the Suez Canal, facilitating the passage of goods from Asia and Africa to Europe. Located east of the Mediterranean Sea, the Piraeus Port stretches inland into the Balkan region and its maritime transportation radiates across the entire Mediterranean Sea, Black Sea and North Africa. In addition, it's a deep-water port with year-round access.

"In the past years, due to problems concerning Greece's economic structure and welfare regime, the port was struggling with high labor costs and saw its throughput dwindling. Besides that, competition from other ports along the Mediterranean coast, such as those in Spain and France, has posed a great challenge," said Cui Hongjian, Director of the Department for European Studies under the China Institute of International Studies.

While welcoming China COSCO Shipping Chairman Xu at his office, Greek Prime Minister Alexis Tsipras said the agreement signing will "cut the Silk Road shorter", and expressed the hope that the port's privatization can bring further investments.

Xu believes China COSCO Shipping will actively invest in the infrastructure construction of the Piraeus Port, optimize and integrate the six key business segments including tanker berth, ferry terminal and container wharf, improve its operation capacity in an all-round way, and build it into one of the most advanced ports in Europe.

The signing of the project will also stimulate Chinese investment in maritime tourism, promote the efficiency of land-sea transportation between Asia and Europe, and advance the coordinated development of southeast Europe, and central and north Africa, said Xu. Some multinationals have also cooperated with the Piraeus Container Terminal to distribute their products in the region, such as technology giant HP, and Chinese telecom equipment makers Huawei and ZTE.

However, due to the fragile and weak recovery of the global economy, trade between China and Europe has been on the decline since last year. "Despite the completion of the acquisition, to operate the Piraeus Port well and improve its shipping business, China COSCO Shipping faces risks and challenges," said Cui, who noted that the company should make an effort to exploit the port's other areas of industrial potential, besides freight transport.

Cui suggested that China COSCO Shipping should not only operate Piraeus as a cargo terminal or a port of transfer, but

China COSCO Shipping Corp. Ltd.

Headquartered in Shanghai, China COSCO Shipping Corp. Ltd. was formed by a merger between two leading Chinese state-owned shipping firms—China Ocean Shipping (Group) Co. (COSCO) and China Shipping (Group) Co. (China Shipping). The merger began in August 2015 and was approved by the State Council in December.

The total fleet of China COSCO Shipping comprises of 1,114 vessels with a capacity of 85.32 million deadweight tons, ranking No.1 in the world.

The company owns over 46 container terminals all across the globe, with over 190 berthing spaces. The combined throughput of its terminals amounts to 90 million 20-foot equivalent units (TEUs), the second largest in the world.

Its container leasing business scale surpasses 2.7 million TEUs, the third largest in the world.

The company highlights the "six plus one" industrial cluster layout. The six clusters are shipping, logistics, finance, equipment manufacturing, shipping services and social services, while the one refers to Internet Plus based on business model innovation.

COSCO Pacific Ltd. is a subsidiary of China COSCO Shipping Corp. Ltd., headquartered in Hong Kong. It is primarily engaged in container terminal operations, container manufacturing and leasing, shipping agencies and freight forwarding.

(Compiled by Beijing Review)



Greek Prime Minister Alexis Tsipras (left) and Xu Lirong, Chairman of China COSCO Shipping Corp. Ltd., talk with each other at the signing ceremony of the purchase agreement of Piraeus Port in Athens on April 8

also focus on the development of supporting industries, infrastructure construction and even the building of marine fleets.

More investments

In March this year, COSCO Pacific and Port of Singapore Authority (PSA) signed a new investment agreement in Shanghai to co-invest in three new mega berths at the Phase 3 and 4 expansion projects of the Pasir Panjang Terminal.

Located at a pivotal international artery, the Port of Singapore has been the shipping center in Southeast Asia and interchange point of marine traffic among Asia, Europe, Africa and Oceania.

The investment will be implemented through a joint venture COSCO-PSA Terminal and allow for the arrival of mega container ships at the new container berths, in preparation for trade growth and growth in the size of container vessels. The new mega berths are expected to become operational from 2017. As PSA has suggested, they will be fully integrated with the company's infrastructure and supported by the automated and intelligent port technologies.

The joint venture terminal was established as early as 2003, with COSCO Pacific

holding a 49-percent stake and PSA 51 percent. The two berths operated by the joint venture at that time have an annual throughput capacity of 1.3 million TEUs.

As global trade drives the rapid development of the container transportation industry, the newly established China COSCO Shipping has seen its fleet being significantly expanded and increasingly felt the urgency to create a global shipping network. At the same time, the large trend of megaton vessels calls for the upgrading of pivotal ports. That explains why COSCO Pacific renewed its investment in the region.

The co-investment agreement is strategically important to both partners and will help them up their competitive game, said Josephine Teo, Singapore's Senior Minister of State for Finance and Transport, who believes the project will positively contribute to the Belt and Road Initiative.

The investment agreement marks an important step to strengthen our cooperation with international port operators and speed up the global operation of the port industry, China COSCO Shipping told *Beijing Review* in an e-mail interview.

On one hand, the close partnership between China and Singapore will facilitate

trade contacts among Asian countries, reduce dependence on traditional export markets, and push forward economic growth and the transformation of the Asia-Pacific region. On the other hand, it can help the two countries grasp the opportunities brought by the Belt and Road Initiative, further improve the handling capacity of the port, and strengthen the interconnection of sea transportation between Southeast Asian countries and China, according to China COSCO Shipping.

In addition, COSCO Pacific entered a share sale and purchase agreement in May this year with ECT Participations B.V., a subsidiary of Hong Kong-based Hutchison Port Holding Ltd., to acquire a 35-percent equity interest in Euromax Terminal Rotterdam, which is located at the area of Port of Rotterdam in Maasvlakte in the Netherlands.

China COSCO Shipping is prepared to make use of its advantage of overseas resources, constantly improve its global layout, participate in the Belt and Road Initiative and achieve mutually beneficial results with clients, said Xu. ■

Copyedited by Francisco Little
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Land Grab

Chinese investors enter the U.S. real estate market at a breathtaking speed **By Corrie Dosh**

Investors are pumping Chinese capital into the U.S. real estate market, which totaled a whopping \$350 billion in U.S. commercial and residential investments by 2015, according to a new report by Asia Society and the Rosen Consulting Group (RCG).

"This wave of investment is coming from diverse sources in China," said Arthur Margon, a partner at RCG and one of the authors of the report. "But that's really a small piece of the potential investor universe."

The report, named *Breaking Ground: Chinese Investment in U.S. Real Estate*, shows that Chinese investors bought at least \$17.1 billion worth of existing commercial property space from 2010 to 2015 at an annual growth rate of 70 percent. Investors spent at least \$93 billion on residential real estate in those five years, at an annual growth rate of 20 percent. In addition, Chinese investors bought up \$208 billion of mortgage-backed securities.

