

PUTIN AT THE HELM, AGAIN P.24 | REINING IN "NAKED OFFICIALS" P.26

# BEIJING REVIEW

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## MEETING OF THE MINDS

Annual NPC and CPPCC assess the government's work



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## Focusing on Quality Growth

The National People's Congress (NPC) and the National Committee of the Chinese People's Political Consultative Conference (CPPCC) held in March are the biggest annual events on China's political calendar. Nearly 3,000 NPC deputies and more than 2,000 CPPCC National Committee members gather in Beijing, hearing and deliberating on the government work report delivered by Premier Wen Jiabao and discussing other issues on social and economic development.

This year marks the second year of China's 12th Five-Year Plan (2011-15) and also the last year of the current government. The NPC and CPPCC sessions are an important event before the convening of the 18th National Congress of the Communist Party of China. Given the unclear global economic prospects and increasing difficulties in its own economic transition, it is crucial for China to make the right decisions on its future economic and political development.

The NPC and the CPPCC are also a window for people to observe China's political and economic development. Before the opening of this year's NPC and CPPCC, People.com.cn, one of China's major websites, held an online survey on the issues most important to Chinese people today. Around 1.55 million netizens responded. The survey shows that social security, income distribution, medical reform, social management, education equality, issues concerning agriculture, the countryside and farmers, anti-corruption work, commodity prices, food safety and housing prices are the hottest issues.

Premier Wen responded to these issues one by one in his report on March 5. He said the top task of the government this year is to promote steady and robust economic growth, with a target economic growth rate of 7.5 percent, the first time that China has lowered its expectation on economic growth to below 8 percent in eight years. It implies that China has put more emphasis on the quality of its economic growth, instead of the speed.

Apart from the adjustment of the economic structure, the lowered target also means the Central Government is resolved to make economic growth benefit more people and ensure people's incomes keep up with the country's economic growth pace.

PM2.5, which stands for fine particulate matter in the air, has been a buzz word in China since last year. Some cities, including Beijing, have included the concentration of PM 2.5 in the air into their daily air quality forecast. This year, the problem about PM2.5 was mentioned on the government work report.

The Central Government has also decided to allocate 4 percent of the country's GDP to education. The increased proportion of education spending will help to increase the capital input to the central and western regions, the rural areas and other less developed areas.

The word "reform" appeared nearly 70 times in Premier Wen's report this year, and it was always strengthened by phrases like "to be pushed forward with greater decision." All this implies this term of government's resolute attitude toward reform in its last year in office. ■

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## Celebrating Women

Yao Jianping (first right), a well-known artist of Su embroidery, one of China's major embroidery styles, demonstrates the delicate craft of this art to visitors at an exhibition on the achievements of China's women and children in the past decade in Beijing on March 6, two days before the International Women's Day.

The exhibition opened at the National Museum that day, and will run for about a week.

**“Talking about China’s lowered growth rate, I think we are not talking about a temporary adjustment. We are talking about more long-term development issues.”**

Justin Yifu Lin, World Bank’s chief economist and Senior Vice President, speaking to the press as he launched his new book in the Washington, D.C.-based global institution, on March 6

**“China develops nuclear energy under a safe precondition.”**

Huang Wei, Chinese deputy envoy to the International Atomic Energy Agency (IAEA), addressing the IAEA Board of Governors meeting which reviewed the development of nuclear technology last year on March 6

**“Syrian affairs have to be determined by the Syrian people themselves, and foreign states should not intervene in the internal affairs of Syria by force, or push through ‘regime change’ in the Middle East country. Sanctions or the threat of sanctions are not conducive to a proper settlement of the Syrian problem.”**

Li Baodong, Chinese Permanent Representative to the UN, speaking to Xinhua News Agency on March 6

**“If they (the West) seek to continue with their previous course of action and try to force concessions under pressure, negotiations will yield no results.”**

Iran’s parliament speaker Ali Larijani, speaking to the press on March 7

## AIDS Plan

China aims to reduce AIDS fatalities and the number of new HIV/AIDS cases by 30 percent and 25 percent, respectively, in 2015 as compared to 2010, according to a national action plan issued on February 29.

The plan sets a target of 1.2 million people in China living with HIV/AIDS by the end of 2015. At present, China has an estimated number of 780,000 people living with HIV/AIDS, including 154,000 AIDS patients.

The target awareness rate among urban and rural residents aged 15 to 60 is over 85 percent and 80 percent, respectively. It should reach over 90 percent among high-risk groups and adolescents, over 85 percent for people traveling in and out of China, migrants, and over 95 percent for prisoners, the plan says.

The coverage of high-risk group interventions should reach over 90 percent, according to the plan. Over 80 percent of pregnant women are expected to receive HIV tests, and in high-prevalence regions the ratio would top 90 percent.

The plan also says that officials' knowledge of HIV/AIDS and their record in its prevention and control will be factored into their annual performance evaluations.

## Earth Monitoring

China completed a system designed to monitor the movement of Earth's crust and predict earthquakes on March 2, said the China Earthquake Administration.

Based on satellite navigation, it involves a network of 260 constant observing sta-



**HOME AT HAND** Tenants register themselves before moving into Nanhu Xincheng, a new public rental community in Wuhan, central China's Hubei Province, on March 5. The city has assigned its first 900 public rental apartments to residents in need

tions and 2,000 part-time observing stations equipped with advanced data-processing technology. The network will also be used for weather forecasting and scientific research.

The new network is one of the most advanced means of observing the movement of Earth's crust, along with the U.S. Plate Boundary Observation system and Japanese GEONE.

China started the project in December 2007, with a total investment of 524 million yuan (\$83.2 million).

## Aging Population

China's population of people aged 60 or above had hit 185 million by the end of 2011, or 13.7 percent of the nation's total population, according to official figures released on March 1.

The number is 4 percent higher than in 2010, when it stood at 177.6 million.

It is predicted that, by the end of 2015, the elderly population will have increased by 43 million, taking the total number of over-60s to 221 million, said Li Liguang, Minister of Civil Affairs.

At that time, China will have 24 million people aged 80 or above, and more than 51 million people aged 65 or above will be empty-nesters, without children living at home to support them, according to Li.

## Uygur Micro-blogging

Authorities in northwest China's Xinjiang Uygur Autonomous Region have launched a micro-blogging service in the Uygur language, the mother tongue of more than 9.65 million inhabitants in the region.

The micro-blogging service, [www.barmu.cn](http://www.barmu.cn), which is currently in trial operation is operated by Tianshannet.com, the regional government's official website.

"The service is the first online platform which allows Uygur-speaking people to communicate with their government in their language," said Eliti Sali, deputy head of the Information Office of the Xinjiang Regional Government.

The Uygur language, based on the Arabic alphabet, is part of the Tujue (Turks) branch of the Altaic language family.

