

**NEW YEAR COUNTDOWN: 2014'S TOP 10 WORLD, NATION, BUSINESS STORIES P.20, 30, 36**

# BEIJING REVIEW

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# EDITOR'S DESK

## Brave New World

President Xi Jinping's November visits to Australia, New Zealand and Fiji and Premier Li Keqiang's one-week tour across Kazakhstan, Serbia and Thailand in December rounded off China's diplomatic activities for the year. During 2014, Chinese leaders made numerous visits abroad and interacted with their counterparts from a number of foreign countries, be they other developing nations, neighbors or world powers. The leadership has also drawn up a blueprint for global relations and redefined the country's diplomatic work.

In 2014, China established partnerships with 67 countries and five regional organizations while maintaining its non-partisan status. It also made headway with the internationally acclaimed Silk Road Economic Belt and 21st Century Maritime Silk Road Initiatives, and the establishment of the Asian Infrastructure Investment Bank and the Silk Road Fund will bolster financial support for the construction of these two trade passages.

Notably, China's hosting of the Summit of the Conference on Interaction and Confidence-Building Measures in Asia and the APEC Economic Leaders' Meeting intimated that the country has assumed a new international role. China proposed to build an Asian security concept based on common security concerns and a forward-looking Asia-Pacific partnership during the meetings. Along with its partners, it came up with the vision of a Free Trade Area of the Asia-Pacific and outlined steps for its realization. All of the above demonstrates the systemic part China

now plays in safeguarding regional stability and promoting cooperative development in the Asia-Pacific. The two gatherings testified to the nation's ongoing transformation to a global trendsetter.

Xi and U.S. President Barack Obama agreed to advance a new type of major-country relationship through facilitating cooperation and shelving differences during Obama's trip to China. China and Japan reached consensus on improving bilateral relations marred by historical and territorial disputes. In addition, China has posited a well-received "dual-track" approach to settling maritime rows in the South China Sea, stipulating that disputes be resolved through negotiations between affected countries.

Furthermore, China has maintained sound relations with Russia and the EU. It has adopted a reasonable attitude toward a series of hot-button issues including Iran's nuclear program, Korean Peninsula stability, the Ukrainian crisis, the Israeli-Palestinian conflict, antiterrorism and the Ebola outbreak and stepped up to the plate in terms of maintaining international and regional peace.

Against this backdrop, the Central Conference on Work Relating to Foreign Affairs, held in late November, set out the goals of establishing a new paradigm for mutually beneficial international relations, promoting the Chinese dream internationally and working for the good of the Chinese people and people worldwide. In short, China's diplomacy has opened a new chapter in its storied history. ■

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# SWIMMING THROUGH THE AIR

A performance takes place against the backdrop of the iconic Ruins of St. Paul's on December 14, opening the "Parade Through Macao, Latin City."

Since its inception in 2011, the parade has been held every year to mark Macao's return to China. This year, more than 50 performing troupes from China, Portugal, France and Spain staged a carnival that blended Eastern and Western cultures.

The Chinese Government resumed the exercise of sovereignty over Macao on December 20, 1999. To mark the 15th anniversary of the event, Chinese President Xi Jinping visited Macao on December 19-20 and attended a commemorative gathering.



## Three Gorges Project

China's Three Gorges project celebrates its 20th anniversary on December 14 with a record-high throughput of its five-tier ship lock.

The throughput of 2014 is expected to reach a record 110 million tons, and the total throughput has reached 700 million tons.

The Three Gorges project is a multi-functional water control system. It generates electricity, controls floods by storing excess water and helps regulate the river's shipping capacity.

## Earthquake Network

China Earthquake Networks Center (CENC) will provide an earthquake notification service to the public through its microblogging account, the center said on December 17.

CENC joined forces with Weibo.com and promised that earthquake information would be pushed to all terminal users in the epicenter regions within 10 seconds of the earthquake.

Earthquake alerts will also be available through the center's official Weibo platform, according to Pan Huaiwen, Director of CENC.

"The move is to ensure fast and accurate earthquake information access for the people, and to help mitigate panic after the earthquake," Pan said.

## More Media Exposure

China's State Council Information Office (SCIO) plans to hold regular media briefings on key policies to address public concern, a senior official said on

December 16.

From January, the SCIO will hold weekly briefings on important decisions by the Communist Party of China Central Committee and the State Council as well as economic and social policies, said Cai Mingzhao, Minister of the SCIO.

Cai urged the voices of the Party and government departments to be more helpful to the media in terms of information and interviews.

