

**WORLD: REMEMBERING MANDELA P.18 | NATION: CHINESE MOON LANDER P.24**

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Cover Photo: Chinese Premier Li Keqiang welcomes British Prime Minister David Cameron at the Great Hall of the People on December 2 (LI TAO)

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### EDITOR

# Core Interests Prevail

British Prime Minister David Cameron's visit to China has drawn wide public attention owing to his extra-large entourage of business executives, as well as his statement made prior to the visit that Britain will "act as China's strongest advocate in the West."

Sino-UK relations have seen ups and downs over the past few years. On the one hand, economic and trade ties have strengthened. Merchandise trade totaled \$63.1 billion in 2012 and reached \$56.13 billion between January and October this year, making Britain one of China's major trade partners among EU economies. Last year also witnessed £2 billion (\$3.3 billion) worth of Chinese investment flowing into Britain, growing a staggering 95 percent compared to a year earlier. On the other hand, however, their political and diplomatic relations became somewhat strained, posing a considerable barrier to furthering business ties. The unfortunate situation arose from Cameron's meeting with the Dalai Lama in May last year, an act that impaired China's core interests.

Every country keeps core interests that must be respected by others, especially when it comes to sovereignty, territorial integrity and national security. Britain, for instance, has for decades flatly denied the separation of Northern Ireland from its territories in an effort to defend national unity, despite raging protests and violent armed rebellion by local Irish citizens that lasted for 30 years. In the case of China, the Dalai Lama has tried in vain to split the country by seeking "Tibetan independence," earning him a reputation as an exiled separatist bent on harming one of China's core interests. China, like all other countries, seeks to ensure national security by opposing separatist movements. Hence, a foreign leader's choice to meet with him is rightfully viewed as hurting the sentiment of the nation and interfering with its internal affairs.

With Cameron's latest visit coming to a fruitful finish, relations between China and Britain seem to be back on track again, which is expected to be mutually beneficial for both nations and their peoples. However, the core interest of other nations must always be taken into consideration and fully respected, for that will help create a more amicable and cooperative environment for all countries in the world. ■

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# A GREAT MAN OF THE WORLD

THIS WEEK

South Africa's former President and Nobel laureate Nelson Mandela passed away on December 6 at the age of 95. Chinese President Xi Jinping expressed deep grief over the passing of the legendary South African leader, and hailed his extraordinary contributions to the development of China-South Africa relations and the cause of human progress.

XINHUA



## Anchors Aweigh

Research vessel *Dayang Yihao* departs from Sanya on south China's island province of Hainan on December 2, making the country's 30th oceanic exploration mission.

The voyage, which will last 180 days and cover 19,000 nautical miles, will take the vessel across the Indian Ocean. A total of 339 people are on board, including 254 scientists and engineers.

Among the experiments, scientists will test a remotely operated underwater vehicle on a series of oceanic surveys mainly on polymetallic sulphide and bioreources.



ZHANG YONGFENG

## City Categories

In a plan released on December 3, the Chinese Government has identified 262 cities as being dependent on natural resources, in a bid to roll out targeted measures to boost their development.

The plan, which is the first national framework on sustainable development for resource-dependent cities, puts the regions into four categories based on their resource sustainability: growing, mature, declining or regenerative.

Yunnan, Liaoning and Henan are the three provinces with the highest concentration of such cities.

Central authorities will extend

fiscal and policy support to facilitate restructuring and upgrading efforts, including accelerating shanty town renovation and boosting employment, according to the plan.

## Outstanding Students

Shanghai was ranked first in mathematics, science and reading in a report on global education released every three years.

Sixty-five countries and regions took part in the tests for the Paris-based Organization for Economic Cooperation and Development. Its PISA report (Program for International Student Assessment) is the single largest study of global

schooling.

The study is highly influential, with participating countries and regions representing more than 80 percent of the global economy and often adapting policy in response to the findings.

The first PISA survey was carried out in 2000, with Shanghai joining the rankings in 2009 and coming first in the same three categories that year as well as first overall.

Around 6,400 students from 155 schools in Shanghai took part in the latest assessment in April last year. Globally, around half a million 15-year-olds took part. The tests are based on a 1,000-point scale.

Zhang Minxuan, leader of the Shanghai PISA program and President of Shanghai Normal University, attributed Shanghai's students' performance in mathematics to more chances to learn the subject, ability and family backgrounds.

