

WORLD: EYE OF THE SNOWDEN STORM P.18 | NATION: LECTURE FROM OUTER SPACE P.26

BEIJING REVIEW

VOL.56 NO.26 JUNE 27, 2013

北京周報 WWW.BJREVIEW.COM



BALANCING ACT

Solar flare-up ignites trade spat



RMB6.00
USD1.70
AUD3.00
GBP1.20
CAD2.60
CHF2.60

ISSN 1000-9140



9 771000 914130

JPY188 邮发代号2-922 · 国内统一刊号: CN11-1576/G2

CHINAFRICA

中国与非洲



12 issues a year at a subscription rate of 180 RMB

SUBSCRIPTION HOTLINES
(8610) 6831 0644, 6899 6223, 6899 5808

An Africa-oriented English monthly covering China and Africa published by BEIJING REVIEW, ChinaAfrica is the only one in China featuring news, views and analysis for an African audience.



14
COVER STORY

A Growing Rift

Talks essential to ease China-EU trade row



18
WORLD

Big Brother Is Watching

Internal spy games shame U.S.

THE DESK

» Cooperation Brings Mutual Benefit **02**

THIS WEEK COVER STORY WORLD

» Linking China With Southeast Asia **20**
Common development remains focus

» A Poisonous Peril **22**
Syria faces foreign wrath

NATION

» Harnessing the Beast **28**
Loopholes hinder curb on tobacco

» Preying on Innocence **30**
Education key to fighting child abuse

» Spreading Seedlings **32**
Skills training empowers rural women

BUSINESS

» Price Fall Dims Inflation **36**
Economic shift on Chinese horizon

» Market Watch **42**

CULTURE

» Day of Duanwu **44**
Heritage uncovered

FORUM

» Should Unmarried Mothers Be Fined? **46**

EXPAT'S EYE

» Obsession With English **48**
Global identity reliant on technology



26
NATION

Heavenly Palace Academy

School reaches orbit



38
BUSINESS

Northeast Giants Come Together

Sino-Russian ties knot on commerce

©2013 Beijing Review, all rights reserved.



ONLINE AT » WWW.BJREVIEW.COM

BREAKING NEWS » SCAN ME » Using a QR code reader

Beijing Review (ISSN 1000-9140) is published weekly for US\$64.00 per year by Cypress Books, 360 Swift Avenue, Suite 48, South San Francisco, CA 94080, Periodical Postage Paid at South San Francisco, CA 94080. POSTMASTER: Send address changes to Beijing Review, Cypress Books, 360 Swift Avenue, Suite 48, South San Francisco, CA 94080



A News Weekly Magazine
Published Since 1958

President & Editor in Chief: Wang Gangyi

Vice President: Qi Wengong

Associate Editors in Chief: Li Jianguo, Huang Wei,

Wang Yanjuan, Zhou Jianxiang, Ding Zhitao

Assistant President: Li Zhenzhou

Assistant Editor in Chief: Wa Chunfang

Executive Editor: Ding Zhitao

Assistant Executive Editors: Yao Bin, Zhang Zhiping, Zan Jifang

Editorial Administrators: Zhang Xiaoli, Shi Bosen

Opinion Editor: Zan Jifang

World Editor: Yan Wei

Nation Editor: Yao Bin

Business Editors: Yu Shujun, Lan Xinzhen

Culture Editor: Liu Yunyun

Editorial Consultants: Joseph Halvorson, Evan Z. Hall,

Elvis Anber, Jacques Smit

Staff Reporters: Tang Yuankai, Ding Ying, Ding Wenlei, Wang Jun, Li Li,

Yin Pumin, Pan Xiaoqiao, Yuan Yuan, Wang Hairong, Liu Xinlian,

Yu Yan, Yu Lintao, Zhou Xiaoyan, Bai Shi, Deng Yaqing, Ji Jing

Photo Editor: Wang Xiang

Photographer: Wei Yao

Art: Li Shigong

Art Director: Wang Yajuan

Chief Designer: Cui Xiaodong

Designer: Zhao Boyu

Proofreading: Qin Wenli, Ma Xin

Distribution Director: Pan Changqing

Human Resources: Hou Jin

International Cooperation: Zhang Yajie

Legal Counsel: Yue Cheng s

North America Bureau

Chief: Huang Wei

Deputy Chief: Xu Tao

Tel/Fax: 1-201-792-0334

E-mail: hw@bjreview.com

Africa Bureau

Chief: Li Jianguo

Africa Managing Editor: Francisco Little

Tel: 27-71-6132053

E-mail: casa201208@hotmail.com

General Editorial Office

Tel: 86-10-68996252

Fax: 86-10-68326628

English Edition

Tel: 86-10-68996259

Advertising Department

Tel: 86-10-68995813

E-mail: ad@bjreview.com.cn

Distribution Department

Tel: 86-10-68310644

E-mail: circulation@bjreview.com.cn

Published every Thursday by

BEIJING REVIEW, 24 Baiwanzhuang Lu,

Beijing 100037, China.

