

WORLD: CHINA, U.S. WORK TOGETHER **P.18**

BUSINESS: REFORMS ONE YEAR ON **P.32**

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WALKING THE SAME PATH


APEC members band together for a common goal

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Cover Photo: Chinese President Xi Jinping
with other APEC leaders during their annual
meeting in Beijing on November 11 (LAN
HONGGUANG)

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The Beijing meeting redefines
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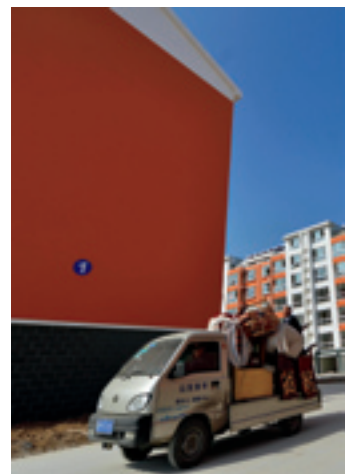
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Fighting the good fight requires resolve



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Legal Counsel: Yue Cheng

North America Bureau
Chief: Huang Wei
Tel/Fax: 1-201-792-0334
E-mail: hw@bjreview.com

Africa Bureau
Chief: Li Jianguo
Africa Managing Editor: Francisco Little
Tel: 27-71-6132053
E-mail: casa201208@hotmail.com

General Editorial Office
Tel: 86-10-68996252
Fax: 86-10-68326628
English Edition
Tel: 86-10-68996259
Advertising Department
Tel: 86-10-68998164
E-mail: ad@bjreview.com.cn
Distribution Department
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E-mail: circulation@bjreview.com.cn

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EDITOR'S DESK

A Milestone Gathering

The recent Asia-Pacific Economic Cooperation (APEC) meetings in Beijing were a landmark in its history. They marked the beginning of a new period for Asia-Pacific economic cooperation, and a change of China's role in APEC.

The impact of the international financial crisis still lingers, and various economies in the world are recovering slowly with their growth remaining sluggish. By charting a new direction and launching new models for cooperation, the meetings created new momentum for regional economic cooperation. The impact of the meetings will be seen in the following three areas:

Firstly, the "Asia-Pacific dream" will guide the region's future development. At the APEC CEO Summit on November 9, Chinese President Xi Jinping put forward the concept for the first time. Xi said the dream is about jointly working for the prosperity and progress of the region, following the trends of peace, development and mutually beneficial cooperation. It is also about engendering more economic vibrancy, free trade and investment facilitation; ensuring greater security and opportunity for the people; and giving children a better environment to grow and live.

Secondly, Asia-Pacific economic integration will pick up speed. The APEC members endorsed a roadmap for promoting the Free Trade Area of the Asia-Pacific, which is a historic step toward possible trade liberalization and economic integration in the region. They also reached consensus on promoting regional connectivity.

To achieve this goal, the Asian Infrastructure Investment Bank was established this past October. During this

round of APEC meetings, China proposed a Silk Road Fund. Previously, it proposed the building of the 21st Century Maritime Silk Road, the Silk Road Economic Belt, the Bangladesh-China-India-Myanmar Economic Corridor, and the China-Pakistan Economic Corridor. Now, the China-ASEAN Free Trade Area has yielded fruit, and breakthroughs are expected presently in negotiations on the China-Japan-South Korea Free Trade Area.

Thirdly, the harm inflicted on economic cooperation by political disagreements in the region is dwindling. Prior to the meetings, member economies sometimes quarreled with one another for political reasons. At the meetings, however, leaders engaged in constructive discussions. In particular, top leaders of China and Japan met for the first time after the two countries' tension flared over the Diaoyu Islands, hinting at a possible detente in their ties.

As the host of this year's APEC meetings, China has played a more active role in promoting regional economic cooperation, which is evident in the concept of the Asia-Pacific dream, the proposal for the Silk Road Fund, and the connectivity blueprint that it has put forward.

Held on the occasion of the organization's 25th anniversary, the Beijing APEC meetings will elevate Asia-Pacific economic integration to a higher level, and spur both regional and global economic growth. ■

Beijing Review regrets a spelling error that occurred on the front cover of Issue 45, which was published November 6. The cover should read: "Region on the Rise: Asia-Pacific Economic Cooperation convenes in Beijing to discuss priorities for development."