Shanghai students also reported an average of 13.8 hours every week

doing school assignments, the highest and almost three times the average 4.9 hours.

## Emergency Center

A national emergency broadcast center opened in China on December 3, as the country looks to speed up the construction of a nationwide radio network for transmitting rescue and relief information in disaster-hit regions.

Under China National Radio (CNR), the China National Emergency Broadcasting Center is responsible for setting up an emergency broadcast system and building a radio network that links central authorities to community-level offices.

The plan, which marks an important step toward better coping with disasters, was inspired by a similar but smaller-scale radio network set up after a 7.0-magnitude earthquake that hit Lushan, in southwest China's Sichuan Province, on April 20.

The radio service, initiated by CNR in conjunction with local radio and TV stations, will broadcast government relief measures and secondary warnings to disaster-stricken areas via loudspeakers, AM radio frequencies and satellite facilities.



TAO HU



## ROAD SAFETY

A policewoman teaches students about traffic signals in Hefei, Anhui Province, on December 2, China's Traffic Safety Day



## INTANGIBLE HERITAGE

The *zhusuan*, also known as the Chinese abacus, dates back to at least the 2nd century B.C. and is now listed as an intangible cultural heritage, as announced by the UN Educational, Scientific and Cultural Organization on December 4 at a meeting in Azerbaijan

## Environmental Safety

China's ministries of public security and environmental protection have vowed to cooperate closer when dealing with environmental crimes and punishing wrongdoers.

A document on coordinating environmental protection and law enforcement efforts was drafted by the two ministries and made public on December 3.

According to the document, environmental protection departments should make greater efforts to uncover environmental violations, strengthen the monitoring of waste-producing companies and impose administrative punishments on violators.

Meanwhile, police departments were urged to investigate environmental pollution cases that are severe enough to be considered crimes.

The document recommends regular meetings of departments in the two fields to share information and brief each other on their progress, urging the two sides to follow a



clear division of work in the management of cases.

## Underwater Project

Chinese archaeologists have begun full examination of the *Nanhai -1*, the wreck of an ancient Chinese merchant ship currently preserved in a giant tank of water.

The project is expected to last three to four years, according to the Marine Silk Road Museum in Yangjiang, a city in south China's Guangdong Province.

The *Nanhai-1* dates back to the Southern Song Dynasty in the 13th century. It was raised from the bed of the South China Sea at the end of 2007, along with much of its cargo.

Archaeologists will work at the museum, entering into the tank designed to house the ship which is approximately 30 meters in length.

Archaeologists estimate there are about 60,000 to 80,000 antiques among the wreckage, most of them porcelain, precious metal objects and coins.

Over 6,000 pieces of porcelain, copper and other treasure were salvaged in two trial excavations in 2009 and 2011.

## Eco-friendly Rankings

An evaluation report on the environmental responsibility of 617 companies listed on China's yuan-denominated A-share market was released in Beijing on November 29.

Released by a project team from the Beijing University of Chemical Technology, it ranks the companies' environmental performance alongside their environmental statements, corporate social responsibility reports and sustainability reports.

According to the report, 426

companies from primary industries and secondary industries did better than 191 tertiary industry businesses in 2012, in terms of having a low ecological impact.

Initiated by the China Forum of Environmental Journalists and the China Youth Center for International Exchange in 2011, the evaluation campaign covered more than 2,000 A-share listed companies.

## Netizen Population

The number of Internet users in China hit 604 million at the end of September, with mobile phones becoming the favored means of accessing the Internet, according to a State Internet Information Office announcement on November 28.

About 464 million people, 77 percent of the country's total netizens, regularly accessed the Internet with their phones as of the end of June, according to the office's vice minister, Ren Xianliang.

Mobile phones' overtaking computers as the most common means of accessing the Internet signals that China has entered a mobile Internet era, according to Ren.

The office's statistics also show that all China's cities and 99 percent of its townships have been connected to the Internet.

The Internet has provided new channels for interaction between the government and the public and has become an incubator for China's booming electronic businesses, Ren added.

## Great Achievements

Director General of the UN Food and Agricultural Organization (FAO) Jose Graziano da Silva delivers a speech during the 40th anniversary of cooperation between China and the FAO in Rome, Italy, on December 2.

According to FAO figures, about 114 million people in China

have been lifted out of hunger since 1990, accounting for nearly two thirds of the total 173 million worldwide.

