WORLD: CRIMEA TENSION P.20 | BUSINESS: ENHANCING CONSUMER PROTECTION P.38

BEIJINGREVIEW

VOL.57 NO.13 MARCH 27, 2014



SILK ROAD REVIVAL

China and Eurasia set to renew their ancient bond





CONTENTS VOL.57 NO.13 MARCH 27, 2014

EDITOR'S DESK

02 Restore the Silk Road

THIS WEEK

COVER STORY

18 Silk Road To Prosperity

Expert outlines revitalization of ancient trade route

WORLD

22 Seeking a Solution to Deadlock

Tokyo called to reevaluate position

NATION

28 Drawing a Red Line

China steps up eco-conservation

30 Big-Data Challenge

Advances highlight big issues

32 New Media

Using technology to reach wider audience



In the Footsteps of History

Joining forces with central Asia

NATION

P.26 | Fighting Corruption With Law

Concrete measures against graft

BUSINESS

P.36 | Private Banks in Sight

New competition in banking sector

BUSINESS

38 Consumer Protection Gets Ahead

Solidifying consumption rights

40 Market Watch

CULTURE

44 Decrypting Mai Jia

Exploring writer's inner world

FORUM

46 From the Past to the Future

EXPAT'S EYE

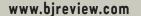
48 Everything Changes, Nothing Perishes How China assimilates culture



P.20 | Compromising **Over Crimea**

Situation unlikely to threaten peace





@2014 Beijing Review, all rights reserved.

















EDITOR'S DESK

经水质凝

BEIJING REVIEW

A News Weekly Magazine **Published Since 1958**

President & Editor in Chief: Wang Gangvi Associate Editors in Chief: Li Jianguo, Huang Wei, Assistant President: Li Zhenzhou Assistant Editor in Chief: Wa Chunfang Executive Editor: Ding Zhitao

Assistant Executive Editors: Yao Bin, Zhang Zhiping, Zan Jifang Editorial Administrators: Zhang Xiaoli, Shi Bosen

Opinion Editor: Zan Jifang World Editor: Yan Wei Nation Editor: Yao Bin

Business Editors: Yu Shuiun, Lan Xinzhen

Culture Editor: Liu Yunvun

Editorial Consultants: Joseph Halvorson, Jacques Smit, Kieran Pringle Staff Reporters: Tang Yuankai, Ding Ying, Ding Wenlei, Wang Jun, Li Li,

Photo Editor: Wang Xiang Photographer: Wei Yao Art Director: Wang Yajuan Chief Designer: Cui Xiaodong **Designer:** Zhao Boyu Proofreading: Qin Wenli, Ma Xin

Distribution Director: Hu Keqiang Advertising Director: Yang Jincheng Human Resources: Hou Jin International Cooperation: Zhang Yajie Marketing/PR Director: Pan Changoing Legal Counsel: Yue Cheng

North America Bureau Deputy Chief: Xu Tao Tel/Fax: 1-201-792-0334

Africa Bureau Africa Managing Editor: Francisco Little

E-mail: casa201208@hotmail.com

General Editorial Office Fax: 86-10-68326628 **English Edition Advertising Department**

E-mail: ad@bireview.com.cr **Distribution Department**

E-mail: circulation@bjreview.com.cn

Published every Thursday by

Overseas Distributor: China International Book Trading

Tel: 86-10-68413849, 1-416-497-8096 (Canada) Fax: 86-10-68412166

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

General Distributor for Hong Kong, Macao and Taiwan:

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

United States for US\$64.00 per year by Cypress Books, 360 Swift Avenue, Suite 48, South San Francisco, CA 94080

Restore the Silk Road

Last September when he delivered a speech at a university in Kazakhstan, Chinese President Xi Jinping raised the suggestion that China and Central Asian countries should work together to build the Silk Road Economic Belt. The proposal was met with immediate resonance among neighboring countries and received a warm reception. Some provinces in the western region of China have even begun preparing to participate in the new round of cross-border economic cooperation.

Undoubtedly, the Silk Road Economic Belt will benefit all parties including China and her Central Asian partners. The mutualbenefit economic zone will help accelerate the development of China's remote northwest regions and also facilitate China's international cooperation with Central Asian

For both China and Central Asia, the Silk Road played an important role in creating marvelous civilizations and economic prosperity in ancient times. Around 2.000 years ago, a Chinese emperor of the Han Dynasty sent his envoy, Zhang Qian, to the unknown west in search of allies to resist the threat of northern nomads. Unexpectedly, Zhang's journey pioneered a significant bond between China and Central Asia. Since then, a trade road linking China and Central Asiaeven stretching as far as Europe-formed and countries along the road thrived. The historic Silk Road was the world's longest trade route on land.

Although the ancient Silk Road was eventually replaced by shipping routes via sea, China and Central Asian countries have great incentive to revive the historic link under the spirit of cooperation and mutual benefit, Today, China is the largest trade partner of Kazakhstan and Turkmenistan as well as the largest investor in Uzbekistan.

Compared with 2,000 years ago, current modes of transportation between China and Central Asian countries are far more swift and convenient. The railway from China to Central Asian countries is the major trunk of a new Eurasian Land Bridge. China's expressway joins Europe's E40 road through Central Asia. China has also opened flights to major Central Asian cities including Almatv. Tashkent and Dushanbe. Furthermore, China's Xinjiang Uygur Autonomous Region features 12 land ports along the border with Kazakhstan, Kyrgyzstan and Tajikistan.

A comprehensive transport network across China and Central Asian countries, including railways, roads and air travel has now been established. The revival of the Silk Road can be expected soon. ■

WRITETOUS



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

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

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

北京周报 英文版 2014年 第13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





Navy Drill

Marines with the Chinese navy participate in a war game in north China's Inner Mongolia Autonomous Region.

