

BEIJING REVIEW



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SIGNED, SEALED, DELIVERED

Clean sweep as Beijing Olympics succeed on all Levels

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CHINESE BANKS ESCAPE GLOBAL FINANCIAL CRISIS Page 34

FIRST ANTI-MONOPOLY LAWSUIT FILED Page 33

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The 4th Annual China Health Care Development Forum

China on its Way to Reform – Reaching Health for All

China stepped into the Spring of 2008 with the unveiling of its long-debated health care reform plan, aiming to build a national primary care system for both urban and rural citizens. What does this strategic goal mean for the world's most populous nation? Find out more on Sunday, September 21 when government policy-makers, industry leaders and distinguished scholars from China and abroad gather at the China Europe International Business School (CEIBS) in Shanghai to probe the opportunities and challenges in China's pursuit of its ambitious health care scheme.



Invited Speakers

- Chen Zhu** Minister of Health of PRC
- Sun Longchun** Deputy Director of the Subcommittee of Education, Science, Culture, Health and Sports of the Chinese People's Political Consultative Conference (CPPCC), Former Vice Minister of Health of PRC
- Shen Xiaoming** Vice Mayor of Shanghai
- Chen Ziquan** Vice Chairman of CPPCC Qinghai Provincial Committee, Director of Public Health Bureau of Qinghai Province
- Wang Dongsheng** Deputy Director General of the Social Development Department, National Development and Reform Commission of PRC
- Xu Jiaqi** Deputy Director General of the Drug Safety & Inspection Department, State Food and Drug Administration of PRC
- Ma Jianguo** Vice Chairman of the Standing Committee of Wuxi Municipal People's Congress
- Guo Yan** Professor of the School of Public Health, Peking University, Member of WHO Commission on Social Determinants of Health
- Dai Tao** Executive Deputy Director of the Research Center for Health Policy and Management, Chinese Academy of Medical Sciences
- Liu Xingzhu** Senior Health Economist of National Institutes of Health, USA
- Li Shixue** Professor and Doctoral Advisor of Shandong University
- Robert Madelin** Director General for Health and Consumer Protection, European Commission
- Tikki Pang** Director of Research Policy & Cooperation Department of World Health Organization
- Hana Brix** Chief, Social Policy and Economic Analysis Department, United Nations Children's Fund in China
- David Ricks** President of Eli Lilly China
- Ilona Kickbusch** Director of Global Health Programme of the Graduate Institute in Geneva of Switzerland, Senior Advisor to the Swiss Federal Office of Public Health

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Olympic Legacy

By ZHANG ZHIPING

As the 16-day sports extravaganza drew its curtains, Beijing captivated millions of world viewers again with a colorful closing ceremony. During the titanic seven years of preparation, the ancient capital city has been revitalized by the modern Olympic Games. Over the past weeks, Beijing has fully presented to the world the Olympic spirit of liberty, equality and endeavor, and the whole city is still immersed in the charms of sport. Long after the sacred flame was extinguished at the Bird's Nest National Stadium, its glow has remained.

In the stadium, sports excellence drew loud cheers from the spectators across races and nationalities. American swimmer Michael Phelps won eight titles, breaking the single-Games record for gold medals. Jamaica's Usain Bolt sprinted to 100 and 200 meters gold in record times and it was the first time that athletes from Mongolia, Togo, Afghanistan and Tajikistan won medals at an Olympics. These groundbreaking victories have not only fulfilled dreams of honor, but also created new Olympic history.

When the winners moved the audience by extraordinary performances, we were also inspired by those unremitting struggles against setbacks, which enriched the meaning of sports and raised the Olympic spirit to higher levels.

Beijing will never forget the thundering acclaims and generous cheers for injured Korean weightlifter Lee Bae Young, despite his failure in the third attempt. Beijing will always remember the friendship between Chinese and U.S. gymnasts. When the Chinese girls took the women's team trophy, American gymnast Shawn Johnson was first to congratulate them. Beijing will not lose sight of celebrating hugs in the pool between swimmers of different nations. When Japanese prodigy swimmer Kosuke Kitajima broke the men's 100 meters breast-stroke world record, American Brendan Hansen, former world record holder of this competition, passed through several lanes to congratulate him. The charms of sport brought Georgian and Russian athletes to kiss each other on the podium, and inspired German Steiner Matthias to win the competition for his departed wife and Oksana Chusovitina for her sick son. The Beijing event is over, but the Olympic spirit brings eternal joy and love to the human race in pursuit of social progress and world peace.

The success of the Beijing Games is attributable to the efforts of athletes, to the efforts of volunteers, to the enthusiasm of the spectators and to the devotion of millions of Chinese. When our friends leave with satisfactory smiles on their faces, everything we did has paid off, and what they left will be remembered here. ■

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Punching His Way to Glory



When light flyweight boxer Zou Shiming stepped onto the Olympic podium to receive his gold medal on August 24, the groundbreaking victory made him the first Chinese to claim champion's titles in the 48 kg division at major events—the World Championships and Olympic Games.

Born in 1981, Zou learned martial arts at 12, but switched to boxing at 16, and was selected for the national team three years later. At the 2003 World Boxing Championships, Zou's international debut finished with a historic silver medal, the first-ever for a Chinese boxer at world-level competitions. One year later at the Athens Games, Zou won China's

first Olympic medal as a light flyweight. Zou was crowned at the 2005 World Championships, and successfully defended the title in 2007.

Zou's secret to winning is his famous "pirate" boxing style, characterized by great speed and excellent footwork. Zou has no advantages in physical strength compared with his powerful rivals, but he used his kungfu background to great advantage with flurries of quick punches and excellent balance.

Tough Hockey Coach Gets Results



As Korean coach Kim Chang Back led the Chinese women's hockey team to the finals by defeating Germany at the Beijing Olympics, it marked his ninth year in charge, the longest term for a foreign coach in any Chinese sports team.

The 53-year-old trained the South Korean women's team from 1989-94 in his home country. Under Kim, the Chinese team finished fifth at the Sydney Olympics and fourth at the Athens Games. Kim's coaching style is typical of South Korean sport, high demands plus intense training, earning

him the nickname "devil trainer" by his players. Over the past years, Kim has brought advanced skills and a teamwork ethic to Chinese hockey. Self-discipline and self-respect share equal importance in his team, and he always requires the hockey players to act as a group.

The Chinese women's hockey team was the runner-up in the Beijing Olympics, but Kim believes he will eventually lead his players to win the Olympic championship. He plans to retire after his coaching days in China are over.

Gymnast Is a Supermom

Veteran gymnast Oksana Chusovitina earned a silver medal for Germany in the women's vault on August 17 at the Beijing Games, her fifth Olympics. When asked why she is still active on-court at 33, the oldest female gymnastics competitor at the Games referred to her 9-year-old son, suffering from a fatal disease, as the reason.

A native of Uzbekistan, Chusovitina won the gold medal in the women's team for the former Soviet Union at the 1992 Barcelona Olympics. She retired and married wrestler Bakhodir Kurpanov in 1996, and three years later, their son Alisher was born. Alisher was diagnosed with leukemia in 2002, and she was forced to make a comeback to earn money to save her son. It was the illness that brought her to Germany to obtain favorable medical treatment after the 2006 Pusan Asian Games, at which she won gold medals in vault and free exercise at the age of 27.

Alisher has now recovered and is back in school, while Chusovitina continues to enjoy her unusual gymnastic experience. "I won it [the vault medal] for my son, and I will be there in London in 2012," said Chusovitina when receiving 300,000 yuan (\$43,800) in cash donations from warmhearted Chinese fans in Beijing.



“Through these Games, the world learned more about China, and China learned more about the world. These were truly exceptional Games.”

President Jacques Rogge of the International Olympic Committee, in his speech at the closing ceremony of the Beijing Olympic Games on August 24

“We excel in few of the biggest events. There is still a huge gap between China and outstanding teams like the United States.”

Liu Peng, head of the Chinese Olympic delegation

“Whether opportunity knocks or difficulty arises, we should keep in mind our goal of a denuclearized Korean Peninsula and a peaceful and stable northeast Asia, honor our commitments, enhance mutual trust and work closely to push the six-party talks.”

Chinese Foreign Ministry spokesman Qin Gang, after North Korea announced on August 26 that it had stopped disabling its nuclear facilities in Yongbyon in revenge of the U.S. failure to remove it from a terrorism blacklist

“This is not an easy choice, but it is the only way to save the lives of people.”

Russian President Dmitry Medvedev, after signing decrees recognizing the independence of South Ossetia and Abkhazia, the two breakaway regions of neighboring Georgia on August 26

“There is an agreement between the two sides that there will be no foreign soldiers in Iraq after 2011.”

Iraqi Prime Minister Nuri al-Maliki, quoted in an August 25 statement from his office

“In the final analysis many fossil fuel subsidies are introduced for political reasons, but are simply propping up and perpetuating inefficiencies in the global economy—they are thus part of the market failure that is climate change.”

Achim Steiner, Executive Director of the UN Environmental Program



GAO JIE

Igniting the Paralympic Flame

Deaf-mute Jiang Xintian lights a small cauldron in the hands of wheelchair-bound fencer Jin Jing at the Paralympic Flame Lighting Ceremony in Beijing's symbolic Temple of Heaven on August 28.

For nine days until September 6, when the 13th Paralympics opens in Beijing, a total of 850 torchbearers would relay the Paralympic flame along two routes through 11 Chinese provinces, autonomous regions and municipalities.

About 4,000 disabled athletes from around the world will compete in 472 events in 20 sports during the September 6-17 Games.

SOCIETY

Open to Tourists

Beijing's Olympic venues will open to tourists during the weeklong National Day holiday beginning October 1, an official said on August 27.

The venues, including the National Stadium and the National Aquatics Center, will be open to the public as they appeared during the Games, and an aquatic amusement park project will begin operation in the National Aquatics Center at the end of the year, said Vice Mayor of Beijing Chen Gang.

So far, 80 percent of the media village flats have been sold, and buyers can move in by the end of the year.

Earthquake Rocks Tibet

A strong earthquake measuring 6.8 on the Richter scale rocked Zhongba County, Xigaze Prefecture in Tibet at 9:22 p.m. on August 25. No casualties have been reported.

The epicenter was about 10 km underground at 31 degrees north and 83.6 degrees east, according to the China Earthquake Networks Center.

Gerze and Coqen counties in Ali Prefecture also felt the quake, but the county seats suffered no damage, said the regional earthquake bureau.

Zhongba, in the west of Xigaze, with a population of 18,000 and covering 43,594 square km, is located in an area with frequent quakes.

Airport on Plateau

Workers on August 27 completed construction of a runway for a new airport in the heart of China's Qinghai-Tibet Plateau.

The 3,800-meter-long runway, 3,900 meters above sea level, is part of a planned airport about 20 km away from Yushu, also known as Gyegu, seat of the Tibet Autonomous Prefecture of Yushu in Qinghai

Province, west China.

With a budget of more than 500 million yuan (about \$73 million), Yushu airport began construction in May 2007. It also requires construction of a 4,000-square-meter terminal and is designed to handle planes such as the Airbus A319.

In accordance with the schedule, all infrastructure for the airport should be finished by the end of this year, so the facility can be put into service in June 2009.

School Bus Safety Campaign

Public security officials will conduct a national school bus safety campaign in September and October.

Buses that transport high school, elementary school and nursery school students will be included, according to the Ministry of Public Security.

Areas of concern include unmarked or overloaded buses and those that are driven by unlicensed or drunk drivers.

The ministry will also take steps to improve traffic flow during peak periods when students are going to or leaving school.

New Sports Award

Sergey Bubka, Senior Vice President of the International Association of Athletics Federations and a member of International Olympic Committee Executive Board, launched the Bubka Sports Award to promote the spirit of sport at Care for Children, an organization that facilitates orphaned children leaving institutions and becoming part of a long-term foster family, which has 30 project sites in orphanages across China.

Bubka, who is regarded as the greatest pole-vaulter of all time, makes visits to charitable sports establishments around the world in a bid to encourage more young people to take up sport and to offer his support to sporting initiatives worldwide.



ZHOU HUIYUAN

DEADLY BLAST Smoke rises after an explosion at a chemical plant in Yizhou City, in south China's Guangxi Zhuang Autonomous Region, on August 26. So far 20 people have been confirmed killed in the blast



WEI YAO

SETTING THE STAGE
Director Meng Jinghui talks to the press on August 26 about the Beijing Youth Theater Festival, which will be held from September 10 to 28



YANG SHOUDE

HARVEST FESTIVAL
A member of the Tu ethnic group celebrates the Nadun Festival, which is held at harvest time every year. During the festival Tu people stage performances and pray for good fortune

ECONOMY

Help for Small Businesses

The government will stop charging administrative fees for sole proprietorships and individual market vendors as of September 1, according to a joint circular recently issued by the Ministry of Finance, National Development and Reform Commission and the State Administration for Industry and Commerce.

This move is designed to cut costs for individual business owners as part of the government's efforts to aid the private economy and increase employment.

The administrative fees, which are almost double the amount of business taxes a firm must pay, have been blamed for the country's shrinking number of sole proprietors from 31.6 million in 1999 to fewer than 26 million in 2006.

Mann Expands in Shanghai

MannHummel GmbH, the world's leading industrial and automotive filter maker, is spending 40 million euros (\$59 million) to build a new plant in Shanghai to meet growing market demand and push it into the top five auto suppliers in Asia, according to a report by *Shanghai Daily*.

The new 60,000-square-meter plant in Jiading District, Shanghai, which is known as the biggest auto components park in Asia, will be MannHummel's fourth facility in China. It also will be the company's headquarters in China and its Asian research and development center, said Manfred Wolf, Senior Executive Vice President of MannHummel in Shanghai, in the article.

The construction of the Shanghai complex will begin in January with production to start in 2010, Wolf said.

Chinalco Gets the Rio Nod

Aluminum Corp. of China (Chinalco),

the country's largest aluminum company, received approval from the Australian Government to raise its current 9-percent stake in Rio Tinto Group to 11 percent.

Chinalco had teamed up with Alcoa Inc. in February to buy the 9-percent stake. Analysts say Chinalco's increased holding may pose a stumbling block to the all-stock offer of BHP Billiton Ltd. to take over Rio Tinto.

"This will underpin the Rio share price and also create uncertainty about whether or not BHP will get its deal over the line," Stephen Bartrop, a resource analyst in Australia, told the local press.

Forging a Tobacco Giant

Hongyun Group and Honghe Group, two major tobacco firms based in southwest China's Yunnan Province, plan to merge to form a giant cigarette maker, the *Shanghai Securities News* reported on August 26.

The merger is part of the country's efforts to consolidate its fragmented tobacco industry. China is currently the world's largest cigarette producer and consumer with a growing market of more than 300 million smokers.

The report said if the deal were approved, the new group would surpass Imperial Tobacco Group Plc. of Britain to become the world's fourth largest tobacco producer by number of cigarettes sold. The current top three tobacco producers are Philip Morris International Inc. of the United States, British American Tobacco Plc. and Japan Tobacco Inc.

Textile Growth Slackens

China's textile sector has shown signs of a slowdown with decreasing output during the first seven months of the year, the China National Textile and Apparel Council (CNTAC) said on August 25.

CNTAC attributed the slowdown to

declining overseas demand amid the global economic downturn.

From January to July, the country's chemical fiber production rose 4.76 percent from the same period a year earlier. But this was 13.23 percentage points less than during the same period last year, touching the lowest growth rate since March 2006, according to CNTAC. Yarn production grew 10.78 percent during the period, but was 9.41 percentage points less than a year earlier.



WANG LIPENG

SPANNING THE FUTURE

The new Tianluo Bridge in Ningde of Fujian Province has been completed on August 26. It is the longest bridge along the Wenzhou-Fuzhou Railway, which is currently under construction. The railway is expected to connect Fujian with the Yangtze River Delta to facilitate the area's development



HAIMINGWEI

BACK TO SCHOOL
Students of Yingxiu Primary School, located at the epicenter of the May 12 earthquake, hold their first flag-raising ceremony since the quake, on August 27



GA MA

BORN TO RIDE
Riders in the Qinghai motorcycle competition enter the second phase of the event on August 26. The route of the competition passes through the Qaidam Basin and lasts for almost 1,500 km

1. KYRGYZSTAN

Rescuers work around a destroyed plane fuselage about 2 km from Bishkek's Manas Airport on August 24. A Boeing 737 passenger plane carrying 90 people crashed shortly after takeoff, killing 70

2. SPAIN

Smoke rises from the Vandellos 2 nuclear power station near Tarragona, northeastern Spain, on August 24. Authorities shut down the power station due to a fire in an electrical generator, which was put out later with no environmental damage reported

3. RUSSIA

Russian President Dmitry Medvedev appears in a television interview in Sochi on August 26. Medvedev announced the recognition of the independence of Georgian breakaway republics Abkhazia and South Ossetia that day



4. FRANCE

A rescue team searches for survivors on Mont Blanc, the highest peak in the Alps, in France's Chamonix Valley on August 25. An August 23 avalanche left at least eight injured and 10 missing



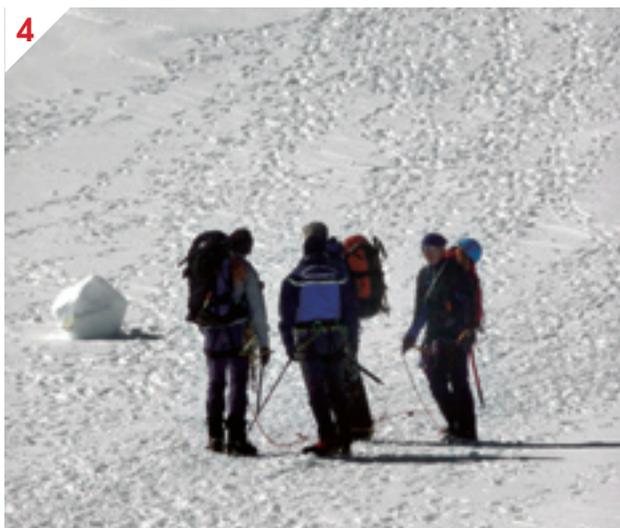
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6. THAILAND

A crowd of Thai protesters wave banners demanding the prime minister's resignation after breaking through a barricade and occupying his office compound on August 26 in Bangkok



XINHUA/AFP

6



LONG SHUO

Embracing the World With Confidence

President Hu Jintao's Asian tour thrusts post-Olympic China into global spotlight

By YAN WEI

As Chinese President Hu Jintao embarked on his first overseas trip after the Beijing Olympics, hopes were high that this tour would set the tone for post-Olympic Chinese diplomacy. The president addressed this issue at a luncheon in Seoul on August 26.

"We are clearly aware that China still is the largest developing country in the world," he said. "China will unswervingly follow a path of peaceful development and an opening-up strategy that is mutually beneficial and brings about win-win results. It pursues development based on peace, openness and cooperation." The Chinese are ready to join hands with other nations to build a "harmonious world of lasting peace and shared prosperity," he added.

South Korea was the first stop on Hu's three-nation tour from August 25 to 30, which also took him to Tajikistan and Turkmenistan.

Chinese international studies experts hailed Hu's remarks for their relevance. They say that China will conduct itself on the world stage with a better image and greater confidence in the years following the successful Beijing Olympics.

