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Cover Photo: Chinese President Xi Jinping at Boao Forum for Asia in Hainan Province on April 7 (CNS PHOTO)

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EDITOR

# Theme of the Times

The 2013 conference of the annual Boao Forum for Asia has attracted wide attention for the keynote speech made by Chinese President Xi Jinping. This is Xi's first appearance at a multinational diplomatic platform in China since he assumed his post and visited Russia and Africa. At the forum, Xi reiterated China's commitment to pursuing peace and development and carrying out equal and mutually beneficial cooperation with other countries.

Efforts are currently being made toward the recovery of the global economy, with countries more closely connected and interdependent. However, the world is not peaceful. Some regional contradictions and conflicts are threatening peace, without which there will be no development.

History has taught us many lessons. The injury inflicted by World War II has not yet been healed and the wars and upheavals in China since 1840 have caused deep pain. In order to avoid history repeating itself, the Chinese Government and people are actively striving for a peaceful international environment for its own development. Facing provocation, China will never give up its pursuit of peace, national sovereignty, safety and territorial integrity.

Xi pointed out in his speech that the global village should be turned into a big stage for common development, rather than a venue where gladiator states are allowed to throw a region or the world into chaos for selfish gains.

In accordance with this year's conference theme of Asia Seeking Development for All: Restructuring, Responsibility and Cooperation, the region and the world should closely cooperate and seek common development under a peaceful mandate.

At present, unemployment rates remain high in some major economies while the European debt crisis continues. Emerging economies face excessive capital mobility and deteriorating trade balance situations, with some still suffering high inflation rates. Under such conditions, the fast changing world economy needs peace, cooperation and common development more than ever. ■

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# BACK HOME

Chinese icebreaker *Xue Long*, or *Snow Dragon*, returns to its mooring in Shanghai on April 9, concluding China's 29th Antarctic expedition.

The research vessel left the southern port city of Guangzhou on November 5 last year for Antarctica. It covered 29,000 nautical miles over its 156-day voyage, among which 6,000 nautical miles were in ice regions. Scientists on board completed 53 tasks.

China launched its first expedition to the Antarctic in 1984 and has established the Changcheng, Zhongshan and Kunlun stations.

## Another Cruise Port

A national cruise ship tourism development zone in north China's coastal city of Tianjin has received approval to be built.

The international cruise home port in Tianjin's Binhai New District was put into operation in June 2010. Since then it has attracted the world's three largest cruise liner companies—Royal Caribbean Cruise Lines and Carnival Cruise Lines in the United States and Costa Cruise Lines in Italy. Official data showed that over the past two years, 85 international cruise ships have docked at the port. The number is likely to jump to 90 in 2013 alone.



XUE LIU/ANG

## Corruption Trials

Former Minister of Railways Liu Zhijun has been charged with bribery and abuse of power, authorities said on April 10.

According to the indictment issued by the Second Branch of the Beijing People's Procuratorate, as a state functionary, Liu sought to benefit other parties by taking advantage of his position and accepted considerable amounts of financial incentives for doing so.

Liu, 60, became minister of railways in March 2003 and was sacked

in February 2011.

He is accused of having received bribes worth more than 60 million yuan (\$9.68 million), reported *Beijing Times*.

On April 8, Huang Sheng, a former deputy governor of east China's Shandong Province, stood trial on charges of accepting bribes.

According to the municipal people's procuratorate, from the latter half of 1998 to August 2011, Huang abused his official positions as mayor and Party chief of Dezhou, as well as vice governor of Shandong, to obtain benefits for others in their

business operations and promotions.

He accepted bribes worth more than 12.23 million yuan (\$1.97 million), prosecutors said.

## Transit Visas

Guangzhou in south China's Guangdong Province is expected to become the third Chinese city to allow foreign visitors to transit for 72 hours without a visa, according to Tan Wengen, General Manager of China Southern Airlines.

"We are actively talking with the local airport and customs authorities to push the implementation of the visa-free transit policy as soon as possible," Tan said.

Since January 1, travelers from 45 countries have been benefiting from 72-hour visa-free stays in

Beijing and Shanghai. With the adoption of this policy, Shanghai has registered more than 1,000 foreign passengers transiting from its Hongqiao and Pudong airports without visas, the local immigration control authorities said.

The number of inbound tourists to Beijing is expected to increase to 10 million within the next three years as a result of the policy, said the Beijing Municipal Commission of Tourism Development.

"If the negotiations go smoothly, the policy will be implemented in Guangzhou within this year," Tan told Xinhua News Agency.

## Jobs for the Disabled

New progress has been made in the employment of the disabled, as China created new jobs for 329,000 disabled urbanites in 2012, according to a communique released on April 7.

As many as 299,000 handicapped urbanites received vocational training last year, while the number of vocational training bases inched up to 5,271 from 5,254 in 2011, said the communique, released by the China Disabled Persons' Federation.

According to the federation, a total of 16,514 blind masseuses and



WU YU/SH



## SHOE SHOW

A visitor browses shoes at the MICAM Shanghai in east China's Shanghai Municipality on April 9. The three-day international footwear show drew participation from some 350 exhibitors





## TECH BREAKTHROUGH

**HIT**, a robot developed by Harbin Institute of Technology in northeastern Heilongjiang Province, is a Chinese bipedal robot capable of kicking a ball. A press conference introducing Heilongjiang's investment environment in scientific and technological fields was held in Beijing on April 3



4,925 blind medical workers were trained in 2012, with 12,887 massage care institutions and 848 medical massage institutions located across the country.