## Antibiotic Curbs

China's health authorities announced on March 6 plans to further curb the overuse of antibiotics, including setting caps for the varieties and use ratio of antibiotics, and



**REVIVAL OF THE PAST** Models present creations from Shiatzy Chen's Autumn/Winter 2012 women's ready-to-wear collection, a brand from China's Taiwan, at the Paris Fashion Week in Paris, France, on March 6. The creations feature traditional patterns of the Miao ethnic group of southwest China





**SIMULATED DRILL** A girl learns how to use a safety belt at the newly opened first emergency education center in Shanghai on March 2



**EINSTEIN SHOW** An exhibition celebrating late theoretical physicist Albert Einstein opens in Wuhan, central China's Hubei Province, on March 2. More than 200 exhibits related to Einstein, including videos and replicas, are displayed at the three-month exhibition

punishing doctors found to be misusing antibiotics.

The Ministry of Health has taken steps to limit the varieties of antibiotics a hospital can stock according to the institution's grade and function.

The use ratio, the share of antibiotics among all prescription drugs, has also been capped, which is 60 percent for general hospitals.

Moreover, if doctors are found to be using antibiotics inappropriately, they will be subjected to penalties ranging from warnings, and the suspension or cancellation of their prescription-writing rights, to having their licenses withdrawn.

Doctors' clinical prescription performances will be factored into their overall performance evaluations, according to the plans.

## Land Violations

Supervisory departments at multiple levels of

the government dealt with 1,480 cases of forced demolition and land appropriation in 2011, the Ministry of Supervision said on March 2.

Of the 1,480 cases, 11 forced demolition cases that resulted in fatalities were handled by the Ministry of Supervision and the State Council Office for Rectifying Malpractices, with 57 officials being punished in line with administrative regulations and 31 people transferred to judicial departments.

A total of 307 cases of low-rent housing regulation violations were also handled in 2011, involving 26,000 housing projects, according to the ministry.

## Grand Museum

The National Museum of China, located to the east of the Tiananmen Square in central Beijing, officially opened to the public on March 1 after a one-year trial period.

More than 4.1 million people visited the

## Top Scientists Awarded

Chinese scientists **Wang Zhenyi** and **Chen Zhu** were granted the Seventh Szent Gyorgyi Prize, a top U.S. award established by the U.S. National Foundation for



Wang Zhenyi

Cancer Research, on March 6 for their innovative research that led to a new therapeutic approach to acute promyelocytic leukemia (APL).

Since the 1990s, the two scientists have worked together to conduct clinical trials combining all-trans retinoic acid (ATRA) and arsenic trioxide to treat APL patients. By combining traditional Chinese medicine with Western medicine, they have increased the survival rate of APL patients from approximately 25 percent to 95 percent during their "five-year disease-free" period. Their therapy is now a standard for APL treatment throughout the world and has turned one of the most fatal diseases into a highly curable one.

Wang, 88, graduated from the former Aurora University in Shanghai in 1948 with a doctoral degree. His specialties are hematology and the treatment of cancer. Wang is the first scientist to transform cancer cells into normal cells. In 1994, he was elected a member of the Chinese Academy of Engineering.

Chen, 58, Wang's former student, made major contributions to the identification of the molecular mechanisms of both ATRA and arsenic trioxide in APL.

He was elected a member of the Chinese Academy of Sciences in 1995 and was its vice president from 2000 to 2007. Chen has been the minister of health since 2007.



Chen Zhu

museum during its soft-opening, which took place after the completion of nearly four years of renovation.

The museum was expanded to nearly 200,000 square meters during the renovation, making it the largest museum in the world, according to the museum's official website.

The museum houses more than 1.2 million cultural relics.



**SAFETY FIRST** An assembly line of school buses of Yutong Bus Co. Ltd. in Zhengzhou, central China's Henan Province

## Reduce, Reuse, Recycle

The Ministry of Industry and Information Technology released a plan on March 2 to recycle 7 billion tons of industrial solid waste during the 12th Five-Year Plan (2011-15), in an effort to help ease the country's environmental deterioration. The amount is nearly double that of the 11th Five-Year Plan (2006-10).

By 2015, around 1.6 billion tons of industrial waste will be recycled annually, with a utilization ratio of 50 percent, according to the plan.

In addition, the country will reclaim a total of 350,000 *mu* (23,333 hectares) of land previously occupied by industrial waste, a move expected to significantly improve the country's ecological environment, during the 2011-15 period.

## Boom to Gloom

Passenger vehicle sales in China totaled 2.26

million units in the first two months of 2011, a decline of 1.4 percent from a year ago, according to data from the China Passenger Car Association.

Passenger vehicles include cars, sport-utility vehicles, multi-purpose vehicles and minivans.

"The market demand weakened as policymakers rolled back some incentives," said Rao Da, secretary general of the association. "The continued increase in fuel prices also mounted pressures on potential buyers."

## Working With Boeing

The Commercial Aircraft Corp. of China Ltd. and Boeing on March 6 signed an agreement to jointly promote energy saving and emission reduction in the civil aviation industry.

According to the deal the two sides will together establish a technology center in Beijing to focus on research of improving

fuel burning efficiency and cutting down greenhouse gas emissions in the global airline industry.

The two companies will also cooperate with China's research institutes and universities in fields including sustainable bio-fuel and telecommunication infrastructure for the airline industry.

## LNG Terminal

China National Offshore Oil Corp. (CNOOC) is building the nation's first floating liquefied natural gas (LNG) receiving terminal to help handle the increasing imports of the cleaner-burning fuel.

The project, located in north China's Tianjin Municipality, costs 5.7 billion yuan (\$905 million). The first phase of the project will be capable of receiving 2.2 million tons of LNG a year when operation starts next year, said CNOOC in a statement.

## Numbers

# 18.2 billion yuan

The Ministry of Commerce said home appliance sales under the country's rural subsidy program climbed 19.1 percent year on year to 18.2 billion yuan (\$2.88 billion) in February.

# 260.35 billion yuan

China's 77 large and medium-sized steelmakers generated a combined sales revenue of 260.35 billion yuan (\$41.3 billion) in January, down 8.5 percent from the previous year, according to data from the China Iron & Steel Association.



The second phase will be land-based, with an annual capacity of no less than 6 million tons, and is scheduled to be operational by 2015.

## Rich List

Five Chinese businessmen, including four from Hong Kong and one from the mainland, ranked on the Hurun Global Rich List 2012, which listed 83 global wealthy individuals with personal fortunes of at least \$10 billion.

Li Ka-Shing, President of Hong Kong Hutchison Whampoa Ltd., ranked the 13th on the list, making him the richest Chinese individual with a personal fortune of \$24 billion.

Zong Qinghou, General Manager of Hangzhou Wahaha Group Co. Ltd., ranked 78th with a personal fortune of \$10.5 billion, making him the richest man on the Chinese mainland.

Globally, Mexican telecom tycoon Carlos Slim topped the list with wealth of \$55 billion.

## Fake Deal

Lin Chunping, a Chinese businessman in Wenzhou, east China's Zhejiang Province, came under scrutiny for his alleged \$60-million acquisition of the Atlantic Bank of America. Lin said his bank had commenced trial operation in November 2011, and had taken deposits of around \$180 million.

But the news has proven untrue. According to a recent report of Xinhua News Agency, Lin registered a company in the state of Delaware of the United States in December 2011, but the company was not allowed to conduct banking businesses.

