

BEIJING REVIEW

CHINA'S GOLDEN MOMENT

*Olympic team
quietly optimistic of
its chances at the
Athens Games*



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RUSSIA'S OIL PIPELINE SAGA

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Can China Outdo Itself?

By LI JIANGUO

China has consistently performed among the top nations since the 1984 games in Los Angeles thanks to a well-funded state training system. Success in the coming premier world sports games would be no surprise.

The games this summer will be held in Athens, Greece, home to the first games some 28 centuries ago, and the second modern games the nation will host. China, Germany, Russia and the United States are regarded as the major potential gold medal winners. But China's feat in the Sydney Games four years ago, in which it nabbed 28 first place medals, seems a difficult accomplishment to repeat.

Since Sydney, national training administrators have been focusing on three major sports—track and field, swimming and water sports. The progress made in the last three years can hardly be termed as breakthrough, though.

Not much can be expected from track and field. The only gold medal the country pocketed was in the walking race in 2000, in which chance seems the biggest determinant. Can good luck smile again on this nation so eager to prove itself to the world?

Swimming attracts more attention, as several women in the breaststroke, 200-meter freestyle and medley relay competed well with other countries during the last games. But they seem to lack the spirit they did in recent competitions, which spells trouble when going against the world's best.

Though China has made progress in water sports, like kayaking, it still lags behind the world's top performers. Even a few career performances by some of its athletes cannot guarantee a gold medal for this event.

So the squad holding the gold star-studded crimson flag will succeed in mining for gold in only traditional sports in Athens this summer. These include shooting, gymnastics, diving, table tennis and badminton. But by Chinese athletes outperforming the world in these events during the last games, we can expect the athletes of other nations to be on the offensive this time.

China has set a goal of 21-24 gold medals. Only good fortune in weaker events could push that figure up.

But medals are not the only thing on the athletes' minds. Beijing is to host the global sports event in 2008. The Athens Games will also provide experience for a new crop of athletes, of whom more and more have increasing access to world-class facilities. ■

Have a comment, complaint or question? *Beijing Review* welcomes your feedback. E-mail our editorial team at contact@bjreview.com.cn or write to us at *Beijing Review*, 24 Baiwanzhuang Lu, Beijing 100037, China. Letters may be edited for length or content.



XINHUA/REUTERS

Hostage Freed, Terror Remains

Following Iraqi militants' release of **Angelo de la Cruz**, a Filipino truck driver working for a Saudi company, celebration and tears erupted in his hometown.

The 46-year-old father of eight, who had been held captive for two weeks, was dropped off in a car in front of the United Arab Emirates Embassy in Baghdad less than 24 hours after his government gave in to kidnappers' demands and withdrew the last of its 51 troops stationed in Iraq on July 20, a month ahead of schedule.

But the Philippine Government's decision to acquiesce to the abductors' threats to prevent the beheading of the captive has drawn sharp rebukes from the U.S., Australian and Iraqi governments, saying it would only fuel the rash of international hostage takings that has plagued Iraq since April.

More than 60 nationals from countries involved in the war or reconstruction or not have been taken hostage in recent months. There are fears that the Philippine Government's response would encourage more kidnappings and prompt governments of other countries to think twice about sending, or keeping, their soldiers or civilians in Iraq.

Soon after Cruz's release, his kidnappers—the Khaled Bin al-Waleed Brigade—took aim at Japan, demanding it pull out its 500 troops currently in the relatively calm south Iraq for medical and reconstruction duty.

When confirming the release during a nationally televised address, Philippine President Gloria Arroyo said she was looking out for one of the 8 million Filipinos who work abroad because of poverty and unemployment at home. Arroyo said it was national interest that prompted her decision, as well as an answer to her people's demand for the life of Cruz.

But in a clear effort to patch up any shaken foreign ties, President Arroyo stressed that the Philippines would continue to honor its international commitments.

“I am fine and relaxed. I am extremely happy to be free.”

Angelo de la Cruz

“A ngelo has become a Filipino ‘everyman,’ a symbol of the hardworking Filipino seeking hope and opportunity. Angelo was spared, and we rejoice.”

Gloria Arroyo
President of the Philippines

“N ow all's happy. If the government didn't deal with the rebels, imagine what would have happened. What is important is the life of a person.”

Celso de Guzman
President of Manila-based Maritime Technological and Allied Services

“A ll of us know that if you appease terrorism, you will sooner or later fall victim to it or be taken over by it.”

General John Abizaid
Top U.S. military commander in the Middle East and Afghanistan

“I understand her [President Arroyo] dilemma. I don't agree with her decision. I don't believe that you can negotiate with terrorists. I don't believe in the long run it is going to buy the Philippines any greater immunity from future terrorist attacks.”

John Howard
Australian Prime Minister

“T he best way to deal with terrorists is to explain to those terrorists that they can never win, that no matter how cruel, how wicked, how many acts of brutality they commit, they will not succeed.”

Alexander Downer
Australian Foreign Minister

Thoughts on 'As Beijing Does'

I greatly appreciated reading the article, "Do in Beijing as Beijing Does?" (in Issue No.28 of *Beijing Review*, July 15). As an American who has been traveling to Beijing since 1997, I have often had to face such differences in what is accepted as polite modes of behavior in public spaces.

This article addresses the problem of the continuance of such selfish behavior rather well, as demonstrated in the story of Mr. Zhou, and the role that foreigners visiting China play in this problem. Yet it seems that this type of behavior disregards what in the West is usually called public space and public resources, as being the norm in China. Consequently, one might argue that there is a different ethical universe in China than in the United States and Europe, at least as far as public behavior and use of resources is concerned.

While the article urges us all to be role models, rather than take advantage of the current situation for our own benefit, it has not addressed what is the foundation of this typical Chinese behavior. I think that until we understand how this other set of behavior is not understood as being unethical, we cannot find a suitable method for altering this mindset.

In this article the author mentions that his parents also tried to persuade bus passengers to queue up, and give seats to those who needed it more than they do. I would ask: How did your parents come to feel and act differently than all of their neighbors? Did they receive a different education?

Shannon May
Berkeley
United States



PHOTOGRAPHIC AMBASSADOR July 18, visitors admire photos of Chinese landscapes and city scenes in Cairo, Egypt. An exhibition entitled 'Splendid China' is giving Egyptians a glimpse of contemporary China.

MAKING MEN OUT OF BOYS July 18, boy scouts march in a tropic rain forest in Hainan Province. A total of 31 children aging from 7 to 15 are taking part in the first boy scouts practice camp activities held by the island province's boy scout club.

OPINIONS

Consumers Should Decide the Fate of Brands

Xinhua News Agency reported that the color film of China Lucky Film Corp. was not listed in this year's "China Famous Product Assessment Catalogue," because, according to those who compiled it, the prospects of the color film market are not very bright. And the company's cooperation with Kodak indicates that it is no longer a purely state-owned enterprise.

However, some people, asking who should decide whether a product should be a national brand, have opposed these reasons. The market economy tells us that only when a product achieves a few basic standards, for example, is competitive and has outstanding Chinese cultural characteristics, does the product sell well and consumers identify with its quality and brandname, can it become a national brand. It is obvious that, among these standards, the most important is consumer recognition.

The market is ultimately a consumer's market, not some expert or government market. Consumers should have the last say.

Workers' Daily

Apology Is a Moral Responsibility

On July 7, a hostage situation in Changchun, Jilin Province, ended with the death of both the hostage and the criminal. This has soured relations between the local police and the hostage's relatives.

The relatives considered the Changchun police's rescue tactics improper. But according to information at hand, the death of the hostage cannot be put entirely on the police. Although it is not directly the law enforcers' fault that they failed in their rescue attempt, they should bear the moral responsibility. An open apology would do just that. However, the police have exculpated themselves and have not apologized to the hostage's relatives or the public.

It is the duty of the police to enforce the law. The death of a hostage constitutes a failure in completing this task. The fact the Changchun police have yet not apologized to the public shows that they disregard this responsibility.

The Beijing News

LESS FUN IN SUMMER



July 20, over 10,000 local citizens and tourists rush to a beach in Qingdao, a famous summer resort in Shandong Province, to cool off in the high temperature.

China faces a heat wave and large rainfall this summer. High temperatures also cause serious electricity shortages in many cities, especially Beijing, Shanghai and Guangzhou.

Since early July, some provinces and regions with big rivers, such as Henan, Hunan and Guangxi, have been threatened by storms. Some areas were even hit by floods, landslides and mud-rock flows. The country is mobilizing people and local governments to fight the disasters, and transfer aid to those areas.

Meteorologists pointed out that China could be affected by the weather abnormality and should be on high alert to drought and water shortages in southern areas, while the north faces waterlogging. They predicted that the average temperature in China might rise by 1.7 degrees centigrade during 2020-30, and suggested the government make preparations for challenges arising from weather changes.

POLITICS

Floods Kill 381 China has experienced the strongest rainfall in July and consequent floods have seriously stricken some regions, said the State Flood Control and Drought Relief Headquarters.

By July 20, a total of 3.07 million hectares of crops and 45.74 million people were affected by flooding. A total of 381 people were killed, while another 98 were missing and 197,000 rooms collapsed. The direct economic loss reached 14.85 billion yuan (\$1.79 billion).

Of the 381 victims, 288 are killed by flood, mudslide and landslide, accounting for 75 percent of the total. The drainage area of the Yangtze River is a major flood-stricken area. Hunan, Yunnan, Henan, Guizhou, Hubei and Sichuan provinces and Guangxi Zhuang Autonomous Region are badly affected.

Coming Down Hard on Porn

The Chinese Government has launched a nationwide campaign to abolish online content deemed pornographic, said Cai Mingzhao, Vice Minister of the Information Office of the State Council on July 18.

Cai revealed that an official anti-porn website has received 22,000 online reports from the general public since being set up in June. Officials have confirmed that roughly 500 websites throughout the

country publish pornographic pictures, film clips and video messages.

Cai warned these websites to erase such content by the end of September or face cancellation of their licenses for business.

Delegation to Athens Unveiled

China will send a record 407 athletes to compete in 26 sports at the Olympic Games in Athens this August. The country aims to finish in the top three in the medal standings, said Deputy Mission Chief Li Furong on July 20.

"We have set two records this time," Li noted. "The first is the number of athletes and the second is the number of sports in which we will compete."

Li stressed that good results are just one of the two goals for the Chinese delegation. The other is to give Olympic experience to young athletes who are medal hopefuls in the 2008 Olympic Games, scheduled to be held in Beijing.

Reforestation Goals Announced

The Chinese Government has set a forestry coverage restoration goal from its current 16.55 percent to more than 19 percent in the next six years. Future goals include raising nationwide forest coverage to 23 percent by 2020 and 26 percent by 2050.

The announcement came at the first anniversary of the implementation of the resolution

on speeding up reforestation

Acknowledging environmental destruction as a main obstacle to sustainable development, the Central Government issued the resolution on speeding up reforestation June last year, citing the importance of the "harmonious relationship" between economic development and environmental protection.

Poor Population Grows

The number of impoverished Chinese, those with less than 637 yuan (\$77) in annual income, rose by 800,000 in 2003. This is the first time the number has increased since the late 1970s, said Liu Jian, Director of the State Council Leading Group Office of Poverty Alleviation and Development.

In 2003, according to official statistics, the number of inadequately fed and clothed poor was 29 million, 3 percent of Chinese population. Due to serious natural disasters, the number of poor population in Henan, Anhui, Shanxi and Heilongjiang provinces increased by 2 million in 2003, driving up the national total, explained Liu.

This year, China is facing new challenges in poverty reduction, among which increasing the income of farmers has been deemed the most urgent, said Liu.

More Diplomatic Files

Declassified China's Foreign Ministry opened to the public a batch of 5,024 diplomatic files



RAINS ADDING UP TO FLOODS July 20, soldiers form a chain to move sand bags to reinforce a dam on Lihe in Wuyang Country, Henan Province. Continuous rainfall hit the area in mid-July, flooding areas around the river.

on July 19.

This batch of files, which are primarily diplomatic-related documents dating between 1949 and 1955, record telegraphs between China and other Asian countries on mutual political recognition, the establishment of diplomatic relations and ambassadorial appointments. They also include some of Sino-U.S. consular and ambassadorial documents, records on Geneva and Asia-Africa conferences and files on the Bandung conference.

China declassified diplomatic files for the first time this past January. More declassified files will be gradually opened in chunks, according to ministry sources.

RETRACING THE SILK ROAD July 18, Russian girls participate in a parade at the opening of the 2004 Silk Road International Garment Festival in Urumqi, Xinjiang Uygur Autonomous Region.



CAT FIGHT July 18, a lion slaps a tiger in a pool at a Nanjing zoo. The lion eventually kicked his challenger out of the cool water into the stifling summer heat.



ECONOMY

Hot Sectors Cooled China has effectively curbed the breakneck growth of its credit and investment sectors and is making progress on the structural adjustment of other overheated sectors, said Zhu Hongren, an official with the National Reform and Development Commission on July 20.

According to Zhu, soaring prices of raw materials and the expansion of the steel, aluminum and cement sectors have been checked. However, while the output of coal, oil and electricity is steadily rising, there are still shortages.

Zhu warned other fundamental problems in the economy still remain, including staggering fixed assets investment and an improper investment structure.

HK Official Hails Coop

Hong Kong Chief Secretary for Administration Donald Tsang said on July 19 that the Pan-Pearl River Delta (PPRD) development would offer many opportunities for Hong Kong's industrial and commercial circles.

Tsang said at a symposium that the PPRD region is a very important manufacturing base and consumer market, and stressed Hong Kong has advantages in capital, financial services, information and marketing. He believes that Hong Kong will be a high value-added service center that could

lead the PPRD into the world market.

Tsang pledged that the Hong Kong Special Administrative Region Government would push ahead with regional integration.

Guidelines for Overseas Investment Ministries of commerce and foreign affairs jointly issued China's first industry-based guidelines for domestic enterprises' overseas investment on July 8, aiming to prevent "blind" investment and vicious competition in the overseas market as well as regulate the allocation of resources.

The guidelines cover agriculture, fishery, forestry, mining, manufacturing, service and other industries in 67 countries and regions, among which 23 are in Asia, 15 in Europe, 13 in Africa, 11 in the Americas and five in Oceania.

An official with the Ministry of Commerce said the selected countries are divided into five categories: friendly neighboring countries, countries with a compatible economic structure, major trading partners, strategic partners and members of major regional economic organizations.

Foreign Banks Gain Ground There were 100 foreign banks licensed to offer RMB service in China as of July 15, half of the total foreign banks operating in the country, according to statistics released by the China Banking



EYEBALL ATTRACTION July 19, business people from Baishan, Jilin Province, introduce local products to overseas Chinese entrepreneurs at an investment fair in Shenyang, Liaoning Province. More than 200 technical cooperative projects were launched at the event.

Regulatory Commission on July 19.

By the end of June, total RMB assets of foreign banks in China reached 84.4 billion yuan (\$10.2 billion), up 49 percent over the same period of last year. Their profits amounted to 267 million yuan (\$32.2 million) in the first six months of 2004.

China has lifted restrictions on forex business by foreign banks and plans to further open the RMB service market.

Mineral Water Festival An international mineral water festival is to be held in Baishan, Jilin on August 18-20, the city announced on July 19.

It will be the first event of this kind in the country. With the theme of "Baishan Mineral Water: A Health Source," the

festival aims to attract investment from home and abroad to develop Baishan's mineral water resources.

During the festival, visits and exploration tours will be arranged. There will also be business talks, an international forum, performances and sightseeing available.

Musical Showcase A concert sponsored by Buick Regal is to be held in Beijing's Zhongshan Concert Hall on July 27.

Renowned pianists Xu Zhong and Jose Feghali will each perform works, including the *Yellow River Concerto*, Mozart's *Piano Concerto K488* and Liszt's *Piano Concerto No.1*. Yang Yang, one of the most active conductors in the world, will conduct the concert. ■



TOOTIN' THEIR OWN HORN July 17, locals in Mile County, Yunnan sound out at a welcoming ceremony for tourists from home and abroad.

WANG CHANGSHAN



XIE HUANCI

FACES IN THE SAND July 17, a participant in the First Beach Culture Festival in Dalian, Liaoning, chisels his entry sculpture. The event attracted nearly 2,000 visitors to the opening ceremony.



TRADE ROUTE SECURITY July 20, military chiefs of Indonesia (center), Malaysia (right) and Singapore jointly launch the three-nation coordinated patrols in the Strait of Malacca, one of the world's busiest shipping lanes. The operation aims to combat piracy and terrorism in this vital passage in the Pacific oil trade. The International Maritime Board recorded 445 pirate attacks there in 2003, the second-highest since it began compiling data in 1992.

PRESIDENT-ELECTED July 20, Socialist Josep Borrell Fontelles addresses the European Parliament as its new President. Borrell was elected in the first round with 388 votes, beating both his Polish Liberal challenger Bronislaw Geremek (208 votes) and French Communist Francis Wurst (51 votes).

GERMANY REMEMBERS July 20, German Chancellor Gerhard Schröder, Dutch Prime Minister and European Council President Jan Peter Balkenende and German President Horst Köhler (left to right) walk by soldiers of the German armed forces on the grounds of the Ministry of Defense during a ceremony for new recruits in Berlin. Sixty years after a largely military conspiracy attempted to kill Adolf Hitler and overthrow the Nazis, Germany commemorates the executed plotters.





ZHAO PENG



XINHUA/REUTERS

VIGIL FOR FIRE VICTIMS July 18, local residents walk in a candle light tribute toward the school that was gutted in a fire in Kumbakonam, 320 km southwest of the southern Indian city of Madras. Around 90 children were burnt to death when a blaze swept through the private school on July 16.

◀ **JUDGEMENT ON BARRIER** July 20, the UN General Assembly votes overwhelmingly that Israel should obey a recent World Court ruling to tear down the barrier it is building roughly along the border of the West Bank and Israel proper. All 25 European Union countries supported the Palestinian-drafted measure. The United States, Israel and Australia were against the resolution.

ALLEGED MURDERER July 18, police officers of the Republic of Korea lead Yoo Young Chul out of a Seoul police station. The 34-year-old man was arrested on suspicion of killing at least 19 people in the past year.



XINHUA/REUTERS

FOREST FIRE BURNS ON July 19, a helicopter drops fire retardants on a foothill fire as it burns through the hills near Santa Clarita, California. Firefighters have been hampered by the steep terrain and the hot, windy weather.



XINHUA/REUTERS

Russia's Oil Pipeline Saga

A new pipeline to supply oil to China and Japan will soon be launched replacing former options

By FENG YUJUN

On June 30, Chinese Ambassador to Russia Liu Guchang met with Russian Minister for Industry and Power Engineering Viktor Khristenko in Moscow to discuss bilateral energy cooperation. During the meeting, Khristenko revealed that because of various domestic factors, especially environment concerns, the two long-discussed pipelines for Russia's oil transmission in the Far East, starting from Angarsk and leading to Daqing in northeast China and Nakhodka respectively, had been abandoned. After lengthy discussion, Moscow has basically deemed that the route from Taishet to Nakhodka is more feasible, said the Russian official, adding the Russian Government's final decision on the construction of the Taishet-Nakhodka route will be made this fall.

Khristenko's remarks brought an end to the arguments over the "Angarsk-Daqing Route" in China's favor and the

Japan-proposed "Angarsk-Nakhodka Route" that have continued since 2002. But it did not necessarily indicate a blow to China, as energy cooperation between Beijing and Moscow is very likely to usher in a new period hereafter.

China, Japan and Russia have become entangled in vying between the Angarsk-Daqing Route and the Angarsk-Nakhodka Route since 2002. Since the beginning of this year, Moscow had begun to consider making a final decision on the oil pipelines in the Far East. The Taishet-Nakhodka Route, proposed by Russia's Transneft Open Joint Stock Oil Transporting Co., is one of the substitutions for the aborted two routes.

