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Cover Photo: Chinese Premier Li Keqiang (right) engages in conversation with British Prime Minister David Cameron outside 10 Downing Street in London, Britain, on June 17 (CNSPHOTO)

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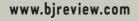
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The mainland's most unique and globalized city





















EDITOR'S DESK

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A New Embrace

Chinese Premier Li Kegiang made an official visit to Britain and Greece from lune 16-21; President Xi Jinping visited Europe just this March. Such frequent visits to the continent by Chinese leaders indicate the importance attached to Sino-European relations by both sides. The EU is not only China's biggest trading partner but also an indispensable part of the multipolar world economy. China's forming of closer ties with Europe, too, can be seen as an effort to cushion the impact of the United States' strategic refocus on the Asia-Pacific.

Premier Li's visit further boosted relations with Britain and Greece. As Britain is of great importance to Europe, Li's visit to the country at a time when the all-around Sino-UK strategic partnership enters its 10th year not only enhanced bilateral ties but promoted Sino-European relations. Similarly, Greece is one of the most amiable of EU countries to China.

During Li's visit, over 40 intergovernmental agreements and commercial deals worth over \$30 billion were signed between Britain and China, in such diverse industries as energy, culture, education, advanced technology and finance. China and Greece also signed a series of such agreements and deals in the areas of infrastructure construction, culture, and quality control.

The relationship between China and Europe is, now more than ever, mutually beneficial. Trade and economic ties between the two sides have become increasingly closer. Take China and Britain as an example: Trade volume between the two nations reached \$70 billion last year, threefold of that figure from a decade ago. China's investment in Britain registered \$13 billion for the last two years, higher than that added up over the past 30 years. Additionally, London is China's largest offshore yuan holder.

However, Sino-European relations are often interrupted by unexpected incidents. For instance, Chinese relationships with both France and Britain deteriorated when governments of the two European nations met with the 14th Dalai Lama, a Tibetan separatist.

At present, relationships between China and the two countries and between China and the EU as a whole have been recovered. In addition, Sino-European cooperation in the international economy. trade, politics, education, tourism and ecology is flourishing. It is expected that the Silk Road Economic Belt initiated by China will help further promote trade between China and Europe.

WRITETOUS



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REVELRY

University graduates in Changchun, capital of northeast China's Jilin Province, pose for a graduation photo on June 18. To personalize their photos, many college graduates in China make unique modifications to their garments and assume interesting poses.

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HK Heritage

A dragon boat race in celebration of the Dragon Boat Festival took place in Hong Kong in June 2011.

On June 17, Hong Kong released its first intangible cultural heritage inventory of 480 items, including Cantonese opera, the Dragon Boat Festival and traditional Chinese medicine.

The inventory is the result of over three years of a research and data collection. The government will devise and implement

measures to update the list of items regularly, said a spokesman for the Leisure and Cultural Services Department of Hong Kong Special Administrative Region.

Aging Society

More than 131.6 million Chinese citizens are now over the age of 65, about 9.7 percent of the population, the Ministry of Civil Affairs said on June 17.

The population of those at or above 60 had hit 202 million by the end of 2013, nearly 15 percent of the total population. According to international standards, a country or region is considered to be an "aging society" when the number of people aged 60 or over reaches 10 percent or more of its total population.

China's population above age 60 is expected to exceed 300 million by 2025 and hit 30 percent of the total population by 2050.

China has more than 42,500 nursing centers for the elderly, with about 5 million beds. The number of beds has increased nearly 19 percent from a year earlier, but there are still only enough beds for 2.44 percent of senior citizens.

Orphan Care

More than 80,000 disabled orphans have undergone surgery and rehabilitation over the past decade thanks to a welfare project, Minister of Civil Affairs Li Liquo said.

Some 18,000 disabled orphans were adopted by domestic or overseas families after convalescence from surgery, Li said on June 16 at a conference about the Tomorrow Project, a program initiated in 2004 by his ministry.

The project is mainly funded by China's welfare lottery and has received over 50 million yuan (\$8.03 million) worth of donations from people of all circumstances, according to Li.

Li vowed to push forward the project and expand its focus from surgery to general medical treatment and to extend its coverage to sick and disabled children from needy families.

INTRICATE CRAFTSMANSHIP

A ceramic artist displays the skills needed to replicate antique procelain in Beijing on June 14, China's ninth Cultural Heritage Day



Underground Survey

A general survey of underground pipelines in cities and a unified management system will be completed by 2015, the Chinese Government announced on June 14 in a move to reducing accidents caused by aging facilities.

Gas, water, sewerage, telecommunications and other underground pipelines will be upgraded by 2019, the State Council, China's cabinet, said in a policy document.

A sound urban underground pipeline system will be built by 2024 and substantially better emergency response and disaster prevention are called for in the document.