Lin admitted to his lies.

## Retail Property Thrives

Retail property rentals and prices will see double-digit growth this year in major Chinese cities, fuelled by a burgeoning retail sector,

## Devoted Village Teacher

The story of **Zeng Zhaofu**, who has been a teacher in a mountainous area for 33 years, touches many Chinese.

Zeng, 51, gave up the chance of being a village head after graduating from senior high school in 1978 and has been a teacher at a primary school in a village of central China's Jiangxi Province since then.

Besides teaching, Zeng takes good care of his students. Many of his students live far away from the school, and Zeng has voluntarily picked them up everyday for 33 years. In 2001, one of his students was about to drop out of school due to poverty. Zeng persuaded the student's family to give up the idea and has helped to pay all the school fees for the student.



Among his students, 15 of them were admitted to universities and two are post-graduate students, an outstanding accomplishment for the poverty-stricken area. Zeng was conferred with the National Outstanding Teacher Award by the Chinese Ministry of Education in 2009.

**TECH MANIA** A visitor looks at the latest router products of TP-LINK, a Chinese manufacturer of network products, at the 2012 International Information and Communication Technology Fair held in Hanover, Germany on March 6-10



according to a latest report jointly released by the U.S. real estate agents network Knight Frank and Beijing Holdways Information & Technology Co. Ltd.

"Tightening measures to rein in housing speculation have prompted investors to shift to the retail property sector, which is expected to outperform the office and residential segments," said Thomas Lam, head of China

research at Knight Frank. "Meanwhile, international brands are continuing to expand their presence across the country, in both first- and second-tier cities."

Clothing chain H&M, for instance, will open most of its new global stores this year in China and its store portfolio on the Chinese mainland is expected to triple over the next three years.

# 11,035 vehicles

Chinese carmaker Chery Automobile Co. said its overseas shipments jumped 56.7 percent year on year to 11,035 units in February.

# 7.34 billion yuan

China Vanke, the country's biggest property developer by market value, reported sales value of 7.34 billion yuan (\$1.16 billion) in February, down 39.84 percent from January.



## THE UNITED STATES

Protesters hold banners outside the White House on March 5, urging the United States not to support a potential Israeli military strike against Iran's nuclear facilities, as Israeli Prime Minister Benjamin Netanyahu visited Washington, D.C.



Brazzaville residents salvage their belongings from the debris on March 5, a day after a catastrophic ammunition explosion struck the capital city, killing at least 300 people and injuring more than 1,000

## REPUBLIC OF CONGO





A robot cook takes stock of groceries at one of the world's biggest hi-tech fairs, the CeBIT, on March 6 in Hanover, central Germany

## GERMANY



Police officers take part in an antiterror drill in Seoul on March 6, which was held as part of the preparations for the 2012 Seoul Nuclear Security Summit scheduled for March 26-27

## SOUTH KOREA

## FRANCE

Women standing on the doorstep of their houses look at the water level of a street in Steenwerck on March 6. Floods following heavy rain and snow interrupted power supply and traffic in north France



## AFGHANISTAN

A policeman stands guard as illegal narcotics are burned in Lashkar Gah in south Afghanistan on March 3







NPC/CPPCC 2012

COVER STORY

# COMMENDING THE GOVERNMENT'S WORK

The Fifth Session of the 11th National People's Congress (NPC) opened on March 5, with Premier Wen Jiabao delivering the government work report that summarized the work done in 2011 and illustrated the work to be done in 2012.

According to the report, in 2012 the GDP growth is expected to settle around 7.5 percent, while the consumer price index (CPI) growth target remains at 4 percent. The report also promotes a remarkable increase in spending earmarked for the people's well-being and even names detailed projects.

Some deputies to the 11th NPC and members of the 11th National Committee of the Chinese People's Political Consultative Conference (CPPCC) provided their interpretations of the report to *Beijing Review* reporters Lan Xinzhen and Zeng Wenhui.





MEETING FOR STATE AFFAIRS: The Fifth Session of the 11th National People's Congress, China's top legislature, opens in Beijing on March 5





**Yuan Chunqing**  
NPC deputy,  
Secretary of the  
CPC Shanxi  
Provincial  
Committee



I have been truly inspired and feel confident about the report.

First, it reflects continuity of last year's policies. The report proposes balancing the relationship between steady and robust economic development and economic restructuring as well as managing inflation expectation, urgently carrying out the proactive fiscal policy and the prudent monetary policy, and making expanding domestic demand, improving investment structure, stabilizing prices, increasing farmers' incomes by various means, adjusting industrial structure and steadily promoting urbanization the nation's top priorities.

Second, it reflects the reliability of economic indices. After setting the 8-percent growth expectation from 2005 to 2011, the target of economic growth was slashed by half a percentage point. The CPI will be controlled around 4 percent this year. This fully

considers the complicated economic situation and the high inflation in 2012 and reserves space for the restructuring and price reform.

Third, it is clear and concise in explaining the measures to be taken. For example, the report puts forward formulating implementation rules to encourage and guide private investment, proposes specific measures to control the real estate market and develop low-income housing, requires that spending on education by local governments should be 4 percent of their GDP figures.

Fourth, it reflects the scientific arrangement of economic development. The report emphasizes combining stabilizing economic growth, controlling prices, benefiting people's well-being, deepening reform and promoting harmony. As for regional development, the report emphasizes coordinated development of central and western regions and the effort to let special economic zones and pilot zones play a full role in comprehensive reforms. As for industrial distribution, the report proposes to strengthen support to the development of strategic emerging industries.

Fifth, it reflects wider benefits for the people's well-being. The report emphasizes raising the proportion of individual income in national income and puts forward many detailed and specific measures in raising people's incomes and solving their difficulties in education, housing and medical services.



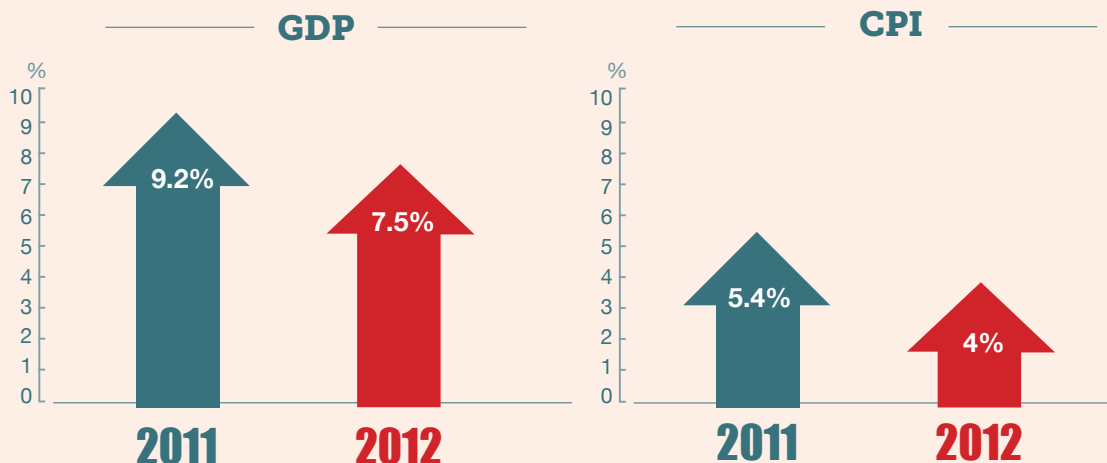
**Gao Xianhai**  
NPC deputy,  
Mayor of  
Nanchong,  
Sichuan  
Province

Premier Wen's report this year is quite rational, setting the target of economic growth this year at 7.5 percent. This comes from the government's proper analysis of the situation and fully reflects the confidence and resolution of the Central Government. To appropriately slow down the economic growth speed is conducive to balancing relations between supply and demand, to alleviating pressures on resources and environment and to easing the tension of high prices. It will also improve the quality of China's economic growth.

