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AROUND THE WORLD

China champions a multi-faceted foreign policy



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Email: casa201208@hotmail.com

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Cover Story
14

China's Diplomacy in Transition
Improving international relations



Nation
22

Feeding the Future
Food security is top priority

THE DESK

» Diplomatic Wisdom **02**

THIS WEEK

COVER STORY

WORLD

» Symbiotic Relationship **18**

Reflecting on 35 years of Sino-U.S. Ties

NATION

» Caring for the Elderly **24**

Aging population needs pension reform

» Free to Follow **28**

Temples receive state support

BUSINESS

» A New Trend **34**

The latest developmental phase

» Market Watch **40**

CULTURE

» A Life in Song **44**

Vocal legend celebrates illustrious career

FORUM

» Do We Still Need the Abacus? **46**

EXPAT'S EYE


» Fifteen Minutes of Fame **48**

One voice actor's story



Business
32

Funding SMEs
Fresh financial opportunities



Business
36

Building Capacity
Chinese enterprises in Africa

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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: 86-10-68995810
E-mail: ad@bjreview.com.cn
Distribution Department
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EDITOR

Diplomatic Wisdom

For any sovereign state, diplomacy is an important part of international relations, and one of the principal goals of diplomacy today is for a country to carry out its foreign policies, protect its core national interests, develop friendly and cooperative ties with other states, and to try to enhance its influence in the international community.

Since the founding of the People's Republic in 1949, China has pursued independent foreign policies that are focused on peace and development as well as mutual benefits for itself and the world at large. Along with the country's peaceful rise during the past 35 years, thanks largely to the reform and opening up, China has begun to play a growing role on the world stage. This, of course, calls for China to bring its diplomatic wisdom to the table.

Since the new Chinese leadership first assumed its duties last March, a fresh round of top-level diplomacy has begun. President Xi Jinping and Premier Li Keqiang, alongside other top leaders, have visited 14 and seven countries respectively across Asia, Europe, Africa and the Americas, as well as participating in multilateral global conferences involving the BRICS, G20, APEC as well as the ASEAN. Meanwhile, official statistics also indicate that China played host to 64 foreign leaders last year, with nearly 800 cooperative deals signed.

Effective and fruitful diplomatic endeavors aside, the new Chinese leadership also has, as some diplomatic observers put it, demonstrated unique honesty, pragmatism and self-confidence, reflecting the sophisticated diplomatic poise of the leaders from this large and responsible nation.

Taking into consideration internal and external scenarios China is faced with, the country's diplomatic priorities may include strengthening the economic bonds with the world and building up strategic trust with major powers and developing countries alike. Judging from their performance and the progress made in these and other areas, it could be concluded that China's new leaders have been greatly successful on their diplomatic missions in 2013. ■

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A TRIBUTE TO MAO

Visitors appreciate a statue of former Chinese leader Mao Zedong at the National Museum of China in Beijing on December 24, where Mao's calligraphy works and contemporary artists' sculptures and paintings of him are currently on exhibition.

December 26, 2013, marks the 120th anniversary of Mao's birth. People across the country are participating in the commemoration of the great founder of the People's Republic of China.

Capability Tests

According to a statement by the PLA navy on December 22, 2013, China's first aircraft carrier, the *Liaoning*, has conducted more than 100 tests and training tasks since early December 2013, when it began a training mission in the South China Sea.

The new training mission is the first time the *Liaoning* has made a long-distance voyage since it was commissioned into the PLA navy in September 2012.

The mission consists of large number of tests, rigorous standards, complicated circumstances as well as collaboration with multiple military units, the statement said.



Anti-Graft Plan

The Communist Party of China (CPC) vowed on December 25, 2013 to fight corruption and maintain its "high-handed posture" for the next five years.

A five-year (2013-17) plan on building a system to punish corruption that was issued by the CPC Central Committee stated, "If problems with work styles and corruption are not handled properly, they will critically harm the Party, and could even lead the Party and the nation to ruin."

All cases must be investigated and miscreants must be punished more severely so as to deter others,

the plan added.

Within five years, "public satisfaction should be achieved," according to the document.

Particular efforts should be made to deal with cases involving power-for-money deals, judicial corruption, major violations of political discipline, mass incidents and major occurrences caused by corrupt officials, commercial bribery, and improper hiring practices, the plan said.

It urged strengthening intra-Party supervision and extra effort in regulating the use of power, by ordering officials to submit reports annually on their new, cleaner work styles.

The plan also called for an improved legal system to ensure effective implementation of various anti-graft regulations, citing those concerning the use of public vehicles, the construction of office compounds, business receptions and overseas trips.

