

北京周报

<http://www.bjreview.com>

VOL.50 NO.31 AUG. 2, 2007

BEIJING REVIEW



OLYMPIC COUNTDOWN IS BEIJING READY?

ISSN 1000-9140



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北京周报 英文版 2007年 第31期 JSSN 1000-9140 广告许可证 0171号 北京市期刊登记证第733号 邮发代号2-922 国内统一刊号: CN11-1576/G 国内零售价: 人民币6.00元



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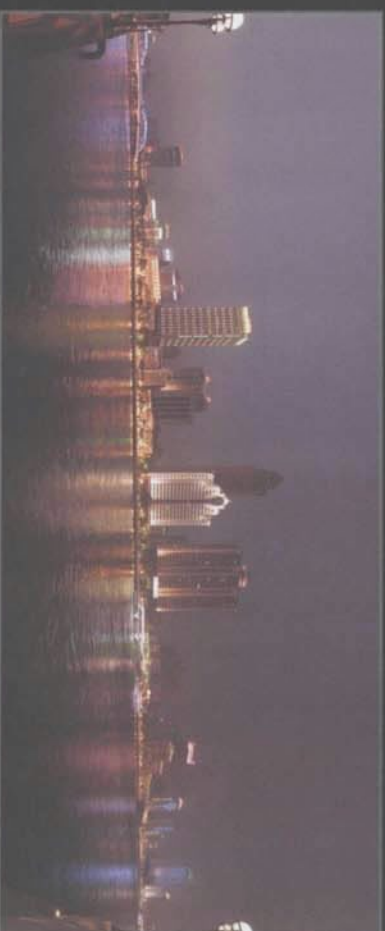
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COVER STORY All eyes are on China as the Olympic clock ticks off the one-year countdown to Beijing 2008. The century-old dream of the Chinese nation to host the world's premier sporting event is providing a stage for the country to show the global community what it can do. And as preparations head for their final stages, nothing is being left to chance. From weather to food, security to thinking green, its all systems go and confidence is at a premium. The Games are also providing China with an added incentive to deal with negative issues, such as air pollution and intellectual property rights. For now, however, one world waits for China's dream to come true.

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BEIJING REVIEW

A News Weekly Published Since 1958

http://www.bjreview.com

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Published every Thursday by

BEIJING REVIEW, 24 Baiwanzhuang Lu,
Beijing 100037, China.

Overseas Distributor: China International Book Trading

Corporation (Guoji Shudian), P. O. BOX 399,

Beijing 100044, China

Tel: 86-10-68413849 Fax: 86-10-68412166

E-mail: fp@mail.cibtc.com.cn

Website: <http://www.cnokay.com>

General Distributor for Hong Kong, Macao and Taiwan:

Peace Book Co. Ltd.

17/F, Paramount Bldg. 12 Ka Yip St, Chai Wan, HK

Tel: 852-28046687 Fax: 852-28046409

SUBSCRIPTION RATES (1 Year)

Australia.....	AUD 148.80
New Zealand.....	NZD 144.00
UK.....	GBP 53.80
U.S.A.....	US\$ 85.30
Canada.....	CAD 126.90

This publication has joined BUYtime Media distribution network
in star-rated hotels. Contact telephone number: 010-59254844

Printed in China by

C&C JOINT PRINTING CO. (BEIJING) LTD.

Are You Ready?

By ZHANG ZHIPING

August 8 marks the one-year countdown to the 29th Olympic Games in Beijing. The Chinese nation has been preparing for this exciting moment for over six years. However, they waited for nearly a century before their dream of hosting the Olympics came true.

China will never forget the night of July 13, 2001. The entire nation burst into applause when the then President of the International Olympic Committee (IOC), Juan Antonio Samaranch, announced at the 112th IOC Session in Moscow, that the 2008 Olympic Games would be held in Beijing.

The Chinese began to show interest in the Olympics in 1908. In an article published by a magazine in Tianjin, the author asked when China could send an athlete to the Olympic Games, when it could send a team to the games and when it could host the Olympics.

The long wait is nearing its end, as the Olympic Games are to take place for the first time in China, a country that is home to one fifth of the world's population. Now 1.3 billion Chinese have an opportunity to be directly involved in the Olympics in whatever way possible.

The Chinese nation has been committed to building a society where there is "harmony between man and nature." The slogan for the Beijing Olympics "One World One Dream" is a seamless combination of the Chinese philosophy of harmony and the Olympic spirit. While improving themselves, the Chinese today are embracing the world. It is with this vision that they make preparations for the Olympics. The highest goal pursued by Beijing and other hosting cities as they ready themselves for the Olympics is to offer its participants the best services, the most harmonious environment and the friendliest atmosphere.

Over the past years, the Olympics has been high on the agenda of both the government and the general public. A lot has changed as the grand event draws near, from the government's urban planning and policy orientation to people's lifestyles and language use. While transforming the country, the Olympics is promoting its economic development, social progress and openness.

At present, the construction of the Olympic venues is all on schedule, with the main structures of most venues and facilities having been completed. Beijing has tightened measures to address air pollution in its bid to improve air quality. For example, it has put in place an air quality monitoring mechanism and tried to prevent sandstorms by promoting forestation. The crackdown on violations of Olympics-related intellectual property rights is also making an impact. The recruitment of Olympic volunteers is in full swing, and more than 530,000 people from home and abroad have signed up.

The world is waiting. Sydney, Athens, and London to which Beijing will pass the Olympic torch, are all keeping a close eye on Beijing. Are you ready, Beijing, when you have just one year to go? Now it is time to reap the fruit of the efforts made in the past six years. The coming year is going to be a period for reviewing the past and making further improvement. As the construction sites become quieter and as the initial excitement ebbs away with the passage of time, the Chinese people are confident as ever. We look forward to meeting you in Beijing in 2008.

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.

Reformist Proposes Exam Change

China's first overall reform plan of the universities' entrance exam system, compiled by the 21st Century Education Development Research Institute, an NGO, was unveiled on July 18. **Yang Dongping**, Director of the Beijing-based institute and also chief author of the plan, emphasized the necessity and significance of the reform at the launch.

"This year marks the 30th anniversary of the resumption of the national college entrance exam, and we need some tangible efforts to commemorate the event, instead of only taking a retrospective view," Yang said.

According to Yang, more efforts should be made on defending educational equality, as he believes scores achieved on tests

cannot be the only criterion to assess the overall capability of students. He also advocates a more flexible testing and assessing system. Yang requested more power of discretion for colleges and universities when admitting students, and more options for students in a people-oriented enrollment mechanism designed to meet their various demands. To facilitate this, he suggests more interviews before applicants are admitted.

Yang, 58, a famed educator majored in higher education, modern pedagogy, history of contemporary education and theory on educational equality, is also a celebrated social activist involved in several nongovernmental organizations in pursuit of public welfare.

The proposal that Yang and his institute provided is a draft open to full discussions and evaluation among different interest groups. "We need a platform for discussion, and only through this can disputes be resolved and agreements reached to further promote the reform," Yang said.

The national university entrance exam is so important in China because it is the only chance for most high school graduates to gain access to higher education. However, the current exam has been slammed as "unscientific" due to its over-reliance on written tests with no evaluation of students' overall capability. Radical critics say, the exam, which has led to China's test-oriented education system and places enormous pressure on students, should be abolished.

"I think it will be regarded as a very significant event."

Chief Executive of Barclays John Varley, predicting the London-based third-biggest British lender will gain "unprecedented" access to the Chinese market after it agreed on July 23 to sell new shares worth up to 9.8 billion euros to China Development Bank, which would make the state-owned Chinese policy bank its biggest shareholder

"When I closed the book I was overjoyed and devastated—overjoyed at the story, and the way it had played out, but devastated that the tale was complete."

Melissa Anelli, Webmaster of the Potter fan site at www.the-leaky-cauldron.org, saying she felt it was like saying farewell to a long-trusted friend after finishing the 759-page seventh and final volume in the *Harry Potter* series, which reached bookshelves on July 21 and is now the fastest-selling book in history

"It is a blatant move toward 'Taiwan independence,' to split [Taiwan from China]."

Wang Guangya, China's UN Ambassador, commenting on Taiwan authorities' bid for UN membership under the name of Taiwan, which was rejected by the world body on July 23 in accordance with the one-China policy

"It's their mindset that has to change, not our constitution."

Russian President Vladimir Putin, branding Britain's demand for Russia to amend its constitution to extradite a main suspect in the poisoning incident involving Alexander Litvinenko as "a vestige of colonial thinking" on July 24

"We do not want our efforts to be undermined by any ill-conceived action from any quarter that is inconsistent with the principles of international law."

Pakistani Foreign Ministry spokeswoman Tasnim Aslam, saying on July 23 that Pakistani security forces are responsible for antiterror operations and demanding the United States to refrain from any military action on its territory against suspected Al Qaeda members



CHP

"The [college entrance exam] reform will proceed in a gradual manner and cannot be completed overnight. One proposal is insufficient to solve all the problems."

Spokesperson of the Ministry of Education, calling for widespread discussion of Yang's proposal

"Poor people have a deep affection for the exam."

Dai Jiagan, Director of the National Educational Examination Authority, saying that the college entrance exam has been seen as a life-changing opportunity for most students despite the inherent faults

OPINION

All for One and One for All

In China, it's quite common that for the same work, formal and informally employed workers will be paid differently. Sometimes the highest wage is tenfold higher than the lowest one. The unequal phenomenon is even more commonly seen in state-owned enterprises.

Same work and different pay is a legacy of the planned economy. In this transitional period, instead of waning away, the situation is becoming increasingly serious. It is affecting social equality and goes against the principle of efficiency first. The side effect of this unequal system is obvious. While curbing lowly paid workers' enthusiasm for work, it also makes highly paid workers develop a sense of superiority and then lose their ambition to work better, because no matter how much work they have done, their pay will never change.

When the payroll of an organization remains the same, to pay more to previous low-income earners will inevitably affect the current financial status of those in advantageous positions and we know that high-income earners always have more decision-making powers.

To reform the irrational income distribution system will inevitably encounter resistance and difficulties, but it's unwise to sacrifice social fairness and long-term development just for the interests of certain small groups.

Yanzhao Metropolis Daily

Public Has a Right to Use Uni Libraries

During this year's summer break, it is reported only a few university libraries in Beijing and Shanghai are partly and conditionally opened to the public at certain times.

However, higher learning institutions are built with public funds, which are actually taxpayers' money. In this sense, universities should not treat cultural and sports facilities as private property. Apart from routine teaching tasks, it's necessary for

these facilities to be opened to the public, whose paid taxes make it possible for universities to possess these facilities in the first place.

Chinese universities should learn from some Western counterparts, that is, to totally open their libraries to outside readers and make it possible for them to enjoy the same rights as university students, apart from borrowing books.

It's important to fully utilize the social function of university libraries, so that they can benefit more people and the public can enjoy the valuable resources for which they indirectly pay.

Guangzhou Daily

Toll Fees Lining Pockets?

According to a recent report of the National Audit Office, 35 tolled highways in 12 provinces (municipalities) have already collected fees 10 times higher than the original construction cost.

For years, toll fees have been collected with the excuse that the income will be used to pay off the debt of road construction. But, in how many cases are these fees really used for debt payment? A typical example is in southeast China's Guizhou Province. Until 2001, though the collected toll fees on a local highway had already been 4 times its original cost, the debt was still not paid off and the toll fees remained.

Roads are supposed to belong to the people. If people have to continually pay for their travels on the roads, are roads still public? Given China's national economic condition, the public is not opposed to the idea of using road toll fees to pay off debt for construction. However, the management of the funds must be transparent. The public has the right to know why road toll fees have to be charged indefinitely.

The Beijing News

Quality Inspectors Should Target Real Problem Areas

The General Administration of Quality Supervision Inspection and Quarantine recently issued a regulation requiring food processing workshops to make a public commitment that they will never sell their products in supermarkets and shopping centers. The question is why this rule was made?

Usually, if inferior-quality food is found in big supermarkets or shopping centers, quality regulators will have to take responsibility for it, but if the incidents occur in Mom and Pop shops, they can say they are understaffed to handle every small outlet.

The obligation for quality regulators is to offer equal and fair service to the public: fair to different enterprises and fair to consumers. However, the provision that food produced in small workshops is forbidden to enter supermarkets seriously damages this equality and fairness. This is also discrimination against small workshops, among which are many legal and standard producers; and those who buy food outside supermarkets should also be protected.

Many remote places in the countryside have become havens for fake and low-quality products. Shops there sell all kinds of substandard food. It is in these areas that quality regulators should be operating, instead of announcing the ban on small workshops.

Modern Express



YIN HONG

OPEN IT UP: Most Chinese university libraries are not open to the public



OVERWHELMED BY FLOODS

Torrential rainstorms and subsequent flooding became China's dominant weather pattern in July, causing heavy casualties and huge economic losses.

The largest torrential rainstorm since 1892 swept across southwest China's Chongqing Municipality mid-month, resulting in a death toll of 42, rendering 12 missing, forcing 292,000 relocations and affecting a total population of 6.44 million. Direct economic losses are estimated to top 2.4 billion yuan (\$315 million). Chinese President Hu Jintao visited the flood-battered city on July 21 to comfort those affected (inset).

Floods also ravaged Gansu Province and Xinjiang Uygur Autonomous Region in the northwest, Guizhou Province in the southwest, central China's Hubei and Hunan provinces, and Shandong Province in the east.

China's death toll from natural disasters had reached 715 by July 16, and 129 people were missing, according to statistics from the Ministry of Civil Affairs. A total of 200 million people were affected during the same period by natural disasters, including floods, landslides, gales and earthquakes, while 4.45 million people were forced to leave their homes.



SOCIETY

Former Shanghai Party Chief Sacked

The former Shanghai Party chief Chen Liangyu was expelled from the Communist Party of China (CPC) and dismissed from all government posts, the CPC Central Committee announced on July 26.

Chen's case has been handed over to prosecutors, a CPC Central Committee press release said. The CPC Political Bureau, the highest decision-making body of the Party, reviewed the investigation report on Chen's case.

The CPC Central Commission for Discipline Inspection was in charge of the probe that began in September 2006.

Chen was accused of misusing his power to favor the Shanghai Municipal Bureau of Labor and Social Security and illegally granted huge loans from the Shanghai social security fund to private companies.

Religion Celebration

Chinese Vice Premier Hui Liangyu called on members of the Chinese Catholic Patriotic Association (CCPA) to assist the government's drive to build a harmonious society while addressing a meeting marking the 50th anniversary of the founding of the association.

Hui said that in the past 50 years, the association has achieved a lot in training the young, enhancing exchanges

with foreign counterparts, maintaining the lawful rights of Catholics and promoting public welfare undertakings.

The CCPA has funded the building of nearly 70 elementary schools, about 30 kindergartens and more than 200 medical clinics across the country, statistics show.

China has seen Catholic believers swell from fewer than 2 million a century ago to more than 5.3 million at present.

Taste Space Life

Ordinary Chinese may soon be able to have a taste of the astronaut life when food designed for China's astronauts lands in supermarkets.

The Scientific Research and Training Center for Chinese Astronauts and a Shanghai food company have developed chocolate and desserts for astronauts and the products will be on the shelves by the end of the year, said Chen Bin, head of the center's food and nutrition branch.

"The two items will also be added to the space menu for the next manned space flight Shenzhou 7, the third in China's manned space program in 2008," said Chen, who calls himself "the space chef."

Chen's center has developed more than 60 space dishes, including staple foods, meat and vegetable dishes, fruit and desserts. It began cooperating with food companies on mass production in 2006.



SKY PANDA A passenger airplane from Japan Airlines arriving at Beijing Capital Airport is painted like a panda to commemorate the 35th Anniversary of the normalization of friendly Sino-Japanese relations

Panda Births

A seven-year-old giant panda gave birth to twin cubs on July 23 in a panda research center in southwest China's Sichuan Province.

The cubs, one male and one female, were born between 5:50 p.m. and 6:20 p.m. Weighing 200 grams and 176 grams, respectively, they are relatively overweight compared with other newborns, according to Zhang Zhihe, Director of the Chengdu Giant Panda Breeding and Research Center.

Seven-year-old "Chengji" became a mother for the first time and she was exhausted after 15 hours of labor, the center said.

It was the second time in one month that twins were born. Another set of twin cubs were born at the center on July 5.

Camera Zone Marked

Signs depicting a "black eye" will be put up next month

at camera monitored venues in Beijing, accompanied by a warning in Chinese and English that says, "You are entering a camera-monitored zone."

The signs will be posted to remind people to mind their behavior and protect their privacy in public places.

Before the 2008 Olympics, all monitoring cameras in the city's public places will come under a unified three-tier management system at the municipal, district and street levels, no matter what departments the cameras previously belonged to.

The municipal transport, public security, public utility and city order maintenance departments all have their own cameras.

According to the municipal public security bureau, suspicious acts or objects detected by the cameras automatically will be reported to the command center.



DRIFT IN CHINA The 2007 World Drift Series, organized by the General Administration of Sport and the U.S. C-Wings Co., will be hosted in China for the first time in four cities—Beijing, Guangzhou, Chengdu and Shanghai



OCCUPATION IS EQUAL The first three male nurses in Xiangfan, Hubei Province, are on duty at the city's No.1 People's Hospital after they graduated from professional nursing school

ECONOMY

A Promising Forecast

The International Monetary Fund (IMF) on July 25 raised China's economic growth forecast for 2007 to 11.2 percent, up 1.2 percentage points from its forecast in April.

The growth in China for 2008 is expected to be 10.5 percent, 1 percentage point higher from the earlier forecast, the IMF said in a revision of its World Economic Outlook.

"For some time China has been the largest contributor to global growth measured in purchasing power parity," Charles Collyns, the IMF Deputy Director of Research, said at a news conference.

He said that China has accounted for one-quarter of the annual growth rate of the world economy, adding that China, together with India and Russia, would provide half the growth.

Import of Japan Rice

China has started importing Japanese rice, while Japan has resumed importing Chinese straw, sources at the General Administration of Quality Supervision, Inspection and Quarantine said on July 25.

The quality watchdog said two famous brands of Japanese rice will be available in the supermarkets of some big cities in China within the next few days. The brands are aimed at high-income consumers.

Meanwhile Japan, which banned feeding straws from China in 2005, will start

accepting imported straws once again.

Statistics recently released by the Japanese Government showed that 99.42 percent of Chinese food products examined by Japanese quality authorities conform to standards.

Foreign Poultry Banned

China banned imports of poultry and poultry products from Germany, the Czech Republic and the State of Virginia in the United States as well as imports of swine products from the Republic of Georgia.

China's Ministry of Agriculture and the General Administration of Quality Supervision, Inspection and Quarantine jointly issued a public notice on July 25, which prohibits both direct and indirect imports of these products due to local outbreaks of animal diseases.

Standards for Safety

China has issued its clean production evaluation systems for six industries as part of its nationwide efforts to curb air and water pollution.

The National Development and Reform Commission, China's top industry regulator, published information about the systems on its official website. The six industries include cement, fermentation, soda ash, machinery, sulphuric acid and leather.

The six sets of standards became effective on July 20 on



TOURISM BOOM A lucky Frenchman (right) became the 1,000,000th tourist in 2007 to visit Lhasa, capital of the Tibet Autonomous Region, on July 24. He won round-trip plane tickets between Lhasa and Chengdu

a trial basis in a bid to improve the efficiency of resources and minimize the emission of pollutants, said the commission.

The commission indicated that the standards will be revised to keep pace with economic and technological developments.

The standards contain up to dozens of indices on atmospheric emissions, water and solid pollutants, and energy and resource usage.

A Golden Nation

China's gold production and demand are forecast to continue rapid growth over the coming years as local incomes rise and more people purchase the precious metal for jewelry and investment.

According to the Gold Survey 2007 published by Gold Fields Mineral Services Ltd., a London-based precious metals consultancy, China's gold production increased 8 percent year on year to hit 247 tons last year and overtook Australia as the world's third largest gold producer.

The National Development and Reform Commission said that the country produced 122 tons of gold in the first six months of this year, up 15 percent from the same period a year earlier.

The commission said in February that the nation's 2007 gold production would reach 260 tons—another 8 percent annual increase.



MARTIAL ARTISTRY Students at a martial arts school in Tianjin perform basic exercises



TOP RACE One of the largest international cycling events in Asia, the nine-day Tour of Qinghai Lake ended on July 22



XINHUA/AFIP

HOSTAGE KILLED A relative of South Koreans kidnapped in Afghanistan waits for news about her family member at the Korean Foundation for World Aid in Seoul on July 25. A Taliban spokesman said the militant group killed one of the 23 South Korean hostages that day



XINHUA/AFIP

IN WITH THE NEW Outgoing Indian President A. P. Abdul Kalam gestures as he talks with newly elected Indian President Pratibha Patil as they arrive at the parliament for her swearing-in ceremony in New Delhi on July 25. Patil was sworn into office, becoming the first woman to hold the position in the nation's six decades of independence



XINHUA/AFIP

DEATH BY PRADA A female Iranian police officer (left) speaks with a woman regarding her clothing during a crackdown to enforce Islamic dress code in Tehran on July 23. Iran launched a new wave of moral crackdowns against women who "dress like models" and men whose hairstyles are deemed un-Islamic



XINHUA/AFIP

THE LONER ARRESTED Jaime Gimenez Arbe (right) is escorted by police officers from the court house in Figueira da Foz, July 24. The 50 year-old Spaniard, also known as The Loner, was arrested as he prepared to rob a bank in this central Portuguese city. In Spain, Arbe is accused of being involved in over 30 robberies valued over 600,000 euro and the killing of three police officers



PEACEMAKER Tony Blair, Special Envoy for the Peace Quartet to the Mideast, arrives in Jerusalem on July 23. The former British prime minister landed in Israel after holding "constructive" talks with Jordanian Foreign Minister Abdel Ilah Khatib in Amman



SMUGGLER'S SUB A submersible used by drug traffickers is taken out of the water by the Colombian Navy on July 25, at a pier in Bahia Malaga, Columbia. The homemade submarine, with the capacity to transport 4 tons of cocaine, was intercepted and its four crewmembers were arrested



AND THE WINNER IS? Democratic presidential candidates stand on stage prior to the start of a televised Democratic presidential candidates' debate on July 23 at the Citadel Military College in Charleston, South Carolina. From left are: former North Carolina Senator John Edwards; New York Senator Hillary Clinton; Illinois Senator Barack Obama; New Mexico Governor Bill Richardson; Delaware Senator Joe Biden; and Ohio Representative Dennis Kucinich



WORLD'S TALLEST The Burj Dubai (Dubai Tower), still under construction and scheduled for completion in 2008, towers above the downtown of the booming Emirate of Dubai. The tower became the tallest building in the world at 512.1 meters on July 21



AN OLYMPIAN FEAT

Preparations for the 2008 Games are proceeding smoothly

By TANG YUANKAI

Preparation work for the Olympic Games is still going smoothly, just as Wang Wei, Secretary General of the Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG), said it would when he reported to the International Olympic Committee (IOC) four years ago.

"The preparation work has won support from all levels of governments and people from all walks of life," said Wang, adding that the whole society is taking on an "enthusiastic and orderly working atmosphere."

Spending frugally

Marketing of the Olympics has harvested satisfactory fruits, according to Wang. "The marketing income will meet the funding needs for the Games' organization and operation expenses," noted Wang.

Though good marketing results, the BOCOG sticks to the principle of "a frugal Olympics" and pinches every penny before spending it. The objective of BOCOG is not to spend more money than that was spent on the 2004 Athens Olympic Games.

Talking weather

The Beijing Olympic Games will be held in August, a season that sees changeable weather and much rain. Statistics show that it rains an average of every three days in Beijing during August. However, Wang Yingchun, an expert with the State Meteorological Agency, was confident about providing a high-quality weather forecasting service. She has led the research program for precise weather reports and it has proven effective.

"We will provide a precise weather forecast and update the weather forecasts four times a day for all sports venues," Wang said. "For certain matches we will forecast the weather by the hour."

The probability of precipitation, something most people are used to seeing when they look at a weather forecast, will not be allowed during the Olympics because of its ambiguity. The forecast will clearly state whether there will be rain or not, according to meteorologist Li Zechun. "According to international practice, the weather department should prepare to disperse the rain ahead of time if a rain is predicted," explained Li.

In order to bring more accuracy to the weather forecasting, Beijing has borrowed short-term forecast systems from countries and regions including the United States, Canada, Australia and Hong Kong.

Almost famous

The National Stadium, also known as the Bird's Nest, is now in its interior decoration phase. The interiors will borrow ideas from famous architecture around the world while also retaining specific Chinese characteristics.