It is actually an amended version of the Angarsk-Nakhodka Route. The modified route steers 225 km clear of Lake Baikal, avoiding possible environmental damages, backing 150 km to the north, compared with the Angarsk-Nakhodka

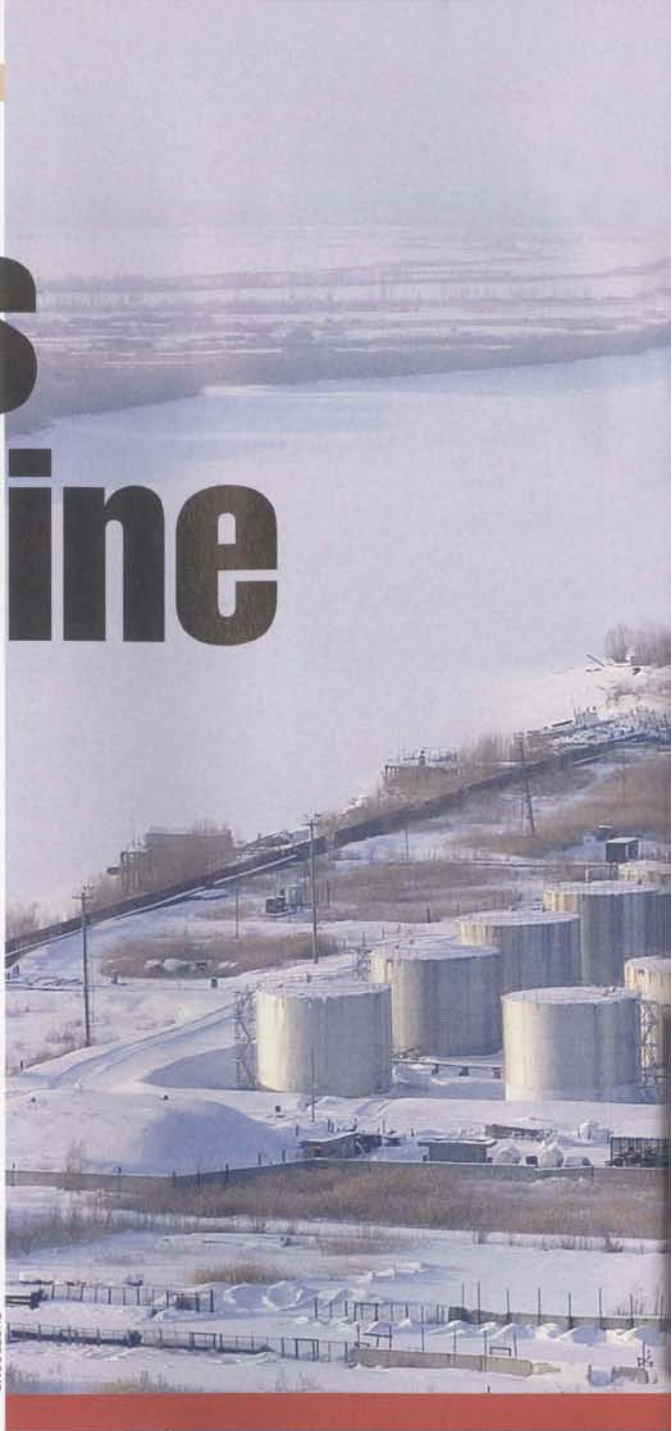


PHOTO: COME

Focuses of Action

In a recent interview with *Beijing Review*, researcher Feng Yujun talked about his proposals on the steps to facilitate Far East energy cooperation. Following are excerpts of his views:

Far East countries, like China, Russia, Japan and the Republic of Korea, should work together to strengthen multilateral energy cooperation and retain energy security, with an aim to build an energy cooperation mechanism in the region.

First, all countries work out their own energy strategies to pursue common benefits and avoid vicious competition.

The author is an associate researcher of the China Institute of Contemporary International Relations



ABUNDANCE: Russia is the largest oil supplier to the Far East region

Second, regional countries need to discuss the establishment of an organization similar to the International Energy Agency or the European Energy Charter to deal with energy security issues in Northeast Asia. Based on this, relevant countries can carry out cooperation on a series of issues, such as regional oil reserves, crude oil futures, transnational oil transportation, taxation, energy saving and efficiency increasing, regional natural gas trade and development of liquefied natural gas, exploitation and use of regenerative energies, protection of international sea routes and environmental cooperation such as

on air pollution in border areas.

And last, regional countries need to consult with Russia on energy cooperation as it is an important oil and gas supplier in the region. The construction of Russia's oil pipelines in the Far East should be laid, based on the framework of energy security in the region and be planned rationally and scientifically. Establishing a Northeast Asian development bank could be a choice to fund the oil and gas development and pipeline construction through international financing and connect the proportion of investment to the future import quota of Russian oil. ■

Route. Sergej V. Grigorjev, Vice President of Transneft, noted in May that when making the revision, his company not only took environmental protection into account, but also included the oil-fields, both developed and untapped ones, in eastern Siberia into consideration. The route is believed to fully conform to President Putin's indication of prompting development in Siberia and the Far East.

The Taishet-Nakhodka Route runs through almost all major oil- and gas-producing fields in eastern Siberia and the Far East, which is expected to integrate ►►



CURRENT OPTION: A Russian oil train passes through a border gateway to enter China. Russia is to export 6.4 million tons of crude oil to China in 2004

energy resources potential with the advantages of pipeline transportation and boost the development of the energy industry in those areas. When it is built, Taishet will become the distributing center for the oil produced in eastern Siberia.

Though the Taishet-Nakhodka Route is the only plan that the Russian Government is discussing in relation to oil pipeline construction in the Far East, Grigorjev admitted there is still great likelihood for the construction of a branch to China. The designed transportation capacity of the Taishet-Nakhodka oil pipeline is 80 million tons per year, of which 50 million tons will be routed to Nakhodka and 30 million tons to China. But the detailed location of the China branch has not yet been decided. The Taishet-Nakhodka Route is just 50 to 60 km away from China's border. Transneft President Semyon Vainshtock announced if the Russian Government made the decision, they would build pipes to China.

For Russia, the new route will maximize its national strategic benefits while taking oil exports to China and Japan into account at the same time. In the future, the country can export oil to Japan and the United States directly from the Nakhodka Port. It can also supply oil to the Republic of Korea and the Democratic People's Republic of Korea through building Vladivostok-originated

branch lines leading to the two countries and to China via a branch pipe between Blagoveshchensk and Daqing. So the Taishet-Nakhodka Route provides a clear roadmap for energy cooperation between Russia and China, Japan and other Asia-Pacific countries.

Although Moscow has not made a final decision on the construction of its oil pipelines in the Far East, its strategy is clear. It can be seen that Russia has paid more attention to oil exports to China. Russian Ambassador to China Igor Rogachev expressed in April that Russia would keep its pledges to China and other East Asian countries on energy cooperation projects. He reiterated that the Russian Government had never stopped study on the issue of exporting oil and natural gas to China and planned to inform China of its decision at the ninth prime ministers' meetings of the two countries, due to be held in the latter half of this year.

Russian Vice Foreign Minister Yury Fedotov stressed when visiting Shanghai in May that Russia was making various plans to facilitate the Russia-China energy cooperation.

Minister Khristenko also declared in his June 30 talks with Ambassador Liu Guchang, that building a crude oil pipeline leading to China has been affirmed in Russia's energy strategies for

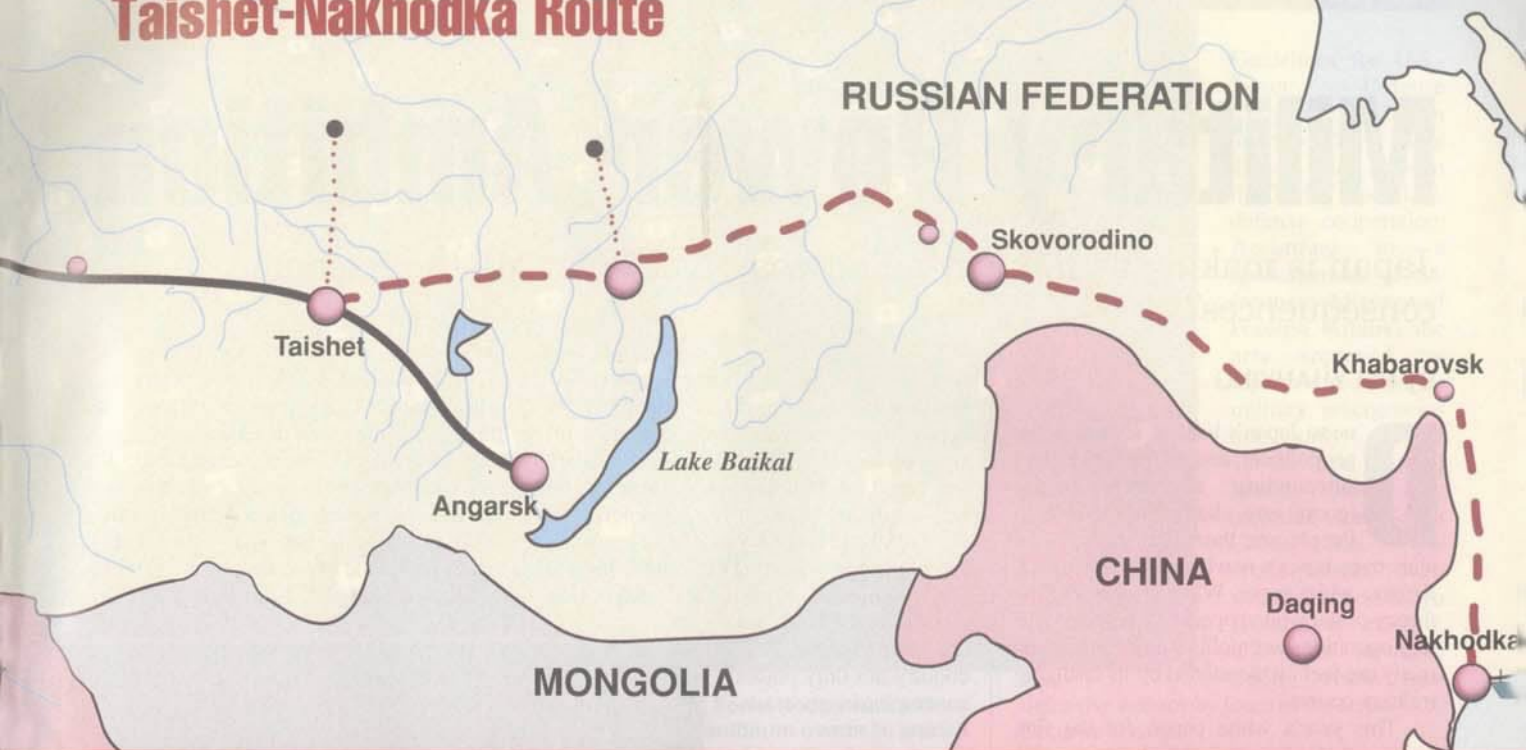
2020. After the approval of the Taishet-Nakhodka Route, he said, Russia and China can begin to negotiate on the construction of its China leg. He also noted that Russia is a country with abundant oil and gas deposits and huge production, while China has a stable and vast market, which serves as a reliable basis for their energy cooperation.

Realistically speaking, oil cooperation between Russia and China cannot avoid the interference of the Japan factor. The competition between China and Japan in recent years over the route of Russia's oil pipelines in the Far East reflects the integration of the world energy market in a time of globalization. But if more geopolitical elements are taken into account in the energy ties among the three countries, tripartite cooperation is a solution to the current problems.

In a globalized world, oil security of one country is part of world oil security. Against this background, oil prices in one country are interlinked with that of others, and interference directed to the oil production or supply in one country will directly affect the world's oil supply. Thus, consensus has been reached in the international community to retain world oil security.

In Northeast Asia, there are increasing risks of energy competition and immense potential for energy cooperation as well, which calls for the establishment

Taishet-Nakhodka Route



Oil Pipeline Debate

In 1994, Russian Yukos Oil Corp. put forward the motion of constructing China-Russia crude oil pipelines. In September 2001, China and Russia signed a general agreement on a Sino-Russian pipeline feasibility study. In the following two years, the two sides accomplished the technical aspects along with other investigative work on the Angarsk-Daqing Route.

However, just at the moment when the building of the Angarsk-Daqing Route was expected to start, Japan, who is in dire need of oil, suddenly intervened, bringing variables into the Angarsk-Daqing Route equation. Russia's Transneft Open Joint Stock Oil Transporting Co. proposed the so-called Angarsk-Nakhodka Route at the end of 2002.

Japan, aiming to win in the competition with China, began a campaign aimed at Russia on political, economic, media, nongovernmental and other levels to press home the proposal of the Angarsk-Nakhodka Route. In order to attain its goal, Japan promised to offer "high-sum subscriptions and

gifts" worth \$14.5 billion. In addition, Japan agreed to invest \$8 billion in the oil and natural gas projects of Sakhalin-1 and Sakhalin-2 in Russia's Far East.

In September 2003, Russian Ministry of Natural Resources vetoed the Angarsk-Daqing Route and the Angarsk-Nakhodka Route projects successively, for the reason that the routes would damage the ecological environment of the Lake Baikal.

At that time, the Angarsk-Daqing oil pipeline was actually wound up. In February 2004, Russian President Vladimir Putin claimed in the Far East Sheriff Conference that the Angarsk-Daqing Route was an issue with strategic significance, which implied that the Russian Government had chosen the oil pipeline route leading to the Pacific Ocean.

With the setbacks in both the Angarsk-Daqing Route and the Angarsk-Nakhodka Route, Transneft came up with a new route plan in March 2004, and the outline of the Taishet-Nakhodka Route appeared for the first time. ■

of an energy cooperation mechanism. In this sense, the energy security of the region relies on not only bilateral cooperation, but also a multilateral cooperative mechanism that serves interests of all regional countries.

Asia-Pacific nations have already paid attention to the issue of regional energy cooperation. The round table meeting on energy cooperation of the Boao Forum for Asia, held in south China's Hainan Province on April 24, addressed the importance of strengthening regional energy cooperation to the fast growing Asian economy.

Pranesh C. Saha, Energy Resources Chief of the Environment and Sustainable Development Division of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) stressed, at the 60th UNESCAP Conference held in Shanghai this April, that energy cooperation between China and its surrounding countries is an area with huge potential. He also called on countries in the region to integrate their energy resources and form a demand-supply network. ■

PHOTOGRAPHIC ERROR: A picture used in *Beijing Review*, Page 16, Issue 29, dated July 22, 2004, showing Kuwait's Ambassador to China, Faisal Al-Ghais, was inadvertently captioned as the Prime Minister of Kuwait, Sabah Al-Ahmed Al-Jaber Al-Sabah. The error and any confusion arising from this picture are regretted.

Military Power Ambition

Japan is making its military ambitions clear. What are the regional consequences?

By PEI YUANYING

Due to Japan's history, as well as its geopolitical and current situation, surrounding countries cannot ignore any change in its policy. People are, therefore, naturally on alert over Japan's newly publicized annual defense white paper. While connecting the theory of the white paper with Japan's military operations and policies in recent years, many are feeling threatened by its changing military course.

This year's white paper, for the first time, put forth international cooperative activities as "one of the major tasks" of Japan's Self Defense Force (SDF), stressing that Japan should widen its SDF's international survival space, and prompt its SDF to make contributions to the world, in line with Japan's standing in the world. All these words hint strongly at the country's military ambitions.

Since the 1980s, Japan set out to adjust its defense policy, renew its military strategy, reform its defense system and carry out overseas deployment by taking advantage of participating in UN peacekeeping missions. In the past two years, the country passed a series of laws in quick succession, including the adoption of the three bills dealing with military emergencies in June 2003 and seven other relevant bills this June. By doing so, Japan has actually broken the limitations of its Peace Constitution, sweeping away judicial obstacles for its participation in military operations abroad. On July 3, the Japanese Diet passed a bill supporting Iraqi reconstruction, endorsing the dispatch of SDF troops to Iraq despite opposition at home and abroad. This started the first Japanese troop dispatch to an overseas war zone since World War II.

Why did Japan feel so eager about sending troops overseas?

According to the Japanese Government, overseas SDF deployment is expected to help Japan's efforts to become a "normal country." But the explanation was not all-inclusive. Obviously the inten-

tion of Japan was to further enhance its military power, especially capability of deploying troops over a long-distance with ensured logistics. Since Japan established the target of building up "a strong and well-equipped SDF," it has been active in developing advanced, heavy and long-distance military equipment, establishing a new command system, and prompting integration of land, sea and air SDFs. The country not only places an emphasis on establishing new rapid response forces—Air Mobility Division, but also plans to build aircraft carriers and develop a space military program. According to Japan's new national defense outlines, which are scheduled to be passed this fall, the SDF will boast of the capability to carry out independent operations and to protect fleets and air troops at sea. With a large military budget and well-equipped weapons that are currently second only after the United States, Japan is already a military power.

The white paper also stressed that "Japanese-U.S. cooperation should be strengthened on global affairs." According to the three bills for military emergencies, when Japan, or its neighboring regions, has an emergency, the country is supposed to afford civilian land for U.S. troops to build up military positions, as well as offer materials and labor services. If necessary, it will also support the U.S. Army with ammunitions. In return, Japan can receive similar support from the United States, wherever it dispatches overseas troops worldwide. In this way, the function of Japanese military forces realized a transition from "invasion defense" to "overseas intervention."

Tokyo-based *Asahi News* reported that, with a closer U.S.-Japanese military relationship, a new round of Japanese-U.S. military integration is being accelerated. The two countries jointly set up a vice-ministerial defense policy review commission in 2003 to attune their military chorus. It is reported that the two countries are planning to transfer part of U.S. Marine Corps sta-



ON THE WARPATH? Japanese Prime Minister Junichiro Koizumi answers questions regarding a set of war contingency bills at a parliamentary session in Tokyo

tioned in Japan's Okinawa, to Hokkaido. Meanwhile, the headquarters of Japan's Air SDF will be moved to the Yokota Air Base in Tokyo's suburbs, a station for U.S. troops, so as to integrate the two countries' military strength. The Diet has approved to allocate \$1 billion this year to install a missile defense system, which is expected to be completed before March 2008 worth a total \$1.66 billion. To launch this system, Japan and the United States agree to undertake a missile interception experiment off the

The author is former Chinese ambassador to India and Poland



VOHMX

READY TO GO: Japanese Self Defense Force troops sent to Iraq mark the nation's first military deployment to an overseas war zone since World War II

coast of Hawaii in 2005. As the first step, the United States is to deploy an *Aegis* chaser, which is able to follow long-distance missiles, in the Sea of Japan this September. This destroyer will stay there for the long-term, to enforce missions of missile defense.

Actually, Japan has become the United State's strategic core in Asia. The Kyodo News Agency

revealed recently that Washington has proposed to relocate the headquarters of U.S. Army's I Corps from the U.S. mainland to Japan. The major task of the corps is to deal with emergencies and conflicts taking place in Asia-Pacific region, which hints at an obvious footnote to this long-distance move. Although Japan mainly stresses self-defense and the establishment of multilateral security systems, its security strategy is still based on its military alliance with the United States. Consequently, strengthening Japanese-U.S. security systems is the foundation of Japan's three major security strategies.

Who is the imaginary opponent of Japan and the Japanese-U.S. military alliance?

Japan's defense white paper gives the answer. With a long and specific analysis on

the Asia-Pacific military situation, the white paper shows Japan's high alert to the surrounding situation, especially on "China's rising military budget," "Chinese ships entering Japan's exclusive economic zone," and "disputes on maritime right." Japanese media reported that Japan's proposed new defense outlines would "discuss the country's military ability of confronting China."

A Japanese think tank has done its best to exaggerate how China is accelerating defense modernization and how frequently Chinese troops enter Japan's offing area. Without any rational reason, it accused some of Japan's neighbors of adopting ambitious security and diplomatic policies. It said China's attitude showed Japan the arrogance of a country with growing confidence on military events. It held that there was a necessity for Japan to maintain its advantages in air and sea forces. Some Japanese analysts believed that the focus of Japan's new military strategy had shifted from guarding against threats from the north to those from its west, namely China, under a veil of anti-terrorism and non-proliferation.

Top Japanese officials have frequently reiterated that, in name of self-defense, the country has the right to carry out a pre-emptive strike against missile bases of hostile countries. Though they expressed that this strategy was not directed at China, the explanation is empty words.

It is no secret that Japan has long attempted to extend its military feelers into Chinese territory. As early as September 1997, when publishing the Review of the

defensive actions by force of the Japan-U.S. Security Treaty.

Last November, the United States and Japan launched joint anti-submarine maneuvers in the East China Sea for the first time. In June, the two countries again held a 12-day air fight rehearsal in Okinawa. Noticeably, such maneuvers used to be held in Hokkaido, pointing to Russia. Now, it was moved to an area near Taiwan, further revealing Japan's goals.

The new definition of Japan's security standard in its defense white paper this year and the consequent breakaway of the defense-only strategy shows that the country is stepping up the advancement toward the so-called "normal country."