The CPC has been severe on corruption, with 108,000 officials punished in the first nine months last year.

Judicial Transparency

The Supreme People's Court, China's highest judicial body, issued a judicial interpretation that clarifies procedures for cross-examining cases of state compensation.

The move aims to boost judicial transparency and ensure that compensation claimants and liable

parties have equal rights to information, participation and expression.

According to the interpretation, cross-examination should be made public except for cases that involve state secrets, personal privacy or are otherwise stipulated as unsuitable to be shared publicly by law.

It also details the distribution of evidential burden and establishes a time limit system for presenting evidence.

The interpretation is expected to standardize the procedures for cross-examination used by courts at various levels when they hear cases involving state compensation.

Baby Formula Rules

China's food safety watchdog unveiled a revised regulation on December 25, 2013, which will significantly increase standards for domestic infant-formula producers.

The regulation, Detailed Rules on the Examination of Production Licenses for Infant-formula Milk Powder Producers (2013), was drafted with the participation of 30 experts and food and drug supervisors from 20 government departments and organizations, the China Food and Drug Administration revealed.

The revised regulation set new rules and raised requirements for



WHITE NADAM

The 14th Inner Mongolia Ice and Snow Nadam Fair kicks off in Hulun Buir, Inner Mongolia Autonomous Region, on December 23, 2013



FAST AND CLEAN

Workers wash a high-speed train at a maintenance station in Tianjin on December 25, 2013



infant-formula producers in nine areas, including the purchase of raw materials, manufacturing and product inspection.

Labor Assistance

China's trade union organizations provided 9.28 million people with free employment assistance last year, according to a statement by Chen Hao, Vice Chairman of the All-China Federation of Trade Unions (ACFTU), on December 24, 2013.

Chen also revealed that the ACFTU and its subsidiaries offered vocational training for 1.3 million people and helped 85,300 university graduates find jobs in 2013.

Founded on May 1, 1925, the ACFTU has 290 million members, 110 million of whom are migrant workers from rural areas working in cities.

Investing in Air

An environmental expert estimated that China needs to come up with 1.75 trillion yuan (\$290 billion) for its air pollution treatment plan that will be carried out from 2013 to 2017.

While at the Fourth Caixin Summit in Beijing, Wang Jinnan, deputy head of the Chinese Academy for Environmental Planning, said that the investment would increase China's GDP by nearly 2 trillion yuan (\$329 billion) and create more than 2 million jobs.

According to Wang, 640 billion yuan (\$105 billion) should go to industries focused on cleaning the air, followed by 490 billion yuan (\$81 billion) on cleaner energy sources. Cleaning up motor vehicles will take up a further 210 billion yuan (\$35 billion).

The State Council, China's cabinet, issued an air pollution treatment plan in September to control PM2.5, which are airborne particles of less than 2.5 microns diameter and small enough to pass into the gas exchange regions of the lungs.

The action plan requires PM2.5 in populated regions to be reduced significantly by 2017. Average PM2.5 levels in Beijing are expected to drop to 60 micrograms per cubic meter.

Suspicious Vaccines

The China Food and Drug Administration on December 20, 2013, ordered suspension of hepatitis B vaccines made by a company in south China after seven children died.

To date, four infants in Guangdong Province have died

after hepatitis B vaccinations with products made by Biokangtai, a drug manufacturer in Shenzhen City in the same province, according to a statement made by the local disease control and prevention center on December 23, 2013.

The four deaths in Guangdong occurred in Zhongshan, Jiangmen, Shenzhen and Meizhou, but the Zhongshan case has been determined as unrelated to the vaccine, as the child had died of pneumonia, according to the center.

Autopsy results have not yet been released for the other three cases. The cause of the death can only be confirmed after autopsies, which normally take 30 working days.

Two babies in neighboring Hunan Province and another in southwest China's Sichuan Province died under similar circumstances, according to the National Health and Family Planning Commission.

Biokangtai is a major supplier of free hepatitis B vaccines, accounting for 60 percent of the market share in China. The company released a statement on December 16 claiming that "coincidental events are commonplace and easy to misinterpret."

Bird Flu Response

Passing cars are disinfected in Nanshi District in Baoding City, north China's Hebei Province, on December 23, 2013.

An outbreak of the H5N2 strain of bird flu was reported at a local poultry farm on December 21, 2013. More than

4,000 chickens died from the virus.

Local authorities have sealed off and sterilized the infected area, where a total of 125,700 chickens culled and safely disposed of to prevent the disease from spreading.



More Green Coverage

A farmer feeds his goats in Gangcha County, Qinghai Province.