The Bird's Nest is due to be completed by next March, and will be the final venue

constructed. Fengtai Softball Field in Beijing was the first facility completed and hosted the XI Women's World Softball Championship in August 2006.

"Most of the venues will be completed and put in use in early August," said chief engineer of Olympic venue construction Wu Jingjun. "Some will be finished at the end of this year."

Traffic worries

"We are confident in dealing with the traffic problem in Beijing next August," said BOCOG's Wang. "Beijing will give a boost to public transportation and the city will not be 'closed down'."

With almost 3 million existing vehicles and more than 1,000 new ones on the road every day, Beijing's traffic situation is under great pressure. Addressing this problem, the Beijing Government is stepping up the construction of transportation infrastructure and encouraging citizens to take public transport. Measures include reducing public



NESTING: The National Stadium will be the last venue completed for the Beijing Olympics and is expected to be ready next March

transportation costs and building four more subway lines.

"Public education on obeying the traffic rules is also carried out," added Wang. "It's good that the Olympics fall on a month when students have their summer vacation. Without the traffic of parents picking up their kids up or dropping them off at school, traffic will be reduced by a quarter. Besides this, special transportation lanes will be set up to guarantee athletes and spectators arrive at the venues on time.

"Business cars will not be encouraged during the Games," Wang said, citing a successful example in the Beijing Summit of the China-Africa Cooperation Forum held in November 2006. This means increasing bus transport capacity and restricting public service and private vehicles.

Blue skies

Another mission for the local government is to improve air quality. This includes reducing the emission of sulfur dioxide and smoke, traffic pollution and implementing sandstorm control.

Beijing started its blue-sky program (a blue-sky day is when air quality attains Grade II or better) before Beijing bid for the Olympics in 2001. Since 1998 the blue-sky days have been increasing: 146 in 1999, 165 in 2000 and 185 days in 2001. Blue days added up to 241 days in 2006, making up 66 percent of the whole days in that year.

Measures have been taken to reduce pollution in the city. For example, besides moving the Beijing Shougang Group's steel works outside of the city in February, the Beijing Coking Plant, which was founded in the southeastern part of Beijing in 1958, also stopped production last year.

According to Liu Qi, President of BOCOG, the city's industrial structure has been readjusted, with industrial production now only accounting for around 20 percent of the capital's economy.

"In addition, we have taken great steps to improve the energy structure using clean energy sources like electricity and natural gas," he said.

As for automobile emissions, Beijing has adopted emission standards equivalent to the European III Emission Standard, and will even use the European IV standard in the future. "Although we have a large number of vehicles, the emission standards could reach international levels," Liu added.

"A Green Olympic is one the three concepts that BOCOG advocates and thus Beijing is cooperating with the adjacent cities and provinces to improve its air quality," said Wang. The government also listens to suggestions from the NGOs and endeavors to build a sustainable environment in Beijing for the 2008 Games. ■

THE BEIJING OLYMPICS IN NUMBERS

110,657 people have applied to be volunteers for urban services during the Games since recruitment began in June

4 billion viewers around the globe are expected to watch the Games, according to a top Olympics TV relay official

5 minutes The run time of the promotional film shot by the renowned U.S. film director Oliver Stone

91,000 The seating capacity of the National Stadium, which will host the opening and closing ceremonies, track and field competitions and football finals during the Games

7 million affordable tickets are on sale for the Games, 75% of which will be sold domestically with the rest available to the overseas

283.8 billion yuan spent on infrastructure in Beijing from 2002 to 2006, including 110 billion yuan in transportation, four times the sum of the previous five years

110 star hotels will be available in Beijing to cope with the demand for accommodation during the Games

80 hectares The space area of the Olympic Village, which will be home to over 16,800 athletes, coaches and officials of national teams

130 days The number of days the Beijing 2008 Olympic Torch Relay will last. The relay will involve a total of 21,880 torchbearers from home and abroad and it will travel 137,000 km

72 centimeters Height of the Beijing 2008 Olympic Torch, which weighs 980 grams and is made of aluminum

21,880 The number of torchbearers that will be selected from around the world by various organizations and entities to carry out the torch relay



HI-TECH OLYMPICS

The only Chinese company in The Olympic Partner Program, Lenovo supplies hi-tech in return for worldwide rights to Olympic logos



INTO THE CLUB: Lenovo Group Ltd., China's largest computer maker, joins the International Olympic Committee to become an official business sponsor of the Olympic Games in 2004

By TANG YUANKAI

Nineteen eighty-four was a lucky year for China as the country resumed its seat on the International Olympic Committee (IOC) after a 52-year absence. It was also a notable time for Legend Group Ltd., the computer company founded that year by businessman Liu Chuanzhi and 10 other engineers.

Although Legend started its business in a rented house in Beijing with a mere 200,000 yuan, it had grown to become the largest PC maker in the Asia-Pacific Region by 1999. It then changed its name to Lenovo Group Ltd.

Lenovo's ambition didn't stop there. It set its sites on higher goals—global recognition and international product sales. To help accomplish these tasks, the company tried wooing the IOC for possible marketing opportunities during the Olympic Games.

But Lenovo was still too young and too small to get noticed. It sent e-mails to the IOC in 2002, but never received any replies that showed interest, said Li Lan, a former general manager for branding at Lenovo.

Two short years later—and 20 years after its founding—Lenovo hit another streak of luck and became one of the few companies selected for the Olympic Partner Program (TOP), giving it exclusive worldwide rights to the use of Olympic logos, such as the five-colored rings.

Now, Lenovo is rolling out a slew of PCs and other computer hardware on its home turf for the 2008 Summer Olympics in Beijing. Under its contract with the IOC, Lenovo must provide PCs and laptops, servers, printers and digital display boards between 2005-08 for a round of winter and summer games. It already provided hardware during the Winter Games in Torino, Italy, in 2006.

In return for its sponsorship, Lenovo can develop marketing programs with the IOC and the national Olympic committees or organizing committees of more than 200 countries and regions worldwide, host hospitality events at the Olympic Games and receive preferential access to Olympic broadcast advertising.

For next year's Summer Games, Lenovo will choose 150 of its 3,000 technicians and engineers all over China for a team dedicated to developing Olympic

technology. This team will provide computer services during the 42 sports competitions that China is hosting between July 2007 and June 2008 during its "Good Luck Beijing" event, a run-up to the Summer Games in 2008. A total of 34 Olympic competition venues and 46 training centers will be operational during this period.

Next August, Lenovo will set up nine Internet cafes at the Olympic Village in Beijing, as well as information and computer maintenance centers around the capital and in other cities, such as Qingdao and Hong Kong, hosts of some of the competitions.

As it did for the Torino Games, Lenovo will work closely with two other TOP sponsors—Atos Origin, S.A., which provides the information technology system, and the Omega unit of The Swatch Group Ltd., which provides the timing.

Make it smooth

"Lenovo provided hardware to Beijing's organizing committee for the Summer Games earlier than it did for the Torino Olympic Winter Games," said Xie Long, who oversees Olympic sponsoring affairs at Lenovo.

The hardware must pass durability and stability assessments to qualify for Olympic usage. The equipment undergoes a three-year testing period in the Olympic integrated test lab and in field tests during various sports matches, Xie said.

Lenovo has made agreements with Beijing's organizing committee on the types and configurations of PCs, laptops, servers and printers it will supply. It recently delivered a third set of equipment to the Beijing organizing committee. To date, its total equipment delivery has added up to 8,238 units.

All the equipment is environmentally friendly and energy-saving. It's so good in these respects that Lenovo took top position in Greenpeace International's annual ranking of electronic product manufacturers that are environmental leaders. In the list issued in April, Lenovo seized the No. 1 position for the first time from Nokia Oyj, the world's largest maker of mobile phones.

Greenpeace praised Lenovo for its recycling and toxic content policies. "It's good to see a Chinese company topping the list and being responsible for the dealing of its digital waste," said Greenpeace's website.

"Lenovo Group has been devoted to reducing the influence of its digital products on the environment, and it is the first IT company to render recycling services to its users," said a Greenpeace spokesman.

Cold test

Lenovo proved itself a reliable and powerful Chinese computer-maker at the Torino Games in February 2006. It supplied 6,000 personal computers, 800 laptops, 600 desktop

printers and 350 servers, according to a report issued by Bloomberg News in February 2006. About 1,800 people used its six Internet lounges in the athlete village daily.

Before those games, many raised questions about the dependability of Lenovo's products, prompting it to run many additional tests. Some observers, recalling the computer and data transport problems that plagued the Olympic Games in 2002 and 2004, worried that they might repeat themselves in Torino. And for the tens of thousands of reporters who would attend the Torino Games, even a small computer problem could cost them lost information or a missed report.

But Lenovo's pre-Olympic tests demonstrated that its computers could withstand low winter temperatures without problems. The company ran its information center for 17 consecutive days without a single glitch during the Torino Games.

"It was the first time that we put the commentators' information system outdoors and it worked well. That was a real miracle!" wrote the IOC and the organizing committee for the Torino 2006 Olympic Winter Games in a brief to Lenovo after the opening ceremony. The Lenovo system used low-noise touch-screen computers measuring just 30 decibels, which is quieter than the noise made by a flying mosquito.

From Legend to TOP

The TOP program began for the Olympiad that concluded with the Seoul

Games in 1988 and now is limited to 12 companies that can be sponsors during the four-year cycle of one Olympiad. Selection standards are strict: those chosen must be top guns in their industries, have world-class products and services, and present a squeaky-clean image.

Although the tough qualifying criteria keep many firms out of the program, Lenovo still had high hopes for getting in. On the night of July 13, 2001, when China succeeded in its bid to host the 2008 Summer Games in Beijing, Lenovo's then President and Chief Executive Yang Yuanqing sent an e-mail to all his employees, rallying them with a plan for Lenovo to participate in the Games.

Yang then formed a team to examine the possibility of working hand-in-hand with the 2008 Olympic Games. The team was dubbed "007," referring to the seven years between 2001-08, according to Xie.

During these years, Lenovo chewed over plans to expand beyond Asia. In particular, the company wanted to boost its brand recognition around the world after it bought the PC unit of International Business Machines Corp. for \$1.75 billion in 2005. What better way to do this than to become an Olympic sponsor?

Despite the lack of interest the IOC first showed in Lenovo, the latter's hosting of an international technology innovation conference in Beijing in December 2002 finally got it noticed. Some IOC officials who attended were quite surprised by the com-

pany's products and technology.

When it was selected as a TOP sponsor in 2004, Lenovo became the first Chinese company to join a select list of corporate heavy-hitters with internationally known brands.

"As China's largest PC producer, the company not only is good at providing trustful services and products, but also conforms to the values that are shared by the Olympics," said Gerhard Heiberg, Chairman of the IOC's marketing commission during an interview afterwards. "We think it's a best choice for both sides as the company can help us with its technology and ability, as well we can make the company more internationalized."

The IOC contacted other top sponsors at the time to get their feedback on Lenovo. "They all accepted Lenovo into the top sponsor lineup, and not a complaint was ever heard," Heiberg said.

The current list of TOP companies includes Atos Origin S.A., Coca-Cola Co., Eastman Kodak Co., General Electric Co., Johnson & Johnson, McDonald's Corp., the Omega brand of the Swatch Group Ltd., Panasonic, a unit of Matsushita Electric Industrial Co. Ltd., Manulife Financial Corp., Samsung Electronics Co. Ltd. and Visa International Service Association.

The existing sponsors have paid a total of \$866 million in cash and services for contracts covering the four-year Olympiad for the Games in Torino and Beijing, according to the Bloomberg News report. ■



OLYMPIC HELPER: A map shows where Lenovo's computers were used at the 2006 Winter Games in Torino, Italy



NOT FOR ONE TIME USE ONLY

The Olympic stadiums, at a cost of billions of dollars, should be well utilized after the Beijing Olympic Games



UNDER CONSTRUCTION: The photo, taken on March 27, shows the National Stadium, or the "Bird's Nest," which is still under construction

By DING YING

Now that the bell of the 2008 Beijing Olympic Games is soon to ring, people at home and abroad have been focusing increasingly on the construction of China's sport fields and stadiums. Many of the stadium designs, such as the famous National Stadium and National Swimming Center, nicknamed "Bird's Nest" and "Water Cube," are combining miracles of sports and architecture.

The National Stadium, known as the "Bird's Nest," will hold 100,000 fans, and leads the list of top 10 most important architectural projects under construction in the world, according to the British *London Times* newspaper. Construction of the National Stadium has cost a total of 3.15 billion yuan, or about \$420 million.

A total of 37 stadiums in six cities are being erected for the Beijing Olympic Games, and China has invested over \$2 billion on stadium construction. By the end of this year, all 36 stadiums except the National Stadium will be finished, according to the Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG).

This grand investment for just 15 days of Olympic events could turn into a great waste of labor, resources and money if the stadiums are not properly utilized after the Games. Turning these stadiums into sustainable facilities, usable after the crowds have come and gone, is the most crucial future problem facing officials who have invested these resources.

Learning from the past

What to do with sports fields and stadiums post-Olympics is a common problem faced by countries who have hosted the Olympics before.

Soon after successfully hosting the Athens Olympics in 2004, Greece found itself in a mess of trouble. The stadiums and facilities they had constructed were in disrepair because of poor management. Only a year after the Olympics, Athens paid 100 million euro to maintain these facilities. This cost is about average for basic annual maintenance expenses. Before that, Greece had already spent \$12 billion building the facilities and operating them during the games. It's no wonder that officials there warned cities hoping to host future Olympics that they should first draw lessons from what happened in Athens.

Many of the sports fields and stadiums left over from the Sydney Olympics in 2000 are no longer in use due to the relatively small size of Australia's population. Officials in Sydney announced in August 2002 that they planned to disassemble some

of the Olympic facilities within the next 10 years since it costs \$32 million every year just to maintain them.

Many host cities for the Olympics have seen a post-Olympics gloom, witnessing slow economic development and sometimes a backsliding in economic growth. Experts analyze that this is due to the massive investments on construction, infrastructure and management without understanding the demands of the facilities after the Olympic Games. One reason is that usage of some of these facilities is sport specific and other uses cannot be made of them after the athletes step off the podiums. Because of this, many facilities stand empty and deserted and all the investments made on them seem to have been in vain.

China had hosted major sporting events before, such as the World University Games and the Asian Games. However, according to a report from the Beijing Development

reconstructed, and 8 are temporary. If these 31 sports fields and stadiums cannot be properly used after the Olympic Games, the cost could be enormous.

Reusable concept

If a sports facility is constructed in a way that it can both meet the demands related to the sport, as well as demands for activities such as cultural, trade and political events, it can be a sustainable solution to the problem seen by other Olympic hosts.

Hong Kong Coliseum is a good example. Built in 1983, the Coliseum was originally designed as a venue for major sporting events. Yet its fame is not from sports contests but as a venue for major concerts. Due to the needs of the community, it has assumed the role of a major venue for staging entertainment related events or large-scale assemblies. In particular, the Coliseum has been able to capitalize on flourishing Canto-pop

other large needs, catering to the diversified needs of the community.

According to a report in *The Economic Observer*, the National Swimming Center took into account multiple post-Olympic functions during its design phase. The sporting area in the design of the "Water Cube" covers only 21.4 percent of the facility. The main function of the center after the Olympics will be as a waterpark, which will include an artificial wave pool and beach, waterslides and facilities for physical exercise and training. By then, it will be the biggest waterpark open to the public in China, and offers ample development space for future operation and management.

The design of the "Bird's Nest" also pays special attention to the multiple functions of fields and spaces inside the stadium, greatly improving the utilization rate of the stadium. After holding the opening and closing ceremonies, as well as the Olympic events in between, the stadium will be available for business exhibitions, performances and other functions.

Considering the possible challenges before and after the Beijing Olympic Games, the Beijing Municipal Government hired five experts as senior advisors for Beijing's Olympic economy. Beginning in April, 2005 experts from the United States, Belgium, China and France, experienced in economic research and management during previous Olympics, began their work. Gilbert Van Kerckhove of Belgium, one of the five senior advisors for the Olympic Economy, pointed out that although China has constructed a large number of facilities, most cannot be fully utilized and lack proper management. He said that opening these facilities to the public can satisfy public demands for such facilities and at the same time their entrance fees will pay for the upkeep.

Another way to manage and operate sports fields and stadiums is by combining stadium operations together with professional sports competitions, which is a successful experience of U.S. stadiums. For example, the main stadium of the 1984 Los Angeles Olympics still serves as the home court of the Los Angeles Lakers.

However, it is not very practical for China to rely on turning post-Olympic facilities into professional sports venues, said Kerckhove. Improving public participation in a variety of uses for the facilities is the most important factor, he said. ■



EMPTY SEATS: The main swimming pool of the Athens Olympic Games stands as a reminder of Olympian-style waste

Institute at Peking University, most sports fields and stadiums built for those events have run at deficit ever since the day they were built. They are in a catch-22: Revenue generated by the facilities can't pay maintenance costs, and at the same time, the high price of tickets used to cover these costs keep many people out of the facilities.

Beijing has prepared 31 sports fields and stadiums for the 2008 Olympic Games. Among the 31 Olympic stadiums in Beijing, 12 of them are brand new, 11 are

concerts, and it is expected that this trend will continue into the foreseeable future. During the first two years after the Coliseum was built, the rates of utilization were 55.7 percent and 46.3 percent. As the Coliseum became better known, these rates greatly increased. In 2004, the rate was as high as 96.7 percent. Over the past 20 years the Coliseum has hosted major entertainment events, especially pop music concerts, to fulfill Hong Kong's entertainment needs. Nevertheless, the Coliseum will continue to host sporting events and



VETERAN BROADCASTER LEADS OLYMPIC CHARGE

With its leadership team and technological know-how, the Beijing Olympic Broadcasting Co. Ltd. endeavors to bring the Olympics live to people around the globe



VETERAN LEADERSHIP: Ma Guoli, COO of the Beijing Olympic Broadcasting Co. Ltd., has nearly two decades of television sports experience under his belt

By TANG YUANKAI

The first thing that Ma Guoli, Chief Operating Officer of the Beijing Olympic Broadcasting Co. Ltd. (BOB) does every morning when he enters his office is turn on CCTV-5, the sports channel.

Before Ma was appointed COO of BOB in 2004, he had worked for the CCTV sports department for 16 years. "By the end of 2008 the span of my TV sports career will add up to 20 years," Ma said.

In good hands

Ma has witnessed the growth of CCTV's sports section over the years. In 1988, he became head of the sports news

team under CCTV. The next year the team launched China's first special TV sports news program: *The Sports News*. In 1995, Ma created China's first sports channel with just a handful of staff members under him.

"I was the ninth person to work for the CCTV sports section after I graduated from the Beijing Broadcast Institute," Ma recalled. By the time he left his position to work for BOB, the sports news team had grown to 520 staffers. Ma was ranked among the top 50 most influential people in the sports world by the British newspaper *The Guardian* in 2005.

Ma's work experience with CCTV's sports section has helped forge a bond between himself and the Olympics. He has

participated as a broadcaster in every Olympics since 1984. Besides this, he was the first person from mainland China to take part in the Olympic torch relay in 1992.

"I mostly contributed to the behind-the-scene work for the 2008 torch relay," said Ma. "But if there's a chance for me to be one of the torchbearers, I am of course willing to give it a try."

CCTV's Olympic reportage started in July 1984 when the country sent a large delegation to the Summer Olympics for the first time, after resuming its seat on the International Olympic Committee (IOC).

"There were only four or five of us sent to Los Angeles that year," recalled Ma. For the Seoul Olympics in 1988, CCTV dispatched an 18-member team to the games, all reporters and commentators. By comparison, the number of workers attached to the American Broadcasting Company (ABC) was 3,000.

"CCTV was already the largest TV station in China, though the Hong Kong stations were more advanced than us," said Ma. "We shared a room with them in Seoul and they produced the program, then we added our own commentary."

CCTV's sports news coverage improved in 1992, according to Ma. "Dozens of reporters were sent to Barcelona and our own coverage and production were increased," he said. Four years later at the Atlanta Olympics, the news crew from CCTV was 60 strong and this time had its own studio.

For the 2004 Athens Games, CCTV dispatched 160 staff to Europe while another 300 worked from the station back home. "We set a new Olympic reportage record with an unprecedented length of 1,200 hours broadcast," Ma noted.

Every host city has established broadcasting companies such as BOB during the past few Olympics. These companies produce and provide TV broadcast signals for

北京周报

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stations around the world. The BOB is co-founded by the Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG) and the Olympic Broadcasting Services (OBS), a Swiss company created by the IOC.

"[My position] is just like a housekeeper for the company," explained Ma, adding that a COO needs to ensure the unity of the team and make sure all goes as planned.

As director of CCTV's sports center, Ma was kept busy arranging broadcast timetables for international sporting events. Now as a company COO, he makes sure he connects with BOB's headquarters in Europe each day given there's a seven-hour time difference among there and Beijing.

Ma thinks his advantage over foreign managers lies in his familiarity with the local environment, making it easier to coordinate relationships between different groups.

"I worked for so many years in CCTV and I'm familiar with the broadcasting and television industry in China," said Ma. "I know which unit is good at producing television signals and because of this I can give suggestions to the CEO and the board of BOB, to save some costs for the Olympics in another way."

Ma's decisive management style has also created controversy. But Ma dismisses this. "Being strong in leadership, or being uncompromising, is a must for management," he said. "I have to be decisive and no hesitation is ever allowed. We have to be responsible to the global audience."

The BOB promise

During the 17-day Olympic Games, BOB will serve 200 television companies globally, facilitate 12,000 TV workers and broadcast to billions of spectators. Thousands of kilometers of wires will be laid, 1,000 cameras set up, and an 80,000-square-meter International Broadcasting Center will be completed in order to bring the games into their homes.

"We have to make sure every detail lives up to the highest standard," said Ma. "The background color of the studio, how many chairs are needed and where to place them—we want everything perfectly settled. The core staff of BOB worked during the past couple Olympics. By 2008 the staff

will increase to 4,000, half of them from outside the country. It really means something to us that we have the chance to work here for the BOB."

In Ma's eyes, the management system of BOB is both new and mature.

"For the host country the company is something brand new, but the setup and functions of the company are mature, scientific and efficient," said Ma. "Every broadcasting company is a copy that's been made according to strict procedures. Not a single fault is allowed."

"For the Beijing Games, we will produce some 3,800 hours of live broadcasts," said Ma. This estimate has been calculated based on the vari-

ous events, though could be exceeded if certain matches go overtime, Ma added.

What is groundbreaking is that the BOB will use high-definition signals for all the games and matches for the first time ever in the Olympics. "The 2008 Beijing Games will be a milestone in TV broadcasting history, just like when color TV overtook black and white," Ma said proudly. ■

"The 2008 Beijing Games will be a milestone in TV broadcasting history, just like when color TV overtook black and white."

—Ma Guoli, Chief Operating Officer of the Beijing Olympic Broadcasting Co., Ltd



LIVE SPORTS: Broadcasting live from a football match between teams from Shanghai and Liaoning in 2006



"DREAM TEAM" LEARNS LESSONS

China's badminton team—with the largest legion of world champion titleholders among all Chinese sports teams—prepares for 2008

By TANG YUANKAI

In the China Masters Badminton Championships in July at Chengdu, the Chinese team pocketed four of the five titles, with only the women's doubles squad missing out on the fun. The confident and cocky badminton team had anticipated that it would take as many as five of the championships at the event.

Considering how strong they seemed coming into play, the turn for the worst for the women's doubles squad came as a bit of a shocker. It was the first time in the past 13 months that the women's doubles squad had lost a championship at an international competition. Because the China Masters was an Olympic qualification-ranking tournament, the defeat of the Chinese badminton team's strongest squad has created some worry and doubt about whether they can pull off a clean sweep next year.

"We should have grabbed all five champion titles," said Li Yongbo, head coach of Chinese national team. "We almost have a bit of shame at every China Masters. Last year we lost the men's double title."

Li pointed out that although the loss of one game shouldn't be overstressed, he would never allow his team to become overconfident about winning all the Olympic gold medals. He believes that the failure to defend the women's doubles title can serve as a good lesson to his athletes. "During the international competitions in the run-up to 2008 Olympics, we value the shortcomings exposed during the games more than the gold medals themselves."

The triumph of top-ranked men's singles player Lin Dan came as a big relief to coach Li, who has many expectations riding on this 23-year-old athlete. "He's had some tough experiences since the All England Open

Badminton Championships," said Li. "The victory there proved that he's walked out of the valley."