The communique showed that about 3.25 million disabled urbanites joined in the country's social pension insurance system for urban residents in 2012, accounting for 58.4 percent of the total disabled urban population.

In addition, about 13.34 million disabled people in rural areas were included in the new rural social endowment insurance system, making up 63.8 percent of the total disabled rural population, the communique said.

## Ruins Excavated

Chinese authorities on April 9 announced the top 10 archaeological discoveries made in 2012. One of the

year's finds dates back as far as the Paleolithic era.

Among the most significant discoveries were the ruins of a small city, the largest of its kind in Neolithic China, discovered in north-west China's Shaanxi Province.

Archaeologists said that the walls of the 4,000-year-old city are decorated with carved jade, indicating that the city was important in ancient Chinese civilization.

The discovery has provided new materials for the study of Chinese civilization and its development, experts said.

Other discoveries include Paleolithic ruins in central China's Henan Province, the Neolithic Shunjiagui site in east China's Jiangsu Province and Bronze Age ruins and tombs in west China's Xinjiang

Uyghur Autonomous Region.

All the discoveries are protected by local governments, said Tong Mingkan, deputy head of the State Administration of Cultural Heritage.

About 100 archaeological sites are listed as key cultural relics under state protection and some of the sites have been opened to the public.

## Islands Tour

Tourists will be able to visit the Xisha Islands in the South China Sea ahead of the forthcoming May Day holiday, said Tan Li, Executive Vice Governor of Hainan Province, on April 6.

People will be allowed to visit the islands on cruise tours, Tan said.

The Xisha Islands are a cluster of close to 40 islets, sandbanks and reefs.

According to Tan, cruise tours are the choice as hotels and other facilities to accommodate tourists are inadequate.

There is only one hotel with 56 rooms in the 2.13-square-km Yongxing Island, the largest island among the Xisha Islands group and home to the government offices of the city of Sansha. There is no fresh water and all supplies have to be transported from outside.

Sansha was established last June to administer more than 200 islets, sandbanks and reefs in the Xisha,

Zhongsha and Nansha islands and 2 million square km of surrounding waters.

However, experts said that Sansha could only receive a small number of visitors due to its fragile environment.

## Sportswear Lawsuit

China's Qiaodan Sportswear Co. Ltd. has sued American basketball legend Michael Jordan for infringement on right of reputation and claimed \$8 million compensation, *Securities Daily* reported on April 9.

The Quanzhou Court in southeast China's Fujian Province received the file on March 29 and accepted the lawsuit on April 2, a suit which also asked Jordan to stop the infringement and apologize to the company.

Jordan announced that he had sued Qiaodan Sportswear for using his name and image illegally on February 23, 2012, requesting 50 million yuan (\$8 million) compensation. The case was accepted by a Shanghai court but has not yet been heard.

Jordan's announcement came just a week before Qiaodan Sportswear went public. The company's initial public offering was suspended due to the suit.

The Chinese translation of Jordan's name shares identical pronunciation with Qiaodan.

## Riverhead Protection

The government will spend 1 billion yuan (\$161 million) in 2013 to protect Sanjiangyuan, a region that serves as the source of China's three biggest rivers—the Yangtze, Yellow and Lancang rivers. Pictured is Eling Lake, source of the Yellow River.

The money will be spent on afforestation, wetlands protection and the recovery of

degraded grassland. 2013 will mark the final year of a nine-year ecological improvement program.

The region's ecology has significantly deteriorated in recent years due to global warming and excessive herding, leading the government to initiate the 7.5-billion-yuan (\$1.21 billion) program in 2005.



## Modern Machinery

People visit China Agricultural Equipment Expo 2013 in Nanjing, capital of east China's Jiangsu Province, on April 9. The three-day event attracted more than 300 companies from 15 countries and regions.



## Broader Tax Cuts

China pledged to expand a reform program to replace business tax with a value-added equivalent, in place across pilot sectors since August 1, in the hope of further easing the burden on smaller businesses.

The expanded pilot scheme will include enterprises in the radio, film and television industries, alongside those operating in transport and some modern service sectors, said Premier Li Keqiang.

As a vital step in fiscal reform, value-added tax has achieved remarkable results in easing the burden on businesses and promoting economic transformation, Li added.

The nationwide expansion will

eliminate policy differences between pilot and non-pilot regions. The program will help cut 120 billion yuan (\$19.37 billion) in levies for companies in 2013.

"The earlier-than-expected expansion sends a signal that the government is speeding up fiscal reform," said Liu Shangxi, Deputy Director of the Research Institute for Fiscal Science under the Finance Ministry.

The value-added tax reform was first introduced in Shanghai in January 2012 and was later expanded to other cities and provinces.

## Trade Friction Woes

Alongside the rise in foreign trade volume, soaring trade remedy probes are vexing the world's second

largest economy.

Twenty-one countries initiated 77 trade remedy investigations targeting Chinese products, up 11.6 percent from 2011, said the Ministry of Commerce (MOFCOM) on April 8.

The probes involved \$27.7 billion in trade, a year-on-year surge of 369 percent from 2011. Among the most notable cases was the European Union's anti-dumping investigation into imports of solar panels and key components from China.

In March, China's Permanent Representative to the WTO, Yi Xiaozhun, warned that China should be mindful of increasing trade friction with European countries and the United States, as they are adopting increasingly harsh measures against Chinese exports.