To protect China's grasslands, the Central Government has earmarked over 1.9 billion yuan (\$310 million) a year since 2011 as an ecological protection subsidy to Qinghai. As a result, vegetation coverage has increased from 40 percent to 50 percent over the past two years.



ZHANG HONGJIAN

China Mobile Deal

Apple and China Mobile announced on December 23 that they have penned an agreement to bring iPhones to the world's largest mobile network.

According to the agreement, the iPhone 5s and iPhone 5c will be available in China Mobile and Apple retail stores across China's mainland starting January 17, 2014.

The 760 million subscribers of China Mobile will have an opportunity to use iPhones on the provider's 4G/TD-LTE and 3G/TD-SCDMA networks.

China Mobile received its 4G license from the Ministry of Industry and Information Technology on December 4. By the end of 2013, China Mobile had provided 4G services in 16 cities, including Beijing, Shanghai, and Guangzhou. By the end of 2014, it aims to expand its 4G network to at least 340 cities, more than half across the country.

Cash Injection

China's interbank money rate fell on December 24 after the central bank

put funds into the system by selling seven-day reverse repurchase (repo) contracts for the first time in two weeks.

The People's Bank of China, the central bank, injected 21 billion yuan (\$3.43 billion) through repo agreements, a process in which central banks purchase securities from banks with an agreement to resell them in the future.

In the interbank market on December 24, the seven-day Shanghai Interbank Offered Rate (Shibor), which measures the cost at which Chinese banks lend to one another, fell to 6.197 percent. It was above 8 percent before the

announcement.

The rate hit a record high of above 13 percent in late June when a cash crunch hit, disturbing financial markets.

Chicken Dispute

China's Ministry of Commerce made a decision on December 25 to reinvestigate its anti-dumping and anti-subsidy duties on U.S. white-feathered broiler chicken imports in response to a WTO report that found China had violated certain rules.

China will review the evidence and information collected during the previous investigation and re-examine them through surveys and hearings.

Disputes over broiler chickens—chickens that are able to reach slaughter weight by about 13 weeks of age—have been a major source of contention in the trade relations between the world's two largest economies.

China imposed anti-dumping duties on chickens imported from



LI JIAO



ELEVATOR HUB

A worker at Dongfang Fuda Machinery Co. Ltd. assembles elevator buffers. The company is based in Langfang, north China's Hebei Province, where more than 10 large-scale elevator producers reside



NEW YEAR, NEW MONEY

Pictured is the one yuan coin issued to celebrate coming year of the horse by the People's Bank of China, the country's central bank



WU DAIJING

the United States in September 2010, claiming that the chickens were subsidized in the United States and then unloaded onto the Chinese market at a price less than the fair value.

Washington requested consultations with Beijing immediately after China imposed duties and then appealed to the WTO in September 2011.

In September 2013, the WTO Dispute Settlement Body adopted a panel report supporting China's arguments regarding determination of domestic industry and trade level differences.

It also upheld the U.S. claims that China acted inconsistently with certain articles of the Anti-Dumping Agreement in conducting the investigations as well as in the

calculation of the anti-dumping and countervailing duties.

Affordable Housing

China will continue to build millions of affordable housing units and stick to the current control measures on its property sector in 2014, a senior official said on December 24, 2013.

The country plans to start construction of more than 6 million affordable housing units and complete the construction of 4.8 million units in 2014, Jiang Weixin, Minister of Housing and Urban-Rural Development, said at a national work conference.

The country has built 4.7 million

affordable housing units and started construction of 6.3 million more in 2013.

Jiang said China will increase the supply of land and affordable housing and ensure better implementation of current policies to contain the soaring housing prices in some major cities.

Jiang's statement came after the latest official data showed all but one of 70 major cities monitored by the government reported gains in new home prices in November. Twenty-six cities posted an annual increase of 10 percent or higher.

Land-Use Rights

China will push forward the issuing of land-use certificates in rural areas with hopes to complete the work within five years, Minister of Agriculture Han Changfu said at a national meeting on agriculture on December 25.

The registration of rural land-use rights has been under the spotlight after a key reform meeting in November decided to gradually allow farmers to transfer and mortgage their land-use rights, or turn the rights into shares in large-scale farming entities.

China started the pilot registration program in 2008, which expanded to 50 counties by 2012 and a further 100 in 2013.