The SCIO has held a total of 87 news conferences and briefings this year, the most in its history.

## Literature Database

A database of Chinese poems and classics of literature will soon be open to viewers both home and abroad.

The database, still in its first phase, is made up of about 500 hours of video on the 100 most popular classic of Chinese poetry and short essays, according to a press release from the People's Education Press, the database's

## NEW SILK ROAD

A team of sailors will set off from Qingdao, a coastal city in east China's Shandong Province, to explore a possible route of the 21st Century Maritime Silk Road between March to June next year, as announced at a press conference on December 15



publisher, on December 17.

The videos show readings and elaborations on the classics, including some from ethnic minorities like Mongolians, Tibetans, Uyghur and Koreans. These works are presented in both their original languages and in Mandarin.

The public will be able to access the database through [www.pep.com.cn](http://www.pep.com.cn), [www.china-language.gov.cn](http://www.china-language.gov.cn) and [www.zhonghuayuwen.org](http://www.zhonghuayuwen.org).

## Bird Family Tree

An international team led by Chinese researchers has sequenced the genomes of 48 species of birds to create the most reliable avian tree of life to date.

This massive project, which took more than four years to complete and involved hundreds of researchers from 20 different countries around the world, analyzed at least one genome from every major bird lineage, including the woodpecker, owl, penguin, hummingbird and flamingo lineages, and produced dozens of reports, eight of which are published on December 11 in *Science*.

The findings supported a "big bang" theory for the evolutionary expansion of birds during the 10 million to 15 million years that followed a mass extinction event about 66 million years ago that killed off all dinosaurs and left some species of birds.

This contradicted the idea that birds blossomed 10 million to 80 million years earlier before the mass extinction event, as some recent studies suggested.

Based on this new genomic data, a few bird lineages that survived the mass extinction gave rise to more than 10,000 species that comprise 95 percent of all bird species living with us today, the researchers said.

The researchers also found that birds lost thousands of genes in their early evolution after birds split from other reptiles, many of which have essential functions similar to mammals.

## Shrinking Glaciers

China's glaciers have retreated by about 7,600 square km, an 18-percent decline since the 1950s, Chinese scientists have found.

A survey using remote sensing data

between 2006 and 2010 showed China had 48,571 glaciers covering 51,840 square km in the western region, according to the Chinese Academy of Sciences (CAS), which released its second catalog of the country's glaciers on December 13.

An average of 243.7 square km of glacial ice had disappeared every year over the past half century, according to the survey by the CAS Cold and Arid Regions Research Institute.

The worst shrink was detected on the Altai Mountains located in Xinjiang Uygur Autonomous Region and the Gangdise Mountain in Tibet Autonomous Region, with retreat hitting 37.2 percent and 32.7 percent respectively over the past five decades.

Major glaciers on the Qinghai-Tibet Plateau, especially the east part of Gangdise as well as the southern and western Himalayas were melting at the most rapid pace, with areas shrinking by 2.2 percent every year, according to the survey.

## Taiwan Tourism

Individual tourists from the Chinese mainland to Taiwan this year had reached 1.07 million by the end of November, the State Council Taiwan Affairs Office said on December 17.

Office spokesperson Fan Liqing said on the day that this represented growth of 123 percent compared to the same period of last year.

Taiwan opened its doors to group tourists from the mainland in 2008 and to individual tourists in June 2011. According to statistics from Taiwan, of all mainland tourists that visited the island province, only 51 did not return home.

**“Love affairs and marriages between young people on both sides of the Straits are increasing. The two sides will strengthen cooperation to facilitate exchange and contact between the people across the Straits.”**

Fan Liqing,  
spokesperson of the  
State Council Taiwan  
Affairs Office



## City Space

Vertical Village, part of an art exhibition, is on display in Shanghai on December 12. The exhibition, the 10th Shanghai Biennial, will last till March 2015.

## College Enrollment

Math, science and sport competition winners will no longer receive extra points on their college application, the Education Ministry announced on December 17.

The ministry also canceled bonus points added to results on the national college entrance exam, or *gaokao*. In China, *gaokao* results are the major assessment standard for college enrollment of students.

The latest move does not mean that the students' achievement in

some areas have become useless, according to the ministry. The specialty and achievement of students will be recorded for college references and in a pilot program, some “extra special” students may be directly enrolled by some colleges through an internal selection without assessing their performance in the national exam.

On December 16, the ministry issued two documents to stress evaluating the students by overall competency, including their skills, physical health, art cultivation and social practice, as opposed to exam scores alone.

