

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

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SILK ROAD REVIVAL

China and Eurasia set to renew
their ancient bond

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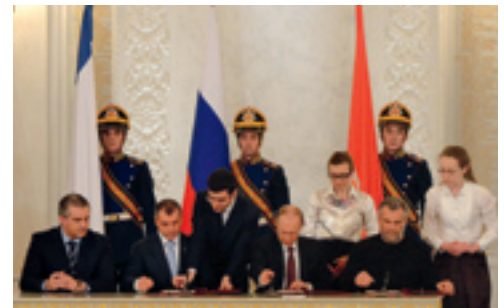
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P.20 | Compromising Over Crimea

Situation unlikely to threaten peace



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EDITOR'S DESK

Restore the Silk Road

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

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

For both China and Central Asia, the Silk Road played an important role in creating marvelous civilizations and economic prosperity in ancient times. Around 2,000 years ago, a Chinese emperor of the Han Dynasty sent his envoy, Zhang Qian, to the unknown west in search of allies to resist the threat of northern nomads. Unexpectedly, Zhang's journey pioneered a significant bond between China and Central Asia. Since then, a trade road linking China and Central Asia—

even stretching as far as Europe—formed and countries along the road thrived. The historic Silk Road was the world's longest trade route on land.

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

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

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

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A photograph of Michelle Obama and her family descending the stairs of Air Force One. Michelle Obama is in the foreground, smiling, wearing a black and beige patterned dress. Behind her is her mother, Rosalynn Obama, in a black jacket. To the right, two daughters are walking down the stairs; one is wearing a brown top and a silver skirt, and the other is wearing a black top and a red skirt. The background shows the side of the white aircraft with the Presidential Seal.

U.S. FIRST LADY VISITS CHINA

U.S. First Lady Michelle Obama arrives with her mother and two daughters in Beijing on March 20, kicking off a seven-day visit to China, at the invitation of Peng Liyuan, wife of Chinese President Xi Jinping.

After taking in Beijing, Michelle Obama will visit Xi'an in northwest China's Shaanxi Province, an ancient city best known for its museum of terracotta warriors. She will end her trip in Chengdu, southwestern Sichuan Province, which is the hometown of pandas.



ZHAO CHUNNING

Navy Drill

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

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

Power List

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

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

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

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

Terrorism Denounced

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

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

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

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

The ETIM, listed by the UN Security

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

Protecting Petitioners

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

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

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

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

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

Lottery Sales

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

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

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

SMART NEWS

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



CHEN JIE

Water Risks

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

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

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

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

Climate Report

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

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

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

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

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

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



Tiger Center

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

and human development, and calls for more public sector funding for low-carbon technologies.

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

Curriculum Reform

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

Dai Jiagan, Deputy Director of

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

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

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

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

Fresh Air

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

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

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

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



Trading Band Widened

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

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

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

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

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

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

Growth Moderated

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

In February, new home prices in



EYEING HIGH-END PRODUCTION

A worker sorts out elevator components in Yongqing County, north China's Hebei Province

70 major cities tracked by the National Bureau of Statistics (NBS) rose by an average of 11.1 percent year on year, slowing by 1.3 percentage points from January, the NBS said in a statement.

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

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

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

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

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

Cutting Red Tape

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

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

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

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

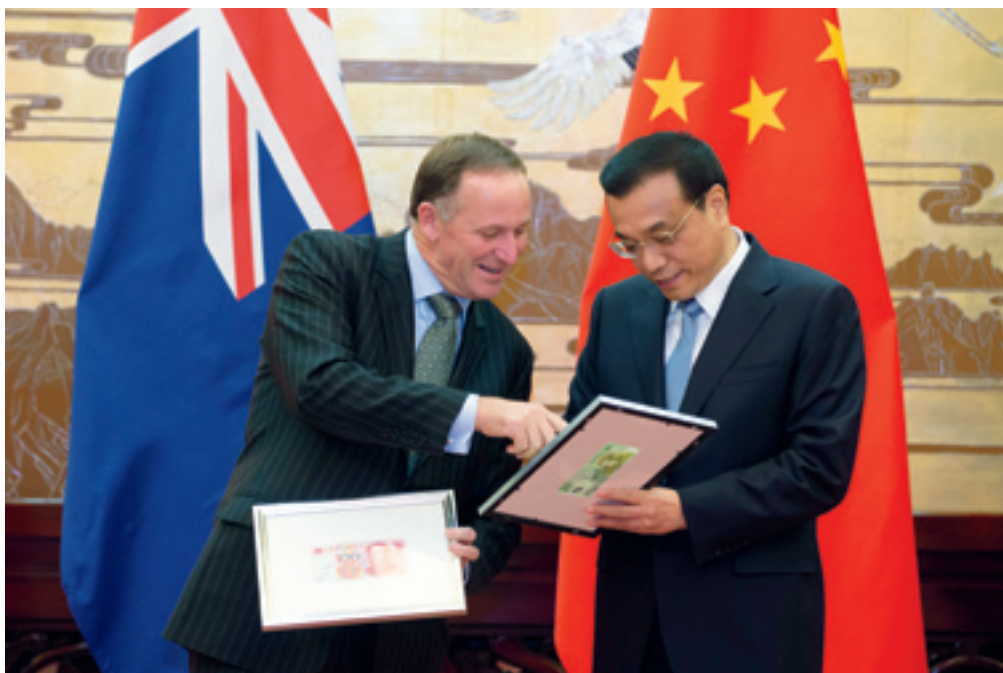
The total assets of small and



Small Bags, Big Hit

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

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



One Step Ahead

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

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

Forex Surplus

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

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

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

TAPPING SOLAR ENERGY

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



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

Tramcar Contracts

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

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

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

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

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

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

Speeding Up

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

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

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

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

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

Optimistic Outlook

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

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

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

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

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



THE UNITED STATES

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



AUSTRIA

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



INDIA

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





SYRIA

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



KAZAKHSTAN

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



AUSTRALIA

A crew member of the Royal Australian Air Force's AP-3C Orion aircraft conducts search operations for the Malaysia Airlines flight MH370, which went missing on March 8 with 239 people on board, off the western Australian coast





MASTER OF THE SCREEN

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

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



China's Position in the Global Economy

South Reviews
March 12

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

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

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

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



Reform of State-Owned Enterprises

Oriental Outlook
March 13

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

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

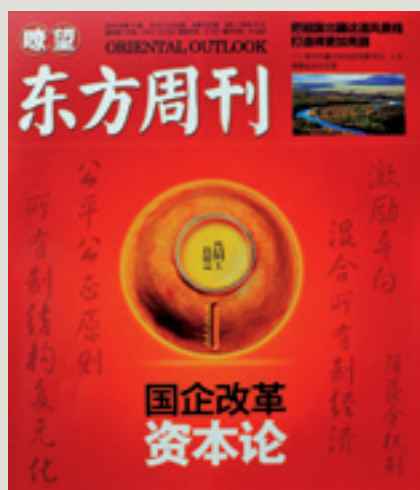
A month later, Shanghai, China's economic hub that assembles many of the country's giant SOEs, issued a guideline policy of SOE reform. In recent years, Shanghai has taken a series of measures to reform SOEs. At present, Shanghai has made remarkable strides in establishing a mixed economy with cross-shareholding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

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

Yu Yi, a Beijing-based game analyst

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

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



also issued guidelines to promote SOE reform.

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

Consumer Rights Protection

March 17
Xinhua Daily Telegraph

China Central Television's (CCTV) annual evening show on March 15, World Consumer Rights Day, has once again become the focus of attention, with quality issues of commodities or services being addressed. Some people have thus exalted the show as being a celebration of the ordinary consumer. However, it is doubtful that a show alone will be able to effectively tackle commodity quality issues.

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

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

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

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

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



GODFATHER OF E-COMMERCE



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

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

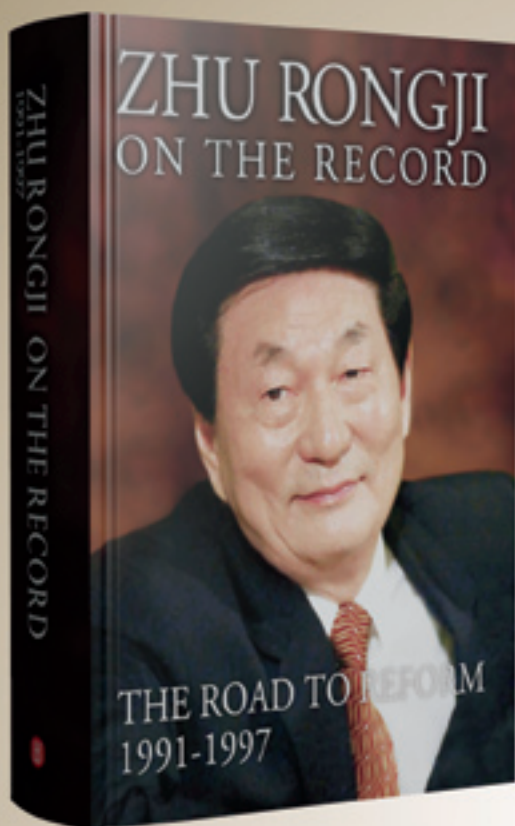
The reason for Alibaba to list in the United States is that the New York Stock Exchange and Nasdaq allowed a corporate structure that gives top executives the right to nominate a majority of the company's board members even if their holdings are not substantial.

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

Guo Wenjing, a netizen on People.com.cn

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

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



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He has been as direct in his editorial selections as he was in his leadership style in office and has not shied away from difficult or sensitive issues.

— Henry A. Kissinger

It is a unique historical document of China's unprecedented economic evolution over the past few decades. And it gives a fascinating insight into the political work of Zhu Rongji—an exceptionally gifted statesman and a dear friend.

— Helmut Schmidt

Zhu Rongji on the Record

Zhu Rongji on the Record is a compilation of Zhu's writings. It covers China's reform, opening up and modernization drive. It includes important speeches, articles, letters, and directives. Zhu Rongji is a key Chinese reformer and statesman, and served as Vice Premier of the State Council from April 1991 to March 1998. He later served as Premier, from March 1998 to March 2003. Most of the materials in the book are being published for the first time. The Chinese edition of the book was published in Chinese mainland in 2011, and was very well received. The two-volume English edition includes 112 speeches, articles, letters, and directives selected by Zhu himself from the 348 articles in the four-volume Chinese edition. The English edition of the book is published by the Foreign Languages Press of the CIPG and the Brookings Institution Press in the U.S. Both Henry A. Kissinger, former U.S. secretary of state and Helmut Schmidt, former chancellor of West Germany wrote prefaces.

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COVER STORY

IN THE FOOTSTEPS OF HISTORY

A proposed economic belt along the ancient Silk Road aims to lift regional economies, notwithstanding the many obstacles in its path By Zhou Xiaoyan

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

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

In a speech at Kazakhstan's Nazarbayev

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

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

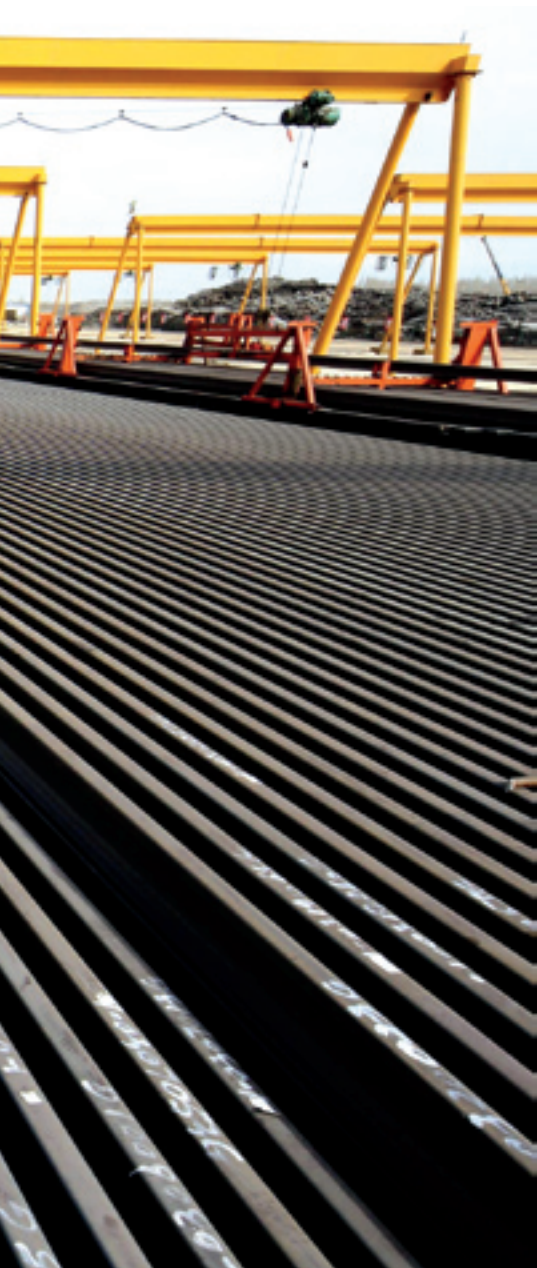
the Silk Road Economic Belt.