Among all Chinese national teams preparing for the 2008 Olympic Games, the badminton team has the largest number of world championship title holders. When the Chinese team went to Scotland to defend its title at the Sudirman Cup World Mixed Badminton Championship in June, 16 out of the 17-member team had won at least one world championship title. Zhu Lin, the only



STAR ATHLETES: Top mixed doubles pair Gao Ling (front) and Zheng Bo at the Sudirman Cup in June

one without a title, snatched a bronze medal in women's singles behind her teammates Zhang Ning and Xie Xingfang, who won gold and silver medals, respectively.

These performances have given Chinese badminton fans enough reason to attach national prestige to this "dream team" that they won't be satisfied with anything less than all five badminton gold medals at the 2008 Olympics.

A legend as a coach and athlete

Before heading China's badminton team, Li started his tenure by building a first-rate women's doubles squad. Under Li's coaching, several Chinese pairs quickly caught up with the top-ranked players in the world. In Atlanta in 1996, Ge Fei and Gu Jun snatched the gold in women's doubles competition. This was China's first gold medal in badminton since it became a Summer Olympics sport at the Barcelona Olympics in 1992.

The following four years became the Ge/Gu era on the women's doubles court, during which they grabbed almost every major championship title. Between the 1996 Japan Open and the 2000 Sydney Olympics, the pair stunned the world by not losing a single game during international competition. A splendid chapter was written into China's Olympic history when three Chinese pairs of women players occupied all three positions on the award podium at the Sydney Olympics.

Along with national pride, Li definitely feels the pressure to defend the glory of this team at the 2008 Olympics. "It is my dream and the dream of my team to achieve good results at the Beijing Olympic Games," he said.

Li, 45, is a badminton legend both as an athlete and as a coach. Twenty-three years ago, this badminton whiz kid made his international debut by pairing with Tian Bingyi, now deputy head coach, to grab the runner-up position at a world badminton tournament. This pair won two world tournament championship titles in 1987 and 1989 and scored the decisive point for the Chinese men's team to win the Thomas Cup, the top honor for men's national badminton teams. After retiring from the court, Li and Tian, became coaches for the national team.

After his turf moved from the court to the sidelines, Li performed more miracles for the Chinese badminton team. One climax in his coaching career came when his squad lifted the trophy of the Sudirman Cup again after a four-year absence on May 15, 2005.

This achievement made China the first country to win all three major team badminton championships: Thomas Cup, Uber Cup and Sudirman Cup.

"The most memorable moment as a coach is when the men's team won the Thomas Cup on May 17, 2004," said Li. "I had been waiting for this trophy for 11 years."

When Li retired as an athlete in 1992 and became a coach of the national team, he found himself heading a team in the midst of a generational shift. It was at its lowest point. The only regret for Li as an athlete is that he never won a championship at the Olympic Games. His only Olympic medal was a bronze medal from the Barcelona Olympics. However, he has been making up for his lack of personal gold by churning out Olympic gold medallists during his coaching tenure. At the 2000 Sydney Olympics, the Chinese team pocketed four of the five gold medals. At the 2004 Athens Olympics, China took three. Earlier in his coaching career, Li once said he would not retire as a coach without 100 new world championship titles under his reign. He is halfway toward this ambitious goal.

Difficult choices

Li is having a hard time selecting the most qualified from his long list of excellent athletes for 2008 Olympics.

"The Chinese national badminton team is overcrowded with top-ranked players," Li said. "In several events, I have more than one player at the same level. There will be a painful selection process for me no matter who shows up on the court of Beijing Olympics next August."

Li said one small barrier to China taking all the gold medals is the new changes in the scoring system from a 15-point to a 21-rally point system. "This is bad news for Chinese team since the 21-point system makes the games more prolonged and more likely to produce surprises," said Li. Yet this worry has not created practical threat to China's dominance. Under the new scoring system, China swept all five gold medals at the 2005 Invitational Badminton World Cup, repeating the feat of 17 years ago. In 2006, the Chinese men's team succeeded in defending its Thomas Cup while the women's team defended its Uber Cup.

Only one year away from the showdown at the Beijing Olympic Games, the atmosphere at the training courts for the national badminton teams is relaxed. Some star members have managed to fit public appearances in between training sessions.

All is fair in love and badminton

Li is known as a strict coach. But unlike his predecessors he is quite open about athletes falling in love. "I don't forbid athletes' becoming boyfriends and girlfriends, and I don't think I have right to interfere," Li said. "My general attitude is that love affairs should not occupy too much time or energy." Li said one regulation for his team states that falling in love should not stand in the way of training or competition. "Compromise must be made on every aspect that affects their sports career," Li said.

Among all coaches of national teams, Li's attitude toward athletes' falling in love is quite tolerant. Li said he has spotted a big advantage of this phenomenon. He said many couples on his team choose to spend their spare time together on the training court, mainly practicing small skills that they learn from each other. "This period of time can help them to boost their performance," said Li. Now the national badminton team has around six couples and they don't have to hide their love relationships.

Li has his own love story to tell. He met his wife Xie Ying, a rhythmic gymnast, when he was an athlete as well. At the time they trained at the same sports school. "I got the first opportunity to talk with her when the bulb of her dorm broke and her roommate asked me for help," said Li. "After repairing the bulb, I chatted with Xie and played chess with her. I told her that I had a good collection of foreign music tapes, which were the envy of many girls at that time." Xie later became his girlfriend at the sports school.

"I am not strict about love affairs between my athletes," said Li. "I personally believe that as long as you can deal with it well, the love relationship can motivate the two people to perform better. At least, this is what happened to my wife and me. My first world championship crown came after she became my girlfriend." ■



VICTORY: Li Yongbo (center) and his team members pose for a picture after the Chinese national badminton team won the Sudirman Cup World Team Badminton Championships in Glasgow in June this year, the sixth time for this heroic team



A CRUCIAL TEST FOR THE OLYMPICS

Beijing Olympic organizers are demonstrating their anti-doping commitment by conducting more tests than ever before

By DING WENLEI

Doping tainted the Athens Olympic Games in 2004. Of the nearly 3,700 tests on banned substances conducted at those games, the number of cases of athletes testing positive for drugs was 24. In a bid to avoid a re-run of those scandals, organizers in Beijing plan to subject athletes to a level of scrutiny and testing never before seen at the Olympics. They will demonstrate their commitment to a drug free Olympics by doing more tests than anyone has done before.

Zhao Jian, head of the Anti-Doping Commission of the Chinese Olympic Committee, said they are well aware that an effective anti-doping program will count in assessing whether the Beijing Olympic Games next year is successful or not. The Anti-Doping Commission will be entrusted to implement the doping control plan for the Beijing Olympic Games where 4,500 dope tests are expected.

"What we want most is a clean Games next year, where athletes from all over the world feel that they are competing fair and square," Zhao said.

Doping tests have risen steadily in

recent years, from 2,800 at the Sydney Games in 2000 to 3,700 in Athens in 2004. Between the two Games, the number of positive results more than doubled.

China plans to carry out 4,500 doping tests during the 2008 Beijing Olympics, a 25 percent increase from the Athens Games. Testing will be conducted "round the clock" during the Beijing Olympics. World Anti-Doping Agency (WADA) officials will play an independent observer role at the Olympics and the doping control system will be watching for banned practices such as blood transfusions, urine spiking and tampering with samples.

"The number is usually decided by the host country based on what it is capable of and the IOC's approval," Zhao said. "Although the scale of the tests will be a challenge, we are confident we can manage it."

Zhao's confidence is based on China's anti-doping management system, which won ISO certification, an international quality standard, in April 2004. The country's drug-testing laboratory, which was established in 1989 for the 1990 Asian Games, has passed the IOC's level-A examination for 17 straight years.

Apart from the routine blood and urine sample tests held during the games, the

Anti-Doping Commission will randomly hold on-the-spot checks during pre-competition trainings. Drug testers will also possibly adopt additional tests after the games. It is safe to say that the actual number of tests could far exceed 4,500.

A new laboratory is almost ready to meet the heavy demand and will be used at the end of August for some of the Olympic warm-up events. Located in the Olympic Sports Center, at the southern end of the central cluster of Olympic venues, the new lab covers 5,000 square meters and cost the city over 70 million yuan.

"Apart from those for the horses (equestrian events will be staged in Hong Kong), all tests will be conducted in the new lab," said Zhao. "At its peak, there will be over 200 tests a day," he said. Tests will be conducted and monitored by 150 staff members.

According to Wu Moutian, head of the Chinese doping-test laboratory, besides the current 21 staff, 60 will come from professional drug analysis institutions, 50 will be medical students from universities and 20 will be foreign experts. "Inviting foreign experts is an international practice," Wu said.

Wu said that the China Doping Control Center will purchase some special testing equipment with government funding and borrow other materials from Beijing-based institutions to supplement what they already have on hand.

According to Olympic conventions, new drugs will be added to the doping test just before the opening of the Games. Two months before Sydney, erythropoietin (EPO) tests were first carried out. Three months before Athens, the same thing happened with human growth hormone (HGH).

EPO, a blood booster that facilitates the delivery of oxygen, is commonly used to give athletes an advantage in endurance sports like cycling and marathon running. HGH makes it easier for athletes to strip away fat and replace it with muscle by boosting the body's natural supply of the hormones.

"IOC and the World Anti-Doping Agency usually announce new items close to the opening of the Games so athletes have less chance of escaping detection," said Wu. He said it was too early to predict whether new drugs would be added to the test list next year because "the WADA believes it's never too later to introduce new tests."

The additional testing on horses in equestrian events is one highlight of Beijing Olympic Games. The doping test in equestrian events consists of two parts, a test on athletes and a test on horses. The Beijing Anti-Doping Commission will fetch samples of athletes and test them in a Beijing laboratory while entrusting the test on horses to the Equestrian Committee in Hong Kong, said Zhao. ■



MEETING THE DEMAND: The China Doping Control Center will purchase some special testing equipment with government funding and borrow other materials from Beijing-based institutions to supplement what they already have on hand

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FOOD SEEKS PODIUM FINISH

Tough measures taken to guarantee food safety during the 2008 Olympic Games

By LI LI

It's not only in the medal stakes that China hopes to impress the world at the 2008 Olympics. When the waves of visitors and athletes sit down to tuck into China's time-honored cuisine, the host country wants to leave no doubt as to who is the gold medal winner in the food stakes.

Cafeterias in the Olympic Village will ensure that 30 percent of their menus, or about 1,000 dishes, are Chinese, enough to please the fussiest of athletes and officials. Yet flavor and variety won't be the only thing Chinese chefs will be concerned about as they reach for the seasoning.

Any defective ingredient in these dishes, whether it be antibiotics-tainted shrimps or chemically dyed egg yolks, could cause athletes to fall ill or even fail an anti-doping test. A major outbreak of food-induced diseases may not only destroy athletes' four-year preparation for an Olympic medal, but also

further tarnish China's food safety record.

To dismiss the possibility of such an accident and coordinate the logistics of feeding such big numbers requires enormous effort. Xinhua News Agency reports that more than 75,000 liters of milk, 330 tons of fruit and vegetables, 82 tons of seafood, 750 liters of ketchup, 131 tons of meat, 21 tons of cheese and 3 million bottles of beverages will be consumed by the 270,000 registered athletes, coaches, officials and journalists during the Beijing Olympics. And after organizers have paused for breath, there is also the small question of feeding an estimated 7 million meals to spectators.

At a press conference in July, the Chinese Government said that it has set up a rigorous food tracking and monitoring system for the 2008 Beijing Olympics, where the information for every cooking ingredient can be tracked to its source. According to a report on China News

Service, detailed information has been collected on vegetable farms supplying Olympic food material, and entered into a database, including the name of the grower and the exact time and amount that the vegetable is given fertilizer and pesticide. To eliminate any contamination of the vegetables, organic pesticides and insect traps have been used to replace regular chemical pesticides. In addition, Beijing has also detailed a series of technical standards, covering the packaging, storing and transporting criteria of 345 foods.

All the information would be incorporated into a database, which would enable food supervisors to be fully aware of all the procedures and track the sources in case of any incidents, said Sun Wenxu, a senior official with the State Administration for Industry and Commerce at the conference.

"All the procedures involving Olympic food, including production, processing, packaging, storing and transporting, will be closely monitored," said Sun.

Importing expertise

This food information tracking system is largely developed using the Olympic expertise gained in Australia, especially New South Wales Food Authority, which was responsible for food security at the Sydney Olympics. As reported by *The*

Countdown to The Beijing 2008 Olympic Games

July 13, 2001: Beijing won out over rival cities by receiving 56 winning votes in the second round of secret voting, securing its bid to host the 2008 Summer Olympic Games at the 112th voting of the International Olympic Committee in Moscow.

December 13, 2001: The Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG) was established.

February 4, 2002: The State Council put forth Regulations on the Protection of Olympic Symbols, which went into effect on April 1, 2002.

July 13, 2002: The Beijing Olympic Action Plan formulated jointly by the Beijing Municipal Government and the BOCOG was promulgated, promoting the idea of a "New Beijing, Great Olympics," and the concepts of "Green

Olympics, Hi-tech Olympics and People's Olympics."

April 15, 2003: The BOCOG launched the first round of campaigns to solicit possible themes for the 2008 Olympic Games. The organizing committee planned to select 10 songs each year from 2003 to 2007 and make a final decision from the list of 50.

June 11, 2003: The BOCOG Sailing Committee (Qingdao) was set up in Qingdao, Shandong Province.

August 3, 2003: The Emblem of the Beijing 2008 Olympic Games, entitled "Chinese Seal-Dancing Beijing," was publicized at the Temple of Heaven in Beijing.

August 31, 2003: A framework agreement for the establishment of the Beijing Olympic Broadcasting Co. Ltd. was signed, launching the TV broadcasting work for the Games.

September 1, 2003: The Beijing 2008 Marketing Plan was officially launched.

December 24, 2003: Construction of the National Stadium commenced.

March 26, 2004: The Lenovo Group became the first Chinese company to join the Olympic Partner Program.

July 13, 2004: Entitled "Sky, Earth and Human Being," the emblem of the Beijing 2008 Paralympic Games was unveiled.

August 29, 2004: The Olympic flag was handed to the Mayor of Beijing, Wang Qishan, at the closing ceremony of Athens Olympic Games.

September 21, 2004: A giant countdown clock for the Beijing 2008 Olympic Games was unveiled in Tiananmen Square.

November 1, 2004: The Main Press Center, the headquarters of BOCOG's press operations, was officially opened.

May 31, 2005: Beijing Olympic Broadcasting Co. Ltd., host broadcast-



FOOD TO GO: Newly unveiled hi-tech vehicles will conveniently provide safe, fresh food during the Beijing Olympics

Beijing News, at a food safety agreement initiative between the Beijing Municipal Government and the New South Wales Food Authority in June, Australian Minister for State Development Ian Macdonald said the food tracking system is so advanced in New South Wales that a digital label recording the growing information is attached to every poultry and livestock product in

supermarkets. He said this system has proved effective in pinpointing the origin of an epidemic. When Australia needed to find the origin farm of a mad cow disease outbreak, it took just one hour, while the same procedure took 10 days in the United States and two weeks in Canada.

Zhang Zhikuan, Director of the Food Safety Office of Beijing Municipal

Government, said the food-tracking system will continue to be used after the Beijing Olympics. Pilot supermarkets in Beijing have already stocked shelves with food merchandise marked with production-tracking labels. The *Beijing News* says the food safety expertise learned from hosting the Olympic Games is expected to become standard and promoted around China.

Olympic meals on wheels

This July also witnessed the launch of Olympic food delivery vehicles for spectators and journalists who want a quick bite. The hi-tech cafeteria vehicles are equipped with a global positioning system, temperature monitoring system, video cameras in all directions, a freezer and a tunnel-designed microwave heater. The microwave heater and temperature monitoring system are being used in a vehicle for the first time in China. The equipment allows the vehicles to safely transport food at between zero and seven degree Celsius and disinfect food within two minutes. All the food on the vehicles is stored separately to avoid contamination.

With a diversified selection of delicacies, meals from these vehicles will cost between 10 yuan to 200 yuan (\$1.3-\$26.5). A single vehicle can serve 2,000 people and it is expected to have 40 vehicles operational traveling between all the Olympic venues. ■

er of the Beijing 2008 Olympic Games, began official operations.

June 5, 2005: The Beijing Olympic Volunteer Program was launched and the volunteer symbol for the Games was unveiled. Around 70,000 volunteers will be needed for the Beijing Olympics and 30,000 for the Paralympics.

June 26, 2005: "One World, One Dream," the theme for the Beijing 2008 Olympic Games, was announced.

July 8, 2005: The International Olympic Committee announced that the equestrian events will be held in Hong Kong.

October 5, 2005: The BOCOG Equestrian Committee (Hong Kong) was formally established.

November 11, 2005: The official mascots of the Beijing 2008 Olympic Games were unveiled to mark the 1,000-day countdown to the opening of the Games. The mascots, consisting of five figures, are officially named *Fuwa*.

April 16, 2006: The creation team for the opening and closing ceremonies of the Beijing 2008 Olympic Games was announced, and Chinese filmmaker Zhang Yimou was selected as head of the team.

August 7, 2006: The BOCOG released the pictograms of the Beijing 2008 Olympic Games.

August 28, 2006: Recruitment for volunteers for the Beijing Olympic Games was officially launched.

September 7, 2006: Fu Niu Lele, the official mascot of the 2008 Beijing Paralympic Games was revealed.

October 26, 2006: The International Olympic Committee agreed on the competition schedule for the Beijing Olympic Games.

November 29, 2006: BOCOG announces ticket prices for 2008 Olympics Games 618 days away from the opening ceremony.

December 1, 2006: The BOCOG

releases press rules for the Beijing Olympics, promising press freedom for foreign journalists in the run up to the Games.

January 19, 2007: Beijing Olympics IT Integration Test Lab was launched.

January 21, 2007: Beijing Olympic organizers kicked off the fourth round of a campaign to solicit a theme song for the 2008 Games. The deadline to submit songs is March 10, 2008. The theme song will be picked from all the entries of the four rounds and will be unveiled 100 days before the opening ceremony of the Games.

July 2, 2007: The International Olympic Committee announces that the Beijing Municipal Government will implement a plan to reduce air pollution and test the contingency measures that would be used in special cases in the capital city in August. By then, the government will limit the number of official cars on road and advocate that people refrain from driving in certain areas to ensure a million cars removed from circulation. ■

A Big Step to Denuclearization

The latest round of six-party talks on North Korea ends with the shutdown of nuclear reactors at Yongbyon, but what's next?

By DING YING

When this year's round of six-party talks on the denuclearization of North Korea started in February, few would have expected that the nuclear reactors at Yongbyon would be shuttered by mid-summer.

Previous summits moved slowly, sometimes seeming not to make progress at all. But at the delegation heads' meeting of the six-party talks on July 18-20, negotiators from North Korea, South Korea, China, Japan, the United States and Russia, quickly reached a milestone in getting North Korea to close Yongbyon nuclear reactor in return for oil. They also laid a clear blueprint for moving toward the full denuclearization of the entire Korean Peninsula based on an "action-for-action" program.

In the latest talks, North Korea repeated its promise to shut its nuclear facilities as initial steps to denuclearization, while other parties would provide 1 million tons of heavy fuel oil for the country. During the second phase of the sixth round of the six-party talks, which is expected to be held in September, the six parties' five special working groups will decide how to imple-



SEEMINGLY SATISFIED: Kim Gye Gwan, North Korea's chief negotiator of the six-party talks, says that he was satisfied with the "good results" of the latest talks after he arrived in Pyongyang on July 21

ment the next steps toward denuclearization and discuss economic and security cooperation in Northeast Asia.

Although the latest meeting went fairly smoothly, the talks' future progress will fall mainly on North Korea and the United States, Chinese foreign affairs experts said.

Tao Wenzhao, Deputy Director of the Institute of American Studies, Chinese Academy of Social Sciences, said that although the delegates did not reach a consensus on a denuclearization timetable as expected, they did set forth the tasks of the next phase of negotiations and the method for achieving them.

To get there, the North Koreans would have to make a "strategic choice" to implement the February 13 agreement, in which the country promised to commit itself to a follow-on phase that includes a provision to declare all nuclear programs and disable all existing nuclear facilities. Tao also said that trust between North Korea and the United States was needed.

"North Korea's shutting down its Yongbyon nuclear facilities was a crucial step, but the declaration part is even harder than that," Tao said, adding that the country should also say how much plutonium it has extracted, if it has enriched uranium and the number of nuclear warheads it has.

North Korea and the United States must develop a high level of mutual trust, or it will be very difficult for the North Koreans to declare their full nuclear power, Tao added.

Qi Baoliang, an expert on Korean issues at the China Institutes of Contemporary International Relations, said that with the "action-for-action" program, North Korea will stick to its benefits from the agreement.

During the July 18-20 meeting, Kim Kye Gwan, North Korea's chief negotiator and Vice Minister of Foreign Affairs, iterated that his country was ready to cooperate to make the peninsula nuclear free, but that the precondition "is that other countries should fulfill their obligations."

Qi also pointed out that North Korea is

Key Dates Before This Meeting

February 13: North Korea agrees to shut down the Yongbyon reactor within 60 days in exchange for 50,000 tons of heavy fuel oil or equivalent aid

March 13-14: Mohamed ElBaradei, the IAEA's Director General, is invited to visit North Korea

March 19-22: At the first phase of

sixth round of the six-party talks in Beijing all parties repeat promises to implement the September 2005 joint statement and the February 2007 agreement

April 11: The United States expects North Korea to fulfill the terms of the landmark nuclear deal as a key deadline approaches

April 20: North Korea repeats its pledge to implement the February 2007 agreement, and says it will invite the

IAEA to the country after it gets the \$25 million in funds frozen in Macao's Banco Delta Asia

June 13: Russian Foreign Ministry Spokesman Mikhail Kamynin says the country would not oppose its banks transferring the funds. The United States promises not to impose sanctions on the Russian commercial bank involved

June 25: North Korea says that its dispute over the funds has been

requiring that the United States remove it from the U.S. list of terrorism-supporters and eliminate it from the Trading with the Enemy Act that restricts trade with countries hostile to the United States.

Qi also noted that the North Koreans and Americans have not agreed on the timing to start discussing these issues.

During the July meeting, Christopher Hill, head of the U.S. delegation to six-party talks and Assistant Secretary of State for East Asian and Pacific Affairs at the State Department, said he expected a broad framework for the next phase of the disarmament process, which would involve fully disabling Yongbyon, and that North Korea would make

soon as possible," Qi said. North Korea's two requirements for the Americans will not be easily accomplished, because they need to be passed by the U.S. Congress, and it will take time for government debates to be held, he added.

Qi also said that North Korea must also cooperate efficiently with the International Atomic Energy Agency (IAEA), the United Nations' nuclear watchdog agency. This process will demand time, patience and mutual trust, he added.

High hopes

The delegation heads who participated in the July 18-20 meeting included Kim; Hill; Chun Yung Woo, South Korea's

stability in Northeast Asia. They also said that work during the next phase would be done on a step-by-step basis, according to the press communiqué.

During the meeting, the six parties repeated their vow to fulfill the commitments they made in a joint statement in September 2005, in which North Korea agreed to abandon its quest to become a nuclear power, and in their agreement on February 13. North Korea iterated that it would honor its commitments to declare all its nuclear programs and disable all existing nuclear facilities.

As part of the agreement on February 13, North Korea promised to close its nuclear facilities as the first steps to denuclearization,

while the other parties agreed to provide oil for North Korea. They delivered the first batch of 50,000 tons of heavy fuel oil to North Korea in early July, and the country subsequently shut down its Yongbyon nuclear facilities as promised. At the meeting on July 18-20, the envoys confirmed that they would provide further humanitarian assistance up to the equivalent of 950,000 tons of heavy fuel oil for North Korea.

The six parties also agreed to fulfill their respective obligations listed in the two agreements according to the "action-for-action" principle.

The delegates listed three steps to implement the various tasks they agreed on. First, before the end of August, five working groups—on denuclearizing the Korean Peninsula, normalizing North Korea's relations with the United States and Japan, promoting economic and energy cooperation, and establishing peace and

security in Northeast Asia—will hold meetings to discuss how to implement the agreed upon plans.

Second, the parties will hold the second session of the sixth round of the six-party talks in Beijing in September, during which the delegates will hear the working groups' reports and work out the roadmap for their implementation.

And third, after the second session of talks, the parties will hold a ministerial meeting in Beijing as soon as possible to promote the implementation of the September 2005 and February 2007 agreements and explore ways to enhance security cooperation in Northeast Asia.