The drill, which concluded on March 15, was aimed at honing the navy's cross-regional mobility and abilities in extended combat in extremely cold or otherwise non-typical environments.

Power List

China's Central Government now has 1,235 administrative approval items in total, after last years' extensive cull, according to a list published on March 17.

The list, available on the State
Commission Office for Public Sector
Reform's website (Scopsr.gov.cn), lists
the items that come under 60 central
government departments. For each item,
the list spells out the responsible authority,
approval object and its legal basis.

Publication of the list is a major step in the transformation of government functions, said a statement by the State Council office in charge of the system. No department is authorized to create new approval items and the market should be allowed to do anything not specifically prohibited by law, the statement said.

The public have been asked for feedback on further reform of approvals via the website, by phone or e-mail.

Terrorism Denounced

China on March 19 reiterated its stance on fighting against the East Turkistan Islamic Movement (ETIM), a terrorist group that voiced support for a deadly terrorist attack in a railway station in southwest China on March 1.

ETIM has released a video online and expressed support for the attack in Kunming, capital of Yunnan Province, which killed 29 and injured another 143.

"The video exposed the terrorist nature of the ETIM," Foreign Ministry spokesman Hong Lei said at a daily news briefing. He said that fighting against the ETIM is a key component of the international fight against terrorism.

Hong called on the international community to fully recognize the terrorist nature of the "East Turkistan" forces, as represented by the ETIM, and the damage they have caused, and to support China's anti-terrorism stance.

The ETIM, listed by the UN Security

SMART NEWS

On March 19, Beijing Post's Vice General Manager Qiu Huaiyuan illustrates the functions of a newly installed smart newsstand, including news video display, weather broadcasts and more



Council as a terrorist group, claimed responsibility for the Tiananmen Square attack last October in Beijing in which five people were killed and 40 others injured.

Protecting Petitioners

China's new rules for better management of petitions have prohibited putting petitioners under any form of confinement.

"Various political and legal organs should further regulate the handling of lawsuit-related petitions, resolutely avoiding blocking the people from normal petitioning by any means," said a circular released on March 19 by the general offices of the Communist Party of China Central Committee and the State Council.

Petitioning, also known as "letters and calls," is the administrative system for hearing public complaints and grievances.

Petitioners generally see injustice in land acquisition, social security, education, healthcare or environmental protection. They can take their grievances to a higher level if they fail to get satisfactory feedback from local petition offices, but officials often prevent them from raising such cases with their superiors.

The circular stresses that illegal or indirect confinement of petitioners is strictly prohibited, and that leading officials of related law enforcement organs are responsible for receiving petitioners and reading their letters.

Lottery Sales

Welfare lottery sales have exceeded 1 trillion yuan (\$161 billion) since the draw was launched in China in 1987, the lottery watchdog revealed on March 18.

About 310 billion yuan (\$50 billion) has been raised through the welfare lottery, helping fund over 300,000 charity projects and benefit hundreds of millions of people, according to the Ministry of Civil Affairs.

So far the welfare lottery industry employs more than 400,000 people and has created tax revenue of over 20 billion yuan (\$3.22 billion), according to the ministry.

Water Risks

A report released by the environmental authority on March 14 estimated that a total of 280 million residents in China are using unsafe drinking water.

The report, issued by the Ministry of Environmental Protection, was based on a sampling survey of 91,527 permanent residents aged 18 and above in 31 provincial-level regions to evaluate Chinese people's exposure to environmental risks. The survey was conducted between 2011 and 2012.

The survey also found that a total of 110 million Chinese people are living less than 1 km away from at least one industrial site with pollution concerns, such as petrochemical, coking or thermal power plants.

Moreover, about 140 million people live within 50 meters of a main communication artery, the report said.

Climate Report

A new collaborative report has provided practical recommendations for greater cooperation between China and India in addressing climate change.

The China India Low Carbon Study, the first project of its kind, was launched on March 17 in Beijing.

The study examines the main factors in low carbon development—financing, low-carbon technologies and on-the-ground implementation.

The report builds a case for exchange between China and India. It notes that developing nations are more likely to focus on innovation that contributes to local environmental benefits

"As developing countries with a large population, both China and India would like to pursue a low carbon development path. We aim for less input and improved efficiency."

Zou Ji, Deputy Director General of the National Climate Change Strategy and International Cooperation Center of China.





Tiger Center

The world's largest breeding center for Siberian tigers, which is located in northeast China's Heilongjiang Province, is expected to see around 100 births this year, according to its management. In the past 10 years, the center has adopted planned breeding so as to promote good genes among its population.

and human development, and calls for more public sector funding for lowcarbon technologies.

Under the Copenhagen Accord signed in 2009, China and India have committed to reducing their carbon dioxide emissions per unit of GDP by 40 to 45 percent and 20 to 25 percent, respectively, from 2005 levels by 2020.

Curriculum Reform

A pilot project to improve placement courses in around 100 high schools nationwide began on March 18.

Dai Jiagan, Deputy Director of

the Chinese Society of Education, said that the Chinese Advance Placement courses (CAP) will give more choice to gifted and talented children.

The courses cover calculus, linear algebra, probability and statistics, writing, English, physics, and economics.

Dai said that in China, a dozen elite high schools and universities have joined together to develop CAP courses, but still lack unified standards on courses, teachers training and evaluation of students.

The 100 high schools chosen will be announced later this year.

Fresh Air

Tourists take pictures at Gulangyu Island in Xiamen, southeast China's Fujian Province.