## Newly Named Pandas

On December 15, Chime Long Safari Park in Guangzhou, Guangdong Province, announces names for the world's only surviving giant panda triplets, choosing from over 1 million names proposed by the cubs' fans across the world.

The female cub of the trio, born on July 29, was named “Meng Meng,” translated as “cute,” and the two males were named “Shuai Shuai” and “Ku Ku,” meaning “handsome” and “cool” respectively.

The triplets born at Chime Long are the fourth set of panda triplets ever recorded. In all previous instances, at least one of the triplets died from physical defects or being underweight.



## Home Prices

China's property sector continued to cool down in November, but the declines have been narrowing, data from the National Bureau of Statistics (NBS) showed on December 18.

New home prices in 67 out of 70 major cities reported month-on-month drops in November, the NBS said, whereas prices in three cities remained flat.

New home prices in Beijing and Shanghai dropped by 0.3 percent and 0.5 percent, respectively, narrowing from 1.3-percent and 0.7-percent decreases a month earlier.

For existing homes, only 58 cities saw month-on-month price drops in November, compared with 64 in October. Six cities, mostly first-tier cities such as Beijing and Shenzhen, saw second-hand home prices rise.

NBS senior statistician Liu Jianwei attributed the narrowing decreases to government policy changes intended to avoid a sharp slowdown in the sector out of fear of jeopardizing the

broader economy.

Those moves include fewer restrictions on home purchases and eased mortgage rules. In addition, the central bank in November lowered the one-year benchmark lending rate and deposit rate to cut financing costs.

Combined, the policies did have a positive impact on the sluggish market. In November, home sales reached a monthly high for this year, registering 809.6 billion yuan (\$132.3 billion), 93.8 billion yuan (\$15.09 billion) more than October.

## FDI Surges

Foreign direct investment (FDI) into the Chinese mainland jumped 22.2 percent in November from a year earlier, settling at \$10.36 billion, the Ministry of Commerce said on December 16.

The growth quickened from a 1.3-percent rise in October and 1.9 percent in September, as investments to the country's service industry continue rising steadily.



## HARVEST TIME

A farmer picks oranges in Rongan County, south China's Guangxi Zhuang Autonomous Region, on December 12



## Safety First

Zhoushan Qiming Power Co. finishes the construction and installation of a carousel on a ship for laying submarine cables on December 16, which can greatly improve the safety and efficiency of laying cables in the seabed. The company based in east China's Zhejiang Province runs the country's most advanced power cable laying ship.

For the first 11 months, inward FDI, which excludes investment in the financial sector, stood at \$106.24 billion, up 0.7 percent from the same period last year, the ministry said.

Around 55.1 percent of the FDI went into the country's service sector during the January-November period. The FDI in the manufacturing sector dropped 13.3 percent to \$35.93 billion, accounting for 33.8 percent of the total.

Investments from the Republic of Korea and Britain saw fast growth, up 22.9 percent and 28 percent respectively. In contrast, investment from Japan plunged 39.7 percent, followed by a 23.6-percent drop from the ASEAN nations and 22.2-percent slump from the United States.

During the January-November period, China's outward FDI by non-financial investors rose by 11.9 percent to \$89.8 billion. As of the end of November, non-financial outward FDI totaled 3.89 trillion yuan (\$633.2 billion).

## Gas Field Operational

China's largest producer of offshore oil and gas, CNOOC, announced production has begun at the Liuhua 34-2 gas field in the South China Sea on December 15.

CNOOC has a 51-percent working interest in the Liuhua 34-2 gas field, while Husky Oil China Ltd., a wholly owned subsidiary of Canada-based Husky Energy, holds the remaining 49 percent working interest.

Liuhua 34-2 gas field is located in the Eastern South China Sea, with the water depth in the range of 850-1,250 meters. The gas field consists of one producing well and is producing approximately 30 million cubic feet of natural gas per day.

The field is expected to reach its designed peak production of approximately 45 million cubic feet per day in 2015.

In March this year, CNOOC and Husky Oil China put another deep-water gas field, Liwan 3-1, into operation.

## All Aboard!

China's CSR Corp. Ltd., one of the country's two leading rolling stock



## Time-Saving Railway

Workers lay tracks on the Nantong section of the Nanjing-Qidong railway in east China's Jiangsu Province. The railway, which will be put into use next year, will greatly save travel time between cities in the Yangtze River Delta.

manufacturers, has secured a contract worth 1.7 billion yuan (\$278 million) to supply locomotives and rail cars to Argentina, CSR said on December 15.