WRITE TO US



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

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STUNNING PERFORMANCE

Acrobats with the China National Acrobatic Troupe perform in Wellington on November 9 as part of the Experience China in New Zealand program.

Experience China, a program sponsored by the State Council Information Office with the aim of presenting Chinese culture to international audiences, has been held around the world. Australia and New Zealand, destinations for President Xi Jinping in mid-November, have been its latest stops.



CHEN FEI

New Drilling Ship

China has completed its first domestically produced drilling ship, giving the country extra opportunity to tap into the deep-sea drilling sector.

The ship, officially christened *Opus Tiger 1* on November 8, was funded by the Chinese Reignwood Group and constructed by Shanghai Shipyard of China State Shipbuilding Corporation. It is the first drilling ship with all intellectual property rights exclusively owned by China.

The exact amount of investment was not revealed, but industry insiders put the total cost between \$200 million-300 million.

IPR Court

A court specializing in intellectual property rights (IPR) opened in Beijing on November 6, in the latest effort to effectively handle IPR conflicts.

The court, which has four hearing rooms, has selected 22 of its 30 judges, each has an average 10 years experience of IPR cases.

The court will mainly hear administrative cases, in which plaintiffs sue authorities over IPR violations.

The establishment of the court is in line with a proposal by the Supreme People's Court, which was approved in August by China's top legislature, to set up three special courts for IPR cases.

The other two, which will mainly deal with civil cases, are expected to open in Shanghai and Guangzhou in southern Guangdong Province by the

end of this year.

Chinese courts hear about 110,000 IPR cases annually and this is expected to increase.

Anti-Terrorism efforts

China has launched a joint mechanism to improve intelligence gathering for anti-terrorism efforts, according to a statement released on November 12.

Guo Shengkun, Minister of Public Security, urged full use of the intelligence to smash violent terrorist activities before they are carried out.

While giving full play to traditional methods of intelligence gathering, authorities should also use big data and information technologies to improve the coordination, sharing and research of anti-terrorism intelligence, he said while attending the launching

ceremony of the mechanism.

The gathering center should become a powerful intelligence support to China's fight against terrorism, he said.

Phone Users

China's phone users numbered 1.53 billion at the end of September, including 1.27 billion mobile phone users, the Ministry of Industry and Information Technology announced on November 12.

Mobile broadband subscribers reached 525 million at the end of September, including 43.06 million 4G mobile broadband subscribers.

Broadband through fixed-lines reached 200 million households at the end of September.

About 92 percent of villages have accesses to broadband, according to the ministry.

New Bank Cards

Public security experts have developed a type of electronic identity card that will better safeguard personal information and Internet security.

The e-ID, which employs sophisticated security techniques approved by the State Security Cryptography Administration Office, prevents card information from being read, copied, changed or used, said Yan Zeming, a principal investigator with the Third Institute of the Ministry of Public Security.

With personal information stored in a chip embedded in a bank card, the e-ID will allow for easier, safer online shopping by eliminating complicated submissions, Yan said at the ongoing China International Industry Fair in Shanghai.

The institute is trying out the technology in localities across China, with some 6 million e-ID bank cards being issued.

Video Game Studies

A college in southwest China's Chongqing Municipality has started offering an optional course on the popular computer game DOTA, fueling debate online about the value of online gaming in academia.

The course, named "recent development of e-sports and analysis of DOTA teams," aims to improve students' teamwork spirit, according to

TIBETAN CULTURE ON SHOW

Members of China's Tibetan Lhoka Art Troupe perform Tibetan Opera during the Glamorous Tibet Folk Song and Dance Show of the 2014 Canada-China Tibetan Culture Week at Bluma Appel Theater in Toronto, Canada, on November 6



2014 ZHENG

the course's teacher, Zeng Qingqing at Chongqing Energy College.

The weekly course has been a hit at the college, with each class drawing more than 200 students, though only 90 are supposed to show up, according to a student surnamed Wang.

Netizens remain divided on the topic, as many expressed concerns about possible addiction to the game.

Zeng told Xinhua News Agency that class content centers on the analysis of strategies used by the top teams in the game, rather than teaching students how to play online games.

Satellites Launched

China will launch around 120 more applied satellites to accommodate economic and social needs, a senior executive of China Aerospace Science and Technology Corporation said on November 10.

However, Yang Baohua, Deputy General Manager of the corporation, did not specify the period of time over which the launches will span.

