

# BEIJING REVIEW

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## A DYNAMIC AGENDA

Premier Li's bustling schedule creates far-reaching opportunities

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Cover Photo: Chinese Premier Li Keqiang (center) discusses with his delegation members during a visit to Belgrade, Serbia, on December 16-19, 2014 (LIU ZHEN)

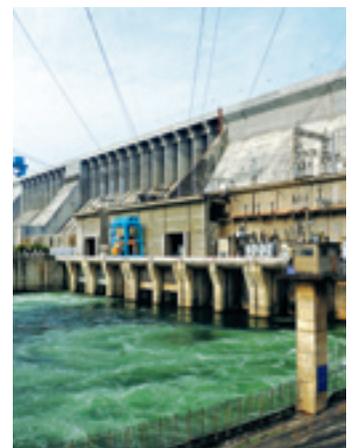
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## NATION

P.28 | Long March of Water

A major effort to quench the nation's thirst



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## The Li Style

During the seven-day period from December 14 to 20, 2014, Premier Li Keqiang flew 20,000 km across Eurasia, meeting with 22 national leaders and attending nearly 70 international conferences and other diplomatic activities. This breakneck pace amounted to an average of 10 events a day over that week. If each event took one hour, Li would have worked 10 hours every day.

Li often works at such a pace. As the premier of the world's second largest economy, his diligence highlights four diplomatic trends:

First of all, China has become more closely integrated with the world economy. Li's visits to foreign countries in 2014, including the latest three-nation tour, yielded business contracts worth a total of about \$140 billion, furthering the connection of the Chinese economy with that of the rest of the world.

Also, China is playing an increasingly active role in international affairs. In 2014, President Xi Jinping and Premier Li paid visits to countries across the world, illustrating the country's willingness to engage in diplomatic activities and voice its opinions in the international community. Xi and Li have different focuses in international interactions. While Xi devotes more attention to strategic issues, Li focuses on economic exchanges. The premier has helped seal business contracts for Chinese

firms to build energy, infrastructure and railway projects overseas. The two leaders have complemented each other in China's diplomacy and spearheaded the country's progress in international relations.

In addition, the recovery of the world economy still needs China's support. In the era following the global financial crisis, the world economy is recovering slowly, with most countries' economic picture remaining gloomy. However, the Chinese economy has continued to grow at a relatively high speed in spite of the slowdown compared with previous years. Against this backdrop, many countries hope to acquire financial support from China and warmly welcome visits by Chinese leaders.

More importantly, Li's busy schedule during his recent trip was evidence that China's efforts to reach out to the world have won global recognition. The outcomes of the trip, ranging from the adoption of roadmaps for overall cooperation to the signing of specific business deals, may well counter the claims of some foreign media outlets that China lacks close international connections.

In his characteristic fast tempo, Li stands ready to express China's wish for peaceful development and mutually beneficial partnerships. It is hoped that the premier's efforts will give a boost to world economic growth and that the Chinese economy could remain in high gear. ■

### WRITE TO US



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## BRAVE THE WAVE

Crewmembers unfasten deep-sea manned submersible *Jiaolong* from an oceanographic vessel on December 23, 2014, before *Jiaolong* takes its first dive in the hydrothermal area of the southwest Indian Ocean.

Being the inaugural task of the submersible's Indian Ocean mission, the dive was aimed to test the condition of its parts after four months of maintenance. Its depth was between 2,700 meters and 3,000 meters.

*Jiaolong* will dive 20 times to research polymetallic sulfides, hydrothermal microbes and genetic resources in a four-month mission. Named after a mythical dragon, the submersible reached its deepest depth of 7,062 meters in the Pacific's Mariana Trench in June 2012.



LIMING/SHAN

## White Festival

A winter Naadam as well as a fire sacrifice festival kicks off on December 23, 2014, in Old Barag Banner (county) of Hulunbuir, a city of north China's Inner Mongolia Autonomous Region.

## Human Rights Plan

China has been working effectively toward goals set by the National Human Rights Action Plan (2012-15), with most quantitative targets being at least half-way to fulfilled in the past two years, a senior official said on December 23, 2014.

"China has made considerable progress in human rights protection," said Cai Mingzhao, Director of the State Council Information Office (SCIO) at an interim review meeting on the action plan.

In 2013, disposable income of urban residents grew 7 percent while per capita net income of rural residents rose 9.3 percent, and the poor rural population fell by 16.5 million compared to 2012. Community-level self-governance improved, as over 98 percent of village level party committees are now directly elected. Meanwhile, the interests and rights of ethnic minorities, women, children, the elderly and disabled have been better protected, and international exchanges and cooperating in the field of human rights have also progressed, said Cai.

The Chinese Government publicized the National Human Rights Action Plan (2012-15) in June 2012, promising to address challenges and work for the happiness and dignity of every citizen.

The plan is China's second national plan for human rights protection and serves as a policy document for advancing human rights.

## China's Keywords

On December 19, 2014, "China Keywords," a multilingual and multimedia platform for understanding China's political discourse, was launched. Currently, the database has recorded interpretation to 77 popular phrases, such as the "socialism with Chinese characteristics," "important thought of Three Represents," "community of common destiny" and "Three Areas of Confidence."

The keywords have been culled from important documents of the Chinese Communist Party and the government and the speeches and works of state leaders.