Serious accidents caused by old pipes have become more frequent. The death toll reached 62 when crude oil leaked from an underground pipeline in November 2013 in Qingdao, east China's Shandong Province.

Joint Lab

An international laboratory for highaltitude medical research has been established in Xining, capital of northwest China's Qinghai Province, on June 16.

The lab is a cooperative effort between China's Qinghai University and the University of Utah in the United States. Scientists from the two schools have been partners in academic exchange, personnel training and research collaboration since a cooperative agreement was signed in April 2010.

High-altitude medicine focuses on the prevention and treatment of altitude sickness as well as other health issues affecting travelers, adventurers and residents of high mountainous regions around the world.

Island School

Sansha, China's youngest city in southernmost Hainan Province, began building its first school on June 14.

The construction of Yongxing School, which included a kindergarten and a primary school, is expected to be completed in 18 months, said Mayor Xiao Jie.

With a total investment of about 36 million yuan (\$5.78 million), the school

will cover 4,650 square meters.

Sansha, on Yongxing, one of the Xisha Islands, was officially established in July in 2012 to administer the Xisha, Zhongsha and Nansha islands and their surrounding waters in the South China Sea.

About 40 school-age children have parents living and working on Yongxing. With no school, most had to go to schools elsewhere or were left with their grandparents.

Full Bellies

The Food and Agriculture Organization of the United Nations (FAO) on June 16 awarded a prize to China, along with Chile and Morocco, for having met the first Millennium Development Goal of halving the proportion of people who suffer from hunger by 2015 compared with 1990-91 figures, in a special ceremony at the agency's headquarters in Rome, Italy.

According to the FAO, China reduced the prevalence of undernour-ishment from 22.9 percent in 1990-92 to 11.4 percent in 2011-13, bringing the estimated number of chronically hungry people down from 272.1 million to 158 million.

Jose Graziano da Silva, Director General of the FAO, spoke highly of China's policies of maintaining the current size of farmland for agriculture through setting a "bottom line" to contain urban erosion of land for agricultural production.

Meanwhile, the FAO chief also voiced hope that China would continue to achieve even greater success under the framework of the Zero Hunger

"China has already made outstanding progress toward this goal, in part due to policies that support targeted investments in agriculture, reforms in the agricultural system, and impressive increases in domestic food production."

Jose Graziano da Silva, Director General of the Food and Agriculture Organization





Happy Father's Day

Chang Le, a resident in Shenyang, Liaoning Province, holds his newborn son at a local hospital. He was doubly blessed, as not only did he become a dad but he became one on Father's Day, which fell on June 15 this year.

Challenge, an anti-hunger blueprint launched by UN Secretary General Ban Ki-moon in 2012.

He praised a plan unveiled by the Chinese Government in January for rural reforms, further modernization of agriculture, and improvement of farmers' incomes.

Peacekeeping Training

China's Ministry of Defense and the Department of Peacekeeping Operations of the United Nations on June 16 started a 12-day training session for peacekeepers from 18 countries.

The 33 trainees include 10 Chinese, and officers from India, Pakistan, Malaysia, the Republic of Korea, and other Asian countries.

The training session is held once or twice a year at major peacekeeping facilities around the world, using the latest training criteria and modules.

In the past four years, China has held three peacekeeping training sessions with the UN.

China has established a fairly complete training system for peacekeepers, according to the Peacekeeping Office of the Ministry of Defense.



Time Honored

A woman shows off stamps commemorating the 90th anniversary of the Huangpu (Whampoa) Military Academy that were released on June 16.

The military academy was founded in Guangzhou, Guangdong Province, in 1924 by Dr. Sun Yat-sen, a forerunner of China's democratic revolution and founder of the Kuomintang.

The academy has since cultivated many outstanding military commanders, and is deeply respected and cherished by Chinese people at home and abroad.

THIS WEEK ECONOMY

Free Trade Account

China's central bank launched a free trade account for the country's first free trade zone (FTZ) in Shanghai on June 18, as part of efforts to test bolder financial reforms in a risk-controlled environment.

The Shanghai Head Office of the People's Bank of China (PBC) said that five banks have met the requirements to open the account. Companies registered in the FTZ—a 29-square-km area to pilot economic reforms—will be able to use the account for financing, investment and other cross-border transactions.

So far, firms in the zone can borrow offshore funds, deploy working capital between subsidiaries both in and out of China and enjoy greater flexibility in managing foreign exchanges.

The move comes two weeks after the PBC issued operating details on the free trade accounting unit, an arrangement that separates cross-border transactions in the FTZ from other onshore transactions.

Industry Overhaul

Chinese authorities on June 13 released a work plan to encourage merging and corporate reorganization among domestic baby-formula producers to ensure the sound development of the industry.

The quality and safety of infantformula milk powder is a key issue concerning people's quality of life, as well as a major economic and social issue, according to the document.