Japan's hope to be a "normal country" itself is rational, but the problem lies in what kind of "normal country" does it plan to be. Generally, a "normal country" will maintain harmonious ties with its neighbors, reflect historical problems with correct attitude, and push forward mutually beneficial economic cooperation and seek joint security with its neighbors. On the contrary, a country may also enlarge military strength and threaten its surrounding regions in the name of becoming a "normal country."

The contents of this year's Japanese defense white paper and some of the Japanese Government's recent moves toward Sino-Japanese ties inevitably make the Chinese people worry about the latter possibility. China, a victim of Japanese militarist aggression in history, certainly hopes Japan to become a real "normal country," which can stick to peaceful path of development and draw lessons from its history, so as to benefit the entire Asian people, including the Japanese themselves. ■

Regional Fight Against Terrorism

The Shanghai Cooperation Organization (SCO), a regional organization initiated by China, is playing greater roles in the world anti-terrorist campaign. Besides having a secretariat based in Beijing, the organization has set up a Regional Anti-Terrorist Structure in Tashkent, capital of Uzbekistan on June 17, signaling the organization will further strengthen its anti-terrorist activities. **Du Wei**, Assistant to Secretary General of the SCO Secretariat, recently spoke to **BEIJING REVIEW** reporter Ni Yanshuo, about the development of his organization.

BEIJING REVIEW: The Tashkent Declaration signed by the presidents of the six members (China, Russia, Uzbekistan, Tajikistan, Kazakhstan, and Kyrgyzstan) on June 17 says the SCO is entering a new stage of full-range cooperation. What specific areas will the SCO strengthen cooperation in?

DU WEI: The SCO was formally established in 2001 and is still a new regional organization. Like any other organizations, the SCO put its emphasis, during the first three years of development before the Tashkent Summit, on developing and improving its various mechanisms and legal systems.

The Tashkent Summit is a starting point for the SCO to enter a new stage of full-range cooperation. In the past three years, the SCO has basically finished establishment of its mechanism and building of a legal system, including the two

standing bodies of the secretariat on January 15 and the Regional Anti-Terrorist Structure on June 17. We regard this as a symbol marking the organization's completion in building the legal system, ending this stage by transferring our working emphasis onto more pragmatic cooperation in various areas, such as security and economic development.

Differing from some special organizations, such as the military organizations of the North Atlantic Treaty Organization (NATO) and the Collective Security Treaty Organization of the Commonwealth of Independent States, and the economic organizations including the initial stage of the European Union (EU) and the Association of Southeast Asian Nations (ASEAN), the SCO conducts cooperation in many areas. We put our emphasis, however, on security and economic cooperation, known as the two wheels of SCO development.

What role will the Regional Anti-Terrorist Structure play in the world anti-terrorist campaign? Will it change the world anti-terrorist structure?

The SCO charter stipulates clearly that it shall maintain peace, security and stability. In the region of the six SCO member countries, the main methods for maintaining regional peace, security and stability is to fight against separatism, extremism and terrorism. This region lies just at the junction of Europe and Asia, where these activities are rampant. This issue includes the Taliban, the Chechen question and the "Eastern Turkistan Islamic Movement."

Terrorism, separatism and extremism have existed in the region for a long time, picking up intensity after the Cold War. This region has now become a front line as well as a heavily affected area.

The SCO has taken the responsibility and made it a priority to fight terrorism, separatism and extremism. Anti-terrorism is a major issue in every conference at various levels of the SCO and even its predecessor, the Shanghai Five mechanism which existed from 1996 to 2001. All SCO files have reiterated the importance of fighting terrorism and maintaining regional peace, security and stability.

After discussion over many years, the Regional Anti-Terrorist Structure was established in Tashkent. It is a significant step forward. It will provide an excellent tool and cooperation platform for the six member countries in combating terrorism, separatism and extremism. The SCO has started to take action fighting these three evil forces.

We will use the structure to conduct cooperation among the six member countries, especially the intelligence exchanges. However, at least at present, the SCO has no plan to establish a rapid response force or conduct other military actions. Its current role is to promote the intelligence exchanges between member countries and with related international and regional organizations regarding anti-terrorist activities. It may also propose suggestions and work plan for the SCO to crack down on terrorism and helps coordinate actions of the

The Shanghai Cooperation Organization

The Shanghai Cooperation Organization is an intergovernmental international organization founded in Shanghai on June 15, 2001 by six countries—China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Its member states cover an area of over 30 million square km, or about three-fifths of Eurasia, with a population of 1.46 billion, about a quarter of the world's total. Its working languages are Chinese and Russian.

According to the SCO Charter and the Declaration, the main purposes of the SCO are: strengthening mutual trust and good-neighborliness and friendship among mem-

ber states; developing their effective cooperation in political affairs, the economy and trade, science and technology, culture, education, energy, transportation, environmental protection and other fields; working together to maintain regional peace, security and stability; and promoting the creation of a new international political and economic order featuring democracy, justice and rationality.

The SCO abides by the following basic principles: adherence to the purposes and principles of the Charter of the United Nations; respect for each other's independence, sovereignty and territorial integrity; non-interference in each other's internal affairs; mutual non-use or threat of use of force; equality among all member states; settlement of all questions through consultations; non-alignment and no directing

against any other country or organization; opening to the outside world; and willingness to carry out all forms of dialogues, exchanges and cooperation with other countries and relevant international or regional organizations.

The SCO stands for and acts on a new security concept anchored on mutual trust, disarmament and cooperative security; a new state-to-state relationship with partnership instead of alignment at its core, and a new model of regional cooperation featuring concerted efforts of countries of all sizes and mutually beneficial cooperation. In the course of development, a Shanghai spirit gradually took shape, a spirit characterized by mutual trust, mutual benefit, equality, cooperation, respect for diversified civilizations and common development. ■

six member countries in this field.

NATO Secretary General Jaap de Hoop Scheffer told Chinese media just before the Turkey NATO Summit that NATO was ready to establish and enhance its cooperation with China, adding that the SCO is a masterpiece of regional anti-terrorist cooperation. Does the SCO plan to cooperate with NATO? Is there the possibility that the United States will influence the SCO?

Actually I have not read Jaap de Hoop Scheffer's remarks about the SCO. But I appreciate and agree with his comments.

The SCO is the world's first organization to clearly put forward the idea of combating terrorism, separatism and extremism and clearly take the responsibility. I am very glad to know other organizations have recognized the SCO's



"The SCO is the world's first organization to clearly put forward the idea of combating terrorism, separatism and extremism."

—Du Wei

efforts in fighting terrorists and make positive comments. I think the SCO deserves the comments because of its great efforts over the past years.

Regarding whether the SCO will cooperate with NATO in the area of anti-terrorism, I think the SCO is an open organization, which has been written in its charter. It is not an exclusive alliance targeting on certain countries or organizations.

The SCO would like to cooperate with any country and international organization in areas of common concern. Anti-terrorism needs cooperation from the international community and the SCO does not object to any cooperation with other international organizations in this regard.

So far, the SCO has not received any information from NATO for cooperation in any field.

The United States is a very important force in the global anti-terrorist campaign. But I think no single organization or country has the ability to do the job on its own. It requires support and cooperation from the international community. From the perspective of anti-terrorism, I do not think the United States can influence any international organization, including NATO and the SCO. Regarding anti-terrorism in Central Asia, every country or organization is on equal footing.

Mongolia has recently been accepted as an observer of the SCO. Meanwhile, India, Iran and Pakistan have also

- Council of Ministers of Foreign Affairs Its main functions are: to study and resolve major issues of current SCO activities, including preparing for the meeting of the Council of Heads of State, implementing SCO decisions, and holding consultations on international issues.

- Conference of Heads of Agencies Its main function is to study and resolve specific questions of cooperation in specialized areas. At present, the meeting mechanism has been established for attorneys general (procurators general), and ministers of defense, the economy, commerce, transportation and culture as well as heads of law-enforcement, security, emergency and

shown interest in the organization. Does the SCO have any enlargement plan?

After the establishment of the SCO, many countries and international organizations have shown great interest in cooperating with or become a member of the organization.

The SCO took some new actions this year and invited the Mongolian Foreign Minister Luvsangiin Erdenechuluun, special representative of Mongolian President, and Hamid Karzai, President of the Transitional Islamic State of Afghanistan, to participate.

The SCO has passed a regulation for accepting observers and all parties agreed to accept Mongolia's application to be the first SCO observer.

These friendly developments indicate that the SCO would like to keep good relations with its neighbors and since Afghanistan and Mongolia are both bordering countries of the organization, SCO member countries are concerned of the situations in there.

Presently, the SCO has no schedule to accept new members, and I think it is an

issue the SCO will consider in the future. To any international organization, it is a great event to accept new members. It needs prudent decision making. Meanwhile, the SCO lacks a legal basis in this regard. To accept new members, current member countries should sign a multilateral legal file to clearly define the qualifications for new members and procedures for accession. ■

The SCO Secretariat

The Beijing-based SCO Secretariat, officially launched in January 2004, is a standing executive organ of the organization. Its main functions are: to provide organizational and technical support for SCO activities, to participate in the study and implementation of SCO documents, and to put forward suggestions for SCO annual budget-making. The executive secretary is appointed by the Council of Heads of State, the highest SCO organ. Member states take turns according to the Russian alphabetical order of their country names to serve a non-consecutive three-year term. The first executive secretary is Zhang Duguang from China.

disaster-relief agencies.

- Council of National Coordinators It is a coordinator and management organ of

SCO routine activities. It meets at least three times a year. Its chair is the National Coordinator of the host country of the meeting of the Council of Heads of State and may represent the SCO externally subject to authorization by the chair of the Council of Ministers of Foreign Affairs.

- Regional Anti-Terrorism Structure Officially launched in January 2004, it is an permanent SCO organ based in Tashkent, capital of Uzbekistan. Its main function is to coordinate SCO member activities against terrorism, separatism and extremism. ■

Other Institutions of the SCO

- Council of Heads of State It is the highest SCO organ. Its main functions are: to identify priority areas and basic directions of SCO activities, to determine matters of principle concerning SCO internal setup and operation, to decide on matters of principle of SCO cooperation with other countries and international organizations, and to study pressing international issues.

- Council of Heads of Government Its main functions are: to adopt SCO budgets and to study and determine the principal matters of cooperation in specific areas within the SCO framework, especially in the economic field. Its regular sessions are held once a year.



GOING

By TANG YUANKAI

Track and Field Events

Liu Xiang is fast becoming a legend on the hurdles circuit. This 21-year-old speedster is the world record holder of the 110m hurdles, and the only hurdler to have beaten U.S. star Allen Johnson, who has won championships in both the Olympic Games and the world championship. In the Japan Grand Prix in May this year, Liu won the 110m hurdles in the world beating time of 13.06 seconds, claiming Johnson's scalp for the first time in the process.

China has long been weak in track and field events at the Olympic Games. Some people even believe that Chinese suffer from inherent physical deficiencies that make them inferior to foreign athletes in certain events. But this time, people hope to see an exception from Liu Xiang, as he said that nothing is impossible in Athens, including defeating Johnson and winning the gold medal.

However, Feng Shuyong, Head Coach of the National Athletic Team, calmly pointed out that Liu still cannot compete with Johnson in terms of overall strength, psychological quality, contest experience and on-the-spot performance. But the coach also said that Liu has his own advantages: He is young and has a dogged determination and his training is going well. Feng said that he will not put more pressure on Liu. Instead, he will try to ensure Liu is in the best condition for Athens through careful, scientific training. The coach hopes that Liu can run inside 13.1 seconds on the day, which should mean a good finish.

"Though theoretically we have the chances to compete for gold medals at the Athens Games, there is still no event in which we have secured strength to ensure

HURDLE HEAT: May 22, Liu Xiang blazes his way over the 110m hurdles at the 2004 China Athletic Championships

CHSPHOTO

FOR GOLD

Li Furong, Vice President of the Chinese Olympic Committee, is confident that China will be second in the gold medal rankings at the Athens Olympic Games, opening on August 13



SYNCRONICITY: Tian Liang (left) and Hu Jia compete in the men's synchronized 10m platform finals at the 10th World Swimming Championships

the gold medal," Feng said.

He also revealed that the number of athletes entering the top eight or entering the finals in this year's Olympic Games will probably exceed that of the Sydney Games, as the overall strength of the Chinese squad has improved substantially.

Based on recent achievements of Chinese athletes, China is able to compete for medals in seven disciplines:

men's 110m hurdles, women's hammer, women's 5,000m and 10,000m race, women's 20-km walking, and men's 50-km and 20-km walking.

Besides, the Chinese athletes should also be able to enter the top eight in such events as triple jump, women's long jump, shot put, discus throw, javelin and men's decathlon. But there is still a lack of leading figures like Liu Xiang in these events.

The suspense now lies in whether Chinese athletes can change the situation of only one gold medal won in track and field events in each Olympic Games since 1992.

Water Events

Li Na, who won a gold medal in women's synchronized 10m platform in Sydney and got first place in the women's platform at this year's Olympic trials in China, will not be with the diving team when it leaves for Athens.

The news was confirmed on July 1 by Li Hua, Director of the Swimming Sports Administrative Center of the State General Administration of Sports. Li Hua said, "We should ensure four gold medals in the diving events, and this is the key principle that we follow in selecting the Olympic divers." According to the director, Li Na's weakness is the low difficulty degree in the platform events, which prevents her from being competitive in the individual events. Instead, Mo Hanna and Lao Lishi, who master higher degree of difficulty, were selected for Athens.

In each Olympic Games since 1984, there have been new faces in the Chinese diving team winning gold medals. And this time, a total of 12 out of 16 divers gathered for training are new faces.

The Chinese diving team dominates in the women's platform events. In the past five Olympics, China has won all the gold medals in this event. This year, Lao Lishi, Li Ting and Mo Hanna, especially Lao Lishi, are most competitive for the gold medals if they are in good form.

For the men's 3m board, China has decided to send new faces who have never participated in the Olympic Games. The Chinese team is not very competitive in this event, and it's more likely for the team to win in the synchronized events.

Compared to the diving team, there are too few leading figures in the



ZHOU WENQUAN

EYE ON THE BALL: Table tennis players are China's gold medal hopefuls in the Athens Games

swimming team, which is a big problem currently, said Zhao Ge, Head Coach of the Chinese National Swimming Team.

Zhao said that after four years' training and adjustment, the Chinese swimming team has made some improvement, which he considered a small-scale "recovery." "We have seven or eight key players, whose performance can almost decide the fate of the Chinese swimming team," said the coach.

The task of winning in the swimming events lies with the female swimmers, whose advantages are mainly in women's 200m freestyle, 100m and 200m breast stroke, 4x200m freestyle relay and 4x100m medley relay. Luo Xuejuan, Yang Yu and Qi Hui will play the pivotal role in those events. Their performance will be directly related to the result of the whole swimming team. For the men's events, the aim is to have more swimmers entering the top eight.

"China has no absolute advantage in every single event. We can only try hard," said a worried Zhao. Swimming has developed quickly in other countries, while in China, this event is still a low priority. The Chinese swimming team is now in a position to catch up with the strong teams and gradually reduce the gap.

Gymnastic Events

Many people hope that Li Xiaopeng, winner of two gold medals in Sydney, can win more gold medals than Chinese gymnastic talent Li Ning, who bagged three gold medals at the 1984 Olympic Games. "This is also my target," said Li, not trying to hide his ambition.

The gymnastic team has always played an important

role in the success of whole Chinese Olympic team. It has won gold medals in every Olympic Games since 1984. But in this year's national championship, some gymnasts, including Li Xiaopeng, were injured in the competition, which is a big headache for the team.

Coaches of the gymnastic team have reached an agreement that they must work out different training plans for different players, and that avoiding injury and illness should be given top priority.

The team's most likely gold medals should come from seven events: men's team, men's artistic gymnastics all-around, parallel bars, vaulting horse and pommel horse, as well as women's balance beam and uneven bars. "Our advantage lies in men's events," said Huang Yubin, Head Coach of the Chinese Gymnastic Team. "I hope that our team can get two or three gold medals in Athens."

Shooting Events

The target of the shooting team in Athens is to guarantee two gold medals, while striving for three, believes Xu Haifeng, Head Coach of Chinese National Shooting Team.

While the Chinese shooting team could win in seven or eight small events, Xu rates their chances at only 30 percent. That's why he set the maximum target of three gold medals. "The training levels cannot simply equal the performance in the real competition," said the coach.

He predicts that Russia is China's major rival, as the two have the same strong points in the shooting events. He said that the Russians' shooting level has been rising sharply from the beginning of this year. Since the last Olympic Games, Russia has won more medals than China when the two team met in the same events.

The Chinese shooting team has got 26 seats in Athens. Now what perplexes Xu is how to bring his team members into their best condition so that they can compete well at the Olympic Games.

Xu won China's first Olympic gold in the 1984 Los Angeles Games. He began to serve as a coach for the women's pistol group of the National Shooting Team at the end of 1994 and has achieved gratifying successes during his coach career. His favorite pupils, Li Duihong and Tao Luna, won two



gold medals in the Atlanta and Sydney Olympics respectively. In March 2001, he was appointed head coach of the National Shooting Team. The nation looks forward to his team scoring a perfect bulls-eye.

Table Tennis & Badminton

To some extent, how Chinese eye the national table tennis team is just the same as how Brazilians view their football team: No gold means failure. At the last Olympics, the Chinese table tennis team swept all the championships. But this time, Head Coach Cai Zhenhua revealed that the target for Athens is keeping two gold medals and striving for three.

The adoption of the 11 points scoring system provides more chances, while at the same time, the special rule in the table tennis contest in Athens stipulates that in doubles events, players of the same team should be divided into the same competition group, that is, there will be at most only one pair of Chinese players in the finals. That doubles the difficulty of winning the champion, as in the past, players who entered the finals might be all Chinese.

Compared to the performance in Sydney, the Chinese Badminton Team has become mature in the international arena. And it has gained more places in Athens

than some traditional strong teams, like Indonesia, Denmark, Malaysia and the Republic of Korea. So it seems that the Chinese Badminton Team could possibly see more champions crowned in Athens. The conservative goal of two golds is realistic when looking at the strong field.

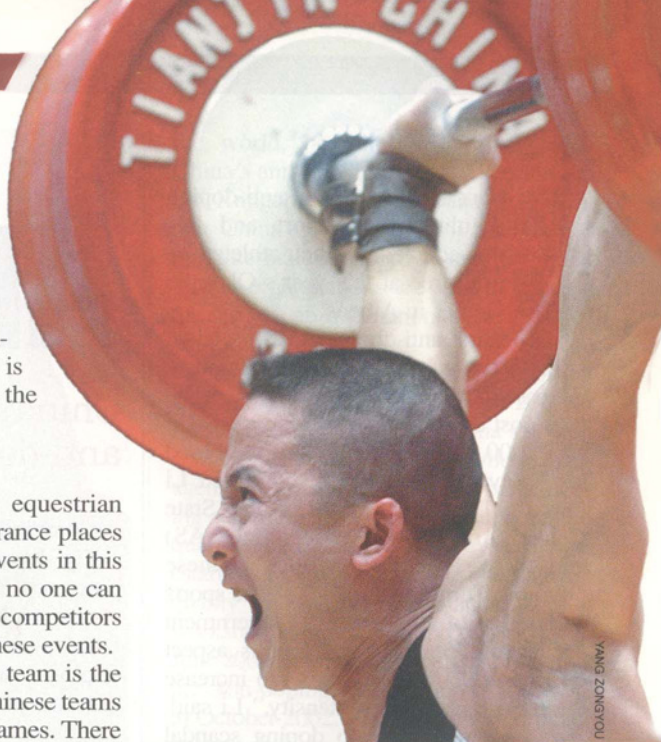
Other Events

Except baseball and equestrian events, China has gained entrance places for all the other 26 formal events in this year's Olympic Games. And no one can tell exactly whether Chinese competitors will spring any surprises in these events.

The women's taekwondo team is the smallest one among all the Chinese teams to participate in the Athens Games. There are only three members, including its head coach Chen Liren, who trained women's 67kg-class champion Chen Zhong at the Sydney Olympic Games. Chen is confident and has predicted she will win the gold in Athens.

The Chinese women's judo team will send seven judoka to Athens. Head Coach Liu Yongfu was proud to say to the public that they are aiming to win all weight divisions.

Weightlifting
h a s



WEIGHTY ISSUES: Shi Zhiyong powers up at the trials for the big event

always been the event, in which China can reap a harvest of gold medals. According to Ma Wenguang, Director of the Weightlifting Center of the State General Administration of Sports, the Chinese weightlifting team plans to lift between four and six gold medals in Athens.