Overseas Distributor: China International Book Trading

Corporation (Guoji Shudian), P. O. BOX 399,

Beijing 100044, China

Tel: 86-10-68413849, 1-416-497-8096 (Canada)

Fax: 86-10-68412166

E-mail: fp@mail.cibtc.com.cn

Website: <http://www.cibtc.com>

General Distributor for Hong Kong, Macao and Taiwan:

Peace Book Co. Ltd.

17/F, Paramount Bldg, 12 Ka Yip St, Chai Wan, HK

Tel: 852-28046687 **Fax:** 852-28046409

Beijing Review (ISSN 1000-9140 USPS 2812) is published weekly in the

United States for US\$64.00 per year by Cypress Books,

360 Swift Avenue, Suite 48, South San Francisco, CA 94080

News Postage Paid at South San Francisco, CA 94080

POSTMASTER: Send address changes to *Beijing Review*,

Cypress Books, 360 Swift Avenue, Suite 48,

South San Francisco, CA 94080

EDITOR

Cooperation Brings Mutual Benefit

The European Commission's decision to slap tariffs on Chinese solar panels has met strong opposition and caused much dispute. Alongside a weak economic recovery, it might be more wise for the EU to seek cooperation and common development with China rather than provoke a trade war for partial interests.

China and the EU are important trading partners and have enjoyed an increasingly thriving relationship in recent years. The latter is China's biggest trade partner and top import source while the former is Europe's second biggest trade associate and third largest export haven. In 2012, both sides hit over \$546 billion in trade. Despite positive developments, bilateral trade disputes remain, which can only be solved via negotiations.

At present, solar panel producers in the EU face serious problems. Prior to the global financial crisis, the EU had issued a development plan on renewable energy sources, taking steps to push for the transformation of the energy industry via subsidies, amongst others. However, support has dwindled in recent years, resulting in decreasing market demand, as well as the decline or bankruptcy of some photovoltaic enterprises.

On the other hand, Chinese photovoltaic enterprises have always prioritized technological innovation and large-scale production, constantly reducing costs, which is the major factor behind the competitive edge of Chinese solar panels. However, the EU, citing India in its investigations, has ignored the resilience of Chinese made products. In fact, production costs of solar panels in India are much higher than in China, while few can rival the scale of industry within the latter.

In the global solar panel scheme, China is at an advantage in the production of battery components and panels, while the EU takes the leading role in research and development, raw materials and equipment manufacture. Their respective strong points are revealed in product prices. This is the result of economic globalization and international industrial specialization, as well as comparative advantages and free competition.

China has shown sincerity and a constructive stance in the trade dispute. Likewise, the EU should in turn be sincere in its efforts to reach a settlement that satisfies both parties. What we need is cooperation rather than confrontation. ■

WRITETOUS



Send an e-mail: contact@bjreview.com.cn

Please provide your name and address along with your submissions. Submissions may be edited.

CHINA.....RMB6.00 U.S.A.....USD1.70 AUSTRALIA.....AUD3.00 UK.....GBP1.20
CANADA.....CAD2.60 SWITZERLAND.....CHF2.60 JAPAN.....JPY188 EUROPE.....EURO1.90
TURKEY.....YTL5.00 HK.....HKD9.30 NEPAL.....RS40

北京周报 英文版 2013年 第26期 ISSN 1000-9140 广告许可证 0171号北京市期刊登记证第733号
邮发代号2-922·国内统一刊号: CN11-1576/G2 国内零售价: 人民币6.00元



Available on App Store



SUCCESSFUL EXPERIMENT

Zhou Huaiyang, professor of the School of Marine and Earth Science at Tongji University in Shanghai, waves after completing his journey in China's manned deep-sea submersible *Jiaolong* in South China Sea on June 18.

With the scientist as its first "passenger," *Jiaolong's* missions this time included experiments on its positioning system, biological surveying and geological sampling in the Pacific Ocean.

Fastest Computer

Developed by Chinese scientists, *Tianhe-2* is the world's fastest supercomputer, according to TOP500 on June 17. The TOP500 project is a biannual ranking of the 500 most powerful computer systems in the world.

Tianhe-2, or *Milky Way-2*, clocked 33.86 petaflops. According to the National University of Defense Technology, which built the supercomputer, the computer can perform 54.9 quadrillion operations per second at peak capacity.

Its predecessor, *Tianhe-1A*, was the world's fastest supercomputer in 2010.



Education Campaign

Xi Jinping, General Secretary of the Communist Party of China (CPC) Central Committee, said on June 18 that the Party's upcoming year-long campaign will be a "thorough cleanup" of undesirable work styles such as formalism, bureaucratism, hedonism and extravagance.

The main task of the campaign focuses on building work styles to boost ties between CPC members and the people, Xi said at a high-profile deployment conference.

The Political Bureau of the CPC Central Committee decided in April to launch the campaign in the latter half of the year.

The campaign will focus on CPC organs and officials at or above county level who will be required to reflect on their own practices and correct any misconduct.

Xi said that a long-term mechanism should be established to encourage Party members and officials to serve the people, be down-to-earth, upright and corruption-free as "the issue of improper work styles

is prone to relapse and stubborn in nature."

The Party should take the campaign as an opportunity to introduce new rules, improve existing ones, and nullify outdated regulations, he said, vowing that no exception should be made when implementing the rules.