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

Renewal of ancient route

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

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



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

east coastal region.

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

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

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

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

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

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

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

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

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

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

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

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

Fierce competition

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

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

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



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

CHINA NEWS

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

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

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

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

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

"It's a vital development opportunity for

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

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

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

Further to the northwest, preparations are also underway in Gansu Province, which, in addition to the potential trade benefits the eco-

nomie belt will bring, is keen to become a leader in the cultural sphere.

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

of the Communist Party of China.

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

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

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

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

Roadblocks

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



↓ Ancient Silk Road

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

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

Over 2,100 years ago, Zhang Qian (about

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

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

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

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

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

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

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

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

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

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

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

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

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

make them a sparkling necklace."

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

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

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

COVER STORY

SILK ROAD TO PROSPERITY

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

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

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

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

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

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

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

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



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

How will the overall geopolitical situation in Central Asia change with such an economic belt? What would be the implications for the international community?

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



TRADE BOOM: Workers load goods bound for Kazakhstan in Horgos, northwest China's Xinjiang Uygur Autonomous Region, along the China-Kazakhstan border on December 25, 2013

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

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

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

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

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

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

Emerging economies, particularly the BRICS member countries, have been the engine of the global economy for the past few years. But some economists pointed out that the development of emerging economies has slowed down due to the global economic crisis, predicting these economies would be unable to sustain their growth. Do you agree with them?

It depends. If you stay within the system of globalization, then the future will not look so great because the system is collapsing right now. There are people even in the United States like Vice Chairman of the Federal Deposit Insurance Corp. Thomas Hoenig, who made the argument that the financial system is so bankrupt that if one or two of the too-big-to-fail banks go bankrupt, it will bring down the whole system because of the connection of the market segments.

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

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

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

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

Compromising Over **Crimea**

Moscow's absorption of Crimea may trigger a new "cool war" between Russia and the West By Ding Ying



ACCESSION APPROVED: Leaders from Russia, Crimea and Sevastopol sign a treaty on the Crimean Peninsula becoming part of Russia in the Kremlin on March 18

After Crimea passed—with an overwhelming majority of votes—a decision to join Russia in a referendum held on March 16, Russian President Vladimir Putin won a victory that subsequently enraged the West enough to declare economic sanctions, but not enough to risk military conflicts with Russia.

It now appears that there is no immediate danger of war, and Chinese analysts have claimed the situation is still on the track of political settlement.

Putin's decision

Russia moved swiftly to absorb Crimea after it declared independence from Ukraine. Putin asked the parliament on March 18 to ratify a treaty adopting two new regions, the Republic

of Crimea and the city of Sevastopol, into its territory. Two days earlier, a referendum was held in Crimea, in which 96.77 percent of Crimean voters supported joining Russia.

"Russia bet that the West would not have a strong reaction. For now, everything has gone as Russia expected," said Li Zhiguo, a researcher on Russian studies with the China Institute of International Studies (CIIS) to *Beijing Review*.

The West's interests in Ukraine are simply not serious enough to start a war. But to Russia, Crimea is important enough to warrant risking the costs of war to get it. Li explained that European countries, which depend on natural gas from Russia, will not undertake extreme efforts to contest the recent developments. The majority of residents in Crimea are ethnic

Russians. Moreover, Russia's Black Sea Fleet is stationed in Sevastopol on the Crimean Peninsula, added Li, making the peninsula an area of geo-strategic significance for Russia. The researcher noted that from 1941 to 1942, the Soviet Union and Nazi Germany fought over Crimea for a full year.

In a speech on March 19, Putin said he will respect the Crimean people's wishes, stressing Crimea's decision was fully in accordance with international law—in particular with Article 1 of the UN Charter that stipulates the principle of equality and self-determination of peoples. "Crimea is part of our common heritage and a key factor of stability in the region. This strategic territory should be under strong, stable sovereignty,

which in effect can only be Russian," he said.

Li said the situation would be different if the West had stopped pressuring Russia after Ukrainian President Viktor Yanukovich, who is pro-Russia, announced an early presidential election as one of the measures aimed at ending the country's political crisis on February 21.

"Ukraine's political power in the country's western areas intended to clear away pro-Russia forces in the eastern regions, and upgraded the political crisis in Kiev, which enraged Russia," Li added. Russia maintained a rather moderate policy toward Ukraine after the West-backed "Orange Revolution" in Ukraine in 2004. "Now Putin is determined to land a blow that can make the West feel the pain," said the researcher.

During his speech, Putin repeatedly slammed the West as a whole—and the United States in particular—for hypocrisy and the use of double standards. The situation in Ukraine mirrored what had been happening in the world after the collapse of the bi-polar system, because the United States started to believe in its exceptional right to pursue its interests by force, he said. Still, Putin said, Moscow did not seek confrontation with its partners in the East and the West.

Former Chinese Ambassador to Russia Gao Yusheng pointed out that the reason why Putin moved to adopt Crimea is that the Russian president believed retreating was not an option. Even if Russia agreed to let Crimea be an independent state, the West still would launch sanctions on Russia, said Gao.

As Russia regains its lost territory, Putin's personal reputation as a tough and powerful leader has reached a new high. Crimea, historically part of Russia, was transferred to Ukraine in 1954, then a republic of the Soviet Union.

According to latest polls in Russia, Putin's favorable rating among Russian people reached over 70 percent. Russia's parliamentary election will be held in September, and the overwhelming patriotism will surely help the ruling party to win.

Future 'cool war'

What's done is done. Neither Ukraine, nor the West, can change Crimea's determination to join Russia. Observers predicted the relationship between the West and Russia will enter a "cool war" stage, which will be much weaker than the previous Cold War. If all related parties

remain committed to finding a political solution, regional stability is still promising.

The international community is worried that the referendum on the Crimean Peninsula will trigger a domino effect in east Ukraine, as many pro-Russia cities may choose to follow Crimea's suit and apply to join Russia. In his speech on March 19, Putin said that Moscow did not seek and did not need to split Ukraine. "On the contrary, we will do everything to build civilized good-neighborly relations, as is accepted in the modern world," Putin promised.

"There are still possibilities that such a domino effect might occur," Li said. According to Li, the result of the upcoming Ukrainian presidential and parliamentary elections will decide whether or not such a situation will happen.

Li stressed that if eastern Ukrainian regions can share in the political process of Ukraine after the elections, wherein Russia still can have a say in the country's events like the West, Russia will not further intervene in Ukraine's domestic political affairs. However, if pro-Russia forces are excluded after the elections, Moscow might continue to push forward east Ukraine's intention of joining Russia, Li added.

There will be very little danger of military conflicts in Ukraine over Crimea, Li said. "First of all, the West doesn't have so many interests there. Without assistance from the West, Ukraine doesn't have the ability to confront a strong power like Russia," Li claimed.

U.S. President Barack Obama said on March 19 that the United States would not take military action in Ukraine against Russia. "We are not going to be getting into a military excursion in Ukraine," Obama said in an interview with KNND, a California-based broadcaster.

"I think even the Ukrainians would acknowledge, for us to engage Russia militarily would not be appropriate and would not be good for Ukraine, either," Obama said. "What we are going to do is mobilize all of our diplomatic resources to make sure that we've got a strong international coalition that sends a clear message."

In response to the Ukrainian crisis, the Obama administration has focused on providing economic aid to Ukraine and imposing sanctions against Russia. Obama announced sanctions against 11 Russian and Ukrainian officials who the United States said are responsible for threatening Ukraine's sovereignty and ter-

ritorial integrity on March 17. He indicated that further sanctions could be on the way.

Unlike the Cold War, which featured a complete confrontation in political, economic and military aspects, the scope of the "cool war" is limited, said Li. "Against the background of globalization, it is impossible for Russia and the West to cut all connections between them," he said, adding that the two sides will remain alert to each other in the foreseeable future.

Li also noted that current economic sanctions against Russia will not be as effective as the West expected. "Europe is still in demand of Russia's natural gas, and the trade volume between Russia and the United States is not big enough to validate the sanctions," Li explained.

Gao predicted that there is still a possibility that the West and Russia could reach a short-term compromise—for example, supporting Ukraine establishing an administration that both of them can accept. However, Gao said, the Crimean crisis will greatly influence relations between the West and Russia, while their game over Ukraine will continue. He suggested that Ukraine should maintain a balance between Moscow and the West, which he said will be a rational and practical choice.

The international community should make constructive efforts to defuse the tension, spokesman of the Chinese Ministry of Foreign Affairs Hong Lei said on March 19. "We believe that this issue should be resolved politically under a framework of law and order. All parties should exercise restraint and avoid taking actions that may sharpen the dispute," said Hong. Under the current circumstances, a political settlement should be sought on the basis of respecting all parties' reasonable concerns and legitimate rights and interests, he added.

Yang Chengxu, a senior research fellow with the CIIS, said that Ukrainian people shouldn't be forced to choose a side between the West and Russia. Beijing is willing to offer its suggestions to help Ukrainian people get out of economic recession and political instability, he said. China, which has contracts with Ukraine totaling over \$10 billion, surely hopes Ukraine will remain stable, he added. "China takes a fair and just attitude in the Crimean crisis, which is in favor of Ukrainian people's long-term interests," Yang stressed. ■

Seeking a Solution To Deadlock

China's top political advisors offer suggestions on easing Sino-Japanese tensions By Miao Xiaoyang

Territorial disputes, historical problems as well as a lack of mutual trust over the last two years have caused Sino-Japanese relations to sink to their lowest point since the two countries restored their official relationship in 1972. How to emerge from the current impasse was an important question confronting members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), China's top political advisory body, during their annual meeting, which was recently concluded in Beijing.

Multiple problems

In an exclusive interview with *Beijing Review*, CPPCC National Committee member and Chinese Ambassador to Japan Cheng Yonghua said that Sino-Japanese relations are currently in the most severe and difficult period since the normaliza-



Cheng Yonghua

tion of their diplomatic relationship in 1972.

Cheng said, "Japan's illegal move of 'purchasing' the Diaoyu Islands in September 2012 and the Japanese prime minister's paying tribute to the controversial war-linked Yasukuni Shrine last December hurt the feelings of Chinese people and undermined the foundation of China-Japan relations."

In addition, Cheng said, Japan's right-wing forces have vigorously advocated a so-called "China threat" in recent years, attempting to change Japan's military and security policy on that ground.

"The basic principle to develop a sound Sino-Japanese relationship is to follow the four political documents signed by the two countries, including the 1972 Sino-Japanese Joint Statement and the 1978 China-Japan Treaty of Peace and Friendship," Cheng said. The four documents provide important common understanding and consensus reached by the two countries on properly handling history, the Diaoyu Islands and other prominent issues. "They should be strictly observed," added Cheng.

During the World Economic Forum held in

January in Davos, Switzerland, Japanese Prime Minister Shinzo Abe drew a parallel between the current China-Japan relations and the relationship between Germany and Britain preceding World War I, hinting that China is a threat to Japan.

CPPCC National Committee member Shi Mingde, also China's Ambassador to Germany, said, "Germany has taken a very different attitude from Japan toward historical issues. By full examination of its past, Germany won the trust of its neighbors. Japan needs to learn from Germany. Only by making a clean break with its aggressive past and taking history as a mirror can Japan achieve reconciliation with its Asian neighbors."



Shi Mingde

"Using history as a mirror and looking forward into the future are the basic principle for developing a healthy China-Japan relationship," said Cheng. "In recent years, Japan has attempted to dilute its history education.

Modern history is almost ignored in Japan's junior and senior middle school education. Most schools only teach students Japanese history before the 1868 Meiji Restoration. Japanese right-wing forces even deny and whitewash Japan's war crimes."

In February, China's top legislature ratified September 3 as Victory Day of the Chinese People's War of Resistance Against Japanese Aggression and December 13 as the memorial day for remembering the victims of the Nanjing Massacre, in which Japanese aggressors killed more than 300,000 Chinese people.

CPPCC National Committee member and President of China International Publishing Group Zhou Mingwei said the designating of the two new national days by law is an effort by the Chinese people to safeguard the victory of World War II and the postwar international order. It aims to encourage Chinese people to remember their history as well as to tell the world that Chinese people will use a peaceful approach to reach their goals.

"To remember history is not to nurse hatred but to use it as a mirror to look forward," Ambassador Cheng said. "I hope Japan can face up to history and show sincerity in its desire to hold pragmatic talks with China on related issues, bringing Sino-Japanese relations back on a healthy, stable as well as mutual beneficiary track with joint efforts."

