

WORLD: CLIMATIC ROW P.22 | NATION: BIRTH CONTROL RELAXED P.28

BEIJING REVIEW

VOL.56 NO.48 NOVEMBER 28, 2013

北京周報 WWW.BJREVIEW.COM



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

ISSN 1000-9140



JPY188

邮发代号2-922 · 国内统一刊号: CN11-1576/G2

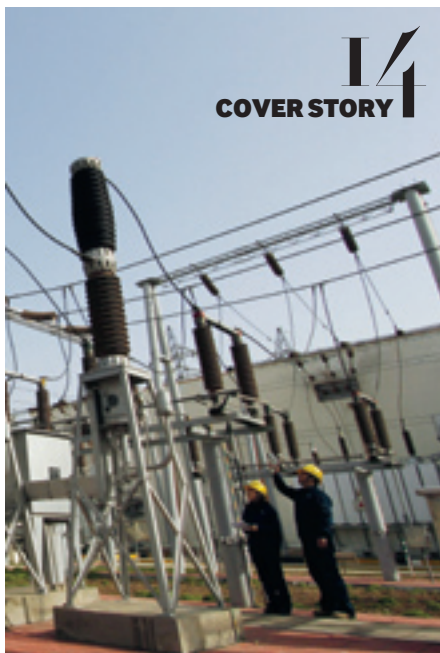


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Beijing Review (ISSN 1000-9140) is published weekly for US\$64.00 per year by Cypress Books, 360 Swift Avenue, Suite 48, South San Francisco, CA 94080, Periodical Postage Paid at South San Francisco, CA 94080. POSTMASTER: Send address changes to Beijing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



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Tel: 86-10-68310644
E-mail: circulation@bjreview.com.cn

Published every Thursday by
BEIJING REVIEW, 24 Balwanzhuang 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/FI, 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

Applauding Deepening Reform

Comprising more than 60 tasks, 16 parts and 20,000 words, the Decision on Major Issues Concerning Comprehensively Deepening Reforms was passed at the close of the Third Plenary Session of the 18th Central Committee of the Communist Party of China (CPC).

With more than 300 fields involved, the decision sketched a clear roadmap as well as a timetable for reform. As a comprehensive, in-depth reform in this new historical period, it is no less significant than the one 35 years ago.

At that time, China's reform and opening up began with the economic system, leading China along a path of rapid economic development. China embraced big improvements in social development, people's livelihood as well as international influence. The economic miracle also stimulated reforms in the political system and cultural arena.

Today, the reform goes even wider and deeper, concerning economic, political, social, cultural, ecological, legal and national defense circles. Reform and opening up was the key choice that decided the fate of China and ushered it onto the path of modernization. Now comprehensively deepening the reform will help the country become a well-off society in an all-around way and fulfill national revitalization.

The decision demonstrates that the CPC views the reform as a systematic, overall cause that demands coordination. In addition to sustained, steady economic development, Chinese society will embrace a more open attitude to seek progress in politics, democracy and rule by law, improved livelihood of the people, and a more harmonious relationship between ecological protection and economic development. This will be a boon for the international community while helping the Chinese economy and furthering the integration of Chinese society into the world. ■

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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48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



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TO THE RESCUE

The first Chinese rescue team arrives at Manila Ninoy Aquino International Airport on the night of November 20. The 17-member squad will provide aid to areas across the Philippines hit by super typhoon *Haiyan*.

Break Schedule

Tourists visit the Palace Museum, also known as the Forbidden City, in Beijing on October 7.

The museum will be closed to the public every Monday for renovation and maintenance from next year, it announced on November 18.

The former imperial palace has been closed every Monday afternoon in 2013, with the closures to extend to cover the whole of Monday from January 1 onward.

On public holidays and Mondays during July and August, the museum will be open for normal hours, the spokesman said.

The Forbidden City was once home to China's emperors and was the highest center of power for around 500 years up to the early 20th century. It attracts more than 14 million visitors annually.



Fastest Computer

The world's fastest supercomputer, the *Tianhe-2*, began formal operations on November 20 at the National Supercomputing Center in Guangzhou in south China's Guangdong Province.

The supercomputer, capable of achieving 33.86 petaFLOPS, ranked number one on the TOP500, a list ranking the world's fastest supercomputers, which was updated at the SC13 supercomputing conference in Denver, the United States, on November 18. FLOPS stands

for Floating Point Operation per Second, one floating point operation simply being one calculation, where as one petaFLOPS is equivalent to one quadrillion such calculations per second.

Developed by China's National University of Defense Technology in June, the supercomputer was shipped to Guangzhou in September and installed and tested for more than a month, according to sources working with the supercomputing center.

Tianhe-2, which translates to *Milky Way-2* in English, has been

successfully tested for various applications, such as weather simulations and gene sequencing, the center said.

It is almost twice as fast as the next computer on the list, the U.S. Department of Energy's *Titan*, which was clocked as performing 16.59 petaFLOPS.

Sanitary Toilets

An estimated 72 percent of households in rural China have access to sanitary toilets, the National Health and Family Planning Commission announced on November 19.

A previous survey in 1993 found only 7.5 percent of all rural households across the country had

access to sanitary toilets. A national initiative to install toilets in rural areas was launched in 2004 to reduce incidences of infectious diseases.

According to a plan issued by the Chinese Government, 85 percent of rural households should have access to sanitary toilets by 2020.

A report by the UN Children's Fund and the World Health Organization in 2012 showed that 2.5 billion people in the world still practiced open defecation or lacked adequate sanitation facilities.

Attack in Xinjiang

Nine assailants were shot dead on November 16 after they killed two auxiliary police officers while attacking a police station in northwest China's Xinjiang Uygur Autonomous Region, local police revealed.