Numbers

500,000

Individual tourists (without contracts with travel agencies) from the Chinese mainland with Taiwan in 2013, up 176 percent from 2012

3.2 bln

Forecasted road trips to be made by Chinese passengers during this year's "chunyun," a 40-day period around the Spring Festival, up 5.8 percent from last year. Chunyun is that largest annual human migration in the world

32%

Percentage of natural gas used in China in 2013 that depended on imports

8.2%

Growth rate in profits for China's state-owned enterprises in the first 11 months of 2013

Freight Boom

Snow falls on the Horgos Railway Station in Xinjiang Uygur Autonomous Region on December 25.

The second cross-border railway between Kazakhstan and China passing through the Horgos Station was opened on December 22, 2012. During the past year, the railway has carried over 1.6 million tons of commodities, 10 times of the amount carried by the first line between the two countries during its first year of operation.



JIANG WENYAO

THIS WEEK WORLD



SOUTH SUDAN

UN soldiers carry a wreath of flowers during a memorial ceremony for two of their comrades killed in Akobo, Jonglei State, on December 21, 2013. Some 2,000 armed Nuer youths stormed the Akobo UN base where 36 Dinka civilians had sought refuge, leaving at least 20 of the civilians and two Indian peacekeepers dead



THE UNITED STATES

Customers in a Target store in Miami, Florida, on December 19, 2013. The U.S. retailer announced that an estimated 40 million credit and debit card details belonging to customers who made purchases by card in its stores between November 27 and December 15 may have been compromised



OUTER SPACE

This December 24, 2013 NASA TV still image shows astronauts Mike Hopkins (lower right) and Rick Mastracchio (front) during a spacewalk outside the International Space Station





FRANCE

A helicopter is lifted from the bed of the Dordogne River near Bordeaux on December 23, 2013, as part of an investigation into a crash that killed a Chinese tycoon and a French winemaker. The crash occurred three days earlier as they took on an aerial tour of a chateau and its estate that the Chinese businessman had just bought



AUSTRALIA

Heavily armed police officers take down a driver that had threatened to set fire to himself after parking his car outside the New South Wales Parliament in Sydney on December 20, 2013



EU

European Commission President Jose Manuel Barroso (left) talks to European Parliament President Martin Schulz during an EU Summit focusing on common security, defense policies as well as economic and monetary union on December 19 in Brussels

“The visit to the Yasukuni Shrine is essentially an attempt to whitewash the history of aggression and colonialism by militarist Japan, to overturn the just trial of Japanese militarism by the international community and to challenge the outcome of World War II and post-war international order.”

Foreign Ministry spokesman Qin Gang, in a statement condemning Japanese Prime Minister Shinzo Abe's visit to the Yasukuni Shrine in Tokyo, where war criminals are honored alongside fallen Japanese soldiers, on December 26, 2013



“With 400 Beijing residents celebrating their 60th birthday every day, the current number of eldercare professionals is far from meeting the demand.”

Du Peng, a professor with the School of Sociology and Population Studies, Renmin University of China, commenting on the shortage of trained senior care professionals in Beijing



“There are many children living in poor conditions and in need of help. We hope that the donation can help relieve their difficulties.”

Jason Han, an employee at China's telecommunications giant Huawei, after making a donation on behalf of the company consisting of laptops, cash, writing books, pens, and food to a Cambodian charity organization on December 22, 2013



“It's time for such a major country in the world to look at footballers. Thinking footballers means to work on development of football at grassroots level.”

Jérôme Valcke, Secretary General of FIFA, commenting on China's football development on December 20, 2013



MUSICIAN ACKNOWLEDGED



Noted composer Chen Qigang received the Order of Arts and Letters medal from French ambassador to China Sylvie Bermann at the French Embassy in Beijing on December 20, 2013, for his contributions to music.

Chen, 62, was the musical director for the opening ceremony of the 2008 Beijing Olympic Games, and also composed *You and Me*, that year's Olympic theme. Born in Shanghai, Chen was admitted into the Central Conservatory of Music in Beijing in 1977 and graduated five years later. Receiving a government scholarship, he travelled to France for his postgraduate studies in 1984 and went on to be the final student of the renowned composer Olivier Messiaen until 1988.

Chen has won numerous awards for his symphony compositions and served as a member of the jury at numerous musical events.



VICE MINISTER SACKED



Li Dongsheng, former Vice Minister of Public Security, was recently removed from his official posts.

Li, also former vice head of a central leading group for the prevention and handling of cult-related issues, was sacked for “suspected serious disciplinary violations,” said a statement released on December 25, 2013, by the Organization Department of the Communist Party of China Central Committee. Authorities are handling his case according to procedure, it added.



Water Woes

Oriental Outlook
December 12

For Shaanxi Province, water resources are not only short but also distributed unevenly, with 70 percent of its annual rainfall occurring during the flood season and 70 percent of all its water resources concentrated in the south. The province's per-capita water resources are only

about half of the national average.

