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Cover Photo: Chinese Premier Wen Jiabao, European Council President Herman Van Rompuy and European Commission President Jose Manuel Barroso at a summit meeting in Brussels on September 20 (HUANG JINGWEN)



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## Rediscover Sino-EU Ties

Chinese Premier Wen Jiabao's attendance at the recent China-EU Summit in Brussels capped his vigorous efforts to nurture and advance Sino-EU relations.

While the EU is China's top trading partner and largest source of technology imports, China has become the EU's second largest trading partner. Building on past achievements, Wen called for more actions. At the summit, he suggested launching negotiations on a China-EU investment treaty and initiating a feasibility study on a China-EU free trade agreement. He also underscored the importance of financial cooperation, such as the use of the yuan, the Chinese currency, by European firms in cross-border trade and investment.

A decade into his career as China's head of government, Wen has spearheaded the Sino-EU relationship at a time of dramatic changes, fueled largely by China's economic takeoff. While giving impetus to the relationship, China's emergence is tilting the balance. Unlike past conditions wherein China looked to the EU for investment and assistance, the EU—now mired in a persistent debt crisis—is counting on China to lend a helping hand. The shift of power demands that both sides adjust the way they view one another and their relationship.

At the summit in September, Wen reaffirmed China's commitment to supporting the EU's efforts to resolve debt problems. China has offered \$43 billion to boost the IMF's crisis-fighting capacity. In recent months, it has invested in government bonds of eurozone countries. These initiatives show China has lived up to the responsibilities associated with its rising status.

At the same time, China expects the EU to drop outdated practices that do not reflect the new dynamics in their relations. For instance, the arms embargo, imposed more than two decades ago, runs counter to the strategic nature of Sino-EU ties today. It is also unwise for the EU to refuse to recognize China as a full market economy given the fact that China will gain market economy status automatically by 2016 in accordance with WTO rules. On top of these are trade frictions, which escalated recently following the EU's decision to start a formal anti-dumping investigation into Chinese solar panels. China opts for addressing trade disputes through consultations instead of protectionist measures.

Beijing's unmet expectations testify to the difficulties the EU has encountered in adapting to China's rapid development. To relieve these growing pains, the EU should be more at ease with China's rise, which presents more opportunities than challenges to Europe. But disagreements will not outweigh interdependence and shared interests. More importantly, cooperation between the largest developing country and the largest bloc of developed countries is conducive to stimulating global economic growth and shaping fairer and more equitable international systems. In light of these significant benefits, Sino-EU bonds, cemented by Wen over the past decade, will continue to flourish in the years to come. ■

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HUANG XIAOBING

## Flowers for a Nation

Workers decorate the main parterre in the Tiananmen Square on September 23 for the National Day on October 1.

The garden measures 11 meters wide and 13 meters tall, the largest on display in the square. Visitors can see the voluminous floral arrangement throughout the Mid-Autumn Festival and the National Day holidays from September 30 to October 7. Colorful flowers will also appear on Beijing's main streets during the eight-day holiday.

**“The online muckraking about Yang Dacai shows that the Internet is playing an increasingly important role in bringing hidden conflicts to the surface.”**

Yu Guoming, Director of the Institute of Public Opinion of Beijing-based Renmin University of China, commenting on the muckraking campaign against Yang Dacai, an official with a weakness for luxurious watches caught smiling at the site of a fatal bus crash, on September 7

**“We are getting older, and one day a spouse will die and leave the other alone in this world. Without a legal guardian, the remaining spouse faces enormous difficulties in later life, because hospitals refuse to carry out surgery on people who cannot find a legal guardian to sign consent, and nursing homes turn away applicants without a legal guardian present.”**

Li Minglan, a mother in Wuhan, Hubei Province, whose only son died from a brain hemorrhage in 1999, commenting the Ministry of Civil Affairs' plan to include senior citizens who have lost an only child in the state care system on September 21

**“We talked about the ‘American Dream’ in the past, now we can talk about the world’s top talent enjoying the ‘Chinese Dream.’”**

Liu Yanguo, Deputy General Director of the State Administration of Foreign Experts Affairs, explaining a recruitment project that aims to introduce up to a 1,000 foreign professionals over 10 years to help spur innovation, and promote scientific research and corporate management in China on September 24

**“My hope is to draw public attention to unfair college admittance practices.”**

Cheng Shuaishuai, a college graduate from central China's Henan Province, protesting high enrollment rates for Beijing students at Peking University and other Beijing-based universities by carrying a sign with Chinese characters reading “Beijingers' University” in front of the university on September 10



## Aircraft Carrier

China's first aircraft carrier was delivered and commissioned to the People's Liberation Army Navy on September 25 at a ceremony at a naval base in Dalian, northeast China's Liaoning Province.

