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LI'S DEBUT

Chinese premier chooses South Asia on his first trip abroad

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Cover Photo: Chinese Premier Li Keqiang attends a welcoming ceremony in New Delhi on May 20 (MA ZHANCHENG)

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EDITOR

Eying South Asia

India and Pakistan were the first two legs of Premier Li Keqiang's debut trip abroad as China's head of the government, which also took him to Switzerland and Germany in late May. His first visits upon assuming office represent to a degree the nation's diplomatic orientation and signals priorities among bilateral relationships.

Border disputes and trade imbalances have long frustrated bilateral relations between China and India. The two nations recently showed maturity in preventing a border standoff from further escalation. On the business side, the two nations have much to note. China is India's second largest trade partner, and India is China's biggest trade partner in South Asia. Trade reached \$66.5 billion in 2012, and is expected to exceed \$100 billion in 2015. Dialogue between the two most populous nations and largest potential markets will pave the way for deepened mutual trust in the political sphere and further economic development.

During Premier Li's stay in India, the two countries signed a joint statement, a series of agreements and a proposal to build an economic corridor across Myanmar and Bangladesh to connect the two major economies in Asia. Besides these successes, it is believed that Li's visit will further strengthen China and India's collaboration in such international issues as the global financial crisis, climate change, energy, antiterrorism and food security under the institutions of the UN, G20 and the BRICS. As leaders from China and India both realized the importance of maintaining a secure environment for their development and prosperity, Li's visit will also help ease the border issue lest it disturbs national interests, overall bilateral relations and regional stability.

Pakistan, an all-weather neighbor to China, is China's second largest trade partner and largest foreign direct investment destination in the region. Trade volume in 2012 topped \$12 billion, an increase of 17.6 percent over the previous year. It is expected to exceed \$15 billion around 2015.

Li signed 11 cooperation documents with Pakistan covering areas including trade, technology and culture. The two nations also agreed to set up an economic corridor to further connect their two economies, which is of great strategic significance in maintaining peace and improving livelihoods in South Asia. Li, arriving just after the parliamentary election in Pakistan, encouraged the leadership of both nations to better negotiate concrete measures to further their all-round strategic collaboration and to join hands to seek common development.

India and Pakistan are both important neighbors in South Asia. The new Chinese premier's recent state visits, in addition to boosting bilateral ties with the two nations, will surely go far beyond bilateral relations and exert a significant influence on peace, stability and development in the region and the world at large. ■

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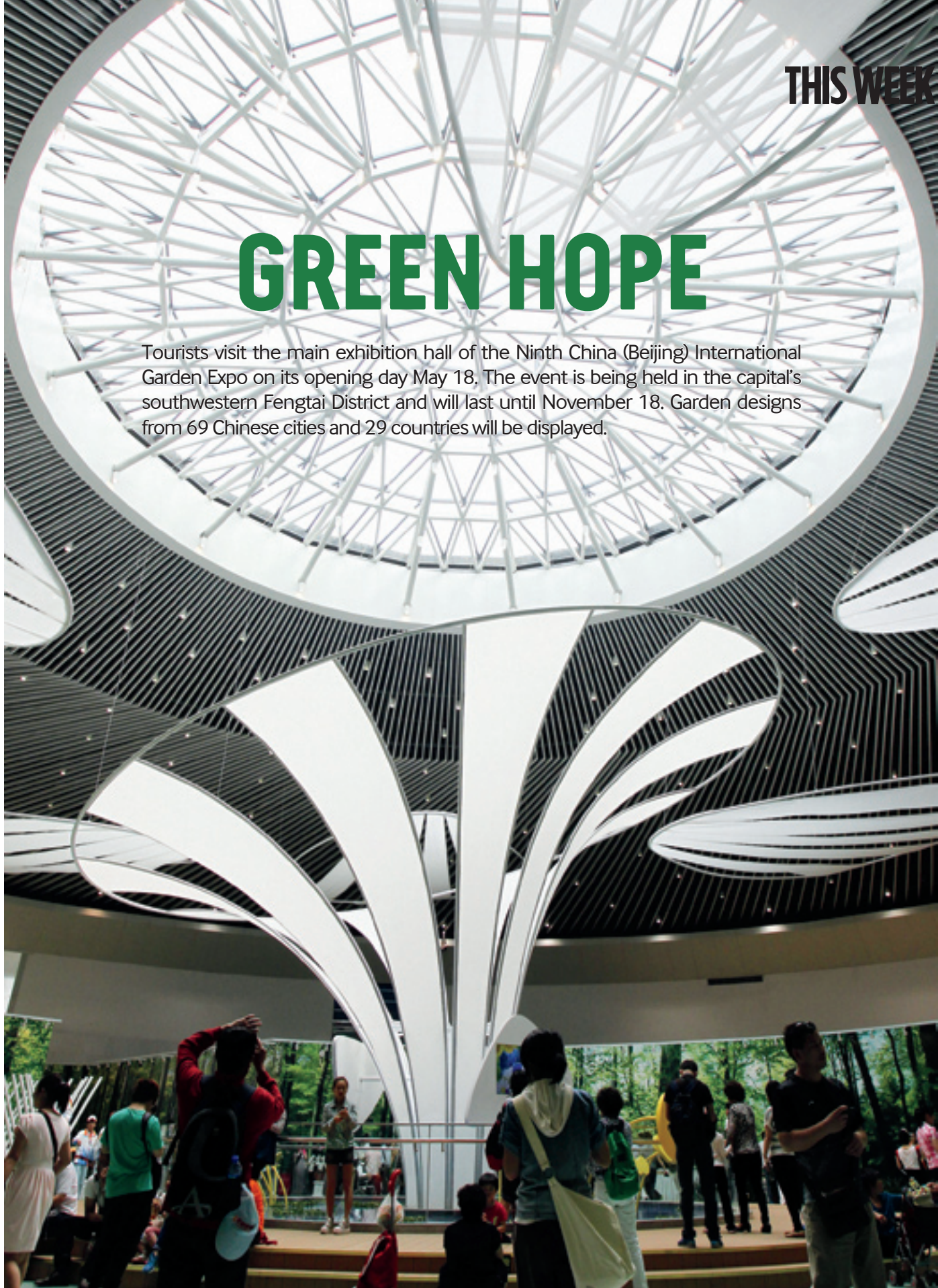
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GREEN HOPE