On March 19, Fujian began releasing the country's first ever "fresh-air index" to promote eco-tourism.

Unlike indicators released by environmental departments that focus on urban air quality, the new index reflects air-quality changes at tourist attractions, said Chen Yihui, deputy chief of Fujian's tourism bureau.

Tourists can track updates on the bureau's website and its accounts on social networking sites, according to Chen.



THIS WEEK ECONOMY

Trading Band Widened

China's central bank widened the yuan's daily trading band from the current 1 percent to 2 percent on March 17.

Chinese banks now can exchange the yuan in the foreign exchange spot market at 2 percent above or below the central parity against the U.S. dollar announced by the China Foreign Exchange Trading System each trading day, according to the statement from the People's Bank of China (PBC).

The move will enhance the floating flexibility of the yuan exchange rate and improve the efficiency of capital allocation, facilitate economic restructuring and beef up the decisive role of the market in allocating resources, the PBC said.

China has taken a gradual and steady pace in raising its currency's daily trading limit, from 0.3 percent in 1994 to 0.5 percent in 2007 and 1 percent in 2012 to the most recent 2 percent.

The Chinese yuan experienced continued weakening against the U.S. dollar in February, causing widespread concerns over its domestic and international impacts on trade and the financial sector. The widening of the trading band will not lead to steep depreciation of the Chinese yuan, the central bank said, citing the improving balance of payments and rich foreign exchange deposit.

The PBC will further push the liberalization of the yuan's exchange rate and diversify foreign exchange products to build a market-guided and properly regulated floating exchange rate system.

Growth Moderated

Home prices in major Chinese cities grew at a slower pace in February, with fewer cities seeing month-on-month price rises, official data showed on March 18.

In February, new home prices in



EYEING HIGH-END PRODUCTION

A worker sorts out elevator components in Yongqing County, north China's Hebei Province 70 major cities tracked by the National Bureau of Statistics (NBS) rose by an average of 11.1 percent year on year, slowing by 1.3 percentage points from January, the NBS said in a statement.

Prices for existing homes rose 6.4 percent year on year, compared with an average growth of 7.4 percent in January, according to the statement.

Month on month, 57 out of the statistical pool of 70 cities saw rises in new home prices, fewer than the 62 cities that experienced the same phenomenon in January. Prices dropped in four cities and stayed unchanged from a month ago in the other nine cities.

For existing homes, prices increased in 46 cities month on month, down from 48 cities in the previous month. Prices dropped in 15 cities and remained flat in nine cities, the NBS said.

"The deceleration in home price growth was partly due to tapering pentup demand after rapid home sales growth in 2013," said Lu Ting, chief China economist with Bank of America Merrill Lynch.

Moreover, tight mortgage conditions and higher second-home mortgage down payments in many major cities could also have weakened property demand, Lu said.

Cutting Red Tape

China's banking regulator said on March 19 that it will simplify administrative procedures for establishing rural commercial banks and credit cooperatives

The China Banking Regulatory Commission (CBRC) said the procedures to be scrapped, totaling 13, include approvals over appointment of senior management, banks' fund custodian services, and stock collateral loan business under new regulations.

The new rules aim to simplify the conditions for setting up rural commercial banks and credit cooperatives as well as making it easier for all kinds of capital to be included in building the rural financial system.

However, the regulator said the banks' performance, including their strategic development and company management, will be supervised after they are established.

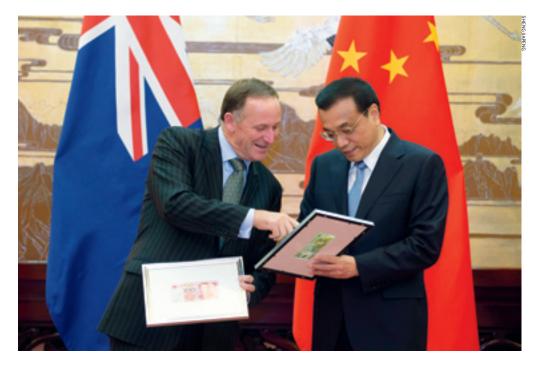
The total assets of small and



Small Bags, Big Hit

Workers sew plastic woven bags in Kangping County of Shenyang, Liaoning Province.

Kangping has become northeast China's production base of plastic woven bags, with an annual output of 26.3 billion yuan (\$4.2 billion) in 2013. It has also created over 20,000 jobs for local residents. Bags produced in Kangping have been exported to over 30 countries.



One Step Ahead

Chinese Premier Li Keqiang and visiting New Zealand Prime Minister John Key announced the beginning of direct trading between China's currency, the yuan, and the New Zealand dollar in Beijing on March 18.

medium-sized financial institutions in rural China stood at 19.45 trillion yuan (\$3.17 trillion) as of the end of January, accounting for 13.1 percent of the banking sector's total in the country.

Forex Surplus

Chinese banks bought more foreign currency than they sold in February, data from the State Administration of Foreign Exchange showed on March 19.

This is the seventh consecutive month in which banks have reported such a surplus. However, the surplus in February was 37.5 percent lower than that in January, according to the nation's top foreign exchange (forex) regulator.

The banks approved for forex transactions in China purchased foreign currency worth 890.4 billion yuan (\$145.97 billion) in February while selling foreign currency worth 610.8 billion yuan (\$98.1 billion), creating a surplus of 279.6 billion yuan (\$44.9 billion).

TAPPING SOLAR ENERGY

Solar panels lay on the ground of the Qaidam Basin in northwest China's Qinghai Province



Forex transactions are a major cause of fluctuations in China's forex reserves. Surpluses may suggest pressure from trans-border capital inflow.