The Chinese economy will continue to record relatively high growth, generating more demand for aerospace technologies, Yang said at an international aviation and aerospace forum held in Zhuhai in south China's Guangdong Province.

China will launch about 70 remote sensing satellites to detect the near-Earth space environment and predict extreme events, according to Yang.

China will also launch about 20 communication satellites to meet communication demand in national security and public services.

"We will focus on building a self-controlled national space infrastructure that can operate continuously and stably for a long time."

Yang Baohua,
Deputy General
Manager of China
Aerospace Science
and Technology
Corporation



CHENG CHAOSHENG

Married on Singles Day

The couple takes photo with their marriage certificates in Sichuan Province on November 11. Singles Day is a day for people who are single, celebrated on November 11 in China. Over the past few years it has also become an annual date for sales by online vendors similar to Cyber Monday in the United States, though much larger.

In addition, China will launch about 30 navigation satellites to provide accurate and reliable global positioning and navigation services.

More Uranium

Chinese geologists have found more uranium deposits in China's largest uranium mine, Xinhua learned on November 6.

Geological exploration around the western areas of the Daying uranium mine, located in Erdos, north China's Inner Mongolia Autonomous Region,

had been ongoing for more than six months this year, said Cheng Liwei, Director of the China Central Geological Survey Fund Management Center.

The belt of uranium at the Daying mine is now thought to be 20 km longer than originally estimated, making the mine the 14th largest in the world, said Cheng.

"Compared with a preliminary survey in 2012, this new discovery represents a uranium deposit increase of about 60 percent," Cheng said.

Uranium is the only commercially available fuel source for nuclear power plants.

Extended Visas

Edmund Thomas Downie shows his visa to the press after becoming the first American citizen to be issued one of the new visas valid for entry within 10 years at the Visa Department of the Chinese Embassy to the United States in Washington D.C. on November 12.

Starting on November 12, under a new agreement announced during the Asia-Pacific Economic Cooperation Economic Leaders' Meeting in Beijing, China and the United States will grant each other's citizens business or tourist visas valid for entry within 10 years time. The validity of student visas will also be extended to up to five years.



YIN BOGU

CPI and PPI

China's consumer price index (CPI), a main gauge of inflation, grew 1.6 percent year on year in October, the National Bureau of Statistics (NBS) revealed on November 10.

The growth showed similarity to September's, which was the lowest since January 2010, the NBS said.

On a monthly basis, October's CPI was flat against the previous month, compared with September's 0.5-percent increase.

The inflation index grew 2.1 percent year on year in the first 10 months, well below the 3.5-percent full-year target set by the government.

Meanwhile, China's producer price index (PPI), which measures inflation at wholesale level, dropped 2.2 percent year on year in October, the NBS said.

On a monthly basis, the PPI index contracted 0.4 percent from the previous month, the same as that of September.

The PPI declined for the 32nd straight month and more quickly than the previous month, which indicates existing pressure from subdued manufacturing activities and economic growth momentum.

The PPI had dropped 1.8 percent year-on-year in September, 1.2 percent in August and 0.9 percent in July.

In the first 10 months, the country's PPI dropped 1.7 percent year-on-year.

Surging Exports

China's exports rose 11.6 percent year on year to hit \$206.87 billion in October, data from the General Administration of Customs showed on November 8.



OPENING UP TO THE NORTH

A train loaded with commodities sails into Manzhouli railway freight station, Inner Mongolia Autonomous Region, on November 8

The October growth rate has decelerated compared to September's 15.3 percent, which was the fastest growth rate in 19 months.

Imports in October stood at \$161.46 billion, up 4.6 percent.

Total exports and imports rose 8.4 percent to \$368.33 billion in October, as trade surplus expanded to \$45.41 billion, up 46.3 percent.

In the first 10 months of this year, China's total exports and imports hit \$3.53 trillion, up 3.8 percent. Trade surplus during the period stood at \$277.11 billion, up 38.5 percent year on year.

During the January-October period, trade with the European Union, China's largest trading partner, saw the fastest growth of 9.8 percent, amounting to \$509.23 billion.

Trade with the United States, China's second largest trading partner, came in at \$453.74 billion, up 5.5 percent. China-ASEAN trade went up 7.4 percent to \$391.72 billion.