Over half of the world's counter-vailing measures are directed against China, said Yi.

Song Ping, an investigator with the MOFCOM, said that the soaring amount of cases have grown out of

China's speedy economic expansion and rocketing foreign trade.

He attributed the issue to growing trade protectionism following the global financial crisis and the imbalanced market goals of Chinese enterprises.

In the first quarter of 2013, China was targeted by 22 such cases, up 22.2 percent from the same period of 2012, the MOFCOM said.

## Inflation Drops

China's consumer price index (CPI), a main gauge of inflation, rose 2.1 percent year on year in March, down from a 10-month high of 3.2 percent in February, mostly attributed to dropping food prices.

Such prices, which account for nearly one third of weighing in calculating the CPI, edged up 2.7 percent year-on-year in March, much less than the 6 percent in February, said the National Bureau of Statistics (NBS).

Wang Jun, an economist with the China Center for International Economic Exchanges, said mild inflation in the first quarter laid a good foundation for achieving this year's inflation control target.

China aims to hold this year's consumer inflation to around 3.5 percent, according to the government work report released in March.

With China maintaining a prudent monetary policy this year, the country will not encounter intense inflationary pressure in the first half, Wang said.

Liu Ligang, an economist with ANZ National Bank Ltd., said the recent outbreak of the H7N9 avian influenza virus will weaken demand for meat products, which will help ease inflationary pressure in the next few months.

The CPI decline means the central bank is less likely to implement tightening policies in the next two to three months, Liu said.

"However, in the face of pressures from capital inflow and rising property prices, we believe the central bank will maintain a prudent monetary policy," said Liu.



## FAMILY STYLE

Solar panels supply power to the home of Mo Zhikai, a villager in Ningbo, east China's Zhejiang Province. Over 70 solar panels worth 200,000 yuan (\$32,260) installed by Mo will provide power to his home and surplus energy will be sold to the state grid





## FAMILY FARM THRIVES

Zhao Zunfeng, a farmer in Weifang, east China's Shandong Province, carries loofah on the family farm he set up on April 9. Zhao made considerable profits by selling his produce to high-end markets, including hotels and supermarkets



## Wind Power Boom

China's wind power sector saw a boom in 2012 and state-owned enterprises (SOEs) controlled a sweeping majority of investment and construction in the sector, accounting for about 81 percent of the sector's installed capacity, the National Energy Administration (NEA) said.

As of the end of 2012, some 1,300 companies had invested in or built wind power development projects, of which 1,000 were controlled by SOEs, according to NEA data.

The China Guodian Corp. is the most aggressive in developing wind power, with an aggregate of 13 million kw of on-grid installed generative capacity, followed by China Huaneng Group and China Datang Corp., which had 8.34 million kw and 7.71 million kw of capacity, respectively.

A total of 1,445 wind power farms had been built by the end of

last year, while 62.66 million kw of installed capacity had been connected to the state grid by the end of 2012.

China's wind power generation jumped 41 percent from a year earlier to reach 100.8 billion kw-hours in 2012, accounting for about 2 percent of the total amount of electricity sent through the national power grid, according to NEA data.

## Down Payment Raised

Beijing raised the minimum down payment for second homes in the city to 70 percent from the original 60 percent starting from April 8.

The policy applies to both commercial and housing accumulation

fund loans, in a bid to rein in the overheated property market.

It follows a series of property curbs in the capital, including the introduction of a 20-percent capital-gain tax from sales of previously owned homes.

Buyers without property ownership records in the municipal property transaction information system are eligible for the down-payment ratio of 60 percent, even if they are found to have records of borrowing a home loan or withdrawing money from the housing accumulation fund, according to an announcement issued by the municipal housing accumulation fund center on April 7.

Mortgage rates will remain at 1.1 times the benchmark one-year lending interest rate.

## Numbers

### 1 bln yuan

Amount of money pledged by the Chinese Government to spend on protecting Sanjiangyuan in 2013. The region serves as the source of the country's three biggest rivers

### 8.96%

China's liability ratio, or external debt against the gross domestic product, by the end of 2012, far below the international warning line of 20 percent

### 10 bln yuan

Amount of money recently allocated by China's Ministry of Finance to upgrade rural electrical grids

### 10%

Year-on-year jump of China's exports in March, with imports soaring by 14.1 percent in the same period

## Real-Name Trading

A real-name tea trading system is introduced on April 9 in Xinchang County, east China's Zhejiang Province, to satiate consumer concerns over quality.

The system makes it possible for tea buyers to trace products to farmers in case of problems, a move believed to better guarantee consumer rights.