CSR's locomotives and trains will be used on Argentina's Belgrano Cargo Railway Rehabilitation Project, in which China Machinery Engineering Corp., a state-owned international engineering and trade company, is the main contractor.

The contract included 80 locomotives and more than 2,000 freight rail cars, said CSR.

CSR said it has become an important supplier of locomotives and rail cars to the South American country. Supply services began as early as 2006.

## Private Banking

The China Banking Regulatory Commission (CBRC), the country's top industry watchdog, has approved the operation of private bank Webank, a major step in deepening financial reform.

Webank has a registered capital of 3 billion yuan (\$490 million), and

## BON VOYAGE

A fully loaded ship departs the Yibin Port in southwest China's Sichuan Province on December 16. The first foreign trade route of the port was open to traffic that day, and ships can go from the port to deliver goods to international ports such as those in Japan and South Korea



its business scope includes personal banking, corporate banking and international banking, said the CBRC on December 12.

In the third quarter of this year, the CBRC gave the go-ahead on the establishment of five private banks including Shenzhen-based Webank and Hangzhou-based MYbank in a bid to better support the country's small and micro businesses.

Webank, partly funded by Chinese Internet giant Tencent, is the first among them to open its doors to clients.

## China-GCC Ties

China and India are poised to become the biggest trading partners of the six Arab oil states of the Gulf Cooperation Council (GCC) countries, said a report released on December 16 by the Economist Intelligence Unit (EIU) and Dubai-based Falcon and Associates.

According to the EIU report, China will be the largest export market for the GCC countries by 2020. The six GCC countries are Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates

(UAE) and Oman.

"Between 2010 and 2013, GCC-China trade grew faster than with any other significant trade partners," said the report.

Chinese investment is also rising in construction and wholesale trade and retail, with over 3,000 Chinese companies registered in Dubai, up from only 18 in 2005.

The UAE is home to 270,000 Chinese nationals, most living in the Emirate of Dubai.

The four major Chinese banks—Industrial and Commercial Bank of China, Bank of China, China Construction Bank and Agricultural Bank of China—have been setting up branches in Dubai since 2008.

Meanwhile, the two biggest UAE lenders, Emirates NBD from Dubai and National Bank of Abu Dhabi, expanded their offices to the Chinese mainland.

## Scrutiny Over SOEs

On December 16, China's graft authorities pledged to step up regular internal inspections on state-owned enterprises (SOEs).

Hao Mingjin, Vice Minister of Supervision, told an online press conference to expect more internal inspections at SOEs.

Since 2013, the central leadership has dispatched inspectors to ministries, provincial governments, SOEs and public institutions.

Six SOEs have so far undergone inspections and, in the latest round, another three—China State Shipbuilding Corp., China Unicom and Sinopec—will come under scrutiny.

Serious corruption issues remain in SOEs, including abuse of power and bribery, Hao said.

Chief executives at state-owned enterprises have been identified as being in "high-risk" positions and, should it be proved they are embroiled in graft, it is highly likely their subordinates are also involved, creating a graft gang, he said.

Many corrupt executives have abused their power to facilitate private companies run by their relatives, and some of their illegal decisions have led to serious state losses.



## AUSTRALIA

Muslim women lay flowers at a makeshift memorial for victims of a fatal siege at a cafe in the heart of Sydney's financial district on December 16. Three people, including the Iranian-born perpetrator Man Haron Monis, died in the siege



## RUSSIA

Prime Minister Dmitry Medvedev speaks during a meeting on the country's financial and economic situation with high-ranking officials in Moscow on December 16, after the Russian ruble crashed to record lows despite drastic overnight measures by the central bank to hike the key rate



## MALAYSIA

A scuba diver wearing a Santa Claus costume feeds fish inside a tank at the Aquaria KLCC in Kuala Lumpur on December 16 as part of the aquarium's Christmas festivities



## THE UNITED STATES

President Barack Obama delivers an address to the nation at the White House on December 17, announcing plans to normalize relations with Cuba, ending more than five decades of estrangement between the two countries



## PAKISTAN

Rescuers carry an injured girl to a hospital following an attack by Taliban gunmen on a school in Peshawar on December 16, in which 141 people were killed, mostly children



## FRANCE

Paris residents skate on an ice rink located on the Eiffel Tower's first floor on December 15

## NEW TECH BILLIONAIRE

**Tang Yan**, founder and CEO of social networking platform Momo Inc., has become China's newest IT billionaire after Momo made its trading debut in Nasdaq, New York City, on December 11, raising \$216 million for its U.S. initial public offering.