The six-party talks began in August 2003 as a multilateral approach to ending North Korea's nuclear program. Since then, envoys have met in Beijing for several rounds of negotiations to denuclearize North Korea. ■



MOVING FORWARD: Wu Dawei, head of the Chinese delegation to the six-party talks, announces a press communiqué after the two-and-a-half-day session ended on July 20

a full declaration of its nuclear activities.

"There are only one and a half years left during George W. Bush's presidency, which means that America hopes to settle the denuclearization of the Korean Peninsula as

Special Representative for Korean Peninsula Peace and Security Affairs at the Ministry of Foreign Affairs and Trade; Wu Dawei, Vice Minister of Foreign Affairs of China; Kenichiro Sasae, Director General for Asian and Oceanian Affairs at Japan's Ministry of Foreign Affairs; and Vladimir Rakhmanin, Russia's Ambassador of the Ministry of Foreign Affairs.

At the meeting, the delegates reviewed their work and progress since the first session of the talks' sixth round on February 13. They said they were pleased with efforts all made to advance the process and with the bilateral meetings to boost mutual trust and improve relations with each other, according to a press communiqué issued by the Head Meeting on July 20.

The six parties also discussed the denuclearization of the Korean Peninsula, the normalization of relations between the countries concerned, and lasting peace and

resolved and vows to start implementing the February 13 disarmament agreement

July 6: North Korea says it will start closing and sealing its nuclear facilities after it received one 10th of the 50,000 tons of promised fuel

July 14: A 10-member team of IAEA inspectors arrives in Pyongyang

July 18: ElBaradei confirms North Korea has shut down all five of its nuclear reactors at Yongbyon

Up To Standard

The Central Government is taking concrete measures to address growing concerns over food safety issues

By LI LI

Xu Heyu, General Manager of a Hong Kong-invested porcelain development company in southern China, was always confident of the quality of his products. Now he is more than a little puzzled, facing a stockpile of more than 170,000 pots that no one wants. Xu's company produces about 500,000 porcelain pots every year, mostly for export, which had been popular in the Japanese market until Japanese media reported in May, that the products might contain quantities of lead higher than the safety standards.

China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) conducted in-field investigations and tests in the ensuing weeks and announced on July 20 that the

lead content of the targeted ceramic pots was well below the safety standards of both Japan and China. The finding has been reaffirmed by separate tests conducted by three professional Japanese testing organizations.

Although there is no recall for these ceramic pots, the fallout has been disastrous for Chinese exporters, who have lost orders worth 8 million yuan since Japanese media published the unfounded accusation, according to a Xinhua News Agency report on July 21.

Unfortunately, Xu's company is not the only innocent victim of the latest global wave of questioning the quality and safety of Chinese products.

In June, the New Jersey-based Foreign Tire Sales Inc. (FTS) in the United States blamed the tires made by China's Hangzhou Chongce Rubber Company, the country's

second largest tire manufacturer, for a van crash in Philadelphia last August. And on June 26, it requested the U.S. National Highway Traffic Safety Administration (NHTSA) help recall 450,000 Zhongce-made tires, citing the tires lacked a gum strip used to prevent tread separation, a critical component for this type of tire.

But Zhongce told *China Daily* that adding the gum strip is not included in the U.S. Motor Vehicle Safety Standards or in its contract with FTS. Further, sample tests by AQSIQ proved the tires are qualified to sell in the United States, the newspaper reported.

In a latest FTS report published on the NHTSA website, the importer admitted that it could not determine if the absence of the strip caused or contributed to the accident. FTS noted the van was equipped with three Hangzhou-made tires of one size and one Michelin tire of another size.

A global concern

In spite of the fact that China is not the country with the worst record when it comes to exporting sub-standard food, the country is indeed facing growing global concern over the quality and safety of its export products. This follows recent recalls and controls imposed on Chinese goods by foreign, mainly American, regulators, which involved fish contaminated with drugs, unsafe additives or tainted with salmonella, unhygienic frozen crab meat and toy trains colored with lead paint.



HOPPING GOOD CANDY: White Rabbit candy, a popular Chinese brand, passed all safety tests locally, despite a ban on the product by the Philippine authorities



OUT FOR A DUCK: Product quality inspection officials in China make regular checks on food markets to ensure that safety standards are adhered to

According to statistics of the U.S. Food and Drug Administration (FDA), between June 2006 and June 2007, China had a total of 1,368 shipments of food denied entry by the FDA, compared with India, which had 1,763 food shipments refused, and Mexico, 1,480, *The New York Times* reported on July 12.

And on July 20, the Japanese Government released its annual report on inspection results on imported food in 2006. Although exports from China were most frequently inspected, 99.42 percent of surveyed Chinese food met safety standards, higher than its American and EU counterparts.

"The reality is, this (food safety) is not a single-country issue at all," Carl R. Nielsen, a FDA veteran who directed the division of import operations and policy in the agency's Office of Regulatory Affairs before retirement, told *The New York Times*. "What we are experiencing is massive globalization," he said.

Li Changjiang, Minister of AQSIQ, echoed Nielsen's remarks. "Product safety was not only China's concern, but also the common responsibility of all countries," he said.

Considering tens of thousands of small manufacturers in the food industry, main-

taining food safety has never been easy for China.

At a press conference on July 20, Li explained how two Chinese food exporters bypassed the government's inspection process, leading to the recall of nearly 100 brands of tainted pet food in the United States in June. He said the two Chinese companies, whose business licenses had been revoked, had "unlawfully added melamine in some of its protein products exported to the United States" and managed to evade quality inspection by mislabeling their products as chemical ingredients, which are not subject to compulsory inspection by customs.

Tightening up

At the press conference, Li said a consistent approach taken by his agency and local governments to guarantee food safety is to rule out any irregularity at the production stage. On July 9, China's quality supervision authorities blacklisted 14 companies for planning to export substandard food products and banned them from further exports.

China is also hammering out a comprehensive surveillance mechanism to guarantee the safety standards for food in the market. Since China's existing food supervision sys-

tem involves at least five central government departments—AQSIQ, the State Administration for Industry and Commerce, the Ministry of Agriculture, the Ministry of Health and the State Food and Drug Administration—which are responsible for supervising farming, production and processing, and distribution and selling, China will draft new laws to facilitate cooperation among different government agencies in order to change the overlapping food supervision system, Vice Minister of Health Wang Longde said earlier in July.

Premier Wen Jiabao made a pledge to improve food safety and product quality at a State Council conference on July 25. He said the nation would continue to publicize periodic reports on product information and recall defective products in time. Meanwhile, China would strengthen coop-

eration with foreign countries in handling the issue and improve law enforcement on product quality problems, he said. The State Council has decided to form a leadership panel for product quality and food safety to help resolve disputes, according to the conference.

The State Council has also drafted a new regulation on the supervision over food safety, which dictated intensified controls over food producers and distributors, increased responsibilities and obligations on the part of the government and more serious punishment on illegal activities.

On the same day, the Ministry of Agriculture announced the launch of a nationwide inspection on forbidden chemicals and drugs used on farms.

"It will mainly target the fishery and husbandry sectors to crack down on the illegal use of forbidden pesticides, animal drugs and chemicals," Zhang Yuxiang, the ministry spokesperson, told a news briefing.

The ministry will also adopt other measures to ensure food safety through establishing pollution-free production bases, checking chemical application on farms, and strengthening certification of quality agriculture products, Zhang said. ■

A Five-Step Food Safety Plan

Besides the legislative and administrative efforts made by China to tackle food safety issues, a raft of measures is being introduced to punish errant producers and enforce stricter standards



TOUGH INSPECTION: China is vowing tougher inspection and quarantine efforts on food exports

By LAN XINZHEN

Recently Chinese exports have been under the spotlight due to “problems” with quality. Chinese Premier Wen Jiabao stressed the importance of efficient supervision over food safety at a conference of the State Council on July 25. At the same time, the conference approved a draft special regulation on the supervision over food safety.

The premier said the issue of product quality and food safety is closely linked with people’s lives, the reputation of producers and the image of the nation. Concerned departments at all levels must attach great importance to the issue.

The nation must establish a rigorous network to realize effective supervision over processing, packaging, delivery and sale of products and accelerate the establishment of national standard systems to equal international standards, Wen said.

He also said the nation would continue to publicize periodic reports on product information and recall defective products in time. Meanwhile, China would strengthen cooperation with foreign countries in handling the issue and improve law enforcement on product quality problems, he said.

The State Council has decided to form a leading group for product quality and food safety to help resolve any related disputes, according to the conference.

A press conference on July 10 brought together the major watchdogs of the country’s food quality after an avalanche of media criticism over food safety. During the press conference officials frankly acknowledged the problems they have been encountering and outlined steps to tackle them.

“As a developing country, China’s food and drug supervision work began late with weak foundations,” said Yan Jiangying, spokeswoman for the State Food and Drug Administration (SFDA). “Therefore, the situation is not very satisfactory.”

Li Yuanping, head of the import and export safety bureau with the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), said there is no doubt that most of its exports are up to standard as China follows very strict rules regarding food exports.

China has established a complete set of laws and regulations related to product quality and food safety. There are 11 laws and 17 rules related to food exports, as well as around 100 regulations drafted by varied ministries for food supervision. At the same time, China follows a strict administrative mechanism overseeing the whole process of food production, from the farm or breeding facilities, to the packaging process, and later through the shipping procedures.

Lin Wei, Deputy Director General of the AQSIQ’s import and export food safety bureau, said that food exported from China that meets the requirements of the importers must go through a strict five-step administrative inspection procedure as follows:

First is the inspection and quarantine record-keeping of planting and breeding farms. Only those registered are eligible to provide raw materials for export-oriented food production plants. Second is sanitary registration of food production plants that export their products. Only registered plants are permitted to produce food for export. Third is monitoring by entry-exit inspection and quarantine authorities during the food production process. Fourth is that exported food has to be labeled or marked as required so as to make it easier for quality traces and recalls, and illegal enterprises will be black-listed. The final step is the pre-export batch-by-batch inspection by entry-exit inspection and quarantine authorities. Only qualified food will be permitted to export.

In China, several central government departments are involved in quality control, including the Ministry of Agriculture (MOA), responsible for agricultural products, the Ministry of Health, responsible for hygiene, the State Administration for Industry and Commerce (SAIC), which monitors food products in circulation, and the AQSIQ, which oversees the production, processing and export of food, and the

SFDA, which is responsible for comprehensive supervision, coordination and food safety crisis management.

The five departments play their roles respectively in the food export process. For example, when a food safety assessment is demanded, the Ministry of Health will organize a team of experts. When it is a problem in the circulation chain, it's the job of the SAIC, and if it's a production and processing problem, the AQSIQ will recall the food and carry out punishments on the manufacturers. The Ministry of Agriculture takes action when the problem is traced back to the planting and cultivation process.

Despite all these efforts in legislation and supervision, it's been a headache for the AQSIQ to see the number of complaints over exported food quality that have come across their desks.

lems of some of China's exports, said Li.

Yet he stressed that China was not the only one with similar problem, citing comments by World Health Organization Director-General Margaret Chan this week that the agency receives about 200 reports of food safety problems every month from its 193 member states.

Lin of the AQSIQ defended the quality of China's exports, saying that recent problems, including the scare over pet food exported to North America, are only exceptions, often involving unlicensed or illegal companies.

"Investigations have shown these are only individual cases," Lin said at the same press conference. "We have taken tough measures against unlicensed companies which have been the source of such problems."

"No one in the world can ensure zero risk, and similarly, no food is 100 percent quali-



KEEPING WATCH: China has implemented a series of strict administrative mechanisms to oversee the entire process of food production

Li Changjiang, head of the AQSIQ, said officials were focusing on stricter market access requirements for companies, conducting random checks and beefing up product testing.

Li said that according to China's Law on Import and Export Commodity Inspection, export commodities subject to compulsory inspection must be inspected by the commodity inspection authorities or inspection organizations. For those not in the list for compulsory inspection, the AQSIQ will conduct random checks and the manufacturers should entrust related inspection organizations with the inspection to ensure their products meet the requirements of importers.

Individual enterprises' failures in this respect have led to the recent quality prob-

lems," said Li Yuanping. "Problems with a few companies should not be taken to mean that the system as a whole is riddled with holes."

He said such misconceptions have seriously harmed the reputation of Chinese products, are a huge impediment to Chinese exports, and have caused great losses.

Furthermore, in another bid to weed out illegal export companies, the food safety watchdog has published a blacklist of companies that have breached safety rules and regulations on its website and has stripped them of their export rights.

So far, more than 99 percent of Chinese food exports to the United States, in the past three years, have met quality standards. This is about the same, or even higher, than the equivalent figure of U.S. food exports to China, according to Li. ■

I. Major Laws related to Food Exports:

- Food Hygiene Law of the People's Republic of China
- Law of the People's Republic of China on the Entry and Exit Animal and Plant Quarantine
- Law of the People's Republic of China on Import and Export Commodity Inspection
- Law of the People's Republic of China on Product Quality
- Standardization Law of the People's Republic of China
- Frontier Health and Quarantine Law of the People's Republic of China
- Agricultural Products Quantity and Safety Law of the People's Republic of China

II. Stipulations on veterinary quarantine and hygiene inspection of exported food:

Exported food should be inspected as required if the hygiene authorities of the importer, or the export contract, have special requirements or detailed stipulations on the food's veterinary quarantine, hygiene and quality; otherwise, the inspection will follow national food safety standards or inspection standards on the quality of exported food.

III. Stipulations on inspecting and releasing exported food at customs:

1. Veterinary certificates and sanitary certificates should be signed and issued for qualified exported food after inspection; release permits should be signed and issued or export commodity declaration forms must be stamped with permission for commodities for which veterinary certificates and sanitary certificates are not required by importers. All these commodities should be registered within the stipulated period of validity, and the above-mentioned certificates and permits will not be granted to products from export food manufacturers without a registration certificate and the ratification number.

2. Customs should release all exported food only according to the inspection certificate signed and issued by entry-exit inspection and quarantine institutions or the release permit stamp on the export commodity declaration form.

Food Safety Reality Check

There is much more to global food safety than meets the eye

By CORRIE DOSH

Ping pong it's not, but observers could be forgiven for thinking that the ongoing tit-for-tat food import bans between China and the United States bear a more than uncanny resemblance to the game. Over the past two months both countries appear to have gone into laager mode over concerns that food is failing to meet safety and health standards, blaming each other openly for poor quality imports. However, the real concerns regarding globalized food production may become clouded, as the trade bans become a political tool for authorities in each country, analysts said.

The reality of the globalization of food production is that the entire chain of farmers to processors to distributors is under enormous pressure to keep costs down for consumers, said Steve Suppan, policy analyst at the nonprofit Institute for Agriculture and Trade Policy in Minneapolis, and lobbyists for major food producers do their best to ensure U.S. inspectors are underfunded or understaffed. Only about 1 percent of food imports are checked for contaminations ranging from salmonella to toxic pesticides such as DDT. An estimated 5,000 people in the United States die each year from unsafe food, according to the Centers for Disease Control and Prevention, and another 76 million become sick.

There are indications that food safety is becoming a token in a larger trade war between China and the United States. The issue first came to public attention this year when contaminated gluten added to pet food was traced to a Chinese manufacturer. U.S. politicians used the pet food scare to address concerns over food imports from China during the Strategic Economic Dialogue (SED) between the two countries held May 22-23 in Washington, D.C.

"We are likely to see these requirements increasingly being used, and abused, as a trade barrier," Leora Blumberg, a Hong Kong-

based trade adviser for law firm Heller Ehrman LLP, told the *Wall Street Journal*.

Since the SED, the United States has banned some seafood shipments and health supplements from China and China in turn has banned some imports of chicken and pork from the United States.

However, a very real and serious danger from contaminated food imports exists, Suppan said, because regulators have limited resources in ensuring the safety of food grown in or imported into the United States. The U.S. Food and Drug Administration (FDA) is responsible for the safety of food imports excluding meat and poultry, which are under the authority of the U.S. Department of Agriculture. The number of

regulatory affairs employees at the FDA shrank from 4,003 in 2003 to 3,488 this year, and the number of non-criminal foreign and domestic inspections dropped from 11,566 in 2003 to 9,038 in 2005. However, the amount of food imports into the United States skyrocketed from 4 million shipments in 1997 to more than 15 million last year.

"The whole thing, from a management perspective, is just a shipwreck," Carl R. Nielsen, former director of the FDA division that handles import operations and policy, told the *Boston Globe*.

The problem of food safety is not unique to Chinese imports. According to FDA data, more imports from Mexico and India were stopped at the border from June 2006 to June this year. The most common violations were for salmonella and "filth" in the shipments.

Fixing the FDA's inspection operations is estimated to cost at least \$400 million, and producers will be forced to pass on the costs of compliance to consumers.

Who is to blame?

Some U.S. consumers blame China for lax safety standards in food production, others blame the FDA for failing to catch violations or the government for failing to adequately fund the inspection programs. However, a silent but important influence on globalized food production has not been the subject of much public or media scrutiny.

For every food exporter looking to access the American market, there is a huge mega-importer looking for the lowest price.

"Some place like Wal-Mart is constantly squeezing the firms to reduce costs. At some point you can't internalize the costs of compliance with safety criteria," Suppan said. "With food you have a different challenge, especially if it's a processed food where you have ingredients coming from a lot of different places in the country. If you don't have what they call a 'chain of custody' and you can't maintain the cold chain to ensure there's not a chance for contaminants or pathogens to forge, then you have a big-time problem."

The United States has huge, highly centralized plants and processing centers that churn out mass quantities of meat or other food products quickly and efficiently. That keeps costs down, but a problem at one of these plants can quickly affect a huge number of products and portion of the American diet. The United States has its own problems with food safety through these plants, as evidenced by an outbreak last year of *E. coli* in bagged fresh spinach that affected multiple U.S. states and brands.

Importers may push Chinese farmers and food processors to adopt U.S.-style production to keep costs low, but it comes at a price.

"As long as we are pushing for the lowest price all the time, driving our supply



STRETCHING SAFETY: Noodle making performance at a food fair in Paris. The problem of food safety is not unique to Chinese imports. According to FDA data, many countries fail food import safety checks



GLOBALIZATION: Imported foodstuff at a supermarket in Shanghai shows the global reach of food imports

chain, you get more efficient. But at a certain point there is no more efficiency and you sacrifice quality," Nancy M. Childs, professor of food marketing at St. Joseph University in Philadelphia, told *The New York Times*.

In the United States, lobbyists for mega food importers have successfully blocked initiatives such as country-of-origin labeling for food, raising doubts that more stringent food controls on imports will be adopted, Suppan said.

"These lobbyists are extremely well-funded, and their presence in Congress is continuous. A lot of the lobbyists are former members of Congress," he added.

These ex-politicians have open access to government officials, so concerns about food safety are not likely to be resolved with real change.

What about the WTO?

However, even if the U.S. Government is hamstrung by lobbyists and Chinese pro-

ducers are crippled by pressure to cut costs, other trade regulators such as the World Trade Organization (WTO) should be able to ensure food trade is safe.

"There are a couple sides to this equation," Suppan said. "One concerns what should be bilateral sanitary equivalency agreements, which is what the WTO requires and what presumably the U.S. and China negotiated as a condition of Chinese accession to the WTO."

Under these bilateral agreements, countries pledge to accept different measures that provide the same level of protection for food, animals and plants, according to the WTO.

"There was obviously either a cursory investigation by the U.S. of China's food safety controls, or there was something more extensive and there are processing establishments that are not qualified that have put a product into the system for export," Suppan said.

WTO equivalency agreements require countries to pass more stringent document-

ation requirements and inspections on products they have less experience in exporting, he said. In China's case, if onsite visits did not happen before, then presumably they will happen now, Suppan added. That means a lot of extra expense for Chinese farmers, who will have to pass the costs on to consumers.

"The simple closing of a lot of small feed mills and small processing establishments, which apparently is how the Chinese Government is responding, doesn't in itself fix the problem," he said. "The real issue is: Are there certified export establishments?"

The WTO department in charge of overseeing food safety has received calls to extend special treatment to developing countries in their compliance efforts.

"I can assure you, that besides small developing countries getting more technical assistance and perhaps some more infrastructure for FPS laboratories, that there will be no special treatment," he said. ■

(Reporting from New York)

Modernizing Forces

An ongoing exhibition paints a vivid picture of the evolving Chinese military

By YAN WEI

Models of China's first atomic bomb and hydrogen bomb. A manually operated mechanical computer used in the research and development of China's early nuclear weapons. A punching bag pummeled by the late Chairman Mao Zedong as he watched a military competition.

These unique attractions and many others are on display in a military exhibition marking the 80th anniversary of the People's Liberation Army (PLA), which falls on August 1.

The show features a total of 970 pictures and 1,750 artifacts in an exhibiting area of 6,540 square meters at the Military Museum of the Chinese People's Revolution in Beijing. It lasts from July 16 to August 20 and admission is free.

Guo Dehe, Curator of the museum, noted that this exhibition has drawn greater attention from the authorities, is of a larger scale, displays more exhibits and covers a longer time period than previous ones. "It recaps the 58-year history of the PLA since the founding of the People's Republic of China on October 1, 1949," he said.

Over the past decades, the PLA has transformed itself from an army relying on "millet and rifles" to one that is efficient and increasingly modernized and consists of various services—all serving as a staunch guardian of China's sovereignty and territorial integrity.

According to the organizers, the thread that goes through the exhibition is the progress of China's national defense and armed forces since 1949. With the theme of demonstrating the PLA's loyalty to the leadership of the Communist Party of China (CPC), readiness to serve the people and traditional heroism, the exhibition highlights the Chinese military's contributions to safeguarding and promoting the development of the country, organizers said.

The exhibition is divided into seven distinctive parts. In the first part, the strategic decisions made by CPC and PLA leaders are illustrated. Shortly after the founding of



RELIVING HISTORY: A museum guide shows visitors around the military exhibition held in Beijing to commemorate the 80th anniversary of China's armed forces

the People's Republic, a decision was taken to build a modernized revolutionary military to adapt to the change of the PLA's mission: from seizing state power through armed struggle to safeguarding and building the country. In June 1985, Deng Xiaoping announced that the PLA would downsize its troops by 1 million within the next three years in a bid to nurture a more elite force.

The second part of the exhibition shows off the combat prowess of the PLA. The highlight is given to the Chinese People's Volunteers in the Korean War (1950-53) and other battles fought by the PLA. Also on display are the first national and army flags raised by the Chinese troops stationed in Hong Kong and Macao. The PLA's entry into Hong Kong and Macao is believed to be a symbol of China's resumption to exercise sovereignty over the two former Western colonies.

Part three focuses on the political and cultural fronts. On display are pictures of art performances staged by PLA actors and actresses, military books, honorary badges, and portraits of heroes and role models.

The next part focuses on logistic support. The service people's uniforms have been redesigned more than 10 times since 1949. The latest style shown at the exhibition looks more fashionable than ever, as designers have refined the cut and the sizing of the uniforms. In this section, pictures of multifunctional military ports and airports as well as the railway, highway, air, and water transportation systems are dis-

played.

Also shown are an information technology-based fund management system, an online bidding system for purchasing military supplies and an auto transportation control system using satellite and ground networks. At the height of the SARS epidemic in 2003, the PLA set up a hospital in Beijing to treat SARS patients in just seven days. While saving 672 lives, no hospital staff were affected, a telling example of the PLA's efficient medical service.

The fifth part is devoted to the development of China's weaponry. It shows the assorted weapons that were on display at the military parade to celebrate the founding of the People's Republic, most of which had been seized from enemies. Shortly after, China started to develop its own national defense industry while also importing large amounts of equipment from the Soviet Union. In 1956, China unveiled its first jet fighter. It successfully tested its first atomic bomb in 1964 and hydrogen bomb in 1967.

With the rapid development of information technology, the PLA speeded up its

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modernization with an increased focus on mechanization and the application of the information technology. The PLA has announced that it will reach the goal of building "informationized" armed forces and be capable of winning "information-based" wars by the mid-21st century.

Pioneering achievements in space technology are also showcased. On October 15, 2003, China launched its first manned

ways, railways and major water projects in remote areas and working at oil fields. The PLA is always at the ready to take part in disaster relief. After the catastrophic earthquake in Tangshan in 1976, 100,000 service people came to the rescue. In 1998, 300,000 were mobilized to help tame the severe floods that ravaged regions along the Yangtze and other major rivers in China.

The last part shows the Chinese mili-

the Communist military forces were integrated into the National Revolutionary Army led by the Kuomintang, forming the Eighth Route Army in the north and the New Fourth Army in the south. With millet and rifles as their basic equipment, the two military units used primarily guerrilla tactics but also managed to fight a number of conventional battles against the Japanese.