The FAO has provided technical support to projects in China and a new five-year China-FAO cooperation plan is being discussed.





## 4G Arrives

Visitors observe the fourth generation (4G) telecom booth at the Ninth China (Nanjing) International Software Product and Information Service Expo, held in Nanjing, capital of east China's Jiangsu Province.

China's Ministry of Industry and Information Technology (MIIT) issued 4G licenses to three Chinese telecom operators on

December 4, marking the beginning of a new era in China's high-speed mobile network.

China Mobile, China Telecom and China Unicom received permits to offer 4G mobile network services employing homegrown technology—TD-LTE, or Time-Division Long-Term Evolution.



## Trade Dispute

China on December 3 filed a complaint under the WTO's dispute settlement mechanism over anti-dumping measures by the United States against 13 types of Chinese products.

China has officially launched the WTO dispute settlement procedure and called for consultations with the United States under the mechanism, the Ministry of Commerce (MOFCOM) said in a statement.

"In its anti-dumping investigations and reviews, the United States has inappropriately applied targeted dumping methodology and denied companies' separate tax

rates," MOFCOM spokesman Shen Danyang said in a statement.

These practices, which do not comply with WTO rules, have resulted in Chinese products mistakenly deemed as having been dumped, and have severely magnified dumping margins, Shen added.

The spokesman said anti-dumping measures launched by the United States for 13 types of Chinese products, including oil well pipelines, involved a total export value of \$8.4 billion.

He said that China is resolutely against the misuse of trade remedy rules and protectionism. "China will also determinedly maintain its rights as a WTO member and safeguard the interests of domestic

industries," he said.

Prior to this, China filed 12 complaints under the WTO's dispute settlement mechanism and won 11 of them.

## VAT Reform Expanded

China will continue to expand the scope of its pilot program to replace turnover tax with value-added tax (VAT) by including two new sectors under the reform, an official document revealed on December 4.

The country will incorporate the railway transportation and postal service sectors into ongoing VAT reform starting on January 1, 2014, according to a statement released after an executive meeting of the State Council, China's cabinet.

VAT is tax levied on the difference between the cost of production and the price of a commodity on the market. It is favored partly because it

can reduce double taxation.

Following regional experiments since the beginning of 2012, VAT reform was rolled out throughout the country on August 1, reducing taxes on businesses by 94 billion yuan (\$15 billion) in the first 10 months of this year.

At present, the reform only focuses on certain service sectors, such as transportation on roads, waterways, air and pipelines, as well as some modern service areas such as information technology, cultural innovation and consulting services. After the expansion, the entire transportation industry will be covered by the VAT trials.

## PMI Figures

China's purchasing managers' index (PMI) for the manufacturing sector remained flat at 51.4 percent in November, according to data released on November 30.

The figure was the same as October, data from the National Bureau of Statistics (NBS) and China Federation of Logistics and Purchasing (CFLP) showed. Manufacturing PMI has stabilized after rising for four consecutive months, showing a steady upward trend in manufacturing. A PMI reading above 50 percent indicates expansion, while a reading below 50 percent indicates contraction.



## INNOVATIVE DESIGNS

A visitor checks out a car covered with moss at the 2013 China (Shenzhen) International Industrial Design Fair, held in Shenzhen, south China's Guangdong Province, from November 30 to December 3





## BRIDGING SOUTH CHINA

The first composite beam being installed at the Hong Kong-Zhuhai-Macao Bridge on December 2. Construction of the bridge started in December 2009 and will be completed in 2016



CHENGJIN

Zhao Qinghe, a senior NBS statistician, attributed the strong PMI to expanding production, and confidence boosted by government measures to stabilize growth and restructure the economy, as well as large-scale enterprises' active performance.

The PMI for China's non-manufacturing sector stood at 56 percent in November, down from 56.3 percent for October, according to the NBS and CFLP.

The non-manufacturing PMI tracks service, construction, software, aviation, railway transport and real estate among other sectors.

CFLP Vice Chairman Cai Jin said construction and information services are becoming increasingly active, and the non-manufacturing sector is absorbing more labor.

## Disney's JV

The Walt Disney Co. (TWDC) and Shanghai-based BesTV New Media Co. Ltd. on December 4 announced plans to set up a joint venture in China to tap into the country's fast-developing digital industry and market.

