

**WORLD: CHINA, ASEAN LINK P.18 | NATION: WORLD INTERNET CONFERENCE P.24**

# BEIJING REVIEW

VOL.57 NO.48 NOVEMBER 27, 2014

北京周報 WWW.BJREVIEW.COM



## POWER ON

**G20 members pledge to jump-start the global economy**

RMB6.00  
USD1.70  
AUD3.00  
GBP1.20  
CAD2.60  
CHF2.60

ISSN 1000-9140



JPY188

邮发代号2-922 · 国内统一刊号: CN11-1576/G2

A photograph of a diverse group of business professionals, including men and women of various ethnicities, seated in a lecture hall with red chairs. They are all smiling and looking towards the right side of the frame, suggesting they are attending a presentation or conference.

# Ready for the next 20 years?

Shanghai | Beijing | Shenzhen | Accra

For 20 years China Europe International Business School has provided thousands of clients with the business management skills needed to succeed in China and across the globe. We're ready for the next two decades. Are you?

MBA	<a href="mailto:admissions@ceibs.edu">admissions@ceibs.edu</a>
FMBA	<a href="mailto:fmba@ceibs.edu">fmba@ceibs.edu</a>
Executive MBA	<a href="mailto:exed@ceibs.edu">exed@ceibs.edu</a>
Global Executive MBA	<a href="mailto:gemba@ceibs.edu">gemba@ceibs.edu</a>
PhD	<a href="mailto:phd@ceibs.edu">phd@ceibs.edu</a>

CEIBS is the only Asian business school that has achieved FT ranking for its MBA, EMBA and Executive Education programs.

## EDITOR'S DESK

02 Contributing to Global Growth.....

## THIS WEEK COVER STORY

## WORLD

20 Pushing for Closer Links  
China and ASEAN create lasting  
benefits

## NATION

28 A New Window to Space  
China's coastal launch site readies  
for blastoff

## BUSINESS

36 Online Shopping Carnival  
E-commerce shoots domestic  
consumption up  
38 Brightening Up the Silk Road



## 12 COVER STORY

**Investing in Resilient Growth**  
China revitalizes at Brisbane G20 Summit

## WORLD

**P.18 | Oceanic Opportunities**  
President Xi seeks cooperation in South Pacific

## NATION

**P.24 | An Internet 'Davos'**  
Cyberspace governance highlighted at  
industry gathering

Silk Road Economic Belt benefits from  
pipelines  
40 Market Watch

## CULTURE

44 The Vitality of a Traditional Art  
Traditional meets modern in crosstalk  
performances

## FORUM

46 How Should Primary Schools  
Conduct Sex Education?

## EXPAT'S EYE

48 11/11 2.0  
The struggle and conquering over  
Singles Day



## BUSINESS

**P.32 | Bridge Opens,  
Markets Soar**  
Shanghai-HK Stock  
Connect launched



©2014 Beijing Review, all rights reserved.

[www.bjreview.com](http://www.bjreview.com)



Follow us on



YouTube



**BREAKING NEWS » SCAN ME » Using a QR code reader**

Beijing Review (ISSN 1000-9140) is published weekly for US\$64.00 per year by Cypress Books, 360 Swift Avenue, Suite 48, South San Francisco, CA 94080. Periodical Postage Paid at South San Francisco, CA 94080. POSTMASTER: Send address changes to Beijing Review, Cypress Books, 360 Swift Avenue, Suite 48, South San Francisco, CA 94080

北京周刊

## BEIJING REVIEW

A News Weekly Magazine  
Published Since 1958

**President:** Li Yafang

**Vice President:** Qi Wengong

**Associate Editors in Chief:** Li Jianguo, Huang Wei,

Wang Yanjuan, Zhou Jianxiong, Ding Zhitao

**Assistant President:** Li Zhenzhou

**Assistant Editor in Chief:** Wa Chunfang

**Executive Editor:** Ding Zhitao

**Assistant Executive Editors:** Zan Jifang, Liu Yuryun, Yu Shujun,

**Production Director:** Yao Bin

**Editorial Administrators:** Liu Xinlian, Shi Bosen

**Commentators:** Zhang Zhiping, Lan Xinzhen, Yan Wei

**Opinion/Culture Editor:** Yan Wei

**World Editor:** Liu Yuryun

**Nation Editor:** Zan Jifang

**Business Editor:** Yu Shujun

**Web Editor:** Chen Ran

**Editorial Consultants:** Joseph Halvorson, Kieran Pringle, Eric Daly,

Kyle McIntyre

**Staff Reporters:** Tang Yuankai, Ding Ying, Wang Jun, Yin Pumin,

Pan Xiaoqiao, Yuan Yuan, Wang Hairong, Yu Lintao, Zhou Xiaoyan,

Bai Shi, Li Fangfang, Deng Yaqing, Ji Jing

**Photo Editor:** Wang Xiang

**Photographer:** Wei Yao

**Art:** Li Shigong

**Art Director:** Wang Yajuan

**Chief Designer:** Cui Xiaodong

**Designer:** Zhao Boyu

**Proofreading:** Ma Xin

**Distribution Director:** Hu Keqiang

**Advertising Director:** Yang Jincheng

**Human Resources:** Zhang Yajie

**Marketing/PR Director:** Pan Changqing

**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**

**Tel:** 86-10-68310644

**E-mail:** circulation@bjreview.com.cn

**Published** every Thursday by

BEIJING REVIEW, 24 Baiwanzhuang Lu,

Beijing 100037, China.

**Overseas Distributor:** China International Book Trading

Corporation (Guoji Shudian), P. O. BOX 399,

Beijing 100044, China

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

**Fax:** 86-10-68412166

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

**Website:** <http://www.cibtc.com>

**General Distributor for Hong Kong, Macao and Taiwan:**

Peace Book Co. Ltd.