The Olympic factor

"Hu made a proper speech at a proper time," said Jin Canrong, Deputy Dean of the School of International Studies, Renmin University of China, referring to the president's luncheon remarks. "The speech contains important information, although it may not convince foreign critics prejudiced against China."

Hu's reiteration that China remains a developing country is relevant because the 1964 Olympics in Tokyo and the 1988 Olympics in Seoul preceded major economic transformations in Japan and South Korea, said Shi Yongming, a research fellow at the China Institute of International Studies.

China's economic base is incomparable to that of Japan or South Korea, and the Olympics have had only a limited role in powering the Chinese economy, Shi said.

China showcased its profound culture to the world through the Olympics, he said. He believes this is conducive to improving the country's international standing.

Although it takes time to observe the implications of the Olympics, it is certain that China has gained respect from the international community for its success in organizing the Games and its athletic excellence, Jin said.

The Olympics provided an unprecedented opportunity for the outside world to learn about China in a "direct and comprehensive manner," thus changing its misconceptions about the country, he said. The Games enabled Westerners to get a more accurate picture of China, which is a relatively modern nation instead of the feudal backwater depicted in some Chinese movies or the

JU PENG



GREETINGS: South Korean children welcome visiting Chinese President Hu Jintao in Seoul on August 25, along with South Korean President Lee Myung Bak

political heretic portrayed by the Western media, he said.

After the Olympics, however, the Western media will continue to find fault with China, partly because they need to catch audiences' attention to make money and partly because the conflicts between China and the West remain unresolved, he said.

He believes the Olympics will lead Western countries to both respect and fear China more, a trend that some countries will respond to by cooperating with China while others will explore ways to guard against its rise.

The success of the Olympics has imbued the Chinese with a strong sense of national pride, he said. With this sense, China will show greater openness and be more willing to follow international rules, a posture welcomed by the outside world. At the same time, the Chinese may become less willing to compromise with foreign countries, mounting pressure on China's diplomatic officials. Which one will become the dominant mentality in China has yet to be seen, he said.

Toward regional unity

In Seoul, President Hu met South Korean leaders including President Lee Myung Bak, pledging to make joint efforts to further their bilateral relations.

In a joint communiqué issued on August 25, the two countries agreed to promote their "strategic cooperative partnership" in a

comprehensive way. China and South Korea established diplomatic relations in 1992. The two countries upgraded their relations to a strategic cooperative partnership during Lee's first state visit to China in May this year, paving the

South Korea is China's third largest trading partner and fourth largest source of foreign direct investment. The two countries' trade volume has increased by 25 percent annually since 1992. It reached \$159 billion in 2007 and \$75.8 billion from January to May this year

way for expanded bilateral collaboration.

China is currently South Korea's largest trading partner, export market and overseas investment destination. South Korea is China's third largest trading partner and fourth largest source of foreign direct investment. The two countries' trade volume has increased by 25 percent annually since 1992.

It reached \$159 billion in 2007 and \$75.8 billion from January to May this year.

The great achievements in the political, economic, social and cultural relations between China and South Korea since 1992 have not only benefited the two countries, but also contributed to peace and development in Asia and the whole world, the communiqué said.

In the communiqué, China and South Korea agreed to enhance political trust, support each other's peaceful development, strengthen high-level contact, expand communication between the governments, parliaments and political parties of the two countries and increase dialogue on defense.

They also vowed to coordinate on regional and global issues—maintaining peace and stability on the Korean Peninsula and in Northeast Asia, participating in Asian regional integration and strengthening cooperation on international affairs.

South Korea will seek to develop ties with North Korea through reconciliation and cooperation, while China supports the two countries' reunification, according to the communiqué.

Today, Northeast Asia is in a "subtle historical period" beset with complicated problems, Shi said. While the United States plays a predominant role in the region with Japan as its follower, the Asian countries have yet to unite. So the upgraded ties between China and South Korea are essential to regional solidarity and stability, he said.

As South Korea shifts its diplomatic focus from the United States and Japan to China, it expects China to play a role in facilitating improved relations between South Korea and North Korea as well as progress in the six-party talks aimed at resolving the North Korean nuclear issue, he said.

During Hu's visit, China and South Korea signed a number of cooperative documents on trade, high technology, energy conservation, desertification control and the hosting of world expos. Shanghai and Yeosu, South Korea, will host the World Expo in 2010 and 2012, respectively. The two countries designated 2010 as Visit China Year and 2012 as Visit Korea Year to bolster people-to-people exchanges.

A record 6 million people traveled between China and South Korea in 2007. By the end of 2007, the number of South Koreans staying in China on a long-term basis had reached 700,000, while more than 530,000 Chinese lived, worked and studied in South Korea.

By the end of last year, the number of Chinese students in South Korea had exceeded 34,000, accounting for two thirds of all overseas students there. South Korean students in China had totaled 64,000 by that time, more than students from any other foreign country.

More than 830 flights shuttle between 40 cities in China and South Korea every week. ■



GREEN COMMITMENT: College students from China and South Korea make Olympic rings with flowers in the Beijing Botanical Garden, as part of a youth exchange program on environmental protection

NEXT STOP LONDON: A double-decker bus from London navigates the National Stadium at the closing ceremony of the Beijing Olympics on August 24



Welcome to London

How will the British capital replicate Beijing's glory four years from now?

By **YAN WEI**

When British football icon David Beckham kicked a ball from the top of a double-decker bus into the crowd of athletes gathered at the National Stadium at the closing ceremony of the Beijing Olympics to invite them to London, there was no question that London is determined to continue the dream so vividly exemplified in Beijing.

For eight minutes during the closing ceremony on August 24, British performers bicycled, danced and beamed in a dazzling, culture-laden extravaganza. The message was unmistakable: Welcome to the fantastic city of London. Celebrating such concepts as involvement, sustainability, cultural diversity and a focus on young people, London seems poised to stage a unique Olympiad with British characteristics in 2012.

London carnival

The grand show started after Guo

Jinlong, Mayor of Beijing, handed the Olympic flag to his London counterpart Boris Johnson.

A double-decker bus entered the stadium, also called the Bird's Nest, followed by British Olympic cyclists dressed as ordinary riders on a London street, with typical London commuters waiting by a zebra crossing.

When the bus pulled in, a British girl got off. Another girl named Erika Tham with Chinese, Canadian, Malaysian and Ukrainian heritage presented her a football marked with the Olympic rings, symbolizing that the Olympic Games are a gift to London from the rest of the world.

The bus then transformed into a privat hedge featuring famous London landmarks such as the Tower of London, Battersea Power Station, the Gherkin skyscraper and St Paul's Cathedral.

In its Olympic bid, London vowed to inspire athletes to deliver their best perfor-

mances against the backdrop of its world-renowned landmarks. London won its bid to host the 30th Olympiad in 2012 at the 117th session of the International Olympic Committee held in Singapore in 2005.

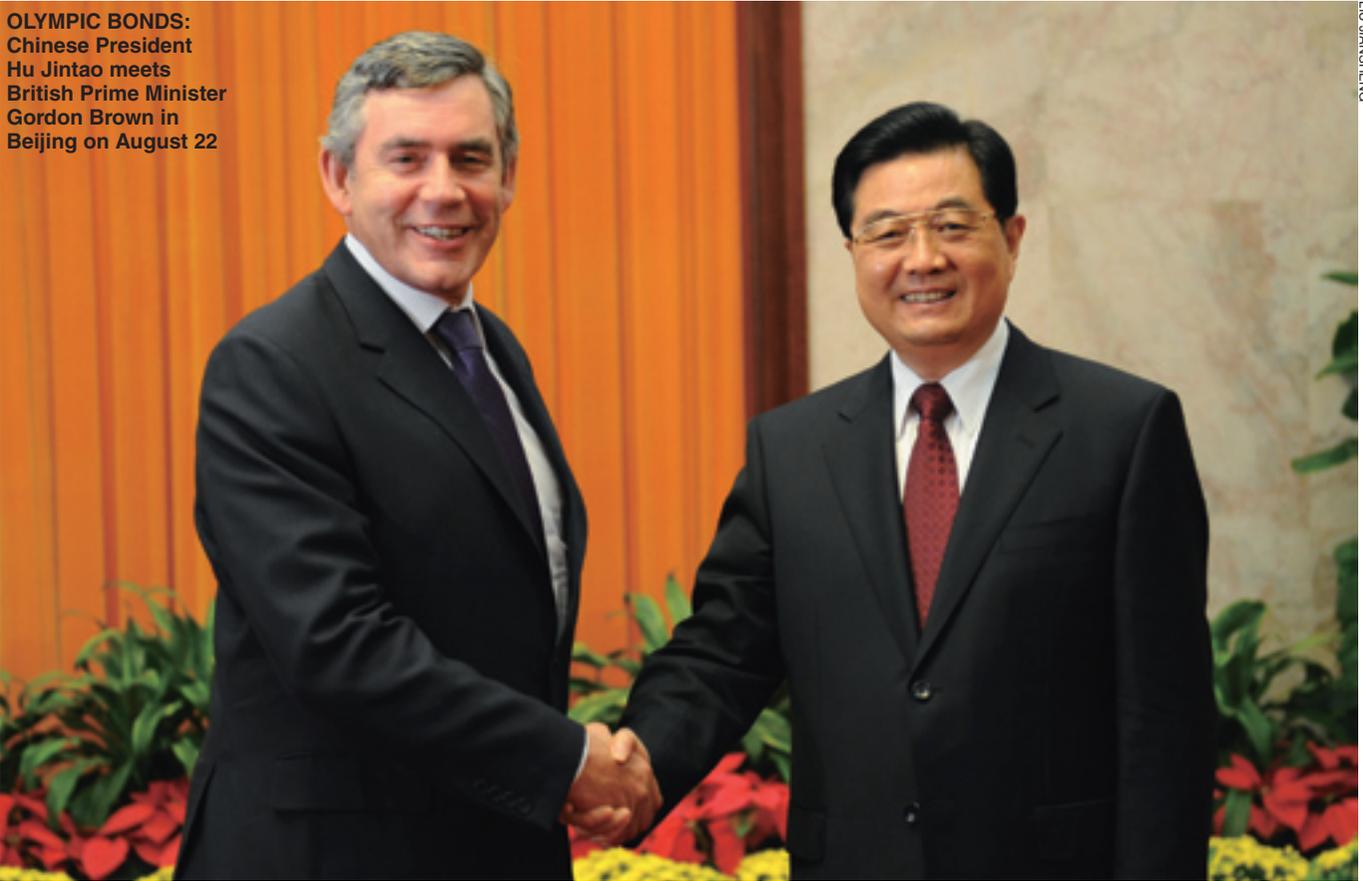
The 2012 Olympics will make London the first city to host the modern Olympic Games three times. The British capital previously hosted the Summer Games in 1908 and 1948, when the event was considerably smaller. Only 22 nations competed in the fourth modern Olympiad in 1908. The 1948 Games, the first Olympics after World War II, drew athletes from 59 nations.

Britain was fourth in the medal tally for the Beijing Olympics with 19 gold medals, more than double the number four years ago in Athens.

Strategic partners

The hosting of two successive Olympics in Beijing and London presents opportuni-

**OLYMPIC BONDS:
Chinese President
Hu Jintao meets
British Prime Minister
Gordon Brown in
Beijing on August 22**



LU JIANSHENG

ties for China and Britain to deepen their ties, Chinese President Hu Jintao said in a meeting with visiting British Prime Minister Gordon Brown on August 22. China is ready to share its experience in organizing the Olympics, implement the two countries' plans for Olympic collaboration and make it an important new area for their bilateral cooperation, he added.

Brown, who came to watch the closing ceremony of the Beijing Olympics, said the Britain-China strategic partnership is forging ahead with rapid progress in trade as well as cultural, educational and people-to-people exchanges. Britain hopes to work more closely with China in the fields of science and technology, climate change, nuclear power, renewable energy and African development, he said. It is also willing to make joint efforts with China to curb trade protectionism and work for the establishment of an open, stable world trade regime.

Hu also commented positively on the two countries' relations. He called on both countries to view their relations from a strategic perspective, respect each other's concerns and continue to advance mutually beneficial cooperation.

On a global level, China and Britain have great potential for working together to

safeguard world peace and promote common development, Hu said. For example, they can consult with each other to help resolve international issues, jointly push for the reopening of the Doha Round of world trade talks and explore new frontiers of cooperation in addressing climate change and energy security.

A sense of responsibility

In a recent editorial, Hong Kong-based newspaper *Wen Wei Po* said Beijing has set an example for a "green Olympics," "people's Olympics" and "hi-tech Olympics."

Although the international community questioned Beijing's air quality before the Games, it turned out to be an environmentally friendly city, it said. London's pollution has also been under international scrutiny. The British have expressed discontent over higher taxes on heavily polluting vehicles and a rule prohibiting spectators from driving to Olympic events. London needs to communicate with Beijing to ensure a green Olympiad in 2012, the editorial said.

During the Olympics, Beijing did a good job accommodating more than 16,000 athletes, over 80 top foreign leaders and some 30,000 journalists from across the world, the newspaper said. For instance, Beijing

deployed the world's largest-ever volunteer group to help make all foreign guests feel at home by minimizing language barriers and inconveniences in a strange city. It also offered comfortable venues and an Olympic Village with easy access to the venues, catering to the needs of athletes with different cultural and religious backgrounds.

The application of high technology not only made the opening and closing ceremonies more entertaining and visually appealing, but also helped athletes improve their performance, it said. London is expected to do even better than Beijing in this regard, it said.

Beijing's security measures are another legacy for London, which faces an even tougher security situation in light of the terrorist attacks it has suffered in recent years, it said.

London does not feel pressured by the success of the Beijing Games, said Sebastian Coe, Chairman of the London Organizing Committee for the Olympic Games. At an August 22 press conference at the Beijing International Media Center, Coe said that every Olympic host city is obligated to organize the Games successfully, present its best face to the world and leave a positive legacy for the Olympic movement. Beijing has inspired London to repeat its success in 2012, he said. ■

Play for Power

Musharraf steps down under pressure, but Pakistan's political battles are far from over



ZHOULI

FAREWELL: A file photo of former Pakistani President Pervez Musharraf, who resigned on August 18

By ZHANG LIJUN

Recently, Pakistan had a political earthquake. On August 18, President Pervez Musharraf announced his resignation in a nationally televised speech. After the Pakistani Parliament accepted his resignation, the 57-year-old Speaker of the Pakistan Senate, Muhammadmian Soomro, became acting president in accordance with Pakistan's Constitution. Lawmakers must select a new president within 30 days.

Pakistan, an important ally of the United States, is now at a crucial point in the war on terror. Some Western media worry that Musharraf's resignation might further decentralize power inside Pakistan, leading to political disintegration in the country. The two largest political parties—the Pakistan People's

Party (PPP) and the Pakistan Muslim League (Nawaz), or PML-N, led by former Prime Minister Nawaz Sharif—formed a multi-party coalition government in February, united in their opposition to Musharraf's rule. But the two parties disagree on how to fight extremism and terrorism, while lacking experience in this field. Sharif withdrew his party from the coalition on August 25, citing the PPP's reversal on reinstating judges dismissed by Musharraf. Although the coalition government will stay in place, it now has a powerful opponent—Sharif.

Reasons behind

There were several reasons behind Musharraf's resignation. Huge political pressure from the ruling alliance left him with little choice, especially after the PPP and PML-N agreed to pursue impeachment. Even before his opponents won the parliamentary election in February, Musharraf's situation was precarious. He faced strong criticism from exiled politi-

cians abroad and a growing pro-democracy movement at home. As the Taliban and Al Qaeda militants in the Pakistan-Afghanistan border region grew stronger, the United States pushed him to be more aggressive and began to value him less as an asset in the war on terror. Musharraf kept an uneasy hold on power.

After the election, it was Sharif who led the calls for Musharraf to resign. The two men have a rancorous relationship. Musharraf ousted Sharif in 1999. Sharif worked to drive Musharraf from office while in exile before returning to Pakistan in November 2007. In recent months, Sharif threatened to pull the PML-N from the coalition unless PPP leader Asif Ali Zardari agreed to seek Musharraf's impeachment. On August 7, the government gave Musharraf an ultimatum: request a vote of confidence or face impeachment proceedings. Then, three of Pakistan's four provincial parliaments passed resolutions publicly condemning the president for violating the constitution. Musharraf was besieged on all sides, thus he had no choice but to step down.

Pakistan's military leaders took a neutral position, further weakening Musharraf. General Ashfaq Parvez Kayani, who became Chief of Army Staff in November 2007 when Musharraf gave up the title, hopes to keep the military removed from politics. He has prohibited soldiers from meeting with politicians and ordered all active officers to resign from civilian government positions. The new policies indicate Kayani's stance: Unless it is unavoidable, Pakistan's army will not intervene in politics. The military's attitude was pivotal in determining the outcome of the recent political crisis. Without military support, Musharraf's political foundation was shaky at best.

The Pakistani people were unenthusiastic about Musharraf's cooperation with Washington in the war on terror. Musharraf relied on the U.S. aid and support to maintain political power, but he also faced a dilemma. The United States required him to sweep the Pakistan-Afghanistan border region, root out the Taliban and Al Qaeda fighters entrenched there, and assist in the search for Osama bin Laden. However, the border region includes Pashtun tribal areas controlled by religious parties, beyond the central government's authority. If Musharraf launched military attacks, not only Pashtun tribe leaders and soldiers would resist, but also major religious parties would be enraged. If Musharraf per-

The author is deputy director of the Department for Information and Contingencies Analysis at the China Institute of International Studies

formed his antiterror duties in a perfunctory manner, Washington would discard him and find another partner.

While the United States accused Pakistan of being unable or unwilling to strike the Taliban and Al Qaeda, the Pakistani people became angrier at the United States. The U.S.-led war on terror has cost Pakistan's military about 1,000 lives. In June 2008, tensions increased when a U.S. air strike targeting militants killed 11 Pakistani infantrymen instead. Moreover, some people in Pakistan, as in other Muslim countries, are displeased with U.S. diplomatic policy and consider the war on terror a war against Islam. Musharraf thus was condemned as a mouthpiece for the United States. The Pakistani people projected their dissatisfaction with the United States onto Musharraf, making him the scapegoat.

Recently, anti-American sentiment in Pakistan has become seemingly overwhelming. People believe that the country is involved in a war it can never win. Some Pakistanis blame Musharraf's support for the U.S. effort for the growing violence inside the country. As Musharraf lost his people's hearts, he also lost his political foundation.

Musharraf was losing American support as well. When Musharraf pledged his support for the war on terror after the September 11 at-

tacks on the United States in 2001, Washington heaped praise and rewards. The United States not only lifted sanctions it had imposed on Pakistan, but also provided more than \$10 billion in aid. At the same time, however, some Americans feared their cooperation with Musharraf was weakening democratic forces in the South Asian country. They pointed out that, as Pakistan is a politically volatile country with a population of 165 million, the United States should not rely purely on government or military officials. They believed that the United States should assist Pakistan's democratic forces instead. The U.S. Government was not satisfied with Musharraf's antiterror efforts, either, with some officials questioning whether they were worth the price tag in aid.