Healthcare Costs

The estimated total cost of healthcare services in China reached 2.89 trillion yuan (\$473.5 billion) at the end of 2012, an 18.8-percent rise compared to the previous year, according to a statistics bulletin released on June 18 by the National Health and Family Planning Commission.

The country added 503,000 medical staff and 565,000 hospital

beds in 2012, with respective totals having reached 9.12 million and 5.16 million. The number of outpatient visits in 2012 also increased by 9.9 percent.

However, relative cost of services is still lower than in other developing countries. China's total cost was only 5.15 percent of GDP in 2011, lower than that of Brazil (8.8 percent) and South Africa (9.2 percent).

Crimes Against Nature

China's highest judicial and procuratorial organs jointly issued a new judicial interpretation on June 18 imposing criminal punishments on polluters.

With more precise criteria for convictions and sentencing, the document, which took effect on June 19, is expected to facilitate the work of judges and tighten punishments for polluters.

The document lists 14 activities that will be considered "crimes of impairing the protection of the environment and resources."

Contaminating drinking water sources or nature reserves with ra-



PENG ZHAOZHANG



PROUD DONOR

A man shows his certificate for donating blood at a collection station in Yinchuan, Ningxia Hui Autonomous Region, on June 14, World Blood Donor Day



FOLK RHYME

Shanren Band from southwest China's Yunnan Province performs at World Music Essence on June 14 in Hohhot, Inner Mongolia Autonomous Region



ZHANGJING

dioactive, pathogenic or toxic waste is a crime. Activities that poison more than 30 people or force the evacuation of more than 5,000 are also designated as environmental crimes.

The interpretation considers pollution near hospitals, schools and residential areas serious offenses.

According to the country's Criminal Law, those convicted of such crimes will face a maximum prison term of seven years and be subjected to fines.

Military Recruitment

The military recruitment period in China has been moved and will now begin in August in a bid to attract more talented people, military sources said on June 14.

An online recruitment service run by the Ministry of National Defense is ready for applications, and recruiting procedures including physical examinations will begin on August 1.

Previously, recruitment began in October, and the change is the first

in 23 years.

The Chinese military started recruiting college graduates in 2001. More than 130,000 People's Liberation Army soldiers were college graduates at the end of 2009.

To help the military recruit more students, the country's top legislature amended the Military Service Law in 2011, raising the maximum age for recruits to 24.

Private Adoptions Banned

Individuals and groups are banned from secretly adopting abandoned infants, a joint circular from multiple Chinese government departments has outlined.

The circular, with specific instructions on transferring, settling

and treating abandoned infants, requires immediate notification of local residential committees and police organs if such a child is found, according to the Ministry of Civil Affairs, one of seven ministerial departments issuing the document.

"Adopting and handling abandoned infants by one's own will is forbidden," the circular says.

The circular comes after cases of children being abandoned or unsupervised in China, prompting questions over young Chinese people's sense of guardianship as well as calls to better protect minors.

Police departments should make efforts to find the biological parents or other guardians of an abandoned infant, according to the circular. If the police fail to find the guardians they must provide official proof and transfer the child to a government-sanctioned nursing home for temporary care.

Language Program

China International Publishing Group (CIPG) and Yale University jointly launched a multimedia Chinese language teaching program on June 14.

The program, Encounters, targets foreign high school and university students and others interested in learning Chinese.

It contains an array of multimedia learning materials. Centered around a 20-episode theatrical-

quality TV series, the program also includes books, DVDs, a website, podcasts and rap songs.

In a congratulatory letter written for the launch ceremony, Richard C. Levin, President of Yale University, said Encounters will prove to be a powerful Chinese language- and culture-learning tool for thousands of students.

"Its presentation of teaching materials in innovative and interactive ways marks a milestone in the advancement of learning foreign languages and cultures," wrote Levin.

According to Zhou Mingwei, President of CIPG, Encounters has received positive feedback since being tested in high schools and universities in the United States.

Rural Rest Homes

The Chinese Government will raise 3 billion yuan (\$489 million) in lottery funds to support the construction of 100,000 rural nursing homes over the next three years.

The nursing homes will be managed by local villager committees, providing rural senior citizens with accommodation, the Ministry of Civil Affairs said on June 13.

China has nearly 50 million senior citizens in rural areas who need physical and mental care. As of 2012, there had been 33,000 institutions offering services to rural senior citizens, according to the ministry.

Heat Waves

Pedestrians brave the heat in Shanghai as temperatures reach 36 degrees Celsius on June 17.

Many parts of China experienced the first heat wave of the summer in mid-June, seeing the highest temperature hitting 37 degrees Celsius on June 19.

Southwest China's Chongqing Municipality, under the influence of subtropical high-pressure belts, experienced heat so fierce that a red warning was issued. Red is the hottest color on China's four-color heat wave warning system.



SHUTTERSTOCK

New Bridge

The Jiaxing-Shaoxing Sea Bridge in east China's Zhejiang Province is completed on June 17 and is expected to open for traffic by the end of June.

With a span of 10 km over Hangzhou Bay, it is the world's longest and widest multi-pylon cable-stayed bridge.