Tramcar Contracts

Chinese train manufacturer CNR Corp. has signed contracts with Ethiopia to provide 41 modern tramcars, marking the entry of Chinese tramcars into Africa, CNR said on March 17.

The tramcars will be customized for use in Ethiopia's capital of Addis Ababa, where the altitude is 2,400 meters and ultraviolet light is strong.

According to CNR, the tramcars are the world's most sunlight-resistant and will use special components in their glass, rubber, paint and cable materials. They can travel at a maximum of 70 km per hour.

CNR will deliver its first batch of tramcars to Ethiopia at the end of 2014.

CNR, one of the largest train makers in China, manufactures a range of

products, from locomotives to highspeed trains, which have been widely used for the country's railway services.

Speeding Up

China will accelerate the construction of transport infrastructure to facilitate the country's rapid urbanization, according to a national plan released on March 16.

The 2014-20 urbanization plan unveiled by the State Council said regular railways will cover cities with more than 200,000 residents by 2020, and highspeed railways will connect those with above 500,000 residents.

Expressways will link cities with over 200,000 residents, according to the plan.

China also aims to expand its civil aviation network, covering about 90 percent of the total population.

The plan said efforts will be made to strengthen connectivity among city clusters and to improve transport services for small cities and towns.

Optimistic Outlook

U.S. companies in China remained optimistic about the business environment but would be more cautious in making investments due to rising costs and narrowing profit margins, a survey showed on March 19.

The survey, conducted by the American Chamber of Commerce in China (AmCham China), showed over 80 percent of the 365 respondents perceive China's investment environment as improving or staying the same.

Some 75 percent are optimistic or slightly optimistic about their business outlook in China in the next two years, according to the survey.

But despite the short-term optimism, the companies are increasingly cautious about future investments as growth in revenue and profits slowed.

"The survey reflects the current realities of operating in China and the associated uncertainty, but also the optimism and confidence among AmCham China members that the country's leadership is set on reform and that foreign business has an important role in China's future," said AmCham China Chairman Gregory Gilligan.

THIS WEEK WORLD





THE UNITED STATES

Women and men in bridal gowns dance in Bryant Park in New York City on March 15 as they participate in the Brides of March, an annual event that parodies weddings in Western culture



AUSTRIA

Catherine Ashton (left), the European Union's foreign policy chief, and Iranian Foreign Minister Mohammad Javad Zarif attend the second round of the Iranian nuclear talks between Iran and six world powers in Vienna on March 18







INDIA

Revelers covered in colored powder dance during Holi celebrations in Allahabad on March 17. Holi, the popular Hindu spring festival of colors, is observed in India at the end of the winter season





SYRIA

Syrian President Bashar al-Assad (left) visits a shelter in the industrial city of Adra on March 12 to meet people displaced by the country's 3-year-old civil war







KAZAKHSTAN

A Proton-M rocket carrying two Russian telecommunications satellites blasts off from the Russian-leased Baikonur Cosmodrome on March 16



AUSTRALIA

A crew member of the Royal Australian Air Force's AP-3C Orion aircraft conducts search operations for the Malaysia Airlines flight MH37O, which went missing on March 8 with 239 people on board, off the western Australian coast



THIS WEEK PEOPLE & POINTS

(Ψ)

MASTER OF THE SCREEN

Chinese film producer and distributor **Han Sanping** has confirmed he will step down from chairmanship of China Film Group Corp. (CFGC), one of the major distributors and exporters of Chinese films.

Han, who has been at the helm of CFGC since 2007, has played a pivotal role in the expansion of the Chinese movie industry. Since he became the president of Beijing Film Studio, which is now a subordinate of CFGC, in 1994, he has produced more than 100 films, including joint productions with numerous established film directors from the Chinese mainland and Hong Kong, such as Chen Kaige, Peter Chan Ho-sun and Stephen Chow.



China's Position in the Global Economy

South Reviews March 12

Numerically, China is the second largest economy and boasts the title of the largest factory powerhouse in the world. The country produces countless products for the world market, from smart phones and toys to clothing.

However, the world factory position is based on a labor-intensive working mode. In many sectors, China is at the low end of the world's industrial chain. In the smart phone industry, for example, China cannot acquire either chip technologies or operation systems. Some may argue China-based patents are growing fast and exceeding those of developed countries. But most patents obtained in China are less important in the entire industrial chain. The real core technologies and standards are just out of reach. In short, China remains weak in science and technological innovation.

The situation regarding raw materials and markets that China faces is not optimistic either. For some strategic industrial materials, such as oil, natural gas and iron ore, China heavily relies on imports from other countries. With the lack of pricing power, China suffers losses when the market fluctuates. As for the world financial system, China is just a newcomer.

The country has decided to boost domestic demand and upgrade industries. Since the global financial storm, it has appeared increasingly important to the world economic recovery, which offers it opportunities to achieve sustainable growth.



Reform of State-Owned Enterprises Oriental Outlook March 13

Reforming China's state-owned enterprises (SOEs), which occupies a dominant position in the country's national economy, will always be a matter of heated debate.

Last November, the Third Plenary Session of the 18th Central Committee of the Communist Party of China explicitly indicated the direction of the reform. The country will improve the state assets management system, strengthen state assets oversight with capital management at the core, and reform the authorized operation mechanism for state capital as well as restructure a number of state capital operation organizations to run capital safely and efficiently.