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

**Tel:** 852-28046687 **Fax:** 852-28046409

*Beijing Review* (ISSN 1000-9140 USPS 2812) is published weekly in the United States for US\$64.00 per year by Cypress Books,

360 Swift Avenue, Suite 48, South San Francisco, CA 94080

News Postage Paid at South San Francisco, CA 94080

POSTMASTER: Send address changes to *Beijing Review*,

Cypress Books, 360 Swift Avenue, Suite 48,

South San Francisco, CA 94080

# EDITOR'S DESK

## Contributing to Global Growth

The highlight of this year's Group of 20 (G20) Summit in Brisbane, Australia, was the formulation of a comprehensive growth strategy raising the collective GDP of all the 20 nations by 2 percent within five years. This is the first time that the G20 has set concrete goals for economic growth.

In the time since the financial crisis, the global economy has grown at a slower pace than usual. Amid the influence of an oil price slump, depreciation of the Japanese yen, and geopolitical frictions, Western economies face an arduous recovery. China, however, has maintained stable growth, although the growth of its economy has slowed in the past two years. Many other countries are eyeing the opportunities that will be created by China's future development.

The G20 summit has made two prescriptions for future economic growth: increasing investment in infrastructure and expanding trade. These prescriptions are compatible with China's strategies.

The Chinese Government announced at the G20 summit that it will launch overseas investment of \$500 billion in five years as part of its contribution to regional and global infrastructure investment and financing. In the meantime, the government is seeking to facilitate trade by simplifying customs procedures and improving service.

China will also participate more actively in global economic cooperation through openness. For instance, it promised to publish oil

inventories on a regular basis, according to the International Monetary Fund's standards for data release.

China's intensified reform not only provides momentum for its own economic growth but also promotes global economic recovery. According to the Ministry of Finance, China's contribution to the 2-percent growth target set during this year's G20 summit will register as high as 30-40 percent, when measured in terms of investment, trade, employment and competitiveness.

According to the predictions of the World Bank, China's contribution to the world economy this year will be around 27 percent, the highest in the world. However, China and other emerging countries have a relatively weak power of discourse in international economic development. Although the international economic order has undergone dramatic changes, represented by the shift of the global economic center to the East, the management system of the world economy is still dominated by the West. Reform of the international economic order is urgently needed.

G20 members should be dedicated to building a fair, equitable, inclusive and orderly international financial system, increasing the voice of emerging economies and developing countries, and ensuring countries have equal rights and opportunities. Only in this way can the G20 play its role in stabilizing global economy, promoting global growth and improving global economic governance. ■

### WRITE TO US



Send an e-mail: [contact@bjreview.com.cn](mailto: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48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



# EXTENDING WARM GREETINGS

Middle school students in Xingtai, north China's Hebei Province, display greeting cards in celebration of World Hello Day on November 19.

Everybody can participate in World Hello Day, which falls on November 21 every year, simply by greeting 10 or more others. The holiday, which originated as a response to the 1973 Arab-Israeli War, aims to demonstrate the importance of personal communication in preserving peace. It has been increasingly celebrated in China in recent years as an occasion to express good will between people.



LUO SHANXIN

## Playing Dress-Up

Teachers and students from Tianma School in Zhuji, east China's Zhejiang Province, put clothes and other accessories on the scarecrows they have been making over the previous week on November 18.

Students have made full use of their imaginations and felt the pleasure of making things using their own hands during the process. The scarecrows have been modeled on the characters of the 1900 novel *The Wonderful Wizard of Oz* by American author L. Frank Baum.

## Aid in Need

With health and education at the core of its efforts, the government will provide assistance to children from rural impoverished families starting from their birth until they finish compulsory education, a statement released by the State Council, China's cabinet, revealed on November 19.

A national plan to promote the development of children in poverty-stricken areas was approved at a State Council meeting that day, which emphasized on the accessibility of free neonatal screening services for newborns.

With higher medical insurance compensation, pregnant women in rural areas will be encouraged to seek out prenatal checkups and diagnosis as well as hospital delivery care, according to the plan.

Rural children from impoverished areas with serious diseases such as leukemia will receive more compensation from the national medical insurance

program. The government will also pilot nutrition improvement education for infants and children in poverty, the document added.

## Legality in Space

China will always abide by international space law and is making great efforts to introduce its own laws in 2020, the China National Space Administration (CNSA) said on November 17.

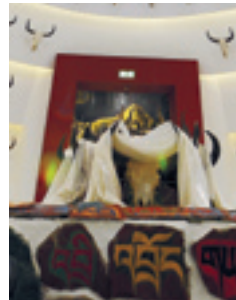
Xu Dazhe, Director of the CNSA, told the 2014 Workshop on Space Law in Beijing that the country has already made policies and regulations in the administration of civil space launches, registration of satellites and reduction and prevention of space debris.

"A space law has been listed in the national legislation plan, and the CNSA is drafting the law," said Tian Yulong, Secretary General of the CNSA.

China has made rapid development in space exploration and now is rushing to establish basic infrastructure in outer

## YAK MUSEUM

Yak heads are displayed at the world's first yak-themed museum in Lhasa, Tibet Autonomous Region, which opened to the public on November 15



CHOCO

space, including remote sensing, communication and navigation.

## International Manhunt

The Ministry of Public Security announced on November 17 that 288 suspects have been seized in an international manhunt targeting corrupt officials and economic criminals that have fled the country. Overall, 126 suspects have turned themselves in.

Ministry sources revealed that 21 of the suspects have been at large for more than 10 years.

A total of 84 suspects were seized from developed countries such as the United States, Canada, Japan and Belgium.

The Fox Hunt 2014 operation was launched in July to "block the last route of retreat" for corrupt officials after the country's crackdown narrowed the space for abuse of power.

## Expectant Births

The number of couples applying to give birth to a second child since the only-child policy was relaxed reached nearly 800,000 at the end of September, said a family planning official on November 18.

The number falls within expectations, said Song Shuli, a spokeswoman for the National Health and Family Planning Commission, at a press conference.

The new policy, which has been in effect since March in most localities, allowed couples to have a second offspring if at least one parent is an only child.

The relaxation came as the world's second largest economy strives to address the issues of labor force and an aging population.

The one-child policy had limited most couples to only one child in order to control population growth.

## Champion Computer

*Tianhe-2*, the super computer developed by China's National University of Defense Technology, has retained the top spot as the world's fastest supercomputer for the fourth year running, according to a biannual Top 500 list of supercomputers released on November 17.