Highway Plan

China will invest 4.7 trillion yuan (\$767 billion) in road projects by 2030, strongly boosting its domestic economy, said Dai Dongchang, chief planner of the Ministry of Transport, at a news conference on June 20.

The country will have more than 400,000 km of national roads and highways by 2030, compared with 173,000 km in 2012, he said.

A national plan for the country's road network from 2013 to 2030 was released at the conference. This plan

was approved by the State Council in May.

Dai said that about 2.5 trillion yuan (\$408 billion) will be allocated to highway construction, with the remainder going to non-toll roads.

So far, around 900 of the nation's 2,800 counties are not linked to national roads.

Carbon Trading

Shenzhen, south China's Guangdong Province, launched a carbon trading scheme on June 18, the country's

first market for compulsory carbon trading.

The scheme covers 635 industrial companies and some public buildings that account for about 40 percent of the city's carbon emissions, the Shenzhen carbon trade exchange said in a statement.

Under the trading program, those that emit below their quotas could sell their excess limits to other emitters and even investors for profit.

The carbon intensity, or the amount of carbon produced per unit of GDP, of the 635 industrial com-

panies in 2015, will slump 32 percent from levels in 2010.

Eight deals, or 21,112-ton carbon quotas, were traded on the launching day at prices ranging from 28 yuan (\$4.6) to 32 yuan (\$5.2) per ton.

Home Price Slowdown

New home prices continued to see slower rises in Chinese cities in May.

Of a statistical pool of 70 major cities, 65 saw new home prices increase month on month in May, down from 67 cities in April, said the National Bureau of Statistics (NBS) said.

The data show that new home prices in 34 cities saw slower month-on-month rises compared with April. Fuzhou, capital of Fujian Province, Zhengzhou, capital of Henan Province, Guangzhou, capital of Guangdong Province, and Chengdu, capital of Sichuan Province, saw price rises narrow by at least 0.6 percentage points.

In May, prices of existing homes rose in 64 cities month on month, down from 66 cities in April, said the NBS. A total of 30 cities saw slower rises from April.

Liu Jianwei, a senior statistician with the NBS, attributed the slowing



MANGO SEASON

A worker rearranges mangos at a fruit market in Baise, southwest China's Guangxi Zhuang Autonomous Region, on June 16. Baise is famous for its rich variety and high-quality mangos



POWER ARTERY

Technicians inspect an ultra-high voltage grid in southwest China's Chongqing on June 18. The grid is part of plans to transmit hydropower from the region to the country's east



LIU CHAN

price rises to the effects of recent property tightening measures.

Dairy Consolidation

Mengniu Dairy Co. will acquire smaller rival Yashili International Holding for \$1.47 billion to form the largest merger in the domestic dairy industry, as it seeks to boost its milk powder business.

The all-cash offer is a 9.4-percent premium over Yashili's closing share price of HK\$3.20 (\$0.41) on June 13 at the Hong Kong Stock Exchange. A separate offer involving cash plus a share-swap is valued at 912 million yuan (\$148.75 million) and covers 1.2 billion shares.

"Mengniu is eager to boost its yogurt and milk powder businesses in order to reduce reliance on liquid

milk products and raise profitability," said Jian Aihua, a food industry analyst with the market research company CIConsulting.

Liquid milk accounted for 89.6 percent of Mengniu's revenue last year, while milk powder made up only 1.6 percent.

Inner Mongolia-based Mengniu has unveiled a string of investments this year and collaboration with French food group Danone as it seeks to consolidate its market position.

Foreign Trade Flunk

China will have to overcome many difficulties in order to achieve the 8-percent foreign trade growth target set for 2013, Shen Danyang, spokesman for the Ministry of

Commerce, said on June 18.

The sharp slowdown in foreign trade growth seen in May reflects the grim and complicated trade outlook for 2013, Shen said at a press conference.

China's foreign trade growth slowed sharply in May, partly due to government rules to curb capital inflows disguised as trade payments.

Exports inched up just 1 percent year on year to \$182.77 billion, while imports declined 0.3 percent to \$162.34 billion, according to customs data.

Shen said the rising yuan and weak external demand have negatively impacted exports and limited strength in the domestic economy and slumping international commodities have limited import growth.

Chinese Spaghetti

Workers wrap rice noodles at a Wugu Food Co. Ltd. plant in Huichang County, Jiangxi Province, on June 18. The county's rice noodle industry saw a sales volume of 826 million yuan (\$134.82 million) last year and helped increase local farmers' income by 58 million yuan (\$9.4 million).