The women's volleyball team, former Olympic gold medallists, may surprise everyone after several turbulent years.

And the men's foil team, since being defeated by French team in the finals in Sydney, is psyched up for the winners podium.

"Leaving no regret" is a slogan many of the athletes have used during their preparation for the Athens Games. No one is willing to waste their golden opportunity.

Every team of the Chinese delegation is confident of its targets and is making full preparation. If all their goals can be achieved in Athens, China will bring home



ZHANG YUHAN

POTENTIAL CHAMPIONS: Chinese men's gymnastic team heading for Athens

By TANG SANCAI

China is serious about anti-doping regulations in sport and has vowed to ensure their athletes are drug-free at this year's Olympic Games in Athens.

The first anti-doping measure taken prior to the games was to continuously increase the doping testing process. "The tests cost a lot of money. Every test will cost 1000 yuan (\$120.77) and the blood test is even more expensive," noted Li Furong, Deputy Director of the State General Administration of Sport (SGAS) and Vice President of the Chinese Olympic Committee (COC). "The sports authorities of the Chinese Government spends millions of yuan in this aspect every year, but we still have to increase the test numbers and intensity," Li said. He is adamant that no doping scandal would surround the Chinese Sports Delegation at the Athens Olympics Games.

Shi Kangcheng, Director of COC's Anti-doping Commission, didn't deny the lurking challenges in China's anti-doping action. Nine athletes were reported positive in this year's doping tests, he revealed, but they were all local athletes. "All the athletes who had qualified to attend the Olympic Games were all right," said Shi.

"We must aim at a permanent control which should be focused on anti-doping education," said Li Furong. Now relevant departments have printed pamphlets and carried out training classes to make sure that all the coaches, athletes and team doctors are clear about the rules.

Li applauded the fact that some sports management centers report information about the anti-doping action in foreign countries to coaches from time to time. For example, this year's Olympic Games are very strict about the banned stimulant HGH (human growth hormone). "All the relevant staff in SGAS understand the situation clearly, which shows our efforts and determination in anti-doping action," Li said.

Not long ago, SGAS, the Ministry of Commerce, the Ministry of Health, General Administration of Customs and the State Food and Drug Administration jointly announced the 2004 Catalogue of Banned Drugs. The catalogue lists 159 drugs categorized into seven groups. In addition, this catalogue introduces the relevant regulations about doping tests. The regulations include eight aspects, includ-

Anti-Doping

China's Olympic squad undergoes regular anti-doping tests

ing prohibition of doping practices, specially banned drugs, and monitoring processes.

As an active member in the Olympic family, China is a pioneer in world anti-doping action and the Chinese Government has responded actively to the anti-doping movement initiated by the International Olympic Committee

on Doping in Sport. Now China has established and is continuously improving a unified anti-doping administrative system. This system is administrated, coordinated and supervised by relevant government departments and implemented by the COC, while other sports organizations actively participate and assume their respective responsibilities.



HERE'S THE PROBLEM: Staff at the China Anti-Doping Testing Center discuss an experimental report during their drug control research. The center is the only testing laboratory accredited for 12 consecutive years in Asia

(IOC). At the World Anti-doping Conference organized by the World Anti-doping Agency (WADA) in March 2003, China was the one of the first few countries to sign the Copenhagen Declaration

In the early 1980s, China knew little about doping and anti-doping. With China opening its door to the outside world, it began to realize the negative effects of doping. As sports competition



SHI KANGCHENG



CHEN XIAOWEI

WE'RE CLEAN: Li Furong, COC Vice President, is adamant that China will not be involved in any doping scandals at the Athens Olympics

Commission issued the Interim Provisions on the Doping Tests in National Sports Competition. In December 1989, the China Anti-Doping Testing Center passed the IOC accreditation examination and began to devote itself to national anti-doping action.

Since the beginning of the 1990s, China has implemented a uniform anti-doping test scheme and the number of tests taken has increased year by year. In recent years, more than 4,000 persons have accepted doping tests every year. Among last year's 5,048 athletes who received the doping tests, only 0.33 percent of them were reported positive, much lower than the international level.

The anti-doping tests that China conducts are applied to about 40 sporting events, including all Olympic events. According to the features of different events, the COC has decided that track and field, swimming, weightlifting, cycling, rowing, canoeing, judo and wrestling are key events to which special attention should be paid.

This January, the China Anti-Doping Testing Center was once more accredited jointly by the IOC and WADA. In April, the center received a doping control quality management certificate from the British Standards Institution, one of the best quality accrediting organizations in

the world, heralding a new stage in China's anti-doping efforts. According to Shi Kangcheng, the accreditations show that China's doping control process has met international approval and its doping testing organizations are able to conduct the tests as an internationally recognized authority.

The Anti-Doping Commission of the COC held a workshop in March 2001 to further the development of China's doping control quality control. The whole management system includes three parts: doping control, management and support, and quality management. The system was established according to the international quality and anti-doping standards. The workshop completed all the paperwork in June 2002 and its results were approved by the Anti-doping Commission of the COC in October 2002. The system was officially launched on August 1, 2003. As an independent organization, the Beijing Branch of the British Standards Institution granted certification to this system in February this year.

After drugs like EPO (Erythropoietin) and HGH, which once aroused much discussion in the international community, were officially banned, a new type of stimulant named THG (Tetrahydrogestrinone) appeared in some developed countries. The worst part about this stimulant is that it was especially designed for athletes. And its researchers, sellers and users are all clear about the actual effects of this so-called "nurture." Facing this new challenge, relevant government departments in China completed the Anti-doping Regulations on February 3, 2004, after more than 20 drafts were discussed and amended. The regulations took effect on March 1 this year. China has become one of the few countries that have raised the anti-doping efforts to the level of government regulations.

"After the regulations took effect, Chinese customs assigned certain customs codes to those banned drugs to ensure their effective management and control," said Liu Wenjie, Deputy Director of General Administration of Customs. "The customs would try its best to prevent those medicines from entering and crack down on smuggling," Liu continued.

According to Li Furong, the Chinese Sports Delegation was confident about the anti-doping work done since the regulations took effect and relevant departments were all ready to make a joint effort. ■

became increasingly fierce, the business world became more involved in sports. The central sports authorities issued a number of documents in 1985 and 1987 to inform lower-level administrations to strictly follow the regulations of the IOC on anti-doping. On May 19, 1989, the then State Physical Culture and Sports

Making An Olympian Impact

After its slow start in joining the Olympic family, China has made remarkable progress

By YUAN TANG

In 1894, when preparation for the first modern Olympic Games was initiated, the International Olympic Committee sent China an invitation to participate in what was later to become the world's greatest sporting event. At the time, the ruling Qing court knew nothing about the Olympiad and declined to respond.

After the All-China Sports Federation was established in 1924, the country joined eight international sports federations, namely track and field, swimming, gymnastics, tennis, weightlifting, boxing, football and basketball. Three Chinese athletes participated in the Eighth Olympic Games.

In 1931, the International Olympic Committee recognized the then All-China Sports Federation as the Chinese Olympic Committee. This marked China's formal entry into the Olympic family.

Thus far, 24 summer Olympic Games have been held. For various reasons, China only participated in the ninth, 10th, 11th, 14th, 15th and 23rd-27th games.

However, during the time when the Chinese Olympic Committee was forced to suspend contact with the International Olympic Committee, Chinese athletes did not give up and continued striving to improve their skills in line with the aims and spirit of the Olympic Games.

On November 26, 1979, the International Olympic Committee resumed the lawful rights of China's Olympic Committee and decided to allow Taiwan to take part in the games under the name of "China's Taipei Olympic Committee." China once again returned to the Olympic fold.

In February 1980, China took part in the winter Olympic Games for the first time, and in July 1984, it participated in the 23rd summer Olympic Games, returning to the biggest international sports stage after an absence of 32 years. During the latter Games, 225 Chinese athletes and 50 Chinese coaches took part in 16 events, including basketball, volleyball, women's handball, track and field, gymnastics and swimming.

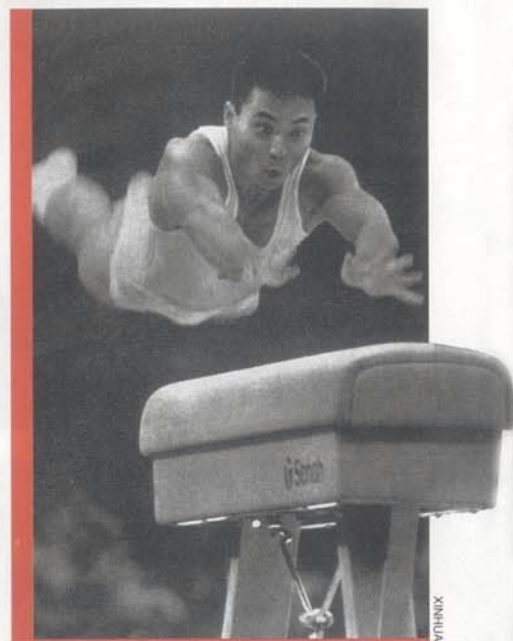
July 29 was a special day for China and for those concerned with Olympic Games. Xu Haifeng, dubbed "magic shooting hand," won the Games' first gold medal with 566 rings, breaking the "zero gold" in China's Olympic history. Juan Antonio Samaranch, then IOC president, presented the gold medal to the champion, saying that it was "a big day in China's 5,000-year history."

After that, several Chinese weightlifters won gold medals along with two further golds in shooting events. Wu Xiaoxuan became the first female Olympic champion in China's history, breaking the Olympic record of women's



NICE SHOT: Ace shotist Xu Haifeng wins China's first gold medal at the 23rd Olympic Games in Los Angeles in 1984

CNSPHOTO



HORSE KING: Lou Yun clinches the vaulting horse title at the 24th Olympic Games in Seoul, 1988

VIHNIK

small standard pistol in three shooting positions. In addition, Luan Jujie became the first Asian women's foil champion, breaking the monopoly of Olympic fencing champion by Europeans. Li Ning, known as "Prince of Gymnastics," won three gold medals in the floor exercise, vault and rings, becoming the athlete with the most medals—three gold, two silver and one bronze—at the 23rd Olympic Games. China's women volleyball team defeated the U.S. team, the host country, achieving their goal of three consecutive championships in big international competitions.

The Chinese team won 15 gold, eight silver and nine bronze medals in the sports spectacle participated in by more than 140 countries, ranking fourth in terms of gold medals after the United States, Romania, and West Germany.

In 1988, China sent a 445-strong team to the 24th Olympic Games held in Seoul, the Republic of Korea, including 300 athletes taking part in 21 events. Meanwhile, 30 Chinese representatives held the post of judges and technical representatives.



OFF THE BAT: Deng Yaping (front) and Qiao Hong power their way to gold in the women's table tennis doubles at the 26th Olympic Games in Atlanta, 1996

REUTERS



REUTERS

FLEET-FOOTED GIRL: Chen Yueling takes the women's 10km walking gold at the 25th Olympic Games in Barcelona, 1992



REUTERS

CLEAN SWEEP: Chinese athletes collect all the medals in the women's badminton doubles at the 27th Olympic Games in Sydney, 2000

China's Taipei delegation, composed of 140 members, also took part in the games. Its 90 athletes participated in a total of 15 events.

In Seoul, China only won five gold medals, but broke three Olympic records. The 17-year-old diver Xu Yanmei won the first gold medal for China, while 16-year-old Zhuang Yong swam to victory in the 100-m freestyle, becoming China's first swimmer to take gold. Chinese women rowers, headed by Zhang Xianghua and Li Ronghua sprang a surprise by taking a silver and a bronze in the coxed fours and coxed eights respectively. Woman shot-putter Li Meisu pushed her way to a bronze, the only track and field medal for Asia, while China's table tennis team bagged two gold medals.

The 25th Olympic Games was held in Barcelona, Spain, in July 1992. On the first day of the competition young Chinese athletes won one gold and three silver medals.

At these games, the Chinese team, composed of 128 sportsmen and 133 sportswomen, placed fourth among 170

teams in the medal standings with 16 golds, 22 silvers and 16 bronzes.

China's swimming team won a total of four golds and five silvers, ranking fourth behind the United States, the Commonwealth of Independent States and Hungary. Chen Yanling stepped her way into history in the women's 10-km walk, becoming the first track and field champion in China's Olympic history. Sun Shuwei dazzled the judges in the men's 10-m platform dive, with six of the seven judges awarding him perfect 10 scores.

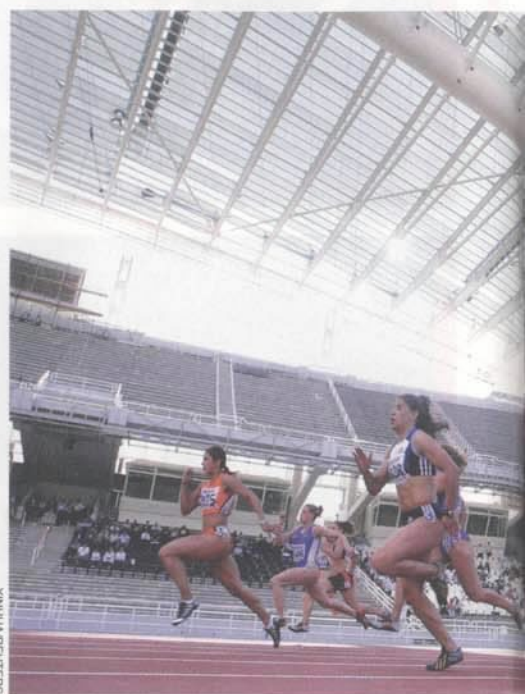
The year 1996 witnessed the centennial Olympic Games held in Atlanta, U.S.A. After 16 days of competitions at the 26th Olympic Games, the Chinese team's medal haul amounted to 16 golds, 22 silvers and 12 bronzes, ranking fourth both in gold medals tally and in the total number of medals won. In addition, two Chinese athletes broke the world record four times in four events, while three others broke the Olympic record six times in six events.

On September 15, 2000, over 11,000 athletes from 200 countries took part in

the 27th Olympic Games—the last Olympic Games in the 20th century—held in Sydney, Australia.

A change was made to the competitive structure of these Olympics. Besides teams from the United States and Russia, remaining in the First Group, China ranked third, both in the total of its gold medal tally and in the overall medal achievement. China was awarded 28 gold, 16 silver and 15 bronze medals, a historical breakthrough. Three Chinese athletes set eight world records, 12 times, and a further six athletes set 11 Olympic records, underlining the great improvement for China over the four previous Olympic Games, and outstripping the total number of both gold medals and other medals won in all the past Olympics.

By the end of 2000, Chinese athletes had collected a grand total of 80 golds, 89 silvers (including 10 in winter Olympic Games) and 68 bronzes (including four in winter Olympic Games) at the Olympic Games.



Athens Olympic Games Schedule

August 13

21:00-24:00 Opening Ceremony (All the following events are in local time)

August 14

11:00 Women's 10m Air Rifle Shooting Final
12:45 Men's Cycling Road Race Final
14:45 Men's 10m Air Pistol Shooting Final
19:30 Men's 400m Individual Medley Final
20:00 Women's 48kg Weightlifting*
20:09 Women's 400m Individual Medley Swimming Final
20:48 Women's 4x100m Freestyle Swimming Relay Final
21:00 Women's Synchronized 3m Springboard Diving

Finals*

22:14 Men's Synchronized 10m Platform Diving Finals*

August 15

11:30 Women's 10m Air Pistol Shooting Final
15:00 Women's Cycling Road Race
20:55 Men's 4x100m Freestyle Swimming Relay Final

August 16

13:00 Women's Trapshooting Final
15:00 Men's 10m Air Rifle Final
20:30 Men's Team Gymnastics Artistic Final*
21:00 Women's Synchronized 10m Platform Diving Finals*
22:14 Men's Synchronized 3m Springboard Diving Finals*

August 17

10:30 Women's -63kg Judo Preliminaries/Repechages
12:15 Men's 50m Pistol Shooting Final
14:30 Men's Double Trapshooting Final

20:39 Women's 200m Individual Medley Swimming Final

20:46 Men's 4x200m Freestyle Swimming Relay Final

August 18

13:00 Women's Double Trapshooting Final
13:00 Women's 63kg Weightlifting*
15:15 Women's 25m Pistol Shooting Final
20:56 Women's 4x200m Freestyle Swimming Relay Finals

August 19

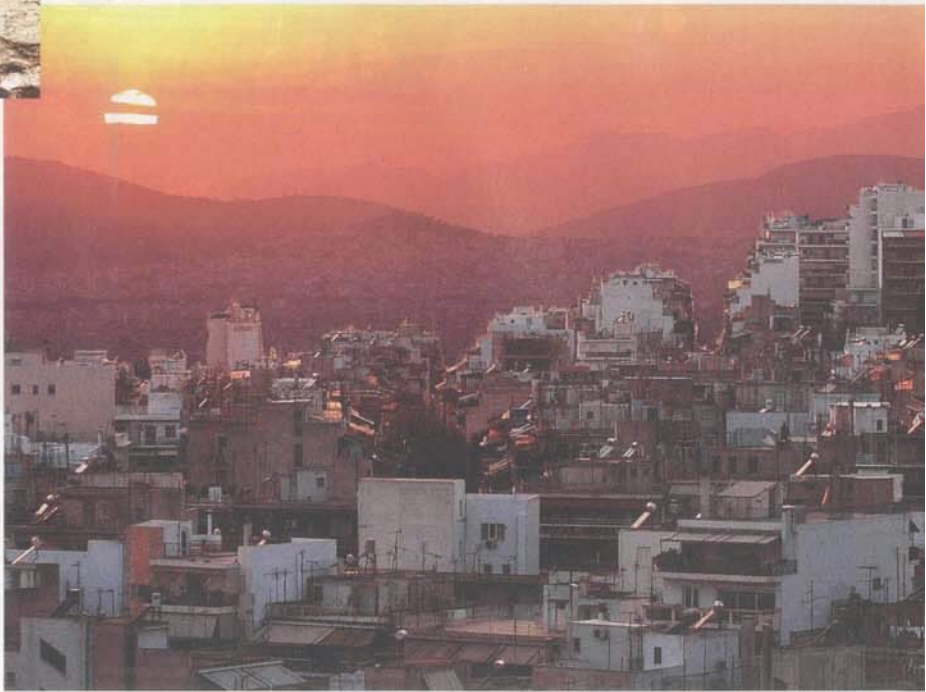
10:30 Women's -78kg Judo Preliminaries/Repechages*
12:30 Men's 10m Running Target Shooting Final
13:00 Women's 69kg Weightlifting Group B
14:00 Women's Singles Badminton Gold Medal Match*
14:30 Women's Skeet Shooting Final
16:30 Mixed Doubles Badminton Gold Medal Match*

August 20

10:30 Women's +78kg Judo Preliminaries/Repechages*
12:30 Women's 50m Rifle Shooting 3 Position Final
14:00 Women's Doubles Table Tennis Gold Medal Match*
14:30 Men's 50m Rifle Shooting Prone Final
17:00 Men's Doubles Badminton Gold Medal Match
20:00 Women's 75kg Weightlifting

August 21

13:00 Women's +75kg Weightlifting*
14:00 Women's Doubles Badminton Gold Medal Match*
14:30 Men's 25m Rapid Fire Pistol Shooting Final
16:10 Men's Singles Badminton Gold Medal Match*
17:00 Women's Singles Tennis Gold Medal Match
17:00 Men's Doubles Tennis Gold Medal Match



- 19:40** Men's Team Foil Fencing Gold Medal Match
20:06 Women's 4x100m Medley Swimming Relay Final
20:25 Men's 4x100m Medley Swimming Relay Final

August 22

- 13:30** Men's 50m Rifle Shooting 3 Position Final
14:00 Women's Singles Table Tennis Gold Medal Match*
15:30 Men's Skeet Shooting Final
17:00 Women's Doubles Tennis Gold Medal Match
17:00 Men's Singles Tennis Gold Medal Match
18:00 Women's Marathon
19:30 Men's High Jump Final
19:35 Women's 100m Hurdles Round One
20:00 Men's Gymnastics Artistic (Floor Exercise, Rings and Pommel Horse) Finals*
20:35 Women's Gymnastics Artistic (Vault and Uneven Bars) Finals*
21:00 Women's 10m Platform Diving Final*
23:10 Men's 100m Final

August 23

- 14:00** Men's Singles Table Tennis Gold Medal Match*
20:00 Men's Gymnastics Artistic (Vault, Horizontal Bar and Parallel Bars) Final*
20:35 Women's Gymnastics Artistic (Beam and Floor Exercise) Final*
21:05 Men's 400m Final

August 24

- 20:55** Women's Pole Vault Final
21:45 Men's 3m Springboard Diving Final*
22:30 Women's 100m Hurdles Final
22:50 Women's 400m Final

August 25

- 21:55** Women's 400m Hurdles Final
23:20 Women's 200m Final

August 26

- 20:20** Men's Long Jump Final
21:00 Women's 3m Springboard Diving Final*
21:00 Women's Football Gold Medal Match
22:30 Men's 400m Hurdles Final
22:50 Men's 200m Final

August 27

- 20:00** Men's Pole Vault Final
21:30 Men's 110m Hurdles Final*
21:50 Women's 10,000m Final
22:45 Women's 4x100m Relay Final

August 28

- 10:00** Men's Football Gold Medal Match
16:15 Women's Basketball Gold Medal Match
20:00 Women's Volleyball Gold Medal Match
20:00 Women's High Jump Final
20:30 Women's 1,500m Final
20:50 Men's 800m Final
21:00 Men's 10m Platform Diving Finals*
21:45 Men's 4x100m Relay Final
22:00 Women's 4x400m Relay Final
22:25 Men's 4x400m Relay Final
22:30 Men's Basketball Gold Medal Match

August 29

- 10:45** Women's Handball Gold Medal Match
14:30 Men's Volleyball Gold Medal Match
16:45 Men's Handball Gold Medal Match
17:30 Men's Water Polo Gold Medal Match
18:00 Men's Marathon
21:15 The Closing Ceremony

* The events marked with an asterisk are those in which Chinese athletes are likely to win gold medal.