The Chinese economy now faces plethora pressures, both internally and externally, such as the economic recession in Europe and the United States, slowdown of China's exports, unbalanced domestic economic structure and high employment pressures. Hence, to slightly lower the target for economic growth conforms to the changes of both the domestic and international economy.

It is easier to maintain steady economic development, but to promote a robust growth we have to rely on consumer demand. The

## Targets For 2012





government work report sets expanding domestic demand, particularly consumer demand, as one of the focuses this year, indicating that there will be significant adjustments on the economic growth pattern, including thoroughly changing the past situation of relying on investment and exports to drive economic development and strengthening the role of domestic demand. From the report we can expect that the Central Government will issue powerful policies this year to stimulate domestic demand.



**Wang Yongzheng**  
CPPCC National Committee member, President of Yongzheng Tailor Shop Group Co. Ltd.

The government work report proposes increasing credit support to enterprises, especially small and micro-businesses, whose

operations are in line with industrial policies and whose products are in high demand. I think the government should adopt various measures to ease the financing difficulty of small and micro-enterprises.

To solve the financing difficulties of small and micro-enterprises, we should turn to the banks. Banks should be classified with differentiated policies: Now that it is difficult for large banks to support small and micro-enterprises, the government should grant favorable policies to small banks in taxation, credit scale and internal control to inspire them to grant loans to small and micro-enterprises, and the increased costs can be made up for by government favorable policies such as tax cut.

Private lending should also be incorporated into the legal system to satisfy the credit demand of small and micro-enterprises. At present many people are in lack of investment channels, since returns from portfolio investment are low. Opening and regulating private lending will be a good way out for private funds.

**Hu Jianwen**  
NPC deputy, General Manager of Linwu Shuhua Duck Industrial Development Corp. Ltd., Hunan Province)

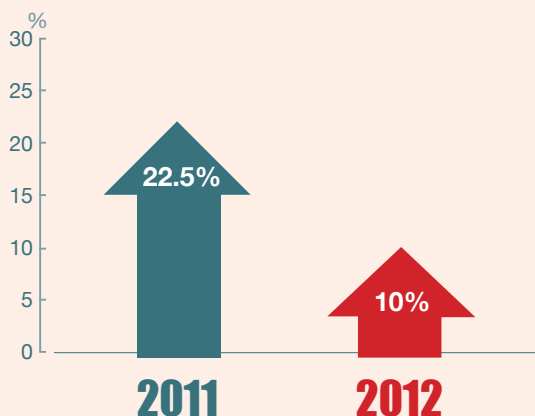


This year, spending on education will account for 4 percent of the GDP, input in agriculture and rural areas will increase by 186.8 billion yuan (\$29.6 billion), more than 7 million low-income homes will be built, and the pension system for rural residents and for non-working urban residents will cover all the country. These figures and targets are inspiring. The report sets concrete targets in improving people's well-being and makes solemn commitments. The government work report illustrates again that people's well-being is the focus of the work of the government.

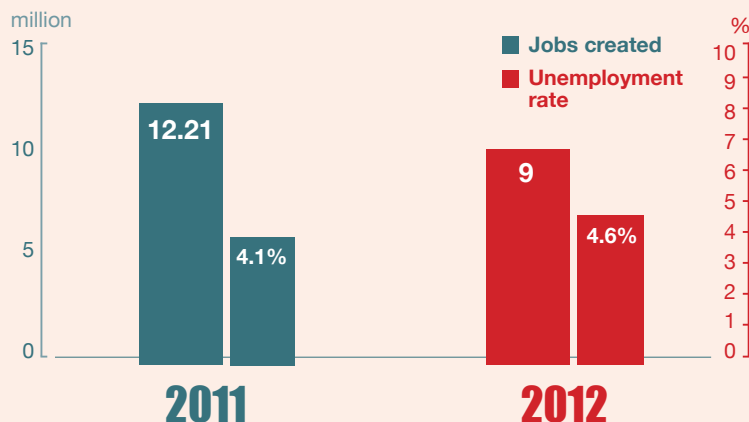
Further, this year's government work report has cited the following tasks in the list of focuses: fully introducing social insurance against uraemia and seven other major diseases and including lung cancer and 11 other major diseases in the pilot program to provide insurance and aid for their treatment. This indicates the government's more thoughtful care to people's well-being.



## Foreign Trade



## Employment





**Bo Shaoye**  
CPPCC  
National  
Committee  
member,  
Director  
of Rights  
Protection  
Department  
of China  
Disabled  
Persons'  
Federation



When illustrating the topic of ensuring and improving people's well-being, Premier Wen put increasing jobs as the top priority. We suggest when addressing the employment issues, the government should emphasize employment of vulnerable groups, including the physically challenged, women and ethnic minorities and ensure employment fairness.

China has formulated many policies and legal provisions to promote employment of vulnerable groups, but there are many problems in the actual implementation of these policies. I suggest that government agencies and public institutions take the lead in carrying out the legal provisions and offer more job opportunities to vulnerable groups.

There are many limitations on the physically challenged in the recruitment of civil servants. We do not require lowering the recruitment standards for the disabled, but employment discrimination should be eliminated among equally qualified candidates.

Besides the disabled, women are also discriminated when employed for the reasons

of age, physical condition and even the ideas of the employers. Ethnic minorities in many remote areas are also facing job difficulty due to poor education and limited professional skills. The government should pay sufficient attention to them too.

**Liu Yonghao**  
CPPCC  
National  
Committee  
member,  
President  
of New  
Hope  
Group



The government work report says China will carry out an intense crackdown on violations of intellectual property rights and the manufacture and sale of counterfeit or substandard goods, enhance food safety oversight capability and raise the level of food security. I think food quality and security should be ensured by government efforts to support and encourage high-quality enterprises and crack down on producers and sellers of counterfeit or substandard goods. Access to food

producers should be increased, and more aid should be offered to small enterprises so that they can devote more efforts to food security.

The government should firmly crack down on producers of counterfeit and substandard goods and grant fiscal and taxation incentives to those of high-quality products.