"More than any foreign investor other than Canada, China stands out for the breadth, depth, and speed of its participation in the U.S. real estate market," stated Asia Society in a release accompanying the study.

The report combined information from public records, reports and trade groups with the RCG's database—based in part on data-gathering and roundtable interviews with industry sources. *Breaking Ground* is the fourth report in a series dating back to 2011 that looks at the broader phenomenon of Chinese investment in the United States. Past reports, produced in partnership between Asia Society and Rhodium Group, have looked at foreign direct investments from China at the national level and in California, as well as focused on investments in the hi-tech sector.

The broad range of real estate investments is in addition to China's position as the biggest holder of mortgage-backed securities sold by government-funded enterprises such as Fannie Mae and Freddie Mac. Chinese banks have also become major sources of debt capital in the U.S. real estate market, primarily for U.S. firms.

The report is the first independent study to prove that Chinese investors rank among the top in every real estate sector, according to Margon.

"There are strong signals that there will be

continued, maybe even increasing appetite," said Margon, during an event at New York's Asia Society.

Tip of the iceberg

According to the study, 2015 was the banner year for Chinese real estate investors, with billion-dollar deals such as the prized \$1.95-billion Waldorf Astoria hotel in New York City. Chinese buyers poured money into New York, Los Angeles and San Francisco and overtook Canada as the biggest foreign buyer of U.S. homes. Statistics show that foreign direct investment in the United States by China in 2015 totaled about \$8.39 billion, an increase of 60.1 percent from 2014. Chinese investment in the U.S. real estate market reached \$6.1 billion.

However, it may just have been the tip of the iceberg, according to the report, projecting that Chinese real estate spending could hit \$218 billion from 2016 to 2020. Huge deals are already making headlines, including a \$6.5-billion deal to acquire Strategic Hotels & Resorts and a \$14-billion offer for Starwood Hotels that was rescinded by a consortium of buyers led by China's Anbang Insurance Group.

In the first half of this year, Chinese companies have purchased or are purchasing 47 properties worth \$9.3 billion in the United States, according to deal tracker Real Capital Analytics. That amount more than doubled Canada's \$4.2 billion worth of deals, making Chinese companies the most active foreign buyers in the United States.

Leading the surge are deep-pocketed insurance companies, seeking to diversify their capital investments against risk. China Life Insurance Co. and Ping An Insurance Co. jointly made their first U.S. property investment last year with a majority stake in a \$500-million project in Boston. In May, China Life Insurance Co. made headlines again with a \$1.65-billion deal for an unspecified piece of a Manhattan office tower led by developer Scott Rechler.

In an analysis by Barron's, China's wealthy are not only snapping up homes and luxury apartments (mostly with cash), but they're also investing in funds and partnerships that are buying into commercial projects.

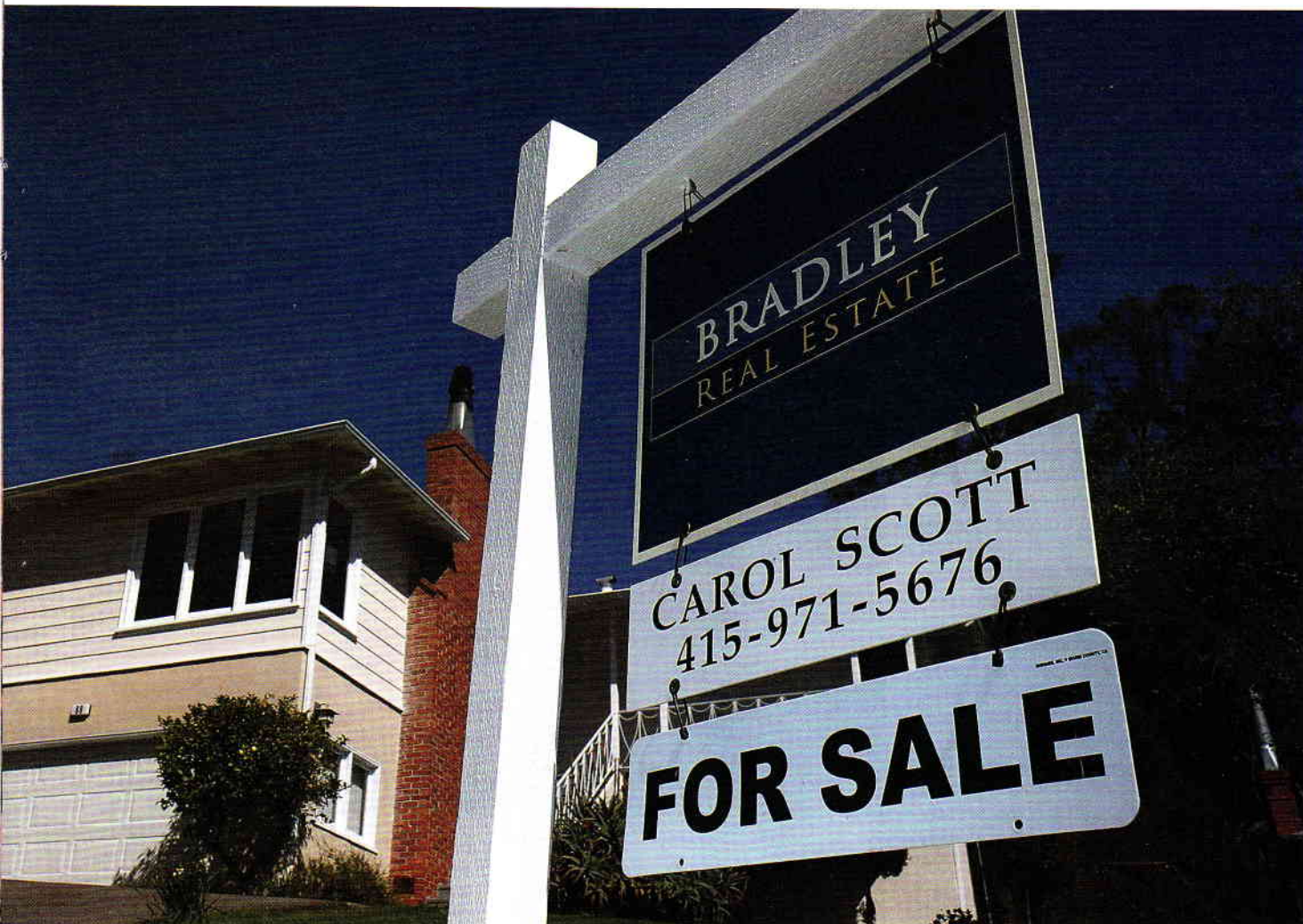
A combination of policy reform, economic



conditions and opportunities for growth is driving Chinese investment in overseas real estate, offering an attractive investment for many investors.