Following the victory over Japan in 1945, the Kuomintang-CPC collaboration collapsed and the two armies were once again embroiled in civil war. Armed with more advanced weapons imported from the United States, the Kuomintang troops were superior to the Communist army—which now fought under a new name, the PLA—in every aspect from weaponry and manpower to logistics. Despite these disadvantages, the PLA overwhelmed the Kuomintang troops in just a few years. Its sweeping victory led to the founding of the People's Republic of China in October 1949.

Curator Guo pointed out several new features of the exhibition. It showcases fresh achievements, contemporary role models, never-before-seen exhibits and cutting-edge military equipment by adopting hi-tech devices, he said.

At the same time, he noted that special programs were designed to involve visitors interactively. For example, they not only can log onto the intranet of the PLA but also have an opportunity to simulate piloting warships and tanks at the exhibition. ■



ADVANCED WEAPONRY: Service people survey armored vehicles on display at the military exhibition



HISTORIC MOMENT: The Nanchang Uprising on August 1, 1927, portrayed in this painting, marks the birth of the Chinese armed forces

spacecraft, Shenzhou 5. Two years later, it launched Shenzhou 6, which carried a crew of two astronauts for five days in a low Earth orbit.

The PLA has made remarkable contributions to China's development. As the sixth part of the exhibition shows, large numbers of troops became builders of a new China after the founding of the People's Republic. They were assigned jobs of developing agriculture in the wilderness in the frontiers, building high-

tary's participation in international cooperation missions and contributions to world peace. The PLA has established military-to-military relations with more than 150 countries and has sent military attachés to 109 countries. It has also helped train tens of thousands of military personnel for over 100 countries.

A heroic history

The PLA was founded on August 1, 1927 during the Nanchang Uprising when troops of the Kuomintang, then the ruling party of China, rebelled under the leadership of Zhu De and Zhou Enlai shortly after the end of the first Kuomintang-CPC alliance. They were then known as the Chinese Red Army. The Red Army managed to withstand four large-scale offensives by the Kuomintang troops. In 1934, the Kuomintang launched a fifth round of attacks and captured the Red Army's revolutionary base. As a result, it started a "strategic retreat," known as the Long March.

During the War of Resistance Against Japanese Aggression from 1937 to 1945,

PLA in Numbers

More than 300,000 PLA service members—killed on duty in various military operations, nation building and disaster relief efforts in the past 58 years since the founding of the People's Republic of China

7,200 peacekeeping personnel—sent to 17 UN missions by the PLA since 1990

23-fold—increase of the food budget of PLA soldiers, which now stands at 11 yuan per person per day, since before the reform and opening up began in the late 1970s

81.7 percent—of army officers in PLA's combat troops have a college education

91 PLA scientists—holding fellowships with the prestigious Chinese Academy of Sciences and Chinese Academy of Engineering

431 championships—won by PLA athletes in international sports events



PRECISION: The Chinese economy maintains rapid growth. A worker from Anhui Power works on the construction site of a transformer substation

China tries to reel in its rapidly growing economy

Let it Grow?

By LAN XINZHEN

China's gross domestic product (GDP) growth in the first half of 2007 hit 11.5 percent, which is beyond the expectation of some international research institutions. Previous estimates from Standard Chartered Bank were 10.6 percent and from JP Morgan Chase & Co., 10.8 percent.

The National Bureau of Statistics (NBS) also didn't believe there would be such a high GDP growth. "This year we had planned for an economic growth of 8 percent, but the actual growth is faster than expected," said Li Xiaochao, spokesman of NBS at the press conference when statistics of the national economy in the first half were released.

The rapid growth of China's economy is making it a bellwether for the global economy.

High growth coupled with inflation

Different from previous situations, the Chinese economy witnessed high growth coupled with inflation in the first half of this year.

In previous years, when releasing economic figures, spokespersons for the NBS were able to announce with pride that the national economy was rapidly growing but had low inflation. This is no longer the case. Although high growth remains unchanged, low inflation doesn't exist anymore. The NBS figures show that in the first half, the consumer price index (CPI) increased 3.2 percent, the highest level in the past three years. In June, the CPI rose 4.4 percent. This was much higher than the expected 3-percent target set by the central bank at the

beginning of this year and nearer to the country's 5-percent security line of inflation.

According to Li, one notable characteristic for the CPI growth in the first half was its structural increase. This was mainly lifted by the higher prices of food, including grain, meat, meat products and eggs. Of the 3.2 percent growth of CPI in the first half, food price contributed 2.5 percentage points.

This trend of high growth with inflation worries experts.

Zhu Jianfang, economic analyst with CITIC Securities, contends that while the GDP growth is a little bit fast, the CPI's rise from 2.7 percent in the first quarter to 3.5 percent in the second quarter and further hit 4.4 percent in June is a major sign. "In recent years, such price hike only appeared in 2004 when the economy was overheated," said Zhu.

Vincent Chan, head of China research for the investment bank division of Credit Suisse in Hong Kong, said that China's economic growth will not be lower than 11 percent this year while the highest CPI growth may be 5-6 percent. This is a challenge to the sound development of the Chinese economy.

Consumption contributes

Consumption has contributed more to economic development in the first six months.

By Li's account, from January to June, the total fixed asset investment stood around 25.9 percent, which was 3.9 percentage points lower than the rate in the same period last year. At the same time, total retail sales of consumer goods increased 15.4 per-

cent, 2.1 percentage points higher than a year ago, representing the fastest increase since 1997. The gap between the growth of investment and consumption is narrowing. "Consumption is playing a stronger role in pulling up the economy," said Li.

Figures from the NBS indicate that retail sales of consumer goods amounted to 4.2 trillion yuan. Moreover, increases of retail sales in urban and rural areas are almost balanced. In the first six months, retail sales in urban and rural areas totaled 2.85 trillion yuan and 1.35 trillion yuan, up 15.9 percent and 14.3 percent, respectively, year on year.

According to Li, there are three reasons for the growth of consumption. First, the increase in income promotes the growth in consumption. In recent years, improved economic returns of enterprises boosted the income of employees. Together with the reform of civil servants' salaries, intensive subsidies to low-income groups, the raising of the minimum wage of migrant workers, and the adoption of a series of policies adjusting allocation structures and supporting farmers, incomes of both urban and rural residents have increased.

Second, residents' expectations about government expenditures remain good. Since the governments at various levels have intensified their inputs into the social security system and committed themselves to solving problems related to people's lives such as education, health care and housing, the Chinese people are optimistic about the future and more confident in spending.

Third, the quality of products is increasing. In the first half, retail sales of automobiles, household electrical appliances, construction and decoration materials as well as

furniture shot up 36.7 percent, 20.7 percent, 41 percent and 43.4 percent, respectively, year-on-year. The growth rates were 9 percentage points, 8.4 percentage points, 16.6 percentage points and 22.6 percentage points higher than those in the same period last year. This indicates that people's expenditure in key fields, namely, automobiles and housing, is increasing rapidly. Furthermore, since the industrial chains of automobiles and housing are long, they are playing a fairly big role in driving economic development.

The improved employment situation in the first half is another factor for the growth of consumption. According to statistics released by the Ministry of Labor and Social Security on July 20, there were 6.29 million new jobs created in the first half, completing 70 percent of the year's goal. By the end of June, the registered unemployed population in urban areas stood at 8.38 million, with the registered unemployment rate declining 0.1 percentage point to 4.1 percent, compared with the same period last year.

Obviously it is a good thing that consumption plays a stronger role in driving economic development, a result Chinese officials want to see most. In the past, the economy was driven by investment and foreign trade, and the Chinese Government made various efforts to enlarge internal demand and increase consumption. From the NBS figures, people can see that the government's efforts have achieved their desired effects.

Problems still persist

Between July 15-17, two days before the release of economic figures to the public, the NBS and the National Development and Reform Commission reported first to the Finance and Economy Committee of the

Standing Committee of the National People's Congress (NPC). The latter outlined several of the main problems with the economy. The trend is clearer that economic growth has gone from being a bit fast to being overheated. There are prominent problems with the massive trade surplus and the rapid increase in investment and loans. Growth of high-energy consumption industries is still too fast and the pressure on energy conservation and emission reductions is still high. The pressure of price hikes continues to be intense, especially as prices of food and housing, which are closely related to people's livelihood, are increasing too rapidly. Lastly, the task of guiding a sound development of the capital market remains arduous.

Figures from the NBS show that at the end of May, the balances of broad money (M2) and narrow money (M1) increased 16.74 percent and 19.28 percent respectively, 0.39 percentage point and 0.73 percentage point lower than those at the end of April. But at the end of June, the year-on-year increase of broad money and narrow money were 17.06 percent and 20.92 percent, 0.32 percentage point and 1.64 percentage points higher than those at the end of May. The money supply is faced with pressures to rebound.

In May, renminbi loans increased 247.3 billion yuan, up 37.9 billion yuan over a year before. Compared with the previous months, increases in loans slowed. However, in June, renminbi loans increased 451.5 billion yuan, up 56.6 billion yuan year-on-year.

Investment is also facing pressure to rebound. In the first half, although the growth of total fixed asset investment was 3.9 percentage points lower than that in the same period last year, it was still 2.2 percentage points higher than what it was in the first quarter.

He Liping, Director of the Department of Finance of Beijing Normal University, says that in the first five months, investment grew 25.9 percent. After the central bank raised the interest rate on May 18, investment still grew 25.9 percent in the first six months, indicating that investment still kept a high rate of growth in June.

New macro-controls begin

On July 20, the State Council announced that as of August 15, the income tax rate on savings deposits will be reduced from 20 percent to 5 percent. On the same day, the People's Bank of China, the country's central bank, announced it would raise the benchmark interest rate of renminbi loans and deposits among financial institutions starting from July 21.

This is the first time in the history of China's financial regulatory measures that the interest tax has been reduced at the same time as the interest rate has been raised.

The original intent of imposing an interest tax was to help spur consumption, but the oversupply of capital in the market has forced the government to find ways to increase the amount of money people deposit in banks to ensure economic stability.

"Raising the interest rate and reducing the interest tax are timely responses to the economic situation," said Cai Zhizhou, a researcher at the China Center for National Accounting and Economic Growth of Peking University.

The central bank claims that the adjustment of interest rates this time will help guide a reasonable growth of both money supply and investment, as well as help regulate and stabilize expectations of inflation and maintain stable price levels.

Li Yang, Director of the Institute of Finance and Banking of the Chinese Academy of Social Sciences, believes that the adjustment this time will help hold back further increases of the CPI.

According to Cai, the trend for China's monetary policy will be one featuring "stable but moderately tight" in the near future. Many experts believe that the interest rate will likely be raised again within the year because of inflation pressure and the existence of negative interest rate.

Besides financial regulation, the Finance and Economy Committee of the NPC Standing Committee also suggests that in the second half, land and credit should be strictly controlled and market access standards of environmental protection, security and energy conservation should be strengthened. Moreover, new projects will also be strictly controlled in order to restrain the rapid increase of fixed asset investments. ■

NON-STOP: The Chinese economy continues to grow rapidly. Here goods are loaded and unloaded at a bustling container pier at Shanghai's Yangshan Port





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Today there are more Executive MBA programs than ever before for prospective students to choose from and the challenge is determining which program is best for you.

Before starting the program evaluation process, take some time for personal reflection and clearly articulate how the skills and knowledge you'll gain in an EMBA will help you achieve your career goals. Understanding the rationale behind getting your EMBA will give you the assurance and drive to commit to a rigorous program.

An EMBA requires a substantial commitment of time as well as dollars. Balancing family, work and school is challenging and depending on the program schedule, evenings and weekends will be spent in class, study groups or both. Having the commitment of your employer, spouse and family will help ensure that you get the support you need to succeed.

When reviewing the various programs, there are some things to keep in mind.

One of the best ways to judge the quality of any program is by asking around professional circle and discovering how it is viewed within the business community. Arrange a visit where you can speak to alumni and students, plus plan to meet the program staff because they will assume certain responsibilities on your behalf, such as the distribution of course materials and registration. Is the staff customer service focused and responsive to your questions and requests? If they are slow to respond this may serve as a caution regarding the level of support you can expect in the future.

Take the time to audit a class to ensure that the format fits your learning style. Some individuals find that if the classes are too concentrated it is difficult to absorb all the course work and others find that they lose momentum if the gaps between the sessions are too long. A common schedule is two days in a row, usually a Friday/Saturday or Saturday/Sunday, over several weekends per month. There are several advantages to this schedule: It is easier to take time out to attend the class, less workplace disruption and key learnings can be applied back in the workplace. When auditing a class, consider how relevant the course content is to your current position and future goals? Is the course content current and reflective of business today? Can you quickly apply what you have learned in the workplace? Will you be challenged?

In addition, spend time evaluating the peer learning opportuni-

ties. Because EMBA students are usually older and have a wealth of business experience, programs should be structured to take advantage of this knowledge. Most programs have study-group components that provide an opportunity to learn and gain insights from others and there is an expectation that all students will contribute at the same level.

A valuable measure of the quality of a school is if it is accredited by the Association to Advance Collegiate Schools of Business (AACSB). AACSB accreditation is considered the hallmark of excellence in management education and is a rigorous and voluntary review process of the undergraduate and postgraduate business administration and accounting programs. Today 15 percent of the business schools worldwide are accredited.

Any school examination needs to include a close review of the faculty. Critically examine their credentials, experience and approach. Because of the experience level of EMBA students, the faculty should take on a facilitator role to help enrich the classroom discussions as opposed to lead them. Is the faculty comprised of a mix of professors that are academic and senior level business executives? Neither is better or worse than the other, but a school that has a balance of both gives students a far greater range of expertise to learn from. Find out if the faculty recognized for its research efforts. For a student, the benefit is the assurance that what is being taught is leading edge and innovative. Finally, does the school, including the faculty, have a close relationship with the business community? A respected relationship within the community will provide ample future networking and recruiting possibilities.

Bottom line is that once you have done your research, the most important factor when choosing a program is fit. The program, school, faculty and administrators all need to fit and by spending the time up-front to investigate all the options, you'll be able to find exactly the proper fit for you.

Rutgers, the State University of New Jersey, is a public Ivy League School and since 1941 has been AACSB accredited. Celebrating 10 years in China, Rutgers offers a 14-month Executive MBA program in Beijing, Shanghai and Dalian. Applications are currently being accepted for the next EMBA program in Beijing. For more information on the program and admission requirements, contact Rutgers at 010-85262528/29 ext. 14 or emba@rutgers.cn. ■

AIRLINE INFORMATION



Vietnam Airlines Makes Big Progress

According to latest statistics of Vietnam Airlines, in the first six months of this year, a total of 31,140 flights operated by the company made safe takeoffs and land-

ings, and the total number of passengers traveling by Vietnam Airlines reached 3,831,376, an increase of 16.5 percent over the same period last year. Among them, the number of passengers taking domestic flights was 2,225,457, up 23.9 percent, and passengers taking international flights totaled 1,605,919, up 6.9 percent. From January to June, the airline's freight volume came to 533,850 tons.

In 2006, approximately 6.8 million people chose to travel aboard Vietnam Airlines' flights. That figure included over 3.1 million passengers on international flights, and 3.7 million on domestic flights, earning over \$1 billion in revenue. In the same year, 106,000 tons of cargo were transported by the carrier.

Passenger capacity is 31.5 percent higher than during the same period last year, reaching an average of 74.3 percent. Passenger capacity on domestic flights increased to 84.9 percent, and on international flights, to 71 percent. This is a fantastic achievement for our airline in recent years.

Qatar Airways' Maiden U.S. Flight Lands in New York

Qatar Airways' maiden flight to North America touched down on June 26 at Newark Liberty International Airport to a "fireman's salute" water arch ceremony and a fanfare of music and entertainment.

The new service from Doha, capital of Qatar, to Newark, gateway to New York City, also marked another first as the flight operated via Geneva, the airline's newest European destination, taking its international network to 77 destinations.

Flight QR083 arrived at Newark Liberty International Airport with a host of government, business and media VIP dignitaries from Qatar and the Gulf Cooperation Council member countries onboard, led by Qatar Airways Chief Executive Officer Akbar Al Baker.

U.S. Ambassador to Qatar Chase Untermeyer was among the guests on the inaugural flight.



Jean-Cyril Spinetta and Leo Van Wijk Win Airline Business Magazine Award

Airline Business magazine has awarded the Executive Leadership Award to Jean-Cyril Spinetta and Leo van Wijk, Chairman and CEO and Vice Chairman of the Air France-KLM Group, respectively.

This prize was awarded on July 17 during the Airlines Strategy Awards gala dinner organized by the magazine at Lincoln's Inn in London.

Mark Pilling, editor of *Airline Business*, stated in a press release that this award is recognition of the successful merger between the two airlines, which together have generated powerful cost synergies and significant profits, while balancing political and labor sensitivities.

Retail Chain Gold Mine

A myriad of retail chain businesses in China find favor with overseas VC investors

By CRYSTAL REN

Established in June 2002, Home Inn's business model is very simple. It operates small hotels in big cities that are painted in a warm, yellow color. Each hotel has approximately 120 tidy and clean rooms. Yet none of the first few venture capital (VC) investors Ji Qi, Home Inn's founder, approached wanted to invest in his business. At that time, VC investors' focus was on the Internet, and Home Inn was completely different from the investment projects they had in mind. Many believed there was no investment value in what Ji proposed.

Ji eventually found someone who saw potential in his business. Zhang Suyang, General Partner of IDG Technology Venture Investment, clearly understood the market potential of budget hotel chains in China, although they had yet to take off. The concept had been proven in the United States in the 1960s. "People have the demand and the market doesn't supply it," Zhang said. "Let's place a bet on it." After Home Inn was listed on the U.S. stock market in 2006, IDG's investment payback was more than 40-fold.

Because of this, Zhang became known as one of the first investors in China to favor traditional businesses. Apart from Home Inn, traditional businesses IDG has invested in include supermarket chain Wu Mart, Chateau and Kanghui Medical. Wu Mart has been listed in Hong Kong.

Consumer spending spurs opportunities

Five years later, VC investors have switched their investments in China to traditional businesses as similar success stories have multiplied. More than one VC investor has indicated that retail chains are now their top priority. As a result, consumer chain enterprises such as Inner Mongolia Little Sheep Catering Chain Co. Ltd. and Chateau have been able to raise capital successfully.

Sun Wenhui, Executive Director of Eplanet Ventures, believes the difference between the markets in China and the United States is that the U.S. market is technology-driven. As long as an enterprise has advanced technologies, the chance of suc-

cess is very high. On the other hand, the market in China is consumer-driven. The model that might succeed may not be the one with the most advanced technologies, but the one the people want most.

The consumption structure in China has completely changed from the survival consumption of the past to today's pleasure consumption that favors fashion, sports, traveling and socializing. Brand-name chains can now better satisfy consumer requirements. During the transition, new consumption concepts will be born to offer increasing business opportunities.

Due to the rapid GDP increases, accelerated urbanization, and continuous expansion of the middle class in China, Shao Jun, Managing Partner of DT Capital Partners, believes many VC investors, not just IDG, see the gold mine that awaits in providing products and services related to the spending escalation in China.

"Not all businesses can be operated as chains," said Liu Yongju, chief planning consultant with Beijing Fortune Marking Consulting Co. "A chain

business must first of all consider the connection between public consumption and the product or service offered. A year-round consumer market must exist for the business to survive nationwide. Then, it must consider how to cope with consumer characteristics in different regions by improving the product or service so as to establish a long-standing attachment to the consumers."

Restaurant chains line up for listing

Compared with razor-thin margins of other traditional businesses and the worthless Internet bubble, net profits of more than 50 percent in the restaurant industry are tempting to VC investors.

On June 13, the hot-pot chain Chongqing Little Swan Hot Pot announced it had obtained an investment of \$20-25 mil-

lion from Sequoia China and SAI. In the next three to five years, Chongqing Little Swan plans to open 150 corporate and 200 franchise restaurants domestically and overseas. This is expected to help it realize total sales of 4 billion yuan as well as to get it listed in Hong Kong by 2010.

Chongqing Little Swan Hot Pot is the second largest overseas VC investment in China's hot-pot industry. In July 2006, Inner Mongolia Little Sheep Catering Chain Co. Ltd. formed an alliance with 3i Group, the largest investment organization in Europe, and renowned investor Prax Capital, bringing in \$25 million. Inner Mongolia Little Sheep Catering Chain Co. Ltd. has set a listing target for 2008.

In 2006, China's top 100 restaurant enterprises had combined sales of 83.21 billion yuan, an increase of 24.4 percent over the previous year. As far as the capital market goes, originally indifferent domestic restaurant entrepreneurs are getting excited about the possibility of listing on the stock market.

However, everybody will be overwhelmed when the restaurant industry expands to embrace group management.

"Sales and market share are surging but, on the other hand, the restaurant industry is quietly biting the bullet," said an industry leader. "After opening the standard store and the flagship store, everybody, including the leaders, will be wavering between direct and franchise operations."

Faced with the choice between direct or franchise operational models and a

myriad of operating problems, more and more restaurant heavyweights are having "growing pains." After recruiting people and marking the territories for expansion, the restaurant giants, who are relatively weak in modern management concepts, must face and resolve problems such as their huge cash flows being eaten up by resource integration, costs of research and development (R&D) for service and production standardization, costs for staff management and training, and skyrocketing rents due to shortage of prime restaurant sites.

"After entering the expansion phase, the chain restaurant enterprises must consider changes to the management system following changes in strategies, and get prepared for this," said Tang Hua, partner of Alliance PKU Management Consultants Ltd.

"After entering the expansion phase, the chain restaurant enterprises must consider changes to the management system following changes in strategies, and get prepared for this. Irrational expansion is the biggest sudden killer of restaurant chain enterprises."

—Tang Hua, partner of Alliance PKU Management Consultants Ltd.



XINHUA FINANCE

DEEP POCKETS: With its huge population, China attracts many overseas VC investors to its booming retail chain business sector

"Irrational expansion is the biggest sudden killer of restaurant chain enterprises."

Product R&D, taste testing, and material distribution are labor and time-consuming activities. For example, in order to launch their "rice with beef and vegetable" dish, Yonghe King's nutritionists tested at least 50 kinds of rice to determine the rice with the best appearance and taste. Chatea's R&D budget to make food production professional, simplistic and chain-operable is more than \$1 million per year.

Pressures from huge competition costs and R&D budget are not hard to feel. Caught between impatient and fussy patrons and continuously climbing property costs, the restaurant industry is looking for an opportunity to take a breath and contemplate where it would like to go next.

Healthcare chains expedited

Do not assume VC only sees Internet and hi-tech on their radar. Healthcare chains are another potential battleground.

In February 2006, the desk of Jiamei Dental Chairman Liu Jia was cluttered with cooperation proposals, written in polite and modest language, from ICBC Credit Suisse, Citibank, Carlyle and 3i Group.

"I don't like to read English," said Liu. Once he made this comment, the 22-person

investment team of ICBC Credit Suisse immediately prepared a Chinese version of the proposal overnight. Wondering what was going on, this Chinese owner of a small business, who had nothing to do with the capital market in the past, truly felt his significance.

At that time, Jiamei Dental, with 33 clinics, occupied the top position among privately owned dental care chains. The size of the first runner-up was less than half of Jiamei's.

Four months earlier, Liu's problem was trying to hide his ignorance, such as how to assess the P/E ratio, in front of VC investors loaded with buzzwords. Today, Liu believes his problem boils down to which to choose. "Abandoning any of them is not an easy thing."

"Jiamei's current business model and market prospects are sufficiently good," Liu said. This is the reason why Jiamei Dental has caught the attention of investors.

"As of today, healthcare reform is not able to satisfy everybody, and consumer

health and medical service demand continues to increase," said Orchid Asia Group Management Vice President Wen Yu. He believes there are enormous investment opportunities in the healthcare sector. The "Orchid Asia Phase 3" fund, with capital in excess of \$180 million, is aimed at investing in China's consumer and service industries with high thresholds and high growth potentials. The healthcare sector is earmarked as the top choice.

Chinese residents' healthcare spending to GDP ratio increased from 2.5 percent in 2002 to 8 percent in 2005.

"Chain operation will be the main development trend of China's healthcare service sector going forward," concluded Chen Xinhua of Zero2IPO after studying the industry.

"VC investors favor specialty healthcare chains because of their lower risks compared with the more risky general hospitals, not to mention the higher thresholds and returns," he said. "The ease of cloning causes the VC to believe the enterprise can establish their scale advantage expeditiously."

However, from the profitability and brand establishment standpoint, the difficulties for healthcare organizations are much bigger compared with other industries. In addition, the establishment of a brand is usu-

ally a much longer journey. At present, the healthcare market is an uncontrolled mixed bag. It is crucial to its future performance whether an enterprise can build a good brand name in this environment.