The plan says that companies will be encouraged to reorganize through mergers and acquisitions. By 2015, China aims to have formed around 10 baby-formula conglomerates, each with an annual sales revenue of more than 2 billion yuan (\$321 million).

By that time, the top 10 domestic



AUTOMATIC PILOT

A staff member shows a visitor the cab of China's first unmanned subway train at the Shanghai New International Expo Center on June 17 brands of baby formula are expected to account for a total market share of at least 65 percent.

The plan also sets a further goal of forming three to five baby-formula heavyweights with annual sales revenue exceeding 5 billion yuan (\$803 million) each by 2018. The top 10 domestic industry players are then expected to nab more than 80 percent of the entire

Declining Housing Price

China's property sector continued to cool in May, as new home prices in half of 70 major cities showed month-onmonth drops, the National Bureau of Statistics (NBS) said on June 18.

Only 15 cities saw month-on-month increases, substantially down from 44 in April.

The average home price in the 70 cities slipped 0.15 percent from the previous month, marking the first drop in more than a year, according to the NBS.

Of all the 70 cities, prices in Hangzhou of east China's Zhejiang Province dropped the most, down by 1.4 percent.

For existing homes, prices also declined in 35 cities month on month in May, up from 22 cities in April.

Liu Jianwei, senior statistician for the NBS, said home buyers have started to adopt a wait-and-see attitude amid uncertain market prospects, prompting developers to cut prices to alleviate pressures from piling inventories.

Bond Ratings

Credit ratings will be introduced into a local government bond-issuance pilot, in a move to enhance risk prevention, the Ministry of Finance announced on lune 13

The ratings will come in nine levels, which are AAA, AA, A, BBB, BB, B, CCC, CC and C. The AAA rating indicates an extremely low default risk, with C suggesting inability to repay debts, according to a document released by the ministry.

A total of 10 local governments have been authorized for independent bond issuance and repayment. Bondissuance by local governments was initiated in October 2011.



Water Corridor

Ships sail through the five-stage ship lock of the Three Gorges Dam in an orderly fashion on June 17.

As of June 16, the ship lock has been smoothly operating for 11 years, ferrying more than 10 million passengers and nearly 700 million tons of commodities.



Fruits of Labor

Farmers put boxes of red apricots onto a truck for export sale in Julu County, Hebei Province, on June 17.

A total of 5,400 hectares of apricots have been planted in Julu, generating an annual sales income of 320 million yuan (\$51.36 million) for local farmers.

Local governments are required to publicize credit ratings for their bonds, local economic development, fiscal income and expenditures, as well as liabilities.

All of the aforementioned information must be made public at least five working days prior to the new bonds issuance, according to the rule.

The local governments involved in the pilot program are also required, on an annual basis, to conduct comprehensive credit ratings on their bonds issued with different maturity terms, including five years, seven years and 10 years, the document said.

Commodity Website

Yiwubuy, the website of the world's largest consumer goods market, has launched a Hungary operation (hu. yiwubuy.com), General Manager Wang Jianjun announced in Yiwu on June 16.

Yiwubuy belongs to Zhejiang China Commodity City Group, which manages the Yiwu Small Commodity Wholesale

FARMING FOR SHOW

Farmers transplant rice seedlings on a demonstration farmland in Mengjin County, Henan Province, on June 15



Market, the largest of its kind in the world, in east China's Zhejiang Province.

Wang said that the Hungary website, which uses three languages—Hungarian, English and Chinese, will try to find local partners and provide convenience for foreign buyers of China-made consumer goods.

Wang explained that the new website would enable orders placed by local buyers to be handled by Yiwubuy's local partners, including confirmation, payment, inspection, and customs clearance. Moreover, a credit transaction guarantee system will be put in place.

Yiwubuy has e-stores for all 70,000 shops in the Yiwu Small Commodity Wholesale Market on its website, with a unique 360-degree panoramic display that simulates the experience of physical shopping for visitors.

Forex Purchase

China's central bank and financial institutions spent 38.7 billion yuan (\$6.21

billion) on foreign exchange purchases in May, a sharp retreat from the 116.9 billion yuan (\$18.76 billion) in April, official data showed on June 16.

While the pace has slowed, the figure also marked the 10th consecutive month of net increases.

As of the end of May, Chinese financial institutions' total yuan funds outstanding for foreign exchange amounted to 29.54 trillion yuan (\$4.74 trillion), according to the People's Bank of China.

As the Chinese currency is not freely convertible under the capital account, the central bank has to purchase foreign currencies generated by China's trade surplus and foreign investment into the country from commercial banks, adding funds to the money market.

As an important part of China's basic money supply, the data serves as a guide to the central bank's policy moves to adjust liquidity in the market.