Tang was born in 1979 in central China's Hunan Province. He graduated from university in 2000, majoring in architecture, and worked in the building industry till 2002. Tang joined Netease, one of China's leading websites, as an editor in 2003. In April 2011, he was appointed editor in chief of Netease. Five months later, he resigned and founded Momo.

Today, the Beijing-based Momo application allows over 180 million users to connect with each other. Users can chat with one another through the platform—and find people within their geographical vicinity or through shared-interest groups that are also location based—Momo is backed by China's e-commerce giant Alibaba.



## Parks and Recreation

### **Oriental Outlook** **December 18**

Following the establishment of the first national park in the world—the Yellowstone National Park—in the United States in 1872, about 100 countries and regions have set up their own equivalents. There are altogether thousands of national parks around the world, and they have become important symbols of modern civilization.

Although China commenced construction of pilot national parks in 2008, these programs have failed to meet their initial target. Local governments have followed the same management methods used with heritage sites or natural conservation areas in constructing these pilot projects. Some do not even have a clear

understanding of the concept of national parks.

National parks should not be equated with natural conservation areas. The latter are designed for the protection of biodiversity and may not have high landscape value, whereas for national parks, high landscape are requirement.

Developed countries have established a sound system for the management of national parks with an agency exclusively responsible for managing such parks. For example, the National Park Service

in the United States takes responsibility for appointing the management staff, both temporary and permanent, of national parks across the country. To ensure the quality of service, these staff members are required to possess higher education qualifications.

In order to regulate the management of national parks in China, such a department is urgently needed.



## Railway Construction Fund

### **Caijing Magazine** **December 8**

The China Railway Corp. (CRC), which operates the country's railway network, established the China Railway Development Fund Corp. on September 26. The establishment of the fund is aimed at attracting more social capital to the construction of railways.

In the first round of fundraising, the subsidiaries of four banks—the Industrial and Commercial Bank of China, the Agricultural Bank of China, the China Construction Bank and the Industrial Bank—invested a total of 8.2 billion yuan (\$1.3 billion). The CRC put in an investment of 75 billion yuan (\$12.1 billion).

As a reward, the four aforementioned banks are due to receive a 5.5-percent profit dividend every year. However, they are not allowed to participate in the management of the new corporation or hold seats on its board of directors.

The corporation plans to carry out four rounds of capital raising and to accumulate between 400 billion yuan (\$64.6 billion) and

**“Some state-owned enterprise (SOE) directors have colluded with foreign forces to trade national assets in return for huge bribes. We will fight such practices resolutely.”**

**Hao Mingjin**, Vice Minister of Supervision, discussing ongoing efforts to uncover corruption in SOEs

**“Lack of animal welfare protection will impede our efforts to curb acts of animal abuse such as catching and killing animals or making them perform for entertainment purposes.”**

**Yang Zhaoxia**, deputy head of the Ecological Law Research Center of Beijing Forestry University, pointing out that animal welfare will be legally recognized for the first time in China in an upcoming revision of the country's wildlife protection law



## Punishing a 'Gang of Four'

**Beijing Youth Daily**  
**December 16**

An in-flight brawl between Chinese passengers and Thailand flight attendants on December 11 forced the plane to return to Don Mueng International Airport in Bangkok. The four passengers involved, which included a couple, were taken away by Thai police. They were required to pay compensation of 50,000 Thai baht (\$1,525) to the flight attendant. Prior to their arrest, the female member of the couple had thrown hot water at the attendant and another of the four had even threatened to blow up the plane.

The actions of the four have been widely criticized on the Internet. However, they have received only light punishment from the Jiangsu Provincial Tourism Bureau since returning to Nanjing. The bureau has required that the behavior of all four be inscribed in their personal ill credit records and published. Many have wondered why these offenders were not subject to criminal charges.

According to Chinese law, endangering flight safety with violence is a crime. However, the law does not specify which kinds of behavior can constitute violence. Therefore, it is ambiguous whether or not throwing hot water at a flight attendant can be construed as an act of violence.

In order to improve citizens' behavior, the terms of the relevant laws should be made clearer and expressed in greater detail so as to allow an appropriate level of punishment to be meted out to offenders.

### ↓ A MOTHER FOR JUSTICE

**Shang Aiyun**, 62, mother of a wrongfully convicted young man who was later executed, finally succeeded in clearing her son's name on December 15, bringing to an end a years-long campaign.