Tourists visit the main exhibition hall of the Ninth China (Beijing) International Garden Expo on its opening day May 18. The event is being held in the capital's southwestern Fengtai District and will last until November 18. Garden designs from 69 Chinese cities and 29 countries will be displayed.



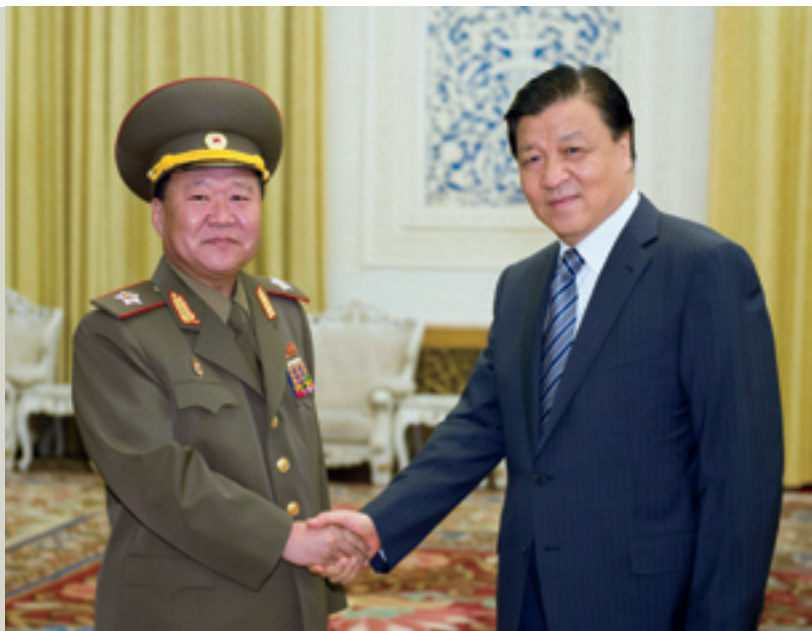
Calling for Peace

Liu Yunshan (right), a member of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee, meets with Choe Ryong Hae, special envoy to the leader of the Democratic People's Republic of Korea (DPRK) Kim Jong Un, in Beijing on May 23.

The senior Chinese leader called on parties concerned to take steps to ease tensions on the Korean Peninsula and restart the suspended six-party talks, which involve China, the DPRK, the United States, the Republic of Korea, Russia and Japan, as soon as possible.

Choe said the DPRK is willing to accept advice from the Chinese side and carry out dialogue with other parties.

Tensions have been running high on the peninsula since the DPRK conducted its third nuclear test in February.



Education Support

China on May 22 unveiled a plan to support universities in its less developed central and western regions.

The ministries of education and finance, together with the National Development and Reform Commission, the country's top planning agency, jointly issued the plan designed to train faculties and improve facilities of universities in central and west China before 2020.

Zhang Daliang, Director of the Higher Education Department under

the Ministry of Education, said at a press conference that the weakness of these universities has hindered local higher education development.

The Central Government plans to inject 10 billion yuan (\$1.62 billion) between 2012 and 2015 into 100 higher education institutions in central and west China where bachelor's degree programs are available, according to the official document.

Currently, the number of on-campus students studying for bachelor's degrees or junior college qualifications in central and west

China account for 65.5 percent of the total nationwide.

Wildlife Survey

A wildlife field survey is under way in southwest China's Tibet Autonomous Region, local forestry authorities said on May 20.

The four-year survey will focus on the distribution, habitats and populations of wildlife in Tibet, as well as habitat protection and wildlife breeding. It will create a database and enable a comprehensive evaluation

of the region's wildlife resources.