# THIS WEEK WORLD



## CANADA

A bevy of swans take part in a parade in Stratford, Ontario, on April 7. The traditional event has been held for 24 years to celebrate the advent of spring



AP/WIDE



WANG LILI



## BRITAIN

Mourners lay floral tributes outside the residence of former British Prime Minister Margaret Thatcher in London on April 8. Thatcher, the first and only female prime minister of Britain, died of a stroke at the age of 87



## FRANCE

Chinese Ambassador to France Kong Quan (center) visits the Noyelles-sur-Mer Chinese cemetery on April 4. More than 800 Chinese laborers recruited to work in Europe during World War I are buried at the cemetery



AP/WIDE





## BOLIVIA

A woman walks in a Quinoa field in the Tarmaya community in the Bolivian Andes on April 8. The UN has declared 2013 the International Year of Quinoa in recognition of Andean indigenous peoples, who grow the crop for food



## TURKEY

Kurdish people flash the victory sign at a birthday rally for jailed Kurdish Workers' Party leader Abdullah Ocalan on April 4 in Urfa, southeastern Turkey. Ocalan called on his group to peacefully bring an end to the three-decade-long Kurdish insurgency



## THE UNITED STATES

New Yorkers take part in the annual Pillow Fight Day in Washington Square Park in New York City on April 6

**“China is more prepared in handling public health emergencies than a decade ago when it fought severe acute respiratory syndrome (SARS).”**

Liang Wannian, Director of the H7N9 influenza prevention and control office under the National Health and Family Planning Commission, speaking at a Beijing press conference on April 8



**“Today, parents spoil their children, which makes them more fragile and unable to deal with difficulty. Sometimes a small disappointment can make them take the road to ruin. It’s time for education departments, family and society to rethink the issue.”**

Lin Kunhui, founder of the Life Education and Crisis Intervention Center, a nonprofit organization in Shanghai, speaking to *China Daily* on April 5



**“I know it’s bad, but I was in the middle of the street when the light turned red and I could not turn back. Besides, traffic was jammed, so there was no way of missing the chance to cross the road.”**

Yang Qing, a junior college student in Beijing, explaining her motive for jaywalking. The Beijing Traffic Management Bureau announced on April 8 that people who do not wait for the “green man” signal to cross at intersections will receive on-the-spot fines of 10 yuan (\$1.60)



**“This is the beauty of hitchhiking—you don’t know what will happen the next second, so just let fate lead you.”**

Li Shengbo, a 24-year-old undergraduate in Beijing who stopped school for a year to hitchhike around China, sharing his understanding of hitchhiking on April 4



**“It is boring and lonely jogging or doing Tai Chi by yourself. But you can chat with your friends while Nordic walking.”**

Hou Xiaodong, 62, organizer of the Nordic walking group in Beijing Olympic Forest Park, expressing his ideas of Nordic walking on April 4. According to a report from China Nordic Walking Association, the country has around 100,000 Nordic walkers and 20,000 people practice regularly



## SAILOR RETURNED HOME



Sailor Guo Chuan made it back home on April 5 to become the first Chinese to successfully circumnavigate the globe solo by sea.

Aboard his Class 40 yacht, 48-year-old Guo traveled about 21,600 nautical miles in 138 days before he returned to his hometown Qingdao, where he set off on November 18 last year.

Guo navigated his yacht across the Pacific Ocean and then down to Cape Horn off the coast of South America before crossing into the Atlantic. Additionally, he is the first Chinese national to traverse the Atlantic Ocean by himself as well as take part in the Volvo Around-The-World race.

He received a master’s degree in aircraft control from Beijing University of Aeronautics and Astronautics, subsequently working on China’s commercial satellite launch projects.



## SECOND FEMALE ASTRONAUT



Wang Yaping has been appointed the only female astronaut of China’s new spacecraft *Shenzhou-10*, scheduled to blast off in June this year. According to Zhou Jianping, head of the country’s manned space program, Wang and two male counterparts will participate in the mission.

The spacecraft was delivered to the launch center in Jiuquan, Gansu Province, on March 31 after passing pre-delivery tests.

Born in 1978 in Yantai, a coastal city in east China’s Shandong Province, Wang became a pilot at the age of 17. She can fly four types of planes and has taken part in many military exercises and Wenchuan earthquake relief activities in 2008. She was selected to China’s first group of female astronauts in 2009 and was one of the two female candidates for *Shenzhou-9* in 2012.





## Combating High Cancer Rates

*China Newsweek*  
April 7

According to a National Cancer Register Center report, incidences and mortality rates of cancer in China are increasing. Every year, 3.5 million people contract cancer while 2.5 million die of the disease. Every six minutes, a person is diagnosed with cancer and one in seven to eight people succumb to it.

What is unsettling is that the incidence of cancer has yet to reach its peak. Chen Wanqing, center deputy director, predicts that in the next 10 years, cancer rates will continue to grow and that by 2020, the

number of people who die from the disease every year will reach 3 million.

In 2003, the Ministry of Health released a guideline to prevent and control cancer, recognizing its registration as an important task. By 2012, 222 cancer register centers were established, covering 200 million people. However, this is only the first step in tackling the illness.

Today, while everyone faces the risk of cancer, adequate prevention and healthy lifestyles remain the best remedies.

## How to Curb Jaywalking

*Beijing Youth Daily*  
April 9

On April 9, Beijing traffic authorities announced they would roll out fresh measures to counter-act jaywalking, a problematic phenomenon in China. In east China's Zhejiang Province, similar measures have already been taken. Pedestrians ignoring zebra crossings and red lights will be fined 5 (\$0.79) to 20 yuan (\$3.17). A large number of traffic police have additionally been mobilized to keep people in check. The actual results of such measures are difficult to measure.

Blame should not fall on pedestrians alone. The so-called "Chinese style Jaywalking" reflects that traffic facilities and rules need to improve. In Beijing, some red lights take an unbearable amount of time switching to green, in turn affording people, especially the old, too short a period to cross the street.

Alongside a much needed increase in safety awareness, correcting traffic rules to facilitate smooth pedestrian and traffic flow, remains key.