The updated list came on the heels of an announcement on November 14

by the U.S. Department of Energy that it will spend \$325 million building two supercomputers, which will be three to five times faster than *Tianhe-2*.

However, Jack Dongarra, a professor at the University of Tennessee and the compiler and editor of the list, said that before the U.S. systems are put into operation in 2018, there will be no machine that will possibly dethrone the Chinese supercomputer.

*Tianhe-2*, which means *Milky Way-2* in Chinese, can operate at 33.86 PFLOPS, the equivalent of 33,860 quadrillion floating point calculations per second.

The National Supercomputer Center in Guangzhou in south China's Guangdong Province, where *Tianhe-2* is installed, is reportedly making an update to increase the system's speed to more than 100 PFLOPS.

## Lake Protection

Central authorities have vowed to avoid the previous "treatment-after-pollution" approach in an action plan to protect China's lakes from pollution.

The document, published on November 18, mapped out measures to be taken between 2013 and 2020 to protect 365 lakes across the country that have relatively good water quality.

The protection will be carried out in five major areas including northeast China, east China, the Yunnan-Guizhou Plateau, the Qinghai-Tibet Plateau and the Inner Mongolia-Xinjiang regions.

Lakes that are major drinking water sources or possess important ecological functions will be a priority.

A report released by the Ministry of Environmental Protection earlier

**"The focus of protecting our lakes will change from simply emphasizing water quality to paying more attention to the ecology of the entire lake basin."**

Zheng Binghui, Deputy Director of the Chinese Research Academy of Environmental Sciences



## Personal Touch

Visitors try wearable electronic devices at the 16th China Hi-Tech Fair in Shenzhen, south China's Guangdong Province, on November 18.

Opening on November 16, the six-day event focused on scientific innovation and low-carbon lifestyles. More than 3,000 exhibitors from over 50 countries and regions participated.

this year revealed 17 out of China's 31 major freshwater lakes are suffering from pollution at "slight" or "moderate" levels. Pollution in the Dianchi Lake in southwest China's Yunnan Province was rated as "severe."

## Transient Dwellers

China's migrant population reached 245 million at the end of 2013, composing more than one sixth of the nation's total population, a government report said on November 18.

The trend of people moving into big cities has not changed, and the aver-

age age of the migrant population is rising, according to the report released by the National Health and Family Planning Commission.

At the end of 2012, the migrant population, those who have left their birthplaces to live and work elsewhere, amounted to 236 million. Many of the group are former farmers who go to cities to open small businesses or provide cheap labor in hopes of higher pay and a better life.

Over 62 percent of the migrant couples' children aged 6 to 15 have moved along with their parents, the report said.

## Cross-Straits Tourism

Tourists from the Chinese mainland line up for the chance to pose for pictures at the Sun Moon Lake in Taiwan.

More than 1 million personal trips had been made to Taiwan by Chinese mainland visitors this year, according to official data released on November 16.

The Taiwan Straits Tourism Association estimated that the number of trips from the Chinese mainland to Taiwan will surpass 3 million by the end of the year.

Total trips by mainlanders to Taiwan since 2008 exceeded 10 million in early November, including 8.3 million group trips and 1.7 personal trips.



## Home Price Decline

Home prices in most Chinese cities continued to drop in October despite easing restrictions, official data showed on November 18.

New housing prices in 69 of 70 major cities showed month-on-month drops in October, the National Bureau of Statistics (NBS) said.

Only Zhengzhou, capital of central China's Henan Province, avoided the trend, with prices remaining flat from the previous month.

This latest data marks the sixth consecutive monthly drop in the residential property market.

On an annual basis, house prices in 67 out of the 70 cities were lower from a year ago.

"The pace of decline was eased following mortgage policy adjustments and efforts to cut housing inventories," said Liu Jianwei, a senior statistician at the NBS.

"New measures are expected to push sales of inventories in case of a further price slump," said Kuang Xianming, Director of the Economic Research Center at the China Institute for Reform and Development.

## Easing Burdens

With continued pressure on the Chinese economy, China's State Council pledged a list of measures to ease financing burdens for companies on November 19.

After a string of moves to tackle this problem was rolled out in July, high financing costs have eased in some regions but still remain a prominent bottleneck for businesses, said a statement released after an executive meeting of the State Council presided over by Premier Li Keqiang.

The calculation of the loan-to-deposit ratio should be granted more flexibility for financial institutions to



## GIANT DEVICE

A deep water semi-submersible offshore drilling rig built by China Oilfield Services Ltd. is put into use in Yantai, east China's Shandong Province on November 19

improve their capability to support small and micro businesses as well as farmers, the statement said.

China will speed up the growth of private banks and encourage financial institutions to provide multi-faceted financial services to companies through community and cellphone banks. The government also encourages Internet finance companies to provide standardized services to smaller businesses, farmers and the rural economy.

Performance assessment for Chinese commercial banks should also be improved to curb the tendency of preferring big projects and high loan interest rates.

China will also lower the threshold for small and innovative firms to get listed on the stock market, scrapping the requirement that only companies that register continuous years of profits are eligible to be listed.

## FDI Inflows Rise

Foreign direct investment (FDI) into the Chinese mainland rose 1.3 percent in October year on year to \$8.53 billion, the Ministry of Commerce (MOFCOM) said on November 18.

The rate of growth was lower than the 1.9 percent growth in September, after a 14-percent slump in August.

For the first 10 months, the FDI, which excludes investment in the financial sector, totaled \$95.9 billion, down 1.2 percent from the same period last year. The decline is less than the 1.4 percent fall registered in the first nine months and 1.8 percent drop posted for the first eight months.

Among the 10 major investors, FDI from South Korea increased 26.4 percent year on year in the first 10 months while that from Britain expanded 32.4 percent.

In contrast, investment from Japan plunged 42.9 percent and that from the United States 23.8 percent. European Union investment was down 16.2 percent.

MOFCOM spokesman Shen Danyang attributed the declines to restructuring of China's manufacturing industry that used to attract the majority of this kind of investment.