President Hu Jintao, also Chairman of the Central Military Commission (CMC), and Premier Wen Jiabao attended the ceremony.

The carrier, formerly known as the Soviet ship *Varyag*, was renamed *Liaoning* and underwent years of refitting to install engines and weapons as well as a year-long sea trial.

According to the CMC, after being commissioned to the Navy, the *Liaoning* will continue to be used for scientific research purposes, as well as military training.

China is the world's 10th country and the last among the five permanent members of the UN Security Council to have an aircraft carrier in active service.

China announced its aircraft carrier program in July 2011 when the carrier was berthed in Dalian for refitting.

## R&D Targets

China aims to become a world technological power by 2049 and strives to be a leading nation in innovation and scientific development,

**EXOTIC STYLE** Dancers from Myanmar perform during the International Folk Song Festival in Nanning, south China's Guangxi Zhuang Autonomous Region, on September 22. The festival draws participants from China, Spain, Denmark, Myanmar, Bulgaria and nine other countries



**GREEN TRAFFIC** Bicyclists participate in a parade promoting World Car-free Day in Lianyungang, east China's Jiangsu Province, on September 22

according to a government document released on September 23.

The Communist Party of China Central Committee and the State Council, the nation's cabinet, released the document to give opinions on "deepening technological system reform and accelerating national innovation system construction." The document sets the goal for the country to be "in the ranks of innovative nations" by 2020.

China's R&D funds nationwide should reach 2.2 percent of GDP during the 12th Five-Year Plan (2011-15) period, and more than 2.5 percent by 2020, it says.

The document also pledges that the nation's technological plan will be more open to the outside world in terms of cooperation, and international academic institutions and multi-

national companies are encouraged to set up R&D centers in the country.

## Wang Lijun's Sentence

A Chinese court sentenced Wang Lijun to 15 years in prison for bending the law for selfish ends, defection, abuse of power and bribe-taking on September 24.

Wang, former vice mayor and police chief of southwest China's Chongqing Municipality, received a combined punishment for all offences. The Chengdu City Intermediate People's Court in southwest China's Sichuan Province delivered the verdict.

Wang stood trial on September 18 in an open court in Chengdu for bribe-taking and bending the law for selfish ends. One day

## Chinese Fringe Fashion

Chinese fashion designer **Wang Haizhen** won the 2012 Fashion Fringe award at the London Fashion Week on September 18.

Wang, one of the three finalists, is the first Chinese designer to make it to the Fashion Fringe finals.

A graduate of Central Saint Martins College of Art and Design, Wang worked at a world-famous fashion company before establishing his own brand name in London in 2010. His design style is simple and infused with Asian elements.

The Fashion Fringe section was established in 2004, aimed at discovering excellent new designers and providing an opportunity for young fashion pioneers to showcase their talents.



before that, the Chengdu City Intermediate People's Court held a closed-door trial on Wang's two other charges of defection and abuse of power because they involved state secrets.

## NGO Management

China welcomes law-abiding foreign non-governmental organizations (NGOs), the country's top civil affairs official said on September 20.

Minister of Civil Affairs Li Liguo told a press conference that some foreign NGOs have made contributions to the development of China's culture, education, health, science and sports causes and poverty reduction.

Li said, however, some ill-intentioned foreign NGOs have done things in breach of the country's laws and it is imperative to apply strict registration procedures to foreign NGOs operating in China.

Legislation regarding supervision over foreign NGOs is not complete, said Li. Provisions on foreign NGOs setting up representative agencies in China are only seen in regulations relating to foundations, but not in those regarding social groups.