## Mass Grave Threatened

*Chongqing Times*  
April 10

During the infamous Japanese invasion of China in the 1930s and 40s, a large number of locals were slaughtered in Pipashan, west of Ji'nan, capital of east China's Shandong Province, and dumped in a mass grave. A monument was later erected at the site as a reminder of the

tragedy. However, because of development plans, it is due for removal.

In many places around China, historical and cultural heritage is suffering likewise at the hands of "urbanization." While, several years ago, the Pipashan mass grave was appointed a base for patriotic education, but

now it will have to make way for property development.

Forgetting history is equivalent to betrayal. A nation that chooses to ignore and ruin its heritage will be hard pressed to achieve real revitalization. Economic growth should not be dependent on the destruction of history.

## A War Between TV Channels

*Lifeweek*  
April 1

While TV channels often survive by broadcasting up-to-date news alone, many additionally profit by airing entertaining programs to attract bigger audiences and deal with competitors.

Since the mid 1990s, many provinces have established satellite channels amidst tough competition.

With more people turning to computers and mobile phones for entertainment, TV channels have been forced to up their games.

In the past five years, Chinese entertainment program quality has improved significantly and competition between channels has grown increasingly fierce.

For example, Jiangsu TV bought the copyright of a German program *High Diving* from Banijay International while Zhejiang TV bought the copyright of *Celebrity Splash* from Eye Works in the Netherlands. Both shows invite popular stars to take a plunge. As a result, the two channels have to compete for stars, gymnasiums and audiences.



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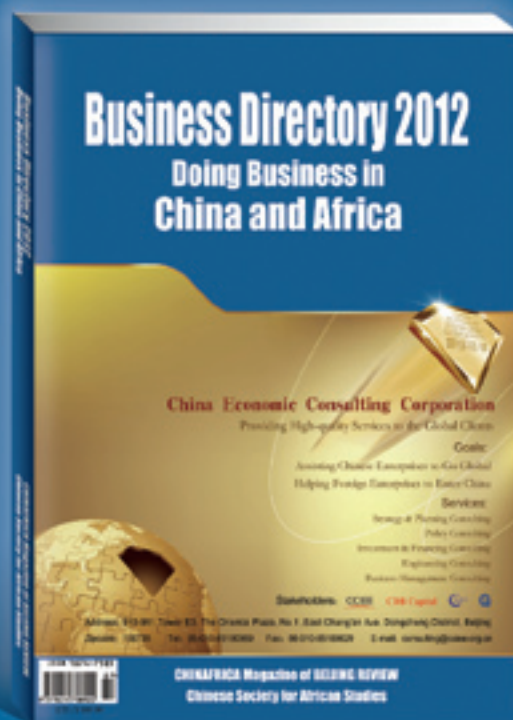
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COVER STORY

# PRAISE AND CONC

China's plans for further economic development and reform were highly lauded, but its challenges were not overlooked By Zhou Xiaoyan

**A GLOBAL EVENT:** The opening ceremony of the 2013 Boao Forum for Asia kicks off on April 7, attracting worldwide attention





# ERN AT BOAO



GUO CHENG

**T**he just concluded Boao Forum for Asia (BFA) Annual Conference 2013 was probably the busiest one in its history, with over 2,500 political and economic leaders from 43 countries and regions from around the world discussing or debating topics such as the global economic recovery, Asian integration and the accomplishments and risks of the upbeat Chinese economy.

During his keynote speech at the opening ceremony of the 2013 BFA on April 7, Chinese President Xi Jinping emphasized the important role that Asian countries, China in particular, have played in a lackluster global economic recovery.

Asia is one of the most dynamic and most promising regions in the world, and its development is closely connected with the development of other continents, said Xi. In recent years, Asia has contributed to over 50 percent of global growth, instilling much-needed confidence in the world. What is more, Asia's cooperation with other regions of the world at regional and sub-regional levels has great vitality and promising prospects, said Xi.

Xi also emphasized that a growing China will benefit Asia and the world.

"The bigger the growth China achieves, the more opportunities the whole world can get," he said.

China is expected to make overseas investments of \$500 billion and import goods worth \$10 trillion in the next five years, and its people will make 400 million trips abroad, Xi said. China outperformed many countries amid the global slowdown, despite its economic expansion hitting a 13-year low of 7.8 percent in 2012, as the European debt crisis dealt a heavy blow to the country's exports. The nation set a growth target of 7.5 percent for 2013. The best, Xi emphasized, is yet to come. China pledged to double its GDP and per-capita income by 2020



ZHANG HAO

**THE SPEECH:**  
Chinese President Xi Jinping delivers his keynote address at the Boao Forum on April 7

## Keynote Speech Highlights

### Difficulties and challenges that face Asia:

- Transforming and upgrading its development model in keeping with the trend of the times;
- Making a concerted effort to resolve major difficulties to ensure stability in the region;
- Building on past success and forming new progress in promoting cooperation in Asia.

### Measures to ensure that development in Asia and the rest of the world reaches new highs:

- Working together to uphold peace,
- Boosting cooperation as an effective vehicle for enhancing common development;
- Remaining open and inclusive.

(Source: Xinhua News Agency)

from 2010 levels.

China's development during the past decade won global applause at the forum. Cambodian Prime Minister Hun Sen said that China's economic rise and rapid growth have helped the Association of Southeast Asian Nations emerge from its own economic slump. "China's economic growth benefits other regions and countries worldwide," he said.