As Musharraf relinquished his military position and saw his opponents elected to parliament, the Bush administration distanced itself from him. When Musharraf was under heavy pressure to resign, his American allies did not offer him a helping hand as usual. In an August 18 statement on Musharraf's resignation, U.S. Secretary of State Condoleezza Rice expressed support for the democratically elected government. "We believe that respect for the democratic and constitutional processes in that country is fundamental to Pakistan's future and its fight against terrorism," she said.

Challenges ahead

Although Musharraf has resigned, political acrimony remains. The PPP and the PML-N already clash on a number of issues. Now they begin a new dispute over power distribution, which could be a destabilizing issue. Moreover, the ruling alliance has few political achievements to show for the past four months, and its approval rating has hit rock bottom. Lawmakers will almost certainly redistribute decision-making powers and weaken the presidency. Now the focus is on who will fill the position. Zardari is favored to win the September 6 election, while the PML-N has put forward Saeed-uz-Zaman Siddiqui, a former judge.

The new Pakistan Government will face a series of problems, primarily combating terrorism and developing the domestic economy. Just one day after Musharraf resigned, a suicide bomb at a hospital in northwest Pakistan killed 26 people. On the same day, five Pakistani soldiers and 14 Taliban members died in a clash between security forces and militants in the border region. Militant group Tehrik-e-Taliban Pakistan claimed responsibility for the hospital attack, warning that it would launch more attacks in other Pakistani cities. Pakistan's economic situation also continues to deteriorate, with rising inflation and increasing shortages in food and electric power. ■



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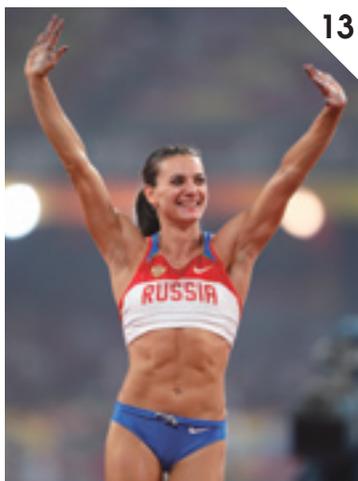
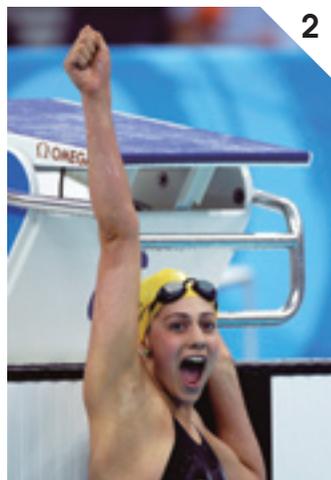


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SHARIF QUILTS: Former Pakistani Prime Minister Nawaz Sharif holds a press conference in Islamabad on August 25. Sharif announced his party would leave Pakistan's ruling coalition after the Pakistan People's Party, its coalition partner, broke promises

ZARDARI AS CANDIDATE: Asif Ali Zardari (right), co-chairman of the ruling Pakistan People's Party (PPP), addresses the Central Executive Committee meeting in Islamabad on August 22. The PPP announced Zardari's candidacy that day for the presidential election to be held on September 6

Record Breakers



1. Kosuke Kitajima, Japan: two world records in men's breaststroke competitions

2. Stephanie Rice, Australia: two world records in women's swimming competitions

3. Liu Chunhong, China: three world records in women's 69 kilograms weightlifting competitions

4. Gulnara Galkina-Samitova, Russia: the world record in the women's 3,000 meters steeplechase

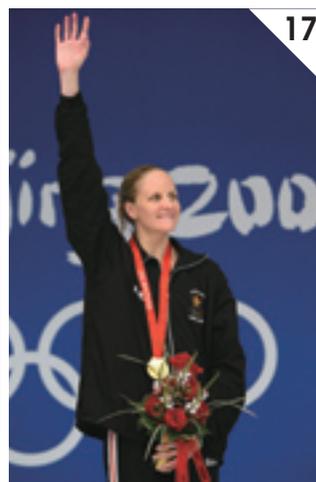
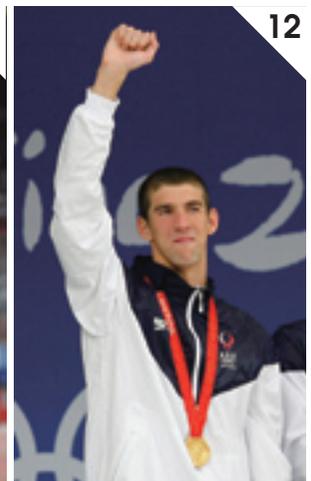
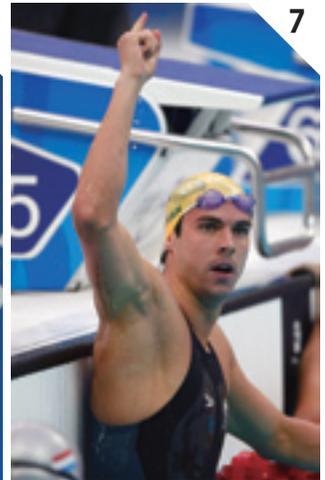
5. Rebecca Soni, the United States: the world record in the women's 200 meters breaststroke

6. Ryan Lochte, the United States: two world records in swimming competitions

7. Eamon Sullivan, Australia: two world records in men's swimming competitions

8. Andrei Rybakou, Belarus: the world record in men's 85 kilograms weightlifting

9. Rebecca Adlington, Britain: the world record in women's 800 meters freestyle



10. Jang Miran, South Korea: three world records in women's 75 kilograms weightlifting competitions

11. Usain Bolt, Jamaica: three world records in athletics competitions

12. Michael Phelps, the United States: seven world records in swimming competitions

13. Elena Isinbaeva, Russia: the world record in the women's pole vault

14. Federica Pellegrini, Italy: the world record in women's 200 meters freestyle

15. Liu Zige, China: the world record in women's 200 meters butterfly

16. Aaron Peirsol, the United States: two world records in men's swimming competitions

17. Kirsty Coventry, Zimbabwe: two world records in women's backstroke competitions

18. Andrei Aramnau, Belarus: three world records in men's 105 kilograms weightlifting competitions

Olympic Figures

The Beijing Olympic Village

A **6,000**-square-meter solar heating system is capable of providing hot bathing water for **17,200** athletes in the Olympic Village and saving about **5** million kwh of energy every year. After the Olympics, this system will provide hot water for nearly **8,000** homes.



The low energy-consuming constructions in the Beijing Olympic Village can save **16,000** kwh of energy during the air-conditioning season. The system, which uses renewable energy, takes **7.89** million kwh from the sun and renewable water supplies during the Olympic Games, equal to the energy produced by **3,077** tons of coal. The use of this renewable energy reduces carbon dioxide emissions by **8,000** tons.



Western food made up **70** percent of the dishes supplied in the Beijing Olympic Village and Asian food the remaining **30** percent.



Food was available **24** hours a day free of charge during the Olympics. Around **9,000** bananas, **700** roast ducks and **3** tons of rice was consumed every day.

From 10 a.m. to 7 p.m. on August 8, the opening day of the Beijing Olympics, the number of people who ate in the main athletes dining room at the Olympic Village was **18,634**, the highest number in Olympic history.



Medical Service

More than **30** medical teams consisting of over **3,000** members were responsible for medical security in Olympic venues and **24** appointed hospitals provided instant and all-round medical services for people from all over the world.



Audience

Nearly **120** broadcasting institutions and over **10,000** journalists as well as a television audience of 4 billion were able to watch the Olympics on high-definition televisions.



From August 8-24, an incredible number of people watched Olympic coverage broadcast by China Central Television across China. They included **93** percent of all urban residents and **91** percent of rural residents, **92** percent of men and **91** percent of women, **94** percent of people between **25** and **35**, and **89** percent of people above **55** years of age.

During the first week of the Beijing Olympics, the number of people who visited the website of the International Olympic Committee (IOC) surpassed the total of the whole Athens Olympics. By the end of the Beijing Olympics **5** million people had visited the IOC website, compared to **2.8** million during the Athens Games.

More than **80** percent of the **31** Beijing Olympic competition venues had an average attendance of over **80** percent.

Athletes



The tallest athlete was **2.26**-meter Yao Ming, the basketball player from Shanghai, who was the flag-bearer of China's athletics team at the opening ceremony.

The shortest athlete was **1.37**-meter Deng Linlin, who is from China's Anhui Province and took part in the gymnastics competition.

The oldest athletes were **67**-year-old Hiroshi Hoketsu, a male equestrian, and **55**-year-old Mieko Yagi, a female equestrian, both from Japan.

The youngest athlete was Antoinette Guedia from Cameroon, who is just **12** years old. She took part in the women's **50**-meter freestyle swimming competition.

There were altogether **5,000** drug tests during the Olympics, and six positive.



Others

There were altogether **15,153** costumes of **47** different styles in the performance at the opening ceremony of the Beijing Olympics.

The weight of the giant scroll unraveled around the top of the arena during the opening ceremony was **800** kg.

There were altogether **500** cheering squads at this Olympics.





FOND FAREWELL: An athlete raises the head of a *Fuwa*, the Olympic mascot, during celebrations in the Bird's Nest at the Olympic closing ceremony

Beijing's Olympic Scorecard

By YI JIANDONG

Beijing has successfully delivered an Olympic Games to the world. The 2008 summer Games were marked with distinct Chinese elements, while the rules specified in the Olympic Charter and the International Olympic Committee's (IOC) written agreement with the host city were strictly followed.

Seven years ago, when granting the hosting rights of the Games of the XXIX Olympiad to Beijing, the IOC was confident in the city, and believed that holding the Games in China would facilitate the dissemination of the Olympic spirit among its 1.3 billion people, leaving an unrivalled legacy in Olympic history.

Data about the 2008 Games suggest that the IOC made the right decision in choosing Beijing as the host.

According to the Beijing Organizing

The author is the dean of the Sport Journalism and Communication Department, Beijing Sport University

Committee for the Games of the XXIX Olympiad, 38 world records and 85 Olympic records were broken in the 2008 Games. More world records and Olympic records were broken in the Beijing Games than in the Athens or Sydney.

Numerous Olympic miracles and glorious moments were born in the 12 new Olympic venues, including the Water Cube and the Bird's Nest. In addition, 11 renovated venues and eight temporary venues in Beijing, as well as six sports arenas in the co-hosting cities, were also used for the Games.

A total of 11,468 athletes from 204 countries and regions competed in the Beijing Games. Beijing saw the largest number of female athletes competing in the history of the Games, to the relief of the IOC, which is committed to popularizing Olympic ideals and gender equality.

About 100,000 Olympic volunteers, 400,000 city volunteers, and 1 million social volunteers formed the largest volunteer

team in Olympic history. Their smiles and dedication made the Olympics more beautiful.

The Beijing Olympics were one of the most watched Games in the history. More than 220 television agencies and over 25,000 journalists covered the event. The IOC site logged 5 million clicks during the entire process of the Beijing Games, whereas it logged 2.8 million clicks during the Athens Olympics.

More than 80 heads of states and governments participated in the opening ceremony of the Beijing Games. About 80 percent of the people in China and about half of the people in the United States and Europe watched the opening ceremony on television. This was a record number. Few other events have received so much attention.

Medals were awarded to 87 Olympic delegations, the largest number since the Olympics began. Afghanistan, Mauritius, Tajikistan and Togo won their first Olympic medals in history, and Bahrain, Mongolia and the Panama won their first Olympic gold, while India won its first gold in an individual event. Many delegations and athletes fulfilled their Olympic goals.

Team China had a remarkable performance. When the Games concluded on August 24, they had pocketed 51 golds, 21 silvers and 28 bronzes, making exactly 100 medals in total.

The Olympic Games have also popularized sports in China's schools, and helped to promote friendship and understanding between nations.

A total of 556 model schools of Olympic education have been selected from schools across China. More than 200 middle or primary schools have established friendly ties with the Olympic committees of other countries or regions. The Olympic spirits of solidarity, friendship, peace, and fair competition have been spread to innumerable students. The scale of Olympic education is unprecedented.

More than 400 youths, including 10 disabled youngsters, from 204 Olympic committees gathered at the Beijing Olympic Youth Camp in Beijing in August. The young campers experienced Chinese culture and customs, and watched the torch relay and Olympic competitions, actively promoting friendship and peace. ■

What the People Say...

By YUAN YUAN and JOHN BUTCHER

Question: What was your favorite moment of the Games?

Answers: Joe Fuentes: The opening ceremony was just incredible. I think it was the best ever.

Alastair Robinson: I loved watching the competitions, especially the fencing and swimming. I just interviewed Phelps. There were quite a few athletic legends created at these Olympics.

James Peterson: The people here are very friendly. They always smile and the volunteers are very helpful. I am impressed by the good attitude of the local people.

Hao Jingyi: The opening ceremony, when I saw Sarah Brightman singing.

Li Jingdi: The moment I saw an Olympic ticket. Suddenly I felt close to the Games.

Has the event been well organized?

Fuentes: Yes. I've been staying here for almost one week. Everything is just in order and I can feel the happy Olympic atmosphere everywhere I go.

Robinson: As a journalist living in the Olympic media village, I can feel everything has been prepared very well. China has taken great effort to make this the greatest Olympics in the history.

Peterson: Beijing did a good job in organizing this great event. People enjoyed the sport and it was really just a big feast for the whole world.

Hao: Yes. I heard they cooked different food for athletes from different countries in the Olympic Village.

Li: Absolutely yes. Everybody who has eyes and nose and ears can feel this has been a good Games. The traffic has been much better and the environment in general has gotten better.

What impressed you most about the city and the changes made for the Olympics?

Fuentes: Beijing has built such incredible buildings, such as the Bird's Nest. It is very impressive. Besides, the transportation system is very convenient, especially the subway system.

Robinson: I came to Beijing several years ago, and I can feel the changes every time I come here, especially this year. It has become very neat and the air is so fresh. I can tell that Beijing has done a lot to improve the environment for the Olympics. The local people are more open to foreigners as well.

Peterson: It is my first time here. It is

different from what I expected. It is very modern and fashionable. China will become the place to visit after these Olympics.

Hao: The traffic has been much better. Before the Games there were so many cars on the road and there were always traffic jams. During the Olympics the odd and even traffic system worked.

Li: Smiles form the heart. Before the Games people were busy with their own stuff. During the Games everybody just wanted to help each other and do the best for visitors to the city from around the world.

Is Beijing a convenient city to spend time in?

Fuentes: As long as you find a subway station, you can go almost anywhere you want to go. And because of the car limitation measures, there were few traffic jams.

Robinson: Compared with my experience in Beijing in the past few years, I think the city, during the Olympics, has enjoyed a relatively peaceful time. This makes people relax from the busy life in a way.

Peterson: There are very many volunteer stands in the subway stations and scenic spots and around the Olympic venues. The volunteers can speak English, and you can always get a satisfactory answer from them.

Hao: If Beijing had more subways it would be more convenient. When you go to work it's too crowded on the bus and subway. It has been better during the Olympics.

Li: It's a big city so it has obvious inconveniences. It's a little bit expensive to travel around town. A taxi costs a lot and the bus takes a lot of time and energy.

What do you think of Beijing's air quality?

Fuentes: I never thought Beijing would be so clean before I came here. Very comfortable.

Robinson: The air was obviously very well controlled during the Olympics. We have enjoyed nice weather these days.

Peterson: The air was very healthy. It made me feel like I was at home.

Hao: I can't feel that it's gotten any better. I've lived here for four years and there's been no change. Maybe it's better, but if you live here all the time you don't see the change.

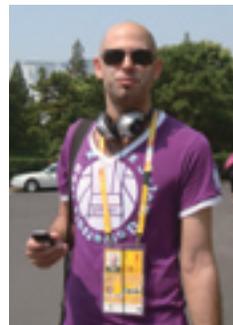
Li: It's not good, but it's getting better. I'm a little worried that when the Olympic Games finish the air quality will get worse again. ■



James Peterson is from Australia and works in Hong Kong managing a real estate company. He came to Beijing on business during the Olympics and also found time to enjoy some of the events



Joe Fuentes is an architect from New York City. He came to Beijing during the Olympics on vacation and stayed for 10 days



Alastair Robinson is a journalist with Reuters. He has been to Beijing several times and spent the 16 days of the Olympics in various venues around the city



Li Jingdi is a 23-year-old music teacher from Urumqi, in Xinjiang Uygur Autonomous Region, who has been living in Beijing for several years



Hao Jingyi is a 22-year-old auditor working in Beijing



REDEEM TEAM: U.S. basketballers celebrate their Olympic championship at the Beijing Olympics

NET BOUND: Kobe Bryant flies to the hoop in the Olympic final against Spain

Slam Dunking Good

U.S. basketball back to its winning best at the Beijing Olympics

By XIAO XIAO

Kobe Bryant, the most valuable player in the 2007/8 NBA season, pointed to his U.S.A. vest in triumph as the final whistle blew on the clash with Spain. The United States ended an eight-year title drought in men's basketball on August 24, after its "Redeem Team" pipped Spain 118-107 to earn the gold at the Beijing Olympics.

The U.S. team knew they had been in a battle. "The Spanish men were incredible. They are world champions, but we came up for a big win," Bryant said.

LeBron James, the Cleveland Cavaliers' All-Star forward who finished the game with 14 points, also spoke highly of the challenge from the reigning world champions. He said, "The intensity was unbelievable. This will probably go down in history as one of the greatest Olympic games ever."

The U.S. team's win was attributed to the breathtaking performance of its all-

superstar-filled lineup.

"If we didn't have great character we would not be able to beat another team that had great character. Spain was fabulous," U.S. head coach Mike Krzyzewski said.

In Beijing, Jason Kidd, the Dallas Mavericks' All-Star point guard, won his second gold medal after playing for the U.S. team at the 2000 Sydney Olympics and ran his unbeaten record in international tournaments to 56-0.

But, it was the first gold medal for every other player on the team.

Before 2004, the Americans suffered only two losses in the Olympic basketball tournament; but in 2004 in Athens, they were defeated in three matches against Puerto Rico, Lithuania and Argentina. It was the first time that the Americans failed to defend their Olympic men's basketball championship since NBA players started competing in 1992, despite the fact they had big names such as LeBron James, Carmelo Anthony,

Dwyane Wade and Tim Duncan. The bronze medal also resulted in a new nickname for James—"LeBronze."

"Going through that experience really helped me to learn the international game," Anthony said.

After the disappointing finish in Athens, the Americans realized that a hastily assembled team of NBA players cannot guarantee a victory against a finely tuned foreign team, and a deeper understanding of international play is needed.

A three-year commitment was addressed by Jerry Colangelo, Managing Director of the U.S. Men's Senior National Team Program, before the 2006 FIBA World Championships in Japan, where they suffered a shock loss to Greece in the semi-final. Building a program consisting of 33 best players from the United States, and four of the most successful coaches, Colangelo and his colleagues proceeded to create a true senior national team program.

Then came coach Krzyzewski with

three NCAA titles and the start of selection of players who could commit time and energy to the cause and could work well together.

ESPN made a video program about these players' journey for gold in Beijing, *Road to Redemption*, and the players came up with a nickname—"The Redeem Team."