The program was initiated by the China International Publishing Group

## GLORIOUS TASK

China's first infantry battalion to South Sudan is set for departure and a rally is held on December 22, 2014, in Laiyang, Shandong Province, marking the country's first infantry to participate in a UN peacekeeping mission



SHI CHEN/SHAN

(CIPG) and the China Academy of Translation and implemented by the Translators Association of China and the International Communication Research Center at CIPG.

## Minority Officials

In a document released on December 22, 2014, the Central Government promised to cultivate and appoint more officials from minority groups and ensure they are given "full trust."

The document gives special attention to the cultivation of intellectuals in ethnically diverse regions, especially those from minority backgrounds.

The guideline also outlines promoting understanding among different ethnic groups and the cultural identity of the Chinese nation.

China officially has 56 ethnic groups speaking more than 80 languages. Ethnic autonomous areas account for 64 percent of the country's total land territory.

A statement after the conference said different regional policies should be applied to border areas, impoverished regions and ecological preservation areas.

## Rich Get Richer

Chinese mainland super-rich are closing the wealth-accumulation gap with overseas Chinese millionaires, according to a report released on December 22.

The report compared mainland super-rich and their overseas counterparts in regions of Southeast Asia, Europe, Taiwan and Hong Kong.

From 2008 to 2013, the incomes of the top 180 richest people on the mainland expanded four times faster than that of the top 180 richest overseas Chinese expatriates, said the report, which also referred to research by the Hurun Report and *Forbes* lists.

The report was first published by Huaqiao University in 2010, this is the fourth time the study has been undertaken.

## Railway Standards

The National Railway Administration (NRA) on December 22, 2014, officially

unveiled the country's first design specification standards for high-speed rail links.

The administration laid down standards for nearly 20 fields involved in the design and construction of lines for bullet trains running at the speed of 250-350 km per hour.

The NRA's specifications come from domestic experience as well as advice from foreign experts.

China has seen rapid development in the construction of high-speed railways and it is now eyeing selling equipment and technology it has developed to foreign markets.

Taking effect on February 1, 2015, the specifications will lay a solid foundation for railway enterprises to explore the overseas market, according to the NRA statement.

## Smartphone Users

China boasts more than half a billion smartphone users, an official with the State Internet Information Office (SIIO) said.

The country has 1.3 billion cellphone users, said Wang Xiangrong, Deputy Director of the website information broadcasting department under SIIO, China's Web regulator.

With smartphones becoming more affordable and improved telecommunication services, three of every 10 smartphone users in the world are Chinese, Wang said on December 18, 2014, at an Internet industry conference held in Beijing.

"More than 40 percent of China's citizens will access the Internet through their cellphones in 2015," said Wang.

**"In the last 20 years, the Internet in China has created a fertile market with limitless potential. The Internet has also facilitated new technological advances, products and business models as well as millions of jobs."**

Wang Xiangrong, Deputy Director of the website information broadcasting department under the State Internet Information Office



## Smoking Victims

Figures from the Chinese Center for Disease Control and Prevention show that nearly 1.1 billion Chinese people are either smoking or being exposed to secondhand smoke.

About 356 million people above the age of 15 are smokers, while another 738 are passively smoking. Smoking-caused cancers and cardiovascular and respiratory diseases have imposed economic burden of more than 223.7 billion yuan (\$35.9 billion) for people at or above the age of 35.

## New Nature Reserves

China has set up 21 new state-level nature reserves, increasing the country's total conservation area to nearly 10 percent of the country's land territory.

A circular approving the new reserves was issued on December 23, 2014, by the State Council General Office.

The newly established nature reserves, with a total area of more than 6,200 square km, are scattered across 15 provinces and autonomous regions, including Liaoning, Fujian and

Henan provinces and Inner Mongolia Autonomous Region.

The reserves will become sanctuaries of 35 state-level endangered animal species, such as the Manchurian tiger, giant panda and golden monkey, as well as 12 kinds of rare wild plants.

The number of national nature reserves has now reached 428, covering 930,000 square km.

The reserves are important in protecting biodiversity and implementing international conventions, the circular said.

## Under Investigation

Ling Jihua, a senior Party official and national political advisor, is now under investigation for "suspected serious disciplinary violation."

The Communist Party of China (CPC) Central Commission for Discipline Inspection announced the investigation in a brief statement on December 22, 2014.

Ling, 58, is vice chairman of the Chinese People's Political Consultative Conference National Committee and head of the United Front Work Department of the CPC Central Committee.

Between 2007 and 2012, Ling served as head of the General Office of the CPC Central Committee.



## Revised GDP

China revised its 2013 economic data, adding 3.4 percent for a final total of 58.8 trillion yuan (\$9.61 trillion).

The upward revision, based on more comprehensive data on the manufacturing and service sectors following China's twice-a-decade economic census, will not affect economic growth this year, the National Bureau of Statistics (NBS) said in a statement on its website.

This marks an increase of 1.92 trillion yuan (\$308.41 billion) from the previous count.

"The revision of 2013 GDP will affect the size of 2014 GDP, but basically will not affect GDP growth for 2014," NBS said, adding that it was still revising GDP figures for previous years but the work had not been completed.

Despite impressive growth over the past few decades, China's economy was still 56.5 percent the size of the United States after the revision, based on average exchange rates in 2013, according to the NBS.

Its per-capita GDP in 2013 was raised to \$6,995 from \$6,767, but this was only about two thirds of the world's average level, the bureau said.

## Formidable Home Prices

More than half of Chinese citizens surveyed said homes were too expensive for them, in the latest national poll by the People's Bank of China.