"Chinese builders and developers are looking to expand into attractive global markets for the long term as the Chinese economy slows, and to improve their competitiveness, global stature, and brand recognition. China's growing financial sector—banks, insurance companies and emerging private equity groups—are looking to invest globally as they accumulate capital from businesses and consumers in China," explain the authors in the report.

The report goes even further to state that high net-worth Chinese may also view overseas real estate as a means to provide international opportunities for their children, and a safe haven from political and economic uncertainty in China. "Finally, real estate investment and ownership can potentially



A For Sale sign is posted in front of a home in San Rafael, California on February 23, 2015.

offer an expedited path to Chinese families who want U.S. residency for work and educational opportunities," said the report.

Making an impact

As the U.S. real estate market recovers from the 2008 recession, China has been an important source of capital. The report estimates that Chinese entities managing U.S. real estate operations and individual investment through vehicles, including the EB-5 program, may have created or sustained 200,000 jobs.

The EB-5 U.S. visa program enables a foreign national who invests at least \$500,000 in projects that create a minimum of 10 jobs to receive a U.S. visa and, on completion of the project, a green card for permanent residency status. Since 2010, Chinese nationals have been the most numerous participants in the program with \$9.5 billion of investment capital.

"Chinese investment in U.S. real estate is a recent development with considerable growth potential. While it is not as politically sensitive and does not directly impact national security as Chinese investment in U.S. technology or telecommunications does, real estate affects more people and communities and involves policy makers at multiple levels," state the report's authors.

Chinese capital is also helping homebuyers and U.S. commercial developers. According to the report, Chinese banks increased activity in lending for real estate acquisitions, recapitalizations, and construction and development in recent years. The banks have amassed at least \$8 billion in loans and have become a major source of funding for large commercial real estate projects. This loan portfolio extends beyond Chinese investors and projects with Chinese partners, as leading Chinese banks are active competitors with U.S. and international banks

and private sources of capital in the commercial property market. Residential mortgage lending by Chinese banks in the United States is more limited, but growing.

"The long-term investment drivers remain," the report authors state. "Strong U.S. demand for capital; a widening and deepening pool of Chinese investors, many of whom have not ventured into U.S. real estate; increasing global appetite by Chinese developers and construction companies; a \$1.6-trillion insurance industry that has become active overseas but invested just a fraction of funds available for real estate projects; and new Chinese investment vehicles, such as private equity funds, which have only recently become a factor in the U.S. market" ■

The author is a New York-based contributing writer to *Beijing Review*.
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OPINION

The Takeaway From the Failed U.S. High-Speed Rail Deal

What is the most important lesson that China should learn from the recent termination of its U.S. rail deal? It is not that the overseas markets are complicated or that trade protectionism threats are lurking. What it demonstrates is that the United States cannot keep up with the times, and its public cannot rid themselves of vested interests, breaking the hope that the United States would enter an era of high-speed rail transport.

It is true that trade protectionism exists in America, since some forces in the United States regard China as their largest international rival. Nonetheless, trade protectionism seems not to have been a major reason for XpressWest's unilateral termination of its deal with China Railway International Group to build a high-speed rail line from Los Angeles to Las Vegas.

Although the Buy America Act may be considered as an obstacle to deals with China, it does offer some exceptions. The act, which seeks to ensure that "infrastructure projects are built with American-made products," may be waived if using the domestic material will increase the cost of the overall project by more than 25 percent.

It is by these exceptions that the CRRC Corp. Ltd. and some other Chinese companies have been exempted from the act, and have already been producing high-speed rail equipment in their U.S. factories. Therefore, XpressWest probably didn't see the act as a sticking point when signing the contract with China Railway International Group.

The reason for XpressWest backing out may have been purely due to business considerations. The estimated construction costs are too high, the competition from road and air transportation is too fierce, and financing is difficult to obtain. All of these factors could have pushed the company to terminate the deal.

The U.S. Federal Government faces various difficulties in advancing its plans to build high-speed railways. Stopping the construction of its first high-speed rail project will hurt the United States more than China.

Massive infrastructure projects have always powered a country's economic growth. During the industrial revolution, for example, the creation of canals, highways and railways greatly boosted the British economy. After World War II, U.S. President Eisenhower, learning from Germany's autobahn network, pushed for a similar system in the United States, which eventually replaced Germany



A high-speed train pulls out of Guiyang North Railway Station in southwest China's Guizhou Province on June 17

as the owner of the world's largest network of expressways.

The United States used to have an outstanding capacity to undertake infrastructure projects but has nevertheless fallen behind in terms of high-speed railways. This indicates that there are underlying problems in its governance structure and that vested interests may be obstructing the United States from making sustained innovation and progress despite their former support of such endeavors.

We must also recognize that vested interests obstructing innovation and progress come not only from a small number of elites, but also from the public. Why did the first industrial revolution start from the emerging cotton textile sector and related equipment manufacturing not the wool textile industry long-developed in Europe? Besides the advantages over wool which cotton provided during its processing and use, workers in the wool textile industry also thwarted the revolution's progress. Being fully dependent on wages from conventional labor,

they resisted the mechanization of the industry. But in the emerging cotton textile industry, it was easier to hire new workers and to adopt new methods of production.

Due to this reason, although spinning frames were first designed for the mature wool textile industry instead of the emerging cotton textile industry, the former still fell behind the latter during the industrial revolution.

Therefore, China need not care about the failures of single projects as long as it has advanced technology and production capabilities. What China must learn from the United States is that if a country cannot keep up with the times, and if its public cannot rid themselves of vested interests, it will lose its capacity for innovation and progress. ■

This is an edited excerpt of an article written by Mei Xinyu, an op-ed contributor to *Beijing Review* and a researcher with the Chinese Academy of International Trade and Economic Cooperation
Copolyedited by Bryan Michael Galvan
Comments to yushujun@bjreview.com

NUMBERS

(\$1=6.6 yuan)

28 bln yuan

The value of yuan-denominated treasury bonds that the Ministry of Finance will issue this year in Hong Kong, with the first half being issued on June 29 to institutional investors

275,000

Number of Chinese tourists who visited Cambodia in the first four months of 2016, growing by 13 percent year on year and accounting for 16 percent of Cambodia's total foreign tourists during the period

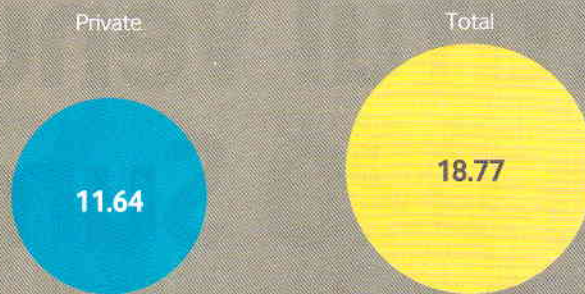
349 bln yuan

Service outsourcing contracts inked by Chinese companies in the first five months of 2016, a year-on-year increase of 24.8 percent