In contrast, trade between the Chinese mainland and Hong Kong fell 10.1 percent to \$297.05 billion in the first 10 months, while trade with Japan fell 0.1 percent to \$259.51 billion.

Energy Agreement

China and Russia signed agreements on November 9 to boost their energy cooperation, including a memorandum of understanding (MOU) to develop a second route to supply China with Russian natural gas.

Chinese President Xi Jinping and his Russian counterpart Vladimir Putin witnessed the signing of a series of bilateral cooperation agreements, including an MOU of the China-Russia West Route natural gas pipeline and a framework agreement between China National Petroleum Corp., China's largest oil and gas producer, and Russia's energy giant Gazprom.

The two countries have seen broader and closer feasible cooperation in new situation, according to the two leaders.

They agreed to push forward the construction of the east route gas pipeline as scheduled, launch the west route at an early date, negotiate major oil projects in an earnest manner and



New Channel

A construction vehicle works at a section of a tunnel of the Jiujiang-Jingdezhen-Quzhou railway in east China's Jiangxi Province.

Designed to travel at a speed of 200 km per hour and with an approved investment of 25.92 billion yuan (\$4.23 billion), the 333-km railway is expected to be completed in 2017.



LONG HONGTONG

Ready to Set Sail

Ships float on the main course of Xiangjiang River around Orange Island Bridge in Changsha, capital of central China's Hunan Province.

discuss new cooperation projects of nuclear power and hydropower.

Stock Trading Link

A much-anticipated pilot project to connect stock trading in Shanghai and Hong Kong aims to open up A-shares and usher in further reform in China's capital market.

The China Securities Regulatory Commission and the Hong Kong Securities and Futures Commission announced on November 10 that they had approved the launch of the pilot project to provide mutual-trading access between the Shanghai and Hong Kong bourses.

Investors will be allowed to trade eligible shares listed on either market through local securities firms or brokers from November 17.

The project allows a maximum cross-border investment of 550 billion yuan (\$90

ORGANIC AGRICULTURE

Farmers of the Chushantou Eco-Agricultural Cooperative harvest organic chrysanthemum in Jing'an County, east China's Jiangxi Province



XU JINSHI

billion) and a daily two-way quota of 23.5 billion yuan (\$3.84 billion).

Yuan Clearing Bank

China's central bank on November 9 appointed the Industrial and Commercial Bank of China (ICBC) to clear transactions involving the country's currency, the Renminbi or yuan, in Canada's financial hub of Toronto.

According to a memorandum of understanding (MOU) between the two central banks, the People's Bank of China (PBC) decided to authorize the Canadian branch of ICBC to clear yuan transactions in Toronto, the PBC said in a statement on its website.

The PBC signed the MOU with the Bank of Canada on November 8. In the MOU, the Canadian central bank promised to support the establishment of a yuan clearing bank in Canada.

Also on November 8, the two central banks signed a currency swap deal worth 200 billion yuan (\$32.64 billion) or 37 billion Canadian dollars.

Aircraft Export

Harbin Aircraft Industry Group Co. Ltd. (HAIG), a subsidiary of Aviation Industry Corp. of China (AVIC), on November 11 signed a contract with a U.S. airliner to sell 20 Y12 series aircraft to the firm.

The aircraft will be used for sight-seeing tours and cargo transport from Las Vegas to the Grand Canyon. This is the first time China has exported civil aircraft to the United States.

The HAIG, based in Harbin, capital of northeast China's Heilongjiang Province, is a component supplier for world famous aviation enterprises such as Boeing and Airbus and has independently developed a variety of aircraft, including helicopters and light regional aircraft.

The Y12 series aircraft is a light and general purpose aircraft. The high wing two-engine aircraft can be used for both passenger and cargo transportation, as well as parachute jumping and touring.

HAIG has sold 130 units of its Y12 series aircraft to more than 20 countries and regions worldwide.

Funding Boost

Chinese smartphone manufacturer Xiaomi Inc. is talking to investors and banks to raise about \$1.5 billion in its fifth round of financing, financial news website Jiemiao of the Shanghai United Media Group reported on November 8.

The fundraising target is roughly \$1.5 billion, which would be the largest investment (excluding IPO) raised by any Chinese company backed by venture capital.

One of the investors is said to be DST Global, a London-based investment firm that focuses on Internet companies, Jiemiao said in the report.

Xiaomi, currently the world's third largest smartphone maker after Samsung and Apple, will use most of the money raised to develop video content for Xiaomi TV, according to the report.