Complicated relations

A China-Japan joint public opinion poll released by *China Daily* and Japan's Genron NPO in 2013 showed that more than 90 percent of

respondents from each country replied they have unfavorable impressions of each other. But on the other hand, more than 70 percent of respondents from both countries hope the two countries could improve bilateral relations.

Zhou addressed the matter by noting, "One of the current plights of Sino-Japanese relations is the loss of mutual trust between the people of the two countries, which is also what concerns me the most. The emotional response of the two peoples when concerning major bilateral problems will affect the policies of the two governments and bilateral relations."

"Sino-Japanese relations are very complicated," Zhou said. "Thus, we should avoid handling these relations simplistically or emotionally. We should not indiscriminately regard Japan as a rival, mistreat the Japanese people or boycott Japanese products. It does not contribute to the settlement of bilateral disputes."

Zhou stressed strictly separating and treating differently ordinary Japanese people from Japanese right-wing forces when concerning the disputes.

"Like us, most Japanese people want peace and improved relations with neighboring countries including China," said Cheng. He added that with regard to the war, most Japanese people have painful memories. They also hope that there will be no such cruel wars in the future and that history will not be repeated. Many of them have reflected deeply on history and the war, and do not support their political leaders' visits to the Yasukuni Shrine, which honors fallen Japanese soldiers alongside several high-level officials executed for war crimes after World War II.

"Even as the current Sino-Japanese relations have reached a freezing point, people-to-people exchange between the two countries should not be intermitted. We should employ the positive effect of people-to-people diplomacy to improve the

deteriorated Sino-Japanese bilateral relationship," said Li Xiaolin, CPPCC National Committee member and President of the Chinese People's Association for Friendship With Foreign Countries (CPAFFC).



Li Xiaolin

"People-to-people diplomacy and promoting official relations through people-to-people exchange are unique traditions of the Sino-Japanese relationship," said Cheng. Cheng recalled that after the founding of the People's Republic of China in 1949, though the two countries didn't establish an official relationship immediately, people-to-people exchange between the two warmed up swiftly, which laid a solid foundation of public opinion for the eventual normalization of bilateral official relations.

"Now we should revitalize and further consolidate the role of people-to-people diplomacy in promoting Sino-Japanese relations," said Cheng.

Li said that the CPAFFC is preparing to invite more peace-loving Japanese parliamentarians to visit China to deepen mutual understanding. "We need to encourage more peace-loving Japanese people to express their opinions and jointly safeguard the victory of World War II and the postwar international order," said Li. "Non-governmental organizations for bilateral friendship from both countries should cooperate much more closely to get Sino-Japanese relations back on the right track of mutual benefit." ■



Zhou Mingwei

GALLERY

MULTIMEDIA

ABOUT



FACES OF TIBET

1956-1961 Perspectives from photographer Zonglie Chen

Photos

Videos

Oral History

Available on the App Store

Developed by BEIJING REVIEW under CIPG



Recreational Vehicles (RV) and their accompanying lifestyle have become increasingly popular with Chinese consumers. For tourists, RVs provide a warm and comfortable home wherever they move. With an RV, people can sleep in a cozy bed and dine on home-cooked food. Without having to rush to board trains or city coaches, RV drivers are able to enjoy a journey because they are free to decide when to set out or where to stop. The RV lifestyle has just taken off in China, and Chinese RV owners have been totally immersed in the fun and freedom the lifestyle offers. They are delighted to promote the RV culture to more people.

In collaboration with Centech RV producer, Centech RV sales company has opened the Shanghai RV Sales Center in Shanghai Expo Park in a bid to facilitate RV production and its culture in China. The Shanghai RV Sales Center offers RV lovers a comprehensive service including consulting, sales, rent, camp investment and vehicle maintenance as well as membership.

Shanghai RV Sales Center Contact: 4008485668; 8621-51975538-39



Fighting Corruption With Law

China looks to reinforce its legal vanguard against the damaging practice
By Zeng Wenhui



RAISING AWARENESS: Local residents visit an anti-corruption exhibition in Shenyang, Liaoning Province, on March 5

On March 13, the Second Session of the 12th National People’s Congress (NPC) concluded in Beijing. At a press conference held right after the closing of the annual parliamentary session, Premier Li Keqiang reiterated that China will show “zero-tolerance” to corrupt officials.

“China is a country under rule of law. No matter who he is, and how senior his position is, if he violates Party discipline and the law of the country, he will be punished to the full extent, because everybody is equal before the law,” Li said.

Before this year’s NPC session started, *China Youth Daily* conducted a telephone sur-

vey among 65 NPC deputies on topics that they were most concerned with.

The survey showed that the three topics that received the most attention were anti-corruption, reform and people’s livelihood, which accounted for 67.1, 62.4 and 52.9 percent of respondents, respectively.

Legal enhancements

On March 10, while delivering a work report to lawmakers, Cao Jianming, Procurator General of the Supreme People’s Procuratorate, said that 37,551 corruption cases involving 51,306 per-

sons were probed in 2013.

According to Cao, procuratorial departments across the country investigated 2,871 public servants at county levels and above last year, including 253 at city levels and eight at provincial and ministerial levels, in 2,581 cases of graft, bribery, and embezzlement of public funds involving more than 1 million yuan (\$161,000).

“In the past two years, anti-corruption efforts have produced very good results. Yet the better the results are, the more the general public worry about whether or not the battle against corruption is sustainable. Hence, many people have called for the establishment of an effective long-term mechanism against corruption,” Wu Qing, an NPC deputy from Guangdong Province and partner of the King & Wood Mellelsons law firm, told *Beijing Review*.

Wu said that legislation against corruption must be strengthened so as to combat corruption in an institutionalized and standardized way.

In his interview with *Beijing Review*, Chen Xu, an NPC deputy and Procurator General of the Shanghai Municipal People’s Procuratorate, stressed that a comprehensive anti-corruption law must be made and anti-corruption agencies should be given a greater degree of independence and more power.

Chen said that in China, anti-corruption agencies include procuratorial departments and anti-corruption bureaus, yet there is not a specific law to codify their responsibilities, tasks,

as well as work procedures and methods. "These legal rights can only be conferred by law," he added.

Prevention and control

NPC deputy Zhao Kai, an official from the Work Committee of Departments under the Communist Party of China (CPC) Central Committee, called for making an anti-corruption law integrating relevant contents in substantive laws, procedural laws, administrative laws and organizational laws so as to boost anti-corruption work in accordance with concrete legislation.

When investigating corruption cases, procuratorial departments should thoroughly analyze the process that turns people into criminals, uncover blind spots where power has not been supervised, and inform relevant organizations of these blind spots so as to help them prevent corruption, according to Chi Qiang, Procurator General of the Beijing Municipal People's Procuratorate. Chi made the remark during a panel discussion by Beijing's NPC deputies on the work reports of the Supreme People's Court and the Supreme People's Procuratorate on March 11.

Chi's opinion was echoed by Chen from Shanghai, who suggests that a special department to prevent corruption should be set up in anti-corruption agencies.

Chen said that Hong Kong's Independent Commission Against Corruption has a corruption prevention division dedicated to preventing graft in the government, public institutions and enterprises. Staff members at the division can attend meetings and read documents of these organizations to identify loopholes and put forward suggestions for improvement.

Wu from Guangdong commented that both punishment and prevention are essential in the fight against corruption. "Prevention should be a key focus in the legal system when it comes to corruption," she noted.

According to Wu, currently punitive laws against corruption, such as the Criminal Law, the Criminal Procedure Law, the Civil Service Law and the Administrative Supervision Law, outnumber preventive laws. In the meantime, corruption prevention mainly relies on the internal rules of the CPC, such as the CPC Central Committee's eight-point rule on fighting bureaucracy and formalism and rejecting extravagance among Party members, as well as the regulations requiring officials to report personal affairs.

PROGRESS REPORT: Cao Jianming, Procurator General of the Supreme People's Procuratorate, delivers a work report to deputies of the National People's Congress on March 10



"The CPC's internal rules should be enacted into laws," Wu said. "Laws are legally binding and offenders will receive more severe penalties."

Practical measures

During this year's NPC session, deputies have put forward specific proposals on preventing, reporting and punishing corruption.

Cai Yi, Director General of the Hong Kong Island Federation, said that anti-corruption reporting through the Internet should be encouraged and corruption will be nipped in the bud through such efforts.

In his work report, Procurator General Cao also pledged to establish a corruption-reporting system based on letters, visits, phone calls and the Internet.

Wu said that while the Internet is an effective tool to report corruption, it should be used appropriately. "If an anti-corruption law can be enacted, it should include provisions on exposing corruption through the Internet," she said. For instance, Wu said that the law should specify the legal responsibilities of any person fabricating evidence and defaming others for corruption.

Chen Jingying, Dean of the Law School of Shanghai University of International Business and Economics, told *Beijing Review* that now many officials have been punished after being caught for corruption, in fact, preventive measures should be taken before their promotion, for instance, officials should be required to disclose their assets.

Hua Bei, deputy head of the Shanghai Administration of Supervision, said that various organizations should make coordinated efforts to fight against corruption, such as sharing banking and real estate information. "China should strengthen judicial cooperation with other countries in order to capture fleeing corrupt officials and recover stolen money or goods," she noted.

"International cooperation to prevent corruption is a strong deterrence. It tells corrupt officials that wherever you escape to, you will be caught eventually," Wu said.

Zhang Xuequn, President of the Yunnan Provincial Higher People's Court, said that while bribe takers should be severely punished, so should those paying the bribes.

Qiu Guanghe, Board Chairman of the Zhejiang Semir Group, a casual wear manufacturer, proposed increasing penalties to offenders committing commercial bribery and setting up a commercial bribery crime database and social credit system so as to promote the healthy and sustainable development of private businesses.

Dong Mingzhu, Chairwoman of Gree Electric Appliances, Inc. of Zhuhai in Guangdong, said that a business manager should always keep his or her bottom line in mind, and should not engage in under-the-counter deals with officials to maximize profit.

In addition to punishing bribers, anti-bribery rules should be updated to include new forms of bribing, said Chen Xu, the prosecutor from Shanghai.

"Previously, laws mainly address briberies in the form of money and goods, while leaving out those in the form of job offers, education financing, future transactions and even sex services," Chen Xu said. "These new forms of briberies should be added into relevant laws."

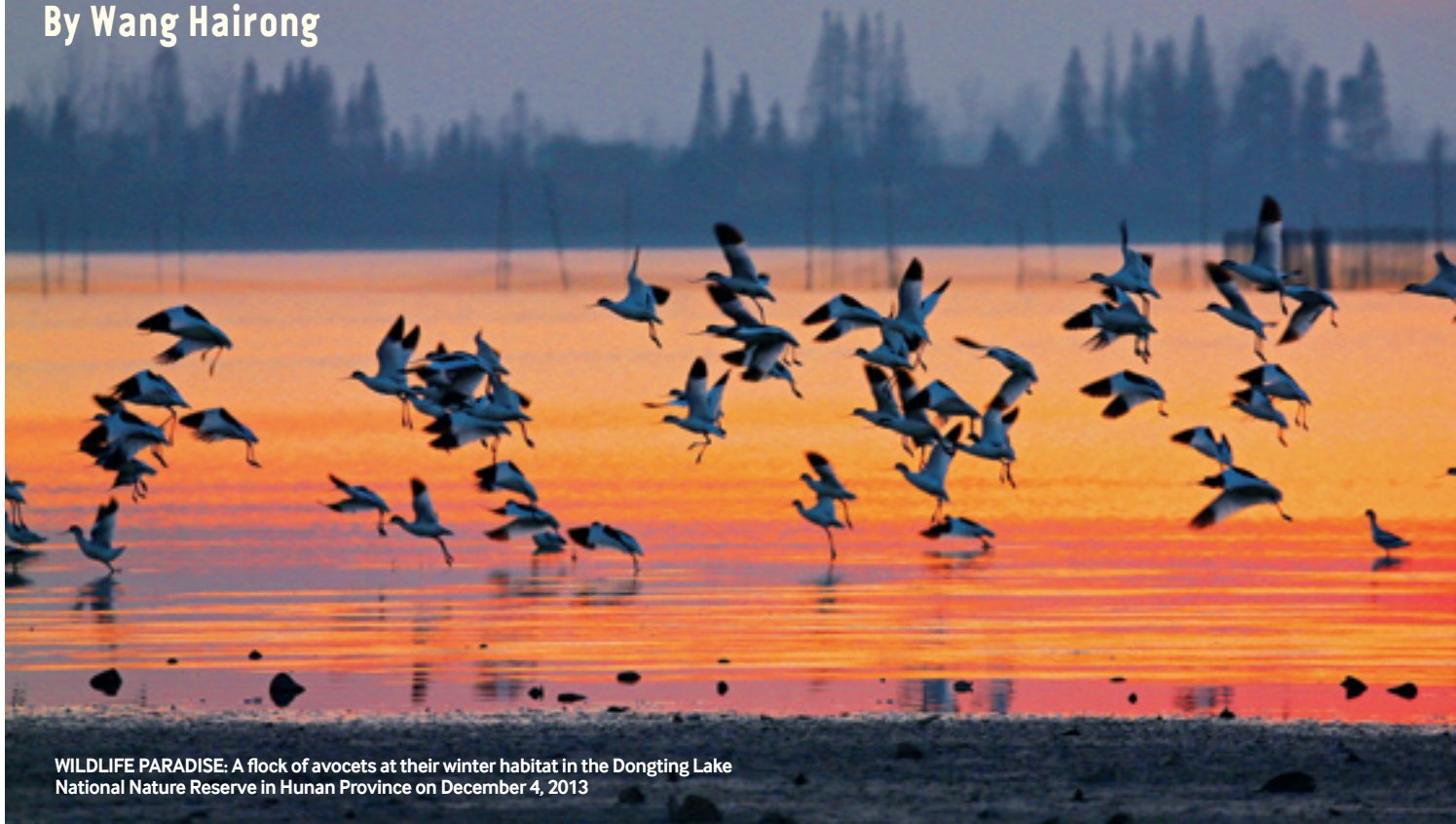
"Corruption is a natural enemy of the people's government," Premier Li said at the March 13 press conference, "We must put the exercise of power and the use of public money under institutional supervision."