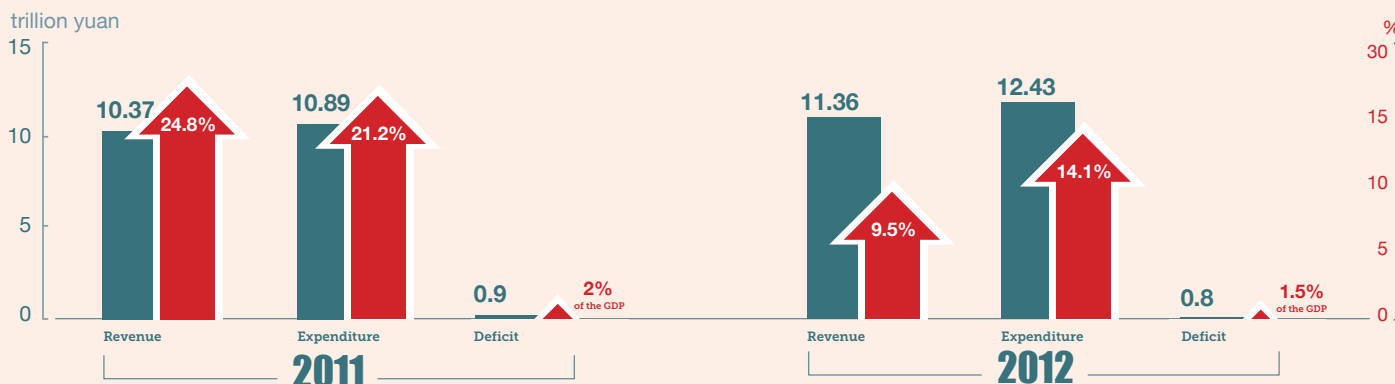
We should also firmly resist the behavior of dumping in low prices and disturbing the market order. The earliest producers of some daily products can ensure the product quality for high profits. But after a large number of producers enter the market, the fierce competition forces the producers to adopt a low-price strategy and their profits are reduced. Then problems of quality and safety have ensued because many enterprises are making shoddy products.

**Zhong Nanshan**  
NPC deputy, a  
health expert  
from  
Guangdong  
Province



Premier Wen's report spends many paragraphs illustrating the necessity to conserve

## Budget Revenue and Expenditure





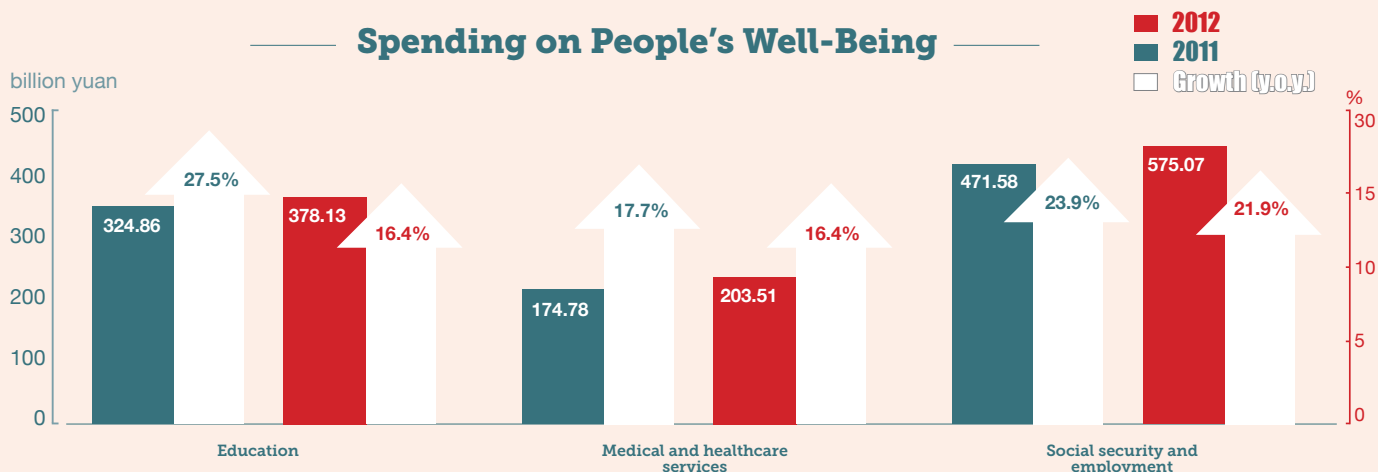
energy, reduce emissions and protect the ecological environment, and puts air quality monitoring and pollution control on top of the agenda. It clarifies to start monitoring fine particulate matter (PM 2.5) in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Pearl River Delta, and other key areas, as well as in municipalities directly under the Central Government and provincial capital cities, and states that the practice will be extended to all cities at and above the prefecture level by 2015. This is inspiring.

Air pollution is a problem facing the whole country and every person, and even the whole world, and we cannot expect the problem to be resolved simply by relying on a certain region. Therefore I suggest carrying out monitoring throughout the country so as to timely discover problems and solve them. The monitoring should cover all the country starting from this year instead of in 2015, and prevention and control measures can be first implemented in some key regions. Real basic data should be obtained through monitoring to facilitate formulation of measures for conserving energy, reducing emissions and improving the ecological environment. We should not seek economic development at the expense of the ecological environment and our people's health. ■

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## Nine Tasks Outlined In the Government Work Report

- **Promoting steady and robust economic development**
- **Keeping overall prices basically stable**
- **Promoting steady growth of agriculture and sustained increases in rural incomes**
- **Accelerating the transformation of the pattern of economic development**
- **Implementing the strategies of developing China through science and education and strengthening the country through human resource development**
- **Ensuring and improving the people's well-being**
- **Promoting culture**
- **Deepening reforms**
- **Striving to improve the opening-up policy**





## COVER STORY

# Economic and Social Priorities

During the Fifth Session of the 11th National People's Congress (March 5-14), **Zhang Ping**, Chairman of the National Development and Reform Commission; **Xie Xuren**, Minister of Finance; **Chen Deming**, Minister of Commerce; and **Yin Weimin** and **Hu Xiaoyi**, Minister and Vice Minister of Human Resources and Social Security, answered questions on economic and social issues at separate press conferences. Edited excerpts of their answers follow:

**Zhang Ping**

## Boosting consumption

**Zhang Ping:** China's economic growth should mainly depend on domestic consumption. There are several ways to boost consumer spending.

First, we should make sure that people have enough money to spend, which means we should raise their spending power and increase their income through measures like creating more jobs, raising purchasing prices of agricultural products, adjusting minimum wage standards and establishing normal mechanisms of wage hike.

Second, we should create an environment where people feel comfortable spending their money. Chinese people have a long tradition of saving for unexpected illnesses, children's education and retirement. The most important measure to let people dare to spend more is to improve the social security system to make them feel secure.

Third, we need to make people want to spend. Incentive policies will be adopted, such as tax reduction or subsidies for purchases of energy-saving and environmental-friendly products.



**BUYING SPREE:** Shoppers are checking out at a supermarket in Haikou, capital of south China's Hainan Province. The province's retail sales of consumer goods grew 18.8 percent in 2011, the fastest in the country

Fourth, we'll create more convenient ways for people to spend money. We'll improve the infrastructure for product distribution such as sales networks, telecommunication and transportation. New consumption patterns like online-shopping will also be developed.