The survey showed that 58.8 percent of 20,000 people surveyed in 50 cities believe current home prices were "too high to accept" in the fourth quarter of 2014, down 0.7 percentage point from the previous quarter.

The property market cooled in 2014, with authorities loosening controls on purchases, mortgage rules and interest rates to avoid an even sharper slowdown. Home prices—especially in large cities—are still too high for most new graduates.

Of urban residents, 52.9 percent considered current prices "too high," down 1.1 percentage points, as the con-



FUJIANBIN

## GREEN ENERGY AMBITION

Windmills built by China Huaneng Group stand nearby the Poyang Lake in Duchang County, south China's Jiangxi Province

sumer price index, the main gauge of inflation, edged up 1.4 percent year on year in November, the slowest increase since November 2009.

## Government Net Assets

The total net assets of the Chinese Government, including government executive departments, legislative departments and justice departments was 55.3 trillion yuan (\$9 trillion) in 2013, according to research published on December 20.

In a broad measurement that also included government-backed public institutions and associations, the government's net assets stood at 92.3 trillion yuan (\$14.83 trillion) in 2013, according to the finance research institute under the People's Bank of China.

The total net assets of China's public departments, including the government's net assets as well as government-controlled companies, stood at 106.9 trillion yuan (\$17.17 trillion).

"Given China's relatively huge foreign exchange reserves, the Chinese Government has a good foundation for economic control," the finance research institute said.

It added that the government's net assets were substantial and also demonstrated structural stability and fitness.

## Connect Karst Regions

Construction of China's first high-speed railway running through the country's southwest karst regions was completed on December 21.

The 857-km railway linking Guiyang, capital of landlocked mountainous province of Guizhou, with south China's economic powerhouse Guangzhou, is expected to become operational on December 26.

Guizhou has the world's most typical karst plateau landscape, which was inducted as a UNESCO World Heritage Site in 2007. Karst topography is a landscape formed from the dissolution of soluble rocks such as limestone.

Stretching through the complicated karst clusters, the railway has half of its length run through 238 tunnels, two of which are more than 14 km long, said Zhang Jianbo, General Manager



SUN SHUBAO

## Solar Power Drive

Workers test distributed solar panels in Shandong Hongli Anywhere Environmental Science & Technology Group. So far, there have been more than 200 distributed solar power generation projects in east China's Shandong Province, with a capacity of 135,000 kilowatts.



WAN HANZHI

## Testing the Waters

A 38,500-ton bulk cargo ship developed by Shanhaiguan Shipbuilding Industry Co. Ltd. sails smoothly in the water in Qinhuangdao, north China's Hebei Province.

ment of civil aviation in Xinjiang Uygur Autonomous Region.

Civil Aviation Administration of China (CAAC) said in a guideline that it will improve aviation infrastructure in Xinjiang by supporting the expansion of established airports and construction of new ones.

The CAAC will speed up preliminary study of a new airport in Urumqi, capital of Xinjiang. It also backed the city to apply for a 72-hour visa-free entry for international transit passengers.

In addition, the administration encouraged airlines to operate more routes connecting Xinjiang cities with China's eastern areas as well as foreign countries.

Xinjiang currently has 16 civil airports, with 46 domestic and foreign airlines operating 184 routes. It has the most airports and longest airways among China's provincial-level regions.

From January to November, Xinjiang saw 238,000 civil flights and throughput of over 20 million passengers and 163,000 tons of cargo and mail, up 20.5 percent, 9.8 percent and 8.8 percent year on year, respectively.

of Guiyang-Guangzhou High-Speed Railway Co.

It took builders four years to drill through the two longest tunnels. Construction was often disrupted by breaking rocks, rupturing strata and water infiltration, Zhang said.

The construction company applied for six national patents covering their shockproof technology, which was adopted to reduce the vibration that occurs when a train travelling at 250 km per hour runs through mountain tunnels.

## Rural Market Valued

China's leading e-commerce giants have stepped up expansion of online retail business in rural areas in hopes of tapping the new territory to offset a saturated urban market.

JD.com Inc., a Nasdaq-listed firm, announced on December 18 it would set up a county-level operating center in south China's Guangdong Province.

The move followed the e-commerce decision to open a physical shop in a small county in north China's Hebei Province in November to help farmers

## ORANGE CARPET

Workers wax naval oranges in a processing plant in Zigui County, central China's Hubei Province.

Zigui is expected to harvest more than 330,000 tons this winter, creating a major income source for migrants from the Three Gorges area



ZHU JIANG

purchase home appliances via its online shopping store.

Plagued by poor transport and less purchasing power, rural buyers have remained mostly untouched by the wave of online shopping that swept across China in recent years.

However, the situation is changing as the burgeoning market in villages has shown great potential and intrigued the country's major e-commerce businesses.

A report published by a research center under Alibaba Group, China's largest commerce company, forecast the value of the rural online sales market will grow to 180 billion yuan (\$29.4 billion) this year and 460 billion yuan (\$73.89 billion) in 2016.

Rural buyers on Taobao.com, Alibaba's online sales website, made up nearly 10 percent of total sales of the site in the first quarter of this year, up from a proportion slightly higher than 7 percent two years ago.