"I want U.S. basketball to be dominant again," James said.

Passion, teamwork and a coach familiar with international basketball rules—all these key factors helped the chemistry in the team. The Americans claimed gold at the 2007 FIBA Americas Championships in Las Vegas, Nevada. With a 10-0 win-loss record, they accomplished their first goal of qualifying for the 2008 Olympic basketball tournament.

After two summers of training and international competitions, Krzyzewski knew that the U.S. team was gaining important things that past teams didn't have.

"A chemistry and the continuity of having layers year after year," the coach said. "We all know each other. We have developed friendships and trust. The cornerstones of any successful organization start from those core values."

Veteran leadership is a must for any team hoping to capture the Olympic gold. As for the U.S. team for the Beijing Olympics, Kidd, 35, and Bryant, 30, filled that role. Of the 12 members, six were part of the team for the 2006 FIBA World Championships and eight were part of the team for the 2007 FIBA Americas Championships. Anthony, James and Dwight Howard were on both teams.

This team went unbeaten in the Olympic qualifying matches and extended their winning streak until the end of the Beijing Games.

The 1992 Dream Team, with Michael Jordan, Magic Johnson, Larry Bird and Charles Barkley on its roster, overcame its opponents by an average of more than 40 points a game. This time, the "Redeem Team" outclassed its opponents by an average of 30 points before the final. In their eight-game run to the gold medal, the Americans forced an average of 19.4 turnovers per game, shot 55 percent from the field and outscored their opponents 17.4 to 4.1 points a game on the fast break.

"We were at America's lowest point in 2004 and to be sitting here, on top of the world, I think we did a hell of a job of putting American basketball back where it's supposed to be," Anthony said.

As for Bryant, the Beijing Olympics offered him the chance to get the only gold medal he hadn't already owned in his career.

"It is more important and more special than any championship any of us will ever win," said Bryant. ■

Fast Water

Beijing's Water Cube tailor made for swimming success

By XIAO XIAO

The water in the Water Cube pool is tranquil now. The predatory power of American Michael Phelps churning his way to an unprecedented eighth gold medal in the men's 4x100 meters medley relay, took swimming to new heights. And there is no doubt that Beijing's bubble-shaped aquatics center helped in the process of the 21 new world swimming records.

During the nine-day swimming competition, a total of 21 world records were broken at the venue, equalizing the collective total of Athens (8) and Sydney (13). The longest-surviving world record, in women's 800 meters freestyle, standing for 19 years, was broken by Rebecca Adlington from Britain in 8 minutes, 14.10 seconds.

"We are calling it the 'swimming temple of the world,'" Cornel Marculescu, Executive Director of the aquatic sport governing body FINA, told reporters covering the Olympic swimming competition. The record-breaking spree has sparked many debates on reasons why performances had been so speedy here in the Water Cube.

Deep pool

According to FINA regulations, the depth of a standard swimming pool ranges

between 2 and 3 meters. The pool in the Water Cube is 3 meters in depth and has 10 lanes rather than the usual eight.

Some people therefore attribute the good results in the Beijing Games to the pool, because deeper and wider pools allow the waves to dissipate to the bottom and both sides, leading to less water disturbance to swimmers.

"It doesn't beat you up like shallow water does," U.S. coach Eddie Reese told China's Xinhua News Agency.

The pool in the Water Cube also has perforated gutters on both sides to absorb the waves aside from the wave-flattening lane markers, which use spinning plastic baffles to suck energy from waves.

Bubbly feeling

Lighting is allegedly a vital factor to Phelps' amazing achievement in the Water Cube. According to him, the lamplight and natural light high up on the roof and the "bubbles" refracted, which he saw when he was swimming on his back, made him "feel great."

The "bubbles" mentioned by Phelps is the membrane structure of the Water Cube. The thin transparent material, called ETFE (Ethylene Tetrafluoroethylene), is segmented into 3,000 air-filled cushions that let in light ▶▶

SWIMMING TEMPLE: Beijing's 'Water Cube' Aquatics Center witnessed 21 new world records during the Beijing Olympics



but hold in heat, which helps swimmers feel more comfortable.

Japanese Olympic champion swimmer Kosuke Kitajima, who broke the world record in men's 100 meters breaststroke and the Olympic record in 200 meters breaststroke, said it was very comfortable when swimming in the "bubbles," which made him feel like a fish in water.

Comfortable temperature

Cold water could lead to the waste of swimmers' energy, while hot water would prevent the swimmers from generating heat.

The Beijing pool's temperature is kept at between 26.5-26.9 degrees Celsius (79.7-80.4 degrees Fahrenheit), which is considered ideal.

"The pool is great. The water temperature is awesome. It feels fast," Greek swimmer Apostolos Tagkarakis was quoted by Xinhua as saying after his first training session at the Water Cube.

Good geomantic location

Some also believe that the location of the Olympic venues bring good luck for the athletes.

According to *fengshui*, an ancient Chinese system of designing buildings and space according to the flow of energy aimed at achieving harmony with the environment, the two main Olympic venues—the Bird's Nest stadium and Water Cube—are at places

of good energetics. The 7.8-km north-south city axis, which runs through Tiananmen Square and the Forbidden City in downtown Beijing, perfectly dissects the two modern landmarks, which represents the Chinese people's pursuit of tranquility and peace.

Many fengshui enthusiasts studied the distribution of Olympic venues and even the layout of Beijing City. It is said that the Beiding Niangniang Temple, one of the most famous religious sites in Beijing's history, is right between the Bird's Nest and Water Cube. The temple is associated with "water," one of the five elements (metal, wood, water, fire, and earth) that form the origin of the world according to *fengshui* theory. For many this is a convincing answer for a big haul in the pool.

Speedo swimwear

Swimming suits that mimic shark skin are cited as another hi-tech factor behind a spate of new world records.

Since its debut at the beginning of this year, almost all the record-breaking feats were connected with the Speedo LZR Racer suit. Known as the fastest suit available, the swimwear, designed with help from U.S. space agency NASA, keeps swimmers in a corset-like grip that is said to allow wearers to maintain the best body position in the water for longer and reduce drag.

"You feel so streamlined in the water. You feel like you are cutting through the

water like a hot knife through butter," said Australian swimmer Grant Hackett, who broke the Olympic record in men's 1,500 meters freestyle, in an interview with the *Swimming World* magazine in February.

Hardworking athletes

When asked what makes a faster pool, John McIlhargy, who consulted on the design of the Beijing pool, said that it was "a faster swimmer."

FINA's Marculescu also said that it is the athletes who create world records, downplaying the importance where they swim and what they wear.

Japan's Kitajima, for example, has a disadvantageous height of 1.78 meters. But for what he is lacking, he made up through tough training.

"I've been training rather hard," the 25-year-old told the media before the Beijing Olympics. "I must do my best in Beijing Olympics."

Kitajima's efforts paid off when he defended his titles in men's 100 and 200 breaststroke, becoming the only swimmer who had won four Olympic breaststroke gold medals, two in Athens and two in Beijing.

In the Beijing Games, the United States (12 gold medals) and Australia (6) maintained their lead in Olympic swimming competition. Britain, Japan and Germany each won two gold medals.

The Chinese also joined the gold jubilation when 19-year-old swimmer Liu Zige rewrote Australian Jessica Schipper's world record in women's 200 meters butterfly by more than 1 second, snatching host China's only swimming gold at the Beijing Games.

Swimmers from France, the Netherlands, Zimbabwe, Italy, South Korea, Brazil and Tunisia also secured gold medals at the Water Cube.

A total of 21 countries won medals in the Beijing pool. And the magical Water Cube witnessed another record as for the first time swimmers from all the five continents went on the podium in one Olympic Games. ■



XINHUA

CLEAN PLUNGE: Australian Matthew Mitcham dives to gold in the men's 10 meters platform on August 23 at the Water Cube

Asian Heroes

China, South Korea and Japan keep Olympic flag flying



HOT SHOT: A member of South Korea's women's archery team releases an arrow during the finals. The team won a gold medal in the event on August 10

NUMBER ONE: The Japanese softball team celebrates victory after stunning three-time world champions the United States 3-1 to clinch gold on August 21

By LU WEIPENG

A total of 19 countries and regions of Asia competed at the 2008 Beijing Olympics, winning 86 gold, 54 silver and 72 bronze medals. Their gold medal haul accounted for 28.5 percent of the total 302 gold medals awarded.

Of the Asian medal winners, China, Japan and South Korea were the top three accounting for 73 gold medals, and 84.9 percent of all medals won by Asian countries.

The top three have traditionally been strong in sports, competing with each other in the Asian sporting arena. At this Olympics however, China outdid the competition, leaving them fighting for the second place in Asia.

South Korea sent 267 athletes to the Beijing Olympics to compete in 25 sports, winning an unprecedented 13 gold medals (one more than that in the Seoul Olympics in 1988), and placing them above Japan.

Taekwondo has been a steady source of gold medals for South Korea since it was officially admitted to the Olympic Games in 2000, and it claimed four gold medals in Beijing.

The author is with the Policy and Law Department of the State General Administration of Sport

Archery is another field that has been dominated by Koreans since it was officially included in Olympics in 1972. At the Beijing Games, Korean athletes took both the men's and women's team gold medals, achieving the third successive Olympic victory for the men's team and a sixth successive victory for the women's team.

South Korea also won two gold medals in weightlifting and one in baseball.

The country's hottest sports star, Park Tae-hwan won the gold medal in the men's 400 meters freestyle, the first Olympic swimming gold medal in history for Korea. He also won a silver medal for men's 200 meters freestyle.

The other three gold medals of the country were obtained in shooting, judo and badminton.

At the 2004 Athens Olympic Games, Japan made a record-breaking of 16 gold medals to surpass South Korea for the first time since 1988 and took the second place in Asia after China. In Beijing, Japan dispatched an unprecedented delegation of 576 people with the goal of winning at least 10 gold medals and more than 30 medals in total.

Before the Games, Japan had aimed at gold medals in judo, wrestling, swimming, gymnastics and track and field events. The country gained nothing in gymnastics or

track and field events and under-performed in other events too. The final result for Japan was nine gold medals, six silver medals and 10 bronze medals, which ranked it eighth on the medal chart.

Judo used to be a big source for gold medals for Japan, but its judo team encountered very strong competitors and only took home four medals, two less than expected. Japan won two gold medals in wrestling at the Beijing Games, equaling that of the Athens Games in 2004.

Japanese swimming star Kosuke Kitajima successfully defended his Olympic crown with a new world record of 58.91 seconds in the men's 100 meters breaststroke at the Beijing Olympic Games on August 11. Later he set a world record in the men's 200 meters breaststroke on August 14.

Japan won nothing in track and field events, but its women's softball and football teams had more success. The softball team beat the United States, who were defending champions, to win the country's first gold medal in this event. The football team beat China in the quarterfinal match.

Japanese women's football team had demonstrated their strength to beat down the stronger Chinese team, and step into the world first-class football club. ■



AFRICAN HEROES: African runners Sammy Wanjiru from Kenya (center), Jaouad Gharib from Morocco (left) and Tsegay Kebede from Ethiopia (right) stand on the winners podium showing their medals for the men's marathon event



Out of Africa

Continent shows its stars and future potential in Beijing

By NIYANSHUO

For a continent that hits the headlines most often for wars and famine, the Olympics offered Africa a chance to make the news for more positive reasons, and its athletes obliged with a host of outstanding achievements.

At the closing ceremony held on August 24 at the National Stadium, or the Bird's Nest, the main venue for Beijing Olympics, three African athletes, Sammy Wanjiru from Kenya, Jaouad Gharib from Morocco and Tsegay Kebede from Ethiopia, walked to the winning podiums of the men's marathon event to receive medals from Jacques Rogge, President of the International Olympic Committee. They were the final three medal winners of the Beijing Olympic Games.

African athletes not only made outstanding achievements in track and field, an area they are traditionally strong in, but also in other sports events. To compete in Beijing, African countries dispatched large athletic delegations. More than 10 state and government leaders and several dozen ministerial-level officials came to Beijing to encourage their teams.

African athletes demonstrated their strength in various sports events. The top eight in the 10,000-meter race were all from Africa; Ethiopian female athlete Tirunesh Dibaba broke the world record in the 10,000-meter

race with a time of 29 minutes and 54.68 seconds; and of the top eight men's football teams, three were from Africa.

Kenya was the most successful African country in Beijing with 14 medals, including five golds. The result was much better than at the Athens Olympic Games four years ago, where the country only won seven medals, including one gold.

"Our youth program has really increased and it's really helping. It's a very good buildup toward these kinds of events," said David Okeyo, head of the Kenyan Olympic Committee, in Beijing.

Kenya will host the Africa Championships in 2010 in Nairobi. Okeyo said in anticipation that Kenya is working hard on track and field events.

Harare's swimming champ

Thoughts of Africa often conjure up an arid image, and it's true that the continent does not have abundant water resources. However, Africa still managed to provide a world record-breaking swimmer to the Olympics in the form of Kirsty Coventry from Zimbabwe.

Coventry attended four swimming competitions. After finishing second on three occasions, she finally made history by defending her Olympic title and winning a gold in the 200-meter women's backstroke on August 16, with a world record time of 2 minutes 5.24 seconds, the 22nd swimming

world record at these Olympics by that time.

"I just can't wait to go back to Zimbabwe to celebrate with my compatriots," recalled Coventry excitedly in an exclusive interview with *Beijing Review*. "I was so happy when I heard the national anthem of Zimbabwe in Beijing.

"I have trained hard for four years for the highest competition in the swimming world so as to be on top form," said Coventry, adding that her success will surely encourage more Zimbabweans to take up swimming.

Born in Harare, capital of Zimbabwe, in 1983, Coventry showed great interest in swimming as a child. "We do not have indoor pools, so swimming in winter is very hard," said Coventry.

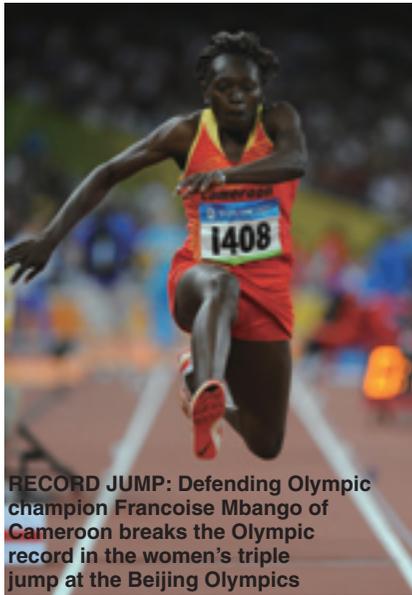
In 2000, the 17-year-old high school student entered the Olympic delegation of Zimbabwe and participated in four competitions in Sydney. It was her debut in Sydney that caught the attention of Auburn University, Alabama, in the United States, which is famous for swimming education. The university granted her a scholarship for four years.

"It was really a good opportunity for me, though it was very hard for me to leave home," she said. She won a gold, a silver and a bronze at the Athens Olympics in 2004. This was the first gold medal for Zimbabwe since the country's hockey team won an Olympic gold medal in 1980 in Moscow. In Beijing, her efforts took Zimbabwe to the seventh place on the



DING XI

GOLDEN PERFORMANCE: Kirsty Coventry cheers after winning a gold medal at the Beijing Olympic Games



LI GA

RECORD JUMP: Defending Olympic champion Françoise Mbango of Cameroon breaks the Olympic record in the women's triple jump at the Beijing Olympics



FLY THE FLAG: Ethiopian athlete Tirunesh Dibaba celebrates after winning gold in the women's 10,000-meter race and setting a world record

LIANG YUJIE

swimming medal list, behind the United States, Australia, China, Britain, France and Japan.

Coventry is currently studying in the United States. "I go back to Zimbabwe at least once a year and my parents, grandparent, uncles and aunts and cousins are living there," stressed Coventry.

Judo potential

African athletes also showed potential in other traditionally weak sports across the continent. On August 10, Algerian judoka Soraya Haddad won the first Olympic medal for Africa, taking bronze in the women's 52kg category. Three days later, her compatriot Amar Benikhlef won a silver in the men's 90 kg judo competition, and the bronze medal in this category went to Egyptian judoka Heshan Mesbah. African countries won more judo medals in Beijing than they have in all previous Olympics combined.

Benikhlef's breakthrough was cultivated by the International Judo Federation (IJF), established in Morocco, where judokas were coached by former Italian judo star Ezio Gamba, who was Olympic champion in Moscow in 1981 and won silver in Los Angeles in 1984.

"The International Training Center in Morocco was a test project which proved in a short period of time to be very successful. IJF will soon open a training center on each continent to develop judo all over the world," said IJF President Marius Vizer.

African countries sent 41 Judokas to compete in Beijing, mainly from northern Africa, including Algeria, Tunis, Morocco and Egypt.

Some 10 African countries sent just one judo competitor each, among them, is Mozambique. "Judo only came to

Mozambique 10 years ago via Portugal," said Coach Omar Omar of Mozambique.

"Judo is a booming sport in our country. We are considering putting the sport into our school education system."

With a population of 20 million, Mozambique has 2,000 people in the country's Judo association and, according to Omar, the figure is increasing by around 75 percent each year.

Olympic dream

Only the FIFA World Cup rivals the Olympics as a world sports event. In two years time, the FIFA World Cup will be held in South Africa. Could an African country also host the Olympic Games in the near future?

To date, Africa is the only continent that has not hosted the Olympic Games, among the five inhabited continents. Experts say that with the FIFA World Cup being held in South Africa, the Olympics is likely to follow.

Cape Town in South Africa competed for the right to host 2004 Olympic Games in 1997, together with Athens, Rome, Stockholm and Buenos Aires, but failed. Rogge has indicated on many occasions that he hoped to see the Olympic Games held in Africa.

Born in the West, the Olympic Games used to be held only in European and American countries. It has since expanded to become a truly global event.

According to Colin Moynihan, Chairman of the British Olympic Association (BOA), the Olympic Games was centered in Europe in the 20th century, and in the 21st century it should be more internationalized. He stressed that the Olympic Games will come to Africa soon since the world's top sports events should embrace every continent the five-ring logo represents.

Talent drain

A major problem for many African countries is how to keep talented athletes at home. "African athletes perform very well in the Olympic Games, but the continent faces a serious drain of athletes. The IOC should take measures to prevent the spread of this phenomenon," said George Gomez, head of the Gambian Olympic delegation to Beijing.

In recent years, many African athletes have chosen to become naturalized as citizens of European countries. "Meanwhile, in order to occupy preferential positions in medal lists, some rich countries pay huge expenses to buy African athletes to compete for them. This will harm Africa's efforts in training sports reserves," stressed Gomez.

At the Commonwealth Games held in 2002 in Manchester, Britain, Gomez led 14 young Gambian track and field athletes out, and all of them later disappeared and did not return to Gambia. "This was a great loss to Gambia. Actually, such a phenomenon can be seen in almost every country in Africa."