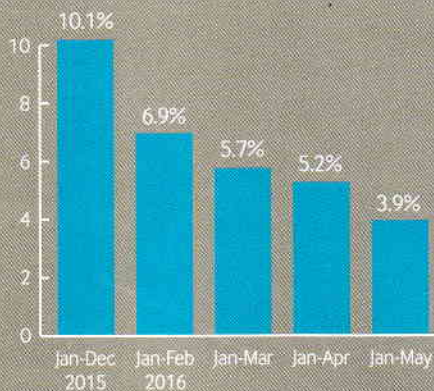
76.6 bln yuan

Outstanding loans extended by China Exim Bank for energy-saving and environment-friendly projects by the end of 2015, a year-on-year increase of 44.75 percent

Fixed Assets Investment in China Jan-May (tn yuan)



Growth of Private Fixed Assets Investment in China (y.o.y)



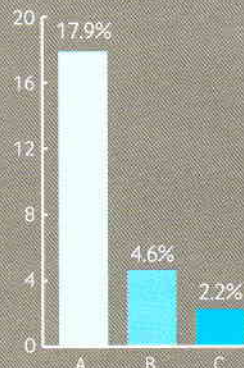
Private Fixed Assets Investment by Industry Jan-May

Amount (yuan)



- A Primary industry (Agriculture, forestry, animal husbandry and fishery)
- B Secondary industry (Mining, manufacturing, construction, and electricity, thermal, fuel gas and water production and supply)
- C Tertiary industry (Services)

Growth (y.o.y.)



(Source: National Bureau of Statistics)

\$12.5 bln

Net foreign exchange transactions registered by China's banks in May, a month-on-month decrease of 47 percent

25%

Expected proportion of Volkswagen China's electric vehicle output of its total output by 2025

3.6 bln tons

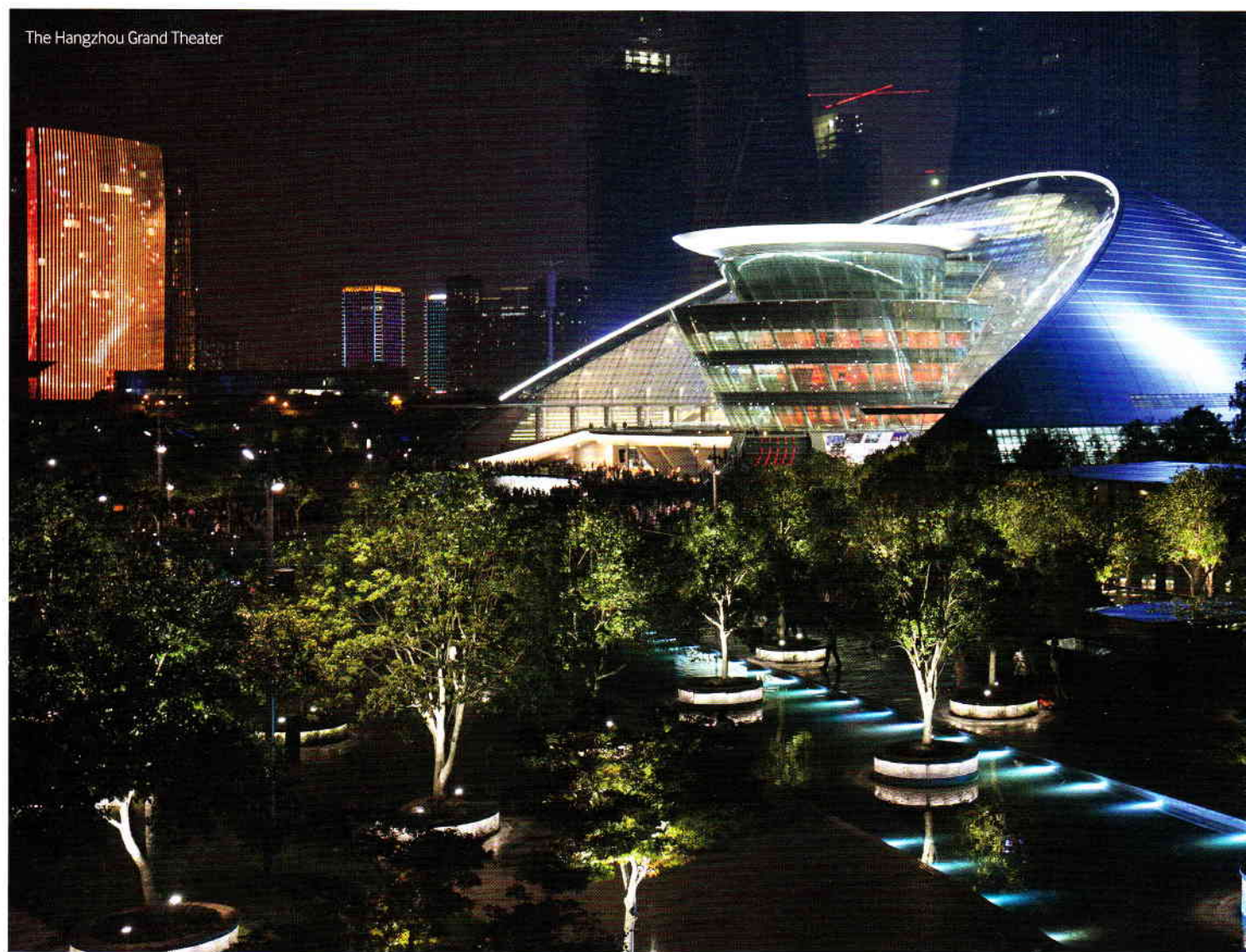
The reduced amount of carbon dioxide emissions through energy-saving efforts by China from 2005 to 2015

5,000 units

Expected annual output of electric buses by Chinese electric-vehicle maker BYD Co. Ltd. from its new commercial vehicle factory in Qingdao, Shandong Province

Hangzhou: A Beautiful Venue For the G20 Summit

An exploration of this ancient yet modern city By Jiang Wandu



Summer in Hangzhou, the capital of east China's Zhejiang Province, is exceptionally hot and humid, owing to its geographical location and many crisscrossing lakes and rivers. The city feels even hotter this year due to the comprehensive preparation for the upcoming Group of 20 (G20) Summit to be held in early September. Roads are being rebuilt, causing dust to swirl through some communities. Public facilities and tourist sights are being renovated and repainted, while security has inevitably been tightened.