Regulations on the management of social organizations are being revised, Li said.

## Islands' Names

The State Oceanic Administration (SOA) and

the Ministry of Civil Affairs on September 21 jointly released a list of standardized names for the geographic entities on the Diaoyu Islands and some of its affiliated islets.

The list also relates to the surrounding waters of the islands.

The announcement details the Chinese-language names as well as the descriptions of the geographic locations of various mountains, creeks, capes and other geographic entities in the region.

The names, standardized by the SOA and approved by the State Council, are also romanized according to their *pinyin* phonetic spellings.

The SOA also released a set of location maps for the geographic entities.

In another development, China has announced to postpone a reception marking the 40th anniversary of the normalization of China-Japan relations. It says the reception will be held at a proper time, in light of the tensions over the Diaoyu Islands.

## Low-Carbon Day

The State Council decided on September 19 to institute a National Low-carbon Day in a move to cut greenhouse gas emissions in the world's second-largest economy.

The introduction of the National Low-carbon Day beginning in 2013 is aimed at promoting awareness about climate change and low-carbon development policies, and

TANG ZHAOMING



**SUCCESSFUL OPERATION** A doctor congratulates Dainzin Zhoigar, a Tibetan child, after his heart surgery in Beijing's Anzhen Hospital on September 20. Seventeen provinces and cities, as well as several Chinese companies, are providing free medical aid to Tibetan children with congenital heart disease

encourages public participation to facilitate the country's commitment to reducing greenhouse gas emissions, said the State Council.

The National Low-carbon Day will fall on the third day of the National Energy Efficiency Promotion Week in June every year, according to the State Council.

The Chinese Government has pledged to cut energy use per unit of GDP by 16 percent by 2015 from the 2011 level, while lifting non-fossil fuel energy usage to 11.4 percent of the country's total energy consumption from the current 8.6 percent.

## Sansha Projects

Construction on several environmental preservation projects has kicked off in the newly established island city of Sansha in the South China Sea, authorities said on September 19.

Construction of a sewage processing and pipeline project and a garbage collection and transfer project started on August 25, sources with the Sansha Government said.

The two projects, being built with a combined investment of over 50 million yuan (\$7.93 million), will be capable of processing 1,800 tons of sewage and 20 tons of garbage each day upon completion.

Another project kicked off on September 14 to manage coastal erosion.

The government of Hainan Province administering Sansha will prioritize environmental protection in all construction projects, as Sansha's ecological environment is fragile and non-renewable, said Governor Jiang Dingzhi.



WANG SHEN

**MAIN CULPRIT** Naw Kham, principal suspect for the murders of 13 Chinese sailors on the Mekong River last year, pleads guilty on multiple charges at the Intermediate People's Court of Kunming, southwest China's Yunnan Province, on September 21. The Naw Kham crime ring was busted earlier this year in a joint operation by police from China, Laos, Myanmar and Thailand



## Economic Stability

The slowdown in China's economic growth will be curbed in the fourth quarter of the year following government measures, but uncertainties remain for future development, said a report released by the Center for China in the World Economy of Tsinghua University on September 23.

China's economy is expected to grow by 7.7 percent in the first three quarters of 2012, while the growth for the entire year is forecast at 7.8 percent, according to the report.

China still has potential for rapid growth in the mid- and long term, and urbanization will be the greatest boost for the country's future development. The report estimated that China's GDP will grow by 8.2 percent year on year in

the first half 2013, while achieving 8 percent growth on average for the whole year.

However, the report said China's economy is also facing enormous risks, including global political upheaval and limited choices in crafting monetary policies.

## No Foreseeable Rebound

Real estate prices in China are in no condition to rebound as the government continues its hold on the property market, *People's Daily* reported on September 23.

Despite a rise in sales in recent months, speculative buying is still under control, and both property prices and housing inventories have remained at a stable level, an official from the Ministry of Housing and Urban-

Rural Development (MOHURD) told *People's Daily*.

The recent rebound in home-buying activities is due to higher demand that had been suppressed, an increase of new housing supply and lower loan rates. But there has not been a widespread rebound in property prices.

## ODI Slows

Growth of China's investment overseas has slowed as a result of the global economic downturn and softening growth in the world's second largest economy.