Survey experts have divided the region into 19 geographical units consisting of all wildlife and their habitats, which include forests, grasslands, meadows, wetlands and deserts.

The survey is the second of its kind conducted in Tibet. The first one was conducted from 1998 to 2001.

Tibet has 795 species of vertebrates, of which 141 are under national- or regional-level protection.

State Compensation

The Supreme People's Procuratorate, China's highest procuratorial organ, on May 17 increased the compensation standard for individuals whose personal rights have been infringed upon by the state.

The new standard is set at 182.35 yuan (\$29.7) per day, 9.7 yuan (\$1.58) more than the 2012 standard, said a statement published by the procuratorate.

The adjustment of the standard was based on the increase in the average salary of state employees in 2012, which stood at 47,593 yuan (\$7,753) last year.

According to the Law on State



JOYFUL FESTIVAL

Residents in Macao celebrate the Drunken Dragon Festival, a unique local tradition on the birthday of the Buddha observed on May 17



4D SPACE FUN

A visitor poses at a multidimensional artwork exhibition in Wuhan, central China's Hubei Province, on May 18



Compensation, where the personal rights of a citizen are infringed upon, the amount of money for compensation per day shall be calculated according to the average salary per day of the staff of the state in the preceding year.

Female Oceanauts

Female oceanauts are being considered to steer China's record-breaking submersible *Jiaolong*, officials have announced.

The National Deep Sea Center in east China's Shandong Province will train a second group of six oceanauts, including two women, for the

sub's future missions, said Liu Feng, Director of the center, on May 21.

The training is expected to start in September or October and will last one or two years, according to Liu.

The *Jiaolong* set a new national dive record after reaching 7,062 meters deep in the Pacific Ocean's Mariana Trench in June 2012, allowing China to theoretically conduct deep-sea scientific research and resource exploration in 99.8 percent of the world's oceans.

Disability Prevention

The China Disabled Persons'

Federation on May 17 established a center for disability prevention, control and research.

The center will focus on preventing disabilities, distributing recovery information, building a database for the disabled and conducting policy research, as well as preventing disability-related complications and reducing degrees of disability, said Director Li Jianjun.

China has more than 85 million disabled people. The number is expected to exceed 160 million by 2050, according to the center.

Bowel Transplant

A hospital in northwest China's Shaanxi Province announced on May 21 that Asia's first small bowel transplant operation between twins was successful.

The transplanted intestine has regained its digestive function, and the 45-year-old patient is expected to be discharged on May 22 after two-and-a-half weeks of observation, said a spokesman for Xijing Hospital in the provincial capital of Xi'an.

The patient, a woman surnamed Xu, received 155 cm of small intestine from her twin sister during surgery on May 4, said operating surgeon

Zhao Qingchuan.

The small intestine transplant is among the most difficult large organ transplants because it can trigger stronger immune responses. The latest small intestine transplant between twins was the fifth case in the world after four similar ones in the United States, Britain and Switzerland, of which three succeeded.

Orphanage Regulations

The Chinese Government released a draft of basic requirements for orphanages on May 17 in order to standardize their practices and close safety loopholes.

The draft, released by the Ministry of Civil Affairs for public opinion, clarifies standard practices related to hygiene, medical care, education and safety measures in orphanages.

Figures from the Ministry of Civil Affairs show China has about 615,000 orphans. Just 109,000 of them live in government-funded agencies, while the rest are cared for by relatives or private orphanages.

Currently, 878 non-government-affiliated agencies are housing 9,394 orphans, according to the ministry.

Hi-Tech Show

The 2013 National Science and Technology Week kicks off on May 19 with a science fair in Beijing.

This year, more than 16,000 science events, road shows and lectures were launched nationwide to raise public awareness of science and technology.



E-CAR RENTAL

An electric vehicle (EV) is charging at a newly opened rental station at the Tsinghua University Science Park, the first of its kind in Beijing, which has 15 EVs for rent.



Power Price Cut

Electricity prices for all businesses in agricultural production and logistics will be cut from June 1, the National Development and Reform Commission (NDRC) announced.

Pork and vegetable producers will enjoy the same electricity prices as other agricultural businesses, which are already benefiting from preferential costs.

Agricultural wholesale and

farm produce markets, as well as refrigerator storage facilities will be charged the same for electricity as industrial producers.

The move will save 500 million yuan (\$80.78 million) annually in the agricultural production and logistics sector. A farm with about 30,000 pigs will save 100,000 yuan (\$16,300) on electricity each year.

The move is expected to reduce soaring costs in logistics and further stabilize farm produce prices.

Outbound M&A

The total value of China's outbound mergers and acquisitions (M&As) in 2012 reached a record high of \$65.2 billion, marking a five-fold increase from 2008, a PricewaterhouseCoopers (PwC) report said.

Since 2009, China has been leading the trend among emerging markets in carrying out M&As in the markets of developed countries, accounting for nearly 70 percent of the total M&A transaction value, said the report.