GERMANY

German Chancellor Angela Merkel and Mayor of Berlin Klaus Wowereit place roses in a preserved segment of the Berlin Wall during commemorations on November 9 to mark the 25th anniversary of the fall of the landmark barrier between West and East Germany



RUSSIA

Pedestrians walk under a board listing foreign currency rates against the Russian ruble outside an exchange office in central Moscow on November 10 when Russia's central bank announced to end the dollar/euro currency peg



AUSTRALIA

Queensland police on November 12 patrol near the Brisbane Exhibition and Convention Center where the G20 Summit would be held on November 15-16





THE UNITED STATES

Astronomers watch 3D footage of the comet the spacecraft *Rosetta* would soon land on during a viewing party on November 12 at the University of Maryland in College Park, Maryland. *Rosetta* successfully landed on the comet after sailing through space for more than 10 years



BRAZIL

Men work to construct a 12-meter-high sandcastle that aims to be the highest of its kind in the world in Niterói on November 11



PALESTINE

A fisherman displays his catch at the port in Gaza City on November 10 after Israel allowed, for the first time since 2007, the transport of Gazan fish to the West Bank

↓ FILM MOGUL & ART COLLECTOR

Wang Zhongjun, Chairman of the Beijing-based Huayi Brothers Media Corp., reportedly bought Vincent Van Gogh's masterpiece *Still Life, Vase With Daisies and Poppies* at Sotheby's New York on November 4 for \$61.8 million. This painting was produced in June 1890, one month before the artist attempted to take his own life.

Wang was born in November 1960 in a military family. He joined the army in 1976. After leaving the army, he studied in the United States from 1989 to 1994 and got a master's degree of mass media at State University of New York. In 1994, Wang Zhongjun and his younger brother Wang Zhonglei co-founded Huayi Brothers, which has since evolved into one of China's largest private entertainment groups engaging in film, TV, music and other businesses.

Wang Zhongjun, who has been a fan of painting and art since childhood, has a reputation as an influential art collector.



Will Ebola Be Transmitted to China?

Caixin Century Weekly
October 27

The Ebola epidemic in West Africa is continually worsening. The World Health Organization predicts that by December, new cases can be expected to reach up to 10,000 per week.

The Ebola virus is one of the most dangerous to be identified in human history. The recent outbreak in West Africa is not the pathogen's first. In 1976, the first ever Ebola outbreak, in Zaire, now the Democratic Republic of the Congo, killed 280 people.

This time around, more than 14,000 cases, including those suspected, probable and confirmed, have been reported in a number of countries including Guinea, Liberia, Sierra Leone, Spain, the United States, Nigeria and Senegal. Of this total, more than 5,000 sufferers have so far died.

At present, Africa is no longer an isolated continent. The Ebola outbreak in Africa concerns the whole world including China. Economic ties between China and African countries are growing increasingly closer, with 1 million Chinese living and working in Africa and 100,000 Africans living in south China's Guangdong Province alone.

As the Ebola virus continues to spread in Africa, is there a risk that the virus may be transmitted to China? Chinese experts believe that chances for the virus to become widespread in China are slim. In addition, the country's disease prevention and control system has improved since the SARS outbreak in 2003. However, China should remain vigilant given the unpredictability of the virus.



Taking Root in Cities

Oriental Outlook
November 6

The household registration system, or *hukou*, is regarded as a vitally important element of a person's life in China. The system, which was formed during the era of the country's planned economy, has played an important role in controlling population migrations. However, as China's economy and society undergo ever more profound reforms, the negative impact of the system has become increasingly obvious. Although China has attempted to reform the system many times in the past 30 years, the speed and efficacy of such reforms have fallen short of the public's expectations.

In July, the Central Government published a document on the further reform of the *hukou* system, putting an end to the dual household registration system that divided the nation into rural and urban populations.

According to statistics for 2013 published by the National Bureau of Statistics, 289 million people lived away from their registered place of residence, among which 245 million were migrant people. *China's Migrant Population Report for 2013* published by the National Health and Family Planning Commission showed that in 2012, the average age among

"Efforts must be stepped up to advance market-oriented reforms, and a final push may even be needed to give impetus to them at an appropriate time."