The central bank announced earlier this month that it will cut the reserve requirement ratio by 0.5 percentage points for banks engaged in proportionate lending to agricultural and small firms

Service Outsourcing

Service outsourcing has become a major growth industry in China, with its value reaching 1.7 trillion yuan (about \$273 billion) in 2013, said a report released on June 15.

The figure represented about 2.97 percent of the country's gross domestic product last year and contributed 0.8 percent of China's economic growth, said the 2014 Development Report of China's Outsourcing Brand Development.

The industry provides the country with direct and indirect employment of 5.36 million and 17.8 million respectively, said the report.

Last year, it created 1.06 million new jobs, accounting for 8.1 percent of all new jobs in urban China.

The report said that information technology outsourcing dominates China's service outsourcing industry, which also saw rapid growth in knowledge process outsourcing.

THIS WEEK WORLD





Vehicles and weapons from the Saber Strike 2014 exercise are demonstrated to the public at a military base in Rukla on June 15. The drill gathered 4,700 service people from 10 NATO member countries



BOLIVIA

UN Secretary General Ban Ki-moon (second left), accompanied by his wife Yoo Soon Taek (second right), blows out 70 candles on a birthday cake during a celebration in his honor in El Torno on June 13







UKRAINE

A fireman showers crashed vehicles with foam during an anti-Russian rally in front of the Russian Embassy in Kiev on June 14





FRANCE

A traveler walks on a platform at the Saint-Charles Station on June 13 in Marseille, on the third day of a national strike by employees of the French state-owned railway company SNCF









MOROCCO

A musical group performs at the annual Gnaoua World Music Festival in Essaouira on June 13



SPAIN

Spain's new King Felipe VI (third left in front) poses with his wife Queen Letizia (third right in front) and Prime Minister Mariano Rajoy (second right in front) at his swearing-in ceremony in Madrid on June 19

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THIS WEEK PEOPLE & POINTS

Ψ

TOP OFFICIAL SACKED



Su Rong, Vice Chairman of the Chinese People's Political Consultative Conference National Committee, has been put under investigation for suspected disciplinary violations, according to a statement by the Central Commission for Discipline Inspection of the Communist Party of China (CPC) on June 14.

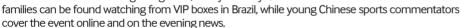
Su is the most senior Chinese official to be probed for graft since the 18th CPC National Congress in late 2012.

Su, 66, served as Vice Secretary General of the CPC Jilin Provincial Committee and Secretary General of the CPC Qinghai, Gansu and Jiangxi Provincial Committees from 1998 to 2013.

All Roads Lead to Brazil China Newsweek June 9

Though the Chinese national football team did not make it to the 2014 FIFA World Cup held in Brazil from June 12-July 13, China is still managing to take part in the event.

Chinese machinery, for example, has been used to build a number of Brazilian football stadiums. Eighty percent of underground and commuter trains running in Rio de Janeiro are produced in Changchun, capital of northeast China's Jilin Province. This year's mascot, *Fuleco*, and the official instrument *caxirola* are both made in China. During the games, many wealthy Chinese



Even when Team China isn't in the running for a trophy, an international love of football keeps Chinese fans cheering on their favorite World Cup teams.

China Newsweek interviews a worker with China CNR Co. Ltd., construction machinery and equipment providers, and Chinese football fans who plan to go to Brazil to watch the games.



Migrant Children Oriental Outlook June 12

According to the sixth national population census conducted in 2012, there are 35.81 million migrant children under age 18 in China. More specifically, four out of every 10 children living in Shanghai and three out of every 10 children living in Beijing are the offspring of migrant workers.

Living in large metropolises, though, these children face numerous problems.

First, education resources open to migrant children are limited. Although most have access to compulsory schooling, still around 3 percent—or some 2 million children—don't.

Second, the relationships between working parents and their children become warped. According to a survey done in Guangdong Province, one-third of migrant workers spend fewer than seven hours with their children every week; some even less than one hour. Only one tenth of the children said their parents often took them out to play.

Finally, such barriers as permanent residence permit requirements can cause problems for migrant teens when applying to high schools and universities. Even for rich families, this insurmountable difficulty causes

"I force myself to eat every day, because I still believe my daughter is alive and I have to stay strong to wait for her to come home."

Zhang Lixia, a single mother from Heilongjiang Province whose 27-year-old daughter was aboard the missing Malaysia Airlines flight MH370, on June 16, which disappeared on March 8. "The study of healthy life expectancies will be conducted every three years, and people should be instructed to increase healthy life choices to make their later years more comfortable and rewarding."

Deng Ying. Director of the Beijing Center for Disease Prevention and Control, on June 16, drawing on the first research on healthy life expectancy in Beijing. It shows that Beijingers can live, on average, 58.17 years in full health, about 10 years fewer than the average in most industrialized countries



many 14- and 15-year-old children to drop out of school.