M&As of China's state-owned enterprises were mostly concentrated in the energy sector, while privately owned enterprises in China

invested \$25.5 billion in outbound M&As in 2012 in the industrial technology and consumer goods sectors, seven times the investment seen in 2008.

"Chinese enterprises have started to discover a long-term investment mode through M&A, as they aim to incorporate production capacity and upgrade industrial structures to increase their international competitiveness," said a PwC consultant on Chinese overseas investment.

T-Bond Issuance

The Ministry of Finance (MOF) sold 30 billion yuan (\$4.8 billion) in 10-year book-entry treasury bonds from May 23 to 27. The issuance is the MOF's 11th batch of book-entry treasury bonds this year.

The interest rate for the bonds is fixed at 3.38 percent. Interest will be paid every half year, with the last interest and the principal paid upon maturity on May 23, 2023.

The bonds will become tradable on exchange markets starting on May 29, according to the MOF.



HAN CHUANHAO



Express Route

Staff sit in a train carriage on the Hangzhou-Ningbo high-speed line on May 22. The 150-km route linking the two hub cities in east China's Zhejiang Province is expected to open in July.



HARVEST FUN

Farmers harvest blueberries in the Yongchuan District of southwest China's Chongqing. Blueberry production in the village reached 10,000 kg in 2012, a value of more than 2 million yuan (\$320,000)



Service Outsourcing Up

Chinese companies took service outsourcing orders of \$11.7 billion in the first quarter of the year, up 43.6 percent year on year, said an official from the Ministry of Commerce at a forum held in Fuzhou, capital of southeast China's Fujian Province.

The country's offshore service outsourcing businesses reached \$8.1 billion in the first three months, up 42 percent year on year, said the official.

As of March, China's service outsourcing industry had 4.46 million employees. Some 67.7 percent of them had college education backgrounds.

The orders of offshore service outsourcing by Chinese enterprises

increased to \$33.6 billion in 2012, compared with \$4.69 billion in 2008.

Talks Collapse

First-round negotiations designed to ease the current solar panel trade spat between China and the European Union (EU) have failed, Chinese trade body sources involved in the talks said on May 22.

China and the EU had agreed that talks on such "price undertaking" would be held between representatives of the Chinese solar sector and

the EU, said Wang Guiping, deputy head of the China Chamber of Commerce for Import and Export of Machinery and Electronic Products.

At the EU's invitation, the chamber sent a negotiation team and put forward pragmatic price undertaking plans, but the EU side turned them down flat, refusing to answer questions from the Chinese side, he said.

The EU backed a proposal in early May to impose punitive import duties on solar panels from China in order to prevent what it called the "dumping" of Chinese panel products in the European market.

Numbers

5,000

Number of users China Mobile in Shanghai will invite to test its latest 4G products

142

Number of new ships Greece has recently ordered from Chinese shipbuilders

53 tons

Reserves of gold found in a mine in northwest China's Xinjiang Uygur Autonomous Region

Bird Flu Fears Wane

(Top) Customers queue in front of a roast chicken store in Hangzhou, capital of Zhejiang Province, on May 20.

(Bottom) The same store is void of customers during the initial outbreak one month earlier.

No new cases of H7N9 bird flu were reported on the Chinese mainland during the week of May 13 to 19.



THIS WEEK WORLD



SRI LANKA

An Air Force paratrooper performs during the Victory Day parade in Colombo on May 18. The event marked the fourth anniversary of the defeat of Tamil Tiger rebels after years of civil war



XINHUA/AP



XINHUA/AP



THE UNITED STATES

Volunteers help clean out a mobile home after it was overturned by a tornado on May 20 near Shawnee, Oklahoma. A series of strong tornadoes moved across central Oklahoma, killing more than 20 people



SOUTH KOREA

A model poses with a 55-inch curved organic light-emitting diode (OLED) TV from LG Electronics during a consumer electronics show in Seoul on May 21. OLED technology allows for thinner and more flexible screens



XINHUA/AP



SINGAPORE

Divers get a close-up look of sea creatures at the Marine Life Park at Resorts World Sentosa on May 21



PORTUGAL

A demonstrator shouts slogans at a protest in Lisbon on May 20. Protesters believe the latest round of austerity measures to shore up the Portuguese economy will worsen matters



FRANCE

Visitors roll the *Newspapers Sphere*, a giant ball of newspapers made by Italian artist Michelangelo Pistoletto, in front of the Louvre Museum in Paris on May 18 during the 2013 European Night of Museums

“Stricter oversight of the elevator industry is needed. Otherwise it won’t be surprising if there are more fatal accidents.”

Xu Ronggen, Secretary General of Beijing Chamber of Elevator Commerce, responding on May 15 to an accident that killed a 24-year-old woman in Shenzhen, Guangdong Province



“A clear and comprehensive food safety standard is needed to pave the way for promoting insects as food.”