Lu Feng, a Peking University professor in economics, stating Chinese President Xi Jinping's latest elaboration on the "new normal" theory has served to build consensus for bolder economic reforms

"The official will be held accountable even after he goes to other posts, retires, or quits his job."

Yuan Shuhong, deputy head of the Legislative Affairs Office of the State Council, noting that China is to set up a lifelong accountability system for officials in a recent interview with China Radio International



members of the migrant population was 28. The younger generation of migrants was reported to have moved to cities at an earlier age and to live further away from their hometowns in comparison to previous generations. They have also displayed a clear preference for settling in big cities.

Against this backdrop, the goals of the recent spate of *hukou* system reforms are twofold: to promote the transformation of the migrant rural population to urban residents and to establish an entirely new registration system.

Don't Play With Your Phone While Driving

Xinhua Daily Telegraph November 3

As smartphones become widely used and social networking platforms such as Twitter-like micro-blogging service Weibo and instant messaging tool WeChat gain popular traction, many drivers have gotten into the habit of checking their Weibo or WeChat or even taking photos with their phones while driving.

In recent years, drivers who use their phones while driving have caused many traffic accidents. However, there are no laws governing behaviors such as driving while looking at one's micro-blog or WeChat.

Designating such behaviors as a crime would greatly help to reduce traffic accidents. However, it is highly possible that such an initiative would meet with difficulties in reality. For example, as many drivers use Global Positioning System (GPS) applications on phones while driving, offenders may defend themselves by claiming that they were not looking at social networking platforms but at their GPS. This poses a considerable challenge for the drafting and implementation of any related legislation.

Every driver should be responsible for the safety of themselves and their passengers and be encouraged to avoid reckless behaviors. If dangerous driving practices continue, the legislature will have no option but to enact new laws to ensure road safety.



DESIGNER FOR APEC LEADERS

Luo Zheng, a prominent fashion designer in China, has become a focus of the fashion world as one of the designers of outfits for APEC economic leaders, who held their annual meeting in Beijing in early November. This year's outfits were widely applauded for successfully combining traditional Chinese elements with modern fashion concepts.



Luo was born in June 1970 in Beijing. She graduated from Shenzhen University in 1991. Five years later, she created her own fashion brand and became chairwoman and design director of her own clothing company in Shenzhen, south China's Guangdong Province.

Luo has been known as a talented designer in the fashion circle. She was honored as one of China's top 10 fashion designers in 2002. She has also won awards by global fashion brands like U.S. brand Nautica, and was invited to design for French brand Louis Vuitton.

"The new arrangement will facilitate the introduction of yuan-denominated investment products by financial institutions in Hong Kong and enhance its position as an offshore yuan business center."

Norman Chan, Hong Kong Monetary Authority Chief Executive, commenting on the central bank's decision to abolish the daily 20,000 yuan (\$3,260) conversion cap for Hong Kong residents

"Monetary policy in China is clearly geared toward the long term, and China has the benefit of large reserves and a growing economy, with a vigilant central bank. I think all the ingredients are there to address the potential market volatility."

Christine Lagarde, Managing Director of the International Monetary Fund, speaking in Beijing on November 12

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亚太经合组织第二十二次领导人非正式会议 THE 22ND APEC ECONOMIC LEADERS' MEETING

中国 北京

2014年11月11日

BEIJING, CHINA



COVER STORY

APEC'S NEW VISION

The Beijing Agenda draws a blueprint for an integrated, innovative and interconnected Asia-Pacific By Yu Shujun

FTAAP," "connectivity" and "innovation" were among the buzzwords during the Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Week (November 5-11) in Beijing and they will certainly become the keywords for the Asia-Pacific region's future development.

Revolving around the theme of Shaping the Future Through Asia-Pacific Partnership, this year's APEC Economic Leaders' Meeting focused on the three major topics: advancing

regional economic integration; promoting innovative development, economic reform and growth; as well as strengthening connectivity and infrastructure development.

On November 11, after their annual meeting ended, APEC economic leaders released two important documents—the 22nd APEC Economic Leaders' Declaration: Beijing Agenda for an Integrated, Innovative and Interconnected Asia-Pacific and the Statement on the 25th Anniversary of APEC: Shaping the

Future Through Asia-Pacific Partnership.

"The two documents further define the directions, goals and actions of the region's development and mark the beginning of a new era of Asia-Pacific cooperation," Chinese President Xi Jinping told the media at a press conference after the 22nd APEC Economic Leaders' Meeting closed.