## More Airports in Xinjiang

China vowed on December 20 to make more efforts to support the develop-

## Disneyland's New Rival

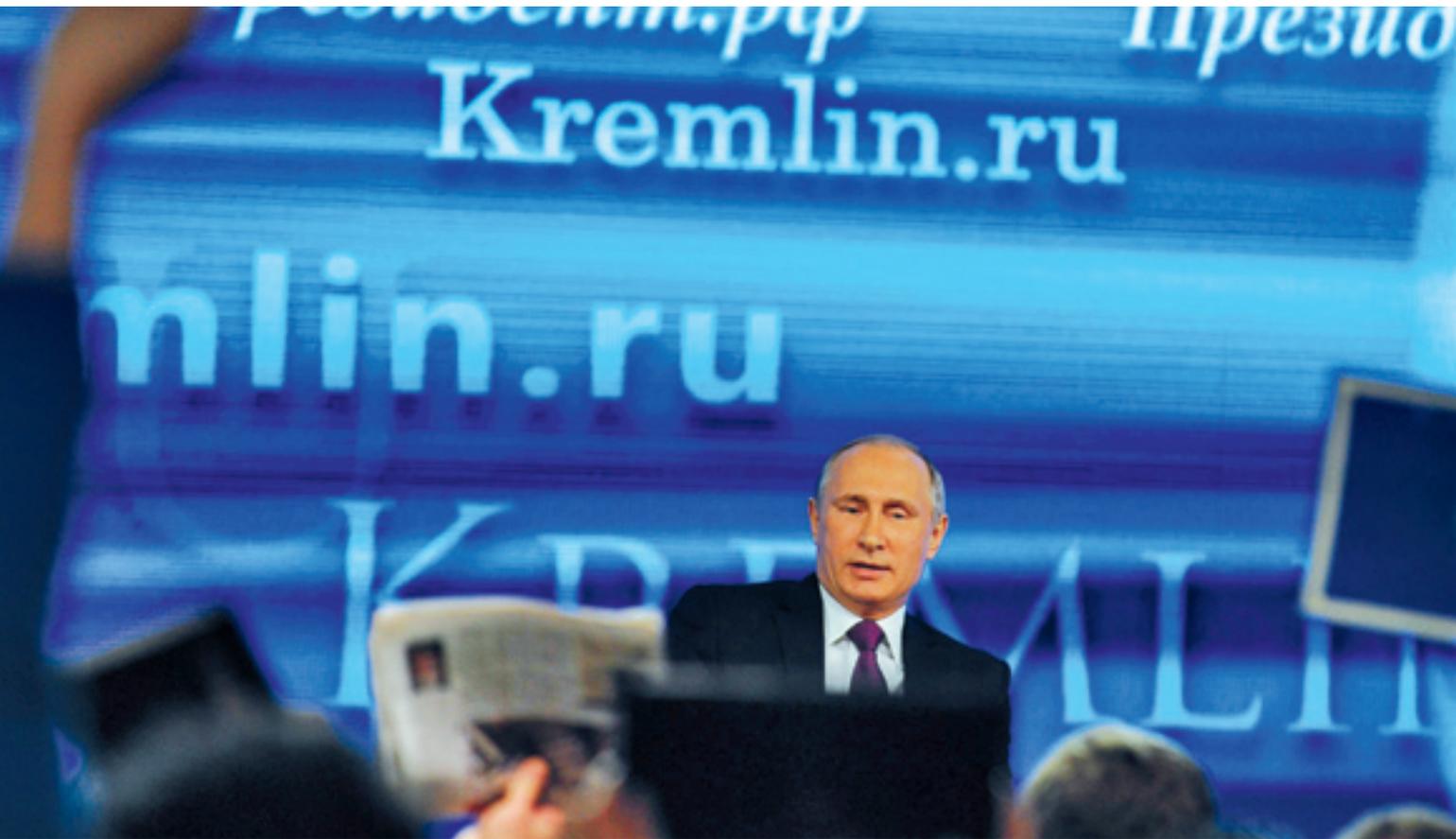
Chinese real estate tycoon Wang Jianlin said on December 20 that his Dalian Wanda Group plans to compete with Disneyland and will probably open theme parks in the United States in the future.

Wang, founder and President of Dalian Wanda, revealed his ambition at the opening ceremony of a movie park in Wuhan, capital of central China's Hubei Province.

Although real estate comprised the bulk of Wanda's revenue, Wang said that the group is seeking more growth engines as rapid expansion in China's property sector comes to an end.

Wang said Wanda will unveil a transformation plan in January and turn to businesses in culture, tourism, finance and e-commerce for further growth.

In a move toward the transformation, Wanda launched the "cultural tourism city" program to construct building complexes for tourism, entertainment, shopping, dining and other purposes in a number of Chinese cities.



## RUSSIA

President Vladimir Putin answers questions during his annual press conference in Moscow on December 18, 2014, where he expressed confidence in the nation's economic prospects



## FRANCE

Police officers inspect the van a driver used to plough into a market that resulted in the injuries of at least 10 people before the perpetrator stabbed himself in Nantes on December 22, 2014



## SOUTH KOREA

Workers conduct a drill to ensure the safety of nuclear power plants in the event of cyber attacks at a training center of the Wolsong Nuclear Power Plant in Gyeongju on December 22, 2014. South Korea's nuclear power plant operator launched a two-day drill testing its ability to thwart a cyber attack following a series of online information leaks by suspected hackers



## MALAYSIA

Visitors pose with some of the 1,600 papier-mâché pandas displayed at Independence Square in Kuala Lumpur on December 21, 2014 as part of an event aimed at raising awareness of the endangered species



## TUNISIA

Veteran politician Beji Caid Essebsi, who won Tunisia's first free presidential election, arrives at his party's headquarters on December 22, 2014 in Tunis



## GUINEA

UN Secretary General Ban Ki-moon has his temperature read upon arrival at the UN Mission for Ebola Emergency Response in Conakry on December 20, 2014. Ban called for more global efforts to fight the epidemic

## SEXOLOGIST'S AUDACIOUS ADMISSION

**Li Yinhe**, a leading Chinese sexologist and sociologist, revealed her partner of 17 years is a female-to-male transsexual in her blog on December 18, 2014, refuting tabloid newspapers that have said Li's long-term cohabitant is female and she is a lesbian. She also disclosed the couple had adopted an abandoned, mentally disabled boy, as her partner wanted to be a parent.