Several years ago, African countries suggested the International Association of Athletics Federation (IAAF) forbid track and field athletes from African countries, who have changed their nationalities, participating in international competitions on behalf of other countries within six years of changing nationality. The IAAF only agreed that such athletes should be kept away from international competitions for three years, or one year if the athletics associations of both countries agree. "Such prescription is unfair to African countries," said Gomez. ■



HAPPY DAY: Jenny Lang Ping (fourth from left), head coach of the U.S. women's volleyball team, celebrates with the team after they beat Cuba 3:1 in the semifinal, on August 21

Coaches Made-in-China

China's latest export, an overseas coaching legion, received lots of attention as well as understanding in Beijing

By TANG YUANKAI

On the evening of August 23, one day before the closing of the Beijing Olympics, the Chinese diving team was only one gold short of its dream. The last diving event was the men's 10 meters platform. The Chinese audience was confident that their divers would secure this gold.

The audience was stunned as Matthew Mitcham, an Australian, made a flawless last dive, and snatched the gold with a score of 112.10. It was only the second Olympic gold in men's diving ever won by Australia, 84 years after Richmond Eve won gold in men's platform diving at the 1924 Paris Games.

Mitcham, 20, can speak a little Chinese. His current coach, Tong Hui, is from China, and is now serving as head coach of the Australian diving team.

According to the State General Administration of Sport, since China first sent coaches to teach overseas in 1957, it has dispatched 2,547 coaches to 123 countries or regions in 36 events, including diving,

table tennis and gymnastics. Some outstanding coaches have been appointed as head coaches of the teams they work for.

Raising the bar

This was not the first time one of Tong's disciples had taken gold from China. Chantelle Newbery, the Australian woman who claimed gold in the women's 10 platform at the 2004 Athens Games is also Tong's student.

While Tong was in China, he was a gold medalist in several major international competitions including the Asian Games, the World Cup and the World University Games. In 1987, he was named World's Best Man Platform Diver by the U.S. magazine *Swimming World*. After retiring from the Chinese team in 1989, Tong was invited to serve as a coach in a diving club in Canada. In 2001, he went to teach in Australia. Less than three years later, his student Newbery was decorated with an Olympic gold in the Athens. At the Beijing Games, Australia won silver in the women's 10 meters platform, los-



THAT'S MY COACH: Qiao Liang poses with his student Shawn Johnson after she wins a gold in the balanced beam event, on August 19

ing only to China.

Several other Chinese-born coaches also came to Beijing's National Aquatic Center including Ma Jin, who coaches the Mexican diving team and Chen Wenbo, coach of the U.S. diving team.

Ma left China to coach the Mexican diving team six years ago. Her two Mexican students won the bronze in the women's synchronized 10 meters platform in Beijing, claiming the country's first Olympic diving medal in history.

In addition to diving, there are a number of Chinese table tennis coaches overseas. One of the best known is Liu Guodong, head coach of the Singapore women's table tennis team, whose younger brother is the incumbent head coach of the Chinese men's table tennis team. Over a short period, the Singapore women's team has risen from settling for fifth or the sixth place in Asian competitions to claiming second place in Beijing, winning the first Olympic medal for Singapore.

Although Chinese athletes in general are not strong in track and field, surprisingly, James Li, manager of the U.S. track and field team, was born and grew up in China. He was known as Li Li in China. Li is famous for coaching Bernard Lagat, the current 1,500 meters American record holder and two-time Olympic medalist.

On surface, the Chinese-born coaches teaching abroad have made it more difficult for Chinese teams to win gold, even in events that China traditionally excels at. On the other hand, with stronger foreign contenders, events traditionally monopolized by China will become more exciting to watch.

Homely welcome

Chinese-born coaches working overseas were warmly welcomed in Beijing.

Jenny Lang Ping, China's volleyball heroine, received loud applause from Chinese audiences when the American women's volleyball team she coached beat the Chinese team. A household name in China, Lang was nicknamed the "iron hammer." In the 1980s, she served as the chief spiker of the China women's national volleyball team and helped it to win three major international competitions, including the Olympics. Having taken five consecutive world titles in the 1980s, the team was legendary for their "spiritual legacy." Lang later served as the team's coach and led it to claim silver in the 1996 Olympics and at the 1998 world championships.

At the Beijing Olympics, the U.S. team that Lang coaches beat the Chinese women's team 3 to 2. The U.S. team won silver in Beijing, while the Chinese team won bronze.

After the 2000 Sydney Games, the American Volleyball Coaches Association invited Lang to teach the U.S. national team,

but she refused. Five years later, the United States extended another invitation, and Lang decided to think about it, because she wanted to be close to her daughter who was studying in the United States. Lang spoke with friends about what she should do. Some asked her, "You are a Chinese heroine. If you coach China's rival team, can you stand up to the pressure from the Chinese people?" Though usually a resolute person, Lang could not make up her mind for several months. China's famous Internet portal, sina.com held an opinion poll on the subject, and the poll surprisingly showed that a majority of voters supported Lang to coach the U.S. team. The poll helped Lang to make her final decision.

After the United States beat the Chinese women's volleyball team, few condemned Lang as a traitor. "I feel that volleyball unites

the world as a family. Sport is borderless," Lang said. "In the Beijing Olympics, I feel very much at home."

Chinese-born coach Qiao Liang also attracted attention from Chinese audiences in Beijing.

"I do not feel any pressure from the audience. Rather, they support every outstanding athlete and applaud for them," Qiao said of the audiences in Beijing. "I am impressed by the open-mindedness of the Chinese audiences." Qiao used to be a major player in China's national gymnastics team in the 1980s.

Now Qiao is the coach of Shawn Johnson, the U.S. gymnast who pocketed a gold in the balanced beam, as well as silvers in the floor individual, the all-around individual and the team event on her Olympic debut in Beijing. Johnson said that Qiao was like a father and never lost his temper. ■



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WAIT AND SEE: The Chinese property market, propped up by excessive liquidity, is expected to cool down in the second half of this year



ZHU XIANG

Right on the Money

Now that it has a handle on excessive liquidity, the central bank hints at a looser monetary policy

By LAN XINZHEN

The report issued by People's Bank of China on August 15 indicated rosy results for the country's monetary policy during the second quarter of this year. The good news was that the central bank said the nation's financial market was "moving smoothly toward the macroeconomic control direction" it had set. It also said China's financial market had weathered the storms of the U.S. subprime mortgage crisis, serious domestic natural disasters, the appreciation of the renminbi and inflation.

Going up

Since the second half of 2006, China's financial market has been suffering from serious liquidity problems, because too much money is in circulation. As a result, the consumer price index (CPI), a barometer for inflation, soared 8.7 percent in June year on year, the second highest level in history since the figure has been calculated.

Yet, money supply growth has been decreasing. The central bank report indicated that by the end of June, the outstanding balance of broad money, or M2, had

amounted to 44.3 trillion yuan (\$6.49 trillion), an increase of 17.4 percent year on year, and was 0.7 percentage point lower than the growth rate at the end of May. The outstanding balance of narrow money, or M1, stood at 15.5 trillion yuan (\$2.27 trillion), an increase of 14.2 percent year on year, while the growth rate was 6.7 percentage points lower than that at the end of June last year. Cash in circulation, or M0, stood at 3 trillion yuan (\$439 billion) by the end of June, an increase of 12.3 percent year on year, while the growth rate was 2.3 percentage points lower than the same period last year.

"The money supply growth rate is decreasing, showing the excessive liquidity problem is now being relieving as is inflation pressure," said He Liping, a finance professor at Beijing Normal University.

The central bank report gave two reasons for the money supply slowdown. First, the bank had stepped up its efforts to absorb excessive money. In the first half of this year, it withdrew 19.4 billion yuan (\$2.84 billion) by raising the reserve requirement ratio and interest rates.

The second reason was that big fluctua-

tions in the capital market had forced a huge amount of money to flow back into the banking system so that individual and corporate fixed deposits soared year on year. The central bank report showed that by the end of June, the residents' renminbi deposits had risen 1.5 trillion yuan (\$220 billion) year on year, and corporate fixed deposits had grown 758 billion yuan (\$111 billion).

The supple yuan

The Chinese currency has been appreciating since the government introduced a policy of exchange rate reform in July 2005. At the end of June, the central parity of the renminbi against the U.S. dollar was 6.8591. The renminbi has appreciated 20.66 percent against the U.S. dollar, depreciated 7.54 percent against the euro, and appreciated 13.33 percent against the Japanese yen since 2005.

The central bank report said it had enhanced the flexibility of the renminbi exchange rate policy by letting the currency fluctuate in accordance with major world currencies. In the first half of this year, the central parity of the renminbi against the U.S. dollar once reached 6.8591, while the lowest

was 7.2996, and the biggest single day renminbi gain was 0.35 percent. The renminbi appreciated on 74 trading days and depreciated on 45 during 120 trading days, showing the full flexibility of the Chinese currency.

Zhou Maoqing, a research fellow at the Chinese Academy of Social Sciences, noted that the renminbi's appreciation was within a reasonable range. He said the renminbi's flexibility must be kept at a stable speed in accordance with macroeconomic stability, employment, performance and supervision of the financial system, the sustainability of companies and foreign trade. In the meantime, the government had to take into account how the renminbi's flexibility would affect currencies in neighboring countries and regions and the world economy. Therefore, the government should not permit drastic fluctuations in the renminbi's exchange rate, Zhou said.

Decreasing housing loans

The overall balance of commercial housing loans stood at 5.2 trillion yuan (\$761 billion) at the end of June, a 22.5-percent increase year on year. The growth rate was 2 percentage points lower than the end of June last year, representing a decline for the seventh consecutive month.

Among the balance of property loans, the total balance used for real estate development was 1.95 trillion yuan (\$286 billion), up 17.7 percent year on year, while the growth rate was 8 percentage points lower than the year earlier period.

"Though the growth slowed down, the total money invested in property was still too high," He said.

Figures from the National Bureau of Statistics showed 260 million square meters of housing worth of 1 trillion yuan (\$146 billion) were sold in the first half of this year, down 7.2 percent and 3 percent, respectively, year on year. The sale of commercial floor space in Beijing, Sichuan and Guangdong dropped 47.1 percent, 22.7 percent and 20.3 percent, respectively.

Housing prices stayed high, even though price growth slowed. In June, property price grew 8.2 percent year on year, while the growth rate was 3.1 percentage points lower than in January. Month-on-month home prices showed a negative increase in 16 cities in June.

"Home price drop might pose

risks for property developers," He said.

Let's get loose

Unlike previous central bank reports, the second-quarter monetary report rarely used

"It might be an indication that the stringent monetary policy which was carried out in the past two years will be loosened."

He Liping, a finance professor at Beijing Normal University

the phrase "stringent monetary policy." On the contrary, it said the government would maintain the stability and continuity of its current monetary policy. It also said the central bank would mildly readjust macro-control policies according to international and domestic economic situations, so as to achieve a balance between inflation control and fast and sound economic growth.

"It might be an indication that the stringent monetary policy which was carried out in the past two years will be loosened," He said, adding that a loosened monetary policy would stem from a reduction in inflation pressure.

Despite these rosy prospects, domestic enterprises looking for financing are still encountering serious problems. A report issued in July by the National Development and Reform Commission said about two thirds of small and medium-sized enterprises (SMEs) were suffering from financing problems which restricted their development. It also said 66,000 SMEs had shut down because of finance-related problems.

In response, banks have started readjusting loans for companies in trouble. In early August, the central bank allowed commercial banks to increase the loans issued to businesses by 5-10 percent to help agricultural and SME development.

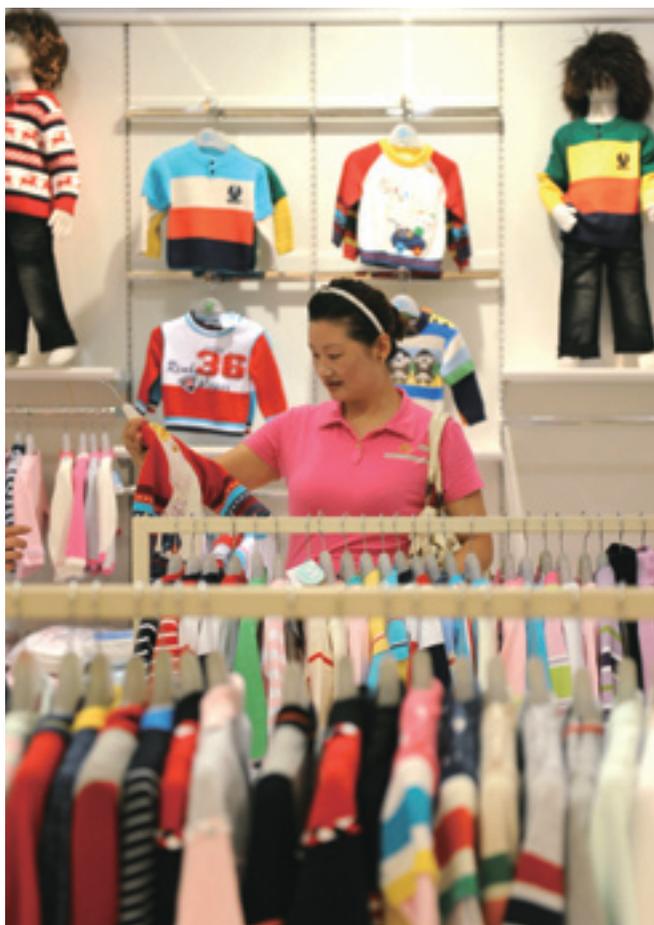
Stable and healthy

The central bank also said in its report that the economy would maintain its steady and relatively fast growth rate in the second half of this year. Although it noted that many uncertainties could affect economic development, it affirmed the economy had continued to maintain its vigorous development momentum thanks to industrialization, urbanization, internationalization, industrial restructuring and growing consumption.

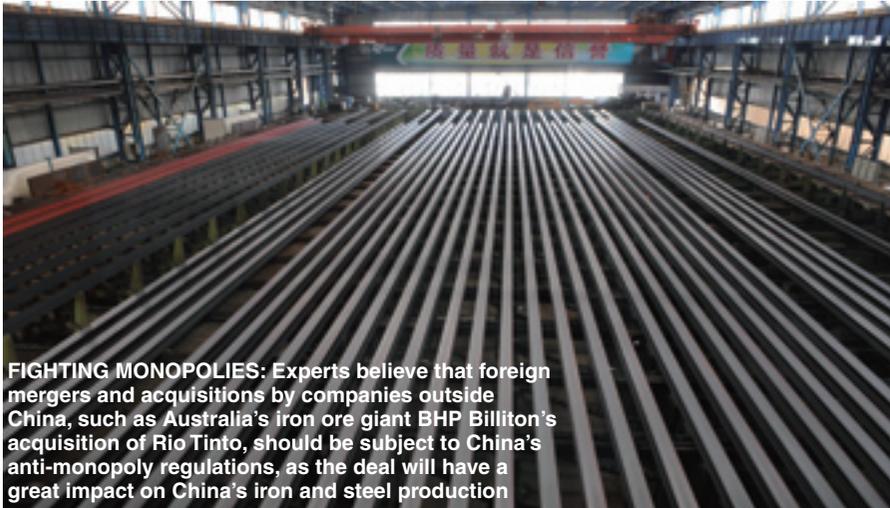
The report said domestic consumption would maintain its fast growth, but it also noted that price surges could negatively affect it. The central bank vowed to rein in surging consumer prices and maintain steady growth in consumption.

He also said shrinking consumer demand and money supply, as well as the decreasing price of agricultural products were all conducive to bringing down consumer prices.

The central bank's report also warned about potential factors that might push up prices. It said large-scale industrialization and urbanization would cause shortages of raw materials, which in turn would drive up prices of other goods. It also said the rising costs of labor would continue to be a big problem for many companies. The central bank cautioned that inflation risk should not be neglected. ■



SOS: The Chinese textile industry has suffered because of the global economic downturn and a stringent domestic monetary policy



FAN CHANGGUO

FIGHTING MONOPOLIES: Experts believe that foreign mergers and acquisitions by companies outside China, such as Australia's iron ore giant BHP Billiton's acquisition of Rio Tinto, should be subject to China's anti-monopoly regulations, as the deal will have a great impact on China's iron and steel production

Getting Down to Business

Regulators issue detailed rules and regulations for enforcing the nation's new Anti-Monopoly Law

By TAN WEI

On August 4, the State Council officially announced the first series of regulations for determining potentially monopolistic behaviors among companies and other business entities. It is expected to issue further detailed guidelines for enforcing the country's new Anti-Monopoly Law, which went into effect on August 1.

According to the regulations, all "combinations" must apply for and receive approval from the government authorities in charge of anti-monopoly checks. Combinations include mergers and acquisitions, share or asset sales that give one company control of another, and deals on human resources and technology control in which one company can gain control of or be able to impose decisive influence over another firm through signing a contract or by other means. Among these activities, mergers and acquisitions are the most important and most common forms of combinations.

The regulations set specific standards about which business entities must apply for and receive approval from the Ministry of Commerce. They include companies whose joint global revenues exceeded 10 billion yuan (\$1.46 billion) in the last fiscal year; proposed deals in which at least two or more

companies each reported more than 400 million yuan (\$58 million) of revenue in China in the previous fiscal year; companies whose combined revenues in China exceed 2 billion yuan (\$293 million); and activities involving at least two entities each of which has reported more than 400 million yuan (\$58 million) of revenue in China in the last fiscal year. Companies that fall into these categories but fail to apply for and receive approval from regulators will not be allowed to carry out their proposed combination activities.

Before the Anti-Monopoly Law came into effect, foreign companies only had to apply for approval from Chinese regulators if they were going to acquire or merge with a domestic company. The previous regulation on the takeover of domestic enterprises by foreign investors, which was revised in 2006, was based on the concept of market occupation. It required foreign entities or their relevant companies to report to regulatory departments if they obtained more than 20 percent of any given market in China and would eventually increase their market share to 25 percent. The new regulations have replaced market occupation with revenue, because it is easier for regulators to determine a company's revenue than its market share.

In an interview with *Beijing Review*, Huang Yong, an anti-monopoly law profes-

sor at the University of International Business and Economics, said the new regulations have expanded the spectrum for investigations of potential monopolies, because they would prevent a major crash on the domestic market caused by an economic giant.

Mei Xinyu, a researcher at the Chinese Academy of International Trade and Economic Cooperation under the Ministry of Commerce, said that the detailed regulations were very necessary in the new century, according to an article on the *People's Daily* website. He cited the example of Australian company BHP Billiton Ltd.'s acquisition of Rio Tinto Group. Both are foreign companies registered outside of China, but they exert enormous influence on the domestic iron ore market. Therefore, the acquisition should be subject to China's Anti-Monopoly Law, he said.

"The whole world produces approximately 1 billion tons of iron and steel each year, and China produces nearly half of the amount," Mei was quoted as saying. "BHP Billiton's merger and acquisition in Australia must be restricted by the U.S. and the EU's anti-monopoly laws. The company's aggregated iron ore exports to the two economic entities are even less than its exports to China alone."

Given the restrictions under U.S. and EU anti-monopoly laws, the deal also should be checked by Chinese anti-monopoly investigators, because it would have a great impact on China, Mei said.

It will be difficult for regulators to enforce the law's application standards, Huang said. If the application standards are too low, the companies would have to apply and seek approval even for the smallest merger activity. This would increase their operational costs and not be conducive to their economies of scale. But if the standards are too high, a lot of monopolistic behaviors would be easily neglected, Huang said.