In an aging China, children under 14 years old will be the most important human resource in the next 20 years. Offering comprehensive schooling, positive role models, and increased access to higher education for China's migrant children are vital steps to creating success for future generations.

Lead Poisoning Xinhua Daily Telegraph June 17

In response to widespread media coverage of 300 children suffering from lead poisoning in Hengdong, central China's Hunan Province, the local government shut down a chemical plant suspected of being responsible for the poisoning. It was also requested that a local public security bureau investigate its owner. The chemical plant is suspected of discharging untreated water and dust.

However, the measures taken by the government to investigate this lead poisoning incident cannot remedy the miseries already suffered by these children and their families.

The highest lead density recorded in the local children was 322 micrograms per liter of blood, far above the national standard of 100 micrograms per liter for children.

This lead poisoning case is only one in a slew of pollution incidents that have come to light across the country in recent years. Local governments' neglect of environmental protection is to blame.

In order to prevent similar incidents from occurring, local governments should strengthen supervision of factories. This includes assessing a factory's environmental impact at the time of its launch and supervision of its production process thereafter. Officials must bear in mind the public's health and actively protect the environment as opposed to taking action after serious pollution incidents occur.

Ψ

HEROINE TEACHER



Qin Kaimei, a primary school teacher in central China's Hubei Province, offered herself up as a hostage on June 10 when a man armed with a knife, a homemade bomb, and bottles of gasoline broke into her classroom during school. When she and her 50 sixth-grade students were taken hostage, Qin entreated the man to let her stay while releasing her students. The man agreed. Later, a local official replaced Qin before police came and shot the suspect dead.

Despite 18 years' excellent work in the school, Qin is still a substitute teacher because she's not fully qualified under local policy. A local official hinted that discussions about promoting Qin to regular teacher status were being held following the hostage-taking incident.

"Female officials show slight differences in committing duty-related crimes compared to their male counterparts. They are more apt to conspire with male partners, as well as trade sex for power."

Li Chengyan, a researcher from Peking University, on June 16, commenting on the investigation of 12 female officials in key posts who were announced as being under investigation for duty-related crimes by central and provincial anti-graft watchdogs in the first half of 2014

"An increasing number of educated Chinese women tend to date and marry Western men, as they believe that compared with Chinese men, foreign men care less about women's appearance and age."

Zhou Xiaopeng, a marriage specialist from dating website baihe.com, on June 17

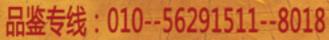
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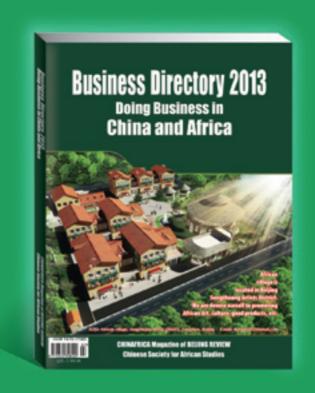
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COVER STORY

EYEING THE FUTURE

Chinese premier's Britain trip aims to clear hurdles and advance cooperation By Yu Lintao



TRADING IDEAS: Chinese Premier Li Keqiang and British Prime Minister David Cameron attend the China-UK Global Economic Roundtable in London, Britain, on June 17

n addition to deepening cooperation in multiple fields, Chinese Premier Li Keqiang stressed that his latest visit to Britain intended to overcome obstacles in the two countries' relations and to learn from the industrial pioneer, displaying both his sincerity and modesty as a leader.

It was Premier Li's first visit to Britain since he took office in March last year. In an

article carried by *The Times* newspaper prior to his trip, Li described his visit as having a threefold purpose: "first, to discuss ways to deepen cooperation in various fields and therefore spur the growth of our respective economies; second, to present the real China so as to change misperceptions and ease misgivings; and third, to draw on British perspectives and experience."

The visit, the first by a Chinese premier in three years that promised a slew of cooperative projects, carried a significant weight. It indicated that the two sides have managed to ride out a rough patch in their relationship and put bilateral interaction back on the right track. However, Li's appeal for clearing away obstacles to bilateral relations also shows that misunderstand-

ings persist between the two despite China's show of great sincerity.

Changing misperceptions

Since David Cameron of the Conservative Party entered 10 Downing Street, China-Britain relations have seen their ups and downs. Cameron's first visit to China, shortly after taking office in 2010, brought a new culmination of the relationship. But bilateral ties took a nosedive in May 2012 when Cameron insisted on meeting the Dalai Lama in spite of China's objections.

It wasn't until more than a year and a half later that the icy bilateral relationship began to thaw when Cameron visited China in late 2013.

Cui Hongjian, Director of the Department for European Studies at the China Institute of International Studies (CIIS), said British society and some British politicians have misconceptions about China's human rights record and the Tibet issue. Their comments on these matters have added detrimental elements to the China-Britain relationship.