After a rape and murder took place on April 9, 1996, in Hohhot, north China's Inner Mongolia Autonomous Region, Shang's 18-year-old son Hugjilitu was convicted and sentenced to death on May 23 that year. Just 18 days later, he was executed amid a national campaign to come down hard on criminal activities. However, another alleged serial rapist and killer confessed to the murder following his 2005 arrest.



After Shang retired from a local textile factory in 2005, she tried to find ways to clear her son's name, including petitioning law enforcement agencies. A retrial, which began in November this year, cleared off all charges against Hugjilitu. State compensation will be applied in light of his being posthumously exonerated.

600 billion yuan (\$96.9 billion) over the next two years in the process.

However, some insiders say that the operation of the company is incompatible with market rules, as stockholders other than the CRC have little say in its running and the rewards as they stand are too small. Such a fundraising system more closely resembles loans from banks and, in the long term, is unsustainable.

**"In future, we hope to perfect our water supply facilities through more cooperation between Guangdong and Macao. This includes the completion of a fourth water supply pipe."**

**Wong Soi Man**, Director of Macao's Marine and Water Bureau, speaking at a recent press conference about collaboration with the mainland to meet the special administrative region's freshwater needs

**"China's decision on foreign aid projects adheres to strict standards."**

**Shen Danyang**, spokesman for the Ministry of Commerce, saying that China has taken the development strategies of recipient nations into consideration when providing foreign assistance, on December 16

COVER STORY

# LOOKING BACK AT XI'S

China moves from a 'low-profile' diplomatic outlook to a more engaged and globally conscious approach By An Gang

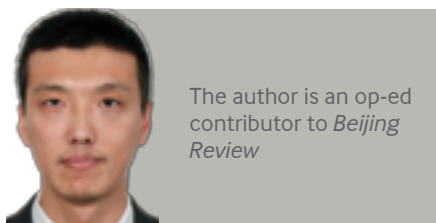


**FORGING AHEAD:** Chinese President Xi Jinping (fourth right) and his wife Peng Liyuan (third right) along with foreign leaders, attend a welcoming banquet for the 22nd Asia-Pacific Economic Cooperation Economic Leaders' Meeting in Beijing November 10

# DIPLOMACY



LAN HONGJANG



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**C**ommanding the world's second largest economy is an arduous task, as Chinese President Xi Jinping knows well. China commenced its broadest reform in more than 30 years in 2014, leaving Xi with an active domestic agenda. In addition to efforts within the mainland, the Chinese leader has spent nearly a quarter of his time raising China's international profile.

This year, Xi made seven overseas trips that took him to 18 countries spanning five continents, where he attended a string of international meetings including the Nuclear Security Summit, G20 Summit, Summit of the Shanghai Cooperation Organization and BRICS Summit. Within China, Xi has not only frequently met with visiting foreign leaders but also presided over two important international conferences—respectively the Fourth Summit of the Conference on Interaction and Confidence-Building Measures in Asia in May and the 22nd Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting in November.

Through this series of moves, Xi's diplomatic style is emerging as a more enterprising Chinese strategy becomes more readily apparent to the rest of the world.

## Pursuing targets

The main theme of Xi's diplomacy has focused on fostering a more enabling international environment for China's development. Through this focus, he stresses the realization of the "Chinese dream"—the

great renewal of the Chinese nation—as well as the "two centenary goals." The goals, formally put forth at the 18th National Congress of the Communist Party of China in November 2012, aim to double the 2010 GDP and per-capita income of urban and rural residents and finish the building of a moderately prosperous society in all respects when the Party celebrates its centenary in 2021. The goal is to turn China into a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious when the People's Republic celebrates its centenary in 2049.

In April, when presiding over the first meeting of the National Security Commission, Xi proposed a comprehensive national security outlook, touching on politics, territory, military affairs, the economy and natural resources. He stressed diplomacy as a key component of the strategy, noting its function of serving domestic reform and safeguarding national security.

In line with the domestic anti-corruption agenda, the Chinese Government has notably expanded judicial cooperation with other countries. Thus far, the country has established an initial network and platform for chasing fugitives overseas and recovering stolen funds through bilateral treaties, multilateral treaties and law-enforcement cooperation mechanisms. Up to the end of 2014, China has concluded 39 extradition treaties with other countries and 52 mutual legal assistance treaties. China has also actively participated in the negotiation and implementation of the UN Convention Against Corruption. As one of the major achievements of the 2014 APEC Economic Leaders' Week, APEC members agreed to set up a cross-border law enforcement network to strengthen transnational anti-corruption cooperation in the region.