Gao Xiwu, an entomologist at the Chinese Agricultural University who specializes in the economic value of insects, on May 16



“In China, the breast-feeding rate in the past decade has dropped by 20 percent, which has posed great difficulties in promoting the development of breast milk banks.”

Hu Min, Secretary General of the Ningbo Breastfeeding Association, an NGO that tried in vain to establish China’s first breast milk bank in 2008, on May 15



“Beijing has the best medical and academic resources compared with other cities, but it’s not necessarily the most habitable.”

Huang Hui, a 27-year-old software engineer from Beijing, responding to a report released by the National Academy of Economic Strategy on May 19 that found most first-tier cities in China to be barely suitable for living due to their poor environmental track record



GRAND SLAM



Li Xiaoxia, a Chinese table tennis player, recently won both the women’s singles and doubles events at the 2013 World Table Tennis Championships in Paris, recording a grand slam.

Li won the women’s singles at the 2008 World Table Tennis Championships and the 2012 Olympic Games.

She also championed the table tennis team event at the 2012 Olympics.

Born in 1988 in northeast China’s Liaoning Province, Li started to play table tennis at 8.



ROCK CLIMBER



Jean-Michel Casanova, a rock climber from France scaled the 172-meter-tall metal elevator frame in Zhangjiajie, a scenic spot in central China’s Hunan Province, on May 18. Casanova climbed the structure in 68 minutes equipped with only hiking shoes and a waist pack containing climbing chalk. The structure is the highest outdoor sightseeing elevator in the world.

Casanova was a stunt double for the film *Iron Man 3*.



Developing Shale Gas *Outlook Weekly* May 20

With the increase of green gas emissions, combating climate change has become a common concern across the world. Upping the levels of natural gas in terms of global energy consumption is essential to realize a low-carbon future. For China, developing shale gas is mandatory in this process.

According to British Petroleum predictions, global energy demand will grow by 36 percent from 2013 to 2030, mostly from emerging economies, with China and India accounting for a half. The company also predicts that by 2030, the overall need for natural gas will grow faster than that for other fossil fuels. Thus,

developing shale gas can guarantee a nation's energy safety.

The United States has already achieved success in developing its own gas reserves, impacting geopolitics and the global economic order. China should follow suit to safeguard against the lack of energy resources.

In developing shale gas, China can learn from the United States, but instead of relying on foreign technology, equipment and services, the country should work to realize its own breakthroughs and establish a development model fit for its local conditions.

Addicted to iPads *People's Daily* May 22

While the advance of technology makes people's lives more convenient, it also produces new problems. For example, various touch screen products have extremely addictive qualities, especially for children.

It was recently reported that a British girl aged 4 is the youngest-known iPad addict. She is so obsessed with playing games on her tablet computer that she requires therapy for compulsive behavior. The news triggered concern among parents over the negative effects of such devices on kids. Experts have warned that parents who allow babies and toddlers access to tablet computers and smart phones for several hours a day are in danger of causing "dangerous" long-term effects.

An increasing number of people are worried that new technology might damage traditions. Unlike their fathers and mothers, children today are growing up in a digital age, having access to the Internet almost from birth. Some are adept at using computers, but completely unable to make something like a simple paper model.

However, it's difficult to stop children from using smart devices to play games. In the future, information technology stands to become an essential skill, but if left unchecked, the technology might have harmful effects on future generations.

Side Effects of Medicine *The Procuratorate Daily* May 22

Tongrentang, a Beijing-based century-old pharmacy, recently got itself into trouble for selling heavy metal contaminated medicine.

On May 7, the Department of Health of Hong Kong ordered a licensed wholesaler of proprietary Chinese medicine, Beijing Tongrentang Hong Kong Medicine Management Ltd., to recall a batch of medicine that was found to contain excessive mercury. Later, another two medicines were also found to exceed heavy metal registration criteria set out by the Chinese Medicines Board of the Chinese Medicine Council of Hong Kong.

It is not rare that mercury is used as ingredient in Chinese medicine. For example, cinnabar, which contains mercury, is widely used as a tranquilizer. Excessive mercury can have toxic side effects on patients, however.

Generally speaking, all medicine has some side effects on the human body. The key is to

get the dosage balance right. The proportion of ingredients of Chinese medicines depends on the accumulated experience of pharmacists rather than precise scientific research.

Some pharmacies are also found to conceal the side effects of certain ingredients, such as heavy metals, to consumers. Doctor Zhong Nanshan, consultant of Chinese Medical Association, has warned that a few Chinese medicines on the market have side effects on the liver and kidneys, and using them for a long term would be very dangerous. Apparently, many pharmacies deliberately ignore their duties of informing patients about the potential risks of taking certain types of medicine. Patients have the right to know about the side effects of medicine.

Leading With Innovation

Caixin
May 13

Compared to state-owned company leaders who work at grass-roots level before being promoted to their current positions, Ning Gaoning's path to becoming chairman of China National Cereal, Oils and Foodstuffs Corp.(COFCO) is different. He majored in economics at university and received his MBA from the University of Pittsburgh, among the first ones to earn such a degree since China's reform and opening up. Ning is candid and direct in answering questions, unlike many other officials.