INT'L LANGSHAN

Numbers

0.29%

Growth of China's foreign direct investment in May from a year earlier, the slowest since February

9,478

Number of vehicles Mitsubishi will recall in China due to a potential safety hazard in its sunroof vehicles

8.4%

Growth in electricity demand this summer, according to State Grid forecasts

30

Number of new Chinese cities Carrefour will enter in the next three years

THIS WEEK WORLD



LEBANON

Residents in Abboudiyeh in north Lebanon set up a temporary barrier blocking the road leading to Syria on June 16 in protest against Syrian shelling of their town



TURKEY

A protester tries to block riot police near Taksim Square in Istanbul on June 15. Police fired tear gas and jets of water to disperse hundreds of demonstrators, ending the 19-day anti-government demonstration



THE UNITED STATES

A visitor grasps the arm of a statue depicting late martial arts icon Bruce Lee, unveiled in Chinatown, downtown Los Angeles on June 16





ZHANG YU/APP
2013.6.15



UKRAINE

Artists perform during the 2013 International Kiev Fire Fest in the Ukrainian capital on June 15



SAUDI ARABIA

A health worker leaves a hospital in the eastern Saudi Arabian city of Khobar on June 17. The country has seen a severe outbreak of a new respiratory system coronavirus, with 49 confirmed cases as of that day, of whom 32 have died



SHAO JING



FRANCE

A Boeing 787 aircraft flies over Le Bourget Airport on June 17 during the opening day of the International Paris Air Show

“More talented people are needed in rural areas, especially those specializing in agricultural, medical and educational fields.”

Wu Yongming, Vice President of the Jiangxi Provincial Academy of Social Sciences, on June 17. As the pressure of finding a job grows, more college graduates are choosing to go back to their rural homes to realize their dreams



“Anxiety is a common problem among many residents because their houses and belongings were damaged in the quake.”

Wang Zejun, the chief of Longmen Township Hospital, in response to a woman's suicide in a village on June 16 in the aftermath of the magnitude-7 earthquake that struck Ya'an, Sichuan Province, on April 20



“A prominent problem for the food industry is that most profits have been taken away by retailers, such as big shopping malls, forcing food producers to keep agricultural products they buy from farmers at a very low price.”

Zong Qinghou, Chairman of beverage giant Wahaha, on June 17, the first day of the national food safety week



“I didn't really follow any discussions at the beginning, it was all too confusing, but microblog has become a window to Chinese society.”

Christoph Rehage, a 32-year-old graduate student from Germany who majored in Mandarin at Beijing Film Academy, on June 17



NATIONAL BRAND SUPPORTER



Foreign Minister Wang Yi has turned to a Hongqi H7 sedan as his official car, signaling that Chinese officials are setting their sights on national brands.

Wang's car was put into use on June 17, according to the ministry's official microblog. The Hongqi H7 sedan is a newly developed vehicle of the First Automobile Works Group Corp. based in Changchun, northeast China's Jilin Province.

Wang, 60, was appointed China's foreign minister in March.



POPULAR MICROBLOGGER



Yu Ying, who had worked as a doctor in the Emergency Department of the reputable Peking Union Medical College Hospital since 2001, resigned earlier this month.

She caught public attention for sharing interesting stories of what happened at work on her microblog with the nickname Emergency Department Superwoman. Her candid personality and humorous language have won her over 2 million followers.

Yu said on her microblog that she quit her job because she was no longer adapted to current doctor judging criteria based on the number of academic papers published. She said her dream is to become a general medical practitioner and provide health consultation to patients.



Whom to Blame

Caixin
June 10

A blaze that broke out at Baoyuanfeng Poultry Co., in northeast China's Jilin Province on June 3, killed 120. As yet, the government has yet to reveal the final investigation result.

The following have been suggested as possible causes for the large number of casualties:

First, some of the exit doors were closed. Workers who survived the fire told a *Caixin* reporter that the factory closed exits in order to prevent workers from going in and out of the workshop randomly.

Second, limited fire extinguishing capability. Survivors recall that somebody called the local firefighting squad at 6:30 in the morning.

However, a small fire engine did not arrive until 30 minutes later, battling the blaze from 7:20 with only a small volume of water.

Third, lack of disaster relief experience. Several trenchers stood east of the factory when the fire broke out. Some villagers said if people used them to crack open the closed factory doors, workers trapped inside might have been able to escape.

Another important reason for casualties concerns the lack of fire emergency training among workers. Employees said the factory had never held organized fire escape exercises. One told the reporter that some of her co-workers who had escaped outside still lost their lives after returning to the workshop for their money and belongings.

Act Before Tragedy

Xinmin Evening News
June 14

It is reported that Xiamen in southeast China's Fujian Province plans to install automatic blasting devices on the city's 165 BRT vehicles. Accordingly, when the driver slightly presses a button by his seat, numerous chasms immediately appear in the bus' four big glass windows, which are 12 meters in length. Passengers only need to push the glass to make the whole window collapse, allowing for escape during emergencies.

The move was driven by a recent incident of arson in the city. On the evening of June 7, a BRT bus was set on fire, killing 47. The tragedy awakened safety awareness among the public.

Before the tragedy, people only saw the convenience of the BRT, but didn't think about safety concerns. If the bus had already been equipped with an automatic blasting device, perhaps there wouldn't have been so many fatalities.

Why does improvement only come after tragedy? The installment of automatic blasting devices in Xiamen's 165 BRT buses is such as case. We should remember this lesson and be concerned about potential dangers before accidents really happen. When public safety is concerned, we can never be too cautious.

The Way Out for Chinese Soccer?

People's Daily
June 17

China's national soccer team was defeated by a visiting team from Thailand by 5-1 on June 15.