Li said that the government will continue to streamline administration and delegate power, and it will release a list of activities that require government approval as soon as possible to set clear boundaries and ensure that power will not be abused. ■

Drawing a Red Line

China works to establish an effective ecological conservation system

By Wang Hairong



WILDLIFE PARADISE: A flock of avocets at their winter habitat in the Dongting Lake National Nature Reserve in Hunan Province on December 4, 2013

For decades, China's breakneck growth has been achieved to the detriment of its environment. Now, realizing that it cannot afford to sacrifice its environment any further, the country has decided to draw a red line for the protection of ecological resources, the last line of defense for its natural environment.

The concept of the ecological red line first appeared in 2011 in a State Council circular on environmental conservation. The document said that there should be a red line on the conservation of zones with important ecological functions as well as land and sea areas with sensitive and fragile ecological environments.

Since the concept was put forward, it has received more and more attention from China's top leadership.

At a study session of high-ranking of-

ficials on May 24, 2013, President Xi Jinping stressed that the government should set and strictly observe an ecological red line, which requires all regions to optimize, prioritize, restrict or prohibit their industrial development according to their defined nature.

More space should be provided for nature to restore itself, Xi said. He added that the functional zoning strategy should be carried out to advance urbanization, agricultural development and ecological security in a scientific and balanced way.

Drawing an ecological red line was later deemed as an important step in promoting ecological progress at the Third Plenary Session of the 18th Communist Party of China Central Committee that convened in November 2013. The meeting involved the working out of an overall plan on deepening

China's reform in the next few years.

The proposal to draw an ecological red line is a major breakthrough in environmental protection, said Pan Jiahua, Director of the Institute for Urban and Environmental Studies at the Chinese Academy of Social Sciences (CASS).

Pan noted that as environmental and ecological deterioration is starting to affect both people's livelihood and China's future development, marking an ecological red line is imperative. In the meanwhile, he said that "this task calls for quantitative research in combination with analysis on its social impacts."

Progress

"The ecological red line is the bottom line in ensuring national and regional ecological



FENG BIN

security,” said Gao Jixi, Director of the Nanjing Institute of Environmental Sciences under the Ministry of Environmental Protection (MEP).

Last September, the MEP announced that the establishment of the ecological red line will be completed nationwide by the end of 2014.

Minister of Environmental Protection Zhou Shengxian said recently that the ecological red line should include specific requirements concerning ecological functions, environmental quality and resource utilization of designated zones.

Before the national ecological red line is formulated by the MEP, a number of other government departments, which are also tasked with overseeing the protection and utilization of different parts of the ecosystem, have already worked out ecological conservation targets within their respective areas.

At a meeting of forestry officials held on July 24, 2013, it was revealed that the State

Forestry Administration (SFA) had drawn red lines for the protection of forestry, wetland, desert vegetation and wildlife species.

According to the administration, China’s forest acreage should not fall below 249 million hectares and its forest stock volume should be no less than 20 billion cubic meters. It was also specified that the area of wetlands in the country should exceed 53 million hectares and at least 530,000 square km of desert should be reforested.

The SFA said that development should be banned in existing nature reserves and endangered animal and plant species should be protected.

Zhao Shucong, Administrator of the SFA, said that currently most of the targets are set above the actual quantity of available resources because actual levels are already unable to sustain a sound ecosystem.

As early as in October 2012, the State Oceanic Administration also started to designate areas for ecological conservation in the Bohai Sea, China’s only inland sea, which has been heavily polluted.

The MEP began to study the drawing of an ecological red line in March 2012, when it set up a group to compile technical guidelines for it.

In February 2013, the MEP released a tentative guideline on establishing basic lines for zones with important ecological functions. A pilot program was launched in Jiangxi and Hubei provinces as well as Guangxi Zhuang and Inner Mongolia autonomous regions from May to August last year.

Many provincial-level governments have listed the drawing of an ecological red line as a priority on their agenda for 2014, according to their work reports to the annual sessions of local legislatures.

Chen Mengmeng, head of the Environmental Protection Department of Jiangsu Province, revealed that the province has designated 22 percent of its lands as “ecological functional areas.”

“The fundamental purpose of drawing an ecological red line is to protect the environment. Human activities will certainly be restricted, but that does not mean that humans cannot do anything. We can engage in adequate development activities as long as we do not do damage,” said Zhang Huiyuan, Executive Deputy Director of the Ecological Progress Research Center under the CASS.

A delicate balance

“*De facto* ecological red lines have already been marked in many areas. For instance, strict restrictions have been imposed on the exploitation of nature reserves, where construction projects are banned, and in core zones, even scientific experiments are prohibited,” said Wang Jinnan, Vice President and chief engineer of the Chinese Academy for Environmental Planning. He added that a cap on total pollutant emissions is also a form of red line, even though it is not called as such.”

Wang warned that once the ecological red line is set, it must be made legally binding and must be strictly observed, or

otherwise it will be meaningless.

Official statistics show that nature reserves account for 14.61 percent of China’s total land area. This percentage is higher than the international average of five to 10 percent, according to Zou Changxin, Deputy Director of the Ecological Center of Nanjing Institute of Environmental Sciences.

Although the total area under protection is large, the level of protection is not adequate, so ecological degradation still continues, Zou commented.

“In recent years, development and construction activities involving nature reserves have increased by a large margin as the speed of industrialization and urbanization has picked up,” said Li Ganjie, Vice Minister of Environmental Protection.

Many large projects such as highways and hydropower stations in nature reserves have been justified by adjustments to the boundaries of nature reserves and their functional zones. Li said that about 22 percent of nature reserves in China was damaged by such activities in 2011.

Zou revealed that when environment authorities tried to designate ecological functional zones in some pilot areas, they had to bargain with other government departments. Sometimes, environment experts believe certain lands should be protected for their ecological value, but local economic planners have already made plans to develop them into industrial zones or ports.

Drawing an ecological red line is not enough; the most important thing is to step up supervision and management, Zou suggested.

To better ensure the ecological red line is observed, Gao with the Nanjing Institute of Environmental Sciences calls for setting up an ecological inventory through remote sensing satellites and ground-level monitoring, and appraising the effectiveness of protection dynamically. ■

Big-Data Challenge

A new age of information is being ushered in with privacy and security issues in tow **By Li Li**

This year, for the first time in history, people were able to watch the world's largest annual migration of people, the holiday rush before the Chinese Lunar New Year, also known as the Spring Festival, in real time.

Five days before the festival, which fell on January 31, Chinese search giant Baidu launched an online, real-time map of the migration at qianxi.baidu.com, which was updated hourly based on the average traffic of the previous eight hours. The digital map illustrated which paths were the most common and provided detailed information such as where people leaving the big cities were heading to, and which cities and provinces received the largest number of new arrivals, among other interesting insights.

According to Baidu's press release, the information is built on data from the more than 3.5 billion daily positioning requests sent to the company's location-based service (LBS) open platform through products that use its positioning technology and services, including Baidu Map mobile app.

Although the migration map is no longer being updated after the end of the Spring Festival holiday, the event triggered enormous interest in "big data," which had never been so vividly visualized in the media.

Big data is a relatively recent term that has been coined to describe the easy-to-follow trail of digital footprints Internet users inevitably leave behind revealing who they are, what they buy, where they go, and much more. In this new era of Internet use, an astronomical amount of data is collected, shared and processed by website companies.

"Every one of us contributes to this massive data pool. It is estimated that by 2020 an ordinary Chinese family will produce data equivalent to half of the information stocked in the National Library of China," said Tang

Xiongyan, chief engineer of the Research Institute of China Unicom, one of the country's three largest telecom service providers. The National Library of China in Beijing is the largest library in Asia and one of the largest in the world, having accumulated a collection of over 31.19 million volumes of books by 2012.

The most visible utilization of big data is the tailored pop-up advertisements based on information about Internet users' shopping preferences, according to Zheng Ning, an associate law professor at the Communication University of China. She said that enormous potential in using this information to attract customers exists for insurance companies, healthcare providers and telecom service providers among others.

Merits and risks

Before Baidu launched its online migration map, the company tried the technology out on a smaller scale by tracing pedestrians around subway stations, shopping malls as well as drivers on the roads in Beijing.

According to Gu Weihao, Chief Technology Supervisor of Baidu's LBS department, the data collected through these three channels could be used by the government to improve the efficiency of utilities around subway stations and better allocate public resources within a business circle. It can also help drivers to find the best route to a destination by avoiding traffic congestion, he added.

Yet these opportunities bring with them increasing challenges related to security and privacy.

Following reports by state broadcaster China Central Television on the rampant underground sex trade in Dongguan of south China's Guangdong Province, on February 9, many people were intrigued to find out



where the "customers" and prostitutes are from by observing popular destinations that people left Dongguan for on Baidu's migration map. This triggered many people to voice concerns whether or not their own travel routes were being collected and recorded by Baidu's migration map.

Baidu immediately responded by issuing a statement on its official microblog, saying that location data had been collected from hundreds of thousands of apps using Baidu LBS services, but that the data had also been made untraceable by stripping any personal identifiers from it.

While people feel reassured, at least



HEALTH MANAGER:

A woman in Jinan, Shandong Province, takes a blood pressure test at a cloud computing terminal, which is designed to give users healthcare instructions based on big-data analysis

the possibility of fully protecting one's privacy in the big-data era.

Wang Yue, founder of MTrend Group, an Internet industry consulting firm based in Beijing, told China National Radio that the leaking of users' information occurs as soon as one starts to surf the Internet. He warned that when

even banks and telecom companies cannot keep their clients' information safe, regular Internet companies, however circumspect, cannot ensure safety of personal data.

Wang said that, in the future, people will become used to the fact that their data are collected and sold without their knowledge and that they receive some free or inexpensive services provided through the use of big data in return.

Companies that have been collecting and analyzing big data, such as Baidu, are almost unanimous in emphasizing the anonymity of their datasets. However, in cases where these companies fail to safely store

personal information, the consequences can be disastrous.

On December 21, 2011, a text file with information on 6 million users of the Chinese Software Developer Network (CSDN), allegedly the country's largest network for programmers, was leaked on the Internet. The information included user names, passwords, and e-mail addresses, some of which were also used for online shopping, dating, gaming, social networking, and even financial service websites.

Some CSDN members continued to fall victim to the theft of their account deposit at shopping websites, even after the suspected hacker was arrested the following February, as their information was illegally sold to other cyber criminals.

New legal frontier

Zhang Xinsheng, Secretary General of the China Institute of Communications, said that in countries with a more advanced development of big-data technologies, laws on protecting privacy in the new context have already been promulgated, which entail the full responsibility of companies using big data when their use causes privacy leakage.

However, some scholars argue that although necessary in the long run, the conditions for introducing legislation on big data are immature in China.

"The development of big data will take a long time. While many legal issues still face raging debates, it is too early to adopt a law on this matter. Right now China needs a personal information protection law more urgently," said Zheng with the Communication University of China.

Zheng emphasized that the personal information protection law should address issues like to what extent individuals own their personal information, whether the "notice and consent" principle in protecting privacy can be upheld and how individuals should resort to the legal aid when their privacy is violated. ■

for now, about any perceived privacy risks caused by Baidu's location services, it has become clear that the era of big data may endanger privacy even more than the Internet did in the past.

"I feel that my personal data are being collected without my permission and manipulated by other people all the time," Du Kai, a resident in Beijing, told *Legal Daily*. "My search queries have been exploited to the extent that within half an hour after I search for a certain product, advertisements for similar products will appear on the Web page of my microblog."