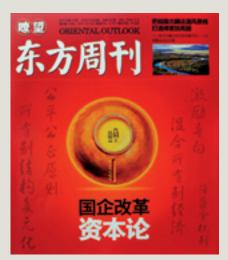
A month later, Shanghai, China's economic hub that assembles many of the country's giant SOEs, issued a guideline policy of SOE reform. In recent years, Shanghai has taken a series of measures to reform SOEs. At present, Shanghai has made remarkable strides in establishing a mixed economy with cross-shareholding and blending of state-owned capital and private capital. Subsequently, many other local governments across the country

"Right now, with the rapid expansion of the market, there is a need to combat the growth of gambling in mobile games and related products."

Yu Yi, a Beijing-based game analyst

"We anticipated an increase in the number of extremely wet years in the 21st century, while the likelihood of droughts still remains."

Shun Chi-ming, Director of the Hong Kong Observatory, at a press briefing on March 17



also issued guidelines to promote SOE reform

A highlight of the new round of SOE reform is to encourage employees of SOEs to become shareholders of their enterprises. Actually, many SOEs attempted to reform their rigid management using this method years ago. China's joint-stock system reform has lasted 20 years. However, watchdogs of state-owned capital have not yet reached consensus on this solution. Although China's capital market is growing rapidly, the capital and employees are still separated by the current mechanism. The Central Government aims to break barriers between capital owners and laborers and let more laborers share the fruits of economic growth through growing a mixed economy.

Consumer Rights Protection March 17 Xinhua Daily Telegraph

China Central Television's (CCTV) annual evening show on March 15, World Consumer Rights Day, has once again become the focus of attention, with quality issues of commodities or services being addressed. Some people have thus exalted the show as

commodities or services being addressed. Some people have thus exalted the show as being a celebration of the ordinary consumer. However, it is doubtful that a show alone will be able to effectively tackle commodity quality issues.

Aired since 1991, the show aims to expose bad business practices and help consumers fight for their rights. It plays an important supervisory role and has an immediate effect. In general, a number of quality problems are swiftly solved following the exposure on TV.

Currently, consumers in China have to depend on the media to fight for their legiti-

mate rights. On occasions like the March 15 TV show, a large number of issues are simultaneously brought to light, and problems are tackled immediately by the relevant authorities. But it all seems like a movement that centers solely on a single day.

However, the effort by the media is far from enough to solve the many issues met by consumers in their daily lives. Overdependence on the media for help reflects the absence of effective legal supervision mechanisms and also the inaction of administrative departments.

The protection of consumers' rights requires long-term multifaceted solutions, and a TV show cannot be expected to perform the same duties as supervisory agencies. This show is not something that consumers can rely on to address their consumer rights issues on a year-round basis, despite its strong influence.

(\downarrow)

GODFATHER OF E-COMMERCE



Jack Ma, the founder and Chairman of Alibaba Group, the e-commerce titan in China, announced on March 16 that the company had chosen Wall Street as the site of an initial public offering that may value the firm at up to \$120 billion.

Founded in 1999 and armed with a staff of more than 20,000 employees, the company's business-to-business online portal brings together Chinese manufacturers with foreign buyers across more than 240 countries.

The reason for Alibaba to list in the United States is that the New York Stock Exchange and Nasdaq allowed a corporate structure that gives top executives the right to nominate a majority of the company's board members even if their holdings are not substantial.

"The scandals of kindergartens secretly feeding children anti-viral medication that have been discovered in several cities have caused enormous pain to these children's parents. We urgently need to fill the legislative gaps to protect our children."

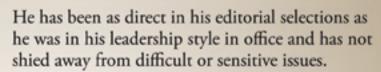
Guo Wenjing, a netizen on People.com.cn

"The main culprits behind the declining physical conditions of students are boring PE classes and our score-oriented education."

Shi Yangguang, a microblogger on Sina.com.cn, commenting on a recent survey on the health of primary and middle school students in Beijing, where 20 percent of respondents were found to be obese and boys exhibited a drop in forced vital capacity







— 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

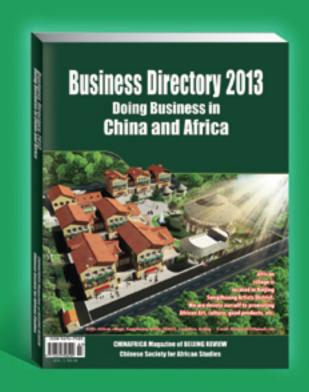
THE ROAD TO M

1991-1997

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.

Tel: 86-10-68327750 / 68996174 Email: flp@cipg.org.cn Website: www.flp.com.cn

Address: 24 Baiwanzhuang Road, Xicheng District, Beijing 100037, China



Jointly published by: CHINAFRICA Magazine of BEIJING REVIEW Chinese Society for African Studies

This Business Directory:

- Includes studies of China-Africa cooperation by profession institutions and experts, as well as industrial reports and China Africa policy and measures for promoting bilateral trade and investment;
- Is China's only reference book for trade and investment between China and Africa;
- Is the best promotional platform for African governments and companies to learn more about Chinese enterprises; and
- Is the business guide absolutely vital for Chinese and African businesspeople in their economic and trade cooperation.

Subscribe NOW, to benefit from business opportunities.

To be sold at RMB**380.00** or \$**59.99** Available at: bjreview.taobao.com

Contact: Marketing Department of CHINAFRICA Magazine Fax: +8610-68328738

Tel: +8610-68996301 E-mail: dongqixin23@gmail.com



he very mention of Silk Road evokes memories of the good old times for the western region of China. In times past, countless hardy and courageous merchants used their camels to carry silk, fine chinaware and tea and ventured warily along a series of ancient trade routes that stretched thousands of km from west China to the Mediterranean Sea, linking China with central Asia and even Europe.

Now, plans are afoot to bring back the glory days as China proposes a modern version of the world-famous trade route.