Meanwhile, China's government healthcare institutions monopolize a large number of qualified technical healthcare workers. Without good healthcare professionals in large numbers, privately owned healthcare organizations are very difficult in getting a license and starting business operations.

Leisure fitness chains gain attention

"It is expected that, after the 2008 Olympic Games, consumption power will be rapidly released and the sports industry in China will enter its golden period," said Wei Jizhong, President of the Beijing Olympic Economy Research Institute.

Currently, the yearly output of the sports industry worldwide is more than \$400 billion, trending at an annual growth rate of more than 20 percent. By comparison, the total output of China's sports industry is only around several dozen billion yuan. The development of the industry requires a consumer group of corresponding size. At this stage, China's sports consumption demand and capability are still at the accumulation stage, but it's ready to take off any time.

In the United States, there are more than 20,000 large and medium-sized fitness clubs. In China, there are only about 1,000. The current unsaturated market in China provides excellent opportunities for fitness club operators.

Behind opportunities are risks. Investment requirements in the sports industry are relatively high. Nirvana Fitness invested up to 50 million yuan in just one location. The cost of a mid-level fitness venue, though not as high as Nirvana, is still beyond the tolerance of ordinary investors, not to mention the long payback period. The consumer group for such facilities is also constrained by age and income. Therefore, development in this sector has not been as vigorous as some had thought it would be. After all, an annual membership fee of thousands of yuan is not something ordinary people can afford.

In small and medium-sized cities, where consumption levels are lower, fitness club development is even slower. Many believe this industry does not have the potential for massive participation. But, as the living standards and the pursuit of a better quality of life increase for Chinese citizens, fitness and exercise will become part of the daily life of many ordinary people. ■

(Xinhua Finance)

Legal-Ease

Upgrading Your China Entity

By RICHARD HOFFMANN

It may happen that due to the company's development abroad or in China, the representative office (RO) structure no longer suits the needs of the investor and must be altered accordingly.

If you wish to sell or import/export, you will need to set up a wholly foreign-owned enterprise (WFOE) or joint venture (JV). You will need to consider whether to keep the RO going, or to close and replace it with a local branch of the WFOE or JV. You can't just change the RO to a WFOE or JV: This is a common misunderstanding. If the RO doesn't suit your needs any more, close it. Closure of the RO can be implemented at the same time as the establishment of the new entity.

Here are a few examples of instances in which an RO may not suit your requirements any longer:

- The holding company has closed down or changed business activities so you may want to wind down the RO activities.
- The RO has not been operating in compliance with its business scope or the local regulations and you may want to restart on a "clean sheet."
- The current location needs upgrading (bigger/smaller office space) or you want to move location, effectively changing the government agency regulating your RO and closing the old office at the same time.
- You need a local renminbi billing entity.
- The current RO business scope does not suit your requirements any longer.
- You need to upgrade your China structure/entity.

Closing down an RO

A closing audit must be performed by the tax bureau before an RO is allowed to complete the closing down procedures. As long as the RO has no overdue taxes or other issues to be reported to the authorities, then the de-registration procedure can begin.

The first step is to obtain an approval certificate from customs together with a declaration on the reasons behind the decision to wind up operations in China (the same written explanations shall be given to all other bureaus involved in the closing procedures). This is required in order to clear up all records at customs involving any office equipment, cars or samples imports.

Subsequently, applications need to be made at the tax bureaus (both local and national) with related papers and the RO closure resolution of the parent company, with director's signature and the parent company's chop. In most cases, the following documents need to be provided: an audit report up to the current month: RO tax returns, ledgers and vouchers, tax registration certificates (original and copy with RO chops). If the RO is not subject to taxation, then a tax-exempt notice from the tax bureau confirming this status has to be presented.

After the RO legal code certificate is cancelled and the check-book, chops and other related documents are cancelled and given back to the bank, it is possible to close the bank account and withdraw or send back to the holding company the remaining funds.

The final step is obviously the cancellation of the business

license. In order to do so, all the previous approval notices from customs and state and local tax bureaus shall be shown to the industrial and commercial bureau together with a board resolution from the holding company.

Normally such applications take around five to 12 weeks.

Setting up a WFOE

Establishing your new entity can be affected at the same time as closing your RO.

Establishing a WFOE in China is a relatively straightforward procedure, consisting of five phases:

Phase 1: Investment planning

Before commencing the registration process it is important to develop an investment plan, taking into consideration issues such as tax management, lease and salary payment.

Phase 2: Pre-registration of the WFOE's name

To proceed with the WFOE setup, you must decide on the naming options of the WFOE (where a minimum of three name options is required). Once the naming options have been considered the WFOE should be pre-registered with the business registration authority. As such, the setup work of the WFOE shall then proceed with this pre-registered name.

Phase 3: Selection of premises and documentation preparation

At this stage, you must decide on the premises for the WFOE. You may need to liaise with the landlord, with or without investment advisory expertise. You will be responsible for providing the documents and qualification certificates required for the purposes of the WFOE's setup procedures. In addition, you must have all documents required for WFOE setup ready at this stage.

Phase 4: Approval and business registration of the WFOE

As a foreign-invested enterprise, a WFOE must obtain an approval certificate from the competent foreign investment administration of the Chinese Government before business registration. Upon receipt of the WFOE's approval certificate, your registration agent can then proceed to handle the business registration of the WFOE. When the business registration authority issues a business license, the WFOE is officially established.

Phase 5: Post-license registration for the WFOE

When the WFOE has been officially established, in other words when it has obtained its business license, post-license registrations must be conducted. These include tax registration, foreign exchange registration and opening bank accounts, to name a few. It is only when the bank account has been opened by the WFOE, following the completion of the capital verification process, that the WFOE can then obtain the final permanent business license.

Setting up a manufacturing WFOE

There are several major, interrelated issues to address if you intend to set up a manufacturing WFOE in China:

- Business scope—What should yours be?
- Registered capital requirements—These may vary depending on the industry and the location. It is also absolutely critical that you do not simply put in the minimum because the regulations say you can. You may find the business is undercapitalized if you do so. This is an operational judgment for you.

Are you manufacturing 100 percent for export, or part for export, part for domestic sales? Where are your clients located? Do they require an official local invoice? Would they require you to sell your goods to Hong Kong or other offshore jurisdictions? These questions have a fundamental impact on how you structure the business.

- Articles of association—These need detailed work by you to ensure you cover all the bases. You are setting up a company with a 10-15 year life span and you need to be sure you know what you are getting into. ■

Richard Hoffmann—Dezan Shira & Associates—www.dezshira.com



Sofitel Wanda Beijing

Gerhard H. Zimmer (center, second row), General Manager of Sofitel Wanda Beijing, joins his pre-opening team at the hotel entrance. All is in full swing for the exciting grand opening on August 18.



Regent Beijing

Treat yourself to a rejuvenating experience with a three-night stay at Regent Beijing. We will welcome you with a complimentary airport pickup and an aromatherapy bath upon arrival. You can then indulge yourself in a choice of traditional Chinese massage in our spa or in the comfort of your room, guaranteed to transport you to a blissful state of relaxation. After that, a guided tour of Beijing's famous Red Sandalwood Museum with private transfer will be arranged during the course of your stay. Finally, a complimentary limousine will be arranged to take you to the airport upon departure.

Choose from two splendid room types during your stay, either in an Executive Room at the rate of 2,688 yuan plus 15 percent surcharge per night or in an Executive Suite at the rate of 2,988 yuan plus 15 percent surcharge per night. Both room types have access to the lounge and complimentary breakfasts are offered. Package is valid from now until December 31. Package is for a minimum three-night stay.



Presidential Plaza Hotel

Buy one get one free! 168 yuan plus 15 percent surcharge

You can enjoy a buffet with influences from all over the globe. The buffet also includes one glass of local beer or fresh squeezed peach juice.

From now on until the September 30

Have lunch with your colleagues or business partners in the Garden Café, at the five-star Presidential Plaza Hotel, the ideal place to build a good relationship and to make your business successful.

Our lunch buffet is open every weekday from 11:30 a.m.-2:30 p.m.

The Great Wall Sheraton Hotel Beijing

From now until September 2, The Great



Wall Sheraton Hotel Beijing's 21st Floor Restaurant presents a unique 1+1=3 Set Menu. Create your own sumptuous meal at 198 yuan per person. One complimentary set meal is provided for every group of three.

21st Floor Restaurant is located on our hotel's top floor, combining an elegant setting with a 360-degree view of Beijing. Our chefs specialize in Sichuan and Cantonese cuisines. Chinese executive head chef Tian Qiuming has personally assembled this distinctive menu of succulent dishes for your selection. Book now and find out how 1+1=3 makes such delicious sense!

For reservations or further inquiries, please call 010-65905566 ext. 2295.



The Ritz-Carlton, Beijing

Under three months till opening, The Ritz-Carlton, Beijing's management team held its first Community Footprint program in Beijing at PingAn Orphanage Foster Home on July 12. The foster home cares for disabled children from public orphanages, who stay while medical treatment is sought and are cared for before and after surgery.

Community Footprint is The Ritz-Carlton Hotel Company's social responsibility program, which represents the company's commitment to make lasting contributions to local communities. For its first program in the city, nine member of The Ritz-Carlton, Beijing team visited PingAn Orphanage Foster Home to donate much needed supplies to the hard working team of caregivers at the facility.

Manfred Weber, General Manager of The Ritz-Carlton, Beijing, was full of praise for the work done at PingAn Orphanage Foster Home. "I congratulate this organization and pay my respects for what they have established. I was really touched by seeing the children and how well they are taken care of," he said.

The Westin Beijing, Financial Street

Charlie Dang, General Manager of The Westin Beijing, Financial Street, welcomes celebrities from Hong Kong who were invited to visit Beijing for celebrations of the 10th anniversary of Hong Kong's return to China,



HOTEL INFORMATION

during their stay in the hotel.



Crowne Plaza Park View Wuzhou Beijing

August 1-31, Tapas Rio
188 yuan plus 15 percent surcharge per person

Chef Beto offers mouth-watering Brazilian-style tapas followed by slices of succulent BBQ.



InterContinental Beijing Financial Street

Justin Channe, General Manager of InterContinental Beijing, welcomes Richard Clayderman, the best-selling recording French artist and concert performer, during his stay in the hotel.

South Beauty

After eight months' development, Lan Club—the high-end brand of South Beauty—is attracting guests from around the world with its unique design and artistic atmosphere. Among the guests are Spanish King Juan Carlos I, Mayor of Rome Walter Veltroni, famous movie director Luc Besson, as well as a variety of celebrities.

Lan Club has recently invited Nikolaj Kirk and Mikkel Maarbjerg, two famous chefs in international catering circles, to join the hotel. After a week's work cooking Chinese food, the two chefs have put forward valuable suggestions for the hotel's recipe. According to guests' different demands, there is an overall improvement of the cooking process, ingredient selection and nutritional composition of the hotel's food. The Lan Club has also provided classic summer and autumn menus that conform to international catering standards. Added to the summer menu is a health-enhancing soup, which is good choice on a hot summer day.



MARKET WATCH

TO THE POINT: On the heels of the release of the country's first-half macroeconomic statistics came news of two macro-control measures—an interest rate hike and an interest tax cut. The measures were simultaneously announced by the central bank and the State Council, and are seen as moves to target the surging consumer price index (CPI) and alleviate inflationary pressure. However, since the government moves were expected earlier, public investors' enthusiasm wasn't affected and the stock market rallied instead. The real estate market is as blistering as the summer heat, but some experts don't think the newly released measures will cool the market. In the background of the booming national economy, fiscal revenue also reached a record high during the first half of this year. But the finance minister cautioned that tax revenue generated from the sizzling stock and real estate markets has abnormally boosted the surge in fiscal revenue. China's major policy bank, China Development Bank, will purchase a 3-percent stake in Barclays, as a helping hand to the latter in its bid for Dutch bank ABN Amro. Both sides are seen to benefit from the deal, as the British bank brings its management experience and expertise to its Chinese partner.

By YU SHUJUN

Resolute on Curbing Inflation

Amid wide expectations, the central bank finally raised the benchmark one-year deposit and lending interest rates of commercial banks by 0.27 percentage point on July 21. Meanwhile, the State Council has decided to cut the withholding tax on interest income from 20 percent to 5 percent as of August 15.

The two measures were announced on the same day after the first-half economic statistics were published, indicating the government's resolution to curb inflation and stabilize prices. CPI, a key indicator of inflation, rose 3.2 percent during the first half and grew over 3 percent for four months (3.3 percent in March, 3 percent in April, 3.4 percent in May, and 4.4 percent in June.)

This interest rate hike was the third this year. It raised the one-year benchmark deposit rate to 3.33 percent from 3.06 percent. The one-year lending rate rose to 6.84 percent from 6.57 percent. The interest rate on demand deposits was also increased from 0.72 percent to 0.81 percent, which has not been seen since 2002. In addition, the 15-percentage point tax reduction on interest income equals a 0.5-percentage point hike on the one-year deposit interest

rate.

Experts say the recent moves are far from enough and more restrictive macro-control measures are expected to come out in the second half of the year. Many experts consider there are possibilities of more interest rate hikes, as the CPI's climbing trend led by rising food prices is expected to continue for several months.

Tao Dong, Chief Economist of the Asia-Pacific region with Credit Swiss First

Boston, estimated that the interest rate might be raised twice before the end of the year since China's real interest rate can't stay at a negative level for a prolonged time.

Faced with the cooling measures, the stock market responded inversely, as stock investors were reassured when "the other shoe"—the interest rate hike they had been waiting for—finally dropped.

On July 23, the first trading day after the interest rate hike, the benchmark Shanghai Composite Index surged 3.81 percent to close at 4,213 points. After a slight decline of 0.07 percent the next day, the index closed at 4,324 points on July 25, approaching the peak 4,335 points. Analysts speculate that the market correction that began on May 30 might soon draw to a close.

Fiscal Revenue Hits Record High

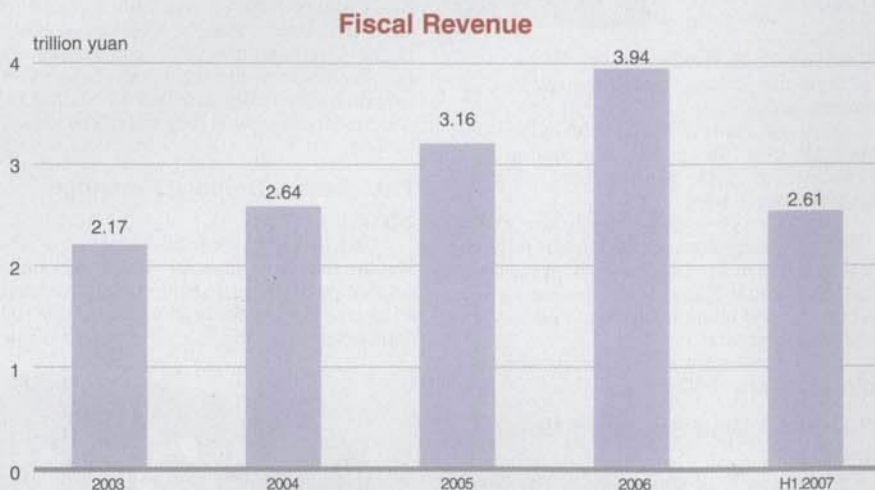
In the first half of this year, China's fiscal revenue grew 30.6 percent year on year to 2.6 trillion yuan (\$1=7.56 yuan), according to statistics released by the Ministry of Finance (see graph).

This amount accounts for 59.3 percent of the year's revenue budget, with 1.45 trillion yuan belonging to the Central Government, up 32.6 percent year on year, and 1.16 trillion yuan belonging to local governments, up 28.1 percent from a year ago.

Fiscal expenditures stood at 1.79 trillion yuan in the first six months, rising 22.7 percent from the same period last year and comprising 38.5 percent of the year's national budget.

Local governments spent the majority, or 1.37 trillion yuan, up 27.5 percent, while the Central Government spent 422.95 billion yuan, an increase of 9.5 percent year on year.

Finance Minister Jin Renqing attributed the fiscal revenue growth partly to rapid increases in revenue from income



Source: Ministry of Finance

taxes and import duties on the back of the booming macroeconomy, which grew 11.5 percent in the first half of this year.

Jin also pointed out that there were some abnormal factors, such as soaring tax revenue in some overheated sectors including industry, real estate, stock market, credit and investment.

Real Estate Price Skyrockets

In June, real estate prices in China's 70 large and medium-sized cities rose 7.1 percent year on year, the fastest growth this year, according to a joint survey by the National Development and Reform Commission and National Bureau of Statistics.

Prices of newly built commercial houses grew 7.4 percent year on year. Among the 70 cities, Beihai, Shenzhen, Nanjing and Beijing had the highest growth rates, with 15.5 percent, 13.9 percent, 11.3 percent and 10 percent, respectively.

This year, the government has already increased land supply to rein in the real estate market, said Gan Zangchun, Deputy State Superintendent General of Land. In the first five months of this year, supply of land for housing rose 35.5 percent from the year before.

To curb housing prices, the government should also increase the effective housing supply—building more houses for mid-to-low income residents as soon as possible, suggested Niu Fengrui, Director of the Institute of Urban Development and Environment, Chinese Academy of Social Sciences.

Policy Bank Goes Abroad

The China Development Bank (CDB), one of China's three policy banks, signed a stake-purchase agreement and a strategic cooperation memorandum with British financial institution Barclays PLC in Beijing on July 23.

According to the deal, CDB will initially invest \$3 billion to purchase a 3-percent stake in Barclays and will have a position on Barclays' board of directors. The money CDB injected is to support Barclays' bid for ABN Amro. If Barclays succeeds in acquiring ABN Amro, CDB will further invest \$8-10.5 billion, raising its stake in Barclays to more than 5 percent.

Under the partnership, Barclays will bring its management and expertise to CDB and provide training for CDB staff.

Guo Tianyong, banking professor at the Central University of Finance and Economics, said a Chinese policy bank partnering with a world-renowned bank with a long history and advanced management practices can facilitate the transformation of the policy bank into a commercially operated financial institution. ■

NUMBERS OF THE WEEK

6.29 million

There were 6.29 million newly created job opportunities in the first half of 2007, said the Ministry of Labor and Social Security. During this period, 2.79 million laid-off workers found new jobs while 740,000 people struggling to find work were employed from January to June. By the end of June, the registered unemployment rate in urban areas stood at 4.1 percent, a decline of 0.1 percentage points compared with the same period last year.

162 million

China had had 162 million Web users by the end of June, said the China Internet Network Information Center. Among the total, the number of broadband netizens was 122 million and that of mobile phone netizens 44.3 million. In the first half, there were 100 new Web users every minute on average and there was one netizen among every four mobile phone subscribers. Currently 1.21 million Web sites operate in China.

501.6 million

The number of mobile phone users had reached 501.6 million by the end of June, according to the Ministry of Information Industry. This means that for every 100 people, 38.3 had mobile phones. The number of mobile phone users increased by 40.56 million since the end of last year, an average of 6.76 million a month. The total number of text messages sent by cell phones was 279 billion, up 37.5 percent year on year. Meanwhile, fixed-phone users only grew by 4.86 million, for a total of 372 million.

ART

Creative Investment

Prices for Chinese art are shattering records locally and internationally. Is the investment well placed?

By ZAN JIFANG

Mem Aziz is brimming with confidence about the future of his business in China. Director of Australia's Redrock Gallery, Aziz has been operating a branch of the gallery in Beijing for six months, achieving unexpected success.

"Without any advertisements, expositions or promotional activities, we have received excellent response," said Aziz. Redrock is one of the most reputable aboriginal fine art galleries in Australia.

Currently his gallery has a list of more than 20 clients in China, despite aboriginal art not being well-known in the country. The ambitious Australian has decided to move his gallery in Beijing to the city's booming central business district, which he says is the "right place for art."

Aziz is just one example of the new wave of gold diggers making moves into the flourishing Chinese art market. Although this market is less than 20 years old, it has surprised the art world with its rapid growth. From the burgeoning domestic art galleries and auction houses, to the auctions of Sotheby's in New York and Christie's in Hong Kong, Chinese art makes up over 70 percent of the total contemporary Asian artworks for sale.

"I would say that the future of Asia's art market is in China," said Hua Yuzhou, Art Director of the Shanghai-based HWAS Art Gallery.

The development of the art market has resulted in an investment fever in China, being linked to the increasing wealth of Chinese society. In recent years, collectors from the Chinese mainland have been frequently seen at international auctions.

"More and more Chinese investors bid in Christie's auctions in London, New York and Hong Kong," said Weng Xiaohui, board member of the Business Exploration Department of Christie's, the only overseas auction house that has been permitted by the Chinese Government to set up an office on the mainland. "In the salesroom in Hong

Kong, 50 percent of the bidders are Chinese and nearly half of them come from the mainland," she added.

This conveys a signal of China's healthy economic development and the wealth of collectors, according to Weng. She estimates that in the coming three to five years, Chinese buyers' share of global art transaction volumes would double or even treble.



CHARMING CHINESE ART: The 10th Beijing International Art Exposition draws more local and international visitors than in previous years

Art, it seems, is the next hot investment vehicle for the rich, following real estate and stocks.

"I would see the phenomenon as a sign of worry by the wealthy class. The business in the real estate market is not always profitable, the stock prices are fluctuating and they don't need extra Mercedes Benz cars, so they must invest their money in other things. At the moment, that other thing is art," explained Zhao Gang, a member of the board of a Beijing-based gallery.

The majority of Chinese mainland collectors are entrepreneurs aged between 30 and 70, who mainly come from the IT, real estate and financial sectors, Christie's

Weng revealed, pointing out that currently the aim of Chinese mainland collectors is only for investment, as they have entered the art market for only a short period.

Economic growth driving art market

Many factors have contributed to the booming art market, such as years of dynamic economic growth, the emergence of the affluent class, the increase of the living standard of the Chinese people and the importance the government has attached to the culture and art fields.

Ye Hong, Deputy Manager of Beijing-based Meisong Gallery, has seen this transformation process up close. As the gallery mainly deals with oil paintings of a French artist, Ye has watched as the lukewarm attitude of local patrons in the gallery's early days has changed to an appreciation of the canvases by the same clientele.

"More and more Chinese mainlanders tend to decorate their houses or offices with oil paintings and modern artwork, and many of our clients are movie stars or celebrities in other fields," she said.

The thriving art market in China also shows that Chinese culture and art have attracted international attention as the country's national strength has grown, said Kwok Ho-mun, founder of Wan Fung Art Gallery, one of the biggest investors and promoters of contemporary Chinese paintings. This is clearly shown by high prices being fetched for Chinese artwork in recent years, especially for contemporary works.

For example, *Son*, the works of Beijing painter Liu Xiaodong, was sold for 154,000 yuan (\$18,600) in 2000, but when it was resold in an auction in 2005, the price was 1.98 million yuan (\$244,500), a tenfold increase in five years.

A similar case happened to well-known Chinese painter Zhang Xiaogang, whose work was sold for around \$10,000 in 1999, yet in the Sotheby's spring auction in New York in 2007, one of his paintings was bought for \$980,000.

Indeed, after about 20 years of development, China's contemporary art has gained a good reputation domestically and internationally. More and more Chinese are now appreciating the art as collectors. Sotheby's has even set up an independent department dealing with contemporary Chinese art.

"The contemporary art from China is the most favorite of collectors at various international auction houses, followed by art from India and then from Russia," said

Lin Jiaru, Director of Sotheby's Chinese Contemporary Art Department.

Guan Yi, a Beijing-based collector, is one of the contemporary Chinese art fans in China. Guan collects contemporary artwork, especially large-scale works, but not just for investment. His collection began back in 2001, before Chinese contemporary art became popular, and has grown to such an extent that he built a 2,000-square-meter warehouse in 2004 (now renovated into a museum) to house his hundreds of pieces.

But unlike collector Guan, many business persons have already cashed in on this rising market. And now, more and more art galleries from outside the Chinese mainland are entering the market, eager to get a slice of the art market pie.

Emile Forg, owner of the ESP's Arts Gallery from France, is one of them. Hoping to find a partner to help contract artists for his gallery in China, Mr. Forg participated in the 10th Beijing International Art Exposition held on July 12-16.

Launched in 1998, the Beijing International Art Exposition, one of the leading and authoritative art fairs in China, reflects the growth and rise of China's art market. According to official statistics, visitors to the 2003 session totaled 40,000 and the transaction volume was 15 million yuan (\$1.8 million), while in 2006, the number of visitors rose to 60,000, spending 80 million yuan (\$10 million).