Following the 2015 G20 Summit in Antalya, a Turkish city on the Mediterranean coast, China was chosen to host this year's summit in accordance with the organization's rotation system. China has experience in organizing large-scale international events, including two APEC economic leaders' meetings, the Olympic Games in 2008 and the World Expo in 2010. Though, why was Hangzhou chosen instead of more

cosmopolitan cities such as Beijing or Shanghai? Asking a random selection of locals, one may find that some suggest that it was selected due to the city's strong economic performance, good infrastructure or abundant cultural resources. But a clear consensus emerges pointing to the city's natural beauty is its ultimate charm.

Idyllic view

Traveling around different cities and the countryside in China, you may find that Hangzhou was made to meet photographers, professional or amateur, who are often busy snapping up almost everything they encounter. A city of hills and lakes, the unique topography endows Hangzhou with a picturesque landscape. The center of this beauty is Xihu, the West Lake. Despite its name, it's located in the middle of the city, with the entire scenic area covering 49 square km. Famous historical sites and scenic spots, such as pagodas, temples and botanic gardens surround the lake. Ever since the local government decided to abolish entrance tickets to the West Lake in 2002, the local service sector has been booming. A cluster of tea houses, cafés and restaurants on the lake's shore provide spectacular views as well as food and drink. Many of these elegant buildings are enjoyed by locals during misty rain showers and sunset glows.

Aside from the lake, the Grand Canal is also classified as a UNESCO World Heritage Site, bearing both natural and historic significance. Built 2,400 years ago to connect Beijing and Hangzhou for water transportation, the 1,974-km Grand Canal is a miracle of ancient engineering. It still functions as a water traffic channel, and a boat tour on the river leaves one exposed to heavy barges loaded with construction materials and agricultural products. At nightfall, the mixture of traffic on the neon-illuminated river banks and the horn-trumpeting barges on the river reminds people of scenarios centuries ago when Hangzhou was just becoming a prosperous business hub in south China.

Apart from various tourist options, there are ideal sites for a short escape from the hustle and bustle of larger cities. Many wetlands lie near the city or in adjacent areas. The Xixi National Wetland Park is the largest and is famed for its marvelous scenery, changing from season to season. There are also a variety of resorts built in the city.

Lovers of green tea will find Hangzhou

particularly rewarding. West Lake Longjing is the No.1 brand of green tea in China, well known for its delicate fragrance and crystal green color. Thanks to its natural climate, Hangzhou boasts a number of tea-planting areas, the most famous of which used to send tea directly to the royal families of ancient China. These places are now tourist spots, where visitors may taste and purchase tea and even pick leaves during the harvest season. Since West Lake Longjing is grown in a limited quantity every year and the demand is huge, prices are high.

Cultural heritage

Hangzhou is a suitable place to learn more about Chinese history. The city was built over 2,200 years ago and was one of the seven ancient capitals of China, leaving behind a vast range of cultural heritage, both tangible and intangible. Over 100 museums are spread across the city, including the large Zhejiang Provincial Museum and Hangzhou Museum. There are also numerous themed museums in small neighborhoods, discreetly tucked away from regular tourists. These gems can be unearthed by the more earnest travelers.

Since Hangzhou is known as the land of tea and silk, the tea and silk museums are big draws. Equally famous worldwide is the Hangzhou brocade of richly decorative fabrics made from colored silks. The museum of the Hangzhou brocade, named after Du Jinsheng, the brocade entrepreneur, provides different samples as well as history and art. The secrets of the Chinese technique eventually spread west via the ancient Silk Road. Even today, brocade is used as a state gift. It was given to former U.S. presidents Bill Clinton and George W. Bush by their Chinese counterparts.

Visiting the porcelain museum is also a must in Hangzhou. As the capital of the Southern Song Dynasty (1127-1279), the city witnessed not only the political gloom of the defeated court and emperors, who had established the capital in Hangzhou after withdrawing from north China, but also the extravagant lifestyle of royal and noble families. Consequently, elegant porcelain wares were in great demand. The history of ceramic production can be found in the Southern Song Royal Kiln Museum.

These museums demonstrate Hangzhou's many special contributions to China's social development. The China Finance and Taxation Museum was built on a hill overlooking the West Lake and may be the only museum of its kind dedicated to the long history of China's financial system. War bonds and debt certificates from the early 19th century are well preserved, reminding people of the economic deprivation many faced and how governments were humiliated by an empty treasury routinely laden with foreign and domestic debt.

There are also museums dedicated to Hangzhou's history as a manufacturing base of tools and weapons. The China Knife, Scissors ▶▶



Group of 20

G20 members include 19 individual countries—Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, South Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States—and the EU.



and Sword Museum underlines this history. In ancient times, locally made swords were the favorites of generals. Nowadays, the scissor brand Zhangxiaoquan is still chosen as a gift or souvenir by Chinese tourists. There is even a museum of Hangzhou cuisine, reflecting its status as one of the eight cooking systems within traditional Chinese gastronomy. The typical Hangzhou food exhibited in the museum resembles actual food so well, visitors are left in want of a good restaurant.

Comfort and convenience

China is a large country that still has a prominent level of economic disparity between its more developed east and less developed west. Income diversity in different regions remains stark. Hangzhou and its province of Zhejiang have traditionally been affluent, with statistics showing per-capita GDP of 112,268 yuan or \$18,025 in Hangzhou in 2015, much higher than the national average of 49,351 yuan or \$7,924. The prosperous economy has given many locals a comfortable life. Statistics show the service sector contributed 74.6 percent of Hangzhou's GDP growth in 2015.

Hangzhou is a convenient travel destination for domestic and foreign visitors. There are a multitude of international hotels and cozy boutique inns, with prices that cater to budget and luxury travelers, and everyone in between.

The chance to sample local delicacies also helps draw the crowds. While some luxurious restaurants provide formal dining and banquet feasts, some small streets flanked by eateries are ideal places for foodies. The wide range of food choices on offer and reasonable prices appeal to both locals and visitors.

Hangzhou is also a transport hub in China.

The nearby Xiaoshan International Airport has direct flights to several foreign cities including Amsterdam, Doha, and Seoul as well as many domestic flights to cities such as Beijing. Hangzhou's two train stations also link the city to every region in China.

Within the city itself, one can take the metro, taxi or bus at reasonable prices. Many places also offer bicycle rental free for one hour and at a minimal cost thereafter.

Open and innovative

People in Hangzhou are proud of the spirit the city is creating. The Museum of the West Lake International Expo, about the event held from June to October 1929 that attracted over 20 million visitors from home and abroad, showcases the fledgling industry of the time and the international attention it garnered.

Hangzhou has become almost synonymous with mega-companies, such as e-commerce giant Alibaba and Geely Auto, a leading Chinese carmaker that owns Volvo. Thousands of smaller, highly innovative enterprises are also headquartered in the city.