Today, with the acceleration of urbanization and global climate change, water is becoming an increasingly severe issue for Shaanxi. Their problems include water shortages, pollution and

ecological deterioration. Presently, water-intensive energy and chemical industries in the northern part of the province have begun to thrive and urbanization is picking up. Many projects were launched without taking into consideration the amount of water available.

The conflict between an aspiration for economic development and the impending water shortage is becoming increasingly tense. Many locals are calling for a solution by building a west line from the South-to-North Water Diversion Project, a major project to channel water from the Yangtze River in the southern part of the country to the north.

In 2013, in an attempt to seek a solution to the dilemma, the province added the implementation of strictest water resource management into its official appraisal system, attaching great importance to the constraints on development and utilization of water resources. However, the existing conflict between the water problems and an energy-intensive development model remains.

University Enrollment

People's Daily
December 23

Renmin University of China, a renowned university based in Beijing, recently announced that it would suspend independent enrollment of students for 2014, following the arrest of the university's head of admissions in November 2013 over allegations of taking bribes.

The scandal revealed the vulnerability of independent enrollment systems at universities. The pilot program for universities enrolling students independently was initiated 10 years ago and aimed to give universities more flexibility in selecting qualified students. The program was expected to lead to breakthroughs in reforming the college entrance examination system, under which all high school students must pass a unified exam in order to enter college. However, some worry that independent enrollment has become a channel for unqualified students with powerful or wealthy families, and that it may bring educational inequity as well as corruption.

It is necessary to enhance public supervision over college administrative power. Education authorities should take substantial measures to improve the existing university enrollment system and advance information transparency.

Cold Winter for Calendar Market

Yangcheng Evening News
December 24

After the Central Government recently strictly prohibited local governments and state-owned enterprises from using public funds to print calendars, many businesses specializing in printing calendars have experienced a lapse in business.

According to Jin Jingxi, head of the Calendar Products Association in Yiwu, a hub for calendar printing in east China's Zhejiang Province, local printers have lost more than 100 million yuan (\$16.47 million) since the government ban.

After the Central Government issued a series

of regulations aimed at tackling corruption this year, some markets such as luxury restaurants and liquor have experienced similar declines in revenue. The overall decline in luxury consumption also shows how heavily these industries rely on governmental officials and not just the market.

However, some calendar printers which have centered themselves on the market have not been influenced by governmental consumption

bans. This demonstrates that profit model relying on government consumption cannot be sustainable. The drastic drop in calendar sales has pushed enterprises to seek a healthy operation model and develop new products, which is an opportunity for enterprises to shift their focus onto other consumers and reduce risk.

Financial Reform

Caijing Magazine
December 16

Recently, *Caijing Magazine* interviewed Zhou Xiaochuan, head of the People's Bank of China. Zhou said that right now China is ripe for financial reform, and he elaborated on the direction of the coming reforms and major tasks.

In order to achieve the goal of letting the market play an essential role in resource allocation regarding the financial sector, reform must be carried out across three areas. First, China should grant equal access to the financial market to both domestic and foreign banks, so as to ensure full competition. Second, the price of financial factors should be market-oriented so as to realize the optimization of resources. Third, China should make sure that the market plays a major role, and similarly make sure enterprises and individuals have the right to choose financial products freely.

These three areas are complementary to each other. Only with greater access to the financial market can competition be

given full play and reasonable prices be formed, and only with reasonable prices can the optimization of resources be achieved. When enterprises and individuals have the right to choose, they can properly assume their role in the market. Market-oriented pricing is actually an interaction between market entities.

Unlike other reforms, market-oriented reform of the interest rate is about financial stability. The reality is that ever since China approved the interest rate of inter-bank lending in 1996, after 17 years of progressive reform, the restrictions on interest rates are quite weak, with the ceiling on deposit interest rates as the only remaining restriction. Emerging financial products have, to a large degree, replaced the deposit, actually broken the interest rate restriction and are thriving. Therefore, the double-track interest rate, which has existed in the financial market for so many years, will finally embrace a merging in the coming financial reforms.