The prosperous art market has inspired many young artists in China. Dai Zhong, a 34-year-old painter, rented a space at the July art exposition in Beijing to exhibit his paintings. This is the first time he has shown his works in public.

Although believing that the current bullish art market is something superficial and some painters' works are selling only because of their fame, rather than their art value, Dai still believes that the increasing interest in art by Chinese is good for the development of artists.

"After all, no economy, no art," Dai smiles. He has also planned to hold personal painting exhibitions next year in Beijing and other cities across the country.

As to the potential bubble in the market that many critics are concerned about, Chen Zhong, supervisor of the Marketing Department of 51-art.com under the Artron Culture Development Co. Ltd., one of the influential art websites in China, is not so pessimistic. He thinks that the main problem now is just that the market is not mature enough.

"This is caused partly by the unprofessional judgment of some collectors," he said. "The prices of some masterpieces have not matched their due value, while prices of some mediocre works are out of range."

That will no doubt change. ■

First MAAPS International Printmaking Exhibition

Participating Artists: Germaine Arnaktauyok, Sylvia Bendza, Rudolf Bickers, Mark Bovey, Sean Caulfield, Angele Cormier, Maria Chronopolis, Paul Dempsey, Audrey Feltham,



Scott Goudie, Florin Hategan, Tomoyo Ihaya, Mark Kellett, Judith Klugerman, Manuel Lau, Rosemary MacAuley, Jennifer Morgan, David Morrish, Tony Myers, Stu Oxley, Dan Steeves, Anna Syperek, Otis Tamasauskas, Janice Wong, Hilda Woolnough, Tim Zuck, Kang Jianfei, Li Xiaolin, Tang Chenghua, Song Guangzhi, Wu Changjiang, Zhou Jirong, Nana Ando, Takemi Azumaya, Ryoji Ikeda, Seiko Kawachi, Hideki Kimura, Keisei Kobayashi, Nam Kyung Bae, Jeong Hwang, Mi Oak Jung, Seung Yeon Kim, Seung Gyun Shin, Jeong Ho Um, Anne Desmet, Stuart Duffin, Marcelle Hanselaar, Stephen Mumberson, Rebecca Salter, Sheila Sloss, Andrew Decaen, Mariana Depetris, April Flanders, Brian Kelly, David Mohallatee, Stephanie Smith
Venue: Dongbianmen Watchtower, Chongwen District, Beijing
Opening Ceremony: 3 p.m.-5 p.m., July 21
Exhibition Hours: 10 a.m.-5 p.m., July 19-31 (Everyday)
Tel: 010-65251005
Fax: 010-64322624
E-mail: redgategallery@aer.net.cn
Website: www.redgategallery.com

Inside and Outside the Window—Huang Jing's 2006-07 Oil Painting Exhibition

Venue: Hanmo Arts Gallery, 7 Guanyintang Culture Street, A2 Wangsiying, Chaoyang District, Beijing
Opening Ceremony: 3 p.m., July 21
Exhibition hours: 10:30 a.m.-6:30 p.m., July 21-August 15



Curator: Liu Xin
Arts Director: Lin Song
Sponsor: Hanmo Arts Gallery
Operator: Hanmo Arts Gallery
Tel: 010-64358922, 87393046
E-mail: living343@163.com, living343@yahoo.com.cn
Website: www.hanmo.com.cn

Exhibition: City Breathing—Xi Hua's Art World

Venue: R3818-3, 2 Jiuxianqiao, Chaoyang District, Beijing
Opening Ceremony: 3 p.m., July 22
Exhibition Hours: 10:30 a.m.-6:30 p.m., July 22-August 16



Curator: Liu Xin
Art Director: Lin Song
Sponsor: Hanmo Arts Gallery
Operator: Hanmo Arts Gallery
Tel: 010-64358922, 87393046
E-mail: living343@163.com, living343@yahoo.com.cn
Website: www.hanmo.com.cn

French Painter François Bossière's Solo Exhibition

Venue: Beijing Today Art Museum, Building 4, 32 Baiziwanlu, Chaoyang District, Beijing
Opening Ceremony: 3 p.m., July 28
Exhibition hours: 10 a.m.-5 p.m., July 28-August 7
Symposium: 4 p.m.-6 p.m., July 28
Academic Presider: Cheng Dali
Sponsors: Beijing Today Art Museum, Today International Gallery
Tel: 010-58769392
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Can Local Governments Buy Truth From the Public?

In line with China's shift toward developing a more harmonious society, local governments are working hard to pay greater attention to the needs of the people. Recently, the government of southwest China's Yunnan Province launched an initiative to reward the best proposals received from its citizens. In a move aimed to propel economic and social progress and to improve people's livelihoods, the local government will appraise the proposals received and award a top prize of 50,000 yuan (\$6,600) to the one they consider most beneficial to the community.

Interestingly enough, the prize itself initially sparked controversy. People said it was just another example of window dressing, saying it would inevitably benefit family members and friends of government officials involved in the proposal review panel, making it one more opportunity for corruption.

Yunnan is not the first province to try this method. As early as 1995, Changsha City in central China's Hunan Province encouraged citizens to make suggestions, offering money as rewards. Later in 1998, the government of Wenzhou City in Zhejiang Province rewarded 11 citizens for their bright ideas.

Those opposing rewards for ideas argue that citizens shouldn't be paid for giving advice. Government officials are obliged to accept public opinion and criticism for immediate action, but every citizen should have a say in policymaking, so being rewarded with money is not necessary.

Incentives may inspire good proposals from civilians, but the effectiveness of these good ideas depends on their implementation. It is not what citizens suggest that matters, but a smooth channel for communication between officials and the public, and an

open social environment to grant them a right to voice their opinions.

Tell the truth

Ou Muhua (*Dahe Daily*): We earnestly expect a bigger role for the public in the current political system. In a society short on democracy and justice, those honest and outspoken people won't be rewarded, but will be hurt by revenge. A free and open social environment, therefore, cannot be achieved. Yunnan's endeavor for seeking the truth reminds us of social justice, and those who speak the truth should be encouraged, rather than suppressed.

Yang Weili (*Changjiang Times*): In reality, public criticism and suggestions are often ignored or even turned down by bureaucracy. People don't know whom to tell, if they have any complaint or problem. Most of their valuable advice is overlooked by irresponsible officials who turn a blind eye and deaf ear. In some cases, irritated by criticism, officials even take revenge.

Nothing can be perfect, and it is the same with government work. The proposal prize enables officials to gain closer access to public opinion. It would be much easier



LI SHIQUAN

for us to find solutions to correct mistakes and wrongdoings in governance. Empowering people with a voice shows sincerity and respect of their right to know and be involved, enabling a more transparent government.

Wen Xin (Foshan Daily): This initiative shows that the local government is making progress in their approach to communicate with the people, which inspires the public to participate. Being allowed to openly voice their opinions, more ordinary citizens will be willing to find faults of the government, in addition to the incentive worth 50,000 yuan. This prize, allows people to vent, and shows a growing trust between both sides.

Generally this initiative is positive and indicates a change of thinking from official bureaucracy.

Chun Hua (Modern Express): The Yunnan officials are perhaps buying truth, by getting a certain number of people motivated to participate in social affairs. Before this, some local governments were often slammed for negligence on involving public opinion in policymaking. They often seek Western solutions to their problems, but usually forget that local minds can sometimes provide better remedies as they are closest to the actual situation.

Yu Yashi (Changjiang Times): Not all proposals deserve praise or reward. The launch of this prize is aimed at encouraging more valuable and novel ideas.

As we know, scientists that make great contributions are awarded honorable scholarships. Likewise, innovative proposals that can help promote social development should also be rewarded.

Free expression needs no reward

Cao Lin (Changjiang Times): It is a natural right for citizens to supervise government work and give opinions toward policymaking. If given money to do so, it lowers the value of suggestions. As democratic awareness increases, common people are more willing to be involved in governance to help establish a more efficient system. A single prize cannot fundamentally

breed democracy and mobilize the public to get involved.

On the contrary, a shrinking role and less interference by the government in public opinion could encourage freedom of expression, as the public has more room in which to comment. Honest people may feel uncomfortable with a prize sponsored by the local government. It implies that without the government's role, doubts over the legitimacy of public comments might arise.

Lai Dongcai (Hubei Daily): As a result of this prize, democracy is degraded, while the incentive mechanism is abused. In fact, a huge amount of true words and good proposals can be found on bulletin boards on the Internet, if officials really care to look.

The value of these good ideas can only be realized when they are adopted. In this case, civilians will be more encouraged if their voices could be heard, and their ideas could be really used by decision-makers. Otherwise, whatever the prize is, it becomes worthless.

Yin Guoan (Guangzhou Daily): True words spoken by the people are blocked by lies or the hollow promises of a handful of

local officials. That is why officials at a higher level are now offering money to encourage people to speak the truth. It is ridiculous for us to buy truth. If officials really want the truth, they can very easily find it by paying more frequent visits to local households and taking trips into countryside villages. Another option, of course, is to punish those who tell lies.

Shu Shengxiang (Modern Express): Citizens, who should be the masters of the country, are paying for their "servants," who are the officials, to hear them.

China is a developing country, and this includes in terms of public awareness. And to foster democratic awareness should begin with removal of various invisible restrictions that hamper free expression. How much people dare to say, or speak the truth, symbolizes to what extent social democracy has developed in a country. Freedom of expression can never be gained or blocked by offering prizes. What the process may actually do is to cover up the truth. ■

Dear Readers,

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

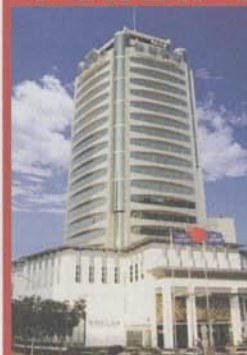
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Please provide your name, telephone number, zip code and address along with your comments.

Editor: Yao Bin

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It's Almost Too Late



By EMMA MOORE

Nobody likes a critic—especially one in a foreign country. There's something deeply irritating about foreigners moaning over local behavior simply because it's different to their own norms. Different doesn't mean better or worse, although that often seems to be the implication.

That's why I'm glad a leading Chinese official has publicly voiced what I have privately thought since I arrived in China. In a recent front page *China Daily* story, Vice Minister of Construction Qiu Baoxing railed against local governments' wholesale destruction of the country's historical sites and cultural relics. "They are totally unaware of the value of cultural heritage," he noted with disgust during a Beijing international conference on urban culture and city planning. Interestingly, these comments came not from an historian or a conservationist, but from the deputy head of construction.

One of the first Chinese characters I learned to recognize outside my textbooks

was *chai*, roughly "demolish." Take a short walk almost anywhere around Beijing and you will soon come across a wall spray painted with a circled *chai* character. Some of the buildings earmarked for demolition had it coming—dated, cheaply made tumbledown apartment blocks have no place in the capital's glitzy new business districts. But many other old buildings are solidly constructed with more character in one elaborate roof gable than all their towering new neighbors together. In China's rush to modernize, these low-rise, old-fashioned buildings are seen as blots on the modern cityscape, where prestige and success are automatically associated with newness. But with a bit of effort, they could become stylish oases of charm among their featureless replacements.

"All Chinese cities look the same," replied my American friend with a shrug when I asked her about her trip to a city in Henan Province for a colleague's wedding. I don't know how many times I have heard that and reluctantly agreed. Every Chinese city I have visited that is not a major tourist hot spot does look the same. Cities tend to have a lot in common with each other in any country; but here in China, the similarities

go far beyond the usual downtown shopping areas, sprawling suburbs and homogeneous central business areas.

Even in well-known tourist towns the beauty lies in the detail, not in the overall impression. In the canal town of Suzhou, in Jiangsu Province, I was disappointed to find that far from being a beautifully preserved relic of the past, as its sobriquet "The Venice of the East" would have visitors believe, most of the city is much like any other in China. Yes, there are some lovely old canal areas linked by leafy lanes, but the visitor has to seek them out amongst the usual urban hodge-podge and rip-off tourist areas.

Lured by photos of Tianjin's historic Western concession areas, I took a short train ride from Beijing, anticipating a step back into a lost era. True, not all the Western-style balconied mansions and grandly imposing commercial buildings of the city's colorful past have been destroyed, and efforts are being made to protect and preserve some of them. But the vast majority has either been knocked down or is in such a bad state of repair that restoration is unfeasible. I was taken aback to find that the house where China's last emperor Puyi lived after leaving the Forbidden City is now home to numerous families and their domestic animals. The brickwork is crumbling, the paneled walls have holes, the roof is caving in, stairs are broken, the ceiling is sagging and the whole place looks in danger of imminent collapse. It seems incredible that this sorry situation has been allowed to come about at such an important historical site.

The local government in Tianjin is finally waking up to the significance of the destruction of its cultural heritage, but numerous irreplaceable buildings have been lost forever, and with them an inimitable part of the city's soul.

As China develops, tighter protection controls are appearing and awareness of the importance of cultural heritage is slowly growing. But at this rate, by the time changes are made to the country's destroy and rebuild mentality, developers will have permanently erased all but the most famous historic landmarks. On behalf of China's future citizens and visitors, I implore those with the power to preserve China's concrete links to the past to please pause before rubberstamping the next *chai* order, and remember that there will come a day when the old doesn't always mean worse than the new in China. ■

The author is New Zealander working in Beijing

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Regulations on the National Natural Science Funds

国家自然科学基金条例

Promulgated by the State Council on February 14, 2007
and effective as of April 1, 2007

2007年2月24日国务院颁布，自2007年4月1日起施行

Chapter I General Rules

第一章 总 则

Article 1 In order to regulate the use and management of National Natural Science Funds, advance the efficiency in the use of National Natural Science Funds, promote the basic research, cultivate science and technology talent, and intensify the independent innovation ability, these Regulations are formulated in accordance with the Law of the People's Republic of China on Scientific and Technological Progress.

Article 2 The state establishes the National Natural Science Funds in order to subsidize the basic research as prescribed in the Law of the People's Republic of China on Scientific and Technological Progress.

Article 3 The National Natural Science Funds are mainly funded by the allocations of the central treasury, and any donation from natural persons, legal persons and other organizations is encouraged by the state.

The central treasury will incorporate the national natural science funds into the budget thereof.

Article 4 The grants made by the National Natural Science Funds shall comply with the principles of openness, justice and impartiality, as well as the guidelines of respecting science, developing democracy, advocating competition, improving cooperation, prompting innovations and guiding the future.

Article 5 When deciding the projects to be subsidized by National Natural Science Funds (hereinafter referred to as funded projects), the professionals shall be brought into full play, and the mechanism of macro-guidance, independent application, equal competition, evaluation by the experts working in the same field and selecting the best for support shall be adopted.

Article 6 The natural science fund management organ of the State Council (hereinafter referred to as fund management organ) shall have the responsibilities of managing the National Natural Science Funds and supervising the implementation of funded projects.

The competent authority of science and technology of the State Council shall have the responsibilities of the macro-administration and overall coordination of the work concerning National Natural Science Funds. The competent authority of finance of the State Council shall administrate and surveil the budget and finance of National Natural Science Funds. And the audit department shall surveil the use and management of National Natural Science Funds.

Chapter II Organization and Planning

第二章 组织与规划

Article 7 A fund development plan and the annual directory of funded projects shall be formulated by the fund management organ in light of the plan for national economic and social development, the plan

第一条 为了规范国家自然科学基金的使用与管理，提高国家自然科学基金使用效益，促进基础研究，培养科学技术人才，增强自主创新能力，根据《中华人民共和国科学技术进步法》，制定本条例。

第二条 国家设立国家自然科学基金，用于资助《中华人民共和国科学技术进步法》规定的基础研究。

第三条 国家自然科学基金主要来源于中央财政拨款。国家鼓励自然人、法人或者其他组织向国家自然科学基金捐资。

中央财政将国家自然科学基金的经费列入预算。

第四条 国家自然科学基金资助工作遵循公开、公平、公正的原则，实行尊重科学、发扬民主、提倡竞争、促进合作、激励创新、引领未来的方针。

第五条 确定国家自然科学基金资助项目（以下简称基金资助项目），应当充分发挥专家的作用，采取宏观引导、自主申请、平等竞争、同行评审、择优支持的机制。

第六条 国务院自然科学基金管理机构（以下简称基金管理机构）负责管理国家自然科学基金，监督基金资助项目的实施。

国务院科学技术主管部门对国家自然科学基金工作依法进行宏观管理、统筹协调。国务院财政部门依法对国家自然科学基金的预算、财务进行管理和监督。审计机关依法对国家自然科学基金的使用与管理进行监督。

第七条 基金管理机构应当根据国民经济和社会发展规划、科学技术发展规划以及科学技术发展状

for scientific and technological development as well as the circumstance of scientific and technological development. The fund development plan shall detail the fields to be developed with precedence, and the annual directory of funded projects shall indicate the scope of projects to be supported with precedence. Exclusive funds shall be set up under National Natural Science Funds for cultivating young science and technology talent.

The formulation of a fund development plan and the annual directory of funded projects by the fund management organ shall widely heed the opinions from the higher education institutions, scientific research institutions, academic groups, as well as related state organs and enterprises, and organize related experts for scientific demonstrations. The annual directory of funded projects shall be announced 30 days before the receipt of the applications for funded projects.

Article 8 The higher education institutions, scientific research institutions or any other public welfare institution that has the independent legal person qualification and develops basic research within the territory of the People's Republic of China may make registration at the fund management organ as supporting institutions.

Where a supporting institution that has existed before the implementation of these Regulations requires to be registered as a supporting institution, the registration shall be made by the fund management organ.

The fund management organ shall make public the names of registered supporting institutions.

Article 9 In the management work of fund granting, a supporting institution shall perform the duties as follows:

(1) It shall organize applicants to apply for the subsidies of National Natural Science Funds;

(2) It shall examine the authenticity of the materials as submitted by applicants or project principals;

(3) It shall provide the conditions for implementing the funded projects, and safeguard the time for project principals and participants to carry out funded projects;

(4) It shall follow up the implementation of funded projects, and surveil the use of fund subsidies; and

(5) It shall cooperate with the fund management organ in surveilling and examining the implementation of funded projects.

The fund management organ shall guide and surveil the management work of supporting institutions related to the granting of funds.

Chapter III Application and Evaluation

Article 10 Any science and technology talent in a supporting institution that satisfies the following requirements may apply for the National Natural Science Funds:

(1) He has the experiences of assuming the basic research topic or other basic research; and

(2) He has a senior academic rank (title) or a doctoral degree, or has a recommendation from two science and technology persons who are working in the same research field and have a senior academic rank (title).

Where a science and technology personnel that engages in basic research and satisfies the requirements as prescribed in the preceding paragraph has no job or works for an entity that is not a supporting institution, if he has obtained the consent of a supporting institution registered at the fund management organ after negotiations, he may apply for the National Natural Science Funds under these Regulations. The supporting institution shall deem him as a science and technology personnel of its own, and perform effective management to him in accordance with these Regulations.

An applicant shall be the person in charge of an application for funded projects.

况,制定基金发展规划和年度基金项目指南。基金发展规划应当明确优先发展的领域,年度基金项目指南应当规定优先支持的项目范围。国家自然科学基金应当设立专项资金,用于培养青年科学技术人才。

基金管理机构制定基金发展规划和年度基金项目指南,应当广泛听取高等学校、科学研究机构、学术团体和有关国家机关、企业的意见,组织有关专家进行科学论证。年度基金项目指南应当在受理基金资助项目申请起始之日30日前公布。

第八条 中华人民共和国境内的高等学校、科学研究机构和其他具有独立法人资格、开展基础研究的公益性机构,可以在基金管理机构注册为依托单位。

本条例施行前的依托单位要求注册为依托单位的,基金管理机构应当予以注册。

基金管理机构应当公布注册的依托单位名称。

第九条 依托单位在基金资助管理中履行下列职责:

(一) 组织申请人申请国家自然科学基金资助;

(二) 审核申请人或者项目负责人所提交材料的真实性;

(三) 提供基金资助项目实施的条件,保障项目负责人和参与者实施基金资助项目的时间;

(四) 跟踪基金资助项目的实施,监督基金资助经费的使用;

(五) 配合基金管理机构对基金资助项目的实施进行监督、检查。

基金管理机构对依托单位的基金资助管理工作进行指导、监督。

第三章 申请与评审

第十条 依托单位的科学技术人员具备下列条件的,可以申请国家自然科学基金资助:

(一) 具有承担基础研究课题或者其他从事基础研究的经历;

(二) 具有高级专业技术职务(职称)或者具有博士学位,或者有2名与其研究领域相同、具有高级专业技术职务(职称)的科学技术人员推荐。

从事基础研究的科学技术人员具备前款规定的条件、无工作单位或者所在单位不是依托单位的,经与在基金管理机构注册的依托单位协商,并取得该依托单位的同意,可以依照本条例规定申请国家自然科学基金资助。依托单位应当将其视为本单位科学技术人员,依照本条例规定实施有效管理。

申请人应当是申请基金资助项目的负责人。

Article 11 An applicant that applies for the National Natural Science Funds shall determine the research project upon the annual directory of funded projects, and submit an application in written form to the fund management organ through the supporting institution within the time limit as prescribed.

An applicant that applies for the National Natural Science Funds shall submit the materials that may prove he has satisfied the requirements as prescribed in Article 10 of these Regulations; in case of any special requirement in the annual directory of funded projects, the applicant shall also submit the certification materials that prove he has satisfied the said requirements.

Where an applicant has obtained other subsidies for the project research for which he is applying for the fund subsidies, the information on the said subsidies shall be explained in the application materials. An applicant shall have the responsibilities of the authenticity of the application materials he submits.

Article 12 The fund management organ shall complete the preliminary examination of application materials within 45 days as of the expiration of the term for applying for funded projects. As regards an application that complies with these Regulations the fund management organ shall accept it, and shall publicize the basic information on the applicant, the name of the supporting institution as well as the name of the project for which the application for funded projects has been filed. In case of any of the following circumstances occurs to an application, the fund management organ may not accept it, and shall inform the applicant through the supporting institution in written form, and shall explain the reasons:

(1) The applicant fails to satisfy the requirements as prescribed in these Regulations;

(2) The application materials fail to comply with the requirements as mentioned in the annual directory of funded projects; or

(3) The number of funded projects as applied for by the applicants is in excess of that as prescribed by the fund management organ.

Article 13 The fund management organ shall employ the experts that have a fairly high academic level and good professional ethics in the same field to evaluate the applications for funded projects. The fund management organ shall formulate the specific measures for employing evaluation experts.

Article 14 As regards the applications for funded projects that have been accepted, the fund management organ shall randomly choose three or more experts from the database of experts working in the same field for a communication-based evaluation, and then organize the experts for a meeting-based evaluation; and with respect to the applications for funded projects that are temporarily brought forward because of specific demands of national economic and social development or other specific circumstances, the fund management organ may carry out only a communication-based evaluation or a meeting-based evaluation.

An evaluation expert that finds it difficult to render an academic judgment or is too busy to make an evaluation for the applications for funded projects shall timely inform the fund management organ, and the fund management organ shall choose another evaluation expert for evaluation as required by these Regulations.

Article 15 With respect to an application for funded projects, an evaluation expert shall render an independent judgment and evaluation in terms of scientific value, innovation, social influences as well as the feasibility of research schemes, and bring forward the evaluation opinions thereof.

When giving the evaluation opinions about the applications for funded projects, an evaluation expert shall also consider the research experiences of the applicants and participants, the rationality of the plan for using the funds, the information on other grants for the research top-

第十一条 申请人申请国家自然科学基金资助,应当以年度基金项目指南为基础确定研究项目,在规定的期限内通过依托单位向基金管理机构提出书面申请。

申请人申请国家自然科学基金资助,应当提交证明申请人符合本条例第十条规定条件的材料;年度基金项目指南对申请人有特殊要求的,申请人还应当提交符合该要求的证明材料。

申请人申请基金资助的项目研究内容已获得其他资助的,应当在申请材料中说明资助情况。申请人应当对所提交申请材料的真实性负责。

第十二条 基金管理机构应当自基金资助项目申请截止之日起45日内,完成对申请材料的初步审查。符合本条例规定的,予以受理,并公布申请人基本情况和依托单位名称、申请基金资助项目名称。有下列情形之一的,不予受理,通过依托单位书面通知申请人,并说明理由:

(一) 申请人不符合本条例规定条件的;

(二) 申请材料不符合年度基金项目指南要求的;

(三) 申请人申请基金资助项目超过基金管理机构规定的数量的。

第十三条 基金管理机构应当聘请具有较高的学术水平、良好的职业道德的同行专家,对基金资助项目申请进行评审。聘请评审专家的具体办法由基金管理机构制定。

第十四条 基金管理机构对已受理的基金资助项目申请,应当先从同行专家库中随机选择3名以上专家进行通讯评审,再组织专家进行会议评审;对因国家经济、社会发展特殊需要或者其他特殊情况临时提出的基金资助项目申请,可以只进行通讯评审或者会议评审。

评审专家对基金管理机构安排其评审的基金资助项目申请认为难以作出学术判断或者没有精力评审的,应当及时告知基金管理机构;基金管理机构应当依照本条例规定,选择其他评审专家进行评审。

第十五条 评审专家对基金资助项目申请应当从科学价值、创新性、社会影响以及研究方案的可行性等方面进行独立判断和评价,提出评审意见。

评审专家对基金资助项目申请提出评审意见,还应当考虑申请人和参与者的研究经历、基金资助经费使用计划的合理性、研究内容获得其他资助的情况、申请人实施基金资助项目的情况以及继续予以资助的必要性。

会议评审提出的评审意见应当通过投票表决。

第十六条 对通讯评审中多数评审专家认为不应

ics, the information on the implementation of the funded projects by the applicants as well as the necessity for continuous subsidies.