Before the game, China was expected to easily defeat the Thai team, with the former currently at No. 95, far ahead of Thailand's No. 142,

on FIFA's world rankings. Moreover, the Thai team mainly relied on younger soccer players for Olympic Games, with most seasoned players remaining at home.

The defeat was China's third consecutive loss within a month. Many people blame Jose Camacho, the Spanish chief coach of the Chinese side. Since he took over in 2011, China has continuously dropped in world rankings.

During the match with Thailand, Chinese players performed poor possession and bad teamwork, and made too many mistakes. They were also scolded by fans for lacking a fighting spirit, responsibility and sense of honor.

The China Football Association (CFA) has an inescapable duty to advance the sport in the country. However, Chinese soccer has long been troubled by frequent scandals concerning fraud, gambling, and etc, with a number of CFA senior officials were imprisoned due to corruption in recent years. However, no tangible moves have been taken to fix it up to now.

In addition, the talent reserve for Chinese soccer failed in the past years. Teenage players have declined to only several thousand from 650,000 between 1990 and 1995. Without a long-term development plan, the future of Chinese soccer looks bleak.

Reliable Ways for Cultural Relic Appraisal

Oriental Outlook
June 20

Before the appearance of a large quantity of high imitation cultural relics, cultural appraisers identified relics by their experience, knowledge and according to such characteristics as shape, color, and decorative patterns.

However, with the advancement of technology, high imitation products are hard to distinguished from real ones. Take porcelain for example. Good imitations can almost completely resemble real objects including radian and aging degrees. Therefore, appraiser eyes may not be able to tell high imitation products from the real.

Technological measures that help identify relics by their material and chemical constituents should have considerable advantages over appraiser eyes, however, no unified database has been formed between the several research institutes that are able to conduct technological appraisals. In addition, the cultural meaning of relics needs to be identified by appraisers in art subjects. Therefore, technological measures should be combined with appraiser eyes.

To fundamentally improve the country's cultural relic appraising ability, rules should be formulated as a basis of conferring qualifications. Appraisers should also be held responsible for mistaken appraisals.



K Kenya Airways SKYTEAM
The Pride of Africa

肯尼亚航空公司

—— 非洲最佳商务航空公司 ——



Guangzhou Office

Tel: (020)38663221/3119
Fax: (020)38662330

Beijing Office

Tel: (010)85261094 85261289 85879458
Fax: (010)85261084

Hong Kong Office

Tel: (852)36782000
Fax: (852)35790808

Shanghai Office

Tel: (021)63901061
Fax: (021)64400038

www.kenya-airways.com



Read **BEIJING REVIEW** on the go!

The iPad app puts the entire contents of the print edition at your fingertips, in addition to exclusive Web articles, photos and videos. Purchase individual issues and store them in a virtual library for convenient reading during your daily commute.

FEATURES

- Browse by cover and buy single issues at the **Store**.
- Download purchased issues to a virtual **Library**.
- Find articles with an interactive table of **Contents** or use scrolling navigation to read page-by-page.
- Connect to BJReview.com with **Web View**.





COVER STORY

A GROWING

Negotiations are key to avoiding a looming trade war over EU tariffs on Chinese solar products By Zhou Xiaoyan



ENERGY FROM THE SKY: Staff members check equipment at a grid-connected solar power generation system in Dunhuang, northwest China's Gansu Province

Despite opposition from 18 EU member states, hundreds of EU solar companies and 15 European photovoltaic (PV) associations, Karel De Gucht, EU's Trade Commissioner, announced on June 4 that the EU would impose provisional anti-dumping tariffs on imports of solar panels, cells and wafers from China.

This is the preliminary ruling of an investigation launched by the European Commission in September 2012. According to the ruling, starting from June 6, EU imports of Chinese solar products would be subject to an interim duty of 11.8 percent until August 6. If China and the EU fail to reach a settlement by then, the duty will be raised to an average of 47.6 percent until December 6, 2013. A final ruling schedule on that day would decide whether to turn the provisional duties into definitive measures in the next five years.

This is not the first time that China's solar makers have encountered trade barriers.

In 2012, the United States imposed anti-dumping tariffs of up to 249.96 percent and anti-subsidy tariffs of up to 15.97 percent on Chinese solar panels. The EU's tariffs, however, are more devastating to China's already vulnerable solar industry as the EU, the world's largest solar market, is China's top destination for solar exports.

European imports of China-made solar products totaled 21 billion euros (\$27.89 billion) in 2011, accounting for 70 percent of China's total solar product exports and 7 percent of the total trade volume between China and EU, according to an EU estimation.

Due to the trade dispute, Chinese exports of PV products to EU totaled \$11.19 billion in 2012, down 45.1 percent year on year. Despite the plunge, the EU is still China's largest solar export destination, accounting for 46.1 percent of total exports in 2012, according to a report from the China Market Report Center under Shenzhen Zero Power Intelligence.