The nine assailants, wielded knives and axes when they attacked the police station in Serikbuya Township in Bachu County of Kashgar Prefecture at around 5:30 p.m.

Two police officers were injured in the attack.

Social order has been restored, police said, without providing further details.



CHINESE ACADEMY OF GOVERNANCE



NEW THINK TANK

Former Chinese Ambassador to Germany Mei Zhaorong (left) and Yang Wenming, Director of the Socialism Research Center of the Chinese Academy of Governance, unveil the Research Center on International Affairs and Chinese Diplomacy, under the Chinese Academy of Governance, on November 19 in Beijing



A CONTINENT'S CULTURE

Sri Lankan dancers perform at the opening of the 13th Asia Art Festival in Kunming, southwest China's Yunnan Province, on November 18. Artists from 11 Asian countries participated in the 10-day event



Air Quality

Density of the key air pollutants PM2.5 and PM10 increased in China by 46.2 percent and 39.6 percent respectively in October, environmental watchdogs announced on November 19. The Ministry of Environmental Protection attributed the rise to seasonal changes.

Nearly half of the 74 major Chinese cities monitored nationwide saw air quality for more than 50 percent of October failing to meet ministry standards.

Air quality in south China's Pearl River Delta reported a marked drop compared with September, mainly due to less rain and more sunshine. The density of PM2.5 and PM10 increased 89.5 percent and 73.8 percent, respectively.

The nine monitored cities in the Pearl River Delta averaged about 24 days below the standard,

while the national average stood at around 15 days.

In September, a government plan to tackle air pollution was announced, listing efforts to cut coal consumption, shut down polluters and promote cleaner production. The plan also aims to cut the density of inhalable particulate matter by at least 10 percent in major cities nationwide by 2017.

Money in Culture

The Ministry of Finance announced on November 18 that the government recently allocated 4.8 billion yuan (\$788 million) to boost the cultural sector.

The amount of funding increased 41.18 percent from 2012, according to a statement on the

ministry's website.

So far, the Chinese Government has allocated a total of 14.2 billion yuan (\$2.33 billion) to boost the cultural sector, the statement said.

Diabetes Spike

Lifestyle changes have led to increasing incidences of diabetes among China's rural population, a senior health official warned on November 15.

The incidence rate of diabetes among adults in China's rural areas has increased from 1.8 percent in 2002 to 8.4 percent in 2010, said Wang Linhong, a senior official with the Chinese Center for Disease Control and Prevention, at a seminar held in Beijing.

The incidence rate in the countryside increased faster than in cities, though the rate was still lower than that of the latter, Wang said, adding that the rural population has become a priority for diabetes control and prevention efforts.

The national incidence rate of diabetes among adults increased from 2.69 percent in 2002 to 9.7 percent in 2010, while the rates for 2011 and 2012 were not available, according to Wang.

Unhealthy diets and less exercise have caused obesity and higher blood lipid levels amongst the rural population, which could lead to diabetes, Wang said.

Esperanto Museum

China's first museum for Esperanto has officially opened after more than two years of construction to promote the "universal language." Esperanto is a constructed language that was invented by doctor and linguist L.L. Zamenhof in 1887, with the hopes of creating a new language that would be easy enough to learn that everyone in every country could eventually learn it.

The museum, in Zaozhuang University in east China's Shandong Province, opened on November 16 after hosting more than 7,000 visitors during trial operations starting in May.

With a display area covering 680 square meters, the museum is the largest of its kind in Asia, said Sun Mingxiao, who is in charge of the facility.

It boasts more than 26,000 items, including books, newspapers, photographs and manuscripts. The majority of them were donated by Esperanto enthusiasts from more than 40 different countries or regions.

The museum was built by Zaozhuang University in conjunction with the All-China Esperanto League for 3 million yuan (\$490,000).

To date, around 400,000 Chinese have learned Esperanto, according to Sun.

Snow Battle

Sanitation workers in Harbin, northeast China's Heilongjiang Province, clear snow on the street on November 19, after the worst snowstorm in 50 years hit the city, lasting 60 hours after it started on November 16.

The average daily snowfall reached 11.4 mm, the highest

since the city began record keeping in 1961.

More than 50,000 people were mobilized to remove snow from city streets.

Education authorities closed all urban-area kindergartens, primary and high schools on November 18 and 19.



Hi-Tech Helps Sell Apples

A buyer in Yan'an, Shaanxi Province, reads information about apples from Luoichuan County of Shaanxi after scanning a QR code with a smartphone on November 19.

Each Luoichuan apple is attached with a code, which can be scanned to give buyers detailed information covering the whole process of planting, packing and transportation.

Such practice has greatly boosted the sales volume of these apples.



Home Price Rise

Home prices in major Chinese cities continued to rise in October despite the government's persistent efforts to cool the property market.

Of a statistical pool of 70 major Chinese cities, 65 saw month-on-month rises in new home prices in October, while 62 reported price gains in existing and second-hand homes, the National Bureau of Statistics (NBS) announced on November 18.

On a yearly basis, all cities except Wenzhou reported gains in new home prices.

First-tier cities continued to lead rises in October, with the prices of new homes in Beijing and Shanghai

surging nearly 20 percent from a year ago, while prices in most second- and third-tier cities expanded at a more tempered pace, according to the NBS, which attributed the drastic growth partly to a low comparison base.

Driven by rapid urbanization and speculation, China's property market has taken off in recent years and become a major problem for authorities as more people are priced out of the market.

Goods Safety

China's quality watchdog is considering a consumer goods safety law for better consumer rights protection.

The draft law will be submitted to the Legislative Affairs Office of the State Council for examination by the end of 2015, and will be included in the State Council's legislative work, said the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) on November 18.