FDI into the manufacturing sector



## Ticket to Ride

The first freight train to travel from east China's Yiwu, the world's largest wholesale market for small consumer goods, to Madrid, Spain, embarks on November 18. The 13,000-km line passes through six countries apart from China and Spain, including Kazakhstan, Russia, Belarus, Poland, Germany and France. It takes 21 days to travel the entire course of the line, the longest in all China-European cargo railway.



WU JIANG

## Sustainable Victory

Polycrystalline photovoltaic solar panels soak up the sun at the Guandong Salt Field in Xiangshui County of east China's Jiangsu Province.

On November 18, a booster station in Xiangshui, which is a photovoltaic power generation project with the largest single cell capacity in east China, successfully transmitted electricity.

in the January-October period declined 15.1 percent year on year to \$32.5 billion. The service sector attracted \$53.1 billion, up 6.6 percent.

## ODI Control Loosened

The Chinese Government has relaxed its grip on outbound direct investment (ODI) as domestic enterprises begin to invest heavily abroad.

On November 18, the State Council released a much shorter list of ODI projects needing government approval to encourage enterprises to enter the international market.

Gu Dawei, an official of the National Development and Reform Commission, estimated that around 99 percent of investment projects included on the previous list are now free from long government procedures, and will only need to go through a registration system.

## FORGING AHEAD

Chinese research vessel and icebreaker *Xuelong* (Snow Dragon) embarks from the Australian Port of Hobart on November 20, after a five-day stopover. The vessel left Shanghai in October on the country's 31st Antarctic expedition



BAI YANG

Chinese enterprises have been keen on investing overseas during the last decade with robust mergers and acquisitions in manufacturing, infrastructure, energy, minerals, agriculture and culture.

China is currently the world's third largest investor after the United States and Japan. Last year's ODI amounted to nearly 40 times that in 2002. ODI by non-financial Chinese firms rose 17.8 percent from a year ago in the first 10 months to \$81.9 billion, according to the MOFCOM.

## RMB Clearing in Sydney

The People's Bank of China (PBC), China's central bank, on November 18 appointed Bank of China, one of the country's big four lenders, to clear yuan transactions in Sydney, Australia.

The PBC signed a memorandum of understanding with the Reserve Bank

of Australia on November 17 in the Australian capital Canberra, authorizing the Sydney branch of Bank of China to clear yuan transactions, according to the PBC website.

Under the agreement, China will also grant Australian banking institutions a 50-billion-yuan (\$8.2-billion) quota under the renminbi qualified foreign institutional investors (RQFII) program and increased the maximum amount the Reserve Bank of Australia is allowed to invest in China's interbank bond market to 10 billion yuan (\$1.63 billion).

So far this year, China has reached agreements with Germany, Britain, France, Luxembourg, South Korea and Canada to open local yuan trading centers.

China is Australia's largest trading partner, export market and source of imports. Two-way trade reached \$136.4 billion in 2013, a year-on-year rise of 11.5 percent.

## Listed on NYSE

China's leading car rentals and services provider eHi Car Services Ltd. listed its shares on the New York Stock Exchange on November 18.

The company announced that its initial public offering of 10 million American depositary shares (ADSs), each representing two Class A common shares of the company, was priced at \$12 per ADS, at the low end of its expected price range of \$12 to \$14.

The company's shares opened trading at \$12 a share under the ticker symbol EHIC, but slipped slightly later in trading.

It expects to receive gross proceeds of approximately \$120 million from the offering at closing, assuming the underwriters do not exercise their option to purchase additional ADSs.

Headquartered in Shanghai, eHi initially focused on providing car services to corporate clients when it commenced business in 2006, and then expanded to provide car rentals to individual customers two years later.

By the end of June, eHi had directly operated a total of 760 service locations in 90 cities across China, said the company in its prospectus.



## PAKISTAN

Prime Minister Nawaz Sharif (second left, rear) and visiting Afghan President Ashraf Ghani (left, rear) witness the signing of cooperation documents between the two countries in Islamabad on November 15



## ISRAEL

Emergency services volunteers carry the body of a Palestinian assailant who was shot dead while attacking a synagogue in the ultra-Orthodox Har Nof neighborhood in Jerusalem on November 18. Six people, including two assailants, died in the attack



## VENEZUELA

Cooks attempt to break the Guinness World Record, making a 167-kg, 20-meter-long ham bread in Caracas on November 15



## JAPAN

Japan Airlines employees and journalists watch as the world's newest Airbus A350 XWB airliner lands at the Haneda International Airport in Tokyo on November 19 during an 11-day trip around Asia



## THE UNITED STATES

A New York Air National Guard airman assists in snow removal efforts from the roof of the Eden Heights Assisted Living Facility in West Seneca, New York, on November 19. Some areas of west New York saw more than 1.8 meters of snowfall in just 72 hours



## BRITAIN

Police stand guard at the entrance to a closed-off duck-breeding farm where a case of bird flu has been identified in Nafferton, East Yorkshire, on November 17

## INTERNET RUMORMONGER SENTENCED

**Yang Xiuyu**, a rumormonger with an online screen name of "Lierchaisi" and Manager of Beijing Erma Co., an interactive marketing firm, was sentenced to four years in prison for illegal business practices on November 18 in Beijing. One of Yang's employees, Lu Mei, was sentenced to one and half years in prison that day.



Yang was born in 1973 in northeast China's Jilin Province. He founded Erma in 2006. Between 2008 and 2013, one arm of Erma made more than 530,000 yuan (\$85,000) by posting false information and deleting posts critical of their clients. Another made 220,000 yuan (\$36,500) between May 2012 and 2013 by deleting negative information concerning others. Many of Erma's fakes have caused uproar and discord on the Web.

Neither Yang nor Lu will appeal their verdicts. Yang said in court he hopes everyone can learn a lesson from his crimes.

## Legal Reform Unfolding *Caixin Century Weekly* November 3

The decision adopted at the Fourth Plenary Session of the 18th Communist Party of China Central Committee in October makes clear the goal of promoting the rule of law in China. It pledges to improve China's legal system, enhance the enforcement of the Constitution, promote administration by law and ensure judicial justice. It also underlines the importance of strengthening people's awareness of the rule of law and promoting the building of a society ruled by law.