Xi's diplomacy has proven to be a more active and flexible strategy in dealing with ►►

territorial disputes with neighboring countries. On the one hand, China strengthens patrolling and law enforcement in its territorial waters and exclusive economic zones to deter the provocations of Japan, Viet Nam and the Philippines. It also resists U.S. intervention in the East and South China Sea issues. These efforts are effective ways of safeguarding China's core national interests. On the other hand, China adheres to the principle of settling disputes through dialogue and peaceful negotiation, maintaining cooperation as the main stream of China's neighborhood diplomacy.

The once strained China-Japan relations thawed somewhat with the meeting between Xi and Japanese Prime Minister Shinzo Abe during the APEC Leaders' Meeting in Beijing. The Japanese side euphemistically acknowledged disputes between the two countries over the Diaoyu Islands in the East China Sea. Abe also stressed that the current Japanese administration will maintain the same views as those held by previous governments regarding Japan's aggressive history in World War II (WWII). The two sides now have begun negotiations on the establishment of a maritime crisis management mechanism.

At the Ninth East Asia Summit held in Myanmar in November, Chinese Premier Li Keqiang officially proposed a new approach for solving territorial disputes in the South China Sea between China and some member states of the Association of Southeast Asian Nations (ASEAN). China and ASEAN members have agreed to a dual-track approach for dealing with the issue, according to which specific disputes are to be solved through negotiations and consultations by countries directly concerned. Peace and stability in the region will be jointly upheld by China and ASEAN countries working together. "China and ASEAN agreed to actively carry out consultation to reach, on the basis of consensus and at an early date, a code of conduct in the South China Sea, for which an early harvest has been achieved," the Chinese premier announced.

The presentation of the dual-track approach marks a subtle adjustment of China's tactics, changing from a refusal to discuss the issue at any multilateral occasions to accepting its necessity.

## Changing the tune

Xi took power at a time of profound and

complex changes in the interactions between China and the world. The international community is concerned with the nature of China's growing global presence and whether it will seek hegemony in Asia and challenge the international pattern that has been dominated by the West since the end of WWII. Xi seemingly has already given a clear answer. In a November speech at the Federal Parliament of Australia in Canberra, Xi noted a durable truth when he said that despite its large size, China's forefathers over 2,000 years ago realized that a warlike country, however big it might be, is bound to collapse. Xi vowed that China will remain unshakable in its resolve to pursue peaceful and common development, and will continue to follow a win-win strategy of opening up.

At the Central Conference on Work Relating to Foreign Affairs held from November 28 to 29 in Beijing, Xi called for the development of a distinctive diplomatic approach befitting China's status as a major country. "We should, on the basis of summing up our past practice and experience, enrich and further develop our diplomatic perceptions as well as conduct diplomacy with a salient Chinese character and a Chinese vision," he said.

The outside world paid close attention to Xi's speech. Some observers claim that the conference sent a message that China is giving up the late Chinese leader Deng Xiaoping's diplomatic stance of "keeping a low profile," while some others believe it is a kind of policy of mollification to the international community. These views are narrow and one-sided. China is dedicated to development under the current international system. In the meantime, it is becoming more active and confident in participating in international affairs. China strives to international situation instead of following the beaten path. China is in fact making efforts to incorporate its own progress much more closely with the world's development.

The resurgence of populism is one of the major features of the international situation in 2014. China's peaceful development strategy is also challenged by sentiments of ultra-nationalism and military adventurism at home. But Xi has determined to resist such distracting forces and kept a clear mind.

## Adjusted scenarios

While focusing on Asia, Xi's diplomacy presents a trend of building strategic partnerships widely with both the East and the West, paving the way for China's status as a major country in the world.

Xi's diplomacy places particular emphasis on neighboring countries. His 2014 visits included trips to Russia, Mongolia and South Korea, respectively. When hosting the APEC Economic Leaders' Meeting, China also invited leaders of neighboring countries that are non-APEC members including Mongolia, Tajikistan, Pakistan, Myanmar, Cambodia, Laos and Bangladesh to Beijing for the dialogue devoted to strengthening interconnectivity partnerships.

Under Xi's leadership, China's diplomatic approach has moved away from overemphasizing stable China-U.S. relations to focusing on more balanced relations with major players in the international community. While exploring ways to build a new type of major-country relations with the United States featuring no conflict and no confrontation, China also actively deepens its strategic partnership with Russia, the EU and India, promoting the trend of multi-polarization. On the Ukraine crisis, China refuses to pick sides. It neither participates in the Western sanctions against Russia, nor does it join hands with Russia to confront with the West. Rather, it works to promote the settlement of the crisis through political dialogue.