Finally, we should make sure their con-

The government will invest more in education, health care and culture, especially in poverty-stricken areas, borders and ethnic minority regions. We'll also ensure that 5 million affordable homes will be completed and the construction of another 7 million will start this year.



sumption is quality assured by strengthening supervision on the market and preventing fraudulent, counterfeit and shoddy products from being sold.

Through such measures, we will expand domestic demand, especially consumption demand. Expanding domestic demand is always the foothold of economic development. It is our long-term policy.

## Improving livelihoods

The government will continue to concentrate on improving people's livelihood this year.

In rural areas, we'll try to achieve full coverage of the new rural pension system, continue to enhance the minimum purchase price for agricultural products, increase subsidies to agriculture, provide more training to migrant workers, and raise the annual subsidy standard for rural cooperative medical care from 200 yuan (\$31.75) to 240 yuan (\$38.1) per person.

In urban areas, we'll continue to improve the social security system for residents and workers, raise the minimum wage, and set up a normal wage growth mechanism. This year, we will create 9 million new jobs. Although the GDP growth rate target has been lowered by 0.5 percentage points, we should try to promote employment to achieve the goal.



**Xie Xuren**

## Proactive fiscal policy

**Xie Xuren:** China will continue to implement a proactive fiscal policy this year to maintain the fiscal policy's consistency and stability and make it more flexible and prospective.

This year will see more tax reductions to mitigate tax burdens of enterprises and ordinary people.

The effect of the amended Individual Income Tax Law, which raised the monthly tax exemption threshold from 2,000 yuan



HAN CHUANHAO

**OPERATING UNDER CAPACITY:** Only two men work at a production line of a small appliance components factory in Wenzhou, east China's Zhejiang Province. Many small and micro-enterprises are on the verge of bankruptcy because of rising material and labor costs and difficulties in financing

(\$307.7) to 3,500 yuan (\$538.5) and was implemented in September 2011, will show results this year.

Efforts will be made to mitigate the tax burden of small and micro-companies, such as levying half income tax on them and extending a trail taxation system that replaces sales tax with value-added tax to avoid duplicate taxation. Since January 1 this year, we have been levying lower tariffs on over 730 kinds of imported commodities to increase imports of energy and resource products, advanced equipment, and key components. We'll cut the value-added tax for distribution of agricultural products like vegetables and alleviate burden on logistics companies. We'll also eliminate administrative fees on enterprises.

We will further increase people's income and enhance their spending power; adjust the structure of fiscal expenditure to make sure more money will be spent to improve people's well-being; and accelerate economic restructuring and the transformation of economic growth model, and balance regional development.

## Supporting SMEs

In recent years, we have made several favorable policies for supporting development of small and medium-sized enterprises (SMEs), especially small and micro-enterprises.

Last year, we strengthened our supporting efforts. We increased the amount of special funds for small and micro-enterprises to 12.87 billion yuan (\$2 billion) and we offered preferential tax policies.

While making government purchasing plans, a certain proportion was saved for SMEs to make sure they were involved in the bidding process. Large and medium-sized enterprises were also encouraged to cooperate with small and micro-ones to bid for government purchase.

We announced an end to 22 kinds of administrative fees for small and micro-enterprises, which has been implemented since January 1, 2012. We also guided financial institutions to support SMEs.

Many preferential fiscal and taxation policies issued later last year have taken effect since the beginning of this year. So we have to make sure they are implemented without delay. Meanwhile, this year we'll continue to improve structural tax reduction policies, giving them more financial aid, set up a development fund to encourage venture capital and other social funds to increase their support for small and micro enterprises, further eliminate inappropriate charges, research on policies of financing guaranty's healthy development and guide financial institutions to provide more support.



Chen Deming

## Trade prospects

**Chen Deming:** In January 2012, China's exports and imports both registered negative growth. This was largely affected by the Spring Festival holiday (January 22-28). In fact, since last August, our export growth has begun declining. In August 2011, the growth rate was 27 percent, but the figure dropped to 12 percent in December 2011.

The slowdown of export growth is primarily attributed to the deteriorating external and internal environment due to the spread of the global financial crisis, euro-zone sovereign debt crisis and the rising cost in the domestic market.

Although it's in the cards for China to realize the 10-percent growth of foreign trade, a goal mentioned in Premier Wen's government work report, there is still an arduous journey ahead.

To this end, efforts should be made in the following three aspects.

First, we should maintain the stable growth of foreign trade and keep foreign trade policies steady.

Second, we should adjust the structure of foreign trade and facilitate the transformation of its development model.

Third, we'll try to achieve trade balance. While stabilizing exports, we'll encourage imports of advanced technology, key equipment, raw material and marketable consumer goods, to gradually eliminate our trade surpluses with our major trade partners. More opportunities should be given to less developed countries and emerging economies to develop trade relationships with China.

China has witnessed a drop in trade surplus for four straight years. Last year our surplus was reduced to more than \$150 billion, equivalent to 2.1 percent of the GDP. The United States called for all nations to contain the ratio of trade surplus against GDP within 4 percent at a G20 summit. China has

really set a good example by reducing its surplus year by year.

## Outbound investment

Last year, China's outbound direct investment (ODI) saw a slight increase with non-financial investment exceeding \$60 billion. We predict a continual growth over the following few years.

While Chinese companies have invested overseas, many lessons can be drawn. To penetrate into overseas markets, Chinese companies should acquaint themselves with the background information of the target countries such as national conditions, laws, trade unions and local investment policies. Investment should be made in an active and prudent way.

We've also noticed that Chinese investments are welcome in many countries. With the rising labor cost in the domestic market, China has to transfer some of its industries to the rest of the world. It's mutually beneficial. Our investment in the United States and Europe last year saw substantial growth, especially in Europe. Our investment there helped create jobs for local people and contribute to local tax revenue. Even if some congressmen harp on China, Chinese companies, including state-owned ones, are still welcome in some American cities and states.

BUSY PORT: The throughput of Shanghai Port exceeded 30 million standard containers in 2011





Chinese state-owned enterprises are conducting joint stock reform and implementing a modern enterprise system. Now, they are treated as equals with other companies both at home and abroad. On the basis of fair and equality, the WTO, as well as other international institutions, has never made any discriminative decisions towards China's state-owned enterprises.

## Obeying the rules

The WTO classifies subsidies into two categories: prohibited and actionable subsidies. The concept of actionable subsidies is so general that most WTO members hold different explanations about the subsidies they dispense. For example, after the breaking out of the global financial crisis, many countries, in particular the United States, began to allocate some of the government revenue to prop up enterprises in various fields, such as the three auto giants (GM, Ford and Chrysler). Compared to the United States, China, responding to the opposed voices of protectionism from the G20, refused to adopt any protecting measures. Moreover, we have never complained about these protectionist actions of other countries or launched large-scale anti-subsidy campaigns.

China will follow the rules set by international organizations in which we have a membership. China has no obligation to comply with the rules and regulations set out by other countries.



Yin Weimin

## Employment promotion

**Yin Weimin:** First, the government will promote employment more actively and use economic growth to expand the number of available jobs.