A negotiation troop formed by staff from China's Ministry of Commerce (MOFCOM) and China Chamber of Commerce for Import and Export of Machinery and Electronic Products was sent to the EU by the Chinese Government days after the preliminary ruling. But no results had been released to the public by the time this article went to press. Also, the EU's Trade Commissioner Karel De Gucht visited Beijing on June 21 to meet Chinese Commerce Minister Gao Hucheng to discuss the issue. ▶▶

As the two sides get ready for negotiations on the matter, it has become evident that a trade war is to no one's benefit. Amid fresh trade tensions, China's PV sector is going through a business reshuffle that features a stronger presence in emerging markets and rising domestic demand.

China on the go

China has opposed the EU's duties and called for solving the dispute through dialogue and consultation.

"China is strongly opposed to the anti-dumping tariffs imposed by the European Commission," said Shen Danyang, a spokesman for the MOFCOM, during a press conference immediately following the European Commission's announcement.

"So far, we are not satisfied with the result. But it's already a hard-earned one after China tried its best," said Shen, referring to the fact that the tariff rate was divided into two stages and China is given two months to further negotiate with the EU.

The 11.8-percent interim tariff lasting from June 6 to August 6 is much less than previous expectations, which is largely attributed to the Chinese Government's active negotiation with the EU, especially by Chinese Premier Li Keqiang, say analysts.

During his official visit to Switzerland in May, Li expressed China's stance on solving trade frictions through dialogue and negotiation. Later that month, Li went to Germany and won over German Chancellor Angela Merkel's support on the matter. On May 27, Merkel called for an end to the trade row between Europe and China over solar panels and wireless equipment, citing the need for more trade between the two sides.

On June 3, Li called Jose Manuel Barroso, President of the European Commission, expressing his concerns over the dispute, adding that if the EU insisted on punitive measures, China is bound to counterattack.

"If this case is not properly handled, it will not only harm the interests of Chinese and European companies, but also bring about a possible trade war. There is no winner in a trade war. I hope that both sides can see the bigger picture and try to solve the trade dispute through dialogue and negotiation," Li told Barroso.

On June 7, Premier Li visited some Chinese PV makers in north China's Hebei Province, where he encouraged them to remain hopeful.

"We hope the EU can show more sincerity and flexibility," said MOFCOM spokesman Shen.



PLAYING TOUGH: Karel De Gucht (left), the EU's Trade Commissioner, leans toward the host of a press conference on June 4, during which he announced an anti-dumping investigation on Chinese solar products

"In the next two months, the EU should sit down with Chinese solar makers and find an acceptable, reasonable and win-win solution that both sides can accept."

The EU is China's largest trade partner. In 2012, bilateral trade totaled \$546 billion, accounting for 14.1 percent of China's total foreign trade. China's exports to the EU amounted to \$334 billion, while its imports totaled \$212 billion. In the first five months of 2013, bilateral trade totaled \$214 billion, down 2.8 percent, according to the General Administration of Customs.

China has a number of countermeasures in store that can be used as leverage for future negotiations. Hours after the EU's tariffs announcement, China announced that it would launch an anti-dumping and anti-subsidy investigation into wine imported from the EU, a move believed to be retaliatory in nature.

Chinese imports of European wine rose 60 percent on average a year by volume from 2009 to 2012. Last year, China imported 25.7 million liters worth \$1 billion from the EU, mostly from France, Spain, Italy and Germany. It accounted for 67.6 percent of China's total wine imports, according to the MOFCOM.

"Although the trade volume of wine is far less than the over \$20 billion trade volume of solar panels, it has far-reaching significance to some European countries, such as France and Italy, who supported the anti-dumping tariffs on Chinese solar panels. Besides, the wine industry has a long industrial chain and yields a much higher profit margin than the PV sector," said Bai Ming, a researcher with the Chinese Academy of International Trade and Economic

Cooperation.

Qian Jing, Director of Global Branding at Jinko Energy, a Chinese PV maker, said that this trade dispute has gone beyond the control of Chinese PV makers.

"The Chinese Government should step up and do something. Otherwise, it will be the start of a nightmare. If the EU gets whatever it wants by alleged anti-dumping, any country can learn from the EU to harm Chinese companies with tariffs. We don't want retaliation or a trade war. We only hope the Chinese Government can actively seek constructive dialogue and consultation with the EU," Qian told *Securities Daily*.

Miao Liansheng, Chairman and CEO of Yingli Green Energy, China's biggest PV maker by sales revenue, echoed Qian.

"Punitive tariffs—no matter at what level—will inevitably lead to higher prices for solar products, which will bring about the stagnation of the solar industry in Europe. We therefore encourage the prompt resumption of talks between China and the European Commission," Miao told *Beijing Review*.

Li Junfeng, Deputy Director of the China Renewable Energy Society, said the EU sent a signal by dividing the tariff into two stages.

"As long as the two sides are willing to sit down to talk, it means they have room for reaching a settlement," said Li.

A source close to the matter told *Economic Information Daily* that it was essential to reach a settlement before August 6. "Right now, the situation is quite complicated. The EU wants to set barriers both in terms of export prices and export quotas on China's PV products. It's defi-

nately going to be a tough negotiation," said the source.

EU to get hurt

There has been a huge divide of voices inside the EU toward the tariffs. For tariff opponents, there are more things at stake than just the one issue. They want win-win reciprocity rather than a trade war that's doomed to hurt both sides.