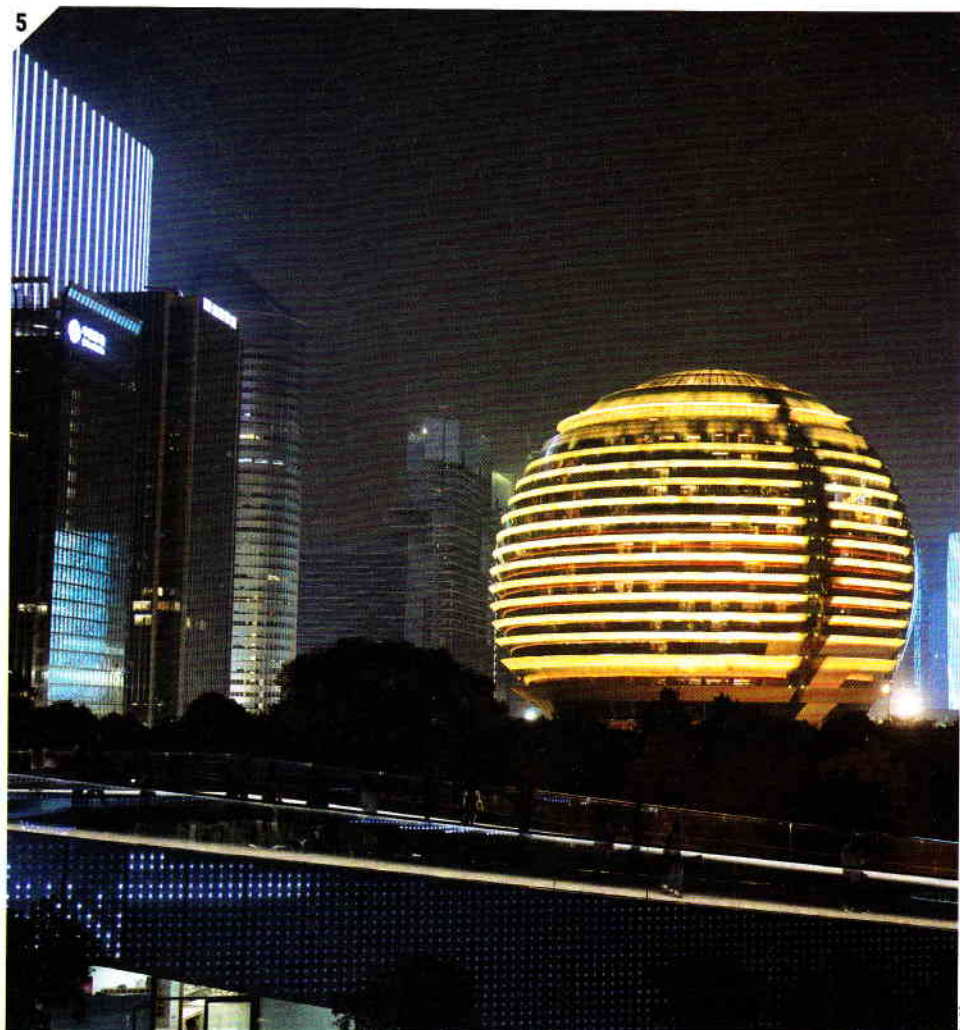
Recently, Hangzhou has developed into a regular venue for national and international conferences, exhibitions and fairs. Locals tend to know well the city's past and present. They often speak of the Italian businessman and traveler, Marco Polo, who visited China in the 13th century and spent many years here. Upon returning home he wrote, "It is without doubt that the finest and most splendid city in the world is Hangzhou." ■

Copiedited by Dominic James Madar
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1. The China National Tea Museum
2. A driver has an electric car charged in Hangzhou
3. Qingzhiwu, a street full of cafes and restaurants
4. The Leifeng Pagoda in the West Lake scenic area
5. The Hangzhou International Conference Center on the bank of the Qiantang River



Understanding China Through Keywords

Learning keywords is one of the best ways to keep abreast of the latest developments in a country. The China Academy of Translation, a research institute affiliated with the China International Publishing Group, the country's leading international publisher, regularly analyzes prevailing Chinese terms in various sectors and translates them into a number of foreign languages ranging from English to Arabic. In each issue, *Beijing Review* presents a selection of these keywords to help readers know more about China.

Democratic centralism

Democratic centralism is a fundamental principle that guides the exercise of organizational and leadership responsibilities in China's governance structure. It calls for a fully democratic process in collective deliberation that ensures the unrestricted expression of wishes and views of the people and the collection of useful ideas and suggestions. Decision-making is done collectively on the basis of such a process, so that people's expectations and needs can be satisfied. Democratic centralism also calls for respecting the opinions of the majority while protecting minority rights. It rejects anarchic democracy on the one hand and any tendency to allow the will of a single individual to override collective wisdom on the other. It defines the relationship between officials and the public, between superiors and subordinates, between parts and the whole, and between organizations and individuals. Ultimately, it is vital for the unity of the Communist Party of China (CPC) and the nation in the furtherance of China's goals.

Regional ethnic autonomy

China is a multiethnic country, a union of 56 ethnic groups that have been recognized by the Central Government. The Han ethnic group has the largest population, while the other 55 are minority groups. Compared with various approaches to ethnic issues in other nations with multiethnic makeups, China's approach focuses on regional ethnic autonomy. Under the leadership of the Central Government, self-governance is exercised in regions with large ethnic minority populations, where local affairs are administered by local autonomous governing bodies. Regional ethnic autonomy is a basic component of China's political system.

The policies of the CPC and the Central Government on regional ethnic autonomy were codified into law and promulgated on May 1, 1984 as the Law on Regional Ethnic Autonomy. The law was revised on February 28, 2001 in response to new developments. There are currently 155 ethnic autonomous areas in China designated in accordance with the Constitution and law—five autonomous regions, 30 autonomous prefectures, and 120 autonomous counties.

Community with a shared future

Building a community with a shared future is one of the key ideas proposed by Chinese President Xi Jinping. By the end of May 2015, he had spoken about this topic on more than 60 occasions. He brought up this idea for the first time in an address at the Moscow State Institute of International Relations in March 2013. "In today's world, countries are connected to and dependent on one another to a degree never seen before. We all live in the same global village, in a space where the past and the present meet, and in a community with a shared future in which everyone has a little bit of others in him- or herself," he said.

In his keynote speech at the Boao Forum for the Asia Annual Conference in March 2015, President Xi set out the principles for building a community with a shared future. He emphasized the need for all countries to respect one another and treat each other as equals, and cooperate in search of win-win solutions and common development. Achieving common, comprehensive, collaborative, and sustainable security, and maintaining mutually enriching and beneficial interactions among civilizations in a spirit of inclusiveness are also paramount. Earlier in March 2013 during his visit to Tanzania, he said that history shows that China and Africa have always found themselves facing similar odds. Similar historical experiences, common development tasks and shared strategic interests have bound them together.