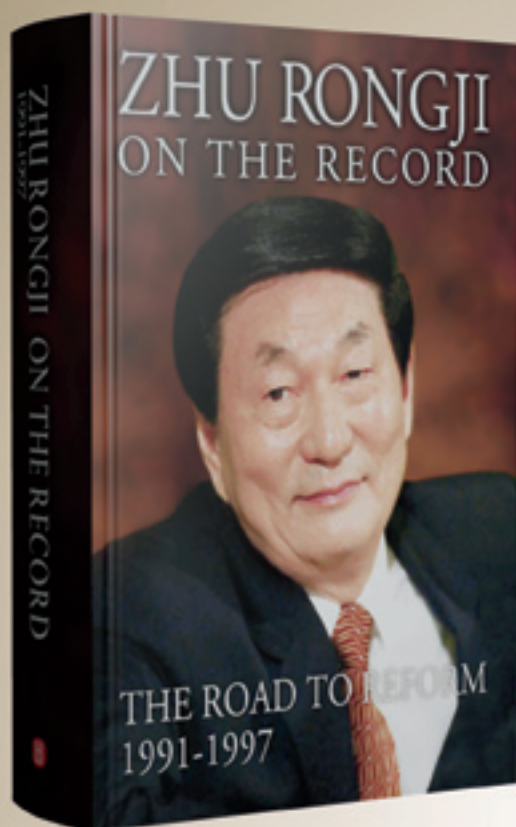




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—— Henry A. Kissinger

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

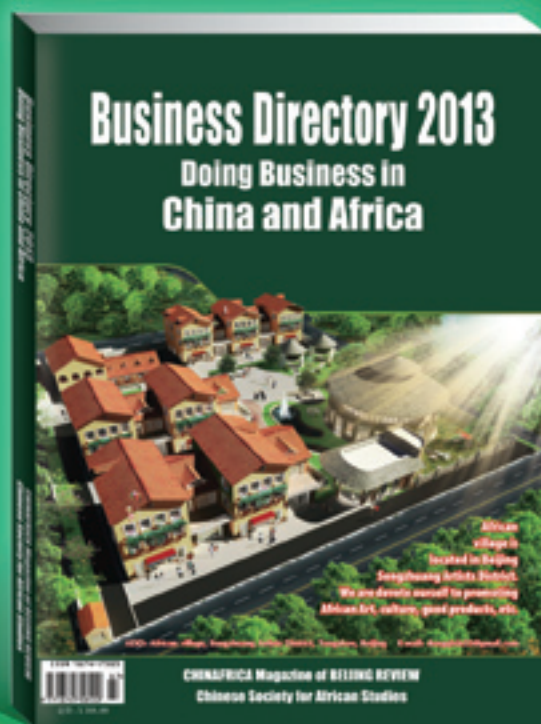
Zhu Rongji on the Record is a compilation of Zhu's writings. It covers China's reform, opening up and modernization drive. It includes important speeches, articles, letters, and directives. Zhu Rongji is a key Chinese reformer and statesman, and served as Vice Premier of the State Council from April 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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Email: flp@cipg.org.cn

Website: www.flp.com.cn

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COVER STORY

CHINA'S DIPLOMACY IN TRANSITION

The new Chinese leadership aims to create a favorable international environment for the country's development By An Gang

China's diplomacy in 2013 was eye-catching due to the leadership change in the country and the reinvigoration of reform. The spirit of reform and a world vision, which China's new leadership inherits from their predecessors, are the soul of Chinese diplomacy today.

Today's world

The current situation is quite different from when China's reform and opening up started in the late 1970s. China's national strength has grown exponentially since then. As a result, the country faces a huge responsibility in using its strength to play its role in the world. Knowing the importance of adopting the right strategy and properly using its power, the new leadership stressed that China will stick to its path of peaceful development.

Maintaining continuity is a key tenet of China's diplomacy. The key goals of Chinese diplomacy—maintaining peace as well as promoting development and cooperation—have not changed since the leadership transition, only become clearer and steadier

with the passage of time.

Chinese President Xi Jinping and his team came to power at a time when the domestic and international situation was relatively complicated. They committed themselves to deepening reform in China, further opening up the domestic economy and deepening its integration with the world economy. They are aware that it will be very difficult to advance reform when internal contradictions and international conflicts exist. They believe that for China to concentrate on its own development, there must be a peaceful international environment.

There are still hidden risks for China. Major economies have conducted structural adjustments and are preparing to stop quantitative easing in the post-crisis era, which will increase competition and fluctuations in the world economy. As Barack Obama's administration insists on implementing its new strategy in Asia, China's relationships with the United States, Japan and the Association of Southeast Asian Nations (ASEAN) have become more complicated. China faces heightened strategic pressure in its neigh-

borhood, amid ongoing disputes over territory and maritime boundaries. The situation in hotspots like the Korean Peninsula, Syria and the nuclear issue of Iran has been tense, which directly impacts China's strategic interests, border stability and energy security.

To deal with the complex situation, President Xi has vowed to strengthen top-level design and always have national interests in mind.