International Monetary Fund (IMF) Managing Director Christine Lagarde spoke highly of Asia's economic development, especially China.

"I dare not imagine where the world economy might be today without Asia. This region has been the consistent global growth leader—driving an astonishing two thirds of total growth in the five years since the crisis hit," she said during the forum.

She also said that China plays a crucial role in the world economy, as it has maintained rapid growth momentum, adding that the IMF attaches great importance to China and expects further cooperation.

Despite promising prospects, the way ahead is riddled with challenges.

"China is still the largest developing country, and it is faced with several difficulties. Long-term efforts are needed to overcome them," said President Xi.

China's future development depends on its ability to tackle daunting tasks, including how to further prompt domestic consumption to realize a transformation of the country's growth model, how to deal with the hollowing-out of the manufacturing sector and how to carry out financial reforms to inject vitality into the economy, said experts at the BFA.

## The need to spend

There has been a growing outcry for China to further tilt the nation toward domestic consumption in order to help a sluggish global economy recover. In its 12th Five-Year Plan (2011-15), China vowed to shift its growth model toward boosting domestic consumption, as shrinking world demand for Chinese goods hurts exports. Domestic consumption only accounts for 48 percent of China's GDP, much less than the global average of 80 percent. This means a huge market is begging to be tapped.

"China is one of our biggest markets in the world, with an enormous growth prospect," said Carlos Brito, CEO of the Anheuser-Busch InBev, a leading global brewer, at the panel discussion. "Right now the beer consumption is quite low, and we see this as a great opportunity. Also, we noticed that China is a vast nation with huge regional differences. Right now, most of our

business happens in coastal cities. In the future, we will focus more on inland cities and the western part of the nation."

Zein Abdalla, President of PepsiCo, echoed Brito, noting that Pepsi has performed well in China.

"We expand our presence in the Chinese market by customizing to the unique needs of Chinese consumers. For instance, by developing relatively light-tasting chips like the cucumber potato chips," he said, adding that the company will continue to develop product portfolios catering to local stomachs.

"We have a long commitment to and confidence in the Chinese market."

Lai Xiaomin, Chairman of China Huarong Asset Management Co. Ltd., said at the BFA that China should establish a long-term plan to shore up consumption.

First, China should make more effort to better distribute its wealth by increasing residents' income. Second, a better social welfare and security system should be built to make people feel secure enough to spend. Finally, more incentives should be given to consumption in rural areas. "Without stirring up consumption of the country's 740 million rural residents, China's domestic consumption can never be a pillar for economic growth," he said.

Online shopping and credit consumption have become two driving forces to increase spending at home, said experts. There had been about 242 million online shoppers in China by the end of 2012, an increase of 25 percent over the previous year, according to the China

Internet Network Information Center.

Emarket, a U.S. research company, said online sales in China were worth \$181.6 billion last year.

In China's first-tier cities such as Beijing and Shanghai, the yearly spending of each online shopper averaged 6,819 yuan (\$1,101), accounting for 18 percent of the person's total disposable income, according to a report by McKinsey Global Institute, the research arm of global management consulting firm McKinsey & Co. China's e-tailing market may reach \$420 billion to \$650 billion in sales by 2020, according to the report.

Online shopping has a clear incremental effect on overall consumption, and could raise private consumption by an extra 4 to 7 percent by 2020, said Chen Yougang, one of the authors of the report.

"China's young generation is quite familiar with digital products and has been fully exposed to the Internet world since they were born. We should provide more e-commerce channels for them to get to know our brand and then purchase our products online," said Pepsi President Abdalla.

Another means to boost consumption is the credit card. Ma Weihua, President and CEO of the China Merchants Bank, said that credit consumption will play a pivotal role in shoring up spending.

"China now has 330 million credit cards, with an annual increase of 20 percent. China Merchants Bank has issued 40 million to 50 million of them, and the credit card business is

## Boao Forum for Asia

The Boao Forum for Asia (BFA) Annual Conference 2013 was held between April 6-8 in Boao, south China's Hainan Province.

Under the theme Asia Seeking Development for All: Restructuring, Responsibility and Cooperation, this year's forum focused on topics related to "restructuring" as economists from home and abroad were invited to discuss China's past and future economic reforms.

A total of 54 panel discussions were held during the three-day event on topics including the global economic recovery, Asian integration, financial market deregulation, small and medium-sized enterprises, the relationship between market and government, shale gas, expanding domestic consumption and property sector regulation.

In addition, the annual conference offered

a chance for young leaders, CEOs of multinational companies, private sector executives and female leaders to meet face to face.

As a non-government, non-profit international organization, the BFA is the most prestigious and premier forum for leaders in government, business and academia in Asia and other continents to share their vision on the most pressing regional and global issues.

Initiated in 1998 by Fidel V. Ramos, former President of the Philippines, Bob Hawke, former Prime Minister of Australia, and Morihiro Hosokawa, former Prime Minister of Japan, the BFA was inaugurated in February 2001.

Boao is now the BFA's permanent site. It covers an area of 86 square km and has a population of about 27,000 people. Since 2002, the BFA has held its annual conference in Boao every April.

(Source: [www.boaoforum.org](http://www.boaoforum.org))





**GATHERING OF MINDS:** National leaders and heads of international organizations pose for photos at the Boao conference

spiraling up," he said.

"When I first considered developing the credit card business, many people wanted to talk me out of it. Luckily, I didn't listen to them. We estimated that it would take eight years before the business turned a profit. It turns out it only took four," Ma added.