The consumer goods safety law legislation is aimed at intensifying the institutional supervision of consumer goods safety, reducing and preventing consumer goods safety accidents, and safeguarding consumer rights and interests, said Mei Kebao, AQSIQ Vice Minister.

The consumer goods safety law should be linked with the product quality and food safety laws, and take into consideration the condition of Chinese enterprises and the country's economic and social development, he added.

Tang Wanjin, a member of the leading group for the consumer goods safety law legislation, suggested that the law should highlight the liability of companies and governments, clarify fines and punishments and offer practical supervision methods to improve the efficiency of the consumer goods safety monitoring network.

So far, China has no specific law concerning consumer goods safety. The Food Safety Law went into effect on June 1, 2009 and the Product Quality Law became effective on September 1, 2000.

Shopping Portal

After more than a month of testing, the cross-border e-commerce platform of the China (Shanghai) Pilot Free Trade Zone (FTZ) started its dry run on November 18.

A total of 101 products are now being sold through Buyeasi.com, with prices around 30-percent lower than in stores, almost as low as those offered by online shopping agents based overseas.

The website requires that tariffs be added to sale prices, with tariff rates varying according to product category. For example, the tariff imposed on bags is 10 percent, while that for cosmetics is 30-50 percent.

Products on Buyeasi.com fall



FENG GUO



BACK TO THE PAST

Visitors observe the weaving process at an industrial heritage museum in Xi'an, capital of Shaanxi Province, on November 19. Renovated from an obsolete textile factory, it is the first such museum in the city.



CONNECTING THE WORLD

A visitor takes a picture of model trains produced by China CNR Corp. Ltd. at the Metro China 2013 exhibition, held in Beijing from November 19-22. China CNR showcased its latest bullet train and subway vehicle models at the expo



LIU CHANGLONG

into two main categories. One category mainly includes luxury items, which are delivered to customers from the FTZ.

Buyeasi.com also sells skincare products supplied directly from overseas. Customers who purchase such products via the portal will receive their package direct from the overseas supplier within three or four days.

China-Australia FTA

A Ministry of Commerce spokesman said on November 19 that China is willing to complete negotiations with Australia on the establishment of a China-Australia Free Trade Area (FTA) soon.

Shen Danyang made the remarks while responding to questions from journalists at the ministry's

monthly press conference, and in the wake of Australia's minister for industry making positive comments on the subject earlier this month.

Minister Ian Macfarlane said while visiting Tianjin that Australia expects to sign the free trade pact with China in the first half of 2014. He expressed hope that a comprehensive deal would be on the table by the time Prime Minister Tony Abbott visits China next year.

There have so far been 19 rounds of talks on the FTA since they were initiated in Sydney in May 2005, with an aim to facilitate trade and investment between the two countries.

Fuel Price Cuts

The National Development and Reform Commission (NDRC) on

November 15 slashed gasoline price by 160 yuan (\$26.09) per ton and diesel price by 155 yuan (\$25.44) per ton.

The adjustment lowered the benchmark retail prices of gasoline by 0.12 yuan (\$0.019) per liter and that of diesel by 0.13 yuan (\$0.021) per liter.

This marked the third consecutive drop of fuel prices since China adopted a new pricing regime in March stipulating that domestic fuel prices will be adjusted when international crude prices reflect a change of more than 50 yuan (\$8.2) per ton over a period of 10 working days.

The NDRC cited the strengthening U.S. dollar and decreasing fuel demand as major refineries went on seasonal checks as the major reason for the plunge in global oil prices.

Numbers

12.5 tln yuan

Estimated sales revenue of China's information technology sector this year

210 tons

China's gold consumption in the third quarter, topping the world

9.5%

Year-on-year growth of China's electricity consumption, an indication of economic activity, in October

10.1%

Year-on-year growth of the profits of China's state-owned non-financial companies in the first 10 months, slowing from 10.5 percent in January-September period

Green Kitchen, Smart Kitchen

A visitor studies the family vegetable bar at the China Hi-tech Fair, held in Shenzhen, Guangdong Province, from November 16 to 21.

The bar, which is in the shape of a refrigerator, can adjust humidity, temperature and density of carbon dioxide according to the condition of vegetables.

An array of smart and green kitchen appliances have been put on display during the fair.



MAO SHUN

THIS WEEK WORLD



RUSSIA

Aircraft carrier *INS Vikramaditya* is berthed at a pier of the Sevmash Shipyard in Severodvinsk before it was inducted to the Indian navy on November 16. India purchased the modified Kiev-class aircraft carrier from Russia for \$2.35 billion



THE UNITED STATES

Officers with the U.S. Fish and Wildlife Service destroy 6 tons of confiscated ivory at the Rocky Mountain Arsenal Wildlife Refuge on November 14 in Commerce City, Colorado



FINLAND

Nokia shareholders approve a historic decision to sell the company's mobile business to Microsoft at an extraordinary general meeting on November 19 in Helsinki