He became chairman of COFCO in 2004, after working with China Resources, which had nothing to do with the food trade. Nevertheless, Ning had to assume the task of reforming the former's management system and adjusting strategies.

In recent years, COFCO expanded its business by purchasing a series of agricultural product processing and food producing companies.

How the company positions itself, what role it should take as a state-owned enterprise, which policies and fundraising initiatives it should follow and whether it should compete with other firms are all questions Ning is tasked with answering during his stint as the leader of COFCO.



REACHING OUT ACROSS THE HIMALAYAS

Premier Li Keqiang's trip stresses further cooperation between China and India By Yu Lintao

In an article published in two of India's most widely read newspapers, *Dainik Jagran* and *The Hindu*, on May 20 during his visit to India, Chinese Premier Li Keqiang likened the friendship between the two neighbors—China and India—as a handshake across the Himalayas. With the huge size of the world's two most populous nations, their “handshake” links more than one third of humanity.

Despite lingering disputes, observers say bilateral relations have seen remarkable progress in recent decades. Premier Li's visit to India, the opening leg of his maiden overseas trip since taking office, was welcomed by the Indian Government and public as a positive signal for further developing these ties. While Li noted in his speech at the Indian Council of World Affairs in New Delhi that some clouds in the sky cannot shield the sunshine of Sino-Indian friendship, observers pointed out that common interests and common goals for pursuing development would spur the two neighbors to seek cooperation while managing differences.

The big picture

“Premier Li's visit to India demonstrates both the high importance Beijing attaches to New Delhi and the confidence of the two sides for cooperation in regional and international affairs,” said Sun Shihai, President of the Chinese Association for South Asian Studies. Sun added that the visit played a positive role in enhancing mutual trust.

Lou Chunhao, a researcher on South Asian studies with the China Institutes of



LOOKING AHEAD: Chinese Premier Li Keqiang meets with Indian Prime Minister Manmohan Singh in New Delhi on May 20

Contemporary International Relations, told *Beijing Review* that as two emerging powers and the largest developing countries, both consider their relationship to be of special importance.

When meeting with Premier Li, Indian Prime Minister Manmohan Singh stressed that “India and China are partners, not opponents.” Mainstream Indian media paid close attention to Li's visit. Press Trust of India wrote, “While President Xi Jinping chose to visit Russia on his way to the BRICS Summit in March, Li chose India to be his first destination abroad to send a

message of the commitment of the new leadership to further friendly relations with New Delhi.” *The Times of India* newspaper commented that it was a golden opportunity for New Delhi to seize and script a fresh, more positive chapter in bilateral relations.

A few days before Li's trip, a border standoff took place in the western part of the border the two countries share.

However, despite being much hyped by the international media, the incident was quickly resolved. Observers said it was a sign that the two neighbors are becoming more mature in

handling their differences.

Chinese Vice Foreign Minister Song Tao said at a press conference before Li's trip that China and India should "focus on the big issues while managing properly the small issues."

Jiang Jingkui, Director of the Center of South Asian Studies at Peking University, said neither side is willing to allow a small issue like a border dispute to disrupt their strategic partnership.

During his stay in New Delhi, Premier Li said, "World peace and regional stability cannot be a reality without strategic mutual trust between China and India.

On the world stage, China and India are natural partners in reshaping global rules on climate change, trade and finance. They have already carried out effective cooperation within the frameworks of the Group of 20 and BRICS to push for a fairer multi-polar world.

Lou said the common ground of cooperation for both countries is the need for a peaceful and stable environment for development.

Business ties

During Li's trip to India, the two countries signed eight agreements in areas such as the economy, trade, agriculture and environmental protection to expand practical cooperation.

"Due to different development modes in the last decades, the two countries' economies are broadly complementary to each other. Thus, there is large space for economic cooperation," said Lou. "If the two big markets are well connected, they will give a strong impetus to the world economy."

China is strong in manufacturing and India excels in the IT industry, minerals, biomedicine, banking and outsourcing. China is now India's second largest trade partner, while India is China's biggest partner in South Asia. India's exports to China are mainly cotton and minerals, while China offers manufactured goods such as industrial equipment. Statistics from China's Ministry of Commerce show that two-way trade amounted to \$66.5 billion last year, but both sides believe the potential is much greater. The two countries are aiming for a trade volume of \$100 billion by 2015.

Sun said that to expand bilateral economic engagement, the huge potential of cooperation on Indian infrastructure construction and mutual investment must be further tapped.

It is widely acknowledged that the backward infrastructure of India has become a bottleneck for the country's pursuit of rapid development. The two big blackouts last year in India, affecting the lives of 360 million and 680 million people respectively, caused awkward moments for the country on a global scale.