Second, more vocational training programs will be organized to increase job seekers' skills.

Third, special efforts will be made to help college graduates, migrant workers and veterans find jobs.

Fourth, the government will encourage entrepreneurship as a means of creating more jobs.

Fifth, employment-related public services will be improved to facilitate information exchange between employers and job seekers.

## Assisting graduates

First, efforts will be intensified to create more posts suitable for college graduates.

Second, incentive policies will be implemented to encourage college graduates to seek employment in smaller cities, less developed central and western areas, as well as small and medium-sized enterprises.

Third, programs will be launched to nurture entrepreneurship among graduates and encourage them to set up small technology-focused companies.

Fourth, public services for job-hunting college graduates will be improved, such as setting up employment-focused websites and organizing on-campus job fairs.

## Curbing wage arrears

First, after the Criminal Law criminalized "malicious arrears of wage" last year, the Ministry of Human Resources and Social Security will work with the Supreme People's Court, China's highest judicial organ, to draft a judicial interpretation on this crime.

As most victims of wage arrears are migrant workers employed in construction and catering industries, construction companies will be required to deposit guarantee money as insurance against possible wage arrears, and a mechanism will be introduced to hold general contractors

accountable for violations committed by their sub-contractors. The government is establishing wage arrear victims' funds to pay migrant workers who are employed by small and medium-sized companies, and culpable employers in such cases will be punished.

Second, a public awareness campaign will be organized to help workers cope with employers maliciously withholding payments.

Last, labor and social security authorities will intensify law enforcement efforts. The goal is to basically root out "malicious arrears of wage" by the end of 2015.

## Workers' interests

First, more laws and regulations protecting workers' rights will be drafted.

Second, labor and social security law enforcement departments will intensify their supervision of companies and violations of the Labor Contract Law will be strictly punished.

Third, companies will be urged to improve their workers' living conditions.

Fourth, a public awareness campaign will be organized to create a more worker-friendly environment.



Hu Xiaoyi

## Old-age pension

**Hu Xiaoyi:** First, sufficient financial resources will be earmarked and allocated.

Second, a service network down to the level of villages and communities will be established.

Third, those working for this program will be trained.

Fourth, a public awareness campaign will be conducted to enable participants to understand the benefits they are entitled to. ■



## COVER STORY

# Foreign Policy and External Relations

Foreign Minister **Yang Jiechi** spoke to Chinese and foreign media at a press conference on March 6 during the Fifth Session of the 11th National People's Congress.

Edited highlights follow:

## Diplomatic priorities

The priorities of China's diplomatic work this year are as follows:

● **Serving China's domestic development.** We will properly handle the external risks and challenges and create more favorable conditions for China's economic and social development to serve the primary goal of shifting China's growth model at a faster pace.

● **Upholding peace.** We will continue to firmly defend China's sovereignty and security, stand for handling and resolving regional and international issues, hotspot ones in particular, through dialogue, consultation and negotiation, and play a responsible role.

● **Promoting cooperation.** We will enhance our friendly relations and cooperation with other countries and regional and international organizations. We will work with them to deepen common interests, meet global challenges and safeguard world peace and promote common development.

In the next 10 years, favorable and unfavorable factors in the external environment of China will be interwoven. And on the whole, for China, opportunities outweigh challenges and the country is still at an important stage of strategic opportunities for development.

China will remain committed to the independent foreign policy of peace, the path of peaceful development and a win-win strategy of opening up. We will continue to work with other countries to build a harmonious world of enduring peace and common prosperity. We believe all countries should embrace win-win cooperation. This means

that while pursuing one's own interests, one also needs to take into account the interests of other countries; and while enjoying one's rights, one should also fulfill its responsibilities.

## China and the United States

The engagement between China and the United States has shown that a peaceful Sino-U.S. relationship benefits both countries, while a confrontational one harms both. There are some differences and disagreements between China and the United States. But on the whole this relationship has been moving forward, not backward.

In handling Sino-U.S. relations, we always believe the two sides should view and handle this bilateral relationship from a strategic and long-term perspective. In particular, the U.S. side needs to honor its commitment and carefully and properly handle Taiwan and Tibet-related issues that concern China's core interests. The two countries should work together to increase mutual strategic trust, remove various disturbances and embrace healthy interaction and win-win cooperation.

China and the United States have more converging interests in the Asia-Pacific region than anywhere else in the world. The trend of peace, development and cooperation is going strong in this region. It meets people's will and it is unstoppable. We believe all countries in the world, big or small, strong or weak, rich or poor, are equal members of the international community. China is ready to work with other countries to build a more equal and harmonious world. We hope to see and welcome a constructive role by the United States

in this region. At the same time, we hope the U.S. side will respect China's interests and concerns.

## China and Russia

We have noted that the presidential election of Russia was smoothly held on March 4. President Hu Jintao has sent a message of congratulations to newly elected President Vladimir Putin. We wish the people of the Russian Federation even greater achievements in their cause of national prosperity and revitalization.

The Chinese Government is prepared to work closely with the Russian side to deepen the comprehensive strategic partnership of coordination between the two countries and enhance their practical cooperation in all fields.

The Sino-Russian relationship this year has "one central task" and "five priorities." The one central task is to fully implement the plan for the development of Sino-Russian relations in the next 10 years. The five priorities are: ensuring the success of high-level contacts and mutual visits; increasing mutual political support; intensifying practical cooperation in fields such as economy, trade, energy, science, technology and infrastructure as well as at the local level; stepping up cultural and people-to-people exchanges; and enhancing cooperation in regional and international affairs.

## China and Japan

The Chinese Government places high importance on China's relationship with Japan. We believe the two sides need to continue to enhance mutual political trust in line with



**SPREADING THE WORD:**  
Foreign Minister Yang  
Jiechi speaks at a press  
conference in Beijing on  
March 6 during the Fifth  
Session of the 11th National  
People's Congress



the principles enshrined in the four political documents between China and Japan, expand practical cooperation in all fields, improve sentiments between people of the two countries and push forward the development of China-Japan strategic relationship of mutual benefit.

With respect to the sensitive issues between China and Japan, such as the history issue and the issue of Diaoyu Islands, we hope the Japanese side will fully recognize the complexity and sensitivity of issues concerning the political foundation and overall interests of Sino-Japanese relations. The Japanese side should truly take history as a mirror and look forward to the future, and properly handle these sensitive issues in keeping with the overall interests of its relationship with China.

To enhance mutual strategic trust between China and Japan, it is crucial that both sides view each other's development from an objective and strategic perspective, and truly see each other as an opportunity and partner for development.

This year, Premier Wen Jiabao will hold the fifth China-Japan-South Korea trilateral leaders' meeting in China. We believe the parties should enhance the building of the China-Japan-South Korea free trade area and work together to push forward future-oriented, all-dimensional partnership for cooperation.

## China and the EU

Although the euro zone has encountered some difficulties, the EU and the European countries

have the ability and wisdom to overcome the current difficulties, resolve their debt issue and make new progress. We always have confidence in the EU and the euro zone, and we have supported the EU's efforts in stabilizing the financial situation through our own ways. We will continue to invest in Europe for mutual benefit.