A new relationship

On December 4, 2013, visiting U.S. Vice President Joseph Biden and President Xi held talks for nearly five hours. This was the first high-ranking meeting between the two sides after the Third Plenary Session of the 18th Communist Party of China (CPC) Central Committee was held back in November.

During Biden's China trip, he spent most of his time exchanging opinions with Chinese leaders over China's reform after the important third plenary session and the Sino-U.S. relationship. The two sides agreed

GOOD NEIGHBORS:
Visiting Chinese President
Xi Jinping (left) is welcomed
by his Russian counterpart
Vladimir Putin in Moscow
on March 22, 2013



on expanding dialogues, communication and cooperation to jointly push forward the establishment of a new form of relationship between great powers.

Building a new type of relationship between China and the United States is an idea that has been advocated by President Xi since he assumed presidency. The core of this concept is to get rid of the historical notion of inevitable confrontation between the existing dominant power and a rising power, and to form a relationship based on mutual respect, mutual benefit and win-win outcomes. Xi and his U.S. counterpart Obama broke the traditional communication mode between state heads and met in a casual atmosphere in California in early June 2013. They reached consensus on jointly building a new type of relationship between the countries after more than eight hours of discussion.

Xi's California trip, which was greatly applauded at home and abroad, was considered as the signpost to an active approach in China's diplomacy. This is part of the new Chinese leadership's multi-faceted diplomacy.

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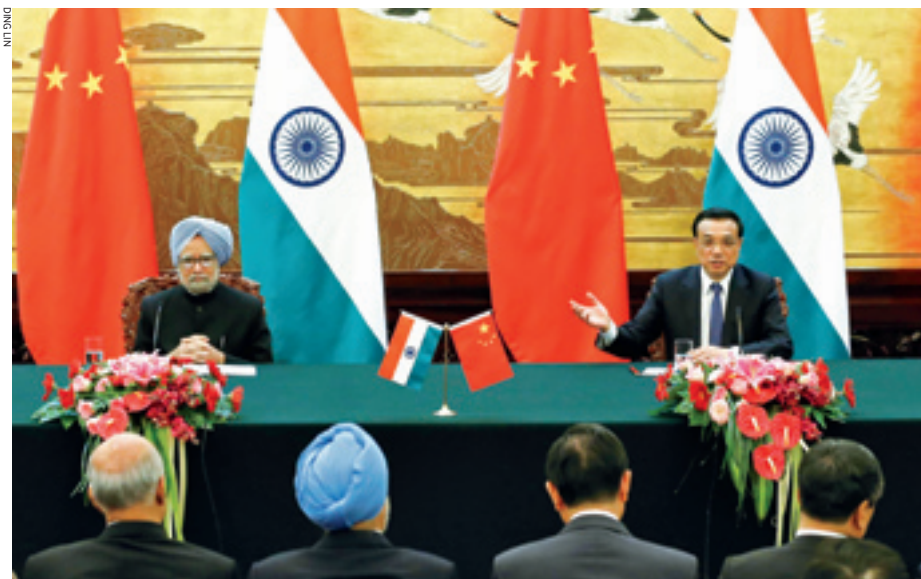
Neighborhood policies

Relationships with great powers and neighboring countries are the most important elements of China's new diplomatic layout.

To China, Russia has a dual identity as great power and neighbor. Xi chose Russia as the first leg of his first overseas visit as Chinese president in March 2013. This arrangement was interpreted as an attempt to strengthen China's strategic position in the north, and to ease its pressure in the seas to

the east. Xi's visit deepened the China-Russia strategic partnership, and strengthened the two sides' common will in pushing forward for a multipolar world. The visit witnessed the signing of a large number of major cooperative agreements on trade, energy, the military industry and aviation.

By December 2013, President Xi had conducted four foreign visits, and Premier Li Keqiang three. They paid visits to 22 countries, including 12 neighbors. Four of the six multilateral summits they participated in ►►



CLOSER TIES: Chinese Premier Li Keqiang (right) and visiting Indian Prime Minister Manmohan Singh attend a joint press conference in Beijing on October 23, 2013



GOING GLOBAL: Chinese Premier Li Keqiang visits an exhibition of Chinese railways and equipment along with leaders of Central and Eastern European countries in Bucharest, Romania, on November 26, 2013

were related to regional cooperation in the neighborhood. In 2013, China's relationships and partnerships with neighboring countries, including ASEAN members, Shanghai Cooperation Organization members, India and Pakistan, were greatly enhanced, and their cooperation in trade, finance, energy, security, transportation and culture made great progress.