The latter is a commemorative statement—the first of its kind in the history of APEC—which "we believe will give strategic

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ONE BIG FAMILY: APEC economic leaders pose for a group photo during their annual meeting in Beijing on November 11

guidance to the APEC, consolidate its position and give full play to its role of leading and coordinating economic cooperation in the Asia-Pacific region," said Xi.

The 21 APEC member economies have a combined population of 2.8 billion, or 40 percent of the world's total, generate 57 percent of the world's GDP and contribute 48 percent to global trade. Facing the uneven recovery of the world economy, the Asia-Pacific has entered a new stage of development with both new opportunities and new challenges.

Xi said that APEC economic leaders have reached consensus that economic integration is the driving force behind the region's sus-

tained strong growth in the long term.

Facilitating FTAAP

The APEC economic leaders endorsed a roadmap for promoting the Free Trade Area of the Asia-Pacific (FTAAP) process. This is "a historic step we took toward realizing the FTAAP," marking the official launch of the process and demonstrating the confidence and determination of APEC members in advancing regional economic integration, said Xi.

The decision will raise integration to a new and higher level, benefit economies at various development stages across the Pacific Ocean and inject new energy into the growth of the

region and all APEC member economies, the Chinese President said.

According to the APEC economic leaders' declaration, APEC member economies will begin studying issues surrounding the FTAAP and will submit recommendations by the end of 2016.

"APEC has been called the 'incubator' of an FTAAP for years," said Gao Hucheng, China's Commerce Minister at a press conference after the APEC Ministerial Meeting adopted the roadmap on November 8. "Launching the joint strategic study on FTAAP issues marks a progression of the APEC's role from being an 'incubator' to being a facilitator for the FTAAP."

Trade and investment facilitation was set as the objective when APEC was established 25 years ago. In 2006, APEC economic leaders put forward the vision of an FTAAP, but it was not an objective that could be achieved immediately.

In 2010, the APEC Economic Leaders' Meeting agreed to accept regional FTA negotiations—such as ASEAN plus Three, ASEAN plus six and the Trans-Pacific Partnership (TPP)—as potential pathways to the FTAAP and to make APEC an incubator of the FTAAP. But no real progress was made.

In recent years, all kinds of regional FTAs have thrived within the Asia-Pacific region. However, Gao said, due to different rules, standards and development levels of the region's economies, they failed to facilitate cross-border trade and investment.

A report released on November 7 by the Pacific Economic Cooperation Council (PECC), a non-governmental official observer of APEC, said a high-quality FTAAP that includes all APEC members would increase the size of the global economy by \$2.4 trillion by 2025. The report also suggested that further liberalization via the U.S.-led TPP and

SHARING WISDOM: APEC economic leaders hold their annual meeting in Beijing on November 11



the ASEAN-led Regional Comprehensive Economic Partnership (RCEP) should only add an estimated \$223 billion and \$644 billion to the global economy, respectively.

"Economies in the Asia-Pacific region hope the FTAAP can come to fruition as soon as possible after being incubated for years to bring greater benefits to companies and people in the region," said Gao.

Roberto Azevedo, Director General of the World Trade Organization (WTO), believed that the FTAAP agreements would be compatible with multilateral trade systems and would complement the WTO. "Any move toward trade liberalization and against trade protectionism is a good move," Azevedo told a press conference on November 8 in Beijing.

Michelle Bachelet, President of Chile, expressed her strong support for the launch of the roadmap to realize the FTAAP, in a speech at the APEC CEO Summit 2014 on November 9.

"We're certain that we'll build upon the many regional treaties already in place or under negotiation, such as the Pacific Alliance, the RCEP and the TPP," said Bachelet.

"The various regional integration projects in the Pacific region are no zero-sum game," she added. "On the contrary, they complement each other and reflect the variable geometry of a complex and diverse but ultimately highly dynamic and creative region, one that is setting the course and giving shape to the new century."

Improving connectivity

APEC economic leaders also set the targets to enhance regional physical, institutional and people-to-people connectivity by 2025.

Despite the achievements in promoting connectivity within the region, challenges persist. There is still a disparity in the quality of and access to infrastructure throughout the region, and a large gap in the ability of institutions to promote connectivity due to various regulatory constraints or

lack of capacity. On people-to-people exchanges, much work still needs to be done to ease barriers to interaction and mobility.