Some people even pessimistically deny

New Media

With the power of the Internet, anyone can become a producer By Yuan Yuan

When Chi Jianqiang, a computer programmer in Beijing, set up his public WeChat account in December 2012, he never thought he would be making a book out of it within a year.

Chi's account, MacTalk, mainly shares tips for using the Apple company's MacBooks, and information on new software scheduled for launch by the same company. Sometimes he also shares stories about his co-workers to "illustrate a true picture of computer programmers." With its light and humorous tone, his account attracted around 10,000 followers in only a few months.

Among Chi's followers, there are quite few from publishing houses, who suggested he publish a book based on the content of the account.

"It was quite a surprise," Chi said. "Releasing a book seemed to be a big thing that I had only dreamed of before."

Launched by the leading Chinese Internet firm Tencent in January 2011, WeChat first served as a mobile text and voice messaging communication service and quickly gained huge popularity. Its registered users exceeded 100 million in March 2012. When Tencent rolled out their public account service on WeChat in August of the same year, anyone already using the service could set up his or her own media outlet and share information with their followers. "My brand, viewed by over 100 million people" was the slogan used by Tencent to advertise it.

According to Zhang Ying, Deputy Manager of WeChat's product development department, the mobile app had 270 million active users and more than 2 million public accounts as of November 2013.

Pioneers

Wen De, better known by his screen name Guijiaoqi online, is former technical director of Taobao, China's largest C2C online marketplace.

His public WeChat account was launched on January 3, 2013, and its followers exceeded 60,000 within just three months.

Wen attributed this to his content, as his account shares suggestions and tips for selling and buying things on Taobao. "As almost everybody shops on Taobao, this content is very interesting," Wen said.

In July 2013, Wen published his first book *Just Do It* and six months later, his second book *Love Life* was released. Besides expressing some sharp and professional ideas on e-commerce, Wen also talks about many aspects of life, including job-hunting suggestions for college graduates and dating tips for young people.

On October 27, 2013, Wen quit his job at Taobao to work full time on his public WeChat account. The number of followers he has now surpasses 200,000.

By the time Wen decided to become a full-time new media producer, Cheng Lingfeng, former Director of the Tech Center of Tencent's Internet Portal Department, had been indulging in this career for more than one year. On August 29, 2012, Cheng declared on his microblog that he was going to quit his job at Tencent and work on his new media product Cloud Technology, which is accessible on WeChat and several other news-reading mobile apps.

On January 28, 2013, Cheng started to sell advertisements on Cloud Technology at the price of 10,000 yuan (\$1,610) for each day. In the first three months, he earned 200,000 yuan (\$32,200) this way.

This was regarded as a big success for new media outlets as many people are not optimistic about their economic profits. "As long as I can make 10,000 yuan every month, it is enough for my life already," said Cheng, who moved from Beijing to a medium-sized city in south China after quitting his job at Tencent.

At that time, Cheng also had another idea for generating an income. "If the followers love the content I share, they can just give as much as they want," Cheng said. "It is kind of like donating to a busker or street artist."

But Cheng didn't really do it until another person turned this possibility into a reality.

Luo Zhenyu, another new media producer, surprised many in 2013 by collecting nearly 10 million yuan (\$1.61 million) from his followers within four months under his Love Support campaign.

As the former producer for *Dialogue*, a popular financial talk show on state broadcaster Central China Television, Luo said that he always felt upset when hosts or hostesses couldn't convey his idea properly. He recalled that at that time he always asked himself, "Why can't I stand on the stage myself?"

When China Business Network, a Shanghai-based financial media group, invited Luo to be a host on one of its TV programs, he didn't hesitate to join but the idea of creating his own media channel always lingered in his mind until he met Shen Yin in 2012. Shen is also a TV producer and he envisioned the trend of media as going toward increasingly smaller and more professional offerings. They decided to set up a new media outlet together.

On December 21, 2012, the rumored end day of the world, Luo's first self-produced talk show, titled *Live to Die*, was put online and attracted more than 1 million views.

"I regard new media more as a business than traditional media," Luo said. "Now the cost to make your own media is a lot lower. You just need a video camera and tripod, which is less than 40,000 yuan (\$6,440)."

Luo releases one video each week and every morning before 7 a.m., his followers can get a 60-second audio segment recorded by him. The content includes almost

MEDIA BUSINESS: Luo Zhenyu delivers a lecture on running new media outlets in Beijing on May 24, 2013



everything that Luo wants to talk about, from book recommendations to interesting stories from history.

On August 11 last year, after gathering more than 10,000 followers, Luo started his first round of the Love Support campaign among his fans. "If you think you are a regular fan, you can pay 200 yuan (\$32.2); if you are a huge fan, you can pay 1,200 yuan (\$194)," Luo said.

When answering the question of what followers could get after paying, Luo said, "They can get a secret gift package, a member ID and some surprises from time to time. The membership is valid for two years." But he didn't explain what the member ID can do or what benefits paying followers can receive.

Despite this, within five hours, Luo collected 1.6 million yuan (\$258,000), which amazed everybody including himself. On December 27, 2013, in the second round of the "Love Support" campaign among Luo's 100,000 or so followers, the result was even more unexpected—he collected another 8 million yuan (\$129,000) within 24 hours.

According to Luo, rewards for participating followers are varied. For example, they can get special discount when they buy the books recommended by Luo from designated online bookshops. Some can get shopping coupons worth 1,000 yuan (\$161) from a lucky draw and more than 200 restaurants all over the country joined to offer free meals to Luo's followers, also by lucky draw.

Not just for profit

"Almost everybody is surprised by the 9.6 million yuan (\$1.55 million) Luo collected within

four months," said Zhang Chunwei, a commentator with Beijing-based China National Radio who is also a new media producer. "But it is a reward after two years of hard work by his production team."

After regular working hours and time spared to take care of her son, Zhang manages to squeeze three hours running her public WeChat account into every day. "It is normal to record more than 20 times to make the final version of an audio," Zhang said. "And as there are a growing number of public accounts, it is harder than before to get as many followers."

"Making new media products is very time consuming. Putting aside the cost, you need to work every day to feed followers with information," said Cheng, who said that he spends four to five hours every day maintaining Cloud Technology and now he has friends joining to work with him.

"Content is still king for new media outlets, but as people are used to getting free information online, it is not an easy task to get them to pay for it," Cheng said.

Although money made through new media itself might be limited, it can help to

expand the influence of new producers, which will bring financial rewards in other ways, according to Cheng.

"There are many uncertainties about new media, among all the new media accounts that I follow, only my own and another one update information every day," said Wen, who added that a

single person's efforts is not enough to run a new media outlet.

In contrast to full-time new media producers, many people have been getting involved in the trend just for fun.

Yang Chenyi, 25, has been running a public WeChat account that collects funny comments from movie reviews since late 2012. Yang graduated from the Central Academy of Drama and is a big fan of movies and loves to read movie comments online. "Some comments are interesting but the sources are very scattered, I want to gather them together with my account," Yang said.

Actually the account covers about more than just movies. The followers can talk about anything including their love lives or how to ask for leave from their bosses.

"I never thought of making money out of it, as relying on writing for a living is very difficult," Yang said. "It is like a 24-hour party among all my followers, and I enjoy it a lot." ■

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The Songshan-Hanrong African Art Collection Museum, located at the Changchun World Sculpture Park, houses 12,000 pieces of African art work, all donated by Mr. Li Songshan and his wife Han Rong. The museum, which bears their names in remembrance of the couple's contribution, opened to the public in 2011. It's notable as the first museum in China dedicated to foreign art work. It is also the world's largest museum for Makonde art.



ADDRESS : Changchun World Sculpture Park, Changchun City, Jilin Province

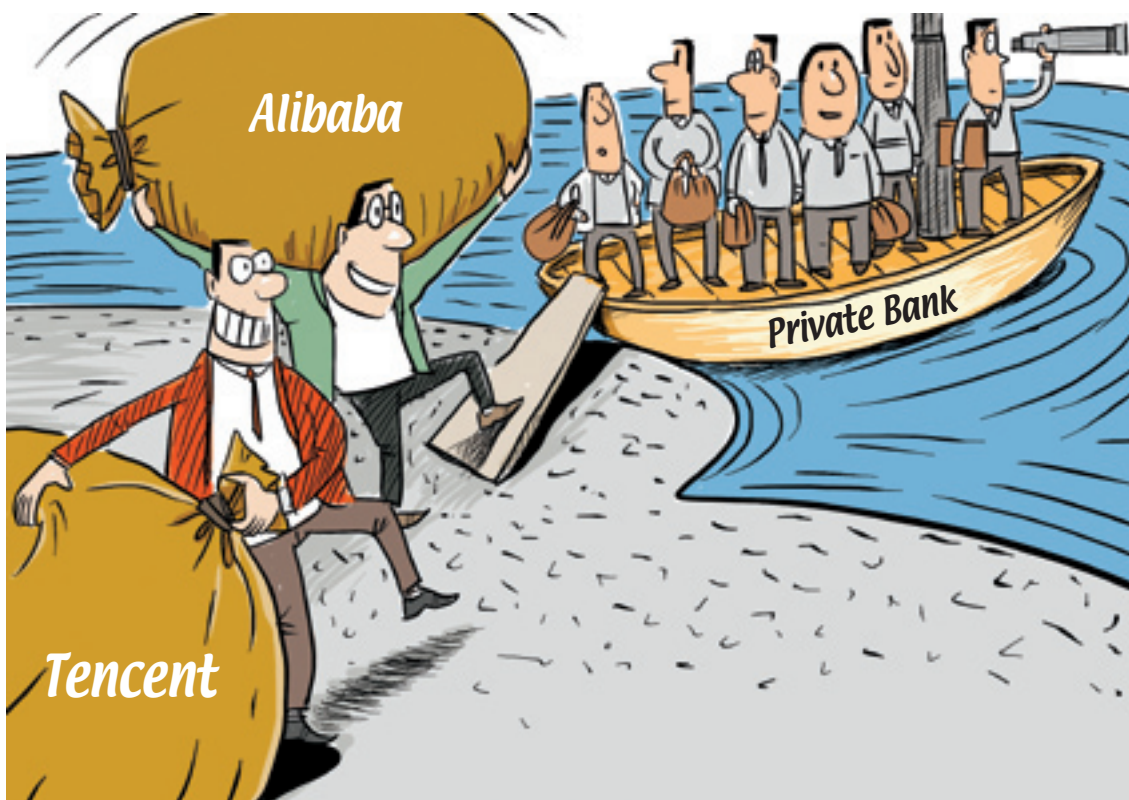
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Private Banks In Sight

State-owned banks, which have got used to resting on interest margins, face new rivals By Deng Yaqing



ate independently,” said Shang. The full play of the market mechanism is what mainly differentiates these private banks from existing commercial banks, he said.

Private banks also need to make clear their prospective target markets. Experts say that if private banks engaged in similar businesses as state-owned banks, competition would be intensified and the marketization process would be hampered.

Shang suggested that the five private banks would be differentiated in operation pattern with a collective focus on small and micro-businesses, as well as residential communities.

For instance, the team of Alibaba and Wanxiang Group, a Hangzhou-headquartered

After years of heated controversies and dashed expectations, the China Banking Regulatory Commission (CBRC) finally unveiled its pilot private bank scheme on March 11, which selects 10 privately owned companies, including Internet giant Alibaba and Tencent, to participate in the preparations for setting up five private banks.

The private banks need to comply with the provision that the equity ratio of a single share-

holder should be no more than 20 percent, and be co-sponsored by at least two private capital providers, said Shang Fulin, CBRC Chairman.

“The pilot program is a breakthrough. For the first time, private capital will be empowered to dominate banks’ management, business development and risk management,” said Shang.

“These banks need to set up their own board of directors, board of supervisors and management structures, so that they can oper-

automotive components manufacturer, will specialize in absorbing small deposits and issuing small loans by setting a ceiling on the deposit and loan of every customer. Moreover, Alibaba will further exploit its edge in Internet technology and mainly target small online businesses.

The bank co-established by Tencent and its partner will be geared toward attracting large deposits and issuing small loans.

"We'll push forward the establishment of private banks cautiously and prudently," said Shang, specifying no concrete timetable for the official launch of the five banks.

Equal access

According to CBRC statistics, more than 100 small and medium-sized banks are now seeing private capital make up half of their assets, and in rural areas, the ratio even surpasses 90 percent for small and medium-sized financial institutions. Nonetheless, state-owned capital is still playing a leading role in the banking sector.

State-owned banks have gotten used to the soft existence provided by fat deposit and loan interest margins. It seemed that money would voluntarily appear in their pockets without them having to rack their brains for ways of cozying up to customers, while small and medium-sized banks have always been in a disadvantageous position in competing with state-backed banks.

Competition leads to progress. Pan Gongsheng, vice governor of the central bank, said that the birth of a private banking sector bodes well for China's social and economic development, as private capital's entry into the financial services sector would help to spark innovation, and further facilitate the development of startups and programs concerning individual farmers, agricultural ventures and rural areas as a whole.