"My partner is physically a woman, but psychologically, a man. His appearance and thoughts are like every man. In this sense, I'm not gay, but still heterosexual," Li wrote.

Li retired from the Institute of Sociology at the Chinese Academy of Social Sciences in 2013. The 62-year-old academic has a PhD degree in sociology from the University of Pittsburgh in the United States. Her views supporting the legalization of same-sex marriage, defending wife swapping and urging the scrapping of "group licentiousness" in the Chinese law have rocked public life over the past decade.



## Stop-and-Go Electric Vehicles

**Caijing Magazine**  
December 15, 2014

According to statistics issued by the Ministry of Industry and Information Technology in early December, 56,700 new energy vehicles were manufactured in the first 11 months of 2014, up by five times compared to the same period of the previous year.

Stimulated by incentive policies, the production and sales of electric vehicles saw a sharp rise. The question now is whether this market can maintain high growth when subsidies are cancelled, which, according to the Ministry of Science and Technology, will happen in 2020.

China is likely to become the second largest electric vehicle market, only next to the United States. However, even after the rapid expansion, the electric vehicle market in China accounts for only a small share of its overall vehicle market.

Nevertheless, to cope with the shortage of fuel oil and air pollution problems, energy-saving and new energy vehicles have become the direction of the international auto industry. As for China, a country largely depending on imported

## Probing the Air Purifier Market

**Oriental Outlook**  
December 25, 2014

Statistics show that in the first 11 months of 2014, the retail sales of air purifiers for foreign brands accounted for 81 percent of the country's market.

However, most of the so-called foreign air purifiers are manufactured in China, and in some extreme cases, Chinese companies register a brand in a foreign country and thus their product becomes a de-facto foreign commodity. Nevertheless, foreign brands, including international brands like Philips, Sharp and Panasonic, do not guarantee good quality, as was found by the Shanghai Municipal Bureau of Quality and Technical Supervision in a sample examination in 2013.

Small Chinese brands pose no threat to big foreign competitors, despite the rocketing number of new air purifier producers, but some of the more reputed Chinese brands will bring competition and make the whole market more mature to the benefit of consumers.

Newcomers are competing for more of the market share. In the first half of 2013, the top five brands accounted for around 70 percent of the market share, but that figure dropped to 54 percent in the first half of 2014.

In contrast to the fast-growing air purifier market, the formulation of product standards is lagging far behind. China's Standardization Administration will issue national standards on air purifiers in the first half of 2015, which will take effect in the second half of the year.



**"Overseas NGOs will have to register with and be approved by Chinese authorities if they want to set up representative offices on the mainland or temporarily operate on the mainland for a certain program."**

**Yang Huanning**, Vice Minister of Public Security, elaborating on a new bill on overseas NGOs that was submitted to the National People's Congress Standing Committee for deliberation on December 22, 2014

**"I think readers are now tired of being lectured to by books. They crave relaxation and relief."**

**Zhang Jiajia**, a 35-year-old writer who topped a recently released Chinese writers' rich list, speaking about his success



oil, efforts to reduce the use of motor vehicles will help cushion energy security threats.

Electric vehicles are bringing new opportunities. Internal combustion engines have ruled the auto world for almost a century, but their status is being shaken by new energy vehicles. Will the electric vehicle become the next king of the auto world?

## Real Estate Registration *Beijing Youth Daily* December 23, 2014

The Chinese Government recently issued provisional regulations on real estate registration, which will go into effect on March 1, 2015. According to the regulations, all governments above the county level shall designate an agency responsible for the registration of the ownership of land, forests, buildings and other immovable properties in their areas.

The new system, which charges the Ministry of Land and Resources with overseeing real estate registration across the country, appears poised to enhance administrative efficiency. Currently, more than 10 different government departments are involved, often resulting in red

tape and confusion among the public.

Another important reason for the high anticipation of unified real estate registration is that many believe it will bolster the government's anti-corruption campaign. Indeed, the database to be created under the new system will make it easier to identify property owners, thereby assisting with the investigation of graft and embezzlement suspects. The government, however, has ruled out illegal access to the database to protect property owners' privacy.

Although real estate stocks plummeted following the release of the regulations, the new registration policy will not deal a devastating blow to China's cooling housing market. The country's ongoing urbanization drive will continue to inject impetus to this sector.



### FUGITIVE OFFICIAL TURNS HIMSELF IN

**Wang Guoqiang**, former secretary of the Communist Party of China (CPC) Committee of Fengcheng City, northeast China's Liaoning Province, returned to China from the United States on December 22, 2014, and turned himself in to disciplinary authorities. Wang gave himself up along with a confession statement.

This is one of the key cases currently being handled by a high-ranking anti-corruption office in its quest to repatriate suspects and return illegally acquired assets to the state in China's wider anti-corruption drive, according to the CPC Central Commission for Discipline Inspection. Both China and the United States acknowledged that this was an important case, it said.