BUYING QUALITY PRODUCTS: A supermarket in Fuzhou, Fujian Province

Say It With Consumer Goods

Knowing consumer spending patterns is key to doing business in China

By JAYANTHI IYENGAR

If you were a new company willing to enter the Chinese market, where would you base your operation and which products would you consider? According to recent findings by CTR Market Research, the leading market and media research company in China, a smart answer could be: To the major cities with fast-moving consumer goods (FMCG). CTR is a joint venture between China International Television Corp. (CITVC) and TNS, one of the top three market research groups worldwide.

The study throws significant insight into current Chinese consumption patterns. The patterns are generally known, but what is significant is that for once, they are backed up by measurable statistics. The study points out that urban Chinese household living standards have significantly

risen in recent years. If one were to measure this growth in terms of the average monthly household income (AMHI), a widely accepted parameter for measuring such growth, the AMHI has grown by more than 10 percent during the past five years in the first tier (most prosperous and populous) cities. They include Shanghai, Beijing, Guangzhou and Chengdu. From a marketer's point of view, they are considered the most prosperous urban pockets of China. In these cities, the average monthly household income was about 250 euros (\$298) in 2003.

The top 10 cities include the second tier, Tianjin, Xi'an, Shenyang, Wuhan, Nanjing and Jinan. These have not been as prosperous, but they are not far behind. The average monthly household income in these cities was in the range of 200 euros during the same period.

Further, another important development is that about half of the population in Shanghai, Beijing and Guangzhou has average monthly household incomes exceeding 200 euros, while about one-

fourth of the population in the second-tier cities enjoys more than the equivalent of 200 euros a month per household. "To a large extent, we observe that wealth tends to be better shared among the populations of the wealthiest cities," said CTR research manager Emmanuel Harle.

Clearly there's a significant pointer here for every marketer hoping to penetrate the Chinese market; the wealthy are growing wealthier in China. Also, the revenues of companies selling in these markets are greater than those just operating in the rest of China.

Where and how are the rich in the top cities spending their disposable income? The FMCG sector is a hot favorite, growing at around 40 percent over the last five years. The CTR survey takes into account 43 major FMCG products. Furthermore, the consuming Chinese in these top 10 cities have spent 19 percent of total national consumer spending in 2003 on FMCG. Also, half of this spending was on food, while a third was composed of beverages. Compared with beverages and other items,

The author is a senior business journalist from India who writes on a range of subjects for several publications in Asia, Britain and the United States

the share of basic groceries, the mainstay of traditional consumers, has fallen.

Gone are the days when Chinese consumers spent the bulk of their salaries on basic food items, such as bread and meat. They now hanker for frozen foods, ready-to-eat snacks, sauces, ketchup, biscuits, chocolates, milkshakes, yogurt, soups, wines, beer, carbonated drinks, packaged fresh and flavored juices, juice mixes, and so on.

Beijing & Shanghai: Market Mecca

Another important development to remember is that within the top 10 cities, Beijing and Shanghai together account for 40 percent of the total FMCG sales. In value terms, this was roughly 3.8 billion euros in 2003. Broadly, this means that the mecca of the Chinese markets lies in Beijing and Shanghai. So late entrants to the Chinese markets may be best advised to concentrate on these centers to quickly corner a larger share of disposable incomes—

the lunar calendar, Labor Day week in May, and National Day in October. “These three weeks off [were] set up by the Chinese Government to stimulate consumption. Above all, the Spring Festival period has the greatest impact on Chinese urban consumption,” said Harle of CTR.

In most of the consuming markets, including the United States and India, the child is an important decision maker who makes a significant impact on the family's spending pattern. In China, this is all the more true. With the Chinese Government adopting a single-child norm, the Chinese child and his or her likes and dislikes significantly influence the way families spend their disposable income.

Interestingly, the average urban Chinese woman, the main family shopper, largely draws her messages for FMCG purchases from television. She shops in the hypermarkets, which are growing in popularity and are set to become the urban Chinese shopper's

Shanghai and Guangzhou), playing badminton (Beijing, Guangzhou, Shanghai), cycling (Shanghai and Beijing) and swimming (Guangzhou) are the preferred forms of physical activity.

The Chinese are great television watchers. China boasts the world's largest prime-time viewership, garnering about 500 million viewers every evening.

The Chinese love for physical activity is also translating into a following for sports programs, meaning that television sports sponsorship is increasingly seen as the preferred medium of getting home sales message to consumers.

Giving Gifts Important

Interestingly, the Chinese do not buy just for themselves. They shop for friends, relatives and business associates. Giving gifts is a national tradition and habit, which partially accounts for the concentration of sales during the three national holidays.

Companies offer gifts to their employees. Employees give gifts to their clients, relatives or friends. And business associates present gifts to each other as part of business relationships. Professor Joe Nan Zhou, head of the department of marketing at City University of Hong Kong, explains, “Traditionally, wine has been an appropriate gift for the boss (to show respect), friends (to show *guanxi* or relationship) and family members (to show intimacy). Almost all well-known wine brands in China claim that they were used to pay tribute to the emperors in the past.”

Emmanuel Harle, the research manager at CTR Market Research, adds that apart from the cultural habit of giving gifts within the company to employees, and outside the business unit to family and business associates, new product promotions such as “buy two, get one free” also have been largely responsible for promoting the gift-giving habit as well as FMCG sales.

Understandably, wine is an important item in the basket of FMCG goods identified by CTR as popular business gifts. Also understandably, gifts, business and otherwise, account for 25 percent of FMCG sales in urban China. Clearly, if the rest of the world says, “thank you” and “I love you” with flowers and greeting cards, the Chinese say it with FMCG as well.

And therein lies an important marketing message for manufacturers and traders wishing to sell in the world's fastest-growing consumer market: “Don't say it with flowers.” ■



GROWTH BOOSTS CONSUMPTION: Purchasing seafood at an aquatic market

subject, however, to their own marketing strategy—while those who are already ensconced marketwise may wish to spread their wings to the second-tier cities.

There's a word of caution, however. Unlike most other countries, the Chinese FMCG consumption pattern is uneven. It is concentrated in the three “golden weeks” linked to the three national holidays: Spring Festival or Chinese New Year (January this year but changing with

paradise. The urban Chinese is also health-conscious, spending hours in physical activity and in watching sports programs, and this has an impact on food and other spending. A CSM (CVSC-Sofres Media) CTNS China Sports Barometer conducted in 2003, with a sample of 15-65 years old in Beijing, Shanghai and Guangzhou, shows that urban Chinese now exercise regularly. Walking (particularly in Beijing,



UP SHE GOES: Pelted by heavy rain, the heavily silted water level rises in the Xiangjiang, Hunan Province



WATERLOGGED: After a heavy rain storm on July 10, traffic chaos in Beijing

Holding Back the Water

Upgrade in flood controls as the country combats the flood season

By LAN XINZHEN

China is now in the most crucial period of flood control since the disastrous floods in 1998, according to Huang Chaozhong, an official with the information center of the Ministry of Water Resources.

The ministry now requires daily reports on flood situation from all localities, so that when flooding occurs, rescuers and flood relief materials can arrive immediately, said Huang.

China's flood season falls between June and October, with August being the most critical period. According to weather forecasts, two heavy rainfall belts will appear—one in north and west and the middle and upper reaches of the Yellow River, while the other in areas south of the Yangtze River and east China. It is estimated that the rainfall in the second half of this year will exceed the same period of the past few years, said Huang.

Sources from the State Flood Control and Drought Relief Headquarters (SFC-DRH) show that by July 6 the successive heavy rains had resulted in floods in 22

provinces and autonomous regions, killing 288 people, destroying 130,000 houses and affecting 33.36 million people.

Yellow River Warning

To ward off flood disasters on the flood-prone Yellow River, since June 14, SFCDRH required flood-control units and governments at various levels along the river to be in a state of high alert and asked attached flood-control headquarters to be on 24-hour duty.

This summer, as one rainfall belt covers the middle reaches of the Yellow River, where serious soil erosion occurs, it is likely to cause floodwater with high waves and silt. Worse still, the watercourses in the river's lower reaches are in danger. Since the late 1980s, arid weather and overuse of river water have resulted in a sharp plummet of water levels in the river's lower reaches, which makes it hard to wash away sand on the watercourses. In some sections, silt and sand have piled up and riverbeds are four-to-six meters higher than the river bank land. This is known as a hanging river. The dykes there are likely to be destroyed by

floodwater, posing a real threat to the lives of 1.81 million people living nearby.

A hanging river once brought about disaster. In 2003 the water storage of Sanmenxia Reservoir dwindled due to the silt and sand piling up on the bottom. With the arrival of floodwater, the water in the reservoir flew upstream, causing disasters in the upper reaches.

Sluice Gate Solution

To address the problem, Yellow River Water Resources Committee (YRWRC) made a decision on June 19, to clean up river courses by moving the silt and sand to the sea using reservoir water.

YRWRC Director Li Guoying elaborated on the program: We let the silt-laden water in the river flow into a reservoir. Heavier than clean water, the silt-laden water sinks to the bottom and creates a current. When the current reaches the sluice gate, we open the sluice gate and allow the muddy water to flow into the sea.

On July 5, the water of Wanjiashai Reservoir poured into Sanmenxia Reservoir. When the sluice gate of

PHOTOS BY JIANG YAOCHENG

Sanmenxia opened, the water headed into Xiaolangdi Reservoir. On July 8, the sluice gate of Xiaolangdi opened, allowing silt and sand to pour out. As a result, silt and sand volumes in Xiaolangdi is one-third less than it was, and its storage and flood diverting capacity has greatly improved, said Huang.

The success of this science- and technology-based

Yangtze More Critical

The situation of the Yangtze River is more critical than that of the Yellow River.

Li Jinhua, Auditor General of China's National Audit Office, revealed that cheating and fabricating were found in the construction of the Three Gorges Dam when he prepared an audit report on the implementation of the 2003 central budget to the Standing Committee of the National People's Congress. Some units skimmed on materials. For instance they reported more stone materials than were really used and used thinner flagstones than required. Among the five sections of the dyke, some low-water platforms were found collapsed, and 50 percent of stone slopes of the dam in 11 main sections examined at random are below standard.

Resources, said, as the Three Gorges Project has not been completed, its reservoir, with its existing capacity, cannot play a role of diverting floodwater. Beside, the water running down from the upper reaches is likely to transform the river course near the Three Gorges Dam and pose threats to flood control dykes.

"Weak points and problems exist in the flood control work of the Yangtze River. For instance, the flood-diverting capacity of the river's mainstream is limited and security construction in flood-diverting areas is lagging behind. Worse still, many reservoirs along the river, particularly small and middle-sized ones, need rebuilding. Some local officials do not pay due attention to flood control work," said Chen Lei.

In view of the situation, the Ministry of Water Resources and the Ministry of Construction jointly conducted a net-style investigation and put forward a proposal on the flood control work along the Yangtze River.

This includes the China-Australia cooperative program on flood control and management on the Yangtze River, put into operation on July 8.

Yu Xingping, Chief Engineer of the Yangtze River Hydrology Bureau, said that the program has laid a good foundation for the automatic collection of hydrological samples, flood reporting, and enhancing the accuracy and efficiency of flood forecasts.

Over the past years, the Chinese Government has added investment to the flood control project. With the improved work, the Ministry of Water Resources and YRWRC have raised the water warning line in 40 flood control stations. In the Jinjiang section, the water warning line

has risen to 45 meters from 44.67 meters, and in Luoshan, the figure rose to 37.23 meters from 33.17 meters. The rising of the warning line is conducive to the scientific management of flood control work, said Chen Lei.

As for meteorological work, radar, satellite, computer and communication networks have been examined and overhauled to make ready for flood fighting. ■



STEMMING THE TIDE: Soldiers carry the load as they rush with sandbags to reinforce a flooded dyke

program greatly encouraged YRWRC to prompt a decision to train 1,200 technical workers by 2008.

According to Li Guoying, currently technical workers make up two-thirds of the total employees. All of them work at the flood control frontline. The training of technical workers is expected to increase the scientific and technological level of the flood control work.

The construction of Yangtze River dykes, a key project of the state, was funded by central finance. The government has earmarked 6.49 billion yuan (\$783.82 million) for reinforcing the 2,000 km-long dykes in Hubei, Hunan, Jiangxi and Anhui provinces. By the end of last year, 4.2 billion yuan (\$507 million) had been used.

Chen Lei, Vice Minister of Water

By WANG JUN

Suzhou, one of the most ancient cities in the heart of the Wu cultural region, lies near the mouth of the Yangtze River in Jiangsu, a province on China's eastern seaboard. It was here that Marco Polo, the Venetian merchant and explorer, visited, which provided Europeans one of the first accounts of the region to the east. Perhaps Venice's own picturesque waterways inspired Polo to dub Suzhou the "Oriental Venice." The city was also the host of the 28th Session of the World Heritage Committee held from June 28 to July 7.

Suzhou boasts a history dating from 514 B.C. The city has occupied the same geographical space since its founding in the Spring and Autumn period. The king of the State of Wu bestowed his name "Great City of Helu" on the city. Many of its winding canals and streets, quaint arching bridges, white walls, black tiles and classic lush gardens have been preserved.

The State Council in 1981 decided Suzhou would join Beijing, Hangzhou and Guilin as a priority in its bid to preserve the nation's cultural and scenic places.

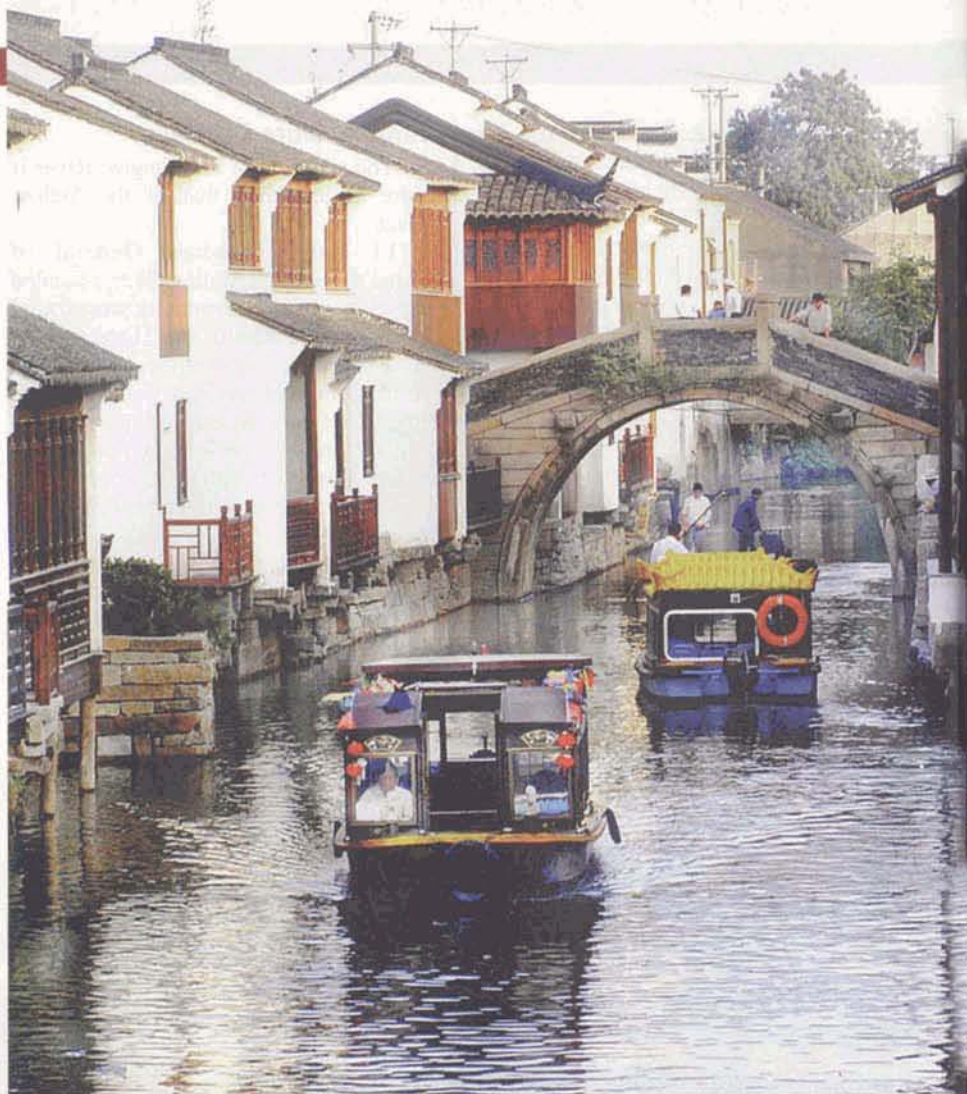
Preservation and Economic Development

One can set up a new city or replicate ancient styles. But it is impossible to rebuild history. That is the value of ancient cities. Industrializing nations all over the world are trying to harmonize development with the protection of historical cities.

Two other ancient Chinese cities have been included on the World Heritage List: Pingyao in Shanxi Province and Lijiang in Yunnan Province. Protecting Pingyao has been made easier because it is a small, county-level city covering only 2.25 square km. Lijiang has also been relatively untouched, though it has nearly no industry.

Suzhou is different. Not far from Shanghai and Nanjing, it has not been insulated from the country's eastern economic boom. In 2003, the city's gross domestic product (GDP) hit 280.2 billion yuan (\$33.8 billion). Fiscal revenue reached 41 billion yuan (\$4.95 billion) and paid-in foreign capital totaled \$6.81 billion.

"Suzhou will not develop its economy at the cost of losing its ancient city," said Yang Weize, Suzhou's mayor. An important strategy has been used to expand out-



Suzhou Believes in

Suzhou doing all it can to restore the past, without the pretense

side of the ancient city quarters, while protecting and restoring the oldest part. Besides the Suzhou Industrial Park and the Suzhou State Hi-tech Industrial Development Zone, the city also plans to establish three satellite cities in the surrounding districts of Pingjiang, Canglang and Jinchang. They are to be zoned off specifically for business, technology and logistics, respectively.

At the same time, Suzhou has adopted another four measures to protect the city. In the old city, which covers 14.5 square km, no building is allowed to exceed 24 m in

PART OF HISTORY: Qianbaoyuan is one of the ancient city's recently restored streets





WANG JIANZHONG

ORIENTAL VENICE: It's always enjoyable to tour the city by boat

they say old houses are not comfortable to live in. So the city is including modern renovation in the revamping of the facades of traditional residencies, adding independent kitchens and restrooms.

"Suzhou's present manifestation of black, white and gray as the main colors of architecture mainly comes from the Ming and Qing dynasties. During protection and restoration, we must respect the tradition instead of simply duplicating it. So we will never pull down the old houses or extend historic streets," said Yang. The city mayor added that some more recent buildings would be torn down so as to restore as much of the ancient city's original aesthetic as possible.