The decision points out some of the problems that hinder the country's

efforts to advance its rule of law. For example, some laws and regulations have failed to reflect the people's will; therefore, it is hard to apply them to real life situations. Implementation and enforcement of the law are currently weak and some illegal behaviors have not yet received due punishment. Some government officials' awareness of the rule of law is inadequate and they have even used their power to suppress the law. All these problems have posed obstacles to the realization of a country ruled by law. They must be cleared before the rule of law is fully realized in China.



With the blueprint for the rule of law having now been drawn up, the government needs to expend tremendous effort in order to turn this blueprint into a reality.

## Transformation of China's Air Force *China Newsweek* November 10

This year marks the 65th anniversary of the establishment of the People's Liberation Army Air Force (PLAAF). When the PLAAF was founded on November 11, 1949, its top priority was to help the army in cross-sea battles. At that time, the PLAAF was an offensive force, as exemplified by its equipment which mostly comprised attack aircraft, such as bombers and fighters.

After the merging of the PLAAF with the Air Defense Force in 1957, the aerial branch of China's armed forces was gradually developed into a defensive force. This characteristic was evident both in its combat theory and weaponry.

The defense strategy exerted considerable influence on the development of the PLAAF. On the one hand, its defensive competence was continually strengthened, while on the other, its offensive ability was gradually weakened. While the air forces of Western powers were making remarkable progress during the 1980s and 1990s, the PLAAF lagged far behind. Defensive equipment far exceeded offensive equipment and its combat theory remained oriented toward national air defense.

**"China will soon become a net capital exporter with outbound direct investment (ODI) growth of over 10 percent for the next five years."**

**Zhang Xiangchen**, Assistant Minister of Commerce, discussing a shortened list of ODI projects that require government approval released by the State Council on November 18 in a move to encourage enterprises

**"Establishing a worldwide anti-graft network represents an integral part of global anti-corruption efforts."**

**Zhang Jun**, head of the Department of International Economic Affairs of the Ministry of Foreign Affairs, speaking at a press conference in Beijing on November 13



In order to strengthen itself, the PLAAF started to conduct multiple studies aimed at formulating a new strategic combat theory in the 1980s. In 2004, the strategic requirement of building the PLAAF into an air force that integrates air and space capabilities and possesses both defensive and offensive abilities first made its appearance in China's national military strategy. President Xi Jinping has reaffirmed this requirement, vowing to enable the PLAAF to play a vital role in safeguarding national security.

## University vs. Vocational School

### *The Beijing News* November 18

According to a report by the *China Youth Daily*, a student from the School of Life Sciences of Peking University (PKU) dropped out three years ago, choosing instead to study at the Beijing Industrial Technician College. Zhou entered PKU in 2008 as one of the top five students who applied for science majors during that year's college entrance examination in Qinghai Province. Of late, he has become widely known for giving up a prestigious university and choosing a barely known vocational school.

According to the report, Zhou quit PKU because he struggled with his major. He was more interested in the major he is now pursuing and has achieved outstanding academic results in his present school.

Some have applauded Zhou's courage in pursuing his interest while others question his choice. They believe that he will come to regret his decision in the future when he is seeking a job. For a long time, the university diploma has been highly valued in the job market, and a technical college qualification is regarded as inferior to those awarded by universities.

However, it should be noted that prestigious universities and vocational schools should be treated as equals because they are both intended to cultivate talented people for society. However, a lot needs to be done to correct the current prejudice against vocational schools.



### JAPANESE ACTOR PASSES AWAY

**Ken Takakura**, an outstanding Japanese film star known for playing outlaws and stoic heroes, died of lymphoma on November 10 at an age of 83, arousing strong repercussions among Chinese people.

Takakura was born in 1931 in Fukuoka, southern Japan. After graduating from Meiji University in Tokyo, he attended an audition on a whim in 1955 and became a film actor. He starred in over 200 films and won many Japanese and international film awards in his lifetime.



Takakura has huge numbers of fans in China. In the late 1970s and early 1980s, when China started to open up to the world, he was extremely popular among Chinese audiences due to his tough guy image as projected in films like *Mount Hakkoda* and *The Yellow Handkerchief*. In 2005, Takakura starred in renowned Chinese director Zhang Yimou's film *Riding Alone for Thousands of Miles*.

Takakura also was accepted by the Chinese audience because of his respectable persona, humbleness and honesty.

**"The Internet is the shared opportunity of mankind and the shared hope of human progress. Of course, it is a responsibility that mankind should join hands to shoulder."**

**Jack Ma**, founder of China's online trade giant Alibaba, speaking at the opening ceremony of China's first World Internet Conference on November 19 in Wuzhen, Zhejiang Province

**"Helping smaller firms gain access to direct financing on the stock market is even more important than increasing the availability of loans for them, and this is a pioneering arrangement."**

**Zhang Liqun**, a researcher with the Development Research Center of the State Council, referring to a string of measures designed to ease financing burdens for companies on November 19

COVER STORY

# INVESTING IN RESILIENCE

China adds new vitality to global governance during Brisbane G20 Summit By Bai Shi



**STANDING TOGETHER:** G20 leaders pose for a group photo at the Ninth G20 Summit in Brisbane, Australia, on November 15

# T GROWTH



Leaders of the Group of 20 (G20) have promised to work together to lift growth, boost economic resilience and strengthen global institutions upon concluding their summit meeting held in Brisbane, Australia, on November 15-16.

A communiqué of the summit stated that G20 countries would lift their GDP by at least an additional 2.1 percent by 2018. The ambitious goal, if fully met, will add over \$2 trillion to the global economy and create millions of jobs, the document said.

"This is the first time that G20 leaders have set a concrete goal for economic growth, and China will play an important role in implementing the action plan," Xiong Aizong, a research fellow of world economics at the Institute of World Economics and Politics under the Chinese Academy of Social Sciences (CASS), told *Beijing Review*.

As a premier forum for international economic cooperation and decision-making, the G20 comprises 19 of the world's largest advanced and emerging economies plus the EU—accounting for two thirds of the world population, 85 percent of global GDP and 80 percent of global trade.

## Commitment to growth

Despite a degree of recovery from the worldwide financial crisis in 2008, global economic growth faces many uncertainties. Major economies need to make concerted efforts to offer new momentum for growth.