Lou said China's wealth of funds, experience and technology in infrastructure construction offers it big advantages to India in terms of



DEEP FRIENDSHIP: Chinese Premier Li Keqiang meets with Manorama, sister of Dr. Dwarkanath Kotnis who died in China while providing medical aid during World War II, in Mumbai on May 21

cooperation. China has become the largest overseas project contractor of India. Even so, much room is still left for additional projects.

China, which has advantages in manufacturing, is now faced with pressing problems as material and labor costs continue to rise in the domestic market. But in the meantime, a research report released by Kunming-based Yunnan University shows 51 percent of the Indian population are younger than 25 and in 2025 India will have about 130 million extra workers available to the world.

Sun claims that it would be a good choice

for China's manufacturing sector, troubled by surging labor prices at home, to transfer business to India. At the same time, it would provide an opportunity for India to improve its manufacturing industry and create more jobs. Some economists also noted that only when India develops a more mature manufacturing base, can it achieve trade parity with China.

Trust building

China and India, both of which fought against semi-colonial or colonial rule, enjoy traditional friendship. However, exchanges between the two countries were interrupted by a border conflict in 1962.

Lou said the border dispute has severely hindered mutual trust. In the joint statement issued during Li's visit, both sides agreed to work together to maintain tranquility and peace in the border areas.

To address the newly emerging trade imbalance, the two sides agreed to improve ties between Chinese enterprises and the Indian IT industry, and expand border trade through the Nathu La border port. They also made an agreement on trade in buffalo meat, which could help redress the trade imbalance as Chinese demand for the meat is potentially worth \$1.5 billion a year.

Cooperative projects concerning security issues are also included in the joint statement, which observers say could help promote mutual trust. They include expanding civil nuclear energy programs, enhancing cooperation on maritime security, holding joint military exercises as well as strengthening cooperation in naval escort missions to counter piracy in the Indian Ocean. ■

Areas of Cooperation

Bilateral relations: improving political trust and the great potential for trade and investment growth

International issues: climate change, reform of the international system and protection of the shared interests of developing countries

Regional outreach: development of the China-India-Myanmar-Bangladesh economic corridor and consensus on Afghanistan's reconstruction

Points of Contention

Territory: The 2,000-km border between China and India has never been formally demarcated

Tibet: India hosts the Dalai Lama's "Central Tibetan Administration," which the Chinese Government accuses of attempting to separate Tibet from China

Trade deficit: India ran a trade deficit of \$28.87 billion with China in 2012

Third party: India is cautious about China's close ties with its neighboring rival Pakistan

COVER STORY

OLD FRIENDS, NEW COOPERATION

Furthering economic ties while cementing political trust will reinforce Sino-Pakistan traditional friendship By Ding Ying

A time-tested friendship still has room for improvement, as demonstrated by Chinese Premier Li Keqiang's recent trip to Pakistan. China and Pakistan have agreed to promote trade and economic cooperation to improve their friendship. They believe win-win cooperation built upon traditional friendship will not only benefit their "iron brotherhood," but also make great advancements in terms of regional development and security.

Higher expectations

Li's Pakistan trip illustrates to the world that China and Pakistan share a solid friendship that will not be influenced by a change of the government. Also, the two sides have agreed to enhance their strategic cooperative partnership to adapt to changing situations.

Pakistan was the second stop of Li's first overseas trip as China's new head of government. And the Chinese premier was the first foreign leader to visit Pakistan in the wake of the country's general elections.

"The trip illustrates that the China-Pakistan relationship is steady and will not be influenced by the transition period now underway between two successive Pakistani prime ministers," Li Qingyan, a researcher on South Asian studies



HONORED PREMIER: Chinese Premier Li Keqiang shakes hands with Pakistani President Asif Ali Zardari after receiving Pakistan's highest civil award Nishan-e-Pakistan in Islamabad on May 22

with the China Institute of International Studies, said to *Beijing Review*.

After establishing diplomatic relations in 1951, the two countries have forged a long-standing friendship, described by some as "higher than the mountains and deeper than the oceans." Both have expressed confidence

in preserving and deepening this friendship.

"The two countries are partners that can trust and rely on each other," said Premier Li, when meeting with Pakistani President Asif Ali Zardari on May 22. Despite complex and volatile regional and global circumstances, the two countries have already maintained sound

strategic communication and coordination, Li noted.

"I wish to take this opportunity to reiterate to the Pakistani people and the international community that the new Chinese Government will continue to pursue a policy of friendship with Pakistan. We will work together with Pakistan to uphold and grow China-Pakistan relations and take more pragmatic steps to bring more benefits to our two peoples. China and Pakistan should remain good, trustworthy partners and good, sincere and reliable brothers," he stressed.

For his part, Zardari said the Chinese premier's visit, which came at a time when Pakistan is undergoing historic changes, set another important milestone in bilateral ties and would further push forward the relationship between the two countries. "China is a true friend and reliable partner of Pakistan," said Zardari.