Wang, 55, went into hiding in the United States in April 2012. An investigation by the Liaoning provincial CPC disciplinary watchdog showed that he was suspected of accepting bribes, engaging in business activities in violation of Party rules and going abroad without authorization.



**“Petitioners could choose ‘satisfied,’ ‘so-so,’ and ‘not satisfied,’ and submit comments within 30 days after they see the results of their petitions.”**

**Fan Xiaomao**, deputy head of the State Bureau for Letters and Calls, referring to the bureau's new measures aimed at improving the transparency of China's petitioning system that went into effect on January 1, 2015

**“Abuse of children by legal guardians has become a very severe problem in society.”**

**Hu Yunteng**, an official with the Supreme People's Court, commenting on the court's new guidelines under which parents who sexually abuse their children will be stripped of custody rights on December 23, 2014



COVER STORY

# A BUSY AND FRUITFUL TRIP

Premier Li Keqiang's visit to Serbia was rewarded with big deals By Bai Shi

12 BEIJING REVIEW JANUARY 1, 2015

Premier Li Keqiang has put his effective salesmanship to use in exporting China's manufacturing and technology industries. Whenever he pays a visit to a foreign country, he spares no effort to promote Chinese enterprises to the host country.

According to incomplete statistics by the Paper, a Shanghai-based Internet media outlet, Li earned deals worth about \$140 billion for Chinese businesses through his five diplomatic tours in 2014, mostly in the railway industry.

During his tour in Serbia on December 16-19, Li again impressed his Central European counterparts with his efficient and practical working style, as well as China's competitive advantage in infrastructure construction. In less than four days in Belgrade, capital of Serbia, Li held a flurry of meetings with leaders of 16 Central and Eastern European (CEE)

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**16:1 MEETING:** Chinese Premier Li Keqiang (ninth left) and leaders of Central and Eastern European countries pose for a group photo after their meeting in Belgrade, capital of Serbia, on December 16, 2014

countries and sealed a host of deals on economic cooperation and cultural exchange.

## Swift and practical

Li's schedule in Serbia was intensive. The premier attended the Fourth China-CEE Economic and Trade Forum and the Third China-CEE Leaders' Meeting. But Li did not limit himself to delivering a speech at the multilateral meeting of China-CEE leaders. Through close talks with the leaders of each CEE country, the premier listened to their ideas on how to further promote China-CEE cooperation.

During the leaders' meeting, participants agreed to enhance connectivity and pledged to continuously improve China-Europe international railway container transportation, encourage relevant parties to facilitate cus-

tom clearance, create new logistics routes and hubs, and strengthen cooperation in infrastructure development.

To boost trade and economic cooperation, Li proposed setting up a new framework for joint investment and financing between China and CEE countries as a way to serve the real economy.

After the meeting, China and the 16 CEE countries jointly issued the Belgrade Guideline for their cooperation, citing priorities in the fields of infrastructure, trade, investment, finance, technology and culture.

"The Belgrade Guideline shows that the cooperation between China and CEE countries is practical and broad," said Kong Tianping, a researcher at the Institute of European Studies under the Chinese

Academy of Social Sciences (CASS).

Li's fruitful Serbian tour was rooted in the strong demand for infrastructure construction in Balkan countries and China's sufficient funds and experience in the field. The cooperation will have a win-win outcome, Kong said.

## Building an express passage

In 2013, Li and CEE leaders reached an action plan at the Second China-CEE Leaders' Meeting in Bucharest, capital of Romania, outlining the blueprint of China-CEE cooperation.

The Belgrade Guideline further upgraded the cooperation mechanism between China and CEE partners, said Liu Zuokui, a researcher at the Institute of European Studies under the CASS. According to him, a highlight of ▶▶

the upgraded cooperation is demonstrated through the agreement on strengthening connectivity.

In Belgrade, Li proposed extending the China-proposed Silk Road Economic Belt and 21st Century Maritime Silk Road to Central Europe.

The CEE countries possess natural and good quality harbors, which can be used to transport large number of goods if linked with traffic arteries including railways and highways. Both sides can rely on the Hungary-Serbia Railway, the Piraeus Port of Greece and others to create a new channel of rail-sea intermodal transportation between Asia and Europe, Li said.

China and CEE countries will focus on infrastructure construction to boost connectivity and share the benefits of China's ambitious One Belt and One Road initiatives that aim at fostering common development between China, Europe and Asia, Liu said.

On December 17, 2014, China, Serbia, Hungary and Macedonia agreed to build a land-sea express passage that links Piraeus Port in the south and the Hungarian capital of Budapest in the north, stringing the

Macedonian capital of Skopje and Serbia's Belgrade.

The planned express passage includes two major projects—the construction of the Hungary-Serbia railway and the expansion of Piraeus Port, the largest harbor of Greece.

Li said that the land-sea express route will be "an extension and upgraded version" of the planned Hungary-Serbia railway running through Belgrade and Budapest to connect China.

It's estimated that the planned land-sea express passage, upon its completion, will save at least seven to 11 days for cargo deliveries between China and Central Europe, compared with the current route.

Chinese and Central European leaders had already started their work on opening a new route a year ago. In November 2013, Premier Li and his Hungarian and Serbian counterparts agreed to rebuild and modernize the old Hungary-Serbia railway during their meeting in Bucharest.

With the help of China's railway technology, the Hungary-Serbia railway will speed up to 200 km per hour from the current 40-60 km per hour. The trip from Budapest to

Belgrade will take two and half hours, compared with the current time of over eight hours.