## Manufacturing hollowing-out?

Over the past several years, some China-based manufacturers have shifted production to regions with cheaper labor and land costs, like Southeast Asia. Meanwhile, developed countries like the United States have called on their companies to bring manufacturing jobs back home. As a result, concerns are rampant over the hollowing-out of China's manufacturing sector.

In the eyes of Justin Yifu Lin, former World Bank chief economist, industrial transfer is a common phenomenon.

In the 1960s when Japan was in the midst of its economic ascent, the Japanese moved labor-intensive industries to the four Asian Tigers—Singapore, South Korea, Taiwan and Hong Kong—and helped them realize industrialization. In the 1980s, the "tigers" followed suit and moved industries to the Chinese mainland. Now, it is China's turn, Lin said.

Dong Mingzhu, Board Chairman of Gree Electric Appliances, Inc. of Zhuhai, said that the fundamental reason for the hollowing-out of the manufacturing sector is a lack of core technology.

"Companies that were hit most from the 2008 financial crisis were original equipment manufacturers. They don't have a brand, or any key technology in what they produce. When those companies were built in the first place, their founders were too short-sighted to make any long-term plans," said Dong, during a roundtable on the hollowing-out of China's manufacturing sector.

"As long as you have core technology, you'll be fine," she said, noting that Gree is now Brazil's

largest air conditioner producer after founding a factory using refined technology 10 years ago.

Lin Zuoming, Board Chairman of Aviation Industry Corp., agreed.

"Economic globalization itself is a process whereby industrial chains break into fragments and are scattered in different regions," said Lin.

"Some lower-end manufacturing businesses transferring out of China is a positive change, as long as we keep higher-end manufacturing businesses and their core technologies."

Hu Zhenyu, Vice President of the China Fortune Land Development Co. Ltd., an expert in investment and the operation of industrial parks in China, said that local governments are quite cautious and rational when selecting which industries to develop. Lower value-added industries are not welcome in most regions, he said.

"As the resources in coastal regions are more and more scarce, it's totally understandable that some industries will shift to China's inland regions, or even to other countries. Doing so can prepare the way for industrial upgrade along the coast," he said.

The upgrading process could bring massive layoffs.

"That's when the government should step up and re-educate workers for their next employment opportunities," he said.

## Regulate or let loose?

A debate over whether to deregulate China's financial sector was put into the limelight at the 2013 BFA.

Deregulating the financial sector will spur innovation, which is badly needed for the country's budding financial market. However, it may also bring risks, similar to what caused the 2008 financial crisis, said panelists at the BFA.

"Generally speaking, China's financial sector is a developing, emerging and fledgling one, which on the one hand requires less government regulation to stir innovation, and on the other calls for risk control," said Wang Yincheng,

President of PICC Life Insurance Co. Ltd., one of China's largest insurers.

Zhang Dongning, deputy head of the Bank of Beijing, said that it's all about finding the right balance between deregulation and risk control.

"The government should step back from things that it shouldn't regulate," he said.

"Specifically speaking, the government should be responsible for three things: establishing a fair market environment, stipulating financial market regulations in line with the rule of economic development instead of out of the will of leaders, and finally awarding regulation-abiding enterprises and diminishing those that don't respect rules."

Rodney Ward, Chairman of Asia Pacific Global Corporate and Investment Banking with the Bank of America Merrill Lynch, called for more room for foreign banks in China's financial market.

"I'd like to see a much more dynamic financial market with the participation of foreign players," he said.

"I think private capital can play a more active role in the process of China's financial reform, if major international banks are allowed to collaborate with local banks in small and micro lending businesses, which China needs to promote," Ward told *Beijing Review* during an interview.

In terms of simmering risks, Ward expressed his optimism.

"I am absolutely overwhelmed by the extraordinary progress that China has made in reforming its banking market during the past decades," said Ward. "China has made remarkable progress by creating the current financial system from nothing. I believe in China's ability to adapt, and adapt fast."

"If anybody is going to find the right balance, it's got to be China." ■

## COVER STORY

# CREATING GLOBAL COHESION

Leaders in business and politics gather for worldwide conference By Kerry Brown

**T**he theme of this year's Boao Forum for Asia, the 12th since its inception at the turn of the millennium, was common prosperity. Under this overarching theme, discussions focused on food, resources, water, poverty, disease and environmental pollution. The message of the conference was positive. The ongoing economic problems since 2008 were slightly less addressed. The euro zone has not collapsed, the Western financial system has returned to very modest growth, and at least the worst of the crisis seems to be over. Even so, longer-term structural problems remain.

The Asian forum put together delegates from across the world, with a number of high-ranking politicians. However, political leaders were outnumbered by business representatives from food, resource and financial sector companies. In this diverse setting, trying to pin down a common vision of prosperity, and a common route to it, is immensely challenging. Countries, companies and individuals all differ. Finding the common point in the center of all their discussions is not easy.

## Better development

President Xi Jinping's opening address mentioned the "China dream," a term he had used a number of times since becoming general secretary of the Communist Party of China Central Committee last year and president in March. The phrase has been a topic of much debate, and the president's declaration that stability and security in the region were critical and needed to be preserved and maintained was taken by some as an indirect message to the Democratic People's Republic of Korea (DPRK), which re-



**Kerry Brown** is an op-ed contributor to *Beijing Review* and executive director of the China Studies Center at the University of Sydney. He was previously head of the Asia Program at Chatham House in London. He leads the EU-funded Europe China Research and Advice Network.