Though China-U.S. relations have seen ups and downs in the past year due to friction over trade, human rights, cyber security, the South China Sea and Hong Kong issues, their overall bilateral ties have maintained positive momentum.

In November, U.S. President Barack Obama paid his second visit to China since taking office. Xi and Obama had in-depth talks, during which they reiterated the consensus on building a new type of major-country relations between the world's two largest economies. The two countries also agreed to enhance cooperation on a wide range of topics including climate change, investment and military exchanges.

However, within the United States there exists growing anxiety toward China's rapid development within the United States. Despite Obama's frequent reiteration that the United States welcomes a peaceful and prosperous

China and has no intention of containing China, his administration acts as though they view China as a major competitor and insists on the advancement of its pivot-to-Asia strategy featuring military deployment in the Asia-Pacific region surrounding China. Thus, China-U.S. relations have many challenges remaining in the future.

## Sharing profits

On August 8, in an interview with *The New York Times* columnist Thomas Friedman, Obama claimed that China had been a free rider for 30 years, and that no one expected China to play the role. Half a month later, when visiting Mongolia, Xi seemingly gave an indirect response to the U.S. accusation. During his address at the Mongolian parliament on August 22, Xi said, "China is willing to offer opportunities and room to Mongolia and other neighbors for common development. You can take a ride on our express train or simply hitchhike. All are welcome."

In fact, China not only sincerely welcomes its neighbors to share the fruits of its development but has also taken many concrete measures already. For example, it has tirelessly promoted the building of the Silk Road Economic Belt and the 21st-Century Maritime Silk Road that encompass a large number of Asian, European and African economies.

China has also announced a \$40-billion Silk Road Fund to improve infrastructure in Asia. The "One Belt and One Road" initiatives both focus on Asian countries. Through them, China aims to build a "community of destiny" together with its neighbors by strengthening interconnectivity to provide these countries with more public goods.

In the meantime, China has also committed to a \$50-billion investment of funds in the Asian Infrastructure Investment Bank in addition to a \$41-billion contribution to the \$100-billion emergency reserve fund to be launched by BRICS countries—Brazil, Russia, India, China and South Africa.

Another major move China takes in 2014 is expanding regional trade liberalization. In the past year, China substantially concluded bilateral free trade agreement (FTA) negotiations with South Korea and Australia, respectively. It has also sped up the negotiations on an upgraded China-ASEAN FTA and the Comprehensive Economic Partnership in



## Xi's Overseas Trips in 2014

Date	Destinations	Major Activities
February 6-8	Russia	Opening ceremony of the Winter Olympic Games in Sochi
March 22- April 1	The Netherlands, France, Germany and Belgium	Third Nuclear Security Summit in Hague, the Netherlands Visits to UNESCO Headquarters in Paris and EU Headquarters in Brussels
July 3- 4 July 15-23	Republic of Korea Brazil, Argentina, Venezuela and Cuba	Sixth BRICS Summit in Fortaleza, Brazil China-Latin America and the Caribbean Summit in Brasilia, Brazil
August 21-22 September 11-19	Mongolia Tajikistan, the Maldives, Sri Lanka and India	14th Meeting of the Shanghai Cooperation Organization Heads of State Council in Dushanbe, Tajikistan
November 15-24	Australia, New Zealand, and Fiji	Ninth G20 Leaders' Summit in Brisbane, Australia Meeting with leaders of Pacific Island countries that have diplomatic ties with China in Nadi, Fiji

(Compiled by Beijing Review)

East Asia.

At the foreign affairs meeting in November, Xi urged China's diplomatic service to give full consideration to both domestic and international markets, both domestic and foreign resources as well as both domestic and international rules; to act in good faith and uphold justice; and to promote a new type of international relations featuring mutually beneficial cooperation.

The year of 2014 saw the ushering in of China's new diplomacy, yet the road ahead could be full of uncertainties. Will the "One Belt and One Road" initiatives come out of

the geopolitical shadow? Can the Asia-Pacific free trade blueprint proposed by China be compatible with the U.S.-dominated Trans-Pacific Partnership trade agreement? Will the West put more pressure on China using human rights as an excuse? And can China-U.S. relations and China-Japan relations see more improvement in the future? Xi's leadership must confront all of these challenges step by step. ■

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