Suzhou has drafted a protection and renovation plan, which will be implemented in steps. Water, electricity, gas, telecommunications, cable TV lines, sewage and street lamps will all be put in place at the same time under the ground, said Yang.

Suzhou has spent 150 million yuan (\$18.12 million) on the reconstruction. It will also invest 6 billion yuan (\$724.64 million) to bring in water from the adjacent Taihu Lake and the Yangtze River to supplement the flow of water in the city. Some 2.6 billion yuan (\$314 million) has been spent to minimize water pollution. In the past two years, 220 km of pipelines were laid, which pumps

over 100,000 tons of sewage into the disposal facility every day. Ships are forbidden on the river surrounding the city as a precaution against oil spills and pollution.

Some bright spots include neighborhood No.37 winning the Dubai International Award for best

practices to improve the living environment in 2002, as well as an award from the Ministry of Construction for the best habitat in China.

Historical Tragedy

In the Song Dynasty (960-1279), there were 82-km waterways and 314 bridges in Suzhou. In the Qing Dynasty (1644-1911), those figures dropped to 58 km and 241, respectively. Today, the city has just 35-km waterways and 168 bridges.

The early transformative and turbulent days of new China left many victims, including some of the nation's cultural relics. The perhaps well-intentioned but ill-advised Great Leap Forward policy from 1958 to 1960 was a frantic attempt at

national economic and technical development. During that period, 100,000 Suzhouese participated in filling up 12 waterways in just five days. Toward the end of the chaotic Cultural Revolution in 1976, another 11 canals were filled, 16.3 km in length.

In the name of urban development, Suzhou filled up some water channels around the city in 1980. In the 1990s, due to the change in course of the section of the Grand Canal, which abuts Suzhou, pump stations and sluiceways were built for flood prevention. Some of the city's waterways were thus impeded. Industrial runoff and household sewage had severely polluted the waterways.

In the wake of extremism, Suzhou's city walls and gates were pulled down as "symbols of feudalist castles" in 1958. Seven of the city's 10 gates were pulled down. The bricks were used to set up steel-making furnaces.

Some old roads were altered and historic buildings pulled down while trying to improve transport channels. Walls along the roads were damaged to set up shops and stores. Renmin Road, for example, the ancient city's main thoroughfare, was broadened. In an attempt to make up for the loss, the city government has erected antique-looking kiosks over a few bus stops.

Private Capital

According to Mayor Yang, his city faces just as many challenges as it has national and provincial cultural heritage sites: 200. Since there are so many ancient structures in Suzhou, the government lacks the resources to restore them all by itself. A local government ruling issued last December encourages private capital to hasten restoration. Transferring or selling rights to restore ancient edifices to individuals and rewarding volunteers with subsidies is allowed under the edict.

In an interview with *Beijing Review*, Qian Yi, Vice Curator of the Suzhou Gardens Museum and Deputy Director of the Humble Administrator's Garden, which is on the World Heritage List, said that not all the restored gardens would be open to the public. Some are in use by individuals or institutions who are responsible for their maintenance. For example, the Chinese Painting Academy of Suzhou is now located in a garden called "Listening Pine Garden," which is inside the ancient city.

"People who buy ancient buildings must cherish them very much. Otherwise, they wouldn't open their wallets," said Qian. ■

Yesterday

of recreating it

height so the skyline is not obstructed. Construction or expansion of roads, schools and hospitals will be subject to approval by the government departments responsible for protection planning. Within three years, all the factories in the ancient city will be removed to reduce pollution and population there, which hastens the city's decay. Tourism is to be the major industry.

"Thus, we not only protect the original features of the ancient city, but also improve them," said Mayor Yang. According to Yang, Suzhou's antique buildings may be stunning, but they are not suitable for modern living. Locals often note that while they understand it is important to protect the city's old neighborhoods,

By DING YING

Anyone who listens to Li Shijun's speeches on Esperanto will be infected by his enthusiasm for this language. After 65 years of studying Esperanto, the most widely spoken constructed language, even 82-year-old Li Shijun cannot remember the exact number of works that he has translated into and written in Esperanto. These include literary work collections, saga novels, fairy tales, comics, famous Chinese poems and operas, and legends of ethnic groups in China. Besides this he also translated Chairman Mao Zedong's famous theories and thesis into Esperanto, compiled teaching materials and dictionaries for Esperanto fans worldwide. Li recently finished the translation of *Heroes of the Marshes* (*Shui Hu Zhuan*), a famous Chinese novel of the early Ming Dynasty (translated by Pearl Buck as *All Men Are Brothers*), which is over hundreds of thousands of words



"Esperanto is amazing."



"Esperanto can eliminate misunderstandings."



"There are several colleges and universities teaching Esperanto in China."

Devoted to a Universal

Having been engaged in Esperanto study for 65 years, 82-year-old Li Shijun is still based on words common to all the European languages

long. To accomplish this in his 80s was no mean feat, yet this energetic writer took it in his stride.

Li has been a member of the 45 Academicians of the Academy of Esperanto since 1983, and for his remarkable contribution to the language over the years, at the 88th Universal Esperanto Congress (UEC), held in 2003 in Sweden, he was awarded the Grabowski Prize, the top award given in the Esperanto community. At this year's UEC, held in Beijing in July, Li was Local Congress Commentator and President of the International Congress University.

"I never expected to be engaged in language studies, because when I was young, I believed that only science and technology could help our country," Li recalled. Born in 1923 in a small village in Anguo County, Hebei Province, young Li Shijun knew nothing about Esperanto. It was only on occasions that the young student discovered one of his relatives used a kind of "code" to keep secrets when writing letters to a classmate. "But I was just

curious at that time. It was not until 1939 that I really got in touch with Esperanto," he told *Beijing Review*.

In the early 1900s, Esperanto spread to China from Europe and Japan. During the New Culture Movement (1915-1919) and the May 4th Movement in 1919 (a political and cultural movement against imperialism and feudalism, whose participants were mainly college students and intellectuals), many famous writers and educationists, such as Cai Yuanpei, President of Peking University and Minister of Education at that period, introduced Esperanto to young people as one of the modern sciences from Europe. Some of them compiled a simple booklet for Esperanto learners.

In 1939, when Li was in middle school, he found one of these old pamphlets. "At that time, I had studied English for several years, which was a great help for Esperanto study. Thirty days later, when I had finished studying the pamphlet, I was totally

absorbed with this magic language—I thought it was amazing," he concluded. "To date I have learned several languages, including Russian, French, German, Japanese, Spanish and English, but I feel none of them can match up to Esperanto."

Advantages of Esperanto

According to Li, Esperanto has many advantages over other languages. First, it is much easier to master. Esperanto has only 28 letters and 16 main grammar rules. Therefore, learners will not be confused with complicated grammar. Besides, every Esperanto word can be spelled out, which is decided by aptotic pronunciations of the letters. It will take at least 10 years for a common English learner to fluently speak or write English, but it only takes two or three years to master Esperanto at a similar level, explained Li. Moreover, he added, as orders of words in a sentence are flexible, a simple sentence can express abundant meanings.

Second, as Esperanto is a second language based on several

languages, it is non-bias. Consequently, Esperanto is more convenient for organizations and conferences with countries speaking different languages, noted Li. He pointed out, "The EU now has a headache because of the huge costs for interpretations and translations, which occupies one third of the EU's total budget. So they are planning to have a trial run of Esperanto interpretations and translation. If successful, this measure is expected to save a lot of money for the EU, and maybe for the UN in the future."

Third, Esperanto can eliminate misunderstandings among nations, countries and different ethnic groups in the world, because people can better understand each other through communications. In this way, the hope for a peaceful world could become more of a reality, stressed Li, noting that this advantage is expected to be the biggest contribution of Esperanto.

Esperanto is not a religion, but a science, said Li, pointing to a badge bearing a green star, symbol of Esperanto speakers.



PHOTOS BY DING YING

"Esperanto is easier to learn than other languages."

Language

enthusiastic about this language,

"Most Esperanto speakers have careers that are not related to Esperanto, but nearly all of them are trying to devote more time to the spread of this language," he explained. For example, he said, there was a 99-year-old German dentist, who lived in China for over 50 years. In his will, he donated all his Esperanto books to the Chinese Embassy in Germany, and split his legacy into two halves, one half to the Universal Esperanto Association, and the other half to *China Report*, China's first Esperanto magazine, established in 1950.

There are many colleges and universities with open Esperanto classes, and Beijing Broadcasting Institute even teaches Esperanto as a major course—all these help the spread of Esperanto in China, said Li.

"When I was 19 years old, I was suffering from phthisis, and doctors concluded that I only had two years left to live. I am now 82, and I am still healthy. I love our country, and I will try to bring China to the world by introducing it to foreigners in Esperanto." ■

Background to Esperanto

Esperanto is a language introduced in 1887 by Dr. L.L. Zamenhof, a Polish Jew, after years of development, with the aim to eliminate language obstacles in international contact and enhance mutual understanding among different nations. He proposed Esperanto as a second language that would allow people who speak different native languages to communicate, yet at the same time retain their own languages and cultural identities. Esperanto has 28 letters. The core grammar of Esperanto consists of only 16 rules, with no exceptions. The word roots in Esperanto have been taken from many national languages according to the principle of maximum internationality. Many words—an average of 10 to 15, but sometimes as many as 50—may be formed from one root.

Today, more than 125 technical dictionaries and vocabularies in some 50 branches of science, philosophy, technology, and handicrafts have been published in Esperanto. Esperanto literature includes translated and original novels, short stories, plays, poems, scientific works and dissertations. Over a dozen radio stations, including stations in Beijing, Rome, Valencia, Warsaw, Havana, Vienna and the Vatican, regularly broadcast in Esperanto, for a total of over 15,000 hours a year. Every year an increasing number of conventions, conferences, courses and study groups use Esperanto as their working language.

Statistics show there are about 10 million Esperanto speaking people in the world. The Universal Esperanto Association or *Universala Esperanto-Asocio* (UEA), established on April 28, 1908, has members in over 100 countries. There are at least 53 affiliated national organizations; more than 70 professional international associations; a workers' association; and more than 1,250 clubs and societies in the world. Moreover, 1,900 delegates and specialty delegates in all countries are at the service of Esperantists. The Headquarter of the UEA is in Rotterdam, Netherlands. The UEA maintains a network of over 1,900 representatives in 90 countries, sponsors many international activities, and issues a yearbook containing the addresses of its representatives and information on current international activities.

The annual International Esperanto Conference has taken place each year since 1905, except for the two world wars. The 89th International Esperanto Conference takes place in Beijing from July 24 to 31, with nearly 1,800 delegates from more than 60 countries and regions attending.

This is the second time China has hosted the largest and most important meeting for Esperanto, following the 71st International Esperanto Conference in 1986.

Two official websites have been launched for the coming conference—www.china.com.cn/esperanto/1013.htm, and www.espero.com.cn/uk2004.

China published its first Esperanto magazine *China Report* in 1950, and established the All-China Esperanto League the year after. So far, China has more than 10,000 quintessential learners, among some 400,000 people who have attended Esperanto courses. ■

Searching for Depositors

While investment still soars, bank deposits are on the decline, which could leave the financial institutions high and dry



LESS DEPOSIT: According to central bank figures, deposits are declining, like at this Shanghai commercial bank

By TAN WEI

Financial institutions in China are parched for deposits. Only last year, their priority was competing for clients on whom they could lavish loans. But now, suddenly, loaning institutions are more worried about finding depositors, whose money they loan out.

According to statistics from the People's Bank of China, the country's central bank, outstanding deposits of all financial institutions stood at 23.7 trillion yuan (\$2.86 trillion) at the end of May, a 17.9 percent increase year on year though 4 percentage points lower than a year ago. Of this total, outstanding household savings deposits totaled 11.26 trillion yuan (\$1.36 trillion), up 16.9 percent year on year but just under a percentage point lower than the previous month.

It was the fourth month in a row that deposits growth declined. April and May were particularly bad as some 104.6 billion yuan (\$12.63 billion) less was added than previous months. Industry insiders say

banks will keep losing deposits if there are no changes in financial policy.

To encourage staff to solicit more deposits, banks have linked employee salary and bonuses with the volume of money customers put in the bank. Moreover, the amount of deposits has become the number one criterion of many branch heads of financial institutions in assessing banking performance.

From Flood to Drought

Just a few months ago when household savings deposits surpassed 10 trillion yuan (\$1.2 trillion) for the first time, experts were talking about stemming the flow of bank deposits. But now it seems that the opposite problem is occurring: Funds are running dry. Why the sudden change?

According to the National Bureau of Statistics (NBS), the consumer price index (CPI) in May jumped 4.4 percent compared to last year's same period. This inflation drove down the real annual deposit rate to -2.82 percent. The current nominal one-year deposit rate stands at 1.98 percent

(1.58 percent after tax).

Consumption and saving patterns among Chinese, known for parsimoniously stuffing money away in banks, may be changing. From January to May, retail sales rose, corroborating the conclusion that Chinese are spending more than they did just a few years ago. Meanwhile, Chinese consumers are putting their eggs in different baskets, such as securities,



LEARNING HOW TO SPEND: Just one of the increasing consumers who are beginning to spend more and put less money in banks

bonds, funds as well as home investment. Chinese are welcoming new financial products into their investment portfolios, too.

At the same time, the decrease of yuan used to purchase foreign exchanges also contributed to shrinking deposits. This year, with expectations of an interest rate hike in the United States easing pressure on the yuan to appreciate and China's continued foreign trade deficits, less overseas capital has flowed into China. Since the central bank needs less yuan to purchase foreign exchange, they require less money lying around. This is reflected in deposit figures.

Industry insiders believe that an appropriate diversion of household deposits would do no harm to commercial banks, as the central bank could boost their liquidity through open market operation. Less capital in banks could fend off financial risks and pressure them to develop intermediary services. But shutting off the tap would not be advisable. The profit from loan granting on which commercial banks depend would

be lost, for example.

Adjusting Credit Quotas

The central bank announced on April 11 it would raise the reserve ratio for banks by 0.5 percentage points. A deputy director in charge of credit, whose bank has a deposit of 400 billion yuan (\$48.3 billion), said the capital for loans could be reduced by 2 billion yuan (\$241.5 million) after the

reserve ratio hike.

The official admitted that the central bank sees the reserve ratio hike as a warning to commercial banks and the latter understands the tightening measure. But commercial banks still need to mind profit margins and expand assets.

According to regulations, commercial banks and urban credit cooperatives can designate lending rates themselves between 4.78 and 9.03 percent. Rural credit cooperatives enjoy a much larger range. China's financial institutions can get return with even the one-year benchmark interest rate of 5.31 percent.

"Requiring commercial banks to reduce income resulting from the gap between lending and deposits interest rates is no different than asking manufacturers to cut product sales," a bank official said.

Chinese commercial banks usually determine loaning practices on the volume of available deposits. The central bank and the China Banking Regulatory Commission (CBRC) have been espousing international practice, which features defining credit according to capital adequacy ratio. But they have yet to do so.

The reserve ratio hike has put marketing departments on edge. As one bank official said, "Directorates see profit as the top guideline in evaluating executives every year, so our core business is to work out

loan policy according to profit goals and then take in enough deposits."

So far there are at least 250 billion yuan (\$30.19 billion) in mid- and long-term loans in China's banks supported by short-term deposits. If these loans increase while deposits consistently decrease, there will eventually be no capital to give out.

Raising the minimum amount of mid- and long-term loans and reducing the maximum amount of short-term and current deposits might improve overall money lending structure. Currently, the central bank is reluctant to resort to interest rate adjustment, which it sees as a double-edged sword.

Financial services other than accepting deposits and loaning money are not yet bringing profit to Chinese banks. The fact intermediary services of banks are not market-oriented has much to do with this. Experts also point to the traditional concept that says banks are not profit-driven institutions but rather should provide free services.

Commercial banks are still depending mainly on getting more deposits than money they lend before the full introduction of mixed banking operation, which allows banks to engage in non-banking financial services, such as securities, insurance, trust, investment funds and securities futures. ■



NIU QIANJUN

Trans-China Linde Forklift Rally Explorer Reaches Jining, Shandong

The ceremony for Linde Explorer's arrival in Jinan, capital of Shandong Province, was held as scheduled in front of the Shandong Conference Hall on July 12. Reporters from more than 10 publications flocked to the event.

Departing from Jinan, Linde Explorer transversed the flatlands of Shandong. After 50 days of traveling, Linde Explorer had chalked up 2,000 km upon arrival in Tai'an, Shandong. Tai'an is known for Taishan Mountain, one of the "Five Sacred Mountains" in the country. Its majestic heights left everyone awestruck. In his poem A View of Taishan, poet Du Fu of the Tang Dynasty (618-907) wondered, "When shall I reach the top and hold all mountains in a single glance?"

Bidding a reluctant farewell to Taishan, Linde Explorer continued toward Qufu, arriving there the next day. Souvenir photos were taken in the Temple of Confucius, the hometown of the renowned philosopher and educator who lived from 551 to 479 B.C.

After Linde Explorer arrived in Jining, a seminar was held for Linde-Xiamen's customers on July 15. Demonstrations of what the truck could do set off a warm round of applause.



Outdated Bankruptcy Law Upgraded

China submits new draft of bankruptcy law to facilitate move toward a full market economy

BY LAN XINZHEN

If China's long awaited draft bankruptcy law is adopted, it would serve as a model for future laws tailored to a market economy. This is the opinion of Li Shuguang, Vice President of the Postgraduate School of the China University of Politics and Law, who points out that the law is designed in total compliance with the norms and development requirements of a modern market economy.

Officially submitted on June 21, the draft corporate bankruptcy law, Bankruptcy Law of the People's Republic of China (draft), went to the Standing Committee of the National People's Congress (NPC), China's top legislature, for deliberation. The law's submission came 10 years after the committee first began to draft it in 1994.

Since the bankruptcy law acts as a cornerstone in building a market economy, the NPC Standing Committee will work for its release as soon as possible. Law experts who drafted the bill have optimistically predicted that this law would be adopted by early next year and implemented in 2006 at the earliest.

Besides including internationally practiced bankruptcy standards of reorganization and conciliation, the law also has provisions on cutting edge issues such as "cross border insolvency."

Current Bankruptcy Law Inadequate

In China, there are a total of around 1 million state-owned enterprises (SOEs) and over 7 million non-state-owned enterprises (non-SOEs). On the one hand, non-SOEs far outnumber SOEs; on the other, the current bankruptcy law is only applicable to SOEs, with bankruptcy of non-SOEs based on the Civil Procedures Law and the judicial interpretations by the Supreme People's Court.

Professor Wang Xinxin from the Renmin University of China, a law expert working in the drafting body, said, "This makes judicial implementation of bankruptcy lack a consistent standard." According to Wang, the current Law of the People's Republic of China on Enterprise Bankruptcy



NEW BANKRUPTCY LAW: Jia Zhijie, Deputy Director of the NPC Financial and Economic Committee, reports to the NPC Standing Committee on the draft bankruptcy law

(for trial implementation) promulgated in 1986 and put into effective since 1988, has basically failed to fulfill its job of regulating bankruptcy.

It is clearly stated in the current bankruptcy law that it is only applicable to enterprises of public ownership, namely, SOEs. Implementation of this law has been greatly interfered with by administrative authorities, because according to the law, before an SOE goes bankrupt, it must first get government approval. Since the local government is responsible for the resettling of employ-

ees after the bankruptcy of an enterprise, it will not approve any bankruptcy petition without an employee resettling plan. Courts have also been reluctant to try SOE bankruptcy cases. Therefore, in the six years after this bankruptcy law was released, although a large number of SOEs ran great losses, only a few finally went through bankrupt procedures.

Professor Wang believes this situation is mainly caused by a deficiency in the existing bankruptcy law. In the existing law, the bankruptcy liquidating panel is made up of government officials, rather than independent organizations, professional agencies or people with expertise. More importantly, the current law does not have provisions on internationally practiced reorganization and bankruptcy administrators, which makes the law hard to implement in reality.

When this law was enacted, the absolute majority of enterprises were SOEs. For this reason, in the process of drafting the law, bankruptcies of non-SOEs were given little consideration, and consequently the law became ineffective. After two decades of development, non-SOEs have become the majority, which has forced the government to promulgate a new law to regulate enterprises' bankruptcies.