The new venture will use the technical expertise, professional skills, experience and marketing strategies of Disney and BesTV together. It will operate a digital technology consulting business focusing on BesTV and Disney-related services, products and content on China's mainland, BesTV said in a statement.

BesTV will own 51 percent of the joint venture, while the remainder will be owned by TWDC Shanghai Ltd., a wholly owned subsidiary of TWDC.

Shanghai-listed BesTV, a subsidiary of Shanghai Media Group, has

18 million IPTV subscribers with its businesses in China, southeast Asia and eastern Europe.

## Duty-Free Shopping

Kashgar, Xinjiang Uygur Autonomous Region, will start providing duty-free shopping from 2015 as the city tries to build itself up as a trade hub in Central Asia. Duty-free shops will open in a plaza covering 100,000 square meters, local authorities said on November 30.

Visitors to Kashgar will be allowed to buy duty-free goods with valid plane tickets and travel agreements, according to the administration of Kashgar Economic Development Zone.

In a policy package released in 2011, the State Council said it supported Kashgar to set up a special customs regulation zone.

## Numbers

### 334.3 bln yuan

Third-party mobile payment transactions in China have exploded in the third quarter, up 173 percent from the second quarter

### \$64.81 bln

Total contract value of China's services outsourcing sector in the first 10 months of the year, up 41.6 percent year on year

### 1,659

Batches of substandard food imports that Chinese authorities intercepted in the first nine months of 2013

## Soilless Cultivation

A worker examines vegetables in a soilless vegetable greenhouse at Yangzizhou Township of Nanchang, Jiangxi Province.

By utilizing soilless cultivation technologies, Yangzizhou has become the largest vegetable production base in Nanchang, with an annual production capacity of 70,000 tons.



ZHOUKE

### 10 mln kW

Estimated on-grid solar power capacity in China by the end of 2013, a 200-percent jump from 2012

# THIS WEEK WORLD



## THAILAND

An opposition protester waves the national flag at Government House in Bangkok on December 3. Hundreds of demonstrators entered government headquarters unopposed that day and later withdrew



BAO JIAN



## UZBEKISTAN

Chinese Premier Li Keqiang (seventh left) poses for a group photo with heads of delegations participating in the 12th prime ministers' meeting of the Shanghai Cooperation Organization member states in Tashkent, on November 29



## FRANCE

People walk by a giant Christmas bauble displayed in Nice on December 4

XINHUA







JNNUL/ASP



## COLOMBIA

A model presents a creation made by local designer Valentina Garcia with organic elements during the BioFashion 2013 show in Cali on November 30



## AFGHANISTAN

Schoolchildren take lessons in an open classroom at a refugee camp on the outskirts of Jalalabad on December 1. Afghanistan has had only rare moments of peace over the past 30 years with its education system being seriously undermined



JNNUL/ASP



## INDIA

Fine arts students from Allahabad University make a sand sculpture to raise AIDS awareness on the eve of World AIDS Day at Sangam in Allahabad on November 30

**“We are transforming economic development, restructuring the economy and encouraging companies to go abroad quickly, while the UK is bolstering reform and welcoming foreign investment. This is the moment for stronger cooperation.”**

Chinese President Xi Jinping to visiting British Prime Minister David Cameron in Beijing on December 2



**“Just like untold stars may light up the night sky, HIV/AIDS control needs not only government authorities to perform their duties, but also the commitment of volunteers in society.”**

Chinese Premier Li Keqiang emphasizing the need for scientific treatment and public awareness in the fight against HIV/AIDS in a letter he wrote to Beijing You'an Hospital on World AIDS Day



**“We would like to ask Japan to explain to other countries whether it has an Air Defense Identification Zone (ADIZ) or not. When Japan first set up its ADIZ and later on expanded it several times, it never consulted other countries. Japan doesn't want to allow others to do what they have been doing themselves.”**

Chinese Foreign Ministry spokesman Qin Gang responding to the news that Japan would raise the issue of China's ADIZ during the Japan-ASEAN special summit held in Tokyo



**“I am not a reader. It is a shame that I hardly have time to read a book. The Nobel Prize tears me away from the desk.”**

Mo Yan, laureate of Nobel Prize in Literature in 2012, when recalling how he spent 2013



## ZHANG YIMOU APOLOGY



Famous Chinese film director Zhang Yimou was confirmed as having young children with Chen Ting whom he married in 2011, in violation of the country's birth control policy. The confirmation came from family-planning authorities in Wuxi, east China's Jiangsu Province, on December 2. He has admitted his wrong doing and made apologies to the public, but denied that he has seven children in total with various women.