The two sides also released a joint statement on deepening China-Pakistan comprehensive strategic cooperation, which mapped out a grand blueprint for the pursuit of common development by both countries. "We are confident that this will instill a new impetus into China-Pakistan cooperation and enable China-Pakistan relations to make greater strides forward from a new starting point," said Premier Li on May 22.

"The China-Pakistan friendship will undoubtedly be deepened and improved to a new phase," predicted Li Qingyan. She pointed out that both China and Pakistan have new governments in 2013, allowing for a good opportunity to boost bilateral relations. Nawaz Sharif, who is set to begin his third term as Pakistani prime minister, has shown persistent friendliness toward China.

Chinese observers believe that boosting the China-Pakistan relationship holds significance for both countries as well as the greater region.

Wang Xu, a researcher on Pakistani studies with Peking University, said that terrorism has posed a major threat to all countries in the region, including China and Pakistan. In the past years, the two nations have been strengthening military cooperation within bilateral and multilateral frameworks. An improved bilateral relationship will stabilize the regional situation in South Asia, Wang said.

Li Qingyan pointed out that Premier Li's trip to Pakistan showed the close attention paid by China to its neighborhood including South Asia. During the visit, the Chinese premier suggested the two sides begin formulating a long-term plan for the China-Pakistan economic corridor project and gradually push forward its construction.

"Such a corridor will give a boost to regional development," said Li Qingyan.

Economic potential

In recent years, China and Pakistan have been strengthening their economic ties in parallel with political and military cooperation. Chinese observers believe that in seizing the development opportunity, China and Pakistan will set a new high to their traditional friendship by promoting trade and economic cooperation.

"I look forward to discussions with the Pakistani Government and public leaders to find ways to deepen the China-Pakistan comprehensive strategic cooperation in a new era, so that our two countries will be better able to meet challenges, achieve common development and lift China-Pakistan relations to a new high," said Premier Li.

"Premier Li's trip to Pakistan can be considered a new starting point to developing bilateral economic cooperation," said Li Qingyan. She noticed that as China is at a crucial period of economic transformation, Pakistan is also at a key phase of development. The bilateral trade volume does not match up with their close relationship, she said, adding that the two sides have put much thought into exploring potential cooperation.

In recent years, bilateral trade has kept growing in spite of the global economic slowdown, yielding great dividends for the peoples in the two countries. The bilateral trade volume hit a record high of \$12.4 billion in 2012, up 17.6 percent from the previous year. Pakistan's exports to China saw a 48.2-percent rise in 2012, greatly enhancing the two sides' confidence about boosting economic cooperation.

Pakistan is the first country in South Asia to acknowledge China's market economy status and sign a free trade agreement with

China. It is China's top investment destination and overseas contract market in South Asia. By the end of 2012, Chinese investment had totaled \$25.26 billion. China is Pakistan's second largest trade partner and fourth largest export market, and steady progress has been made in cooperation in energy, agriculture, infrastructure, telecommunications and financial services.

It is expected that the two sides will reach their goal of raising their trade volume to \$15 billion in 2015 ahead of schedule. Li spoke with Pakistani leaders about the formulation of a long-term plan for boosting bilateral business cooperation. "Our two sides should focus on carrying out priority projects in energy development and power generation and promoting the building of a China-Pakistan economic corridor," he said.

In spite of rapid development in recent years, there is still space for the two sides to make improvement, said Wang of Peking University. For example, Chinese enterprises' investment still focuses on infrastructure. In the coming years, China can expand investment in the Pakistani processing sector.

Li Qingyan believes power and energy shortages have posed big obstacles to attract Chinese investors. She suggested that China provide more support to Pakistan when it seeks more energy to satisfy its domestic demands. A better developed Pakistan will be in accord with China's west development policy, as well as benefiting west and central China. Li Qingyan is confident about bilateral economic cooperation, hinting the two sides will make breakthroughs on large-scale projects.

Boosting economic cooperation will also offer good opportunities for the younger generation of both countries, said Li, the researcher. She explained that as more and more Chinese enterprises invest in Pakistan, more young Pakistanis are learning Mandarin to find better jobs, while some seek training opportunities in China. "This is a good torch relay of the China-Pakistan friendship." ■

High-Level China-Africa Investment Forum

One of the three high-level forums to be held during the Second China (Beijing) International Fair for Trade in Services from May 28-June 1, 2013

Date: May 30, 2013

Venue: China National Convention Center

Hosts: China Society for World Trade Organization Studies
Beijing Review

Sponsor: China Africa Industrial Forum

A business forum focusing on the themes:

- Prospects and Risks for Chinese Businesses Investing in Africa
- China's Policies and Environment for African Enterprises Doing Business in China

Objectives:

- » To further partnerships at both business and government levels in the area of trade in services;
- » To promote mutual investment opportunities;
- » To provide insight into challenges facing Chinese and African businesses making overseas investments; and
- » To establish a platform for interaction between Chinese and African business people, discussing bilateral investment trends in trade in services and offering suggestions for improving investment environments