"As Premier Li said in his article, his trip sought to present the true China to Britain, showing China's real development status and the complex development of such a big country," Cui said to *Beijing Review*. "Thus, far-sighted people in Britain can learn about the real China for the sake of greater consensus and better cooperation."

In his article for *The Times*, Li also stressed that China still lags behind the West in many areas and has much to learn on its long and arduous quest for modernization, although the country did achieve a "quantum leap" in its development in the past 30 years.

However, it would not be an easy job to change people's prejudice given the long-existed superiority mentality within their minds as well as the domestic political needs of some politicians in these Western countries.

In April, the British Government once again released a report which made biased and irresponsible remarks to blemish China's

human rights record. And before Li set foot in Britain, British Deputy Prime Minister Nick Clegg claimed he would be "more than honored" to meet the Dalai Lama again, accusing China of "systematic human rights abuses."

Cui noted that some politicians might gain domestic popularity through thoughtless remarks on China, "but as it involves their country's foreign affairs, politicians need to be cautious. Once the irresponsible remarks hurt bilateral relations, they will eventually damage the national interests of their country."

"Better mutual understanding brings vigor for bilateral ties while misunderstanding results in obstacles, China is showing its sincerity as Premier Li did during the visit," Cui added.

Another truth about China that Premier Li wants to present to the world including Britain, Cui said, is China's current economic situation.

In his article, Li expressed confidence that China can meet its official 7.5-percent GDP growth target this year and declared to maintain the course on market-orientated reform. During a speech to Chatham House and the International Institute for Strategic Studies, two prestigious British think tanks, Li further stressed that China's economy would not suffer a hard landing and would continue to grow at a medium to high pace in the long term without strong stimulus.

Cui said the information given by Premier Li was in response to the concerns of the outside world over China's economic situation as it faces considerable downward pressure. The economic fluctuation of China, a powerhouse of the global economy, would certainly affect the economic prospects of nearly the whole world. Li's remarks on the Chinese economy could help inspire confidence among an international audience.

Pressing forward

Despite obstacles, China-Britain economic cooperation has seen substantial progress. At present, Britain is China's third largest trading partner and second largest investment source in the EU as well as a major destination for China's overseas investment. Annual two-way trade surged from \$20 billion a decade ago to \$70 billion last year. China's investment in Britain has amounted to \$13 billion over the past two years alone, surpassing the total of the previous 30 years. Statistics show that China has a stock of investments in Britain worth around \$19 billion. That compares with \$9.2 billion in France and \$5.6 billion in Germany.

Most observers believe that the economic cooperation achievements did not happen by accident. As the economies of China and Britain are highly complementary to each other, the two countries enjoy a sound cooperative foundation in trade and economy.

Ma Zhengang, former Chinese Ambassador to Britain, said that China, with a well-developed manufacturing industry, and Britain, which boasts highly developed finance and service sectors and advanced technology, have massive potential for cooperation.

"When I started my term as ambassador in London in 1997, bilateral trade volume was just around \$6 billion. Last year the figure reached \$70 billion. The progress has not been made by chance." Ma said.

In addition, the two countries have set up various high-profile exchange mechanisms in recent years to facilitate bilateral cooperation, including the prime ministers' annual meeting as well as economic, financial and strategic dialogues.

Now, Li's latest trip to London has injected new momentum into the China-Britain comprehensive strategic partnership, which celebrates its 10th anniversary this year.

The trip harvested a series of trade and investment deals worth over \$30 billion, the highest in recent years, with cooperation areas covering finance, technology, education, energy and infrastructure. Premier Li also proposed that China and Britain expand two-way trade to reach a target of \$100 billion by 2015, further

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HOSPITALITY: Greek Prime Minister Antonis Samaras (left front) holds a welcoming ceremony for visiting Chinese Premier Li Keqiang in Athens on June 19

Boosting Ties With Greece

China and Greece agreed to further advance bilateral ties during Premier Li Keqiang's official visit to the European country on June 19-21, on the heels of his trip to Britain.

China is fully confident about the prospect of Greece's development, Li said, when meeting with his Greek counterpart, Antonis Samaras. Li added that his country stands ready to consolidate political mutual trust with Greece.

The Piraeus Container Terminal project has become a model of Sino-Greek and Sino-European cooperation, said Li, calling for more investment from both sides and vowing to build Piraeus into a top port in the Mediterranean.

The Piraeus port, the largest in Greece, is jointly operated by China's state-owned shipping giant COSCO and the Greek port authority under a 35-year lease signed in 2009.

China will also work with Greece to explore new economic growth points, especially in maritime cooperation. Li said the two countries should make joint efforts in developing the maritime economy and promoting tourism, and should look forward to a year of successful Sino-Greek maritime cooperation in 2015.

Calling on both sides to continuously expand bilateral trade and deepen cultural exchanges, the Chinese premier appreciated Greece's efforts as the rotating EU president in pushing forward China-Europe ties.