Its outbound direct investment (ODI) in the non-financial sectors rose 39.4 percent year on year to \$47.68 billion in the first eight months of the year, said Shen Danyang, spokesman for the Ministry of Commerce.

The increase was slower than the 52.8-percent expansion seen in the January-July period, as global growth faltered and flagging property investment and exports weighed on the Chinese economy.

Of the ODI in the first eight months, investments in the form of mergers and acquisitions (M&As) reached \$13.2 billion, or 28.7 percent of the total, Shen said.

Overseas M&As by Chinese investors have seen relatively fast expansion but have not shown a spurt in growth as some expected, he said.

## Auto Satisfaction

Customer satisfaction with major automakers has climbed to its highest point in the past 10 years, according to the China Automobile Customer Satisfaction Index released on September 21.

The index uses data from customer interviews to measure satisfaction regarding 125 auto brands created by more than 36 automakers.

The auto industry achieved a score of 80 out of 100, the highest mark since 2002, when the index was launched.

The industry's performance this year has



**OFF TO A GOOD START** An engineering simulator of the C919, a large passenger aircraft developed by China, was on show in a lab of Shanghai Aircraft Design and Research Institute on September 21. So far, C919 has received 330 orders

## Numbers

# 436,800

The number of foreign-funded enterprises in China had reached 436,800 by the end of June, said the State Administration for Industry and Commerce on September 21.

# 15,000 tons

China imported 15,000 tons of coffee from Viet Nam, making it China's largest coffee supplier, said an official from the Secretariat of the ninth Expo of China and the Association of Southeast Asian Nations on September 22.





**FULL OF APPLES** Attendees appreciate apples arranged in a *taiji* symbol at the 13th International Fruit and Vegetable Exposition, which kicked off on September 23 in Yantai, east China's Shandong Province

been impressive in terms of product quality, as well as sales and after sales service, according to Fan Tianshun, Director of the Users Affairs Department affiliated with the China Association for Quality, which is responsible for compiling the index.

The customer complaint rate stood at 15.6 percent, down 1.6 percent year on year, said Fan, adding that high fuel consumption and air conditioner problems annoyed consumers the most.

Joint venture automakers, including Shanghai General Motors, Shanghai Volkswagen and Beijing Benz, led the index, although domestic brands, including Chery, Geely and BYD, have improved their rankings because of better designs.

However, there is still a gap between domestic brands and joint ventures regarding brand image and perceived quality, Fan added.

## Shipbuilding to Rebalance

Current overcapacity in the shipbuilding industry is likely to end by 2020 with a rebalance between supply and demand, attendees of the World Congress of Ocean have predicted. The congress took place on September 20-22 in Dalian, a coastal city in northeast China's Liaoning Province.

The global shipping market's overcapacity is a result of fallen demand, and the capacity built during the boom years is no

## CAS Head Goes Global

**Bai Chunli**, President of the Chinese Academy of Sciences (CAS), was elected President of the Academy of Sciences for the Developing World, formerly the Third World Academy of Sciences (TWAS), at the General Meeting of the Academy held in north China's Tianjin on September 18, becoming the first Chinese scientist to assume the post. Bai will take office on January 1, 2013.

The TWAS was established in 1983. It is a non-governmental, non-political and non-profit international science organization sponsored by the UN Educational, Scientific and Cultural Organization. It holds an academicians conference each year and an academic conference every two to three years. Currently, it attracts nearly 1,000 academicians from 90 countries and regions.

Bai, an expert on nanotechnology, has been engaged in the research of his field since the mid-1980s and has made significant achievements.



longer being used sufficiently, explained Corrado Antonini, Chairman of Fincantieri, an Italian shipbuilder and the world's largest builder of cruise ships.

However, the rebalancing act may not be so easy. "We will first need a recovery of the global economy and the reduction of excessive capacity which was built during the boom years," said Antonini.

"But I am confident that shipbuilding and shipping will be in balance again before the end of this decade," he added.

# 22.3 %

Lottery sales rose 22.3 percent year on year to reach 168.97 billion yuan (\$26.8 billion) during the first eight months of 2012, said the Ministry of Finance on September 21.