In a speech at Kazakhstan's Nazarbayev

University in September 2013, Chinese President Xi Jinping proposed to establish a silk road economic belt, similar to the Silk Road of more than 2,000 years ago, to boost political and economic ties between China and Eurasian countries. The trans-Eurasian project would target more than 3 billion people and represent the single biggest market in the world, one with unparalleled potential.

In the government work report to the Second Session of the 12th National People's Congress (NPC), China's top legislative body, Chinese Premier Li Keqiang stated that the government will push forward the establishment of

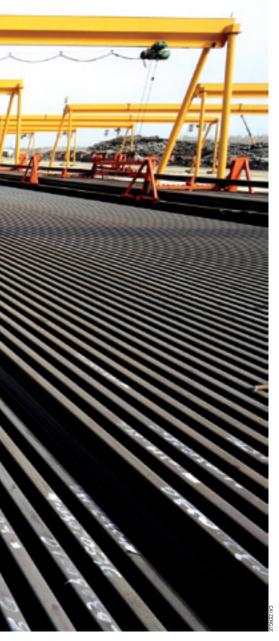
the Silk Road Economic Belt.

During the NPC annual session, Zhang Chunxian, Party chief of Xinjiang Uygur Autonomous Region, said the Central Government's policies for the proposed belt will be released soon.

Renewal of ancient route

The economic belt will greatly benefit China's underdeveloped western region, which boasts abundant energy and mineral resources.

To tap the potential of west China, the Central Government launched the Go West strategy in the 1990s. Now, the Go West strat-



PROGRESS ON TRACK: Workers sort out railway tracks in Hami, Xinjiang Uygur Autonomous Region. Intensive railway construction in Xinjiang has consolidated the region's status as a transportation hub in west China and contributed to the momentum of the region's growth

egy has been elaborated upon following the conception of the Silk Road Economic Belt initiative. This move will promote the Go West strategy, boost the harmonious development of the eastern, central and western regions of the country and advance the opening-up of inland cities, said analysts.

Sun Weidong, a consular official at the Chinese embassy in Kazakhstan, said the economic belt will become an updated version of the Go West strategy. In addition, the government hopes that the project will open up west China to Eurasian countries and correct the developmental imbalance with the

east coastal region.

Bai Yongxiu, deputy director of the academic committee of the Northwest University in Lanzhou, Gansu Province, said the proposed belt has vital significance in terms of economy and national defense.

"China's security lies in the west, so does its energy, mineral resources and most of its land resources," he said. "After decades of rapid development, the eastern region only has limited potential, whereas ample room for development lies in the west."

Another reason for the initiative is to consolidate China's trade ties with central Asian countries.

Trade between China and central Asian countries, including Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan, reached \$46 billion in 2012, surging 13.7 percent year on year and about 100 times the trade volume of when the two sides first established diplomatic relations, according to Ministry of Commerce.

Energy trade has accounted for the bulk of trade volume between China and central Asian countries

"Central Asian countries have abundant natural gas and petroleum resources while China has a huge demand for them. The two are highly complementary and have great potential to cooperate in that regard," said Lei Yingjie, Director of the Xi'an Municipal Development and Reform Commission. "The

proposal to establish such a belt is to a large extent for securing China's energy supplies."

"Central Asia, known as the energy resource base of the 21st century, boasts abundant natural resources," said He Lunzhi, Director of Xinjiang University's Economic Research Center.

"China needs to expand its channels and sources for oil imports because imported oil will account for 75 percent of domestic consumption by 2020," He said. "The countries on the 'new Silk Road' must work together to maintain the stability of the region and help China to combat separatist, extremist and terrorist forces," he said.

Wu Dongli, Director of the Border Control Department of the Ministry of Public Security, said stronger trade ties with Eurasian countries will help China combat terrorism.

Terrorist activities in China have become more prevalent in recent years, which have triggered panic among the public and endangered state security, Wu said.

"China needs to strengthen international cooperation in fighting terrorism. Stronger trade and cultural relationships with other countries in the region would be hugely beneficial for those aims," he said.

Fierce competition

Although specific policy support and detailed guidance for the proposed belt have yet to be ▶▶



PICKING UP STEAM: Two staff members walk through a workshop of the China Railway Construction Heavy Industry Co. Ltd. in Lanzhou New District, Gansu Province. The new district is designed to be an industrial base in west China

released by China's Central Government, cities along the proposed route are in fierce competition to grab a slice of the action.

Lou Qinjian, Governor of northwest China's Shaanxi Province, said Shaanxi should spearhead this round of opening up to the west.

Dong Jun, Mayor of Xi'an, capital of Shaanxi, said the city is anxious to reclaim its position as a hub of trade and cultural communications. Xi'an was the original starting point of the ancient Silk Road.

Liu Hui, Chairwoman of northwest China's Ningxia Hui Autonomous Region, argues the area's large Muslim population means it shares cultural ties with several countries in central Asia. The region is also seeking deeper international cooperation in the halal food industry, Liu said.

Wang Xiao, Vice Governor of northwest China's Qinghai Province, claimed that Qinghai will establish itself as the green channel, strategic base and important stop of the proposed belt.

"It's a vital development opportunity for

Qinghai. Qinghai connects the 1 billion people or so in the Middle East and central Asia that belong to the Muslim culture with the Southeast Asian population who belong to the Buddhist culture. It is the crosspoint of two such cultures and can serve as the springboard of China's connection to those regions," said Wang. Qinghai plans to establish a roundtable meeting with countries along the Silk Road Economic Belt and build a grand bazaar with Turkmenistan and Nepal.

Huang Qifan, Mayor of southwest China's Chongqing Municipality, said the city has advantages in becoming the beginning of the new Silk Road.