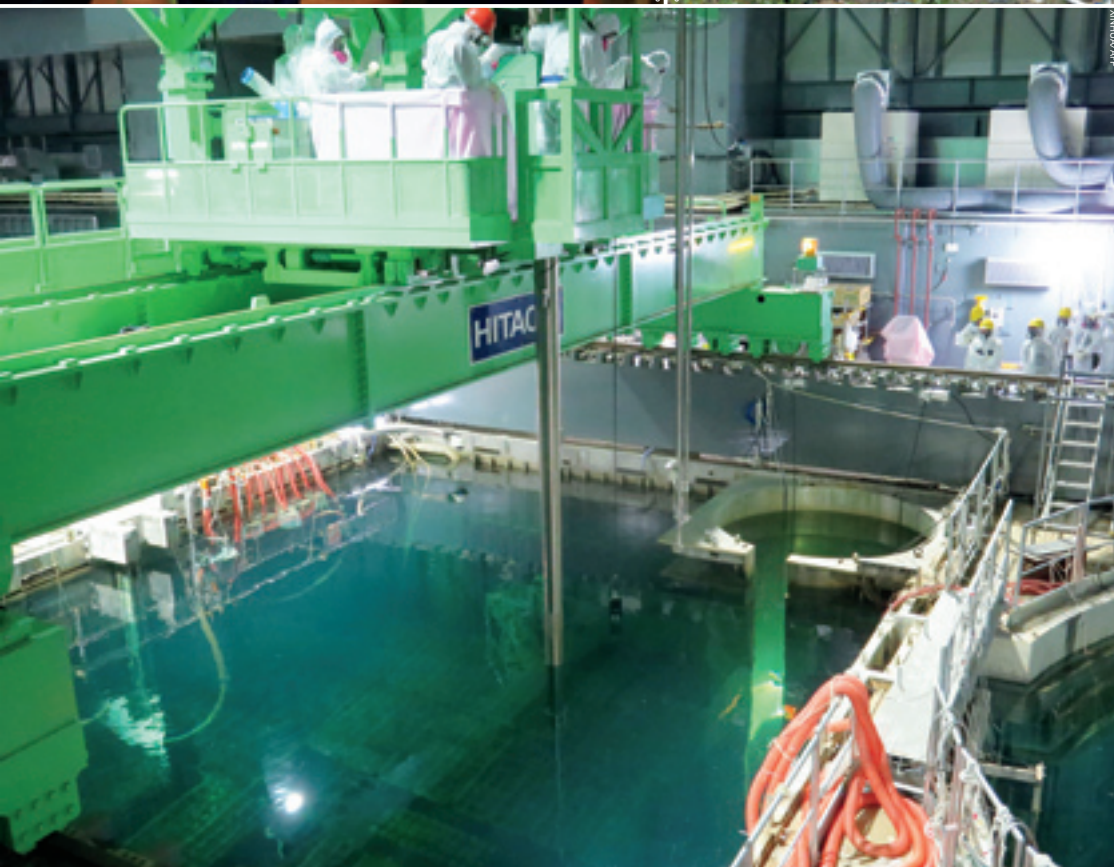
SWITZERLAND

Iranian Foreign Minister Mohammad Javad Zarif (left) and EU foreign policy chief Catherine Ashton arrive for closed-door nuclear talks in Geneva on November 20



SOUTH KOREA

Rescue workers search the wreckage of a helicopter after it crashed into a 30-story apartment building in Seoul's Gangnam District on November 16 and left two pilots dead



JAPAN

Workers of Tokyo Electric Power Co. lift and move nuclear fuel rods from a pool at the unit 4 reactor building of Fukushima Dai-ichi nuclear plant in the town of Okuma in Fukushima Prefecture on November 18, which is the most difficult and dangerous task since the 2011 tsunami triggered a nuclear leak in the facility

“As I reflect on my tenure as ambassador, I do so knowing that U.S.-China relations continue to grow stronger. While our bilateral relationship is a complex one, I remain confident in the ability of our leaders to manage differences and increase cooperation in areas of mutual concern to the benefit of not just our two great peoples, but the entire world.”

U.S. Ambassador to China Gary Faye Locke, when declaring his decision to leave his post early in 2014 through a statement on November 20



“Rural teaching jobs will become increasingly attractive with incomes expected to exceed those of urban teachers.”

Xu Tao, a senior official with the Ministry of Education, on an expected policy to offer more allowances to teachers in primary and middle schools in China's poverty-stricken areas, at a press conference in Beijing on November 19



“Only for festivals can we prepare shows of great innovation with huge input. Outside of festivals, because of economic concerns, there are only tedious and redundant commercial shows like monocycles and the flying trapeze.”

Zuo Jinying, a teacher from Wujiao Acrobatics Art Institute in China, talking about acrobats' struggles with commercialization



“Seeds contribute more than 50 percent to increases in output and quality. If seeds are controlled by outsiders, national security will be threatened.”

Sun Deling, Vice President of the Academy of Agricultural Sciences in Tianjin, on increasing competition from foreign companies that Chinese vegetable seed researchers and producers are facing



ROCKER-TURNED DIRECTOR



Blue Sky Bones, the first feature film directed by Chinese rocker **Cui Jian**, received the Special Mention Award at the Eighth Rome Film Festival on November 16. The film has the same title as one of Cui's songs, and tells the life story of a young underground rocker and hacker in the context of the “cultural revolution” (1966-76). Labeled as the Father of Chinese Rock, Cui, 52, first rose to stardom in the 1980s with a series of songs that influenced a generation of Chinese youth.



A HERO ACKNOWLEDGED



Yan Jun, a 26-year-old Chinese student in Osaka, Japan, was presented with a certificate of gratitude by Japanese Prime Minister Shinzo Abe at his official residence in Tokyo on November 13. Yan risked his life to save a 9-year-old Japanese boy who was drowning on September 16.

While a crowd waited on the bank for professional rescuers, Yan plunged into a flooded river twice to rescue the boy. Receiving Yan at the Imperial Palace, Japanese Emperor Akihito also praised the young Chinese student for his bravery.



Anti-Corruption Achievements

China Newsweek
November 11

Since China's new leadership, headed by Xi Jinping and Li Keqiang, took power during the 18th National Congress of the Communist Party of China (CPC) on November 8, 2012, anti-corruption has attracted major attention and seen significant achievements. Altogether 11 provincial and ministerial officials have been punished.