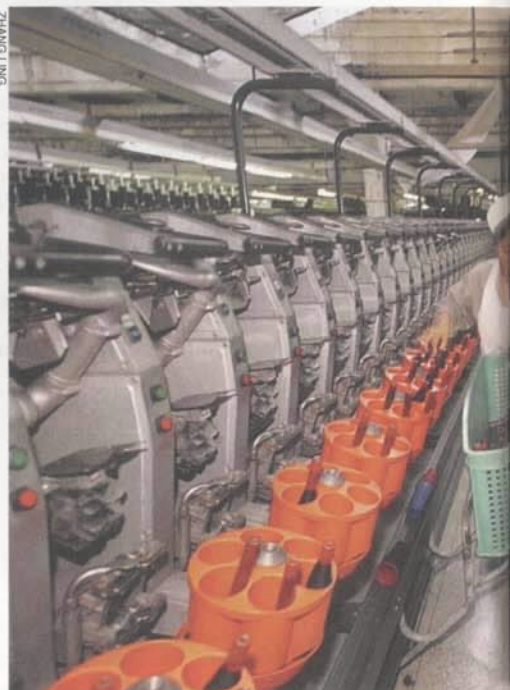
New Law

Compared with the current bankruptcy law which has been around for 16 years, the significant breakthrough of the new law is to put businesses of various forms of ownership on an equal footing in terms of bankruptcy.

Jia Zhijie, Deputy Director of the NPC Financial and Economic Committee, reported to the 10th Session of the 10th NPC Standing Committee on June 21, 2004 on the applicability of the new law.

According to Jia's introduction, the new bankruptcy law is applicable to firms of all forms of ownership, whether they are SOEs or non-SOEs, private companies or financial institutions. The new law allows businesses to start bankruptcy procedures automatically, rather than get government approval first, which is required by the existing law. On top of that, the new law put the priority of bankrupt firms on paying back the creditors instead of settling the unemployed.

Jia also said the new law has introduced the procedure of reorganization. "As for companies which face difficulties but are hopeful for rescue, the new law aims to reinvigorate them through reorganization, rather than let them go bankrupt through liquidation." Jia explains, to achieve this goal, the draft has set a relatively low threshold for reorganization: Companies can directly apply for reorganization whenever they may not be able to pay off debts due. What is more, after reorganization applications of debtors are filed, they can apply to the court to manage property and operate a business



by themselves, which will exploit their management advantages of knowing the business well and encourage debtors to solve their internal problems through judicial procedures. To best protect creditors' interest and the overall interest of society and encourage reorganization, the draft has also inferred judicial discretion of reorganization plans to the People's Court which will enable the court to approve relevant reorganization applications.

The new bankruptcy law has also introduced a new administrator system (an administrator is the person responsible for managing property and other affairs in the process of bankruptcy).

In bankruptcy practice in China, some cases have already been handled according to a system similar to the administrator system. That is to invite agencies such as liquidators to handle affairs of bankruptcy.

According to provisions of the new bankruptcy law, administrators could be chosen in accordance with the law, or assumed by the liquidation committee designated by a people's court. The new law stipulates that intermediary agencies such as liquidators, law firms and accounting firms and people with professional knowledge and practice qualifications can be administrators. As for debtors who directly apply for reorganization, they are allowed to operate business and manage assets by themselves.

"This is mature legislation," said Li Shuguang.

2,000 SOEs Waiting for Bankruptcy

Bankruptcy of SOEs has always been a contentious issue. Whether this can be

addressed will directly impact on the effectiveness of the new law.

Officials from the State-Owned Assets Supervision and Administration Commission (SASAC) of the State Council have revealed that, currently, China still has over 2,000 SOEs, which face great difficulties and need to withdraw from the market through "administrative closure." (Unlike bankruptcy in other countries, in China money recovered from insolvent SOEs will not pay creditors, but settle the unemployed first. The remaining money will then go to creditors, or state-owned banks).

The new bankruptcy law stipulates that certain SOEs can go bankrupt according to relevant regulations of the State Council within a certain period of time, but after the deadline, all SOE bankruptcies must be handled according to the law.

The 2,000-odd SOEs will go bankrupt in the next two to three years. According to a related survey from the National Development and Reform Commission (NDRC), the "administrative closure" can last three years at the most, thus it will not thwart the implementation of the new law.

The latest data from SASAC suggests that by the end of April 2004, over 3,370 SOEs had gone bankrupt, writing off non-performing loans (NPLs) and the losses of financial asset management companies worth 223.8 billion yuan (\$27.03 billion) after verification, resetting 6.2 million employees and saving a perspective loss of 134.1 billion yuan (\$16.2 billion). The Central Government has accumulatively allocated 49.3 billion yuan (\$5.95 billion) in bankruptcy relief.

Most of these SOEs on the brink of bankruptcy are defense industry enterprises located in remote areas and exhausted mining companies. Their bankruptcy involves NPLs worth 240 billion yuan (\$29 billion).

Expectations From Abroad

The following day after the new bankruptcy law was submitted to the NPC Standing Committee, the *Asian Wall Street Journal* reported on the event, noting that although Chinese companies will be most affected by the new law, foreign investors are also expected to profit from it.

Lester Ross, a partner of Wilmer Cutler Pickering LLP (a multinational law firm), believes the release of China's new bankruptcy law will enable multinational accounting firms and law firms to find more moneymaking opportunities through doing bankruptcy liquidation and find-

ing buyers for Chinese companies.

Ross thinks foreign investors may assume the position of company property administrator, since the new bankruptcy law does not exclude foreigners.

The increased transparency of the new law has also triggered the foreign capital's interest in buying NPLs after the bankruptcy of Chinese companies. Ross said the new law is an important step forward, making bankruptcy procedures clearer, and the bankruptcy and restructuring of companies and the purchase and sale of NPLs easier.

Experts' Concerns

There is not much doubt about the release of the new bankruptcy law, but some experts worry about the smooth implementation of the new law after its promulgation.

According to Li Shuguang, even if the new law is smoothly adopted, its function may be greatly confined.

One purpose of the new law is to protect the legitimate rights of creditors. Internationally, banks are the largest creditor of bankrupt companies and are supposed to be the strongest supporter of the implementation of the bankruptcy law. However, a considerable number of banks with corporate loans in China hold a negative attitude toward bankruptcy procedures. A survey indicates that over 95 percent of bankruptcy cases are put forward by debtors or non-bank creditors.

"An integral bankruptcy system is an important symbol of a mature market economy. In this sense, the submission of the new bankruptcy law is a breakthrough. But practical factors affecting the effectiveness of the law must be addressed, such as reforming supporting regulations," said Li.

According to the new draft, any court handling a bankruptcy case should designate an administrator, such as a law firm or an accounting firm, and the designation has to be approved by a creditors' meeting. But Ross worries China does not have enough competent organizations to manage property under bankruptcy protection, and his worry is well justified.

Ross' worries over the effective implementation of the new law also include the Chinese courts' lack of experience in dealing with bankruptcy cases and the rampancy of regional protectionism. According to the draft law, bankruptcy cases should be tried by courts in the place of the debtors' domicile, thus sympathy over the bankrupt companies and their employees may infringe on the justice of the trial results.

With regard to these worries, Wang Weiguo, professor of the China University of Politics and Law said, "A bankruptcy law is not the key to all China's economic development problems. What we need is much more than one or two laws; instead, we need an integral law system." ■



HOLDING ON: Production continues at a non-state-owned textile mill, despite it losing money for years. This is due to the deficiency in the existing bankruptcy law

High-Tech Help

Private, non-profit group has a charitable quest to promote digital development in China



HIGH-MINDED: These member entrepreneurs of e-China Alliance are also the patrons of the Tibetan antelope



TALKING TECHNOLOGY: China's best brains in the high-tech industry hold a discussion during a ChinaMOST class

By DING WENLEI

E-China Alliances, a non-governmental and non-profit organization, is envisioning a promising future for the high-tech industry after successfully concluding ChinaMOST, a three-day trial course for potential executives in Beijing in May.

ChinaMOST, an acronym for the Chinese-run school for Management of Science and Technology, is a collaborative offshoot between e-China Alliances and the University of California at Berkeley's Management of Technology (MOT) program, which was established in 1987. MOT, which focuses on the operation and organization of managing product development and commercialization, is the most popular interdisciplinary program at the UC Berkeley.

MOT differs from ordinary MBA programs in its "devotion to the high-tech industry," while MBAs offer general management courses not specific to any industry, according to Qi Hong, director of UC Berkeley's MOT program in China.

Like its parent program, ChinaMOST aims to provide future high-tech business leaders with tailored technology management education, introduced Ding Jian, President of AsiaInfo and Project Manager of ChinaMOST. Classes, convened at ad hoc facilities that UC Berkeley are invited to instruct, can be arranged through e-China's Beijing office. It has no local campus.

Wu Ying, President and Chief Executive

Officer of UTStarcom's China operations, was among the first of ChinaMOST's beneficiaries. He was quite impressed with "the amazing wisdom" of the visiting professors from the U.S. school and said that the courses inspired him to formulate new goals for the company's customer services.

The program provides a curriculum ranging from "Opportunity Recognition," organizational skills, product development and management to corporate and global market strategy.

Dr. Deng Zhonghan, Board Chairman of the chipmaker, Beijing Vimicro Electronics Corporation, is proud of his alma mater, where he received his PhD in electrical engineering. He said, "UC Berkeley is creating new management ideas, modes and tools on the frontier of the high-tech industry."

In April 2002, during Boao Forum for Asia, an annual regional business and economic meeting, leaders from dozens of leading Chinese high-tech enterprises, including Wu and Deng, signed an agreement to jointly found e-China Alliances.

They reached a consensus on the group's mission, which is to do charity work and promote digital development in China and Asia through communication and cooperation so as to catch up with developed countries.

At its founding, Wu Ying, President of e-China Alliances, stated that their mission is "to provide a platform for smooth communication among China's entrepreneurs, coordinate the government and enterprises and

study the feasibility of formulating an allied digital standard for Asia."

In the past two years, e-China Alliance has founded the Youth League Central Committee (YLCC) as a partner with which to do charity work. Since 1996, the YLCC has organized more than 10,000 volunteers to serve a year in the county's remote western region. Most of them are college gradu-

ates.

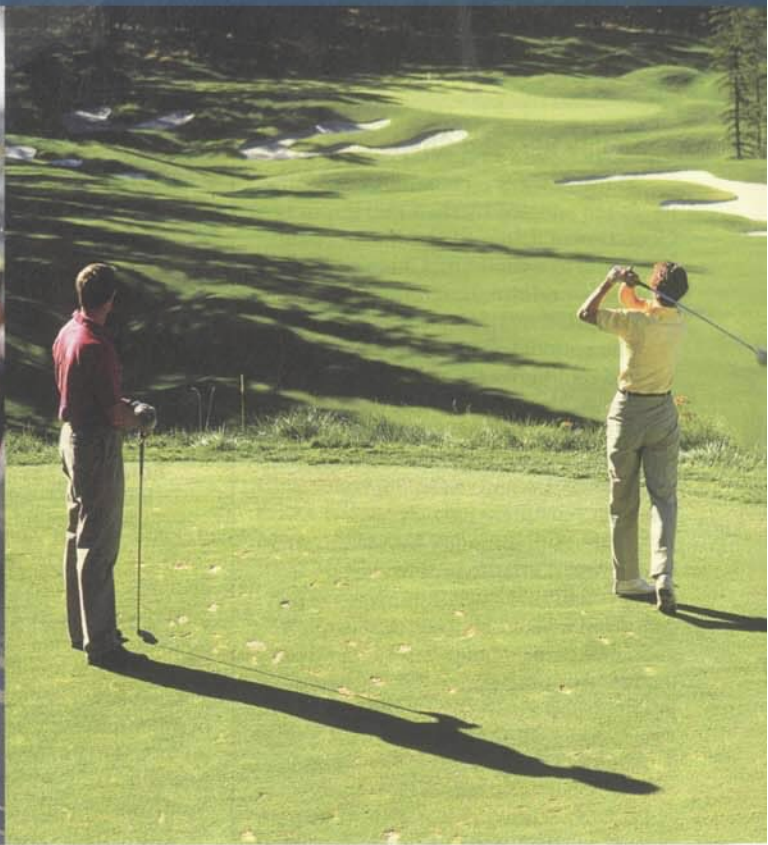
As a reciprocal gesture, e-China Alliances called on its member enterprises to donate old computers to the volunteers in the hopes the discarded PCs would facilitate the dissemination of information in local primary schools with the help of the volunteers.

In January 2003, e-China Alliances and the YLCC co-founded the first "e-China" computer-training base in Lingqiu County, Shanxi Province. A month later, the two parties signed an agreement under which the alliance promises to donate 100,000 yuan (\$12,077) in cash and 200 computers to primary schools in poor regions, including Shanxi and Inner Mongolia by 2004.

E-China Alliances is also involved in environmental and animal protection. Kekexili, an uninhabited strip on the Tibetan highlands in Qinghai Province, has become a battleground for the volunteers in an effort to fight Tibetan antelope poaching in recent years.

On November 7, 2002, a donation ceremony was held at the headquarters of Beijing Ericsson Communication Systems Co., Ltd. for Tibetan antelope protection. They donated satellite communication equipment worth 370,000 yuan (\$44,686) to the Kekexili Nature Protection Zone, as well as a jeep for patrolling.

"There is much work to do and we are far from being influential enough. But we have our hope for recognition and welcome enterprises that understand our mission to join us," said Wu Ying. ■



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State of the Market

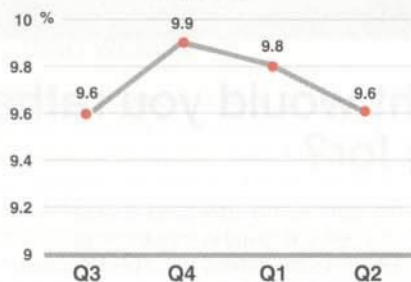
Economy in Good Shape

In the first six months, macro-control measures adopted by the Central Government achieved significant results, according to a report on China's national economic performance, released by the National Bureau of Statistics on July 16.

The national economy sustained stable and rapid growth, while economic efficiency was further improved. The state's assessment maintains that uncertainties and unhealthy factors of economic performance have been largely neutralized.

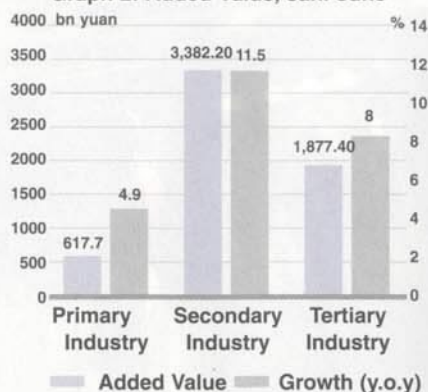
GDP. A preliminary estimation suggests gross domestic product (GDP) in the first half of this year jumped 9.7 percent from a year ago to hit 5.88 trillion yuan, 0.9 percentage points higher than the rate the same period last year (see graphs 1 and 2).

Graph 1: GDP Growth in Recent Four Quarters



Agriculture. After five years of decline, the planting area for grain crops is expected to surpass 100 million

Graph 2: Added Value, Jan.-June

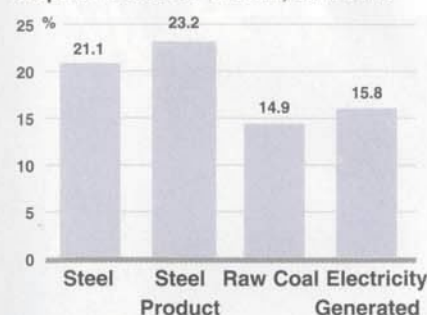


hectares, up 1 percent year on year. The cultivated area for cotton increased 10.6 percent and those for oil-bearing crops 0.7 percent, while the area on which sugar is sown decreased 5.4 percent. A bumper harvest was seen in summer grain and the total output was expected to reach 101.1 million tons, up 4.8 percent from a year ago.

Industrial Growth. In the first six months of this year, added value of industrial enterprises soared 11.9 percent over the same period last year to 2.98 trillion yuan. State-owned enterprises and non-state enterprises with annual sales revenue over 5 million yuan constituted 2.47 trillion yuan of this total, jumping 17.7 percent year on year, 1.5 percentage points higher than last year's rate during the same period. Heavy and light industries grew 19.7 percent and 15.6 percent, respectively. Rate of growth for production of steel and steel products were 5.3

percentage points and 6.3 percentage points lower, respectively, than the figures a year ago, while energy production saw rapid increase (see graph 3). During this period, the sales ratio of industrial products stood at 97.2 percent, 0.2 percentage points higher than a year ago.

Graph 3: Industrial Growth, Jan.-June



Fixed Assets Investment. From January through June, fixed assets investment totaled 2.61 trillion yuan, increasing 28.6 percent, 2.5 percentage points lower than the rate at the midway point last year and 14.4 percentage points down compared with this year's first quarter figure. Of this total, 2.18 trillion yuan was invested in urban areas, up 31 percent year on year and 16.8 percentage points down since the first quarter. Over this period, investment in the real estate sector totaled 492.4 billion yuan, with a year-on-year increase of 28.7 percent, 12.4 percentage points lower than that of the first three months.

Retail Sales. Over the first half this year, total retail sales of consumer goods amounted to 2.52 trillion yuan, growing 12.8 percent year on year. Deducting price factors, the real growth was 10.2

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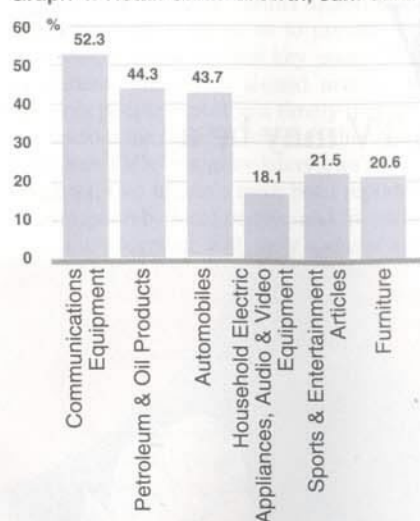
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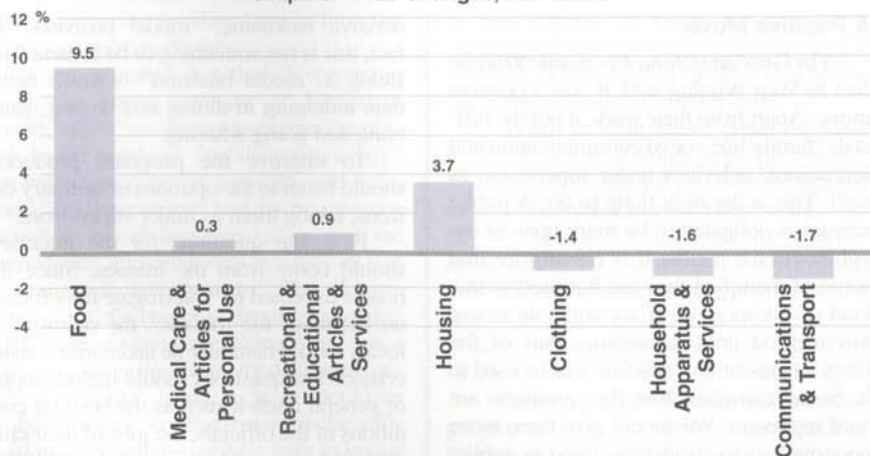
Graph 4: Retail Sales Growth, Jan.-June



percent. Sales of key consumer products maintained fast growth (see graph 4).

Consumer Prices. Through the first half of the year, the consumer price index (CPI) jumped 3.6 percent over the same period last year. CPI rose 3 percent and 4.6 percent in urban and rural areas, respectively (see graph 5). In May, CPI dropped 0.1 percent from the previous month and in June, the index fell 0.7 percent from May. In the same period, retail sales prices increased 2.4 percent and ex-factory prices for industrial goods climbed 4.7 percent. Purchasing prices

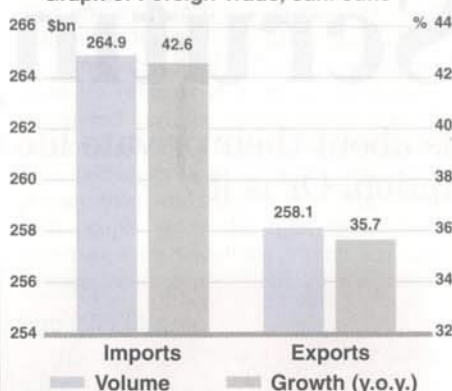
Graph 5: Price Changes, Jan.-June



for raw materials, fuels and power soared 9.8 percent over the same period last year.