Christine Lagarde, Managing Director of the International Monetary Fund (IMF), warned recently that the economic rebound is weaker than the organization envisioned six months ago and that the global economy could be stuck in a sluggish growth rut for a long time.

In the World Economic Outlook report released by the IMF in October, the growth forecast for the world economy was revised downward to 3.3 percent for this year, 0.4 percentage points lower than in the April report.

Against this backdrop, China's pledge to growth will be highly encouraging to G20 leaders, Xiong said.

In his speech at the meeting, Chinese President Xi Jinping said that China's economic growth is an important impetus for global buoyancy. According to estimates made by some international organizations, China is one of the ►►

largest contributors to the overall growth strategy of the G20.

"China's contribution to the growth is quite impressive," Xiong said. "As Chinese President Xi pointed out, China's annual increase is equivalent to the economic scale of a moderately developed country."

According to analyses by the IMF, China's economic scale growth in 2014 is \$679.4 billion, while that of the United States is \$369.5 billion. China's contribution to the world economic scale growth accounts for 27.8 percent, and the United States accounts for 15.3 percent. China and the United States are two major engines of global economic growth.

To meet the goal of 2.1 percent, G20 members will implement over 1,000 measures on lifting investment, expanding trade and boosting employment. China alone pledged to take 134 such measures.

In most years of the last decade, China's economic growth rate exceeded 10 percent. In March, Chinese Premier Li Keqiang in his government work report set the goal of economic growth in 2014 at 7.5 percent.

"In recent years, China has encountered greater challenges in economic development. China needs the slowdown to make a transformation to a healthy and sustainable growth pattern," Xiong said.

Despite a moderate GDP growth, China could further benefit the world economy with a healthy and robust economic structure, according to Xiong. For example, China could increase imports from other economies by boosting domestic demand and develop a low-carbon economy to cope with climate change.

In Brisbane, Xi told G20 leaders that following various domestic reforms, the Chinese economy will maintain its momentum for powerful, sustainable and balanced growth, and will provide the world with greater demand as well as increased market, investment and growth opportunities. The biggest contribution that China can make to the world economy is keeping its own growth on track and its markets open, Xi stressed.

Furthermore, innovation has been increasingly valued by the Chinese leadership. Xi said at the summit that innovation is an important driving force for sustainable growth.

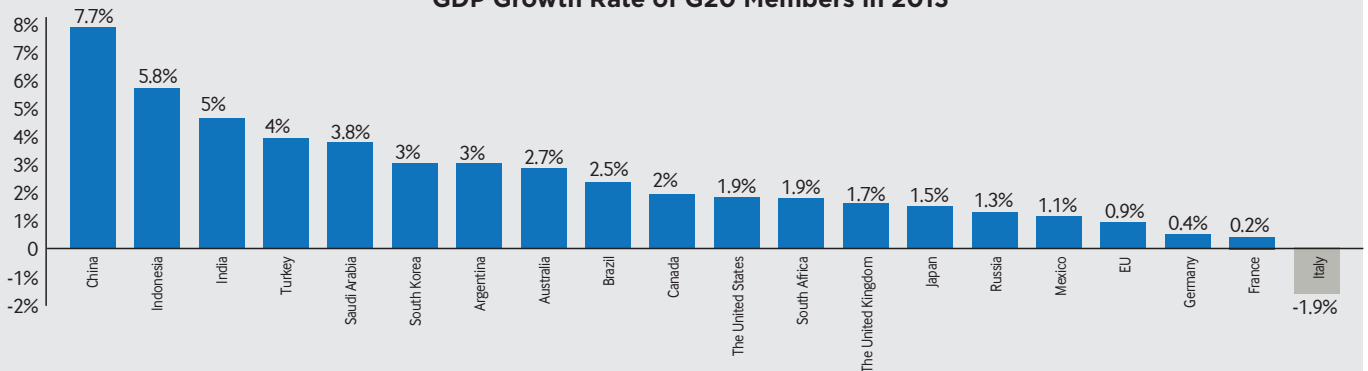
In the last year, China has made strides on deepening reform and adjusting economic structure for steady growth, enhancing China's confidence for participating in global governance as the powerhouse of world economic growth," Xiong said.

## Infrastructure investment

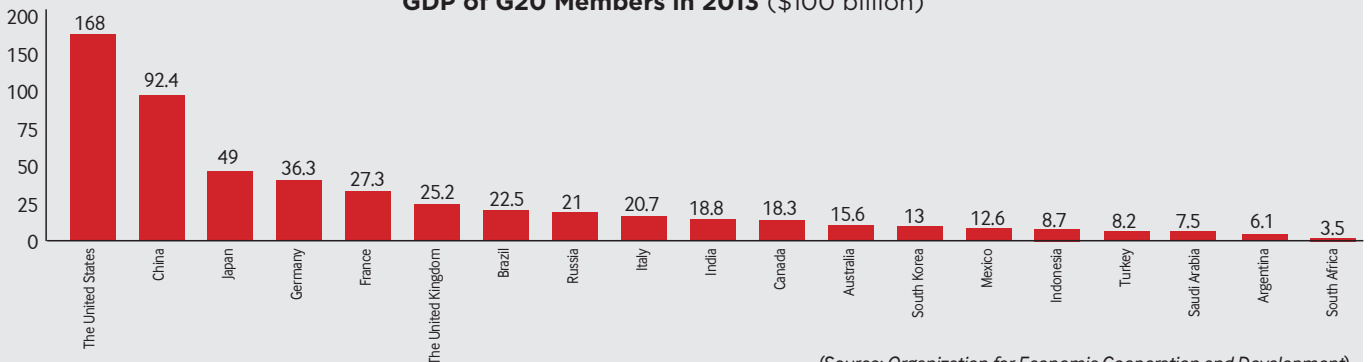
Increasing infrastructure investment is a crucial aspect of the world's growth strategies, which G20 leaders endorsed at the summit. The Global Infrastructure Initiative, a multi-year work program, aims to lift quality public and private infrastructure investment as well as create job opportunities and improve productivity.