This revealed the determination of the CPC and Central Government to combat corruption. Differing from past practice, the new leadership

has made a breakthrough in its anti-corruption strategy by switching from prioritizing prevention to emphasizing severe punishment.

Wang Qishan, Secretary of the CPC Central Commission for Discipline Inspection, said that in the effort to combat corruption, it is necessary to address both its symptoms and the root, but that priority should be given to the former to gain time for addressing the reasons.

Wang holds that focusing on symptoms would help sort out problems left over from previous years and lay a foundation for future reform across various systems.

Indeed, despite the big achievements in the past year, China's anti-corruption system still calls for improvements and even a reform. This means a series of reforms involving administrative, judicial, financial and political systems.

Retirement Delay

Global Times
November 20

The recent Third Plenary Session of the 18th Central Committee of the CPC proposed to formulate progressive retirement delay policies. The sensitive area would thus ultimately be part of future reform.

China's Ministry of Human Resources and Social Security explained that progressive retirement delay meant going ahead with short steps and that there would be a buffer time of a couple of years.

Most sociologists hold that retirement delay is inevitable in the country. The existing retirement age was decided in the 1950s. Today, Chinese people's average life expectancy is 20 years more than at that time, while the country enters an aging society. The insufficiency of pensions and the decrease of workers aged 19-59 has left China no choice but to resort to retirement system reform.

The issue has ranked first on the list of social security problems on the Internet in China for a long time. Obviously, it poses a big challenge to the Central Government.

Most developed countries have already experienced retirement delay. The difference is that some countries have implemented it smoothly, while others experienced fierce social conflict. It is essential for China to avoid such expenses in this reform.

Gaokao Reform

China Youth Daily
November 19

The college entrance examination, or *gaokao*, has been operating in China for decades. To reform this talent selection mechanism would be a tough task. Still, it was decided during the Third Plenary Session

of the 18th Central Committee of the CPC that the reform is necessary.

The difficulty in pushing forward such reform lies in the *gaokao*'s special significance. Colleges are interested in recruiting students freely and select only the most excellent while parents remain concerned about fairness. Society hopes reform would help promote quality-oriented education among Chinese students.

A new *gaokao* system could entail a new recruitment system, so that students and colleges can choose each other at different times,

and not only once a year.

Due to China's national conditions or traditional practices, little action has been taken to shake the old *gaokao* system. As for how to push forward substantial education reform, there are two main points. First, to carry out a pilot program across small areas to minimize risks and seek effective methods in the process; second, a transparent and fair new system must be developed. In spite of present doubts, students, their parents and schools have high expectations for reform.

Shanghai Free Trade Zone

Caixin
November 11

Several months ago, the State Council gave the green light for Shanghai to pilot China's first free trade zone. This was regarded as a step in national strategy to build Shanghai into an international trading and financial hub. Recently, Han Zheng, Party chief of Shanghai, gave his views about the zone.

The Shanghai free trade zone is meant to explore a new path of innovation and transformation. It is a strategy both for the nation and for Shanghai itself. The free trade zone can't be simply regarded as a "Hong Kong of the Yangtze River Delta." Actually, Hong Kong and Shanghai are complementary to each other. Hong Kong is open in terms of its financial industry, while the Shanghai free trade zone focuses on the service sector. It doesn't simply pertain to offshore trading, but facilitates companies by providing more market-oriented services and reforming improper systems. Therefore, there is no competition between the Shanghai free trade zone and Hong Kong. The latter's financial development is far better than that in Shanghai with regards to infrastructure and talent bank. Shanghai could learn a lot from Hong Kong.

Risk control is a big issue. It is a good way to push forward reform through strengthening opening-up policies. The pace of reform should be faster, while practice remains in line with national security and the prevention of financial risks. This is the bottom line.

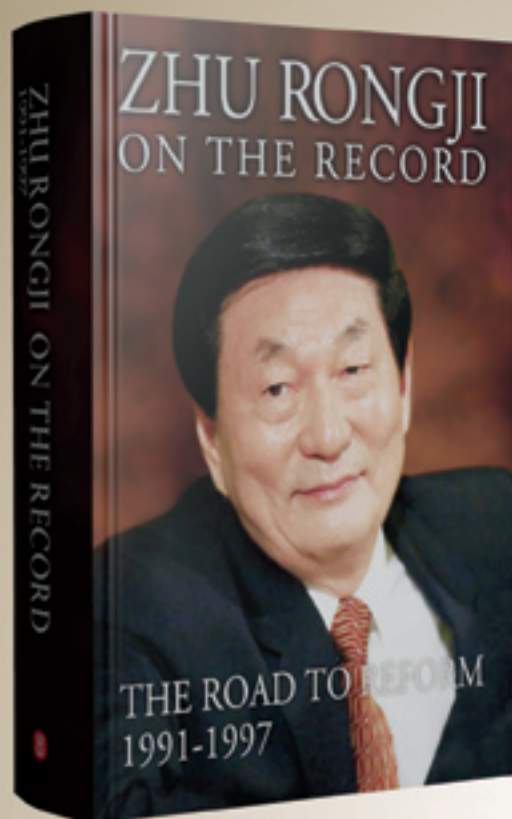




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He has been as direct in his editorial selections as he was in his leadership style in office and has not shied away from difficult or sensitive issues.

— Henry A. Kissinger

It is a unique historical document of China's unprecedented economic evolution over the past few decades. And it gives a fascinating insight into the political work of Zhu Rongji—an exceptionally gifted statesman and a dear friend.