Brown was educated at the universities of Cambridge, London and Leeds with a PhD at Leeds in modern Chinese language and politics. He worked in the China Section of the British Foreign and Commonwealth Office and then served as first secretary at the British Embassy in Beijing from 2000 to 2003.

Brown participated in this year's Boao Forum for Asia.

cently made a number of angry statements in the lead up to the forum, in particular about what the Korean leadership in Pyongyang interpreted as provocative behavior by the United States.

Australian Prime Minister Julia Gillard mentioned the DPRK more explicitly. This derives from Australia now having a seat on the UN Security Council for two years. Australia also announced deeper military links with China, and a number of important economic measures for trading of the yuan and opening up the service sector for more

cooperation between the two countries. One commentator at the conference, however, questioned whether her plan was ambitious enough and what sort of vision Australia had toward China and the region.

Everyone wants prosperity, but it's an abstract concept. Some want material wealth, some want intangible cultural goods, and some crave a sense of security and strong national identity. In a diverse international gathering like Boao, the sheer variety of different perspectives around one term becomes clear. For many developing countries, just having enough food for their populations is a key objective. For others, it is delivering higher standards of public service and more sophisticated means of consulting with people.

Much of the value of discussions in international forums comes through hammering out common frameworks by which to approach tough developmental questions. With the current state of technology, there are too few resources available at any given time for people. In a discussion of food security, one participant came out with the sobering fact that every day 1 billion people lacked food, many of whom were farmers. This issue of the justice of the very producers of foodstuffs themselves being some of the poorest people on the planet raises tough questions about the synergies between developing and developed countries, and the ways in which inequalities remain profoundly entrenched.

It was clear at this year's conference that prosperity is linked in many people's minds, across the world, with education. Education is seen as one of the clearest paths to delivering better development. Many Chinese participants were keen to excoriate the na-



## One message stood out most clearly this year in Boao: Pragmatic, evidence-based policy is likely to lead to the best outcomes. The period of policies driven by ideology is over

tional education system in China, saying that it did not encourage innovation or produce internationally recognized levels for competitive universities and qualifications. The lack of Chinese universities in global rankings of the best tertiary-level institutions in the world was a subject that came up across a number of different discussions.

Here again, however, there is a more complicated story. China produces as many talented scientists and creative figures as anywhere else. For an outside observer, the very self-critical language of some of the discussions about the educational system in China internally is well intended but probably accepts Western or external standards too readily. The elite-strong educational systems in the UK, or the United States for that matter, still fail to equip a large number of people with strong numeracy or literacy skills. Most would accept that the level of Chinese teaching in math and hard sciences is successful and produces better skilled people than in Europe or North America. What is preferable, producing a higher general standard of education without world-class elites, or world-class elites and a lower national standard in some areas?

### A common language

In the last 12 years since the founding of the Boao Forum for Asia, immense economic forces have changed the world, with forces of productivity and growth shifting from developed to developing countries. This is now seen as a historic transition. And yet, many of the profound structural issues still remain, despite the impact of the economic crisis since 2008. Americans still spend more on credit; Chinese still prefer to save. Creditor and debtor nations

are as they were at the start of this process. Austerity policies have failed to cut deeply into public spending in Europe and elsewhere. Internationally, foreign direct investment is still dominated by the United States and the EU. Inequality has either remained the same over the last decade, or in some places dramatically deteriorated.

Global leaders—at events like Boao, the Group of 20 or the World Economic Forum in Davos—are wrestling to create a common language of development, as well as a common understanding of the policies that might best achieve this. A shared vision starts off with very general ideas, but soon gets down to issues like per-capita GDP, access to water, food and energy. The policies, however, cause the most contention. For some, the role of the state has to be very strong, while for others, things need to be left to the market. These debates are reflected within China, where since 1978 there has been much discussion over where the boundary of the former needs to end and the latter to start. Then there are passionate discussions of what the market is, of what the best structure of the state is, of what the role of multinational organizations and companies might be, and of the impact of global movements in civil society.

One message stood out most clearly this year in Boao: Pragmatic, evidence-based policy is likely to lead to the best outcomes. The period of policies driven by ideology is over. The search for analytic methods and approaches to understanding the immensely complex amount of data available is a common one across cultures and territories. So any place where this exploration can continue is welcome. The

World Economic Forum has been regarded as a Western-centric forum, wherein discussion has been weighted toward the priorities and interests of the developed world. So the perspective of countries with their very different economic and development models in the Asian region is important to hear.

One issue that Boao might need to address, however, is that there is now the need for a more generic intellectual output. The World Economic Forum produces reports that promote its often neo-liberal perspectives. Boao is less appreciated for this. It has produced some reports, but they are not associated with a specific intellectual standpoint or position. Asia as a term puzzles many, because it lacks cohesiveness. Boao might well be a place where this issue of what an Asian perspective on global development—something that is shared across the different economies and social and political models in the region—might be.

It's clear that many of those who participated in this year's forum remain profoundly skeptical about the models available for development in the rest of the world, with all the problems they raise about sustainability, equality and equity. By bringing people together, Boao makes the first step in trying to create consensus about what the alternative to Western capitalism might be. But to finally explore this, something more sustained is necessary. A Boao standpoint articulated through a major report would be a good way to start this. ■



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