"Diversified competitors should be admitted into the banking sector and be treated as equals. Voices calling for private banks have evolved into doubts over the government's attitude toward fair competition," said Pan, noting that the establishment of private banks was meaningful for cementing people's consensus and building up confidence in financial reform.

Pan argued that equal admittance criteria should be applied to private banks, making sure that all forms of ownership have equal access to factors of production, and that the private ownership economy has equal rights, enjoys equal opportunities, and competes on an equal basis with the public ownership economy.

Risk prevention

Due to the pursuit of profits, all banks have the impulse to engage in connected transactions. However, without being insured by national credit, people may be reluctant to deposit their hard-earned money in private banks for fear of a possible failure or default. Therefore, the biggest question now is how to effectively protect the interests of depositors and build up their confidence in private banks.

"Amid the ongoing financial reform, private

FINANCIAL REFORM:
Shang Fulin (right), Chairman of the China Banking Regulatory Commission, answers questions from reporters at a press conference on March 11



banks will have to face an array of risks. Only when they are equipped with risk awareness and employ innovative thought will they be able to survive and thrive," said Ma Weihua, former President of China Merchants Bank.

Shang said that the five pilot banks need to make some institutional arrangements ensuring that the residual risks can be effectively kept under control, provide specific terms on the supervision of shareholders, adopt differentiated market positions and strategies, and formulate a legitimate plan on risk management and recovery.

"In other words, they are required to 'make a living will' in case of sudden bankruptcy," Shang said. "The living will" can greatly reduce the potential risks and losses that depositors and taxpayers may suffer in the eventuality that private banks collapse."

Aside from that, regulators should create a favorable environment to help private banks develop. In the 2014 government work report, Premier Li Keqiang stressed the significance of the deposit insurance system in China's financial reform.

"Risk prevention is the top priority in pushing forward the development of private banks. As most of them carry out business in towns and counties, integrated financial management architecture should be established to secure depositors' interests and shield them from risks," said Pan, who confirmed the importance of the deposit insurance system, but admitted that it would take some time for all concerned parties to make the necessary preparations.

In the process, consideration should be given to the viability of small and medium-sized banks, argued Yan Bingzhu, Chairman of Bank

of Beijing. "Credit ratings should be carried out in terms of capital adequacy, asset quality, management ability and liquidity."

At the same time, the exit mechanism needs to be advanced to eliminate the inferior institutions and ensure the healthy development of the banking sector, added Yan.

Furthermore, private banks should be brought into a supervisory environment featuring fairness and transparency, in order to help them take root, sprout and thrive.

Shang said that oversight should be maintained over the behavior of private banks' shareholders, especially with regard to connected transactions between banks and shareholders. Supervisory departments need to keep an eye on the sustainability of capital injection and their risk-bearing capacity, in case of pilot banks turning into a financing tool serving shareholders' interests.

Pan suggested that private banks would be jointly supervised by central regulators including the People's Bank of China, CBRC, China Insurance Regulatory Commission and the China Securities Regulatory Commission, in addition to regional supervision forces.

"In short, private banks will expand lending to micro-business, increase people's investment channels, propel interest rate liberalization and enhance the efficiency of financial transaction," said Pan.

With the proper supervision, risk management and the necessary groundwork, the future indeed looks bright for the joint private-public banking sector. ■

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Consumer Protection Gets Ahead

Progress has been made in defending consumers' rights and interests

By Lan Xinzhen

Li Haiping, a website editor, felt relieved when China Central Television (CCTV) finally exposed Nikon's flawed D600 cameras on its annual March 15 Consumer Rights Day Gala, a television show.

"Those who ignore consumers' sentiments are bound to stew in their own juices. The revelation will definitely deal a heavy blow to the Japanese electronics manufacturer," said Li.

In October 2012, one of Li's friends bought a Nikon D600, but soon found an accumulation of dust on its image sensor. Since Nikon's aftersales service personnel refused to repair it, Li related his friend's story on the website. To his surprise, a great many netizens shared similar experiences. In a concerted effort, they filed an allegation to the China Consumer Association (CCA) and sought support from influential media outlets such as CCTV.

"The exposure proved that what we did aroused CCTV's attention," said Li.

The consequences of being called out on the March 15 gala can be severe or even destructive for those who infringe on consumer rights, but the positive effects for consumers are also remarkable. On March 15, 2013, when the show first made public that Apple practiced a discriminative aftersales service policy toward Chinese consumers, the formerly uncooperative mobile phone vendor quickly made a conciliatory gesture by adjusting its maintenance policies.

The same was true of Nikon. Following the revelation, Nikon China claimed on March 16 that it had been ordered to take the flawed products off shelves by the Shanghai Municipal Administration for Industry and Commerce, and it would repair

or replace any defective cameras free of charge.

To further intensify protection of consumer rights and reduce the cost of rights protection, the revised Law on the Protection of Consumer Rights and Interests took effect on March 15.

Yi Xianrong, a research fellow with the Chinese Academy of Social Sciences, said that consumers' right-protection awareness, as well as the related laws and regulations, are continuously improving. Additionally illegal behavior like imparity clauses, false advertising and discriminative policies are more difficult to get away with in the Chinese market. Despite that, however, there is a long way to go in catching up with the United States and the European Union.

Top complaint categories

According to a report released by the CCA, a total of 702,484 complaints were received in 2013, and 90.5 percent of them were settled, helping consumers to recover compensation totaling 1.17 billion yuan (\$189 million).

The report suggests online shopping topped the list of complaints. Complaints on marketing and services amounted to 49,914 cases, and 12,950 cases involved online shopping.

Online marketing offers consumers more options, but produces a cluster of problems at the same time. Firstly, consumers are more exposed to shoddy goods. Secondly, some online vendors are incapable of providing high-quality services, and delays in deliveries are a frequent occurrence. Thirdly, aftersales services often cannot be easily secured. For example, some online merchants try to pass the buck, or even worse, turn a deaf ear to refunding requirements.

Another phenomenon noted was the rise of complaints regarding automobiles and parts. Income increase has made owning a private car a far less formidable prospect for Chinese consumers, resulting in a higher volume of complaints. In 2013, the CCA accepted a total of 25,268 such complaints, an increase of 66.5 percent from the previous year.

On October 1, 2013, the Provisions on the Liability for the Repair, Replacement and Return of Household Automotive Products officially came into force, and contract, aftersales service and particularly quality turned out to be the

CRACKDOWN ON COUNTERFEITING:

Industrial and commercial authorities destroy shoddily made imitation products in Dachang Hui Autonomous County, Hebei Province



three major auto-related complaints.

The fulfillment of aftersales commitments for home appliances was also a major concern on consumers' minds. In 2013, a total of 165,571 complaints were filed in the home appliance sector, accounting for 23.6 percent of the total, with most centering on repair, replacement and return. For instance, when consumers buy air-conditioners, refrigerators, or washing machines, manufacturers, as a rule, promise a three-year warranty period. However, when quality problems arise, they may refuse to repair the products for free, or find excuses to delay the maintenance.

Yi called for further examination of the aftersales services of the home appliance sector, for he reasoned that such a mature industry should have overcome such problems by now.

Lastly, grievances in the express delivery industry are piling up rapidly. As remote shopping thrives, the express delivery industry is expanding its territory, and as a result, related complaints have also shot up. In 2013, complaints concerning the postal service industry numbered 13,352 cases, 61.2 percent of which were express service-related, examples

of such being delayed deliveries, unreasonable compensation, and agents requesting consumers to confirm receipt before goods could be examined, especially for expensive, fragile commodities, a practice which causes great inconvenience.

As Yi noted, these allegations reflect what has happened to the Chinese market. Since online shopping has experienced explosive growth in recent years, some necessary laws and regulations have not yet been put in place, which has incubated an array of potential problems. This is not to mention

the express industry, which has its roots of growth in Internet businesses.

Similarly, the expansion of the automobile industry has also been accompanied by endless consumer complaints, because improved laws and regulations have made many once-acceptable practices of auto distributors illegal.

The revised law

Jiang Tianbo, Secretary General of the CCA, said that the revised Law on the Protection of Consumer Rights and Interests would further clear the barricades on the path to safeguarding consumers' rights in the near future.

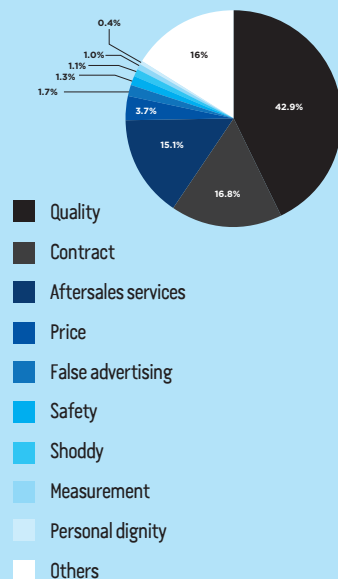
The scope of consumer rights and interests has been expanded upon in detail. Issues such as protecting personal information, improving and expanding upon present stipulations on the repair, replacement and return of commodities and services, increasing penalties for fraudulent behavior, and defending consumers' privacy, property and health rights all fall within this scope.

The duties and responsibilities of business operators have been further elaborated upon and emphasized. The law first and foremost makes it plain that business operators are obliged to recall defective products, not just automobiles, and carry the burden of proof.

Special problems arising from online shopping and personal information protection have been outlined and dealt with properly. Online vendors and financial service providers are required to offer consumers accurate and necessary information in transactions. Consumers are entitled to return goods within seven days of receipt without giving any explanations. Online transaction platform operators are now required to carry out their duties and to take on civil responsibilities such as ceasing behavior that infringes on consumer rights, eliminating the damage caused by the use of defective products, and compensating for consumers' losses.

The law has explicitly stipulated the supervisory responsibilities that administrative departments should undertake, and increased

Complaints by Cause From Consumers, 2013



(Source: China Consumers' Association)

the severity of penalties on behavior that infringes on consumers' rights and interests, such as falsifying production dates, delaying or refusing to follow the orders issued by the relevant supervising departments.

The law has also made clear the nature and functions of the CCA—serving the public welfare, and placing an emphasis on the social supervision of rights and interests protection.

Now, the CCA is allowed to file collective lawsuits against companies by organizing all of the consumers who find their rights have been trampled on.

Jiang noted that the law has not only laid out how to protect consumers' rights and interests in emerging industries, but also that much had been learned from other countries in the recall of defective products and protection of consumers' personal information.

"The law has really made great progress in safeguarding consumers' rights and interests," said Jiang. ■

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OPINION

A New Financial Regulatory Paradigm

The central bank's recent draft of administrative measures on the online payment business of Internet finance institutions suggested a possible 1,000-yuan (\$160) ceiling on a single transfer by individual payment accounts and a maximum amount of 10,000 yuan (\$1,600) within a year. On March 14, the central bank suspended the payment business of virtual credit cards and two-dimension codes. All of these indicate authorities have set out to standardize Internet banking.

Just like online shopping's sudden rise, Internet finance is also flourishing at a pace beyond our imagination. In the 2014 government work report, Premier Li Keqiang stressed that the government would promote the healthy development of Internet finance. Since it is still in its infancy and has just started to produce systematic effects, efforts need to be made in standardizing and guiding its development.

In China, the integration of the traditional financial industry and the Internet is still underway. Strictly speaking, only when financial services are incorporated with Internet technologies like big data and cloud computing, can they be called Internet finance. In this sense, Internet finance has not yet come into existence in China.

Nonetheless, the extension of traditional financial services on Internet platforms has shown signs of thriving and flourishing. According to statistics, by the end of the second quarter in 2013, Alibaba's micro-credit arm had issued loans worth 100 billion yuan (\$16.06 billion). In the first half of 2013, the total volume of loans issued by all micro-

credit companies in the country amounted to 112.1 billion yuan (\$18 billion), of which 42 billion yuan (\$6.75 billion) was contributed by Alibaba.

Beyond that, online monetary funds like Alibaba's Yu'e Bao have absorbed more than 500 billion yuan (\$80.3 billion) since their birth in mid-2013. The number of peer-to-peer (P2P) lending platforms also grew from 9 in 2009 to over 130 in 2013 with mushrooming transaction value. According to a study by the World Bank, there is huge potential in China's crowdfunding business, which is likely to swell to \$50 billion in 2025. In addition, statistics from the China's central bank suggested that the number of Internet payments amounted to 15.34 billion with a total transaction value of 9.22 trillion yuan (\$1.48 trillion), up 56.06 percent and 48.57 percent, respectively.

In a broad sense, Internet finance has begun to exert a systematic influence on the financial sector. Firstly, the online sales of monetary funds have dealt a heavy blow to the capital distribution pattern of the banking system by substantially lifting its financing cost and undermining the stable growth of deposits.

Secondly, the conception of wealth management has been renovated and refreshed. Money management used to be exclusive to high-income groups. Yet, Internet finance now has remarkably lowered its threshold and has started to benefit people from all walks of life.