— Helmut Schmidt

Zhu Rongji on the Record

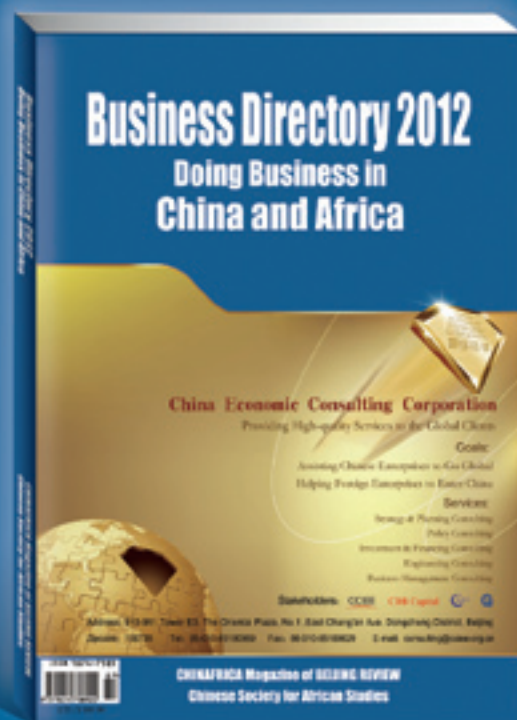
Zhu Rongji on the Record is a compilation of Zhu's writings. It covers China's reform, opening up and modernization drive. It includes important speeches, articles, letters, and directives. Zhu Rongji is a key Chinese reformer and statesman, and served as Vice Premier of the State Council from April 1991 to March 1998. He later served as Premier, from March 1998 to March 2003. Most of the materials in the book are being published for the first time. The Chinese edition of the book was published in Chinese mainland in 2011, and was very well received. The two-volume English edition includes 112 speeches, articles, letters, and directives selected by Zhu himself from the 348 articles in the four-volume Chinese edition. The English edition of the book is published by the Foreign Languages Press of the CIPG and the Brookings Institution Press in the U.S. Both Henry A. Kissinger, former U.S. secretary of state and Helmut Schmidt, former chancellor of West Germany wrote prefaces.

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COVER STORY

FROM PLANS TO RE

A detailed blueprint of China's ambitious reform agenda promises decisive results



ALITY

by 2020 By Zhou Xiaoyan

POWERFUL NETWORK: Workers monitor the operation of a power network at an electricity-supply company in Jiaozuo, Henan Province, on November 14. The power sector is one of many that will be opened to private investment in accordance with China's most recent reform plan

XU JINGCHENG

China's stock markets rallied in a bullish manner, recently buoyed by a detailed reform blueprint released on November 15. After signing off on a 60-point reform plan—the most sweeping changes to the country's policies in almost three decades—the Third Plenary Session of the 18th Central Committee of the Communist Party of China (CPC) took a pledge to make “decisive” reform plans a reality by 2020.

The plenary session, held in Beijing from November 9-12, produced a 20,000-word document three days later, titled the Decision on Major Issues Concerning Comprehensively Deepening Reforms, explicitly listing 56 tasks in 15 key areas that are in dire need of reform (See articles on pages 26-27 and 28-29 for more).

In fact, an initial communiqué on the reforms was released on November 12, upon the closure of the CPC Central Committee plenary session, but it only contains fundamental principles, while a more detailed and specific plan than initially thought has confirmed the Chinese leadership's commitment to reforms and thereby greatly lifted market sentiment.

Dubbed as the “boldest reforms” since the late Chinese leader Deng Xiaoping set the country on a course of opening up to the world in the late 1970s, this year's plenary session set the target of deepening reform in an all-round manner, suggesting changes will go far beyond the economic sector and cover areas such as the economy, politics, culture, society, ecological environment and Party building.

The detailed plan included giving a greater role to market forces, the transformation of government functions, more responsibilities for state-owned enterprises, further freeing up markets, offering farmers more property rights over the rural collectively owned land, lifting the restrictions on the sale of rural construction land and establishing a universal social security net.

China is on the move to turn reform plans into actions.

An executive meeting of the State Council on November 20, presided over by Premier Li Keqiang, disclosed new measures to further ►►

improve the market climate, such as exposing intellectual property rights violations to the public and building a unified property registration system.

The National Development and Reform Commission, China's top economic planner, pledged to open some investment projects in the fields of finance, oil, electricity, railways, telecommunications, resource development and public services for private investment, with further details on related policies and measures to be introduced by the end of 2013.

More policies are expected to come out at the Central Economic Work Conference to be held at the year end.

Experts, however, warned that some of the reform plans require more time for implementation due to stiff resistance from interest groups. They said it will present a tough challenge for China's leaders, who have already set their sights on a new China as they continue to work toward a balance between reform and social stability.

Far-reaching goals

Analysts and commentators from home and abroad spoke highly of the proposed reforms. Yang Weimin, deputy head of the Office of the Central Leading Group on Finance and Economic Affairs, a key economic policymaking institution, said the reform plan approved by Party leaders is unprecedented. Yang participated in the drafting and amendment of the plan.

In the CPC Central Committee's third plenary sessions of the previous three decades, Party leaders normally focused on just one aspect of reform, Yang said.

This time, the reform is comprehensive, covering many sectors. "When reforms have entered a crucial stage—the deep water—we have to push comprehensive changes in order to deepen reforms," he said.

The focus, however, is still on economic changes. "Among the 15 areas that are in need of reforms, six of them are related to the economy. Economic reform is used as an engine for changes in other areas," he said.

This round of comprehensive reforms is guaranteed by the proposal of a central leading reform team. The team will be in charge of designing reforms on a holistic basis—arranging, coordinating, and pushing forward reforms as a whole—as well as supervising the implementation of reform plans.

A more specific timeframe is also a guaran-

tee for the implementation of the reform plan, said Yang, referring to the 2020 deadline.

Chen Fengying, Director of the Institute of World Economic Studies, China Institutes of Contemporary International Relations, told *Beijing Review* it's a "miracle" that the CPC has managed to hammer out so many reform tasks within six months.