"Having the perfect geographical location, Chongqing enjoys convenient transportation by road, railway, water and air," Huang said. "Chongqing is one step ahead in taking the initiative in the economic belt." It has been shipping goods to Europe via the trans-Eurasian railway network since 2011.

Further to the northwest, preparations are also underway in Gansu Province, which, in addition to the potential trade benefits the economic belt will bring, is keen to become a leader in the cultural sphere.

To that end, Gansu is applying to launch a permanent International Culture Exhibition in Dunhuang, which is famous for its well-preserved grottoes and frescoes, said Lian Ji, Director of the Publicity Department of the Gansu Provincial Committee

of the Communist Party of China.

"The exhibition will invite other countries along the Silk Road to participate, and we hope the Central Government and the relevant ministries will approve the proposal soon," Lian said.

As the home of the westernmost section of the Eurasian Land Bridge at the Chinese end, Xinjiang spares no efforts in exploiting its location on the new Silk Road to become a transport, finance and logistics hub.

In 2010, a special economic zone was established in Kashgar of Xinjiang, acting as a trade center for the region and neighboring countries, including Pakistan and Kazakhstan. A twin-towered five-star hotel and duty-free shopping area are under construction in the zone.

In 2012, a free trade zone was established in Horgos of Xinjiang, which is on the China-Kazakhstan border. It provides cross-border trade tariff exemptions for Chinese companies and duty-free shopping for visitors.

Roadblocks

A major challenge to the proposed belt is that those Chinese cities along the belt are underde-



The Silk Road, or Silk Route, is a series of trade and cultural transmission routes that were central to economic and cultural interaction throughout regions of the Asian continent. It connected the West and East by linking traders, merchants, pilgrims, monks and soldiers from China to the Mediterranean Sea during various periods of time.

Extending 7,000 km, the Silk Road gets its name from the lucrative trade of Chinese silk which was carried out along its length, and began during the Han Dynasty (206 B.C.-A.D. 220).

Over 2,100 years ago, Zhang Qian (about

164-114 B.C.), the Han Dynasty envoy, expanded the trade routes to central Asia. Since then, commodities including silk, tea and chinaware have been transported from Chang'an (today's Xi'an, capital of Shaanxi Province) to central Asia, west Asia and even Europe via the trade route and commodities from these destinations also found their way back to China.

Trade on the Silk Road was a significant factor in the development of the civilizations of China, the Indian subcontinent, Persia, Europe and Arabia. It opened long-distance political and economic interactions between the civilizations.

Though silk was certainly the major trade item from China, many other goods were traded, and various technologies, religions and philosophies were shared. In addition to economic trade, the Silk Road served as a means of cultural trade between the networking civilizations.

After the Tang Dynasty (618-907 A.D.), China's political center was shifted to the northern part and its economic center was shifted to the eastern coast and southern areas. Shipping became the top choice for commodity transport and the Silk Road was later gradually abandoned.

veloped, which require hefty input in terms of infrastructure construction.

"Those areas are less developed and have very low population density. It requires long-term and heavy investment to form a complete economic belt," said Yang Shu, Director of Institute for Central Asian Studies at Lanzhou University in Gansu.

"It would take at least several decades to change conditions in those regions. There is no quick solution to the problem," said Yang.

"Regions along the Silk Road are all very excited about the proposal because they want to get as much government-earmarked funds as possible," Yang said. "Some of them even bring up quite unpractical ideas. This should be opposed."

Li Hanlin, Director of the Economic and Social Development Research Institute under

the Gansu Provincial Party School, said some of the regions concerned are overly optimistic and often underestimate the possible challenges.

"Everyone wants to grab a piece of the pie but they don't know how to eat or digest the pie," he said. "Some of them set unrealistic targets that are almost impossible to meet."

Wang Yang, Vice Governor of Qinghai, said China should form an economic and trade community as soon as possible, which can greatly increase China's negotiation ability and help form a reasonable industrial division within the country.

"The establishment of such an economic belt is, at its essence, for cooperation between cities. The competitiveness of those cities should be improved so that better cooperation can be realized," said Wang, "Right now, they are like scattered pearls. A string is needed to

make them a sparkling necklace."

Chen Yurong, a research fellow with the China Institute of International Studies, said regional stability is key to economic development.

Religious extremist, terrorism and drug issues are three major challenges facing central Asia. Also, political upheaval in western Asia and northern Africa is affecting the Eurasian continent on a constant basis. he said.

"Due to serious security conditions in central Asia, complicated political and economic conditions and competition between major powers over their impact on the region, the construction of such a belt is bound to be a tough long-term task," said Chen.

zhouxiaoyan@bjreview.com

COVER STORY

SILK ROAD TO PROSPERITY

China's proposal to build a New Silk Road Economic Belt is poised to spearhead positive change in Central Asia and beyond. In a recent interview with a *Beijing Review* reporter, Helga Zepp-LaRouche, founder and President of the Schiller Institute, an economic and political think tank headquartered in the United States and Germany, shared her thoughts on the ambitious multinational plan. Excerpts follow:

Beijing Review: What are your opinions regarding the New Silk Road Economic Belt as a blueprint for regional cooperation?

Helga Zepp-LaRouche: I'm very happy about it because it will transform this region of the world in a positive way and it will increase the living standard of the population there.

There is a general recognition in the world that the New Silk Road is only the beginning of a much larger integration of the world economy. We are very happy about this initiative because it will be the beginning of a complete new epoch of civilization.

The Central Asian region has undergone major security and economic pressures due to threats such as terrorism in recent decades. In what ways will the establishment of the New Silk Road Economic Belt affect change in the area?