To support the implementation of the Initiative, G20 leaders also agreed to estab-

**GDP Growth Rate of G20 Members in 2013**



**GDP of G20 Members in 2013 (\$100 billion)**



(Source: Organization for Economic Cooperation and Development)

lish the Global Infrastructure Hub with a four-year mandate.

Chen Fengying, a researcher at the China Institutes of Contemporary International Relations (CICIR), pointed out that the topic of infrastructure investment had been discussed at both this year's Asia-Pacific Economic Cooperation Leaders' Meeting in Beijing and the G20 summit.

Leaders are aware that infrastructure is crucial to growth for not only the Asia-Pacific region but for the entire world, Chen said. In particular, many countries face difficulties financing infrastructure construction, which will limit further development in the field. Chen estimated that by the end of 2030, there would be a shortfall of \$70 trillion in funds needed for infrastructure.

Establishing the Global Infrastructure Hub will promote coordination and share knowledge between governments, private sectors, development banks and other international organizations, according to Chen.

However, Xiong noted that the hub cannot function as a direct investor or a decision-making body, and its actual effect is yet to be tested.

In Xiong's view, China has set an example in terms of promoting cross-border infrastructure investment.

China has proposed strengthening connectivity, especially in terms of infrastructure investment, on many international occasions since 2013, which has been met with a positive response from many developing countries.

Proposed by China, 21 Asian countries signed the Memorandum of Understanding on Establishing the Asian Infrastructure Investment Bank (AIIB) in Beijing on October 24. The document specifies that the authorized capital of the AIIB will be \$100 billion and the initial subscribed capital is expected to be around \$50 billion. The AIIB will be an inter-governmental regional development institution aiming to offer financial aid for infrastructure development along the China-

initiated Silk Road Economic Belt and 21st Century Maritime Silk Road across the Asian and European continents.

In July, China together with other four BRICS countries—Brazil, India, Russia and South Africa—agreed to establish the New Development Bank at the Sixth Summit of BRICS countries in Fortaleza, Brazil. The new bank aims to finance infrastructure and sustainable development projects in BRICS and other emerging and developing economies. It will have an initial authorized capital of \$100 billion.

In addition, Xi on November 8 announced that China will contribute \$40 billion to set up the Silk Road Fund at a dialogue meeting on strengthening connectivity and improving cooperation in the country's neighborhood.

## IMF reforms

At the Brisbane summit, all G20 member countries again urged to implement the IMF's 2010 Quota and Governance Reform. Leaders said in the communiqué that they are deeply disappointed with the continued

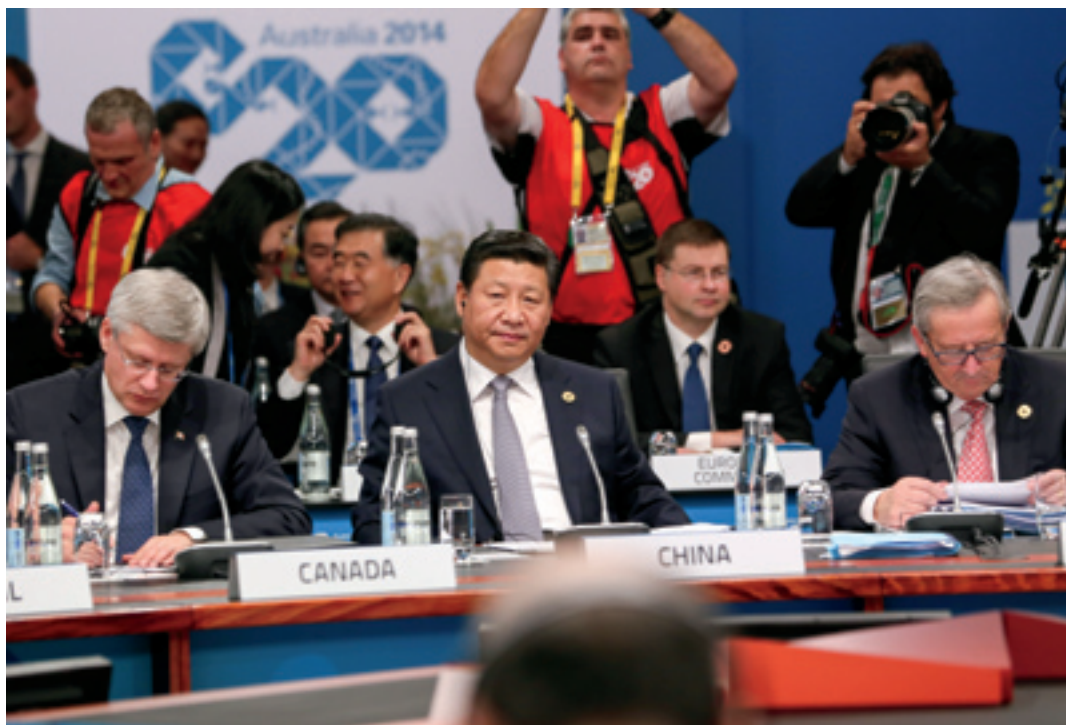
delay in progressing the IMF quota and governance reforms agreed to in 2010 as well as the 15th General Review of Quotas, including a new quota formula.

If the IMF's quota can be implemented, emerging economies including China will expand their rights in the organization.

"This is the first time that the communiqué of a G20 summit has criticized the United States for failing to implement reforms of global governance institutions," Chen said. "The current global governance institutions have obvious defects. All G20 members agreed on a reform package to the IMF and the World Bank, yet the IMF's 2010 quota has continually been delayed by the United States."

The United States holds decisive power in IMF, for the country is the largest shareholder of the organization, owning 17 percent of total quotas. In January, the U.S. Congress again declined to implement the IMF's 2010 quota.

"I am not optimistic about the ballot result in the U.S. Congress regarding the IMF's 2010 quota," Xiong told *Beijing Review*.



**ROUND-TABLE MEETING:** Chinese President Xi Jinping attends the Ninth G20 Summit in Brisbane, Australia, on November 15

U.S. President Barack Obama participated in making the governance reform plan at the G20 summit in 2010; however, conservative members of the congress are opposed to the United States fulfilling the pledge. In addition, Republicans took control of both the Senate and House of Representatives in U.S. mid-term elections. Political partisanship in the United States will make the IMF's 2010 quota prospects even more remote, Xiong said.