# 116 million yuan

China Spacesat Co. Ltd., the country's key developer of small satellites, said on September 22 it will obtain 116 million yuan (\$18.41 million) in government support.



UN Secretary General Ban Ki-moon meets with Myanmar's opposition leader and parliamentarian Aung San Suu Kyi at the UN headquarters in New York City on September 21

## THE UNITED NATIONS



Muslim demonstrators topple a freight container placed by police to block a street during a protest against a U.S.-made anti-Islam film in Lahore on September 21

## PAKISTAN





The royal couple, Princess Hajah Hafizah Sururul Bolkiah and her groom Pengiran Haji Muhammad Ruzaini, walk in their wedding ceremony in Brunei's capital city of Bandar Seri Begawan on September 23

## BRUNEI



Dancers and musicians perform during the African Day Parade and Festival in Harlem in New York City on September 23. Thousands of participants and spectators from the African diaspora joined the annual celebration of African culture

## THE UNITED STATES

<http://www.bjreview.com>



South African jets put on an air show on September 22 during the Africa Aerospace and Defense Expo held at an air force base on the outskirts of Pretoria

## SOUTH AFRICA



Visitors browse pumpkins on display at an exhibition in Klaistow, south of Berlin, on September 23. The exhibition featured more than 100,000 pumpkins of 450 varieties

## GERMANY

# BUILDING A TRUSTFUL PARTNERSHIP

China and the EU vow to boost cooperative efforts to overcome economic challenges By Ding Ying

**T**he 15th China-EU Summit in Brussels came at a crucial time in mid-September, as both sides endeavor to cope with the currently gloomy global economic situation.

Observers stressed the importance of cooperation in settling disputes between the two sides, noting their “comprehensive strategic partnership” based on mutual respect and tremendous economic interdependence.

## Stabilizing trade relations

China and the EU established a comprehensive strategic relationship in 2003, resting fundamentally on the trade and economic connection between them. Both sides are experiencing difficulties due to the spreading debt crisis in Europe and the global economic slowdown. At such a sensitive moment, stabilizing relations through high-level communication is of heightened importance.

China and the EU are partners rather than competitors, said Cai Fangbo, a research fellow with the China Institute of International Studies, adding great progress has been made in their relationship since 2003. They have established more than 60 dialogue mechanisms for political, economic, cultural, scientific and energy aspects as well as frequent high-level exchanges. During Premier Wen Jiabao’s visit to Europe, the two sides released a joint statement and many cooperative documents concerning science and technology, monopoly prevention, low-carbon and sustainable development. The joint statement included dozens of agreements covering five key points: comprehensive strategic partnership; trade, economy

and investment; bilateral cooperation; peace and security; and global issues.

“Trade and economic relations comprise the most important part of the China-EU relationship. Premier Wen’s recent visit was very helpful for coordinating their stances and stabilizing China-EU relations. A weakened trade and economic relationship will hurt both sides,” said Liu Mingli, a researcher of European studies with the China Institutes of Contemporary International Relations, in an interview with *Beijing Review*. Statistics show that the EU has now become China’s top trading partner and largest export market, with last year seeing two-way trade between China and the EU quadruple from that of 10 years ago, to \$567.2 billion. The bilateral trade volume from January to July this year reached \$315.75 billion. “Trade and economic cooperation deepens the interdependence between China and the EU,” said Liu.

The visit was conducted at a key moment, with observers noting a distinct difference in tone from previous summits. Europe’s debt crisis is escalating. It has affected the third and fourth biggest economies inside the euro zone, Spain and Italy. Compared with the smaller economies of Portugal and Greece, Spain and Italy are more influential in the euro zone and represent even bigger challenges, said Liu. According to Liu, the euro zone’s 2012 GDP might decrease 0.4 percent, greatly constraining the domestic demand of EU members.

China is also suffering from the European debt crisis. EU states prefer fiscal austerity to deal with the crisis, and some are moving to trade protectionism. “China’s exports to

the whole of Europe have consequently slid sharply,” said Liu. “Premier Wen’s visit enabled the two sides to coordinate their stance at the governmental level.”