A total of 18 EU member states, including Germany, Belgium, and the United Kingdom, oppose the commission's plan to impose hefty tariffs on solar products imported from China. The European Commission may not succeed in its bid to maintain the tariffs because it'll need approval from most EU member states.

For solar panel developers and installers in Europe, they are also opposed to the tariffs, believing that duties would only increase the cost for solar energy and lead to a shrinking of the PV market.

The cost of solar power generation is cheaper in some regions of Europe because solar systems were built with low-cost China-made PV products. But if the price of Chinese products rises, the cost of solar panels will increase and demand from consumers will decrease, which runs counter to the continent's determination to better tap solar energy.

Duties of 20 percent would cost the European economy up to 175,500 jobs and 18.4 billion euros (\$24.44 billion) in added value over the next three years. Duties of 60 percent would cost 242,000 jobs and 27.2 billion euros (\$36.13 billion) in added value in the PV sector, according to Prognos, an independent European economic research institute.

That's why Alliance for Affordable Solar Energy (AFASE), a Brussels-based coalition of more than 600 European PV companies, is strongly opposed to the EU's decision. It says the move will take a heavy toll on the PV industry in Europe.

"The decision is difficult to understand and would leave an impression that personal interests are possibly behind the move," Thorsten Preugschas, AFASE spokesman, told the China Central Television. "In fact, most EU countries oppose the tariffs."

The organization launched campaigns and submitted an open letter to the EU Trade Commissioner, which got signatures from 700-plus PV companies in Europe for support.

AFASE also says that EU ProSun, the alliance of EU PV makers, which supports the tariffs imposed on their Chinese competitors, does not

represent the interests of the EU PV industry, as it only counts 45 members.

"It's unfortunate that Chinese firms have to pay the duties. European solar companies are also the victims, as that means we have to spend more on our raw materials," Preugschas said.

Bai said the EU's duties come at a time when the continent is mired in a slow economic recovery and in dire need of new means of growth. "Imposing hefty tariffs on Chinese solar products hurts the EU as much as it hurts China. The EU knows it. It just wants to use it as a leverage for negotiating with China," he said.

Industrial reshuffle

With too heavy a reliance on the European market, the punitive duties could deal a heavy blow to the financially strapped Chinese PV manufacturers that are struggling with excess production capacity and a price-cutting war.

China's solar industry has long been criticized for its overcapacity, lack of core technology and over dependence on foreign markets. Without key technology, solar makers in China struggle in the low-end of the industrial chain and have tried to win over foreign markets with a strong competitiveness in price, which they gain due to economy of scale and lower labor costs.

As more trade barriers emerge from the EU and the United States, Chinese solar makers have turned to emerging markets and demand at home. In 2012, Chinese exports of PV products to the Association of Southeast Asian Nations and Africa soared by 22.1 percent and 10.9 percent, respectively, according to a report from the China Market Report Center under the Shenzhen Zero Power Intelligence.

Yuan Quan, Manager of the Markets Department at Huilun Solar Energy, said exports to the EU in 2013 only account for less than 40 percent of its total exports. "We marched into the South American market, Japan, Southeast Asia and Africa and made marked progress," he said.

Yingli Green Energy followed suit. The EU market once accounted for 80 percent of Yingli's global shipments, but the proportion decreased to 50 percent in the first quarter of 2013. "We started the strategic shift ever since the EU started their anti-dumping and anti-subsidy investigations," said Fan Zhenhua, director of Yingli's legal affairs department.

Chinese solar makers have also pinned their hopes on demand in the local market due to favorable government policies that encour-

China-EU Trade Disputes

June 13, 2013: The EU requested consultation with China on the latter's anti-dumping duties on certain high-performance stainless steel seamless tubes from the EU. A request for consultation is the first step in a dispute at the Dispute Settlement System under the WTO.

June 5, 2013: China's Ministry of Commerce began an anti-dumping and anti-subsidy investigation into wines imported from the EU.

June 4, 2013: The European Commission announced a provisional anti-dumping duty of 11.8 percent on PV products from China, beginning June 6. The rate will increase to an average of 47.6 percent from August 6 to December 6, unless there is a negotiated solution between China and the EU beforehand.

May 8, 2013: The European Commission agreed to impose an average of 47 percent in tariffs on EU imports of Chinese solar products, starting from June 6, which must be ratified by EU member states.

November 8, 2012: China's Ministry of Commerce decided to impose anti-dumping duties on the products originating from the EU and Japan beginning November 9, which will last for five years.

November 8, 2012: The EU launched an anti-subsidy investigation on EU imports of solar products made in China.

September 6, 2012: The EU launched an anti-dumping investigation on EU imports of solar products made in China.

age families to generate solar power at home and sell it to the National Grid. The Central Government will also offer financial support to companies to beef up their presence at home, according to a State Council executive meeting on June 14.

"China's domestic market has yet to be fully tapped. We are studying how to further cultivate demand at home," said Premier Li Keqiang, adding that solar power has a role to play in China's ongoing industrialization and urbanization plans. ■



China.com.cn China.org.cn

China's National
Online News Service
in **10** Languages