"Meanwhile, emerging economies have not halted their steps to pursue a fair and rational international economic order," Xiong added.

BRICS countries agreed to establish the New Development Bank and the Contingent Reserve Arrangement at the Fortaleza summit in July. The long-awaited achievement signaled a big step forward in the group's role in global financial governance, which will also be a necessary supplement to current international finance institutions.

"Reform of global economic governance will be a long-term task. The communiqué is helpful for pressuring the United States to quicken steps on this issue," Chen said. "If this does not happen by the year's end, China hopes the IMF will build on its existing work and stand ready with options for next steps."

## China to play host

In Brisbane, Xi announced that China will host the G20 summit for the first time in 2016.

China will become the second East Asian country to host the summit. The fifth G20 summit was held in Seoul, South Korea, in 2010. G20 members take turns hosting the annual summit, and Australia had the opportunity to nominate an Asian country to host in 2016.

Japan was also willing to host the G20 summit in 2016. During the Brisbane summit, Australian Prime Minister Tony Abbott said, "After extensive consultation with the views of other member states, China won overwhelming support in 2016 to be the summit host country."

Many observers believe that China's leadership should match its economic power, and hosting the G20 summit in 2016 is an ideal occasion to demonstrate this, according to Xinhua News Agency.

Xi said that China is confident in fulfilling its role as the chair of the 2016 summit and a member of the management troika of the year 2015 and 2017.

In addition to being an economic heavyweight, China has made a great contribution to the work of the G20 mechanism by putting forward constructive proposals.

Vice Minister of Finance Zhu Guangyao said at a press conference on November 15 that the Brisbane G20 summit received over 1,000 suggestions of reforms and measures, 15 percent of which were contributed by China.

Despite the delayed IMF reform, China has continued to add funds to the organization, Zhu said.

China plays an important role in mending the gap between advanced and emerging economies on reforming global governance, said Zhu Jiejing, an associate professor at Shanghai-based Fudan University.

Advanced and emerging economies have common views on economic growth, but they have different ideas on reforming global institutions. As they recover from the financial crisis, advanced economies are losing interest in reforming global governance institutions, Zhu Jiejing said.

China consistently calls to safeguard interests of emerging economies and enhance their roles in global economic governance. Moreover, China serves as a bridge to promote both advanced and emerging economies in reaching a consensus in the G20, he added. ■

 baishi@bjreview.com

## China's Major Pledges at G20 Summit

- Expanding imports of over \$10 trillion and increasing investment abroad above \$500 billion in the next five years, which will create more demand and job opportunities for world economic growth.
- Supporting the G20 in establishing the Global Infrastructure Hub and the Global Infrastructure Initiative, and promoting global infrastructure investment via such initiatives as the Silk Road Economic Belt, the 21st Century Maritime Silk Road, the Asian Infrastructure Investment Bank and the Silk Road Fund.
- Adopting the Special Data Dissemination Standards of the IMF to improve transparency.
- Publishing data on stockpiles of oil in a more comprehensive and timely manner, in order to help secure the world's oil supply and stabilize international crude prices.
- Increasing the share of non-fossil fuels in the primary energy consumption to 20 percent by the end of 2030, and setting up a fund to help developing countries cope with climate change.
- Deepening international cooperation on fighting against corruption, establishing an anti-corruption network with G20 member states and building a healthy business environment.

(Compiled by Beijing Review)

## IMF's Special Data Dissemination Standards

The Special Data Dissemination Standard (SDDS) is used to guide member countries in the dissemination of comprehensive, timely, accessible and reliable economic and financial statistical data.

The SDDS comprises four dimensions: (a) coverage, periodicity and timeliness of data; (b) access by the public; (c) integrity of the disseminated data; and (d) quality of the disseminated data. For each of the four dimensions, the SDDS prescribes good practices that can be observed, or monitored, by users of statistics.

Comprehensive economic and financial statistical data, disseminated on a timely basis, are essential to the transparency of macroeconomic performance and policy.

To date, there have been 71 subscriptions to the SDDS.

(Source: [www.imf.org](http://www.imf.org))

**Beijing Review would like to welcome our readers to join us on our newly opened WeChat account.**



Follow us on Wechat or Sina Weibo to learn English from our Bilingual Words in Daily News, access online Bilingual Documents or to take part in our activities!

You can also access the regular version of our magazine on the iPad by downloading the Beijing Review app.

## Subscription

**249.6** Subscribe  
yuan per year (52 issues)  
20% off the cover price

淘宝网

<http://bjreview.taobao.com>



[www.bjreview.com](http://www.bjreview.com)



<http://bk.183.com.cn>  
Postal Distribution Code: 2-922

Tel: 010-68310544 68995808  
Address: 24 Baiwanchuang Road, Xicheng District, Beijing  
Postcode: 100037



**Beijing Review has launched a bilingual SMS news service for reading on mobile phones.**

The SMS news features six columns including Expat's Eye, News Photos, Bilingual Words in Daily News, Bilingual Documents, People and Points and Q&A.

Users of China Mobile can text BRSJB to 10658000 for subscription at a cost of 3 yuan per month.

# ***XI JINPING: THE GOVERNANCE OF CHINA***

## **Chinese President Xi Jinping's solutions for today and visions of tomorrow**

The Chinese, English, French, Russian, Arabic, Spanish, Portuguese,  
German and Japanese editions are all available now with  
the Foreign Languages Press.



The publication of this book in various languages is of great significance. It will contribute to interpreting the concepts and principles of governance of the CPC leadership, and it will help the international community to learn more about and better understand China's ideas, its path of development, and its domestic and foreign policies, and its response to international concerns about China.



China International Publishing Group  
中国对外出版集团



China International Book Trading Corporation



外文出版社  
FOREIGN LANGUAGES PRESS

Telephone: 86(010)68995834  
Email: flp@cipg.org.cn

For Asia and Africa  
Telephone: 86(010)68433189, 68433190  
Fax: 86(010)68412048  
Email: ts4@mail.cibtc.com.cn

For Europe and America  
Telephone: 86(010)68433186, 68433191  
Fax: 86(010)68412048  
Email: ts2@mail.cibtc.com.cn