Reaffirming China's support for European integration, Li said he hopes Greece will continue to play a unique role in advancing the China-Europe investment agreement talks and opposing protectionism.

For his part, Samaras said when Greece was caught in its worst-ever debt crisis, the timely support provided by China brought confidence and strength to the debt-ridden country.

Greece welcomes more investment from Chinese enterprises as well as more Chinese tourists. Samaras added.

(Source: Xinhua News Agency)

consolidate the political foundation of bilateral relations, and promote common growth and inclusive development, so as to speed up the development of Sino-British ties.

Beyond all doubt, the mutually beneficial cooperation deals meet the practical needs of both sides.

Cui at the CIIS noted that the rich experience of Britain in industrialization and urbanization offers very valuable lessons for China. Meanwhile, China's further opening up provides British firms as well as China-Britain strategic cooperation with more opportunities.

Professor Wang Yiwei at the Beijing-based Renmin University of China echoed Cui, saying that seeking the opportunity of China's deepening reform and opening up might be very helpful for the economic recovery of Britain. Meanwhile, Britain's relatively aging infrastructure offers great opportunities for Chinese investors and exporters.

"China's low-cost and efficient high-speed

rail technology and infrastructure construction technology can help Britain promote its urban development," Wang said. "London's willingness to develop itself into an offshore renminbi business center would be also conducive to enhancing its status as an international financial hub."

Under a framework cooperation agreement signed during Li's visit, Britain welcomes Chinese firms taking part in its planned high-speed HS2 rail network, a 42-billion-pound (\$71.2 billion) project, with the first 192-km stage linking London and Birmingham.

In a joint statement, the two countries announced a decision to set up a renminbi clearing bank in London. The move will help the two countries realize direct trade between the renminbi and the British pound, which is conducive to completing the market infrastructure, reducing transaction costs and exchange risks, and facilitating the development of mutual investment and trade.

The two countries have also made great efforts to deepen people-to-people exchanges. During Li's visit, the British Home Office announced a new visa service for Chinese visitors to travel to the country. All Chinese visitors will be able to use a single form to process applications for both British and Schengen visas, which permit access to 26 European countries.

Observers noted that the new British approach, which streamlines the Britain's visa process, can help the country explore a much larger Chinese tourism market and contribute to people-to-people exchanges between the two countries.

Statistics from the UK-China Visa Alliance show that about 1.3 million Chinese tourists have been prevented from entering Britain because of the complicated visa process, and most instead went to Germany or France.

As both a traditional power and a financial center, Britain holds an important status in Europe. Analysts claimed China's strengthening economic and financial cooperation also adds up to a larger China-EU economic cooperation partnership.

"London could play a constructive role on issues concerning a China-EU investment agreement and a China-EU free trade zone, which are also to Britain's benefit," said former Ambassador Ma.

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COVER STORY

CIVILIZATION PARTNERS

Chinese leaders forge deeper connections with the EU, both economically and culturally By Kerry Brown



The author is an op-ed contributor to Beijing Review and executive director of the China Studies Center at the University of Sydney

urope is being visited frequently by Chinese leaders in 2014. In March, President Xi Jinping made the first ever visit by a head of state from China to Brussels, which is, in effect, the headquarters of the EU and the place where most of its main offices and representatives are based. In June, both Premier Li Keqiang and fellow Political Bureau Standing Committee member Liu Yunshan visited countries in Europe. There will undoubtedly be other visits before the end of the year. And this is on top of the many visits by EU member states' and European countries' leaders to China.

Of course, all this activity could be interpreted simply as recognition that two such vast and important trading entities need this level of engagement with each other. In terms of trade flows and inward and outward investment, the health of the EU and China are intimately interlinked. However, this is also a relationship where it is not just about the market, but about broader strategic interests.

Overcoming challenges

China and the EU established the framework for a comprehensive strategic partnership over a decade ago in 2003. At the heart of this was the hope for more openness between their economies, but also for agreement on greater collaboration, more sharing of ideas and peopleto-people links, and attempts to map out a common vision of the world where they might be able to work more easily with each other in a geopolitical fashion.

Events have occurred that have threatened to challenge that aspiration. In 2005, the EU failed to lift the arms embargo that had been in place since 1989 following pressure from the United States. It also failed to bestow market economy status on China despite doing so for Russia. In addition, there were disagreements a few years later over what action to take in Syria during the prolonged civil war there, and over the response to the unrest in Ukraine over 2013 into 2014.

The EU has also transformed over this period, so that it is not the same entity even compared to a little over a decade ago. It is now bigger, embracing a number of new countries that joined the existing ones to bolster the overall total of EU member states to 28. Additionally, it went through the trauma and self-doubt of the 2009-10 euro-zone crisis, where for a period it looked like the whole project of a common currency shared by 17 of the member states would break up.