The evaluation opinions as brought forward through the meeting-based evaluation shall be determined by voting.

Article 16 As regards an application for a funded project on which most of evaluation experts in the communication-based evaluation believe that the fund may not be granted but this project involves many innovations, a meeting-based evaluation may be performed if two evaluation experts that participate in the meeting-based evaluation have signed recommendation for it, unless it is an application for a funded project that is temporarily submitted because of special demands or circumstances as prescribed in Article 14 of these Regulations.

The fund management organ shall publicize the recommendation opinions that are brought forward by evaluation experts.

Article 17 The fund management organ shall determine the research projects to be funded in accordance with these Regulations and the evaluation opinions brought forward by experts, and may not deny the evaluation opinions brought forward by experts on the ground that it has different academic viewpoints from those of evaluation experts.

Where the fund management organ determines to grant a fund, it shall timely inform the applicant and the supporting institution in written form, and publicize the basic information on the applicant, the name of the supporting institution, the name of the project for which an application for funded projects has been submitted, and the amount of the fund to be granted; in case it determines not to grant a fund, it shall timely inform the applicant and the supporting institution in written form, and explain the reasons.

The fund management organ shall sort out the evaluation opinions of experts and provide them for the applicant.

Article 18 Where an applicant does not satisfy with the decision on refusal to accept his application or to fund his project as made by the fund management organ, he may submit a request for reexamination to the fund management organ in written form within 15 days upon receipt of the circular. The different opinions on the academic judgment of evaluation experts as held by an applicant may not be deemed as the reasons for requesting the reexamination.

The fund management organ shall complete the reexamination within 60 days as of receipt of a reexamination request as submitted by an applicant. Where the fund management organ deems that the former decision complies with these Regulations, it shall maintain the former decision and inform the applicant in written form. Where the fund management organ deems that the former decision does not comply with these Regulations, it shall annul the former decision, organize evaluation experts to evaluate the application for the funded project as submitted by the applicant again, make a decision, and inform the applicant and the supporting institution of the result in written form.

Article 19 In the evaluation of funded projects, a personnel of the fund management organ or an evaluation expert shall apply for withdrawal in case of any circumstance as follows:

(1) The personnel of the fund management organ or the evaluation expert is a close family member of the applicant or participant or has any other relation which may affect the fair evaluation;

(2) The funded project as submitted by an evaluation expert himself is the same as or similar to the one as submitted by the applicant; or

(3) The evaluation expert and the applicant or participant work for the same legal person entity.

The fund management organ shall, according to the application, make a decision on whether to withdraw or not upon examination, or may directly make such a decision without an application.

An applicant for funded projects may provide a name list of three or less evaluation experts that are not suitable for evaluation, and the fund management organ shall consider the said name list upon the actu-

ally with assistance, but innovative strong fund assistance project application, by 2 people attending the meeting evaluation review expert signed recommendation, can be carried out by meeting evaluation. However, this regulation Article 14 stipulated special needs or special circumstances temporary proposed fund assistance project application except.

基金管理机构应当公布评审专家的推荐意见。

第十七条 基金管理机构根据本条例的规定和专家提出的评审意见, 决定予以资助的研究项目。基金管理机构不得与评审专家有不同的学术观点为由否定专家的评审意见。

基金管理机构决定予以资助的, 应当及时书面通知申请人和依托单位, 并公布申请人基本情况以及依托单位名称、申请基金资助项目名称、拟资助的经费数额等; 决定不予资助的, 应当及时书面通知申请人和依托单位, 并说明理由。

基金管理机构应当整理专家评审意见, 并向申请人提供。

第十八条 申请人对基金管理机构作出的不予受理或者不予资助的决定不服的, 可以自收到通知之日起15日内, 向基金管理机构提出书面复审请求。对评审专家的学术判断有不同意见, 不得作为提出复审请求的理由。

基金管理机构对申请人提出的复审请求, 应当自收到之日起30日内完成审查。认为原决定符合本条例规定的, 予以维持, 并书面通知申请人; 认为原决定不符合本条例规定的, 撤销原决定, 重新对申请人的基金资助项目申请组织评审专家进行评审、作出决定, 并书面通知申请人和依托单位。

第十九条 在基金资助项目评审工作中, 基金管理机构工作人员、评审专家有下列情形之一的, 应当申请回避:

(一) 基金管理机构工作人员、评审专家是申请人、参与者近亲属, 或者与其有其他关系、可能影响公正评审的;

(二) 评审专家自己申请的基金资助项目与申请人申请的基金资助项目相同或者相近的;

(三) 评审专家与申请人、参与者属于同一法人单位的。

基金管理机构根据申请, 经审查作出是否回避的决定; 也可以不经申请直接作出回避决定。

基金资助项目申请人可以向基金管理机构提供3名以内不适宜评审其申请的评审专家名单, 基金管理机构在选择评审专家时应当根据实际情况予以考虑。

第二十条 基金管理机构工作人员不得申请或者参与申请国家自然科学基金资助, 不得干预评审专

al circumstance when selecting evaluation experts.

Article 20 Any personnel of the fund management organ may neither apply for or participate in the application for the National Natural Science Funds, nor may he interfere in the evaluation of evaluation experts.

Any personnel of the fund management organ or evaluation expert may neither reveal the basic information with respect to evaluation experts, evaluation opinions, evaluation results or other information on the evaluation that has not been revealed.

Chapter IV Grant of Funds and Implementation

Article 21 A supporting institution and a project principal shall fill in a project plan in light of the evaluation opinions of evaluation experts and the amount of fund as determined by the fund management organ within 20 days as of the receipt of a circular on the grant of fund as issued by the fund management organ, and submit it to the fund management organ for examination and approval.

When filling in a project plan, a supporting institution and a project principal may not alter other contents in the application form except that they do so under the evaluation opinions of evaluation experts or the amount of fund as determined by the fund management organ.

Article 22 As regards the research projects to be funded in this year, the fund management organ shall apply to the competent authority of finance of the State Council for budgetary allotments to funded projects in a timely manner in accordance with the Budget Law of the People's Republic of China and other related provisions of the state, except for those funded projects that are temporarily brought forward because of the specific demands or other specific circumstances as prescribed in Article 14 of these Regulations.

A supporting institution shall inform the fund management organ and the project principal thereof within seven days as of the receipt of fund.

A project principal shall use the funds as required in the project plan, and a supporting institution shall surveil the project principal's use of the funds. No project principal or supporting institution may steal or misappropriate the funds by any means. The specific measures for the use and management of funds subsidies shall be formulated by the competent authority of finance of the State Council together with the fund management organ.

Article 23 A project principal shall organize and implement the research work in light of the project scheme, make original records on the implementation of the funded project, and submit an annual progress report concerning the project to the fund management organ.

A supporting institution shall inspect the annual progress reports concerning the funded projects, check the original records on the implementation of the funded projects, and file the annual reports concerning the management on funded projects to the fund management organ.

The fund management organ shall inspect the annual progress reports on the projects and the annual reports concerning the management on funded projects.

Article 24 The supporting institution may not change the project principal without approval while a funded project is being implemented.

In case of any of the following circumstances occurs to a project principal, the supporting institution shall submit an application for altering this project principal or terminating the implementation of the funded project in a timely manner, and report it to the fund management organ for approval; and the fund management organ may directly make a decision concerning terminating the implementation of the funded project:

(1) He is no more a science and technology personnel of the sup-

家的评审工作。

基金管理机构工作人员和评审专家不得披露未公开的评审专家的基本情况、评审意见、评审结果等与评审有关的信息。

第四章 资助与实施

第二十一条 依托单位和项目负责人自收到基金管理机构基金资助通知之日起20日内,按照评审专家的评审意见、基金管理机构确定的基金资助额度填写项目计划书,报基金管理机构核准。

依托单位和项目负责人填写项目计划书,除根据评审专家的评审意见和基金管理机构确定的基金资助额度对已提交的申请书内容进行调整外,不得对其他内容进行变更。

第二十二条 基金管理机构对本年度予以资助的研究项目,应当按照《中华人民共和国预算法》和国家有关规定,及时向国务院财政部门申请基金资助项目的预算拨款。但是,本条例第十四条规定的因特殊需要或者特殊情况临时提出的基金资助项目除外。

依托单位自收到基金资助经费之日起7日内,通知基金管理机构 and 项目负责人。

项目负责人应当按照项目计划书的要求使用基金资助经费,依托单位应当对项目负责人使用基金资助经费的情况进行监督。项目负责人、依托单位不得以任何方式侵占、挪用基金资助经费。基金资助经费使用与管理的具体办法由国务院财政部门会同基金管理机构制定。

第二十三条 项目负责人应当按照项目计划书组织开展研究工作,作好基金资助项目实施情况的原始记录,通过依托单位向基金管理机构提交项目年度进展报告。

依托单位应当审核项目年度进展报告,查看基金资助项目实施情况的原始记录,并向基金管理机构提交年度基金资助项目管理报告。

基金管理机构应当对项目年度进展报告和年度基金资助项目管理报告进行审查。

第二十四条 基金资助项目实施中,依托单位不得擅自变更项目负责人。

项目负责人有下列情形之一的,依托单位应当及时提出变更项目负责人或者终止基金资助项目实施的申请,报基金管理机构批准;基金管理机构也可以直接作出终止基金资助项目实施的决定:

- (一) 不再是依托单位科学技术人员的;
- (二) 不能继续开展研究工作的;
- (三) 有剽窃他人科学研究成果或者在科学研究

porting institution;

(2) He cannot continue to implement the research work; or

(3) He steals the scientific research achievements of someone else or resorts to fraud in scientific research.

Where a project principal shifts his post to another supporting institution, the former supporting institution may submit an application for altering the supporting institution to the fund management organ for approval upon negotiations between the new supporting institution and the former supporting institution. If it fails to reach agreement between the new supporting institution and the former supporting institution upon negotiations, the fund management organ shall make a decision on terminating the implementation of the funded project under the charge of the said project principal.

Article 25 Where it is necessary to make some major adjustments to the research contents or research plans during the process of implementation of a funded project, the project principal shall timely submit an application, and apply to the fund management organ for approval upon examination of the supporting institution.

Article 26 A project principal shall submit a concluding report to the fund management organ through the supporting institution within 60 days as of the expiration of the funded project; and as regards a funded project that obtains the research achievements, a research achievement report shall be submitted at the same time.

A supporting institution shall verify the concluding report and establish the archives on funded projects. When examining a concluding report, a supporting institution shall check the original records on the implementation of the funded project.

Article 27 The fund management organ shall examine the concluding reports in a timely manner. As regards a concluding report that fails to satisfy the requirements to conclude the topics, the fund management organ shall give its opinions and notify them to the supporting institution and the project principal in written form.

The fund management organ shall announce the abstracts of the concluding reports, research achievement reports and applications for funded projects, and solicit the comments and opinions of the general public.

Article 28 Where any funded project obtains the research achievements, it shall indicate that it is funded by the National Natural Science Funds when it is publicized.

Chapter V Supervision and Administration

Article 29 The fund management organ shall take a sample survey on the implementation of the funded projects and the performance of duties by the supporting institutions, and shall check the original records on the implementation of the funded projects at the time of survey. The results of sample survey shall be recorded and publicized, and can be consulted by the general public.

The fund management organ shall set up archives on the credits of project principals and supporting institutions.

Article 30 The fund management organ shall regularly assess the performance of appraising duties by evaluation experts, and set up archives on the credits of evaluation experts according to the evaluation results; and it may not employ those who have stolen scientific research achievements of others or resorted to fraud in scientific research.

Article 31 At the end of each accounting year, the fund management organ shall publish the funded projects, the allotment of funds and the punishments to those acts against these Regulations, etc. in this year.

The fund management organ shall assess the work on the grant of funds at regular intervals, publish the evaluation reports, and regard the evaluation reports as the evidence for formulating the fund development plan and the annual directory of funded projects.

Article 32 The applicant may show his opinions to the fund management organ concerning the evaluation work of evaluation experts

中有弄虚作假等行为的。

项目负责人调入另一依托单位工作的,经所在依托单位与原依托单位协商一致,由原依托单位提出变更依托单位的申请,报基金管理机构批准。协商不一致的,基金管理机构作出终止该项目负责人所负责的基金资助项目实施的决定。

第二十五条 基金资助项目实施中,研究内容或者研究计划需要作出重大调整的,项目负责人应当及时提出申请,经依托单位审核报基金管理机构批准。

第二十六条 自基金资助项目资助期满之日起60日内,项目负责人应当通过依托单位向基金管理机构提交结题报告;基金资助项目取得研究成果的,应当同时提交研究成果报告。

依托单位应当对结题报告进行审核,建立基金资助项目档案。依托单位审核结题报告,应当查看基金资助项目实施情况的原始记录。

第二十七条 基金管理机构应当及时审查结题报告。对不符合结题要求的,应当提出处理意见,并书面通知依托单位和项目负责人。

基金管理机构应当将结题报告、研究成果报告和基金资助项目申请摘要予以公布,并收集公众评论意见。

第二十八条 发表基金资助项目取得的研究成果,应当注明得到国家自然科学基金资助。

第五章 监督与管理

第二十九条 基金管理机构应当对基金资助项目实施情况、依托单位履行职责情况进行抽查,抽查时应当查看基金资助项目实施情况的原始记录。抽查结果应当予以记录并公布,公众可以查阅。

基金管理机构应当建立项目负责人和依托单位的信誉档案。

第三十条 基金管理机构应当定期对评审专家履行评审职责情况进行评估;根据评估结果,建立评审专家信誉档案;对有剽窃他人科学研究成果或者在科学研究中有弄虚作假等行为的评审专家,不再聘请。

第三十一条 基金管理机构应当在每个会计年度结束时,公布本年度基金资助的项目、基金资助经费的拨付情况以及对违反本条例规定行为的处罚情况等。

基金管理机构应当定期对基金资助工作进行评估,公布评估报告,并将评估报告作为制定基金发展规划和年度基金项目指南的依据。

第三十二条 评审专家对申请人的基金资助项目

after the evaluation experts have brought forward their evaluation opinions on an application for a funded project as submitted by an applicant; and the fund management organ shall consider the opinions of this applicant when evaluating the performance of appraising duties by evaluation experts.

Any entity or individual may tip off or accuse any act in violation of these Regulations as committed by the fund management organ or any of the personnel thereof, any evaluation expert, supporting institution, person in charge of the management of funded projects, applicant or project principal.

The fund management organ shall publicize its contact phone number, address and e-mail address.

Article 33 The related information as publicized by the fund management organ as prescribed by these Regulations shall be identical with the confidentiality provisions of the state.

Chapter VI Legal Liabilities

Article 34 Where an applicant or participant forges or changes any application materials, he shall be given a warning by the fund management organ; and if the application for fund thereof has been determined to be granted, the original decision on fund granting shall be annulled, and the allotted funds shall be recovered; in case of any serious circumstance, the applicant or participant may not apply for the National Natural Science Funds or be concerned with the application for the Funds for three up to five years, nor may he be promoted to a higher academic technical rank (title).

Article 35 In case of any of the following acts in violation of these Regulations as committed by a project principal or participant, a warning shall be given, the allotment of funds subsidies shall be suspended, and he shall be ordered to make correction within a time limit; if he fails to make correction within the time limit, the original decision on fund granting shall be annulled, and the allotted funds shall be revoked; in case of any serious circumstance, the applicant or participant may not apply for the National Natural Science Funds or participate in the application for the funds for five up to seven years:

- (1) He fails to perform research in light of the project plan;
- (2) He alters the research contents or plans without approval;
- (3) He fails to submit an annual progress report, concluding report or research achievement report on the project in accordance with these Regulations;
- (4) He submits any false or invented report, original records or related materials; or
- (5) He occupies or misappropriates the funds.

The project principal or participant that commits any act referred to in Subparagraph (4) or (5) of the preceding paragraph may not be promoted to a higher academic rank (title) for five up to seven years under any serious circumstance.

Article 36 In case of any following circumstance occurs to a supporting institution, the fund management organ shall give it a warning and order it to make correction within a time limit; in case of any serious circumstance, a circular of criticism shall be publicized and the said institution may not be taken as the supporting institution for three up to five years:

- (1) It fails to perform the duty of guaranteeing the research conditions for the funded project;
- (2) It fails to examine the authenticity of the materials or reports as submitted by applicants or project principals;
- (3) It fails to submit an annual progress report, concluding report or research achievement report on the projects in accordance with these Regulations;
- (4) It connives and covers up for any applicant or project principal in their fraudulent activities;
- (5) It changes the project principals without approval;

申请提出评审意见后, 申请人可以就评审专家的评审工作向基金管理机构提出意见; 基金管理机构在对评审专家履行评审职责进行评估时应当参考申请人的意见。

任何单位或者个人发现基金管理机构及其工作人员、评审专家、依托单位及其负责基金资助项目管理工作的人员、申请人或者项目负责人、参与者有违反本条例规定行为的, 可以检举或者控告。

基金管理机构应当公布联系电话、通讯地址和电子邮件地址。

第三十三条 基金管理机构依照本条例规定对外公开有关信息, 应当遵守国家有关保密规定。

第六章 法律责任

第三十四条 申请人、参与者伪造或者变造申请材料的, 由基金管理机构给予警告; 其申请项目已决定资助的, 撤销原资助决定, 追回已拨付的基金资助经费; 情节严重的, 3至5年不得申请或者参与申请国家自然科学基金资助, 不得晋升专业技术职务(职称)。

第三十五条 项目负责人、参与者违反本条例规定, 有下列行为之一的, 由基金管理机构给予警告, 暂缓拨付基金资助经费, 并责令限期改正; 逾期不改正的, 撤销原资助决定, 追回已拨付的基金资助经费; 情节严重的, 5至7年不得申请或者参与申请国家自然科学基金资助:

- (一) 不按照项目计划书开展研究的;
- (二) 擅自变更研究内容或者研究计划的;
- (三) 不依照本条例规定提交项目年度进展报告、结题报告或者研究成果报告的;
- (四) 提交弄虚作假的报告、原始记录或者相关材料的;
- (五) 侵占、挪用基金资助经费的。

项目负责人、参与者有前款第(四)项、第(五)项所列行为, 情节严重的, 5至7年不得晋升专业技术职务(职称)。

第三十六条 依托单位有下列情形之一的, 由基金管理机构给予警告, 责令限期改正; 情节严重的, 通报批评, 3至5年不得作为依托单位:

- (一) 不履行保障基金资助项目研究条件的职责的;
- (二) 不对申请人或者项目负责人提交的材料或者报告的真实性进行审查的;
- (三) 不依照本条例规定提交项目年度进展报告、年度基金资助项目管理报告、结题报告和研究成果报告的;
- (四) 纵容、包庇申请人、项目负责人弄虚作假

(6) It refuses to cooperate with the fund management organ to surveil and inspect the implementation of the funded projects; or

(7) It retains or misappropriates any of the funds.

Article 37 In case of any of the following acts committed by an evaluation expert, the fund management organ shall give him a warning and order him to make correction within a time limit; in case of any serious circumstance, a circular of criticism shall be publicized and the fund management organ may not employ him as an evaluation expert:

(1) He fails to perform the appraising duties as prescribed by the fund management organ;

(2) He fails to apply for withdrawal in accordance with these Regulations;

(3) He reveals the information on the evaluation that has not been publicized;

(4) He makes unfair evaluation of the applications for funded projects; or

(5) He seeks unjustifiable interests by taking advantage of such work.

Article 38 In case of any of the following acts committed by a personnel of the fund management organ, he shall be punished:

(1) He fails to apply for withdrawal in accordance with these Regulations;

(2) He reveals the information on the evaluation that has not been publicized;

(3) He interferes the evaluation work of evaluation experts; or

(4) He seeks unjustifiable interests by taking advantage of such work.

Article 39 In case of any of the following acts in violation of these Regulations committed by any entity or individual, and if a crime is constituted, it or he shall be subject to criminal liabilities:

(1) He embezzles or misappropriates any of the funds;

(2) Any personnel of the fund management organ or an evaluation expert exacts or illegally accepts the properties of others or seeks for other unjustifiable interests when performing the duty as prescribed in these Regulations;

(3) An applicant, a project principal or participant forges or changes the official documents, certificates or seals of state organs;

(4) An applicant, a project principal or participant, a supporting institution or any of its staff members in charge of the management of funded projects provides any property or money to any personnel of the fund management organ in order to seek for unjustifiable interests, or

(5) He divulges state secrets.

Where an applicant, a project principal or participant has been subjected to criminal liabilities due to his commitment of any act as prescribed in the preceding paragraph, he may not apply for or participate in the application for the National Natural Science Funds for life.

Article 40 Anyone that is in violation of the related laws or administrative regulations on finance shall be punished and sanctioned in accordance with related laws or administrative regulations.

Chapter VII Supplementary Rules

Article 41 As regards the research projects that the subsidies have been granted upon decision before the implementation of these Regulations, it shall be implemented in accordance with the related provisions of the state that were in force when the decision was made.

Article 42 As regards the work on the grant of funds related to the use and management of the organization and implementation fees for projects or the subsidies for academic exchanges on basic research and for basic research environment construction, the fund management organ shall implement the related provisions of the competent authority of finance of the State Council.

Article 43 These Regulations shall enter into force as of April 1, 2007.

(Not the official translation. Source: www.fdi.gov.cn)

假的;

(五) 擅自变更项目负责人的;

(六) 不配合基金管理机构监督、检查基金资助项目实施的;

(七) 截留、挪用基金资助经费的。

第三十七条 评审专家有下列行为之一的, 由基金管理机构给予警告, 责令限期改正; 情节严重的, 通报批评, 基金管理机构不得再聘请其为评审专家:

(一) 不履行基金管理机构规定的评审职责的;

(二) 未依照本条例规定申请回避的;

(三) 披露未公开的与评审有关的信息的;

(四) 对基金资助项目申请不公正评审的;

(五) 利用工作便利谋取不正当利益的。

第三十八条 基金管理机构工作人员有下列行为之一的, 依法给予处分:

(一) 未依照本条例规定申请回避的;

(二) 披露未公开的与评审有关的信息的;

(三) 干预评审专家评审工作的;

(四) 利用工作便利谋取不正当利益的。

第三十九条 违反本条例规定, 有下列行为之一, 构成犯罪的, 依法追究刑事责任:

(一) 侵吞、挪用基金资助经费的;

(二) 基金管理机构工作人员、评审专家履行本条例规定的职责, 索取或者非法收受他人财物或者谋取其他不正当利益的;

(三) 申请人或者项目负责人、参与者伪造、变造国家机关公文、证件或者伪造、变造印章的;

(四) 申请人或者项目负责人、参与者、依托单位及其负责基金资助项目管理工作的有关人员为谋取不正当利益, 给基金管理机构工作人员、评审专家以财物的;

(五) 泄露国家秘密的。

申请人或者项目负责人、参与者因前款规定的行为受到刑事处罚的, 终身不得申请或者参与申请国家自然科学基金资助。

第四十条 违反有关财政法律、行政法规规定的, 依照有关法律、行政法规的规定予以处罚、处分。

第七章 附 则

第四十一条 本条例施行前已决定资助的研究项目, 按照作出决定时国家有关规定执行。

第四十二条 基金管理机构在基金资助工作中, 涉及项目组织实施费与与基础研究有关的学术交流活动、基础研究环境建设活动的基金资助经费的使用与管理的, 按照国务院财政部门的有关规定执行。

第四十三条 本条例自2007年4月1日起施行。■



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