The new regulations stipulate that the majority of domestic companies will not have to apply for permission for their merger and acquisition efforts. A National Bureau of Statistics report issued in 2006 showed only 3 percent of the country's 440,893 companies in the fields of manufacturing, mining, power, coal and gas, transportation, storage and postal services, construction and retailing, had annual revenues of 400 million yuan (\$58 million) and would potentially qualify for anti-monopoly reviews.

Nevertheless, the application standards described in the regulations are suitable for the country's current economic conditions, Huang said. He also noted that it is an internationally recognized practice that the majority of the business entities do not have to apply for proposed mergers and acquisitions. ■

By TAN WEI

On August 1, the day the Anti-Monopoly Law (AML) came into force, four Beijing-based companies filed the first lawsuit against the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). The companies (Beijing Pan-Pass Information Technology Co. Ltd., Orient Anti-Forgery Technology Co. Ltd., CSDN Alliance Information & Technology Co. Ltd. and Hengxin Digital Science and Technology Co. Ltd.), all engaged in digital anti-counterfeiting technologies, believe the agency is an administrative monopoly.

Two other anti-counterfeiting technology companies, China Commerce Networks (Shanghai) Co. Ltd. and Jiangsu Nanda Digital Science and Technology Co. Ltd., sued the AQSIQ for the same reason on August 11. Two more anti-counterfeiting technology firms, Shenzhen Benow Telecom Co. Ltd. and Guiyang Gaoxin Huameilong Technology Co. Ltd., filed a lawsuit in the Beijing No.1 Intermediate People's Court on August 17 for the same reason.

Statements submitted by the companies say AQSIQ has been promoting the services of the China Product Identification, Authentication and Tracking System (PIATS) operated by a firm called China Credit Information Technology Co. Ltd. (CCIT) since April 2005. They say the agency has unfairly promoted PIATS in its circulars and at various conferences. The AQSIQ has required the companies to pay certain service charges to PIATS and print supervision codes on their product packages, and stipulated that products made by companies in nine industries, such as home appliances, food and cosmetics, cannot be sold without the supervision codes and access to PIATS. Meanwhile, the AQSIQ also has linked the promotion of PIATS with appraisals of famous Chinese brands and products that are exempt from product inspections.

The companies that filed the three lawsuits argue that the AQSIQ has turned CCIT into a monopoly because it is engaged in the same business as they are. The companies say they are encountering unfair competition and request the government agency be

First Monopoly Lawsuit

A government agency is the first case to come under the new Anti-Monopoly Law



TRACING PRODUCTS: An employee demonstrates how to check the electronic supervision code on a beverage bottle using a product identification and authentication system developed by CITIC Quality Supervision Information Technology Co. Ltd.

not acting impartially or objectively in promoting the services of PIATS, which is operated by CCIT.

On April 17, the AQSIQ held a press conference in Beijing, declaring that its Information Center sold 30-percent stake in PIATS to the CITIC Group. But the agency said it would continue to promote the tracking system's electronic supervision code, because PIATS was an important tool in establishing an efficient supervision mechanism for product quality and food security.

Competition for survival

"From the beginning of 2005 to the end of 2007, the AQSIQ made many efforts to promote the services of PIATS, but the result is far away from its goal," said Long Gang, Deputy General Manager of Beijing Pan-Pass Information Technology, in an interview with *China Business News*. "It aimed to have several hundred thousand company members, each of which would need to pay 600

yuan (\$87.72) in access fees every year."

Long said both small and large companies are engaged in creating anti-counterfeiting technologies. But for small firms that have a limited number of clients, the AQSIQ's behavior could squeeze the space for them, and they could lose their customers. And large companies could see their business volume shrink by 20-30 percent, Long said.

"Large companies may be able to remain standing, but the losses are still heavy," said Long. Hengxin Digital Science and Technology had to cut its headcount to eight employees from more than 70. Beijing Pan-Pass Information Technology, once one of the top firms in the industry, has seen its business volume drop dramatically, he added.

"Over the past three years, we companies in the anti-counterfeiting technology business have been talking with the AQSIQ, but it just takes a perfunctory attitude and speeds up its compulsory promotion of PIATS," said Guo Sheng, Deputy General Manager of Hengxin Digital Science and Technology, in an article in *China Business News*. "We feel that such a marathon will not have a result, so we decided in April this year to file the lawsuit on the first effective day of the AML." ■

ordered to stop what they believe to be unlawful behavior.

Behind CCIT

Several public documents indicate that the AQSIQ and CCIT have closely linked interests. Information from the Hong Kong Exchanges and Clearing Ltd. shows that CCIT is mainly engaged in identification and authentication services for products made in China. Jointly registered by CITIC 21CN Telecom Co. Ltd., the Information Center of the AQSIQ and China Huaxin Telecom Economic Development Center, CCIT has registered capital of 60 million yuan (\$8.77 million). CITIC 21CN Co. Ltd., a Hong Kong-listed company, owns 100 percent of the subsidiary CITIC 21CN Telecom.

Fifty percent of CCIT's shares are owned by CITIC 21CN Telecom, 30 percent by the Information Center of the AQSIQ and 20 percent by China Huaxin Telecommunications. Of the total registered capital of 60 million yuan, the 18 million yuan (\$2.63 million) of cash invested by the Information Center of the AQSIQ was paid by CITIC 21CN without interest, while the Information Center paid back the investment in the joint venture along with dividends. The companies that filed the lawsuits argue that as a shareholder of CCIT, the AQSIQ is

Golden Prospects

Chinese banks come out on top by remaining virtually untouched by the global financial downturn

By HU YUE

While Chinese athletes were busy winning competitions at the Beijing Olympics, the country's state-owned banks were enjoying their own gold-medal performances in the global financial sector.

According to Bloomberg, Chinese banks are in three of the top seven positions among the world's largest financial companies in terms of market value. The Industrial and Commercial Bank of China Ltd. (ICBC), China Construction Bank Corp. (CCB) and the Bank of China Ltd. ranked number one, two and seven, respectively. Only two years ago the list was still dominated by Citigroup Inc. and Bank of America Corp. of the United States, and UBS AG of Europe.

Analysts say the Western giants, mired in financial straits, have been falling down the ranks because massive write-downs and loan losses have caused their share prices to plummet. London-based HSBC Group, the largest non-Chinese bank, which reported the largest profits of any bank last year, recently said its first-half net profit fell 29 percent to \$7.72 billion from the same period in 2007.

By sharp contrast, the Chinese banks have fared much better and remained largely immune to the global financial downturn. ICBC said in its interim report that its net profit jumped 56.75 percent to 64.9 billion yuan (\$9.5 billion) in

the first half of the year in line with forecasts. Widening interest margins and growth in the bank's fee income pushed up profits, the company said. Jiang Jianqing, Chairman of ICBC, said at a recent press conference that the bank had a strong performance because China's vibrant economy boosted the overall banking sector. CCB also saw its first-half net profit grow by a whopping 71.34 percent to more than 58 billion yuan (\$8.5 billion).

China's banking upswing started earlier this decade when the government began restructuring drives to bailout low-quality state-owned banks. The government pumped in huge amounts of money to lower their bad loan ratios and invited foreign strategic investors. The banks then went public on Hong Kong's H-share market and the domestic A-share market. The creation of modern commercial banks in China is expected to breathe new life into the development of the country's banking system.

Analysts say the Chinese banks also have benefited from government controls on interest rates that guarantee income through large spreads between deposits and lending rates. For example, ICBC's first-half net interest income rose 28.9 percent to 131.8 billion yuan (\$19.3 billion), which accounted for about 50 percent of its total revenue. Its net interest margin was 3.01 percent in the first half, compared with 2.8 percent in 2007.

Besides this, another reform this year, in

which the government decreased the corporate tax rate to 25 percent from 33 percent, also bolstered bank profits.

Analysts say the Chinese banks could remain unscathed by the subprime shockwaves largely because they have had little exposure to overseas markets relative to their sizes and their lack of sophisticated credit instruments. ICBC, for instance, has a market capitalization of \$235 billion, but has limited its exposure to the subprime crisis. It said it held bonds related to Fannie Mae and Freddie Mac, the ailing U.S. housing mortgage agencies, totaling \$2.7 billion, or equivalent to only 0.2 percent of its total assets.

Analysts also say Chinese banks have been largely unaffected by the subprime mortgage crisis, because the bulk of their revenues come from domestic deposits and loans. But Vincent Cheng, Chairman of HSBC, told *China Business News* that banks, overly dependent on a single source of income, are vulnerable to outside risks.

Kevin Watts, President of Merrill Lynch & Co., also echoed Zheng's opinion, saying that Chinese banks should diversify their investment channels to hedge against risks while at the same time cement their overseas earning capacities to compete with foreign peers.

Domestic banks expect to see their growth taper off when the Chinese economy starts to slow down. In the meantime, the government has tightened its quotas on loans to fight off inflation; but this move could end up squeezing the banks' margins.

Besides this, home buyers in some cities could default on their mortgage payments if the market values of their homes shrink to amounts that are less than their total mortgage payments as a result of dropping home prices. As a result, the banks could see an increase in their non-performing loans, which would hurt their asset quality, analysts said.

Moreover, individual savers, put off by the country's bearish stock market, may prefer to keep their money in banks for longer terms to receive higher interests. This also would cast a shadow over the banks' profit prospects, analysts said.

But Chinese bankers remain optimistic about their performance for the rest of the year. China Securities Co. Ltd. said in a report that domestic commercial banks could still retain their profit growth with the help of domestic credit businesses.

ICBC Chairman Jiang said that the bank would keep optimizing its asset and income structures and tap other fields such as securities and insurance, which would help it maintain its growth momentum for profit.

CCB also projected in its interim report that its profit in the second half would continue to grow and pledged to improve its performance by increasing share incentives for its staff. ■



BY ZHAO YINGQUAN

ROAD TO RICHES: China's state-owned banks have increased their market values thanks to their booming domestic businesses

Banking on the Big Apple

The country's largest lender receives permission to set up a branch in New York

By HU YUE

After nearly 10 years of waiting, the Industrial and Commercial Bank of China (ICBC) received permission from the U.S. Federal Reserve (Fed) on August 5 to upgrade its office in New York to a branch.

ICBC had set up a representative office in New York in 1997, but it was barred from providing banking services and could only act as a middleman between the bank's headquarters and clients in the United States.

In accordance with the Fed stipulations, the branch will engage primarily in wholesale deposit-taking, lending, trade finance and other banking services. Although it has yet to be determined when ICBC can set up the branch, it will become the Chinese bank's business platform in the United States, fuelling trade transactions between the two countries.

Prior to this, the Fed had issued authorized banking licenses to the Bank of China in 1982, the Bank of Communications in 1989, and China Merchants Bank in 2007.

ICBC's journey to the U.S. financial market has been a bumpy one. In the past, the Fed had withheld its approval of a banking license for ICBC because of concerns over money laundering and the financial security of the United States. ICBC is one of the holdings of China's sovereign wealth fund, China Investment Corp., which is the parent company of the Central Huijin Investment Co. Ltd., the bank's largest shareholder.

But the Fed finally softened its stance during the fourth round of the China-U.S. Strategic Economic Dialogue in Washington in mid-June, because China had introduced a comprehensive anti-money laundering law and pledged to increase the transparency of its sovereign wealth fund.

The Fed issued a public statement, saying it was satisfied that Chinese regulators, including the China Banking Regulatory Commission, were actively working to put in place measures for the consolidated supervision of ICBC and controls and procedures for the proposed branch to ensure its compliance with U.S. law.

"In addition, ICBC has stated that it will apply strict anti-money laundering policies and procedures at the branch consistent with the U.S. law and regulations," the statement said.

The U.S. subprime loan debacle also helped force open the door for ICBC, because foreign companies in financial distress have an

acute need for fresh sources of funding, said Guo Tianyong, Director of the China Banking Research Center at the Central University of Finance and Economics, in an article in *National Business Daily*.

The approval marks an important milestone in the process of globalization for ICBC, said Wu Bin, Chief Representative of the ICBC New York Representative Office, in the article. It would accelerate the bank's global operating strategy and add to the competitiveness and influence of China's financial industry in the world, he said.

Analysts say the bank's growing profits and ability to manage risks also paved way for its foray into the United States. The bank has undergone an astounding transformation in the last four years, culminating in October 2006 when it raised \$22 billion in the world's larg-

est rate differences," said Jiang Jianqing, Chairman of ICBC, in an article in *China Securities Journal*. ICBC plans to raise its overseas business to account for around 10 percent of its total assets and profit from the current 3-4 percent, Jiang said.

At the end of 2007, the bank's overseas network had expanded to 13 countries and regions, with 112 overseas branches. It also went on an overseas investment spree, purchasing a 20-percent stake in the Standard Bank of South Africa Ltd. for \$5.46 billion last year. It was the biggest acquisition by a Chinese bank.

ICBC's past acquisition efforts have focused on Africa and Southeast Asia, where operation costs are lower. The proposed branch in New York could help the bank make acquisitions in the United States by offering information about potential takeover targets and



ZHAO YINGQIAN

est initial public offering after completing its shareholding restructuring program.

The bank had cut its bad loan ratio in half to 2.41 percent from 2005 to the end of this June. It also had more than doubled its net profit to 83.7 billion yuan (\$12.2 billion) at the end of 2007 and at the same time streamlined its portfolio. This year the bank has defied the sizzling U.S. subprime meltdown by recording a dizzying 57-percent increase in its first-half net profit thanks to its booming domestic credit business.

But the bank is not resting on its laurels.

"We cannot rely only on profits at home that leverage the deposit and loan inter-

adding to its bargaining power, Guo said.

The Fed's order prohibiting the New York branch from engaging in retail banking services would not hurt ICBC's prospects, Guo said. The Chinese companies that invest in the United States and the U.S. companies that have trade exchanges with China would comprise the bulk of the branch's customers, and their business would be buoyant enough to shore up ICBC's development in the United States, he said.

But Guo also cautioned that the bank must keep a vigilant eye on exchange risks, because the New York branch would still rely on its domestic headquarters to replenish its capital reserve. ■

At Full Throttle

China's largest train maker seeks to lower its high liability-asset ratio through a dual listing in Shanghai and Hong Kong

By TAN WEI

China's largest train maker debuted on Shanghai and Hong Kong stock exchanges in August—the country's first domestic initial public offering (IPO) in the second half of the year.

China South Locomotive & Rolling Stock Corp. Ltd. (CSR) raised \$1.5 billion during IPOs on the Shanghai exchange on August 18 and the Hong Kong exchange on August 21.

CSR's dual listing drew wide media coverage in part because the company is China's largest manufacturer of rail transportation equipment and the only major competitor of China North Locomotive and Rolling Stock Industry (Group) Corp., the other domestic rail equipment giant.

"CSR enjoys comparative advantages with a market share of more than 55 percent in the emerging multiple-unit train and urban rail train business, though in the traditional locomotive, passenger car and truck business the company has a market share of 50 percent," Li Chao, an analyst at China Jianyin Investment Securities Co. Ltd. wrote in a company report.

CSR's dual listing also was significant because it came at a time when mainland stock markets have had bearish performances along

with other global stock markets, and China's IPOs (initial public offering) have slowed to a trickle. IPOs in the A-share market in the first half of 2008 raised less than 70 percent of the amount they did during the same period last year. Of this year's IPOs, only four issued more than 100 million shares and raised a total of 64.32 billion yuan (\$9.46 billion). The number of IPOs and the amount of funds they raised decreased by 64 percent and 49 percent, respectively, year on year.

Riding high

CSR expects a hefty boost in revenue as the government invests more money in railway transportation infrastructure construction over the next decade to meet the growing demands for urban rail transportation facilities. According to the government's 11th Five-Year Plan for the country's economic development between 2006 and 2010, the investment budget for railway infrastructure construction will reach 1.25 trillion yuan (\$183.8 billion). Li said he expects the government to spend 240 billion yuan (\$35.3 billion) on railway vehicle purchases from 2008 to 2010.

According to CSR's last annual report, the company had revenue of 27.4 billion yuan (\$4 billion). The value of its orders as of mid-July this year had already exceeded

80 billion yuan (\$11.76 billion).

Despite the bearing stock market, investors have put faith in CSR's listing. Unlike other large dual offerings, CSR first issued 3 billion A-share stocks at 2.18 yuan (\$0.32) per share to raise 6.54 billion yuan (\$962 million). Three days later it issued 1.6 billion shares at HK\$2.6 (\$0.33) per share on the Hong Kong exchange to raise HK\$4.16 billion (\$528 million).

The dual listing would help CSR to reduce its liability-asset ratio from 80 percent at the end of March to 60 percent, said Zhao Renqiang, CSR's Secretary of the Board, in a Xinhua News Agency report.

CSR said 559 institution investors participated in the subscription of the off-line share allotment worth a total of 357.1 billion yuan (\$52.5 billion). Individual investors also poured 2.26 trillion yuan (\$332.35 billion) into the company's shares, with 1.9 trillion yuan (\$279.4 billion) from online subscriptions for the offerings.

CSR's successful IPO not only reflects the promising future of the industry, but also its comparatively low price-to-earnings (P/E) ratio, said Zhang Haidong, an analyst at Bohai Securities Co. Ltd. CSR had an IPO P/E ratio of 18.59 based on the diluted earnings per share of all its shares in the A-share and H-share markets, making it "very tempting for investors," he said.

Data from the Shanghai Stock Exchange show that some of the 21 large IPOs that have issued more than 200 million shares since early 2007 have had P/E ratios that are considerably higher than CSR's. Their average IPO P/E ratio was 37.699. Of these companies, China COSCO Holding Co. Ltd. had the highest P/E ratio of 98.67. Ping An Insurance (Group) Co. of China Ltd. had the second highest at 76.18.

Jinduicheng Molybdenum Co. Ltd. and Chongqing Iron & Steel Co. Ltd. had comparatively low IPO P/E ratios of 17.47 and 20.28, respectively.

CSR's shares also had a fairly good performance in their first week of trading. On the first trading day, they closed at 3.45 yuan (\$0.51), an increase of 58.26 percent. This was much higher than the average growth rate of stocks listed this year in Shanghai, or 47.85 percent, on the first day of trading. ■

POISED FOR SUCCESS:
China South Locomotive & Rolling Stock Corp., the country's largest train maker, is a leader in the multiple-unit and urban rail train business



By LU CHENG

Jet Airways (India) Ltd., India's second largest international airline established in 1993, started its inaugural daily Mumbai-Shanghai-San Francisco flight on June 14, becoming the first private Indian carrier to operate to China.

China became India's largest trade partner last year with bilateral trade volume reaching \$38.7 billion, a 32-fold increase from that in 1995 or an annual growth of 34 percent. The passenger traffic volume between China and India was about 600,000 while there were only 22 flights shuttling between the two countries every week last year—too few to meet the demands of business travelers, tourists and other passengers.

Jet Airways submitted an application to start the new route with the Civil Aviation Administration of China (CAAC) in early 2007. Although the two countries earlier had signed a memorandum on Sino-Indian civil aviation transportation in April 2005, the CAAC did not approve the application until Zhang Jingwei became Jet Airways' General Manager in China in January 2008.