Zhang has won numerous awards and worldwide recognition. But despite his contributions, he has sparked criticism for having more children than the policy allows.



## UNIVERSITY OFFICIAL INVESTIGATED



Cai Rongsheng, head of the Administration Office of Beijing-based Renmin University of China, is currently under investigation by disciplinary departments.

Though the final results are yet to be announced, public speculation suggests suspicion of corruption. Cai was in charge of autonomous enrollment for the university prior to his investigation. The case brings up concerns relating to reducing the space available for rent-seeking and how to constrain administrative power in universities.





## Village Management

### *Caijing Magazine* December 2

Thirty-five years ago in 1978, the Third Plenary Session of the 11th Central Committee of the Communist Party of China (CPC) launched rural reform. Through separating the ownership of land and rights of use, while implementing household responsibility systems, reformers activated enthusiasm among hundreds of millions of farmers across the country. Accordingly, China's rural areas have embraced a long period of prosperity.

In the past three decades, affected by rapid urbanization and industrialization, big changes have struck the rural economy.

Currently, many villagers profit by renting out their fields, a business which has surged with rising land prices. Faced with big earnings, conflicts between villagers, new and old, have become fierce. In the meantime, current management structures make it easy for rural politics to be kidnapped by the economy. This not only weakens self-governance and social services, but adds to conflict.

The recently concluded Third Plenary Session of the 18th CPC Central Committee has set a goal to push forward modernization of the country's governance system and abilities, with village management a key focus.

Such management not only concerns stability in rural areas, but also relates to further local economic development.

## Tobacco Production Doubled

### *Global Times* December 5

Cigarette production in China has almost doubled since the nation signed a landmark international agreement to cut down on tobacco output, meaning that the nation is only paying lip service to tobacco control legislation, according to a new report.

The report, *Tobacco Control in China From a Civil Society Perspective 2013*, compiled and released by the Beijing-based Thinktank Research Center for Health Development, found that around 2.175 trillion cigarettes were produced in the year leading up to October.

In 2002, before China signed the World Health Organization Framework Convention on Tobacco Control in 2003, cigarette production was 1.75 trillion, but it rose to 2.58 trillion a year by 2012.

The tobacco industry in China is a large contributor to fiscal revenue. In 2012, it paid a total of 864.9 billion yuan (\$141.9 billion) in taxes and handed 716.7 billion yuan (\$116 billion) to the State treasury.

Suo Chao, a spokesperson of the Chinese Association of Tobacco Control, said China has made efforts to enforce anti-smoking regulations. "Several provinces have expanded their bans in more public places and multiple hospitals have set up smoking cessation clinics to help smokers," Suo noted.

## Huawei Putting U.S. on Hold

### *China Daily* December 5

Huawei Technologies Co. Ltd., China's largest maker of telecommunications networking equipment, is indicating that it will abandon the United States carrier equipment market.

"Huawei is prioritizing its carrier business in markets that are open to competition, innovation and investment," said Huawei spokesman William Plummer. "We remain committed to our customers, employees, investments and operations, and our more than \$1 billion in sales in the United States. We stand ready to deliver additional competition and innovative solutions as desired by customers and allowed by authorities."

Plummer's statement came after Huawei CEO Ren Zhengfei told French media the com-

pany is pulling out of the United States, as it feels uncomfortable being stuck in the middle of a China-U.S. trade skirmish.

The company is heavily invested in the United Kingdom and some Eastern European nations. It started to explore overseas markets about a decade ago. The company has a global research and development staff totaling 70,000.

With China issuing 4G licenses to Chinese carriers, Huawei, a major infrastructure vendor, is set to clinch contracts nationwide. It is also eyeing the consumer electronics market.

## Family Planning Policy Reform

### *Caixin* November 25

The Chinese Government further relaxed its birth control policy by allowing families to have two children if one of the parents is an only child at the recently concluded Third Plenary Session of the 18th CPC Central Committee. Of all the decisions made at the meeting, this is the one most welcomed by ordinary Chinese citizens.

It has long been agreed that if the Chinese Government doesn't change the birth control policy, China will quickly become an aging society. A few years from now, the country will no longer have sufficient labor—which is bad news for its development.

Thus, according to many scholars, China not only needs to relax its birth control policy, but also needs to completely relax population control and even encourage the young generation to have babies.