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How Can Appropriate Law Enforcement Conduct Be Ensured?

China's urban management officers are responsible for keeping public spaces clear of unlicensed traders and in orderly condition for the traffic and public hygiene. In recent years, however, clashes between these officers and vendors in cities across China have been widely reported, and the law enforcers have earned themselves a negative image overall for sometimes acting violently when performing their duties.

This state of affairs, however, could take a turn for the better. In Zhengzhou, capital of central China's Henan Province, the urban management authority began this month to broadcast its officers' law enforcement activities live online. The intention is to make their conduct open to public scrutiny to reduce public misunderstandings.

While the clashes that occur between urban management officers and unlicensed vendors are not necessarily the fault of the former, the broadcasting of live images

would encourage both the officers and traders to act in accordance with the law, as transgressions will quickly be seen by a multitude of people nationwide.

The plan has been well received by the public, who applaud the transparency and openness brought by the live broadcasting of urban management work. It should go a long way to ensuring that law enforcers act appropriately to avoid public criticism, while at the same time acting as a deterrent to unlicensed traders.

Concerns have been raised, however, that the display will be selective and, therefore, present a picture not fully objective.

Good innovation

Liu Zhen (Anhui Daily): In the past, casual photographing, let alone live broadcasting, of urban management work by onlookers was often roughly stopped by the officers.

Urban management authorities keep saying that they are going to improve law enforcement methods and also the caliber of law enforcers. Urban management officers are ordinary people who don't want to be involved in violent clashes every day. Sometimes they risk their lives while carrying out their job. They don't want to be labeled as rude and inhuman. There is no lack of attempts to improve their work style. A complete change would be difficult to attain in a short period of time. The live broadcasting intends to present the whole law enforcement process to the public. This is a breakthrough in the effort to innovate new urban management methods.

With live broadcasting, abuse of power or wrongdoings will be seen by observers. Who would dare to use violence before so many people? This kind of public supervision will undoubtedly force urban management officers to mind their behavior. When they behave properly, we can expect to see growing trust and positive interaction between law enforcers and breakers.

The live broadcasting provides the best means of proving one's innocence. Without video recordings, when clashes break out, street traders tend to win more sympathy than urban management officers, as they are looked upon

as being in a relatively disadvantaged position. People feel indignant about violent law enforcement, but they neglect the fact that urban management officers also face all kinds of danger that may arise from the violent acts of some unlicensed vendors.

It is acceptable to ask for civilized law enforcement, but this should be based on facts. Live broadcasting can provide the public at large with immediate, complete and genuine images. It will offer supervision over law enforcers and, at the same time, a way for them to prove their innocence when controversies arise. The more open and transparent the practice is, the more it protects both sides.

Live broadcasting can also help the management of street traders. When shown recordings of unlawful activities, or when subject to public criticism for illegally occupying public spaces, most unlicensed traders will confess their wrongdoing and correct it immediately. If traders are found to be misbehaving, the public will put them under pressure. This will have an even greater impact and be more effective than confiscating their goods and imposing fines. They will change their behavior, which will help improve the urban environment.

Zhengzhou is not alone in exploring new approaches in urban management. This April, urban management officers in Xuanwu District in Nanjing of Jiangsu Province began to use aerial photography to record their law enforcement activities. In the Information Age, when civilized law enforcement is widely expected, innovation in urban management practices can make the work more efficient and effective.

Wang Liping (www.eastobacco.com): Broadcasting the law enforcement process live on the Internet makes it possible for the vast number of Internet users to know clearly what is happening. This is a good attempt to improve urban management.

The recent years have seen too many clashes between unlicensed vendors and urban management officers. These officers are often seen as overbearing and rude. The lack of restrictions on, and effective supervision of, their behavior often leads to violent law enforcement.

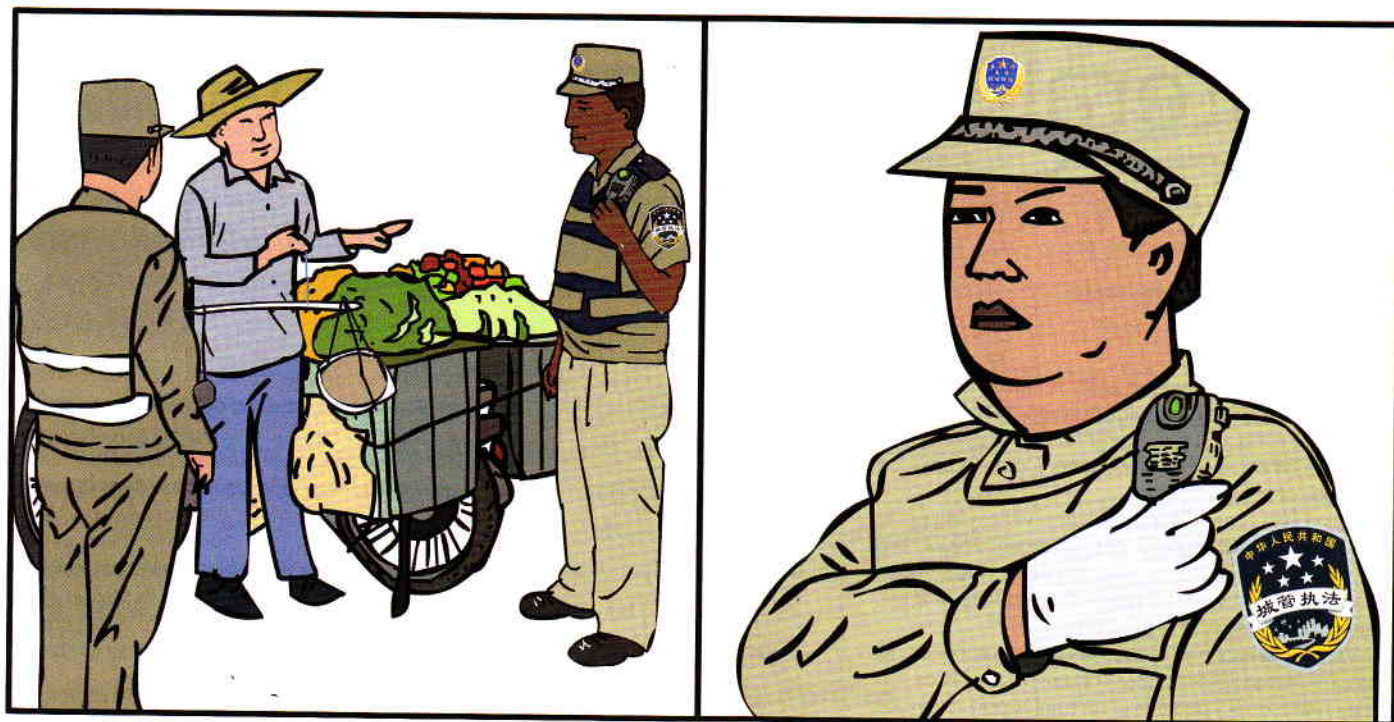
The fact that urban management authorities have agreed to make their work open and

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transparent to the public implies a commitment to carrying out the work in a more civilized way in the future, as they will be subject to public supervision.