To tackle these issues, Xi said that the APEC members agreed to expand cooperation in infrastructure investment and financing, promote public-private partnerships, and thereby break the financing bottleneck.

As the Chinese saying goes, "to end poverty, build a road." Infrastructure construction and connectivity are a prerequisite for regional economic integration.

"Just imagine the economic power that will be unleashed when the rest of the world becomes connected," said Greg Boyce, Chairman and CEO of Peabody Energy from the United States, at the APEC CEO Summit on November 10. "China is a perfect example of what happens: Over the last 10 years, 600 million people have been moved up."

A PwC report shows that Asia's infrastructure market is going to grow by 7-8 percent annually over the next decade, to reach \$5.3 trillion by 2025, or 60 percent of the world's total.

China has a competitive advantage in infrastructure construction, and is willing to participate in international infrastructure projects and cooperation in connectivity, said Wang Zhenyu, an associate researcher with the China Institute of International Studies.

Right before the APEC Economic Leaders' Meeting, Chinese President Xi announced on November 9 that China will contribute \$40 billion to set up a Silk Road Fund at a dialogue meeting on strengthening connectivity with China's neighboring countries. The goal of the new fund is to "break the bottleneck in Asian connectivity by building a financing platform."

The fund will be used to provide investment and financing support for carrying out infrastructure, resources, industrial cooperation, financial cooperation and other projects related to connectivity for those countries.

In terms of institutional connectivity, APEC economic leaders will strive to make progress in addressing issues of trade facilitation, structural and regulatory reforms, as well as facilitating transport and logistics.

In his opening remarks at the leaders' meeting, Xi announced that China will donate \$10 million for institutional development and capacity building for APEC and provide 1,500 training locations for developing APEC member economies to build their capacity in trade and investment.

APEC economic leaders also pledged to facilitate the movement of people across borders and the exchange of innovative ideas.

They set the goals for people-to-people connectivity at achieving 1 million intra-APEC student exchanges per year by 2020 and increasing the number of student exchanges to developing economies, as well as 800 million APEC tourist arrivals by 2025.

At the APEC CEO Summit, U.S. President Obama announced that China and the United States have agreed to implement a new arrangement for visas: Student visas will be extended to five years and business and tourist visas will be extended to 10 years. Currently, visas between the two countries last for only one year.

According to a 2013 report by the World Tourism Organization and the World Travel & Tourism Council, visa facilitation could bring APEC 38-57 million additional international tourist arrivals by 2016. The inflow of additional international tourism receipts generated by these additional arrivals could reach \$62-89 billion. The total number of jobs created as a consequence of this increase is estimated to reach 1.8-2.6 million.



Wang believed that regional connectivity will become a new pillar, together with trade liberalization, investment facilitation and technological cooperation, to prop up the economic integration of APEC.

New driving forces

Amid the uneven recovery of the global economy, economic growth in the Asia-Pacific region has lost some steam. For the first half of 2014, the region's combined GDP growth only expanded by 3.9 percent, down from the 4.3-percent growth rate in the second half of 2013, according to a statement by Denis Hew, Director of the APEC Policy Support Unit, when releasing APEC's latest Economic Trends Analysis report at a news briefing in Beijing on November 6.

The slower growth happened in both devel-

oped and developing economies in the region, due to a number of factors including gradual recovery of developed economies, more subdued trade activities globally and domestic demand, said Hew.

In 2014, the Asia-Pacific region's GDP is estimated to grow 3.9 percent, 0.1 percentage point lower than that in 2013.

To achieve strong, sustainable, balanced and inclusive growth over the longer term, new sources of growth should be created.

APEC economic leaders reached an accord that the Asia-Pacific region should continue to deepen structural reform, strengthen innovative growth and promote closer cooperation in five pillars—economic reform, new economy, innovative growth, inclusive support and urbanization.

They agreed to convene a ministerial

meeting on structural reform in 2015 to discuss issues including overcoming the middle-income trap.

Furthermore, they will tap into the growth potential of emerging sectors such as the Internet economy.

Under this inclusive support pillar, they will strengthen cooperation on entrepreneurship and employment, the health sector, food security and safety, and sustainable agricultural development. Disaster prevention and mitigation, social responsibility, business ethics and anti-corruption efforts are also suggested, alongside an emphasis on the participation of women in the economy. ■

 yushujun@bjreview.com



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