During his visit to Greece last June, Li and Greek Prime Minister Antonis Samaras made a tour at the container dock of the China Ocean Shipping Co. (COSCO) in Piraeus Port. In a bid to promote the prosperity of the port, the two sides agreed to expand the business of COSCO in Piraeus.

In 2008, COSCO was permitted to obtain franchise rights at Pier 2 and Pier 3 of Piraeus Port. On December 20, 2014, Greece's parliament approved an agreement on expanding COSCO's facilities in Piraeus. According to the newly approved agreement, COSCO will invest 230 million euros (\$281 million) in the expansion project of the Pier 3. Upon its completion, the throughput of containers at COSCO's docks will increase to 4.75 million TEUs from 3.16 million TEUs in 2013.

The Greek side has also expressed willingness to sign a customs clearance treaty with China at an early date, which will provide convenient conditions for the throughput in Piraeus.

## Indispensable ties

Enhancing economic cooperation between China and CEE countries will be an important supplement to the close ties of China and the EU, said Zhou Yongsheng, a professor at China Foreign Affairs University in Beijing.

"There is a Chinese saying that 'roads must come before wealth.' This clearly demonstrates the importance of infrastructure. Focusing on infrastructure construction and investment cooperation is just one feature of Li's diplomacy," Zhou noted.

The project of the land-sea express passage is very important for Greece, Macedonia, Hungary and Serbia. Furthermore, the passage will further link the Mediterranean and the Danube. As CEE leaders said, the route will enhance regional connectivity and is in line with the interests of the region as well as the EU and the whole of Europe, Zhou stressed.

"With the new route, trade between China and CEE countries will enjoy a signifi-

## Previous China-CEE Leaders' Meetings

Central and Eastern European (CEE) countries include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia. They cover a combined area of over 1.3 million square km, with a population of 123 million.

### First China-CEE Leaders' Meeting

**Warsaw, Poland**

**April 26, 2012**

Leaders of China and 16 CEE countries agreed to view relations with one another from a strategic height and long-term prospective. They also agreed to develop future-oriented friendly partnerships based on equality, mutual respect and benefit.

Chinese Premier Wen Jiabao put for-

ward 12 measures to enhance relations with CEE countries. He stressed that China's bid to strengthen ties with CEE countries is an important part of efforts to boost China-Europe relations and conform to the interests of all sides.

### Second China-CEE Leaders' Meeting

**Bucharest, Romania**

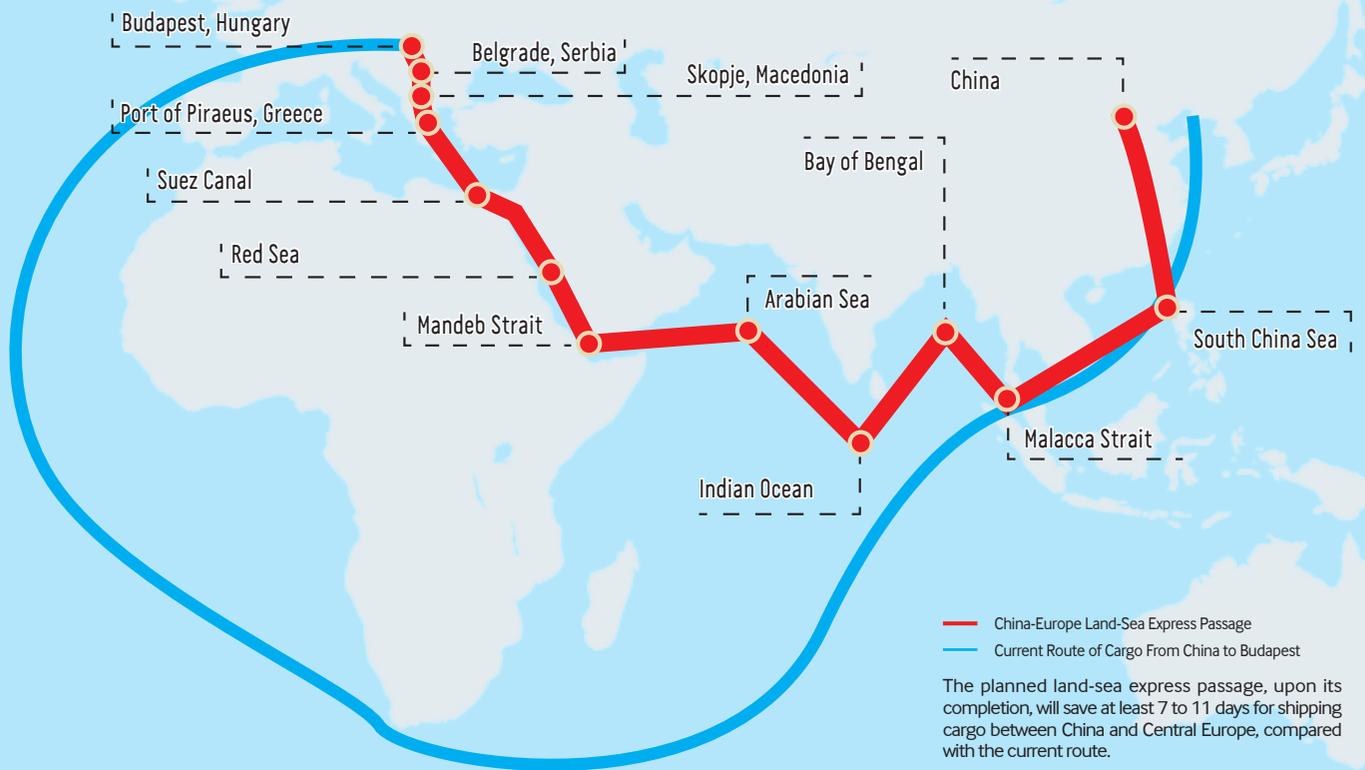
**November 26, 2013**

China and CEE countries issued an action plan and pledged to expand investment and boost infrastructure collaboration.