According to a random survey, after the decision was released, only two of 10 couples meeting the requirements really want to have a second child. Most of them said they were happy to have the right, but they wouldn't do it. The main reason is the increasingly high cost of bringing up a child and the young parents' aspiration for career success.

Even as a small step, it sends a strong signal of the Chinese Government's change in population strategy. Hopefully, bigger steps are to come.



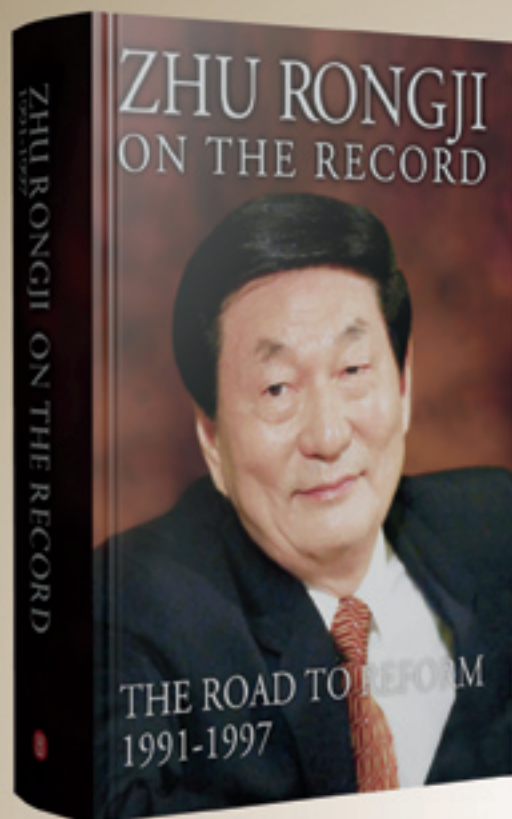


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He has been as direct in his editorial selections as he was in his leadership style in office and has not shied away from difficult or sensitive issues.

— 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

# BRITAIN: BACK ON

Cameron's China trip seeks practical cooperation while looking beyond differences

**D**avid Cameron finally made it on his China trip after a fairly long delay caused by his meeting with the Dalai Lama one and a half years ago, with a renewed emphasis on the importance of mutual respect in bilateral relations.

Observers claimed that the postponement should not be seen in a negative light, as it has allowed British politicians to reconsider the importance of China-Britain relations; additionally, the already delayed visit became a crucial opportunity to bring China-Britain relations back on the right track.

"There is no unsolvable conflict of interest between China and Britain," said Ma Zhengang, former Chinese Ambassador to Britain. Only by mutually respecting the major concerns of each other could the two countries develop a sound bilateral relationship, he added.

He also claimed the latest Beijing trip by Cameron has restarted an annual China-Britain premier meetings, marking a thaw in Sino-UK relations.

### Turning the page

Heading an unprecedentedly large delegation consisting of several cabinet members as well as about 150 representatives from business and trade sectors, Cameron's Beijing trip was arguably one of Britain's most important diplomatic events this year.

Cameron has apparently done his homework ahead of his visit, having opened an account on Sina Weibo, China's Twitter-like microblog website, visited a Chinese artwork exhibition in London to learn about Chinese culture, given an interview with Chinese media as well as publishing an article in a Chinese news magazine. These efforts reflect the importance he attached to the trip.

British media remarked that Number 10 is billing the trip as an opportunity to "turn the page" after the row that followed Cameron's meeting with the Dalai Lama and to reopen top-level ties with the world's second largest economy.

However, former ambassador Ma noted





# BOARD

By Yu Lintao



**JOINT SESSION:** Chinese Premier Li Keqiang and British Prime Minister David Cameron attend a joint press conference in Beijing, capital of China, on December 2

WANG YE

the erosion of mutual trust and the damage to bilateral relations caused by the Cold War mentality of British society, which he said views China through "tinted spectacles." "Some British are too critical of China's social system," said Ma.

Cui Hongjian, director of the Department for European Studies with the China Institute of International Studies (CIIS), said mutual trust should be improved to eliminate the barricades between the two sides. "Without mutual political trust, economic relations and cooperation in other fields will be affected. It is not conducive to a healthy and comprehensive Sino-UK relationship," Cui said.

The British side should make sure that it will not make opportunistic mistakes when involving itself in issues concerning China's core interests in the future, said Cui.