Unlicensed traders, meanwhile, knowing that they will also feature in broadcasts, will try to correct their mistakes and cooperate with urban management officers.

Live broadcasting the work of urban management officers, therefore, is a recipe for eradicating stubborn problems such as violent law enforcement and violent resistance by unlicensed traders. Consequently, we can expect to see a higher level of urban management and a better image of urban management officers.

Li Li (www.china.com.cn): Nowadays, some law enforcement departments feel offended when people photograph them working, and they even resort to violence toward the photographers. So, as Zhengzhou's urban management officers begin to broadcast their work live online, they are throwing themselves into the limelight.

Live broadcasting can reach a wide audience. The whole process is presented clearly to the audience, and when disputes arise, the video can provide hard evidence.

Law enforcement should be able to withstand the test of being observed. Broadcasting such activities live online marks a great leap forward.

Faced with mounting criticism from the public and misunderstanding of their work, urban management officers in Zhengzhou came up with the idea of live broadcasting as a way to improve their work style. Apart from restraining urban management officers, the broadcasting will also serve to restrict street traders' behavior.

Open and transparent law enforcement should be ensured by improving the oversight system. When urban management is made subject to effective public supervision, who is right and who is wrong will be clear.

Doubts remain

Wang Juan (www.eastobacco.com): The live broadcasting has been put into practice to push forward transparent law enforcement, so that urban management can be better understood. Whether it is the proper approach, however, remains to be seen.

After all, its involvement of so many people and all kinds of resources will be expensive, and so live broadcasting every encounter between urban management officers and street traders will be impossible. It is likely that only some selected cases will be broadcast online, and such filtering may mean the presentation is not very convincing or fair.

As the cameras are in the hands of the urban management officers, they are already

prepared for the live broadcasting. By contrast, street traders are not ready, and so they may feel uneasy and respond inappropriately.

Live broadcasting is not the most important thing. What really matters is the removal of rude law enforcement practices in places where cameras cannot reach. The public only hopes urban management officers act in a civilized manner and in accordance with the law.

Tao Liyang (www.jxnews.com.cn):

Conflicts between urban management officers and unlicensed traders have long existed. To broadcast interactions between the two sides live online can deter both law enforcers and traders. But this is still not a fundamental way of solving the problems between the two groups.

Moreover, even unlicensed traders' legal rights must be well protected. However, exposing law enforcement activities to the public might infringe upon the privacy of the traders involved.

It is important to ensure civilized law enforcement by urban management officers, even if that means opening up the whole process to public inspection by live broadcasting. At the same time, while this innovation in law enforcement is welcome, it must be prevented from becoming a publicity stunt. ■

Bilateral Relations Intact Amid Debt Issues

By Lan Xinzhen



The international community is ablaze with questions as the economic situation deteriorates in Venezuela. Will the country default on its debts? What will China—one of Venezuela's top creditors—do in the face of this dilemma?

China has already consulted with Venezuela on its debt issues. While it's natural for the former to be worried about the latter's problems, reaching the conclusion that these issues will twist the relationship between the two countries is a stretch.

Venezuela is one of the world's top oil producers. Its economy is heavily dependent on oil exports, as oil revenues make up 95 percent of its total export revenues. While the world was focusing on the impact of plunging oil prices on Russia amidst the Ukraine crisis, the blow to Venezuela seems to have affected it even more—Venezuela's economy has fallen in tandem with oil prices.

Worse still, sharply shrinking oil revenues have made it almost impossible for the country to afford imports that are needed to maintain people's living standards and methods of production. Venezuela is now suffering from the most severe inflation and economic recession in Latin America.

Against this backdrop, the international community has expressed doubts on Venezuela's capacity to repay its debts. As a matter of fact, the country has not defaulted yet and is continuing to pay off its dues as usual. However, there is a possibility that its capital chain may break, amplifying the possibility of a default. Venezuela has stated more than once that it will not default, adding that it has large gold reserves as a backup. However, the fact that it is the 16th largest gold holder in the world is not enough to disperse the international community's suspicion.

According to open announcements, Venezuela owes other countries a total of \$123 billion, of which \$65 billion is owed to China. Foreign debts amounting to \$10 billion are due in 2016, of which \$6 billion belongs to China.

China and Venezuela define their relationship as a comprehensive strategic partnership, covering cooperation in political affairs, economy and trade, science and technology, culture, finance, etc. Given the strong relationship between the two countries, we have reason to believe that the debt issue is just a temporary problem in the bilateral economic and trade relationship—one that is unable to affect their

partnership in the long term.

To begin with, Venezuela's debt issues are due to slumping oil prices—a global issue, not one unique to Venezuela. China offers Venezuela loans on the basis of oil procured from the country, so China does not need to worry about whether or not the latter will pay off its debts.

In addition, China will not give up Venezuela over economic problems, and is able to lend its friend a hand at this critical juncture. With help from China, this crisis is likely to provide an opportunity for Venezuela to change its economic structure.

In recent years, China and Venezuela have seen a series of tangible cooperation outcomes in terms of energy, infrastructure, high technology, manufacturing and finance. In particular, programs involving housing, emergency power plants, construction materials, auto making, and cellphone production, have gradually seen development. The social and economic benefits brought about by these programs have favored people in both countries. If both nations were to expand their collaboration into more areas and on larger scales, it would be possible to change Venezuela's energy-dependent economic structure.

Furthermore, the two countries have already started discussions on debt restructuring. If China restructures its loans to Venezuela, it will help release a cash equivalent of 650,000 barrels of oil every day, which would greatly reduce the pressures incurred by a cash shortage in Venezuela and help it increase vital market supplies. This scheme also conforms to China's interests in the long run.

Finally, all walks of life in Venezuela hold friendly attitudes toward China, believing China's investment and technology are essential to Venezuela's development. No matter which political party in Venezuela comes to power, as the priority is to develop the economy and improve people's living conditions, it will not shun a mutually beneficial relationship with China.

As far as China is concerned, it's therefore more important to carry out cooperation with Venezuela in more areas and to help it recover and renew its economy, than to worry about it defaulting on its debts. ■

If China and Venezuela were to expand their collaboration into more areas and on larger scales, it would be possible to change Venezuela's energy-dependent economic structure



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