In 2014, we can see that the EU was a more robust entity than many had suspected. The visits by Chinese leaders is, in some ways, a rec-

ognition that for all the frustrations the outside world experiences while dealing with the EU, it remains a remarkable project—an undertaking that has lasted multiple crises and challenges, and now looks secure. The UK is, as ever, the great spoiler in this, with its planned referendum in 2017 about continuing as a member. But Prime Minister David Cameron has made it clear that he wants reform of the EU, not withdrawal from it. For all the shocks over the last few years, the EU is a major part of the global economic and political system. Chinese leaders take it seriously—often more so than some of the national leaders within the EU.

They are right to wish the EU success. In a world of mounting uncertainty, from Southeast Asia where Thailand is undergoing another period of military rule, to Ukraine and its tensions with Russia, to unrest over a falling economy in Brazil and continuing spats between South Korea and North Korea—to say nothing of the multiple instabilities in Africa, Central Asia and South Asia—the EU at least preserves some certainty. And on the whole, the sources of stability within the international order are things that are increasingly necessary. Europe has a searing history of the costs of internal conflict and instability. In that sense, the EU sets itself up as an exemplar of unity built on centuries of fighting.

It is not as countries that China and Europe can interact. Nor is it wholly about markets and pursuing economic self-interest. It is about being the homes of two great civilization traditions



MASS MATRIMONY: Chinese couples from Shanghai walk past Greeks dressed in traditional Cretan attire during a mass wedding in the city of Chania on the Greek island of Crete on April 25

There are times when the EU presents this in a seemingly superior and preachy manner. Many Chinese criticize it for the ways in which, like the United States, it seems to want to promote its values and ideals for the rest of the world to follow. Many of these social and political values were enshrined in the Lisbon Treaty of 2009, which now, in effect, serves as the Constitution of the whole union. Even so, when he went to the College of Europe in March, President Xi was able to speak of China and Europe being "civilization partners." This hints at least of some cultural and values overlap between the two.

Where might this overlap be located? In surveys completed by Nottingham University in the UK and Chinese partners, which were conducted across a number of cities in China from 2009 and funded by the EU, questions were asked about public views on Europe among different sectors of the Chinese urban population. On the whole, the feedback was positive. Europe was regarded as a place of culture, history, great art, and a favored tourist destination. Those surveyed were knowledgeable about not only Europe and its different countries, but also, more surprisingly, about the EU. For instance, most

of those surveyed knew that it was mainly headquartered in Brussels.

A pragmatic partnership

This warm public view of Europe is a great asset for Europeans. They enjoy, on the whole, a more positive response, at least according to these surveys, than other countries like the United States and Japan, where answers were more qualified and complex. There is one challenge, however: Unlike the United States and Japan, which at least have unified country identities, Europe is a continent, and so it is hard to categorize. Usually people look on it as a mixture of the different largest countries, from Germany to France, to Spain, Italy, Greece and the UK. It does not share a common language; not even a common cuisine or ethnicity.

Europe, if it is anything, is about diversity. And the EU has introduced at least some harmony among this diversity so that the very profound clashes of the past, from the European wars of the 13th century onward right up to the devastating fights of the 20th century World Wars, are unrepeatable. In that sense, the idea of civilizational values are the things that most tie Europe to China is a useful

one. It is not as countries, therefore, that China and Europe can interact. Nor is it wholly about markets and pursuing economic self-interest. It is about being the homes of two great civilization traditions, which have contributed immeasurably to the world's heritage and the development of humanity.

This is a very respectful label to accord Europe, and that President Xi stated it right at the heart of Europe, and the EU project, is symbolically highly important. One of the complaints over the last decade since strategic relationship status in 2003 is that there has sometimes been a lack of respect by the EU side toward China. In many ways, the civilization framework addresses this. If a partner talks to you as an equal in such a crucial area, then the message is clear—there needs to be equality in terms of dialogue and mutual views.

It is true that the documents issued at least officially by the EU have the tone of a teacher trying to set a student straight when they

address China. They speak of China needing almost to become more like the EU, and to align itself with values the EU says it stands by and espouses. Over the last decade, things have become more complex in this area. The EU has had to ask itself some deep questions regarding the nature of commitment between its diverse members. In some ways it has become pragmatic and less ambitious.

Perhaps this means that the label "pragmatic civilization partners" is the best one to use now. It moves away from talking purely of a transactional relationship where it is all about trade and the hunt for material benefit, but it does at least allow both sides to stand by what they believe their cultural, social and other values are while respecting each other. That reintroduction of a certain level of idealism about each other, and the possibility at least from time to time of dreaming with each other and trying to aim for the same things is important. After all, the EU represents in many ways the victory of ideals over day-to-day reality. Its continued existence in the face of crises is a good thing—for the EU itself, as well as for China and the rest of the world.

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