Before his arrival in Beijing, Cameron made a pledge to lead a "dialogue of mutual respect and understanding."

The trip appeared to have fulfilled his pledge. In addition to meeting with Chinese leaders, Cameron met with local businesspeople to advance cooperation and gave a lecture at a university to make a good impression with Chinese students within the three-day visit.

At a news conference with Premier Li Keqiang after talks at the Great Hall of the People, the UK prime minister said, "I see China's rise as an opportunity not just for the people of this country but for Britain and the world."

He also criticized opponents of trade liberalization with China, saying that Britain wants China to realize its dream and he believes the two countries can help each other succeed in the global race. "An open Britain is the ideal partner for an opening China ... No country in the world is more open to Chinese investment than the United Kingdom," he said.

Kerry Brown, Executive Director of China Studies Center with the University of Sydney, claimed practical cooperation itself could be an efficient way to enhance mutual trust between the two countries.

"Accept that in many areas they (China and Britain) have different values and beliefs, and



**PING-PONG DIPLOMACY:** British Prime Minister David Cameron plays table tennis with children at Longjianglu Primary School in Chengdu, capital of southwest China's Sichuan Province, on December 4, during his visit to China

just focus on practical things like business and other cooperation. They will build trust, not nice words and rhetoric," said the professor to *Beijing Review* in a written interview.

## Seeking opportunities

At a business luncheon with hundreds of Chinese and British business leaders in Shanghai on December 3, Cameron urged British entrepreneurs to hold onto their Chinese opportunities firmly.

Observers believe it is the enormous Chinese market that brought Cameron to head the largest UK trade delegation to China.

Brown told *Beijing Review* that it is "probably because the United Kingdom knows that investment potential from China is huge, and

this follows on from the visit by the chancellor for finance a month ago from Britain to China which underlined how much business can be done with China."

Cameron's visit to China follows those by British Finance Minister George Osborne and the Mayor of London, Boris Johnson, who recently visited Beijing and Hong Kong to drum up investment and try to sell London as the top financial center in facilitating the internationalization of the Chinese yuan.

Cui, of the CIIS, also acknowledged that the vast trade interests and the economic interdependence between the two countries are the major impetus of Cameron's visit.

The British Government is currently seeking a fundamental change in its economic



growth, after its banking business—one of the critical support industries—has struggled to deal with the EU debt crisis. As cash flow has declined, economic opportunities have dried up.

As the European continent is still mired in the crisis and U.S. debt is at a record high, China, as the second largest economic power with the largest foreign exchange reserves, has become an important source of capital for London bankers.

Cui said that China has become a political and economic force that cannot be ignored. Britain should take advantage of China's economic rise to seek its own economic expansion.

In the past, Britain used to serve as a capital and technology provider during Sino-UK cooperation, while China was a destination for UK investment. But this time, Cameron and his delegation tried to attract more Chinese investment to the UK.

Statistics show that investment from the Chinese mainland in Britain has been increasing rapidly and the UK is now one of the most popular destinations for the Chinese mainland's outbound investment after Hong Kong and the United States. The overall stock of Chinese investments in Britain is about \$9 billion while Britain has roughly double that amount of investments in China. Bilateral trade is also on the rise. The latest data from Chinese Customs show that Britain became China's second largest trade partner in the EU in the first 10 months of 2013.

Upon his arrival in China, the British prime minister witnessed a signing ceremony of British vehicle makers Jaguar Land Rover for a deal worth £4.5 billion (\$7.38 billion) to provide 100,000 cars to the National Sales Co. in China, which means providing indirectly 38,000 jobs in Britain.

During the visit, China and the UK also signed 10 agreements on areas ranging from space exploration to enhancing mutual investment. Breakthroughs were made in high-speed railways and nuclear energy cooperation between the two.

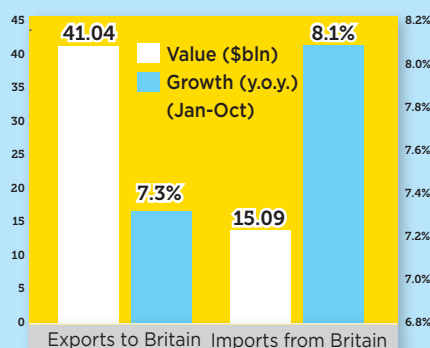
Concerning the financial sector, the two sides discussed conducting offshore renminbi

## Sino-UK Economic Bonds

### Trade

From January to October, trade between the two countries stood at \$56.13 billion, up 7.5 percent year on year.