The CPC Central Committee held a work forum on neighborhood diplomacy in October 2013. Xi pointed out that the neighboring area is of extreme strategic importance to China, and China must be more

active in conducting neighborhood diplomacy. He emphasized the policies of "building friendship and partnership with neighboring countries" and "building a community of common interests in the neighborhood."

Relations with Japan and the Philippines were exceptions in the region. The two countries' relationships with China were full of confrontations in 2013 because of their intention of highlighting territorial and maritime disputes. Frictions between China and Japan are more like a geo-strategic competition. Japanese Prime Minister Shinzo Abe took a provocative stance in the disputes be-

tween China and Japan, so as to build a case for proceeding with Japan's constitutional amendment, which intends to disentangle Japan from its commitments at the end of World War II. The dispute over the Diaoyu Islands is still unresolved.

By handling frictions with Japan and the Philippines, China is forming a clear strategy on important issues that concern the country's core interests such as territory and sovereignty. While following the principle of solving disputes through peaceful means like dialogue and negotiations, China should draw a line, build deterrence, prepare for the worst-case scenario, and never allow intentions of undermining China's sovereign rights by ganging up with powers outside the region.

To China and most ASEAN countries, jointly promoting regional economic integration is the key trend of the China-ASEAN relationship while disputes over the South China Sea only concern a few ASEAN countries. Based on the spirit of the Declaration of the Conduct of Parties in the South China Sea, China conducted discussions with ASEAN members over the Code of Conduct in the South China Sea. The Philippines, which intended to hijack the China-ASEAN relationship to fulfill its own ambition, finally found itself isolated.

Level-headed

Foreign observers often use "assertive diplomacy" to describe China's diplomacy under the new leadership. But this is not the true description of China's evolving foreign policy.

China's attitude toward international hotspot issues in 2013 directly reflects the new leadership's preference for peace. China firmly takes the side of peace, and opposes military solutions. It endeavors to persuade concerned parties to hold peaceful talks, provides coordination as a responsible power,



ASIA-PACIFIC COOPERATION: Chinese President Xi Jinping (fifth left, front row) poses with other leaders at the APEC Economic Leaders' Meeting in Bali, Indonesia, on October 8, 2013

actively comes up with "China solution," and plays an important role in maintaining the direction of a political settlement of Korean Peninsula situation, the Syria issue and Iran's nuclear issue. China's fair and clear stand on these disputes has prevented the situations from further deteriorating.

In December 2013, North Korea announced that senior leader Jang Sung Taek, who was married to top leader Kim Jong Un's aunt, was removed from all his posts and executed for "anti-party and counter-revolutionary crimes." China's official reaction was brief, cool-headed and low-key, showing the world that it does not intend to draw any conclusions on the domestic situation in North Korea, but that it will not miss any opportunity to persuade Pyongyang to join the road of self-reform and return to the six-party talks on its nuclear issue.

Boosting development

What the new Chinese leadership really wants is to push forward domestic reform smoothly. In keeping with this, China's diplomacy is targeted at expanding opening up and promoting cooperation.

Since the leadership change in March

2013, China has been making preparations to explore a new way to boost the opening up and deepen reform. Premier Li delivered his most important speech after becoming the head of government at the Summer Davos Forum in Dalian, a coastal city in northeast China's Liaoning Province, on September 11, 2013. Li said in his speech that China's development must depend on reform as well as opening up. China's economic transformation would make greater contributions to the world's development and prosperity, he said, adding that China is willing to share this huge opportunity with the world, hoping other countries will provide a better cooperative environment for China's development.

Approving the decision of comprehensively deepening reform, the Third Plenary Session of the 18th CPC Central Committee stressed that reform of the economic structure should be a key element of the following new phase of development. The session emphasized that China should adapt to the new situation of economic globalization, promote reform through expanding opening up, and form a new pattern of opening up on all fronts.

China is hastening its pace in advancing new international trade frameworks to

develop a free trade area network. It has signed 12 free trade agreements and is negotiating another six, involving a total of 31 countries and regions. In the second half of 2013, China restarted its bilateral investment agreement negotiations with the United States based on the precondition of national treatment and came up with strategic blueprints for setting up the Silk Road Economic Belt and the Maritime Silk Road of the 21st Century. It also accelerated construction of connectivity of infrastructure facilities with its neighbors.

At the same time, China's attitude toward U.S.-led Trans-Pacific Partnership (TPP) trade negotiations has changed a little. While driving Regional Comprehensive Economic Partnership negotiations with ASEAN, China declared that it would discuss communication and interaction with regional cooperative mechanisms like the TPP, so as to fasten the two wheels of regional and global trade arrangements together. ■

The author is an op-ed contributor to *Beijing Review*

yanwei@bjreview.com



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