The lingering debt problem poses a big threat to the economic recovery of Europe and even jeopardizes the momentum for global economic growth. The Chinese premier once again promised to offer a helping hand in dealing with the EU’s financial crisis. As always, China will support the efforts made by Europe to solve the debt problems and will strengthen communication and cooperation with EU bodies, the European Central Bank, and the International Monetary Fund (IMF), Wen said during the visit. China will continue to play a positive role in helping soothe Europe’s debt concerns by expanding its contribution to the IMF, purchasing European bonds, and increasing its investment in the region, Wen said. He added that China welcomes European enterprises to use the Chinese yuan in cross-border trade and investment and is willing to work with Europe to establish bank branches on both sides.

“Frankly speaking, the financial situation is not optimistic,” said Liu. “It is further complicated by the lack of a unified stance on the problem by EU members.” Furthermore,



PANG NINGLI





CHINA-EU TIES: Visiting Chinese Premier Wen Jiabao is welcomed by Belgian Prime Minister Elio Di Rupo in Brussels on September 20

there are differing views on accepting Chinese assistance. Countries in Southern Europe like Greece, Portugal and Spain would like to accept more help from China for relief and to buy time for implementing economic and financial reforms. However, countries like Germany, Finland and the Netherlands believe China's involvement could slow down South European nations' pace of reform. "These countries think

now is the time to force debt-ridden governments to implement painful but profound reforms, in order to solve the problem once and for all," Liu said. However, Germany's attitude has changed somewhat due to the severity of the crisis, he added.

The visit indicated that China and the EU will jointly cope with the crisis and boost economic growth via cooperation and a co-

ordinated stance based on mutual benefit and respect, Cai said.

### Seeking progress together

Closer trade relations have brought increasing trade conflicts. Observers noted that current trade conflicts are controllable if inevitable. Approaching competition with a positive at- ►►



**HIGH-LEVEL EXCHANGE:** President of the European Council Herman Van Rompuy, Chinese Premier Wen Jiabao and President of the European Commission Jose Manuel Barroso (left to right) attend the China-EU Business Summit, a business event held alongside the China-EU Summit, in Brussels on September 20

titude could lead to more scientific progress among European countries, which are at the forefront of the hi-tech field.

In early September, the EU chose to conduct an anti-dumping investigation against Chinese solar products. With a total volume of 130 billion yuan (\$20.62 billion), it is the most expensive trade dispute in the world.

The history of cooperation between China and the EU demonstrates that dialogue and negotiation—not trade protectionism—can solve problems, Cai said.

The China-EU Summit presented a valuable platform for such compromise. During Wen's visit, both sides reiterated that trade protectionism should be rejected. German Chancellor Angela Merkel previously called for all EU nations to solve the solar panel issue through political dialogue during her recent visit to China.

China's growing economic strength is having a bigger impact on EU economies, Liu said. Now China is experiencing an economic transformation from traditional labor-intensive industries to an ungraded economic structure focusing more on hi-tech areas. "Competition between China and the EU is stronger than before,

which is to be expected. It is impossible for a big economy like China's to stay at the labor-focused stage forever," Liu explained. "Moreover, economic globalization makes international competition unavoidable."

Liu pointed out that the key to dealing with trade competition is to maintain a healthy attitude. The EU countries still hold an advantage in hi-tech industries. Now they should make efforts

to increase their own competitiveness through industrial upgrading, he said. "Antelopes run faster when there's a lion chasing them," Liu added. "Globalization stimulates competitors' momentum to seek progress." ■

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## New Thoughts on China-EU Relations

Chinese Premier Wen Jiabao put forward a four-point proposal for the development of China-EU relations in an address delivered at the 15th China-EU Summit in Brussels on September 20:

- China and the EU should vigorously promote the liberalization and facilitation of trade and investment and stand firm against protectionism

- The two sides need to focus on new industries such as advanced manufacturing, new energy, new materials, biopharmacy, and information and telecommunications, and es-

tablish joint research and development centers, technology transfer centers and joint incubators

- The two sides should make joint efforts to establish effective mechanisms for promoting bilateral cooperation in sectors such as transportation, electric power, and telecommunications

- The two sides should promote reforms of the international financial system to achieve new progress and maintain global economic and financial stability

(Source: Xinhua News Agency)





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