Britain has replaced the Netherlands as the second largest trade partner with China among all European Union countries.



### Investment

China's investment in Britain in the past 18 months is greater than it has been in the past three decades. In 2012, the volume of investments, mergers and acquisitions by Chinese enterprises in Britain surpassed \$8 billion, accounting for one eighth of China's total outward direct investment.

Britain ranks ninth in foreign direct investment in China, with a volume of \$745 million from January to September.

(Source: China's Ministry of Commerce)

business in London and Chinese banks' opening branches in Britain.

The Agricultural Bank of China (ABC) and the Standard Chartered Bank signed a memorandum of understanding, through which financial institutions and corporations can work with Standard Chartered UK and ABC UK to execute renminbi transactions. London, therefore, as the world's leading financial hub will—along with Hong Kong, Singapore and Chinese

Taipei—become a key outpost for offshore yuan trade.

Standard Chartered Group CEO Peter Sands, who accompanied Cameron on his second visit to China, believes that the emergence of multiple offshore yuan hubs has brought opportunities to banks like Standard Chartered and HSBC as they help Chinese companies issue yuan-denominated bonds overseas.

Cui remarked that conducting offshore renminbi business in London will further enhance the metropolis' position as a leading international financial center and bring concrete benefits to the UK.

Cui also pointed that China unveiled a transformative new economic strategy in the recently concluded Third Plenary Session of the 18th Central Committee of the Communist Party of China, which has sent a positive indicator of opportunity to the outside world.

"Policies, including opening up banking business, and promoting low-carbon growth, released at the conference mean improved prospects for Britain, which has comparative advantages in those fields. In taking advantage of China's second round of reform, it will create bright economic prospects for Britain," said Cui.

Observers claim that Cameron's latest China trip was also an important opportunity for Chinese enterprises.

Wang Yiwei, a research fellow on European studies with Beijing-based Renmin University, noted that as the birthplace of the Industrial Revolution, the UK faces problems with aging infrastructure and a hollowing out of industry, with three quarters of its economy now composed of financial services. Meanwhile, China, as a new industrial country, has many late-comer advantages in infrastructure construction fields, including high-speed rail and nuclear power technologies.

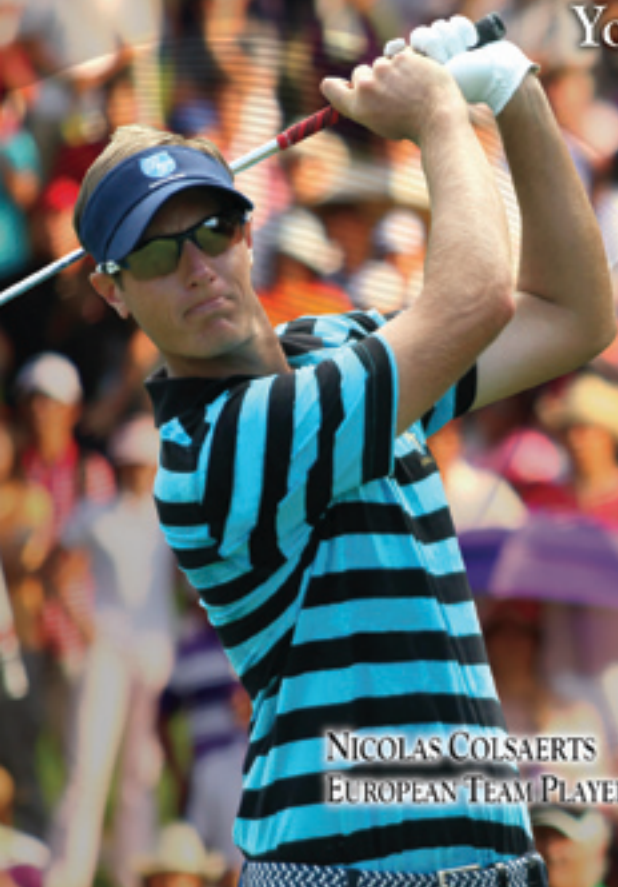
"The British Government has released a £33-billion (\$52.3-billion) bill of infrastructure and housing projects. It is an opportunity for China's excess infrastructure capital to be invested," said Wang. ■



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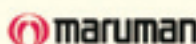
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