"Institutional change is of vital significance. Such a change is likely to result in more positive growth expectations for China," said Chen.

Capital Economics, a London-based economic forecaster, said in its latest China Economics Update release that the detailed reform plan is clear, wide-ranging and does not shy away from areas of contention. "China's reform package is beyond expectations," the company said.

Wang Qinwei, an economist at Capital Economics, said the plan was ambitious, well-rounded and in-depth, and that it could offer a cushion for supporting the long-term sustainable growth of the economy.

Giving the market a greater role is viewed as the biggest highlight of the reforms, as China looks to market forces in search of new growth drivers amid prolonged slowdown, said analysts.

For some time right after the founding of the People's Republic in 1949, the idea of a market had been associated with capitalism in China. Even after reform and opening up in late 1978, the country had struggled to define the market and some dogmatists still questioned whether socialism could accommodate a market economy. It was not until the 14th CPC National Congress was held in 1992, that a socialist market economy became a consensus. The Party agreed that the market, under state macroeconomic control, should be the "basic" means of allocating resources.

The Third Plenary Session of the 18th CPC Central Committee took market function to the next-higher level, saying it has a "decisive" role in the allocation of resources.

Impending changes

Yang, deputy head of the Office of the Central Leading Group on Finance and Economic Affairs, said it's not only a change of wording, but more importantly a change of the connotation of a socialist market economy.

The upgrading of the market's role was the biggest highlight of the decision and is a significant theoretical innovation, Yang said.

He said such a change is even on par with



the proposal to establish a socialist market economy back in 1992.

"The historic theoretical innovation in 1992 greatly pushed forward China's reform and opening up and economic growth, and so will this innovation," said Yang. "It will greatly unleash growth potential and give China another two decades of growth momentum. It will also help China break free from the middle-income trap."

A new attitude toward the function of market forces has also signaled a pending change in the relationship between the market and the government.

China needs to transform government functions, enhance trust in the government and build a service-oriented government, according to the reform plan.

"Only by clearly defining government functions can the market play a 'decisive' role in distributing resources. The government should have five major functions—macro-control, market regulation, public service, social management and protection of the environment," Yang said.

The new Central Government formed in March has been pushing forward an institutional reform to cut red tape and delegate power to lower levels. So far, it has abolished or transferred 221 administrative approval



BETTER SERVICE: Citizens go through procedures at the government service hall of Jinan, Shandong Province, China has begun to streamline administration to better serve the economy

items to local governments.

Wang Feng, Vice Minister of the State Commission Office for Public Sector Reform, said the Chinese Government will continue to streamline governance and reduce government intervention in the market by abolishing more administrative approvals and transferring supervision to lower-level government bodies.

State-owned enterprises (SOEs) have long been criticized for inefficiency and corruption, making them a target in future reforms.

The detailed reform plan approved at the Third Plenary Session of the 18th CPC Central Committee said 30 percent of the gains of the country's state-owned capital will have to be handed back to the government by 2020.

At present, the proportion ranges from zero to 15 percent.

According to data from the Ministry of Finance, China's central SOEs raked in 1.1 trillion yuan (\$180.5 billion) in profits in 2012, but only handed in 95.1 billion yuan (\$15.6 billion) to the Central Government. Among the total 95.1 billion yuan, only 5 billion yuan (\$820.5 million) was spent on improving people's livelihood.

The increase in dividends that SOEs pay to the state will likely be channeled to aid in the expansion of the social security system, analysts said.

China will also develop mixed ownership

to improve the basic economic system while maintaining the dominant role of public ownership. The state-owned economy will play a leading role in this process, encouraging, supporting and guiding the non-public sector, according to decisions made at the most recent plenary session.

Both public and non-public sectors of the economy are important components of the socialist market economy and significant bases for economic and social development, said the detailed reform blueprint.

The reform plan also highlighted reforms in the financial sector, including speeding up the opening of the capital account and currency regime and interest rate liberalization. An additional point promised to increase the number of free trade zones (FTZs) to help open up the economy and invigorate growth.

"On the basis of pushing forward development of the existing pilot FTZ, qualified regions will be selected to build free trade zones or ports," the reform plan said.

Reforms also include plans to make rural land tradable in the land sale market—a move that is expected to give farmers more benefits from the continuous hiking of housing and land prices.

A universal social welfare system, from healthcare to education, has been promised

to pave the way for the country's urbanization, which is bound to see more rural-urban migrant workers.

Resistance remains

Having a good plan was only part of the success, and making the ambitious agenda a reality would be the new leaders' true challenge. Much will depend on how the relevant ministries and government agencies follow through on executing the reform blueprint, said analysts.

Jan von Gerich, fixed-income chief analyst with Nordea Bank in Helsinki, said China is moving in the right direction based on the document released after the plenary session.

"But one should not get too carried away, as this will be a long process."

Market forecaster Capital Economics agreed, saying that any policy document, however weighty and well crafted, does not in itself change anything on the ground.

"Whether or not the plenary session ends up as a turning point in China's development depends on how well reforms are implemented."

Wu Jinglian, one of the most influential economists in China, said opposition against the proposed reforms will derive from two aspects.

"The first is people's outdated mindset and the second is from vested interest groups. And the latter is more practical," he said. "For interest groups, the Central Government should on the one hand break down their resistance and on the other lend them a helping hand to solve their practical problems."

For instance, giving farmers property rights over their rural collectively owned land will greatly reduce the income of local governments, worsening the condition of the already heavily indebted local governments, said Wu. "How can they pay their hefty debt when their income has been cut?"