First stop—Shanghai

Upon taking his post, Zhang discovered there was an unsettled issue regarding "fifth freedom traffic rights" in the Sino-Indian 2005 memorandum. This refers to the rights of an airline from one country to land in a second country and pick more passengers before flying to a third country.

"There were difficulties for us, because no Chinese airline had ever launched direct flights between Shanghai and San Francisco," said Zhang.

After much communication and coordination, the civil aviation administrations of both sides met in New Delhi on March 19 to revise the 2005 memorandum. They reached an agreement to let Jet Airways start the Mumbai-Shanghai-San Francisco flights and signed a new memorandum the next day.

Jet Airways submitted another application to the CAAC at the end of March and received approval on April 16, becoming the first foreign airline to be granted "fifth freedom traffic rights" by China to operate flights from China to the United States.



COURTESY BY ZHANG JINGWEI

THE RIGHT STUFF: Zhang Jingwei, Jet Airways' General Manager in China, has successfully marketed the Indian carrier's new flight from Mumbai to San Francisco via Shanghai

A Smooth Takeoff

Jet Airways introduces a new flight from Mumbai to San Francisco via Shanghai in hopes of becoming one of the top five international airlines in 2012

Marketing breakthrough

After the introduction of the new flight route, Zhang faced a tougher challenge in securing a desired market share from the many rivals that were already operating flights from Shanghai to San Francisco.

"Let the brand play on the emotional connection between an enterprise and the clients, which is where the value of a brand lies," Zhang said, stressing the importance of brand publicity in marketing. "We will convey through varied channels the brand image of Jet Airways to high-end clients who value flight quality."

As one of these measures, Zhang posted advertisements for the flight service on trains that run along Shanghai's east-west subway Line 2, which connects to the terminal for the high-speed, magnetically levitated train that runs to and from Shanghai's Pudong International Airport.

Zhang had planned an impressive ceremony to introduce the new service, but later decided to pare it down to a news conference

and donate the money he saved to the earthquake-stricken areas in Sichuan Province. Jet Airways also donated 200,000 yuan (\$29,412) through the Consulate General of the Republic of India in Shanghai to Sichuan. The company's headquarters in Mumbai also accepted Zhang's advice to donate 1 percent of ticket sales for flights from June 14 to September 30 to Sichuan, as well as the proceeds from an online auction for 10 business-class tickets.

These moves helped Jet Airways receive very positive media coverage. Zhang had been advised to offer discount airfares on the flights to gain recognition and expand the company's market share as soon as possible. But he declined, because he believed the discounts would have had a negative effect on the airline's high-end targeted brand image. After further discussions with his marketing team, they decided to offer a limited number of discount tickets for individual flights in the hope that more passengers would enjoy the company's high-quality service at economical prices without affecting its brand image.

After having first taste of Jet Airways's service, clients who value quality flight services are very likely to fly again on Jet Airways even without airfare discounts, Zhang said. The airline also offered travel agencies, exhibition companies and news agencies discount tickets to increase its "word-of-mouth" recommendations

within those industries and promote group sales. So far, flights for the new route have been fully booked during weekends, and reservations for weekday flights have been growing steadily, Zhang said.

Future plans

The International Air Transport Association has forecast that Asia expects to see a 300 million increase in the number of air passengers during 2007-2011, of which Shanghai could account for 20 percent. The passenger volume of air carriers in Shanghai could exceed 60 million this year, Zhang said.

The goal of Jet Airways is to become one of the top five international airlines in the world by 2010. Zhang said the company plans to introduce more services for the Chinese market in the near future.

"The flights between India and China every week will increase to more than 100 from 22 at present," Zhang said. "I don't think it will take a long time for us to achieve that goal." ■

TO THE POINT: China's state-owned enterprises are focusing on the stalwarts of the domestic economy, including the oil, telecommunications and power industries. Although auto sales have seen a period of sluggish demand, luxury car imports have been increasing. Steel mills will drop their prices in the fourth quarter because of excessive supply. China's stock markets, once taking the global lead in share price increases, have become the worst performing markets in the world. Along with the declining stock markets, mainland-listed companies also saw their profits drop in the first half of this year.

By LIU YUNYUN

MARKET WATCH

SOE Wrap-up

State-owned enterprises (SOEs) have always been a main gauge of China's economic development trend.

The State-owned Assets Supervision and Administration Commission (SASAC) summarized the current situation of the country's SOEs at a recent conference. It said the country has 149 centrally administered SOEs, down from 196 in 2003. The number is expected to shrink to between 80 and 100 by 2010 through mergers and restructurings. These enterprises have been concentrating on critical industries such as oil, petrochemicals, power, national defense, telecommunications, transportation, and mining, which comprise about 83 percent of the total assets of the centrally administered SOEs.

From 2002 to 2007, the centrally administered SOEs saw their assets rise by 1.5 trillion yuan (\$219 billion). Their sales rose by 1.3 trillion yuan (\$190 billion) and profits by 150 billion yuan (\$22 billion) each year.

Almost two thirds of the centrally administered SOEs and their subsidiaries have become shareholding companies following the country's rapid restructuring efforts. A number of large SOEs have gone public on both domestic and foreign stock exchanges. Of about 1,500 listed companies on China's A-share market, more than 1,100 are wholly or partly state-owned, according to the SASAC.

Auto Import Boom

Major auto producers increasingly have been turning to the Chinese market in light of the enormous losses they have suffered as a result of the global economic slump.

In the first seven months, China imported approximately 48 percent more motor vehicles year on year for a total of 247,000 cars valued at \$9.17 billion, according to the General Administration of Customs.

The government agency said most of the imports were luxury cars. It also noted growing imports of sport utility vehicles and high-emission vehicles, whose sales in the United States deteriorated because of soaring oil prices in the first half of this year. This was part of the reason why Ford Motor Co., one of the big three U.S. auto manufacturers, posted a loss of \$8.7 billion in the second quarter of this year.

A report issued by the agency said sluggish international auto demand prompted producers to shift their focus to China, and that major producers increased their supplies of new models to the Chinese market.

Japan, the EU, South Korea and the United States were the top four sources for China's auto imports.

Steel Prices Down

After three quarters of price increases, domestic steel manufacturers will lower

prices in the fourth quarter of the year.

Baoshan Iron & Steel Co. Ltd. (Baosteel), the country's largest steel mill, said it would cut prices starting in October. Other mills are expected to follow.

Baosteel said on August 25 that it would slash the price of its cold-rolled steel products by 300 yuan (\$44) per ton. It also will cut prices for galvanized sheet products by 100 yuan (\$15) per ton, hot-rolled pickled steel products by 300 yuan (\$44), and galvanized fingerprint-resistant sheet products by 400 yuan (\$59). Despite the price cuts, Baosteel's prices will remain higher than those of other mills, because its products are of higher quality.

Analysts said the country's excessive steel supply and weak demand prompted the price cuts. Chen Kexin, an analyst at Bsteel.com.cn, an online steel industry consultancy, said in a report that steel makers would likely keep their prices down because major steel-consuming industries, such as building construction and auto manufacturing, showed signs of a slowdown.

Chen said the global economic downturn also had led to shrinking steel demand on the international market, which has forced domestic producers to lower their prices. China has been a net steel exporter since 2006.

Stock Market Woes

Investors dumped shares on the main-

Numbers of the Week

\$78 billion

The government collected approximately 532 billion yuan (\$78 billion) in taxes nationwide in July, an increase of 13.8 percent compared with the same month last year.

\$28.65 billion

In the first seven months, China reaped total revenue of \$28.65 billion in overseas project contracting, up nearly 50 percent from the year-earlier period.



ZHANG MENG

land stock markets, which have fallen for 10 consecutive months, making the country's domestic A-share markets the worst-performing ones in the world.

Globally, U.S. markets have picked up momentum as crude oil prices have started falling. Crude oil futures climbed to a record high of \$147 a barrel in July, but have been dropping ever since.

Meanwhile, mainland markets have continued to fall to a 20-month low with the benchmark Shanghai Composite Index dangling at around 2,300 points. The index had hit a record high of 6,124 points on October 16, 2007, but plunged to 2,284 points this August 19.

Analysts cited several reasons for the heavy losses, including greater selling pressure caused by a huge number of non-tradable shares being made tradable, weakening market sentiment, the outflow of hot money and stricter government supervision of the financial sector.

The average share price of companies listed on mainland stock markets has dropped to around 8.2 yuan (\$1.2), down from the peak price of 20 yuan (\$3) in July 2007.

Shrinking Profits

China's listed companies saw their profits slow down in the first half of this year, largely because of state macro-control poli-

cies and losses from stock trading.

Listed companies' profits grew less than half as fast in the first half of 2008 as they did during the same period a year earlier, according to a report in *Shanghai Securities News* on August 26. It said as of August 25, 1,178 listed companies, or 73 percent of the total, had released their preliminary results for the first half of the year. These reports showed the companies earned a total of 323 billion yuan (\$47 billion), up 31 percent year on year. The year-earlier growth rate was 70 percent.

The companies' revenues grew 28 percent to 3 trillion yuan (\$440 billion), but operating cash flow contracted sharply, falling 60 percent to 413 billion yuan (\$60 billion).

The newspaper report said profits had been affected by a global economic slowdown and a weak domestic stock market, while last year's results had been boosted by a bullish equity market. The stock market has declined by more than half since it peaked last fall.

For instance, PetroChina Co. Ltd., the country's largest oil producer, posted a 34.5-percent profit decline in the first half compared with the year-earlier period.

Although more than 20 percent of listed companies have yet to release their half-year results, analysts said overall corporate profit growth would likely fall between 20 percent and 30 percent.

Tourism in Poor Regions

The government plans to invest heavily in exploring the tourism potential of some of the country's less-developed regions in a bid to bridge the rich-poor gap between thriving regions and underdeveloped ones.

The National Development and Reform Commission, along with the National Tourism Administration and four other Central Government departments, issued a joint statement on August 27, saying they would take a number of measures to boost the nation's tourism market with a special focus on the less-developed western and central parts of the country and the old industrial bases in the northeastern provinces.

The statement said the government is considering the introduction of tax incentives and subsidized micro-credit loans for companies to develop tourism services and facilities and train professionals.

Xinhua News Agency reported that domestic tourists spent 778 billion yuan (\$114 billion) last year, up 47 percent from 2005. Spending by urban residents increased by 51.8 percent to 555 billion yuan (\$81 billion), while spending by rural residents rose 36.2 percent to 222 billion yuan (\$33 billion). ■

Reinventing Culture

Singer puts a modern musical face on ancient cultural classics

By ZAN JIFANG

In traditional loose sleeved Chinese costume and a hairstyle straight from ancient China, a slim female singer stepped onto the stage, singing a wistful song called *Li*. “*Li* is respect, *Li* is elegance, *Li* is purity, *Li* is tranquility; *Li* comes from a smile, *Li* comes from love, *Li* comes from the heart,” she sings, accompanied by a melody of haunting court music. The singer is appearing on CCTV, China’s National TV station, in a music program aired during the 2008 Olympic Games.

The song was specially composed for the Beijing Olympics and is among top 30 songs selected from global entries. It’s subsequent popularity is based on the concept of *Li* being an important part of traditional Chinese philosophy. It was a system of institutions, social conventions and ethic standards in ancient China and the core of Confucian teachings, often mentioned in his classical work *The Analects of Confucius*.

Post-classical music

The singer of the song is Ha Hui, 30, from an art troupe of the Chinese Air Force. Besides singing, she also helped write the lyrics. The song is part of a post-classical music road Ha is taking to further her career.

Chinese classical music normally refers to the ancient Chinese court music, or ceremonial music, which started in the early period of the West Zhou

Dynasty (1046-771 B.C.). But Ha hopes to develop a new music style based on this cultural heritage.

“Before this song, I spent two years immersing myself in the Chinese classics,” said Ha. According to her, when working on the lyrics of the song, she transformed her understanding of *Li* into simple and modern language.

“After studying traditional classics, I gradually found that the long and rich culture of China is a great spiritual treasure for us to absorb and I finally realized what I really

want to sing about,” said Ha.

She said she is a quiet person and is not used to the competitive side of fame and the pressures of the entertainment industry.

But how does she define post-classical music? She said it is the combination of classic and modern, with post-modern elements thrown in. The essence of post-classical music should come from the roots of the original music, but that does not mean mere imitation.

“Let’s put it in this way,” Ha said, “I want to make modern music that contains the feeling of ancient elegance and allows people to use their imagination.”

New innovative album

After *Li*, she completed an album in post-classical music style, planned for release early next year. The lyrics of the 11 songs on the album are all chosen by Ha from China’s classic poems or other literary works, including *Shi Jing*, or *The Book of Songs*, China’s oldest poetry collection that is said to be compiled by Confucius.

The music of the album is composed by Lin Hai, a gifted musician in China, who is well-known for his capability in blending West and East, traditional and modern music elements. Ha admires the artistic talent of Lin. She was especially impressed by one of Lin’s recent albums of *pipa*, (lute) music.

“He perfectly combines the traditional Chinese instrument *pipa* and the modern style, and the effect is amazing,” said Ha.

The sample of the new



IMMERSED IN HISTORY:
One of Ha Hui’s hobbies is to play *Guqin*, an ancient musical instrument

album of Ha has impressed all that have listened to it by its unique merger between the ancient and the modern and between the Chinese and the West.

Crying Ospreys is the lead song of the album. It is a poem from *Shi Jing*. The composer uses a five-beat rhythm and employs various Chinese and foreign instruments, making the centuries-old poem sound more modern and listenable.

“The music has mobilized all my music cells and passion and it completely represents what is post-classic music in my heart,” said Ha.

The song *Green Jade Cup* on this album is more creative. The lyrics are from one of the most famous works of Xin Qiji (1140-1207), one of China’s greatest poets in the Southern Song Dynasty (1127-1279). The producer uses a humorous and fun way to present it. There is a perfect combination of different oriental and Western instruments, such as piano, electric guitar, flute and *pipa*, which conveys a strong yuppie style.

“It is a bold creation and a try to present the poem of Xin in this way. The heroic style of the poem and the graceful voice of the singer combined perfectly,” said a blogger in a message left on Ha’s website.

Spreading culture

Talking about this album, Ha seemed very excited. “This album is a turning point of my art career,” she said, “I have put all my passion and inspiration into it, hoping to realize my dream and also present the essence of China’s ancient culture through my music.”

Her efforts have already been noticed. The new album of pot-classical music has been chosen by the Chinese Foreign Ministry as a gift to foreign guests.

Currently, Ha has her own studio called *Lian* (Lotus), which represents nobility, elegance and purity in Chinese culture. Located in a small *hutong* near the well-known Houhai area in north Beijing, the studio is decorated like a study in ancient China.

In her spare time Ha plays *guqin*, an ancient Chinese instrument that has a history of more than 3,000 years, practices calligraphy, reads classical literary works in her studio. Now she is learning English and German, hoping to know more about the history and culture of other countries and understand the cultural differences between China and the West.

Her new album will also be distributed overseas and she hopes to spread the ancient Chinese classics to new ears worldwide, helping more people understand China and its culture. ■



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Going for Glass

A forgotten royal craft is making a colorful transparent return

By FENG JIANHUA

North of the Bird's Nest in the Beijing Olympic Green, there is an exhibition area called House of Fortune. It displays the intangible cultural heritage of China and colorful folk cultures of every province of the mainland, Hong Kong, Macao and Taiwan.

Each impressive display covers about 100 square meters and among them the Taiwan Olympic House of Fortune, featuring glass works, stands out as something special.

The glass items shown in the stand are called *liuli*, the name people gave glass in ancient China. Today the word *liuli* is used to describe what we know as glass art, or the colored glass products that are fired by adding metal oxides. The production process of *liuli* is very complicated and needs 10 steps, most of which are done by hand.

Long history

As an old craft, *liuli*-making has a history of more than 2,000 years in China. But in the past *liuli* products were exclusively used by royal families. In the middle period of the 14th century, this skill almost became extinct. At that time, the *liuli* products were not very transparent.

To most Chinese, the word *liuli* will only remind people of the colorful glazed tiles on the roof of the Forbidden City and these products are still rarely seen in houses of ordinary Chinese people.

However, things are changing. Entering the Taiwan Olympic House of Fortune, the *liuli* products displayed are very impressive. Under the bright lights the items are crystal-like glittering and transparent. Crowds thronged to have a look.

According to Yang Hong, an exhibitor, their exhibition drew an average of 8,000 people daily from August 9.

"In the past, few people knew about *liuli*, but now we have raised awareness of the products and how they are made," Yang said.

In ancient China it was seen as one of the five famous materials (the other four were gold/silver, jade, porcelain and bronze). However, because of its fragility and the prejudice toward *liuli* (people believe that *liuli* is just beautiful glass), it was rarely collected when compared with the other four materials. Yang said that Chinese people normally prefer jade, believing that it is a lucky material and a medium between man and nature.

But now it's different. The art value of *liuli* has gradually been noticed by more and more people in China, and its market potential is growing. Now, many *liuli* firms have been founded in China, though most of them are of a small scale and the products are made by unskilled craftsmen.

Taiwan *liuli*

One of the most successful *liuli* businesses is LiuliGongFang in Taiwan, which is

the organizer of the exhibition in the Beijing Olympic Green.

There is a long story behind LiuliGongFang. In 1987, Yang Hui-shan and Chang Yi, award-winning Taiwan actors, put their film careers on hold to learn an art of making *liuli*, which at that time was only mastered by the French. The skill is called *pate-de-verre* production method. Hoping that this skill could help Chinese express their own thoughts and feelings through *liuli* artifacts, they founded LiuliGongFang studio.

With little expertise, over the next few years most of their experiments failed.

Originally, they thought that *liuli* craftsmanship originated from the West and they could only learn the art through reading foreign books until they found that Chinese were making *liuli* in the Han Dynasty (206 B.C.-A.D. 220). Yang Hui-shan, Chang and their colleagues turned to learn from Chinese historical documents and since then they have made great improvements.

Today, the products of LiuliGongFang are not limited to the artifacts of ancient adornments and are gradually expanding to products for daily life. Yang Hong said that the products that imitate ancient adornments are pure art creations, but the daily life wares are for general consumption. In recent years LiuliGongFang has made considerable profit and has opened branches on the mainland of China.

In March 2007, LiuliGongFang held a *liuli* exhibition at the Leo Kaplan Modern in New York, and one of their creations was collected by the Corning Museum of Glass of the United States. To LiuliGongFang, this was a milestone and showed that the world has recognized their efforts and quality.

"Reviving the art of *liuli* is to express our feelings to life through glass works and to study the history and culture of our nation once again," said Yang Hong. ■



China World Hotel Beijing

The U.S.-based *Wine Spectator* magazine's Award of Excellence has been given to Aria at the China World Hotel Beijing's signature modern European restaurant, for the second consecutive year. Aria is one of only eight restaurants on China's mainland to receive the award in 2008.



"Aria continues to represent the best of the best for China World Hotel, Beijing," said Stefan Bollhalder, China World Hotel Beijing's General Manager. "I would like to commend Danny Kane, Aria's manager, for his efforts in delivering an excellent wine list that manages to achieve a fine balance between innovation and consistency. I would also like to express my appreciation to Wine Spectator for once more recognizing the dedication of Danny and his team."