## China and neighboring countries

One should view China's relationship with its neighboring countries in the broader context of the general trend of development. I believe now the general trend is a positive one. China pursues a policy of building good relationships and partnerships with countries in its neighborhood. We are committed to deepening the mutually beneficial cooperation with other Asian countries. Relations between China and other Asian countries are good, and there are a lot of positive factors.

First, there have been close high-level exchanges. Last year, there were high-level mutual visits between China and the majority of other Asian countries. Take ASEAN countries for example. There were over 50 high-level mutual visits between China and ASEAN countries. High-level exchanges have played an irreplaceable role in guiding the efforts of China and other Asian countries in increasing mutual understanding and friendship.

Second, the interests of China and other Asian countries have become more closely

entwined. I have visited some Asian countries recently. I feel the Asian countries want to benefit from the sustained, positive momentum of the Chinese economy. And they hope China will enjoy continuous development.

China has become the biggest trading partner of the majority of its neighbors. Last year, trade between China and other Asian countries topped \$1 trillion. China's investment in the Asian region approached \$20 billion. Cooperation between China and other Asian countries in science, technology, finance, energy and infrastructure has been unprecedented in terms of both breadth and depth.

Third, mutual coordination has increased. China and other Asian countries have helped each other and worked closely together in handling major regional and international issues, pushing forward regional cooperation and tackling the international financial crisis and major natural disasters.

Fourth, there have been dynamic cultural and people-to-people exchanges. Last year, China and many other Asian countries held cultural and people-to-people exchange activities such as friendship years and youth festivals. These activities have helped improve relations between the Chinese people and the people of other Asian countries.

## China and Africa

We are seized by a strong sense of responsibility that the African people have chosen China as their partner for sincere cooperation. China is a developing country, and China wants to work with African countries to build a bright future. Some say that China's influence in Africa is on the rise. I think we should ►►



say that the consensus of the international community that African countries face enormous opportunities for development is on the rise.

The international community should actively support Africa's peace and development cause, actively support African countries in seeking self-enhancement through unity and independently resolving African issues, actively support African countries in strengthening their own capabilities for development, and actively support African countries in safeguarding their own rights and interests and playing a bigger role in international affairs.

## China and India

Both China and India want to see continuous, sound and steady growth of their relationship and they want to enhance exchanges, increase mutual trust and expand cooperation. China and India have agreed on maintaining high-level exchanges, advancing practical cooperation in all fields and intensifying personnel interflow and cultural exchanges. We need to do all specific work well in implementing the important agreements reached at the leadership level, including conducting consultations between the two sides on maritime security and working together to ensure peace and tranquility in the China-India border areas.

## BRICS Summit

China hopes the upcoming BRICS (Brazil, Russia, India, China and South Africa) Summit will achieve important results in three areas: boosting growth, promoting stability, and enhancing cooperation. We hope the summit will help enhance people's confidence in world economic growth and add new impetus to world economic recovery. We hope the summit will bring out the active and constructive role of BRICS countries in international affairs and promote the relaxation and stability of regional situation, help push forward the practical cooperation among the BRICS countries in economy, finance and other fields, and bring real benefits to people of the

BRICS countries and people of the world.

## SCO Summit

China will play host to the Shanghai Cooperation Organization (SCO) Summit this year, whose theme is to deepen good neighborly relations and plan the future of the SCO. There are three main items on the agenda of the summit: discussing measures for enhancing friendly relations and cooperation under the SCO framework and formulating a strategy on the development of the organization in the next 10 years; planning the next stage of practical cooperation of the SCO, in particular the establishment of institutional safeguards for the financing of multilateral cooperation; and holding an exchange of views on regional and international situations, with a focus on improving the SCO measures in coping with situations that pose threats to regional peace, stability and security.

## South China Sea

China always believes the disputes in the South China Sea should be properly resolved through negotiations between the parties to the disputes on the basis of facts and in accordance with the basic norms governing international relations. Before the final settlement of the disputes, the parties concerned may put aside their disputes and engage in joint development. China and the relevant countries have reached important agreements on peacefully resolving disputes and pushing forward practical cooperation in the South China Sea. China and ASEAN countries have reached agreements on the guidelines on the implementation of the Declaration on the Conduct of Parties in the South China Sea.

## Korean Peninsula

It serves the common interests of all parties concerned and meets the aspiration of the international community to uphold peace and security on the Korean Peninsula, achieve the denuclearization of the Korean Peninsula and



the normalization of relations between relevant countries, and build a peace and security mechanism for Northeast Asia. The six-party talks have become an effective mechanism and important platform for discussing and resolving the above-mentioned issues.

As the chair of the six-party talks, China has stayed in close touch with other relevant parties. We have always encouraged dialogue in pursuit of a peaceful settlement of relevant issues and our work has achieved important results. We hope all the parties concerned will pool their wisdom, remove disturbances and work together to play a constructive role in advancing the six-party process and achieving the denuclearization of the Korean Peninsula and lasting peace and stability in Northeast Asia.

The Second Nuclear Security Summit will be held in Seoul later this month. During the summit, there will be discussions on enhancing the security of nuclear materials





MEDIA EVENT: More than 500 journalists attend Foreign Minister Yang Jiechi's press conference

and nuclear facilities and guarding against nuclear terrorism. I believe with the joint efforts of all the participants, the summit will also set out new, concrete measures related to nuclear security. That can help further build up international consensus on nuclear security and inject new dynamism into related international efforts.

## Middle East

We firmly believe people in the Middle East know best the situation there, issues in the Middle East region should be resolved by the people of the Middle East, and the future and destiny of the region should be determined by the people there.

Over the years, China has been a firm supporter of the just cause of the Arab countries and their people. The two sides have forged a deep friendship, and there are no historical grievances between the two sides. What the

two sides have is expanding common interests and the consensus of working together to uphold peace and promote development.

It is true that China and some Arab countries may sometimes differ in specific ways of action, but the two sides have the same overall objective of promoting stability, development and prosperity in the Middle East. Cooperation between China and Arab countries is comprehensive and strategic, and the friendship and cooperation between the two sides can stand the test of changing international circumstances. Peace, stability and development in the Middle East serves the fundamental interests of both people in that region and the international community. This is the overarching purpose and end goal in our dealing with relevant issues in the Middle East.

We are opposed to the development and possession of nuclear weapons by any country in the Middle East, including Iran. At the same time, we believe all countries,

while fulfilling their obligations, have the right to the peaceful use of nuclear energy. We believe the Iranian nuclear issue should be properly handled and resolved through dialogue not confrontation, through cooperation not sanctions. We are opposed to imposing unilateral sanctions. We place high importance on the mechanism of consultation and negotiation between the "P5 plus one" (UN Security Council's five permanent members and Germany) and Iran. China has stayed in close communication and coordination with the United States, Russia, the EU, and other members concerned. We hope the next round of dialogue under this mechanism will happen soon, so as to push forward the process of seeking a proper settlement of the Iranian nuclear issue. ■

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