Foreign Trade. From January through June, the total volume of imports and exports reached \$523 billion, up 39.1 percent year on year. Trade deficit at the end of this period stood at \$6.8 billion (see graph 6). During the same period,

Graph 6: Foreign Trade, Jan.-June



\$72.7 billion of contractual foreign investment and \$33.9 billion of paid-in capital poured in the country, growing 42.7 percent and 12 percent, respectively, year on year. At the end of June, foreign exchange reserves hit \$470.6 billion, an increase of \$67.3 billion compared with the figure at the beginning of this year.

Resident Income. Between January and the end of June, the per-capita disposable income of urban residents was 4,815 yuan, increasing 11.9 percent from a year ago. After deducting price factors, the real growth was 8.7 percent, 0.3 percentage points higher than the figure of the same period last year. The per-capita cash income of rural residents rose a bit more to 1,345 yuan, an increase of 16.1 percent. The real growth was 10.9 per-

cent after deducting price factors, 8.4 percentage points higher than the figure in the first half of last year, and the highest since 1997.

These factors indicate a strong overall national economy. But there are some problems that have not been fundamentally solved. There remains a prominent bottleneck in energy and transportation.

The growth rate of fixed assets investment is high. The cost of raw materials, fuels and power is rising too fast. Banks sometimes do not loan prudently.

In the second half of this year, efforts will continue in further implementing and improving macroeconomic policies. The focus will be put on adjusting economic structure, deepening reforms and manipulating the pattern of growth to ensure stable, fast and coordinated economic development.

Enterprise Commodity Prices

Enterprise commodity prices under surveillance of the People's Bank of China showed that in June, general prices fell 0.3 percent compared with May, which was still a rise of 9.4 percent from a year ago.

Prices of raw materials fell 0.2 percent compared with May, a rise of 9.3 percent year on year. Prices of consumer goods fell 0.4 percent over the previous month but were 9.2 percent higher than the figure in the same period last year.

Prices of primary products fell 0.3 percent from May but remained 18.2 percent higher than June 2003. Intermediate products saw a monthly price drop of 0.2 percent but an annual jump of 7.8 percent. Prices of final products fell 0.4 percent in June from May but were still 7.7 percent higher than the same period last year.

Coal Production

Up through the first half of this year, coal output in China totaled 882.48 million tons, growing 15 percent over the same period last year, according to figures released by the Chinese Society of Coal Industry on July 12.

Thanks to the country's strong economic growth, the volume of output, sales and transportation all hit a record high in the first half this year, while in 2003 Chinese output of coal reached 1.6 billion tons, which was an increase of 18 percent year on year.

The first half of this year also saw key state-owned coalmines complete 226.5 percent of its contracted volume. As for coal supplied to power plants and grids, 144.94 percent of planned volume was fulfilled.

Demand for coal is expected to continue to grow in the second half of this year, but short of first half demand, according to the organization.

Compiled by WANG JUN

\$1=8.28 yuan

Public Scrutiny

Interviewing public officials about their private life on TV may be a good way to prevent corruption. Or is it?

A controversial talk show entitled "Building an Honest Government," got people in Hengshan County, Hunan Province, tuning in every evening to watch the Hengshan News. Launched on April 1 this year, the show aroused nationwide attention because the county's leading officials and Party secretaries were interviewed about their private lives on it. Officials from Hengshan's 18 towns and heads of the county's 22 major government departments, were brought before the camera one by one and asked questions about their salary, family income, daily life, the brand of cigarettes they smoke and their spare time.

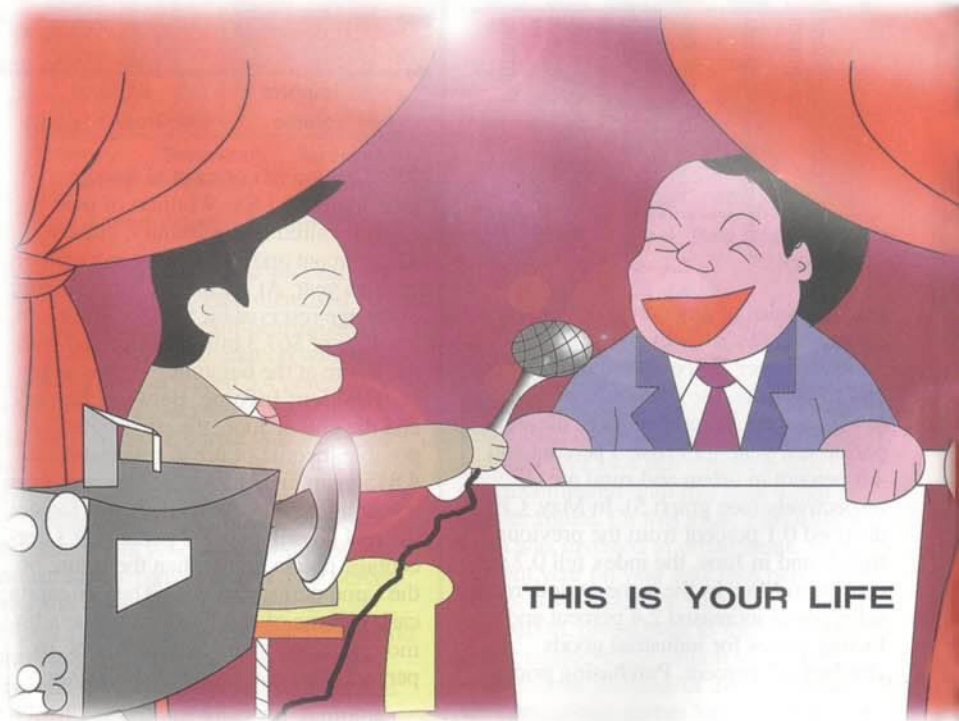
Now completed, the program was meant to be "an effort to combine inner-Party supervision, media supervision, supervision by public opinion and supervision from the people," said Wen Wuqing, Deputy Secretary of the Commission for Discipline Inspection of the Hengshan County Committee of the Communist Party of China.

This is not the first time that government officials talk about their determination and measures to guard against corruption on TV. What distinguished Hengshan's "integrity interviews" was that it probed into the private life of local leaders. During the TV interviews, a host would pose a number of questions to the officials, "interrogating them on behalf of all the residents of the county."

It is interesting to note that both the host and the guest would be extremely cautious during the TV interview. It was reported that while the officials were concerned about the outcome of the interviews, as they were anxious to leave a good impression on the audience, the producers of the program were worried about the choice of the questions and how far they could probe.

Some say that this was undoubtedly a daring attempt, which aimed at placing the officials under the scrutiny of the public. However, others think differently, claiming this program was merely a publicity stunt. Then there are those of the opinion that the interviews violated the officials' privacy, as they involved a lot of personal information.

Is this kind of program just for publicity or can it actually deter officials from being corrupt?



A Positive Move

Yin Guo'an (China Economic Times): Just as Wen Wuqing said, it was a positive move. Apart from their work, it put the officials' family life, social communication and recreational activities under supervision as well. This is the right thing to do. A public servant is obligated to be more open to the public via the media. It is no surprise that some of them feel they are not used to this kind of questioning. If we continue to use this method until it becomes part of the Party's convention, officials will be used to it. Some complain that the questions are hard to answer. We should give them more opportunities to speak their mind in public. It is not as nerve racking as delivering a public speech.

Still others are reluctant to face the inquiries of the media. We should make it clear to them that, as public figures, they are duty-bound to answer the public's questions. Once, an official told TV viewers, "I like taking a stroll with my wife and children after work." Hence, he was given the

derisive nickname, "model husband." In fact, this is not something to be ashamed of. Being a "model husband" is much better than indulging in dining and wining, gambling and going whoring.

To improve the program, producers should listen to the opinions of ordinary citizens, taking them as major supervisors.

First, the questions for the interview should come from the masses. Since the host is expected to "interrogate the officials on behalf of the masses," the opinions of locals should naturally be taken into consideration. The questions should include topics of general interest such as the housing conditions of the officials, the jobs of their children and spouses, their spare time activities, their hobbies, and if they are addicted to tobacco or alcohol. The producers can design some routine questions for every interviewee, and set some additional topics for special ones.

Second, the outcome of such interviews should be judged by the people. When an interview is televised, the TV station should pay attention to the response of the interviewee.

wee's colleagues and the general public. If they are not satisfied, further questioning should be carried out so as to prevent the interviewees from evading key issues. The departments concerned should investigate problems people report in a timely manner, and disclose the findings to the media. After Hengshan TV's "integrity interviews" were broadcast, two officials have been reported for corruption by local people, and five officials together with their spouses and children have withdrawn from business on their own in accordance with relevant stipulations. This spoke of the achievements of this TV program.

Chen Jun (Yanzhao Metropolis Daily): Such information as age, education, experiences, health, source of income is generally regarded private, but it is not the case with public officials because these factors largely determine whether they can perform their duties well. In this sense, the program provided information that the public has the right to know.

In fact, dishonest practices of public officials mostly take place after work. So, many aspects of their personal life should be subject to scrutiny as well. An American lawyer pointed out that publicizing the personal life of elected officials is crucial to public interest, and in this case, the right of privacy is not applicable. This remark is somewhat extreme, however it gives us a new insight into the privacy of government officials. Public interest is the only criterion for deciding how to limit the privacy of public officials.

It was reported that the TV program, which the Party secretary of Hengshan County called "an attempt to expose the officials to the sunshine [public supervision]," met with unaccountable pressures and resistance. The interviewer had to be cautious enough to avoid sensitive issues, and the interviewees appeared very nervous in fear of letting out their "secrets." The viewers were not satisfied because the program failed to tell them anything interesting. How come this new anti-corruption method plunged into such a dilemma? In my view, it should be attributed to the conflict between the officials' privacy and the public's right to know.

On the one hand, most of the officials seek mental peace and solitude under the protection of the law. On the other hand, the media and the public want to know everything, calling for the transparency of government policy-making, social affairs and even the life of public officials. The conflict between the two seems irreconcilable.

Officials, like common people, are enti-

led to the right of privacy by law. However, their privacy, which has a great deal to do with public interest, is different from that of common citizens. The state power exercised by officials at work is, by nature, transferred from the people for the sake of their own interest. Therefore, in other countries, public servants are given much less privacy than ordinary citizens. The common people enjoy the right to be well informed, even though the information may be regarded as the private affairs of officials.

Publicity Stunt

He Yonghai (China Economic Times): It is said that the program, in which the officials were expected to lay their cards on the table, may bring to light rarely known facts about them. It aimed at warning these officials against corruption beforehand, much better than reviewing the mistakes of corrupted officials afterwards. However, in my opinion, its outcome was really not gratifying, for the following two reasons.

First, the local media, those at the county level in particular, are usually affiliated to the government's publicity departments. Do they have the courage to challenge local officials? It was reported that the TV station was under great pressure when preparing for the interviews. Tan Mingjian, head of the TV station, had to be extremely cautious when he designed the outline of the interview. He set the questions basically in the light of public concern and, at the same time, he needed to be careful enough not to touch upon sensitive issues, which the officials would reject. So it is not practical to let the local media supervise the government, as they cannot act freely for fear of it. Nothing substantial would come of the TV program, because it can hardly dwell on the dishonest practices of the officials.

Second, to what extent could the local leaders honor their words in the interviews? It is not easy to check if they were telling the truth before the camera. They would certainly conceal those under-the-counter deals. Haven't we seen enough of corrupted officials loudly advocating integrity before they were found guilty? Nobody likes those officials who talk big but do little. This kind of interview would not be well received.

It is very possible that the well-intended program would be reduced to a mere publicity stunt on TV. In order to testify their honesty, some leaders would vie to brag about "achievements" on TV, while remaining silent about their misdeeds, such as spending the government's funds on their own purchases and entertainment. Imperceptibly, the TV station would play the role of a PR firm, contributing to building up a fine reputation for the officials. Such sort of "integrity interview" is of no value to the public. ■

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How Much Is That Blondie on the TV?

By ADAM BALBO

In line on the second floor of a vast and expansive Carrefour, the French mega-grocery/retail market, waiting to pay for something in the electronics department, an image, repeated maybe 60 times on the wall of TVs behind me, catches my attention. A white woman in a red bikini is playfully prancing along a beach, occasionally bending over to splash the waves. Then, get this, two horses cross the camera galloping in slow motion in opposite directions. The hard-bodied stallions then pass. The blonde, with way more free-moving breast action than you would see on any of the omnipresent breast-enlarging commercials here, then re-emerges and continues to meander down the anonymous shoreline.

I'm not sure what was being sold but I wanted to buy it. Oh, TVs, that's it. Gimme one. But seriously, yes, sex sells. Yet another consequence of the unleashing of sometimes tasteful, sometimes in-your-face market forces that are circulated or thrown at you, to get you to spend more. But one thing has struck me about many of the juvenile ads here in Beijing, one of the most homogenous regions on earth: They have lots of white people.

White people sell, too: Clothing stores, hair salons, stomatology schools, skin care and beauty product infomercials, cell phones ads, shopping malls, etc. all have had Westerners holding or using their products. Foreign-looking people, particularly those fair-skinned rich looking ones, seem to have come to represent not only quality, modernity and fashion but also, in a way, sexuality. If I didn't know better, I might assume white young kids who wear Italian-brand boots, never wear shirts and really like to kiss.

Now I will be the last person to say these ads should not be allowed. Commodification of ethnic groups and those feelings that make all young people feel "kinda funny" will froth to the surface when that big plow called capitalism makes divots around China.



SEX SELLS: Continuous use of fair-skinned, skimpily clad foreigners in China's ad campaigns can lead to stereotyping

What is also necessary, however, is a public dialogue on such commercial frivolity. Introspection on ethnic relations—among Han and China's minorities as well as between Chinese and foreigners—could be deeper. Auditoriums full of Chinese cadres leering at one or other of the 56 official national minorities smiling in their ethnic costumes on some Beijing stage, looks more like cultural kitsch than cultural exchange. Oh, excuse me while I go to have some bread and milk. I haven't had my breakfast.

This sounds cute and harmless enough. Prejudices exist and evolve. But there is something a bit more worrying and perhaps even condescending about how some Chinese see others.

The article in the issue No. 20 of *Beijing Review* called "A True Samaritan" relays the story of Gui Xi'en, a courageous and principled man who stood up to ignorance about AIDS in a small town in Henan Province to help those infected receive treatment. He

studied in the United States in the early 1980s when the disease began to spread there. The article notes that many Americans assumed the virus was spread only through homosexuals, as it was initially transmitted sexually in those communities, reflecting both a stigma against gays and ignorance of science. The author goes on to say that Gui thought at that time "there would not be such a disease in China," since, he reckoned, "traditional Chinese morality was different from that of Western countries."

I won't touch the leap in logic that the reader is supposed to make that sexuality, or perhaps homosexuality, is a deviation from Chinese ethics—that could be a whole article itself. What is relevant to my point is that there is an assumption in Gui's words that "Chinese morality" is "different," i.e. somehow better, than "Western" morality, whose decadent behavior apparently precipitates them spreading deadly viruses via sexual intercourse among themselves, unlike "we Chinese."

But, of course, the article admits, AIDS is a problem here like other places. And just a glance at the sheer numbers—1.3 billion and counting—will tell you Chinese seem to like sex, too. So what is the difference between "Chinese" and "Western" codes of probity? Surely there are divergences on what values are paramount, as histories differ. But the assumption that one's value system is superior or immune to certain vices by virtue of where you live, what you call yourself or what you look like is overly simplistic, ethnocentric and, dare I say, racist.

No one culture has a monopoly on either decency or depravity. Some may be more or less practiced at talking about which is which. Acceptable behavior and ways of seeing other people cannot be codified and handed down from one group to everyone else. It must be open for discussion for all parts of society, Han and non-Han. ■

Foreigners living in China are welcome to share their experiences. E-mail us at contact@bjreview.com.cn Submissions may be edited.

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Bring Human Virtues to Space Exploration

By LII HAIBO



Space exploration turns out to be an international discourse this month with three relevant events happening in the past 30 days. At the beginning of the

month, the *Cassini* spacecraft, after journeying more than 3.5 billion km in nearly seven years, finally closed in on the ringed Saturn and began probing the sixth planet, its rings and its mysterious moons. Later on, NASA announced that it would launch a spacecraft to Mercury in early August for a study of the heavy-metal planet's surface to determine its composition and to see if there is ice on it.

July 20 marks the 35th anniversary of mankind's first landing on the moon. When people commemorate the milestone space adventure, known as "one giant step for mankind," they find that now more nations have economic and technological capability to launch spaceships or satellites, compared with the 1960s, when only the two superpowers boasted that ability and expanded their competition to the extraterrestrial realm.

Mankind's space industry took shape during the 1950s-60s and was stamped, politically and ideologically, with the brand of that time. One of my childhood songs was called *Soviet Union's Satellite Flies High in the Sky*, which was composed by Chinese musicians after the Soviet Union launched the first artificial satellite, *Sputnik 1*, in October 1957. We were told that this was a great victory the Soviets made for all socialist countries, including China. So the Chinese should be very proud of the launch and celebrate this political victory by singing the song.

Later I learned that Washington took the matter very seriously, especially after Moscow successfully sent Yuri Gagarin into orbit in 1961. To beat the Russians in the race to the moon, Washington set a timetable to fulfill its ambitious lunar mission—an American astronaut must be put on the moon by 1970, before the Soviet

Union could do the same. The timetable turned out to be accurate and the American astronauts made history in July 1969.

Yes, competition speeds up all kinds of development, including space probing. The question is: Do we still need this U.S.-Soviet pattern of competition today? The motivation of that kind of competition is always acting before others, as well as seeking second-to-none pride and pleasure. While the U.S.-Soviet race did swiftly produce results, it distorted the noble purpose of exploring the secrets of the universe. In addition, it jostled the space scientists to proceed faster than they would do if they were acting only as scientists doing what they believed was right.

Universe probing is a highly risky business. We must give priority to human safety. Instead of advocating "winning is everything," we should stress that "life is everything." Actually, the ultimate purpose of space adventures is for human life as well as for other lives on Earth. "Earth is the cradle of mankind, but man cannot stay in the cradle forever," said Russian

Outer space mustn't be a continuation of human conflicts, nor a realm for cultural and material junk. It should become a real paradise where virtues flourish and dominate

scientist Konstantin Tsiolkovsky a century ago. When that day on which humans have to leave their cradle finally comes, they should carry with them other lives, those living creatures in the so-called first, second and third environments—land, sea and atmosphere, to emigrate to outer space, the fourth environment.

Like other adventures, space exploration cannot avoid sacrifices. But risking the lives of the astronauts for seeking national status, for pride, vainglory and tawdry competitiveness should be discouraged. What we need is to purge and purify the great enterprise of exploring the universe. We should abandon the Cold War concept in astronomical undertakings, dumping such ideas as landing men on a planet by some arbitrary date. We should put our minds on the use of new technolo-

gies, already spectacularly promising, to increase our knowledge of the solar system and universe. Then we can proceed with scientific deliberation and human dignity.

Exploring outer space is a human activity, thus inevitably bearing human merits and demerits. We all know that war is a part of human history. It's been a long-cherished hope and belief that our descendants will eventually live in a world that is free from wars and bloodshed. Let us start our odyssey for perpetual peace from space ventures, bringing human virtues to the universe. Let us make our fourth environment a sphere free from human evils. Why not try?

So, plans like star wars should be relinquished and space military races ceased. It is encouraging to note that more international space cooperative experiments and ventures are being carried out on the ground and in space. To some extent astronomical activities are becoming more global and less national. After all, this is one of the noblest causes for all human races. The real space triumph must be a fruit of human peace and international cooperation. Any conflict will get people of the world nowhere.

We still need competition. Who are our rivals? They include nature, the environment and time. For example, humans need to find new energy sources in the universe, which is an urgent job. We ought to fulfill the work before those conventional resources on the Earth run out. Our planet is not a safe one, and space safety research needs a big push and relevant inputs are imperative. In other words, when we take into account our survival and future development, we can't help but accelerate the steps of space exploration.

We still need dignity, pride and status. They are the dignity, pride and status of humans as a whole. I always imagine the scenario in which Earth people meet ETs somewhere in space, sometime in the future. I don't expect that the space guests will laugh at or look down on earthlings for their bellicose tendencies or uncivilized behavior. Unlike many sci-fi writers who describe the extraterrestrial high-intelligent species as hawkish beings, I believe that any high-intelligent races are peace-loving creatures. Maybe the ETs we have been looking for are just around us or out there. They are not ready to contact us unless we all become truly civilized and hospitable. ■

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