Accor



Martijn Van Der Valk (middle), General Manager of the famous Pudi Boutique Hotel in Fuxing Park, Shanghai, welcomes Herve Ladsous (left), the Ambassador of France, and Anne Denis-Blanchardon (right), Deputy General Consul of France in Shanghai, on July 22. They were invited to the Pudi Boutique Hotel, which opened last year to see the new addition to the Accor hotel group. Perfectly located on the pedestrian Yandang Road in the French Concession, the hotel features 52 large and elegant rooms and suites. It is often described as "a private haven of elegance and compassion."

The Crowne Plaza Beijing

Long before the Games of the XXIX Olympiad opened on August 8, the Crowne Plaza Beijing, one of the Olympic hotels designated by the Beijing Olympic Organizing Committee, made preparation and completed its decoration for the Games in mid July, which gave the hotel an appropriate atmosphere. Figurines of the lovely Olympic mascots playing



different sports were displayed throughout the lobby welcoming guests from various countries. Greeting banners with Olympic slogans such as "One World One Dream" and "Beijing 2008" speak of the hotel's avid expectations for this great event. It is estimated that the hotel has invested more than 50,000 Yuan in its Olympic decorations.

Park Plaza Beijing Wangfujing Appoints Eric Kee as General Manager

Carlson Hotels Worldwide-Asia Pacific recently appointed Eric Kee as General Manager of Park Plaza Beijing Wangfujing. Kee brings with him close to two decades of hospitality experience and has held various senior management positions in international hotels around the world, including the United States, Macao, Japan and Malaysia.



"I am very honored to be taking on this leadership role with Park Plaza Beijing Wangfujing," Kee said. "The hotel has displayed strong performance in the last two years since its opening. Selected as one of the five Olympic Family Hotels by the Beijing Olympic Organizing Committee, I look forward to ensuring that we continue to deliver excellence in guest services and facilities."

The Great Wall Sheraton Hotel Beijing



Adriano Severi, General Manager of the Great Wall Sheraton Hotel Beijing, welcomes Mongolian President Nambaryn Enkhbayar, who came to the capital to attend the opening ceremony of the 2008 Olympic Games on August 8.

Shangri-La's Kerry Center Hotel, Beijing



On August 7, more than 20,000 square feet of the Kerry Events Center on the third

floor of Shangri-La's Kerry Center Hotel in Beijing were decked in golden glory for Adidas' star-spangled gala ball and party. More than 400 dinner guests and 600 post-dinner party guests attended, including Romanian gymnast, Nadia Comaneci; Australian swimmer, Ian Thorpe; Chinese diver, Gao Min; actress, Maggie Cheung; and legendary actor, Jet Li.

Loong Plaza Hotel and Resort

On August 8, a grand "collective wedding" ceremony was held in the splendid Beijing Hall in Loong Plaza Hotel and Resort. The ceremony featured the theme "Love at the Electric Power Research Institute, and passion for the Beijing Olympics."



Held on the same day as the Olympic opening ceremony, the wedding had special meaning for the 24 nuptial couples from the Electric Power Research Institute in China. It was an unforgettable day for them. The Olympic torch relay highlighted the wedding ceremony. Torchbearers from the State Grid Corp. of China brought the torch to the wedding, which the brides and grooms passed around. The couples were very excited at the relay and felt happy and honored. They blessed the Olympic Games with love.

Novotel Beijing West Zhongguancun



Peter Lam has been appointed the General Manager of the Novotel Beijing West Zhongguancun. A British citizen born in Hong Kong, Lam joined the Accor Group in 2000 and has worked in various Accor properties in key cities such as Shanghai, Beijing,

Suzhou and Harbin. Lam has 28 years of experience in the hotel industry. During this time he spent 14 years in China, working in senior positions at other hotel groups in China, including the Ritz-Carlton Hotel, Regal Hotel International, Peninsular Hotel and Hyatt Hotels and Resorts. Most recently, Lam was the General Manager of the Grand Mercure Baolong Shanghai. He is a member of the Institute of Hospitality and has been recognized as a certified hotel administrator by the American Hotel and Lodging Association.



To Enjoy the Humanistic Olympics with 45 Performances

My Dream V for th

Dear friends,

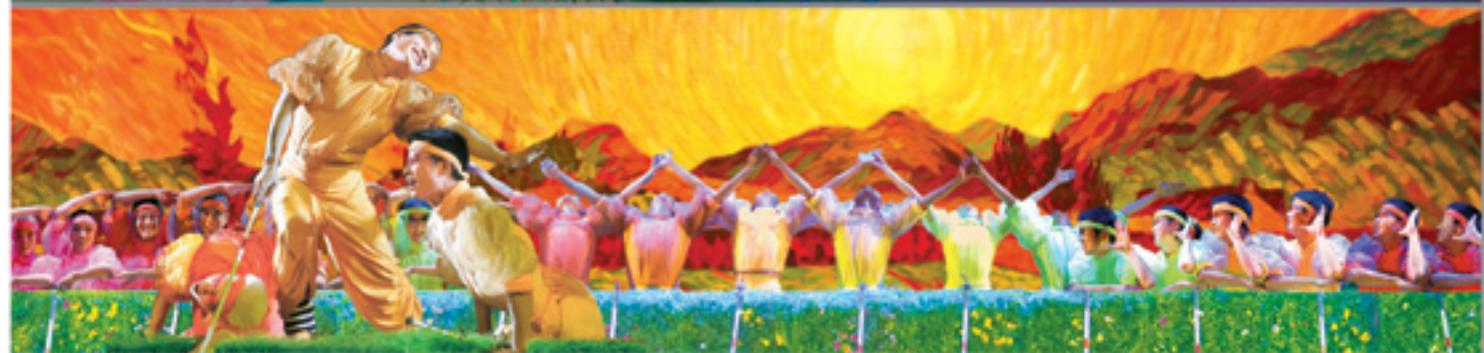
We remember that we travel all over China and visit more than 60 countries giving performances with the encouragement of audience both at home and abroad.

We are gratified that China Disabled People's Performing Art Troupe not only succeeds in supporting ourselves and our development with the incomes from commercial performances but also present joys for audience.

We know it well that thanks to the cares and support from the society, we with disabilities can support ourselves and give more than 150 performances in 10 countries a year. Therefore, *My Dream* is unique in the world.

We wish to reward the society with a grateful heart and to make our contributions for a harmonious and happy world.

Therefore, China Disabled People's Performing Art Troupe set up *My Dream Fund for Harmony* in 2007 with the incomes from performance and cultural commodities. \$350,000 and 2.6 million yuan from *My Dream Fund for Harmony* has already been used to support charity projects both at home and abroad since the past one year.



153 performers with disabilities present a large-scale variety show covering 18 programs including music, dance, Peking Opera, condensed dance drama and musical opera

The 2008 Beijing Olympic Games are the expectation of the Chinese nation for a hundred years and a gala that enhance unity, friendship and progress. The newly presentation *My Dream V* will be performed 45 times in the Olympic Village, the Media Village, the Olympic Park, the Beijing International Media Center, the China Millennium Monument, the Temple of Heaven and other theatres to let friends both at home and abroad to enjoy the Humanistic Olympics.

Our Troupe not only gives charity performances but also rewards the cares and support from society with six million ticket money. 3 million-yuan tickets will be given to students, senior people, people with disabilities and people with financial difficulties through media, social communities, disabled people's organizations and other organizations. 1.5 million-yuan tickets will be given to oversea friends attending the Olympics and Paralympics. The other 1.5 million-yuan tickets will be given to journalists that report the Olympics through the official media organizations.

Welcome to our beautiful world with disabilities!

Tai Lihua and all the performers of China Disabled People's Performing Art Troupe



What Does Winning the Gold Medal Count Really Mean?

The euphoria has gone and the stadiums are empty. Memories of amazing performances on the track and in the pool linger after the Beijing Olympics closed in spectacular fashion. And on the score board the numbers tell their own tale. The United States won the overall medal count with a total of 110 medals, 36 of which were gold. China won 100 medals, 51 of which were gold. Russia came in third with a total of 72 medals.

China views the number of gold medals as its measure of success and the fact that it has not only exceeded its own expectations but also dominated the gold tally so conclusively gives rise to much debate about how this achievement was made and what are the future implications of this outstanding result for sport in China.

A reflection of progress

Dou Hanzhang (*Nanhu Evening News*): In the past, to top the gold medal tally seemed a dream for China, but now it has come true.

This is not an "overnight miracle," but the result of China's great development

achievements in the past decades.

The 1932 Olympics only saw one Chinese participant in the Games. In 2008 the Chinese delegation had 639 athletes, outnumbering any other delegation. Once upon a time, China did not have enough money to pay for the journey of its athletes to the Olympics, yet today China has successfully hosted the Olympic Games. Once, it seemed that Olympic gold medals would never come to a Chinese athlete, and now the Chinese delegation has harvested 51 gold medals at one Games.

Chinese athletes' performance has always kept pace with the country's social and economic development. At the Atlanta Olympics in 1996, China ranked fourth on the gold medal tally with 16, and in Sydney, China ranked third with 28 golds. In Athens, China ranked second with a record 32 golds.

China's rapid economic growth makes it possible for the country to invest more financial resources in sports and for the public to pay more attention to health. People now have the desire to take part in sports and fitness activities and also have the money to do so.

Today, the elderly are found practicing

shadow boxing and dancing in parks, squares and residential communities, while the young are found playing basketball and doing hip hop dancing. Swimming pools, football fields, and gymnasiums are always full. Chinese people's zeal for sports is evident. Commercial on sports products are seen on TV and in street advertising. Sports are now popular with the Chinese and this is the basis for China winning more gold medals.

Gold medals can't speak for all, but to some extent, it does reflect the Chinese enthusiasm for sports, the improvement of people's health and the country's comprehensive strength.

Yang Yuze (*China Youth Daily*): Some people argue that gold medals are not everything, so people should not overestimate the impact of the medals. However, athletes and their coaches have worked hard to win the medals. If we really do not value gold medals, then please stop investing in sports. It's unreasonable to play down the significance of gold medals while inputting a lot.

Some people are afraid that the Chinese would become arrogant because of the gold



medal harvest. So they deliberately play down the significance of great achievements. Indeed, gold medals can't prove that China's national strength has surpassed the United States, but at least it reflects China's great investments in sports and the hard work of athletes and coaches. If we do not recognize their achievements, it's unfair.

To keep a clear mind amidst rapid economic growth is great, but criticism should not go too far.

We must realize that China's sports system needs improvement and reform. In the United States, gold medal winners are trained by clubs or independent coaches and rely on corporate sponsorship. They make sports a profitable industry, which offers many people job opportunities and greatly improves the country's sports level. In China, athletes are supported by the government and the efficiency is relatively low. However, China's lead in the gold medal tally at least proves that it's possible for China to surpass former sporting powers as long as it tries hard.

Home ground advantage

Wang Jie (www.eastday.com): First of all, we must realize the advantage of being Olympic host helped tremendously in the gold medal haul. The Chinese athletes

did not have to spend a lot of time on travel. They were more familiar with the stadiums and facilities than athletes from other countries. They would also feel more used to the life in Beijing and they had huge crowd support. All these favorable factors should not be neglected. We have to ponder over this question: Is the Chinese delegation able to rank first without these advantages?

To be frank, most of China's Olympic champions are the products of intensive training. They grew up in a condition without regular education. It's no exaggeration to say that China's sports development follows a polarized model: excessive emphasis on medals, little emphasis on the whole population's health; excessive emphasis on the cultivation of an elite group of medal hopefuls in sports meetings of various levels, little emphasis on ordinary people and mass sports and fitness events.

Therefore, the challenge now is how to boost the attraction of mass sports and fitness activities, for the people to enjoy sports in their daily life, to widely improve the whole nation's health and to train more sports reserve talents. To make China into a real sports giant needs continuous efforts.

Wang Chong (International Herald Tribune): While China is doing well in the

Olympic medal competition, the development of mass sports and fitness activities in the country seems to be falling behind. The physical quality of Chinese adolescents is reportedly far worse than those in the United States, as well as neighboring Japan and South Korea.

Since 1985, China has carried out four surveys on the physical conditions of the country's adolescents. According to the results, the obesity rate has risen by five times among Chinese youth in the past two decades. The 1995 survey found Japanese adolescents were better than Chinese in terms of nourishment and physical growth.

These statistics show that what count are not only Olympic gold medals, but also gold medals in real life. In China, the most popular entertainment includes *mahjong* (a kind of dominoes), karaoke and big dinners, while in Western countries, mountaineering, skiing, bicycling are popular.

We are now able to host the Olympics and the growing number of gold medals reflects China's remarkable sports strength. So as we no longer need to prove how powerful Chinese athletes are, it is time to shift the emphasis to mass sports and the physical fitness of adolescents. ■

China's Growing Confidence

The Beijing Olympics have helped to promote the mutual understanding between China and the rest of the world

By WU JIANMIN

Although we live in the information age, this does not necessarily mean that the mutual understanding between different countries is easy. When the Olympics were approaching, China was under attack from some people and organizations, but after the opening ceremony on August 8, negative reports fell sharply, replaced by various positive reports. Media praised the opening ceremony for its striking Chinese characteristics, grand atmosphere and its reflection of a fast developing China. The quality of sports facilities that China built for the Games also received favorable comments along with Chinese hospitality, good behavior and the great improvement of the air quality in Beijing. To some extent, it's

because the world got the opportunity to know more about China. Advanced information technology can't replace people's personal experience. Misunderstanding and prejudice will be broken by truth.

On August 8, President Hu Jintao held a luncheon for heads of state and government and royal family members from around the world. The distinguished guests came to China for the Olympics and also to share in China's joy. The deeper understanding between China and the rest of the world will surely help to promote deeper future cooperation. This cooperation will cover various areas, including the economy.

The Beijing Olympics were held at a time when the world economy is threatened by severe challenges. The U.S. economy is on the decline, and European and Japanese economies are also seeing a slowdown in growth. The world is plagued by oil, grain, financial and climate crises. However, de-

spite various difficulties, the Asia-Pacific region still maintains a strong momentum of development. In the first half of 2008, China's economic growth rate was 10.4 percent, no mean feat. If the world economy wants to extract itself from the valley it is currently in, it can't do so without cooperation with East Asia and China—the most economically vigorous region in the world.

This year has proved to be harsh on a number of export-oriented Chinese enterprises. The depreciation of the U.S. dollar and appreciation of the Chinese currency has resulted in a shrinking export market and also the increasing pressure from inflation. But every coin has two sides. Severe conditions will force Chinese enterprises to seek ways of survival, development and upgrading. Confidence matters greatly in economic development. The Beijing Olympics further strengthen China's confidence and this will be transformed into tangible gains. Predictably, after the Olympics, China's economy will maintain its stable growth.

Although the Olympics are just a grand global sports event, it carries extensive influence, materially and spiritually. This influence will continue to push forward world progress as well as China's scientific and technological development. ■

The author is president of the China Foreign Affairs University and former Chinese ambassador to France



ROOM WITH A VIEW: Much to do on the streets of Beijing

JOHN BUTCHER

Such a Perfect Day

By JOHN BUTCHER

My favorite day in Beijing begins with a 9 a.m. start, and breakfast at home in Xizhimen. I drink a cup of tea and eat some toast, as I watch the hustle and bustle of the market below my window.

Open-air stalls, some under brightly colored umbrellas to shade them from the summer sun, compete for space amid a throng of customers. Behind the market, the canal that runs through Xizhimen glitters beyond a bank of weeping willow trees.

Directly below my apartment, and in front of the market, a line of small restaurants serve breakfast on the street, as the day begins in earnest.

Finishing up a strawberry yogurt, I pull on some sandals, grab my door key, and a bag holding my Mandarin study book, and head out the door.

Nine floors down, across a courtyard and out...I pass the market and stroll along the side of the canal, buying a slice of watermelon as I go. Brought in straight from the countryside around Beijing that morning, it literally melts in my mouth.

The author is British and lives and works in Beijing

After a 30-minute walk I'm at Jishuitan, where I stop for a coffee at a shopping center. It's a standard, fairly characterless café, but the staff are friendly, and it's quiet and comfortable. I settle down with my coffee and half-heartedly study Mandarin for an hour before turning to the television to watch the Olympic coverage.

"And Great Britain won another six gold medals yesterday afternoon, taking them into a clear lead at the top of the medal table," the commentator says.

"They claimed their first-ever table tennis gold with a stunning victory, and are expected to claim gold in synchronized trampolining this morning after the favorite from Canada had to pull out with mild burns after falling asleep in a tanning salon."

Later I take the subway down to the Tiananmen Square where I meet my girlfriend, Jingdi. Vast, and surrounded by history, it makes a perfect place for a stroll and chat before we head for lunch at Guijie, a street of food stalls selling everything from starfish on a stick to stinky *tofu*.

After lunch we catch a taxi up to the Summer Palace for yet more walking. It's a fantastic place on the outskirts of Haidian District. Constructed in the Jin Dynasty (1115-1235), and extended over the years by various emper-

ors, it can be relaxing, energetic and interesting all at the same time. We walk for a few hours, taking the odd break for ice cream or a soft drink, around the lake, over the park's hills and amid its many temples.

Later, it's back to the apartment again to relax for an hour before dinner in Xizhimen at a great little Xinjiang restaurant. Rough and ready—its ashtray being the floor and toilets someplace down the street—yet with an opulent interior and great food, served by cheerful Uyghur waiters amid a boisterous atmosphere.

Some rare English-language commentary on the radio announces English football transfers while I'm there. Apparently Derby County has signed Wayne Rooney and Frank Lampard and are being tipped to win the Premiership next season.

We eat mutton and carrots with rice and have a couple of beers, before leaving. Jingdi buys some Xinjiang bread from a vendor outside the restaurant to munch on as we head down the street.

Following an after-dinner stroll through Xizhimen, we catch a taxi down to Houhai, a once tranquil lake that is now one of Beijing's nightlife centers. We start with a quiet drink at the "bar with no name," before walking over to meet friends at Zoom Bar, where we sit out front taking in a view of the lake.

After an hour I head next door into the jazz bar with Jingdi where we take a window seat. It doesn't take long before the crowd is screaming for me to "Play! Play! Play!" Others are shouting "Drib! Drib! Drib!" my jazz nickname on account of being able to play Charlie Parker (Bird) songs backwards.

Reluctantly, I take to the stage and blow out Bird's "*Billie's Bounce*." We leave to a round of applause.

We take a 20-minute stroll over to the Drum and Bell Tower area, one of my favorite places in Beijing. Through the quiet courtyard between the towers and onto a *hutong* behind, we turn a corner to the right and enter a hidden bar where my friend's from Zoom Bar are now holed up. The place has the ambience of an exclusive London gentlemen's club, mixed with Beijing vibes. After a few drinks and some games of pool, Jingdi and I leave and hop in a taxi bound for Xizhimen once more.

The day ends back home, looking from my window over distant neon signs and car lights as Beijing gradually goes to sleep.

Note: I don't play the saxophone, Derby were relegated to the first division last season and have not signed Rooney or Lampard, and as I write Great Britain are third on the Olympic medal table, but I hope this gives you some ideas of what to do in Beijing

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