Thirdly, traditional payment has begun to fade from people's lives. Statistics from iResearch Consulting Group, a leading market

research firm focusing on China's Internet industry, show that the value of Internet retail sales reached 1.3 trillion yuan (\$208.78 billion) in 2012, 67 times as much as that in 2005, registering a compound annual growth rate of more than 80 percent. As online retail sales continue to surge, Internet payment will restructure China's overall payment system.

Fourthly, changes are taking place in traditional financial services. The traditional financial industry has increasingly employed technologies like big data and cloud computing to lower operation costs, enhance competitiveness and improve risk management, as well as identify and discover potential risks.

While encouraging the development of Internet finance, the financial industry needs to undergo an overhaul and take the initiative to handle potential systematic risks. Nobody could have predicted that Yu'e Bao would wield such a huge power when it debuted last June. Now that Internet companies' interest in the financial market has been sparked, authorities should pay special attention to the potential risks arising from lack of transparency, fraud and money laundering.

Moreover, efforts should be made in further protecting consumers' rights and interests in the consumption of Internet finance products and services. ■

This is an edited excerpt of an article by Xiang Zheng, a financial commentator, published in *Securities Times*

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NUMBERS

3.2 mln units

The number of new automobiles on China's roads in January and February

123,300

The number of enterprises registered in China in the first two weeks since the launch of a new corporate registered capital system on March 1

\$19.31 bln

Foreign direct investment into the Chinese mainland in January and February, with a year-on-year increase of 10.44 percent



“Competition in the land market has become less cruel, which just indicates some real estate companies have run out of money.”

Hao Jianmin, President of China Overseas Property Group Co. Ltd., who just purchased seven pieces of land for 17.6 billion yuan (\$2.82 billion) with barely any bidding rivals

148

The number of mergers and acquisitions in the real estate market in 2013, with a year-on-year increase of 48 percent

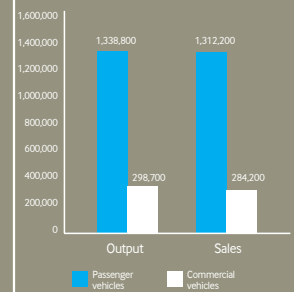
17.4%

Profit growth of China Telecom, one of the country's three major telecom operators, in 2013

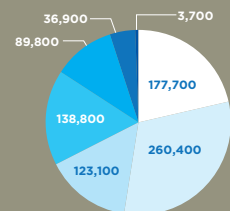
37.2%

Year-on-year decrease of China's outward direct investment in January and February, which totaled \$11.5 billion

Automobile Output and Sales, February (unit)



Car Sales by Brand, February (unit)



- Domestic
- German
- Japanese
- American
- South Korean
- French
- Others

(Source: China Association of Automobile Manufacturers)



Peak's President Xu Jingnan (center), CEO Xu Zhihua (right) and CFO Cai Jiahao (left) at the press release of the company's 2013 financial report

COURTESY OF PEAK

Peak Lands A Slam Dunk

China's leading sportswear company Peak Sport Products has seen a recovery from the long winter the sporting goods industry recently experienced. According to its 2013 financial report, the sports brand saw revenue of 2.61 billion yuan (\$421 million), with gross profit and net profit reaching 930 million yuan (\$150 million) and 240 million yuan (\$39 million) respectively. Revenue in the second half of the year also surged 22.8 percent from the first half of the year while net profit in the second half of 2013 shot up by 117.8 percent from the second half of 2012.

"The sporting goods industry has weathered the storm and is beginning to bounce back," said Xu Zhihua, Peak's CEO.

"Not only did the previous two financial re-

ports show dramatic growths in net profit, but in addition, order-placing meetings for the second and third quarters of 2014 suggested a sustainable upward trend, indicating an imminent strong recovery."

Overseas expansion

In 2013, Peak registered overseas sales of 530 million yuan (\$86 million), accounting for 20.4 percent of the company's total revenue, up 7 percentage points from the previous year, which cemented Peak's status as one of the most famous Chinese sportswear brands overseas.

Since Peak started implementing its global expansion strategy in 2005, it has gained great

popularity overseas—reaching strategic cooperation agreements with world-famous sports organizations like the National Basketball Association (NBA), the International Basketball Federation (FIBA) and the Women's Tennis Association. It has also signed contracts with prestigious basketball teams like Miami Heat, Houston Rockets and San Antonio Spurs and nearly 20 top players including Tony Parker and Shane Battier, as well as forging partnerships with a cluster of sports organizations, such as the New Zealand Olympic Committee, the Slovenia Olympic Committee, and the German Basketball Federation.

In 2013, its sales in the U.S. market almost doubled, and for a time, the market demand for Peak-brand star basketball shoes even ex-

ceeded supply in European countries. The great success achieved by Peak has helped distributors in second- and third-tier markets build up confidence in the Chinese manufacturer. Only this February, Peak sealed agreements with distribution agents in four countries including Sweden and the Philippines. Now, it boasts 40 international distribution agents, and sells into more than 80 countries and regions.

Peak's President Xu Jingnan predicted its products would nudge further into 100 countries and regions in the next three years.

Brand value

As the sporting goods market becomes more and more mature, consumers are increasingly showing an inclination toward hi-tech, fashionably designed luxury products. This may go some way to explaining why Peak has opened four international development and research

centers in Beijing, Guangzhou, Quanzhou and Los Angeles and acquired more than 40 innovative technologies and patents.

Promoted by preeminent NBA stars and FIBA competition events, these products have won extensive recognition from professional institutions and consumers. What's worth mentioning is that its TP9 basketball shoes, which feature Gradient Dual (a technology by Peak), were honored as one of the top 10 basketball shoes in 2013 by Counterkicks, a Sneaker website. Its GH3, which was designed for NBA star George Hill, ranked fifth among the top 10 basketball shoes in 2012 and 2013 in a list compiled by Complex Sneaker.

Due to the extraordinary functionality and affordability their products offer, Peak's sales success comes as no surprise. Its TP9 is sold for more than 100 euro in Europe and 600 yuan (\$97) domestically. Despite the high price

tag, recently, an initial order of 20,000 pairs of exclusive signature basketball shoes was unable to meet the market demand, setting a sales record unparalleled in Peak's history.

Leading the recovery

Despite the whole sportswear industry being immersed in the downturn, Peak first saw signs of a rebound in the second half of 2013. According to statistics, the total value of orders placed at the order-placing meeting for the third quarter of 2014 rose 10-20 percent year on year, when calculated on the basis of wholesale prices.

In response to the sluggish market, Peak took the initiative to shift from wholesale to retail by adopting a strategy of "horizontal marketing," to improve its operating conditions. Its number of distributors increased from 59 in 2012 to 66 in 2013. Meanwhile, the number of branch stores directly run by distributors has risen by 36 percent, with the

area of each store expanding from an average of 86.7 square meters in 2012 to 88.6 square meters in 2013. Its market sensitivity has been substantially improved by encouraging distributors to open more direct stores and shutting down small, low-efficient retail outlets. Since more new products have been put into the market with fewer discounts and promotions, distributors have also seen their profitability boosted.

"Peak will try its utmost to open up overseas markets by promoting itself at the Sochi Winter Olympics, FIBA Basketball World Cup and Nanjing Youth Olympic Games, so that it can provide global consumers with better services and products," said Xu Zihua. ■



A woman browses a selection of Peak shoes at a store in Xinjiang County, Shanxi Province

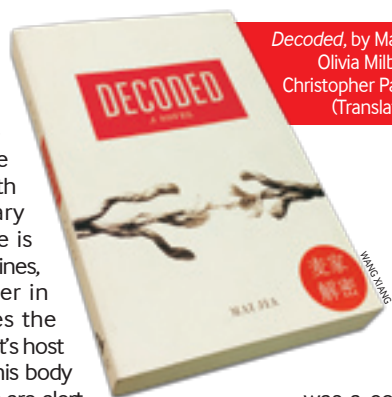
Decrypting Mai Jia

A Bookworm Literary Festival event gives fascinating insight into what makes one of China's top writers tick **By Eric Daly**

For an author who writes novels about cryptography, it must be said Mai Jia has, himself, an enigmatic presence. Speaking at one of the flagship events of the eighth annual Bookworm Literary Festival, the author's pose is calm and pensive as he reclines, listening as his interpreter in whispers rapidly translates the questions asked by the event's host into Mandarin. But though his body language is relaxed, his eyes are alert and alive as he scans the audience. He exudes a curious type of latent electricity.

An English-language translation of Mai's first novel *Decoded* was recently released, receiving plaudits from critics on both sides of the Atlantic. Some have speculated that Mai is the first of a veritable tsunami of Chinese writers whose work will soon flood foreign shores as China goes full steam ahead to open itself both culturally as well as economically. The plot concerns one Rong Jinzhen, a semi-autistic mathematical genius who, in the 1960s, is tasked with cracking two elusive codes, both designed by a former friend and mentor.

Mai admits that there is a lot of himself in his literary creation. Rather heartrendingly, he admits that as a child, he displayed autistic tendencies and found it very difficult to make friends. The fact that his family enjoyed a very poor reputation did not help matters. Growing up during the "cultural revolution (1966-76),"



Decoded, by Mai Jia, Olivia Milburn, Christopher Payne (Translators)

was a convict and a mother who was "involved in a certain illicit profession," a remark that elicits gasps of laughter from the audience.

Owing to his family's low status, Mai was often subject to teasing and bullying. Thus, he found solace in his diary, which he admits was his only friend and "pressure valve." He maintained the practice of keeping a diary from the age of 12 until 33. Though he claims this habit helped him enormously in his development as a writer, it didn't aid him in the development of his social skills, he compares the process both to "an addiction" and a "double-edged sword." Although he recommends that writers keep a diary, he adds, with wry humor, "in moderation."

Neighbor of spies

Echoing Mai's childhood troubles, the original Chinese version of *Decoded*, published in 2002, had a difficult birth. It took 11 years to

write, an arduous process that brought him "to the brink of despair," and the work represents a labor of love for the novelist. Although he has personally adapted two of his novels for the screen, he states that he never wants to see *Decoded* in another medium. It also broaches subjects that may have, understandably, ruffled some feathers at its time of publication.

Mai describes himself not as a spy but a "neighbor of spies," claiming that his university was a recruitment ground for people working in intelligence and that he himself was almost recruited but, owing to a twist of fate, ended up working close by in publicity and telecommunications instead. Mai also claims that redeeming his family's reputation after the "cultural revolution" ended was a key factor in his deciding to join the army.

Having recognized his unique talents, his superiors recommended that he go to work as a writer. Shortly prior to his first novel's release, concerns were voiced that the book may reveal state secrets. Reasoning that he would withdraw the novel if there were widespread consensus that it indeed did compromise national security, Mai sought the consul of his old colleagues, the cryptographers.

An official committee was formed, composed of 23 cryptographers who examined the work in detail. Out of 23, 21 returned the verdict that the novel contained nothing potentially damaging. Mai says that this reflected a change in the national psyche, as he claims that 30 years prior, the verdict would have likely been unanimously against publication. Indeed, Mai said many in the committee thanked him for



About Mai Jia

Mia Jia (real name Jiang Benhu), born in 1964, is one of China's noted contemporary writers. He resides in Hangzhou of east China's Zhejiang Province, and is the president of the Zhejiang Writers Association.

He has published a trilogy of espionage novels, the first of which, *Decoded*, has been published in Spanish, and more recently in English by Allen Lane, an imprint of Penguin Books. Mai personally adapted his second work for Chinese television and wrote the screenplay for *The Message*, the 2009 film adaptation of the final novel in his trilogy.

In 2008, he was awarded the Mao Dun Literary Prize, the most prestigious accolade of Chinese literature.

as his novels and the adaptations of same have provided public recognition for the highly secretive work they do and the difficulties such work engenders.

The personal vs. the political

One of the major themes of Mai's talk was his championing of the personal over the political. He deems his categorization as a writer of spy thrillers "unfair" and says his protagonist, Rong, is more akin to British World War II codebreaker Alan Turing than James Bond, someone who "pays the ultimate price" out of fidelity to his country.

When the topic of Edward Snowden is brought up, he describes him as being the opposite of Rong, someone who betrayed national interests, ironically, out of a similar sense of fidelity. He also says that individuals such as Rong and Snowden may never be fully understood from a purely political standpoint.

Although Mai opposes the practice of spy craft, he does so for very unusual reasons. He claims that most governments practice surveillance both domestically and internationally, limited only by the technology at their disposal, and that there is nothing wrong or illegitimate about this *per se*. His problem is with the crippling emotional and psychological toll such work takes on individuals.

With reference to *Decoded* not containing any sensitive information, this may be ascribed to Mai's special talent for circum-scription and evocation. An oft-repeated

writerly maxim is "show, don't tell," and even though the novel concerns the highly technical work of decrypting, it contains not one figure or mathematical diagram. What it does perfectly, however, is to evoke what it feels like to undertake such work.