Wu said another thorny issue is the market-based liberalization of deposit interest rates, which is bound to deal a heavy blow to the country's major state-owned commercial banks because they can no longer enjoy the exorbitant profits from the gap between a high loan interest rate and a low deposit rate.

"It will be a tough test on the wisdom and courage of the current generation of Chinese leaders." ■



COVER STORY

REFORM ROADMAP

Published on November 15, the Decision on Major Issues Concerning Comprehensively Deepening Reforms includes 60 clauses in 16 parts, aiming to achieve decisive results in its reform drive by 2020. While the four clauses of the first part set the reforms' general goals, the other 56 clauses deal with more specific tasks in eight areas. Following are a selection of these clauses:

Economy

(totaling 19 clauses)

Basic economic system China will stick to the dominant role of public ownership, playing the leading role of a state-owned economy, while encouraging, supporting and guiding the non-public sector to enhance its vitality and creativity.

Detailed tasks: Improving property rights protection mechanism, developing mixed ownership economy, promoting a modern enterprise system in state-owned enterprises and supporting sound development of a non-public economy.

Modern market system China will accelerate the establishment of a modern market system where businesses should be allowed to operate independently and compete fairly, while consumers should be free to choose and spend, and merchandise traded freely and equally.

Detailed tasks: Establishing fair, open and transparent market rules, improving the

market-determined pricing mechanism, setting up a unified construction land market in urban and rural areas, improving the financial market mechanism and deepening science and technology management mechanisms.

Fiscal and tax reform China will improve legislation, reform the tax system, guarantee a stable tax burden and ensure a transparent budgeting process.

Detailed tasks: Improving the budget management and taxation systems in a bid to make responsibilities of government agencies match what they spend.

Integrated urban-rural development system China will set up a new type of industry-agriculture and urban-rural relations in which the industrial sector promotes agriculture, urban areas support rural development, agriculture and industry benefit each other, and urban and rural development is integrated

so that farmers can equally participate in the modernization drive and share in the benefits.

Detailed tasks: Accelerating establishment of a new type of agribusiness system, granting more property rights to farmers, promoting the equitable exchanges of production factors between cities and rural areas and improving mechanisms and systems for sound development of urbanization.

New mechanism for an open economy China will advance opening up at home and opening to the outside world so that each can promote the other, stimulate the orderly and free flow of international and domestic production factors and promote reform through opening up.

Detailed tasks: Relaxing investment restrictions, accelerating construction of free trade zones and expanding opening up in inland and border areas.

Politics

(totaling 9 clauses)

Socialist democracy system China will adhere to and improve the people's congress system, the system of multi-party cooperation and political consultation under the leadership of the Communist Party of China (CPC), the system of regional national autonomy and the system of community autonomy, improve the democratic system, enrich the forms of democracy and expand orderly political participation by citizens.

Detailed tasks: Promoting the people's congress system to keep it current, advancing extensive and systematic development

of consultative democracy and developing democracy at the community level.

Transforming government functions China will transform government functions, deepen administrative system reform, innovate the administrative management model, increase the government's public trust and execution power and establish a law-based and service-oriented government.

Detailed tasks: Improving the macro-control system, performing government functions in an all-round and correct way and improving the government's organiza-

tional structure.

Restrictions and supervision system of power operation China will set up a power operation system with scientific decision-making, resolute execution and powerful supervision and improve the system of combating corruption through both punishment and prevention.

Detailed tasks: Forming a scientific and effective system of power restriction and coordination and strengthening innovation and a guaranteed system to deal with anti-corruption.

Society

(totaling 9 clauses)

Reform and innovation in social sectors

China will accelerate reform and innovation in social sectors, try to provide diversified services and better satisfy people's demands.

Detailed tasks: Deepening overall education reform, improving the institutions and mechanisms of employment and starting businesses, building a fairer and

more sustainable social welfare system and deepening reform of the medical and health system.

Social management system China will innovate social management, enhance social development, improve levels of social governance, maintain national security and ensure social order and stability.

Detailed tasks: Improving social governance methods, stimulating social organizations, innovating a system that can effectively prevent and solve social disputes, improving public security systems, establishing the state security committee and improving systems and strategies to ensure national security.

Culture

(totaling 4 clauses)

China will follow the development path of a socialist culture with Chinese characteristics and further deepen the cultural system reform.

Detailed tasks: Improving the cultural management mechanism, establishing and improving a modern cultural market system, setting up a modern public cultural service system and deepening openness of the cultural sector.

Democracy and the Rule of Law

(totaling 5 clauses)

China will deepen judicial system reform and build a socialist judicial system that features justice, high efficiency and authority.

Detailed tasks: Upholding the Constitution and laws, deepening reforms of administrative law enforcement, ensuring independence and fairness in prosecuting bodies and courts, improving the operational mechanism for judicial power and boosting the judicial system to protect human rights.

Ecological Progress

(totaling 4 clauses)

China will establish a comprehensive system featuring the strictest possible rules to protect the environment.

Detailed tasks: Improving the property rights system for natural resources and the administration of their use, drawing a "red line" for ecological protection, establishing a system of paid use for natural resources ecological compensation and reforming environmental protection and management systems.

National Defense and Armed Forces

(totaling 3 clauses)

China will strengthen military leadership, improve military strategies in the new era and build a modern military with Chinese characteristics.

Detailed tasks: Deepening the reform of the military's composition and functions, promoting reform and adjustment of a military policy system and boosting coordinated development of military and civilian industries.

CPC's Leadership

(totaling 3 clauses)

The CPC will strengthen and improve its leadership to ensure reform will be successful.

Detailed tasks: Establishing a central leading team for "comprehensively deepening reform," which will be in charge of designing national, major reform on an overall basis, arranging and coordinating reforms in relevant aspects, pushing forward reform as a whole and supervising the implementation of reform plans.

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