Drug production in Afghanistan has increased 40 times since NATO moved in there 13 years ago. The profit from that drug production has become the financial support of terrorism. I think there must be international cooperation

among all neighboring countries of Afghanistan, i.e. China, Russia, India, Iran and hopefully others, to wipe out the drug traffic. The drug traffic problem has become a major security problem for

Russia—hundreds of thousands of people die every year as a result of drug smuggling from Afghanistan. It has become a big security problem for China, because one of the drug routes goes through Xinjiang. It is also feeding terrorists in Tajikistan, Russia's Chechnya, Pakistan and the whole region from Afghanistan all the way to Syria, North Africa and even Central Africa. This has become a major source of threat to the stability of the region.

There must be international efforts to stabilize this region. That is why we have been proposing a very concrete extension of the Eurasian Land Bridge to the whole region, and



even to Afghanistan, Syria and North Africa. You have to give incentive to the population and let them see the economic cooperation that gives them the chance to have a better future. There is better incentive than to go to drug production, or to support terrorism, which many people do because it's being paid. Many people are just poor. You have to change the entire region with an economic development prospect which can only come from the New Silk Road Economic Relt

How will the overall geopolitical situation in Central Asia change with

such an economic belt? What would be the implications for the international community?

I think we are now at a moment of history where the old geopolitical thinking is not functioning anymore. Right now we see an immediate war danger coming out of the development of Ukraine. You have to see the effort to pick Ukraine away from Russia in connection to the U.S. defense systems in Poland, Romania and the *Aegis* destroyer sent to Spain, which shows the first-strike doctrine. The Russians have said very clearly that they will not accept this U.S. missile defense system being built in



the third or the fourth phase, because it's aimed to take out the second-strike capability of Russia. There is a similar Utopian policy against China in the form of the airsea battle doctrine in the Pacific which has the illusion that you can basically disarm China without China being

able to defend itself, which China has clearly refuted.

If you look at the whole situation, we are on the road to World War III. That is our absolute conviction and it has everything to do with the fact that the West European and U.S. financial system is about to blow out, and the Pacific countries are prospering. Now the collapse of the financial system will happen. It can be saved if you get rid of the casino aspect of economy. It is fortunate that not all people are going for this war escalation.

The countries in Central Asia will be confronted with: Do they want to join the only available solution, which is the New Silk Road? The normal thinking is ethnic and historical tensions will all be superseded by the big issue of the financial collapse and the danger of World War III. We need to change the paradigm quickly and abandon the idea of solving problems through war, and stop thinking in terms of geopolitics. We must focus on the common aims of mankind or we all may not exist.

We have 2 billion people starving every day. Many of those are in Africa but also in other developing countries. We are in a breakdown crisis. If there is any future for mankind, we have to go to a completely different way of cooperating in our mutually beneficial interests. I think the Eurasian Land Bridge or the New Silk Road has the idea of improving the living standard in all the landlocked areas of Eurasia. It is a new phase of evolution because as we look at the first people many thousand years ago, they settled at the oceans and then the river systems. It took quite some develop-

ment for people to conquer the landlocked areas through roads and channels between the rivers, and this process has not yet been completed.

In Eurasia we have many landlocked areas which are not easily accessible because they are not yet developed from the standpoint of waterways or railways, as there are only dirt roads. So we have to do a lot of work in the next 20-50 years. I think the key thing is to get a change in the thinking of the responsible people before it's too late.

Emerging economies, particularly the BRICS member countries, have been the engine of the global economy for the past few years. But some economists pointed out that the development of emerging economies has slowed down due to the global economic crisis, predicting these economies would be unable to sustain their growth. Do you agree with them? It depends. If you stay within the system of globalization, then the future will not look so great because the system is collapsing right now. There are people even in the United States like Vice Chairman of the Federal Deposit Insurance Corp. Thomas Hoenig, who made the argument that the financial system is so bankrupt that if one or two of the too-big-to-fail banks go bankrupt, it will bring down the whole system because of the connection of the market segments.

The derivatives have created a situation where once a major bank like the Lehman Brothers collapses, then the whole system could evaporate immediately. Some people even talk about the system collapsing like a supernova, a star dying. That is why it is so super urgent that we go to a different system and stop thinking about high profits like speculation and money making

money—the whole crazy ideology that has developed during the last 50 years. We have to go back to the idea of focusing on the real economy.

The idea of the New Silk Road should not only be extended to Central Asia, but be made the concept of improving the living condition of the entire planet. That means the emerging economies will have a very bright future, as they become part of the Silk Road and join in the development. If they succeed in putting that on their agenda, I think we are at the beginning of a very promising new epoch.

Unlike the New Silk Road, the Trans-Pacific Partnership (TPP) for Asia and the Transatlantic Trade and Investment Partnership (TTIP) for the transatlantic world will really go one more step in the direction of a world empire, whereby the 500 largest corporations would have all the power, and the power of civilian governments will be diminished. We should oppose this conception because it does not serve the wellbeing of the population, but it does serve the profits of the CEOs of the 500 largest firms. The latest statistics show that the world's 85 richest people hold as much wealth as the poorest 3.5 billion, or half of world population. Why should 85 people have the fortune of half of mankind? The TPP and the TTIP would escalate that even more. It will just lead to mass starvation and mass poverty, which are already getting bigger and bigger. Therefore the need for reform is very, very urgent. ■





NE·TIGER

侨福芳草地大厦一层L1-04单元

: +86 10 85622882

上海: 力宝广场商场203-204 电话: +86 532 86677199

哈尔滨:中央大街73号2楼 | 沈阳:新地阳光百货一层 | 电话:+862422561566 电话: +86 451 84689588