In its latter two thirds, *Decoded* lurches from a colorful and tangled account of a family's history into the realm of psychological horror. Decryption is compared to the process of finding one of a limitless number of keys for an infinite number of doors. If one thinks they are on the right path to breaking a cipher, they can spend years and years pursuing a dead end. In short, decryption takes people highly predisposed to obsession and sets them loose in a maze from which they may never break free.

Mai mentions during the talk that the psychological effects of undertaking such work are far more interesting to him than the details of the work itself. Citing his eight months of army training, a length of time he terms "just enough," he states that not having been too close to the process in fact may help the writer, as they don't "lose touch with reality" and can rely on their imagination to help fill in the gaps.

Translation vs. decryption

It is quite apt in this case that the process of literary translation is not entirely unlike decryption. Turning what is to a non-Chinese audience an arbitrary and incomprehensible set of symbols into a living, breathing narrative in another

radically different language is no inconsiderable feat. With regard to the novel's prose, Mai modestly attributes its elegance to the "beautiful, classical style" of his translator, Olivia Milburn.

However, it can be said that even the most ingenuous of translators cannot synthesize something that was not already of a sterling quality into something that works as well as *Decoded* does in a second language. Aside from the freshness of Mai's treatment of his thematic concerns, the reader's eye is drawn to his singular talent for description. Early in the story, when discussing the protagonist's great-great-grandmother's nightmares, he describes how "the flames licking the incense in the brazier often flickered uncertainly with the force of her high-pitched shrieks."

Also apparent is Mai's skill in plotting. Like his compatriots in the mystery genre his later work inhabits, Agatha Christie and Daphne du Maurier, Mai is able to create initially slow-burning narratives that abruptly kick into a gear so compulsive as to not merely grip the reader but grab them by the throat and throttle them. *Decoded* is an original, thought-provoking and masterfully crafted work that is sure to whet Western audiences' appetite for further translations of Mai's work and, indeed, those of his contemporary Chinese literary counterparts. ■

From the Past to the Future

By Zhong Sheng

During his visits to Kazakhstan and Indonesia in September and October 2013 respectively, Chinese President Xi Jinping called for the joint development of an economic belt along the Silk Road and a maritime Silk Road for the 21st century. These are two major initiatives that China has put forward to deepen the reform and opening up and advance diplomacy with its close neighbors.

The Silk Road spirit

Over 2,000 years ago, the industrious and brave people of the Eurasian continent opened several trade routes connecting major civilizations across Asia, Europe and Africa. Together, these routes were referred to as the Silk Road by succeeding generations. Countries large and small along the routes all reaped considerable benefit from the Silk Road. China learnt a lot from other countries, just as those countries learnt from China. The Silk Road made exchanges of goods, knowledge, people and ideas possible, as well as promoting economic, cultural and social progress in the countries connected by it and facilitating dialogue and integration between different civilizations.

The 21st century is an era dominated by peace, development and cooperation, but it also features a complex international and regional landscape. In this context, the Silk Road has become all the more important and precious as a symbol of peace, cooperation, openness, inclusiveness, mutual learning and resilience. As our ancestors treated each other with respect as equals, worked for their mutual benefit and rose above occasional hostility 2,000 years ago, is it all the more pressing for us today to carry this invaluable legacy forward. It is crucial that the international community embraces the spirit of the ancient Silk Road, brings it up to date, instills it with greater dynamism, and realizes its value in this new age.

Regional cooperation

Asia, now known as an engine of global growth and a key driver for economic globalization, plays a critical and increasing role in the shaping of the international landscape. Meanwhile, Asia faces multiple challenges, old and new, including mounting pressures to stay vibrant. It will be

the common goal of all Asian countries to consolidate and maintain the favorable situation of peace and development in Asia, build a stronger consensus between one another, enhance the awareness of a community of shared interest and shared destiny for a harmonious Asia, and achieve the comprehensive rejuvenation of all Asian countries.

The development of economic belts along the Silk Road and the Maritime Silk Road will create greater connectivity across Asia's sub-regions, and help the establishment and improvement of the continent's supply chain, industrial chain and value chain, thus bringing Pan-Asian and Eurasian cooperation to a new level.

Profound changes are taking place with respect to global growth, trade, investment and capital flow. Eurasian countries, all of which are in a critical state of transition and development, desperately need to unleash their potential and that of the region, create more growth and make their economies more dynamic and more resilient in order to fend off risks.

Although there are obvious differences in history, culture, religion and level of development, Eurasian countries need to give scope to their advantages, follow a path of diversified development, and build diplomatic ties while constantly seeking common ground. Personnel exchanges, cultural interactions and dialogues are of the utmost importance.

For China, unbalanced development remains a problem, especially between its eastern region and central and western regions. To solve this problem, it needs to promote the transfer of resources and industries between different regions, allowing for the resource-based and geographical advantages of the central and western regions and tapping their potential for exchanges and cooperation with neighboring countries.

The state of China's relations with the rest of the world finds expression, first and foremost, in the changing relations between China and its neighbors. Whether or not China can continue to live harmoniously with its neighbors and help them along the way will have an important bearing on the way China conducts its relations with the world. China has adhered to the policy of building friendship and partnership with its neighbors and abided by the principle

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The Silk Road Catwalk: More than 1,000 fashion brands from China and Central Asian countries hold a joint show in northwest China's Xinjiang Uygur Autonomous Region in September 2013

of bringing harmony, security and prosperity to its neighborhood. It needs to participate more actively in international affairs including those involving neighboring countries. The initiatives will also help unite China, its neighbors and other Eurasian countries on the issue of development strategies, build an even closer network of common interests, and bring integration of respective interests to a higher level, whereby China and all countries in the neighborhood can benefit from each other's development and the common development of the whole continent.

The development of economic belts along the Silk Road and the Maritime Silk Road has been made possible by economic cooperation. The construction of such economic belts has taken ideas and suggestions for cooperation and development from many sources. The development will rely on existing bilateral and multilateral mechanisms between China and other countries and utilize existing platforms of regional cooperation that have proven effective. The countries involved need to open their mind to the various cooperation initiatives and mechanisms, take a more pragmatic approach, and make existing mechanisms more effective and mutually reinforcing. The parties involved may consider linking together their projects—

both those planned and already underway—to allow for greater cost-effectiveness.

Bringing tangible benefits

The countries involved will be able to discuss strategies and policies on economic development, coordinate their positions through consultation, formulate corresponding plans and measures for cooperation and give regional economic integration the “green light” in their countries both through policy and law.

There is need for improvements in cross-border transportation infrastructure. A transportation network that links Asia's sub-regions, connects Asia with Europe and Africa, and effectively addresses the existing inadequacies of connectivity and transportation in regions targeted by the project is needed.

Regional countries need to study the issues of trade and investment facilitation while making the proper arrangements accordingly, removing trade and investment barriers, and promoting economic circulation and improvement in the region.

They also need to promote greater trade settlements in local currencies and more currency swap schemes, strengthen bilateral and

multilateral financial cooperation, set up financial arms for regional development, bring down transaction costs, enhance the capacity to fend off financial risks through regional arrangement and make the region's economy more competitive globally.

Amity between peoples holds the key to sound relations between states. Countries need to shore up popular support for their state-to-state relations, promote inter-cultural dialogue, and enhance exchanges, understanding and friendship among different peoples.

The ancient Silk Road was mainly about trade in goods, while cooperation along the new Silk Road now can have a much wider scope. Priority areas and early-harvest projects may include infrastructural connectivity, trade and investment facilitation and industrial cooperation as well as cultural and people-to-people exchanges.

The key pilot zones for development, as well as the selected border ports and harbors, can serve as testing grounds for cooperation. All the projects and modalities of cooperation are designed to translate advantages of political relations, geographical proximity and economic complementarity into strengths of practical cooperation and sustained growth, with the aim of achieving an uninterrupted flow of goods, sound governance, social harmony, mutual benefit and common development.

When President Xi proposed the economic belt along the Silk Road, Kazakh President Nursultan Nazarbayev expressed support and suggested that an information Silk Road be given priority. Leaders or senior officials from other Central Asian countries, Russia, Afghanistan, Ukraine and some West Asian countries called the economic belt along the Silk Road an important, constructive and timely initiative that meets the trend of the times and suits the needs of all sides. They expressed readiness for active participation. Foreign Minister Davutoglu of Turkey told the media that the economic belt initiative would bring about new opportunities for regional and global economic development. India, Pakistan and other South Asian countries as well as Southeast Asian countries gave their support to the initiatives. Business communities in many countries followed the development with great interest. ■

The author is a senior commentator on international affairs

Everything Changes, Nothing Perishes

By Valerie Sartor



COUNTRY OF BICYCLES:
Bicycle riding has become
a new exercise to keep fit in
China

My expat friends are always telling me modern Chinese society is undergoing rapid and perhaps destructive change. My response is to tell them that the Chinese have historically been open in acquiring and incorporating foreign objects and technologies, and that this process has made China a great nation. It is a myth to think that Chinese people have only recently—since the opening-up policy starting in the late 1970s—become interested in Western ideas and things. For example, many common items every Chinese knows and uses today were imported from outside: the ubiquitous thermos flask, bicycles, and several foodstuffs including potatoes, peppers, and tomatoes. Bicycles even symbolized Chinese society before today's modernization. Yet the bicycle is a European invention, while potatoes and peppers originate from South America. These are only a few examples of products incorporated into Chinese culture in recent centuries. Significantly, all of them have become a natural part of everyday life in the Middle Kingdom. Likewise, China has given the world many gifts as well, with the four famous inventions being papermaking, the compass, gunpowder and movable-type printing.

In the 19th century, throughout the world, Asia and China included, the idea of modernity was equated with anything European. In China, for example, in Xiamen, southeast China's Fujian Province, there are still many European pianos, all of which were imported in an attempt to

teach Chinese children music using European musical instruments. These grand pianos, hauled laboriously to such remote places, symbolized modernity, and it was felt that by playing such an instrument, one became a member of contemporary society.

In China, however, as elsewhere, foreign objects were also charged with political meaning. Some Chinese nationalists resisted the importation of alien objects and cultures, deeming them imperialistic. Despite political tensions involved in the importation of foreign goods, by the 19th century, ordinary Chinese people were utilizing oil lamps, automobiles, and later, electricity and energy from nuclear power.

Many foreigners lament the loss of so-called traditional Chinese culture, yet no culture, Chinese or otherwise, ever remains static. Historically, Chinese culture has always been open to new ideas and trends. Through Chinese innovation, foreign goods and ideas have been smoothly assimilated over time; for example, street cars, electric lights, radios, even toothpaste and chewing gum. In addition to material goods, Chinese students who have studied abroad have returned to their homeland, bringing creative foreign ideas. These overseas Chinese are trendsetters, because they understand their own culture and can instill positive change at home by transplanting what they have learned abroad.

This global exchange of goods, services, and ideas has been the Chinese norm for centuries, with the Yuan Dynasty (1271-1368) possibly being the most innovative period of time until present decades. Certainly this mixing and diffusion of cultural ideas and goods is a global phenomenon. But due to varying Sino-political attitudes, Chinese hybridization has run a gauntlet—from total rejection to total obsession—as different Chinese leaders have tried to determine the best ways to guide their

nation. Despite mandates from above, the bottom line that the common people will absorb anything new, if it is practical, and ignore political connotations.

There is an attitude today among some postmodern scholars to label this process of acculturation as negative, and to accuse the global economy of wreaking havoc on Asian cultures, by infecting them with Western ideas. By circulating Western commodities and technology, some say that Chinese culture has become corrupted by materialism. The Internet has been blamed for destroying traditional values and creating a homogenized global culture that threatens "true" Chinese identity.

I beg to argue this point by reemphasizing that Chinese people have always incorporated not only products, but also social practices from outsiders, and they have adapted these things, creating their own unique Chinese style. Many of the things absorbed have been used in ways that their benefactors did not imagine or intend. Furthermore, such modification and transformation ultimately strengthen a culture, rather than destroy it, because they bring forth new opportunities and a higher standard of living for the masses as well as the elites. Thus, what is actually taking place in today's China is not acculturation but rather inculturation: the acceptance, transformation, and indigenization of goods, ideas, and technology.

In short, an interdependent and mutual relationship exists between the foreign and the Chinese, between the exotic commodities and the Chinese consumers. Scholars who study the relationship between people and things, local and global, track how cultures adapt and change over time, noting that ideas and goods, as well as language, are always in flux. Some postulate the greater the exchange, the greater the change, which in turn strengthens the possibilities for a group's cultural survival. Thus, the Chinese nation, in demonstrating its openness and flexibility to new ideas, new trends, and new technologies, is also demonstrating its strength to the world at large. ■

The author is an American living in Hohhot, north China's Inner Mongolia Autonomous Region

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