The countries also agreed to expand cultural and people-to-people exchanges, strengthen communication and coordination on global and regional affairs and broaden common interests.

(Source: Xinhua News Agency)

## The Route of China-Europe Land-Sea Express Passage



cant leap, and transportation will also be more convenient and fast,” Zhou said.

According to Zhang Jian, Director of the Institute of European Studies under the China Institutes of Contemporary International Relations, maintaining sound ties with CEE countries is an indispensable part of China’s foreign policy toward the EU. “China treats ties with both CEE countries and the rest of Europe equally,” he said.

The EU is China’s largest trading partner. China has established a comprehensive strategic partnership with the EU. On November 20-21, 2013, both sides reached the China-EU 2020 Strategic Agenda for Cooperation at the 16th China-EU Summit, which outlines the future development of their ties.

China’s further investment in CEE countries will help promote the integration of the EU, Zhang said.

The EU has long been committed to offering aid to CEE countries for economic growth. China’s investment in the fields of infrastructure, agriculture and manufacturing will lift the development of CEE countries, advancing the balanced development of Europe as a whole. If Central and Eastern Europe can enjoy fast development, it will bring more opportunities for Western Europe, Zhang noted.

Among the 16 CEE countries, five of them are not yet EU member states. These five countries also have a strong demand to strengthen economic ties with China.

Over the past year, around 80 percent of cooperation items reached by China and CEE countries in the Bucharest Action Plan have been implemented, said Chen Yurong, a senior research fellow and Director of the Department for European-Central Asian Studies under the China Institute of International Relations.

Despite uncertainties in the global economy, China and CEE countries have just begun their cooperation and there is huge potential ahead, Chen said. ■

COVER STORY

# THE PREMIER PACE

Practical and hardworking, Premier Li Keqiang talks with his delegation members at the sideline of a flurry of meetings with leaders of Central and Eastern European countries during his visit to Belgrade, Serbia, on December 16-19.





#### CALLING FOR COOPERATION:

Chinese Premier Li Keqiang delivers a speech at the opening ceremony of the Fifth Summit of the Greater Mekong Sub-region Economic Cooperation in Bangkok, Thailand, on December 20, 2014



## COVER STORY

# CATCHING A RIDE

## China's extensive railway technology experience can benefit the development of its Southeast Asian neighbors By Yu Lintao

A significant China-Thailand railway cooperation deal recently signed during the Fifth Summit of the Greater Mekong Sub-region (GMS) Economic Cooperation put the sub-regional cooperation platform on the map. The GMS Economic Cooperation Program, which was launched in 1992 by six countries along the Mekong River—Cambodia, China, Laos, Myanmar, Thailand and Viet Nam, is aimed at pooling joint efforts to improve regional infrastructure, thereby enhancing trade, investment and economic growth. Though previously not a widely known mechanism, the program is becoming a model that China utilizes to promote its good-neighborly policy.

The China-Thailand railway cooperation

deal, which has been met with setbacks due to administration alterations in Thailand, will help better connect countries within the GMS. While attending the GMS summit in Bangkok on December 20, 2014, Chinese Premier Li Keqiang praised the deal as the expansion, extension and further confirmation of the previous agreement that the Chinese and Thai governments reached in 2013.

With the deal, China and Thailand agreed to jointly build Thailand's first standard-gauge railway lines with a total length of more than 800 km. The project is estimated to cost around \$10.6 billion and will connect northeast Thailand's Nong Khai Province, Bangkok and eastern Rayong Province.

Li also voiced hopes that the cost-effective new railway lines can be extended to other GMS neighbors.

Observers believe that the railway deal and China's new aid proposal go far beyond promoting multilateral interconnectivity and also represent a vast opportunity for GMS countries' development while partnering with the fast-growing China.

### Accessing rapid growth

GMS is serving as the land bridge between China and Southeast Asia as well as China and South Asia. All GMS nations are developing countries striving to readjust their industrial structure and open to the outside world, but poor transportation infrastructure and the lack of interconnectivity have been a bottleneck hindering their economic development. Following the concrete achievements made for infrastructure connectivity between China and its GMS neighbors, regional cooperation and integration will be continuously deepened.

The railway lines will contribute to the rapidly growing regional economy, said Lei Zhuning, Deputy Director of the Southeast Asia Research Institute under the Yunnan Provincial Academy of Social Sciences.

"With the continuous improvement of regional transportation facilities, the pace for building a GMS economic corridor will be further sped up. Regional exchanges at government and non-government levels in the GMS have been quite popular these years, so the new lines, once connected, will further bolster that fervor," Lei noted.

Song Qingrun, a research fellow of Southeast Asian studies with the China Institutes of Contemporary International Relations, said that like an artery, the planned Thailand railway will pump the economic development of the country's southern and northern regions as well as push forward GMS regional integration. For instance, the Nong Khai Province could become a gateway for transporting Thai products to China and elsewhere in the world, as well as an attraction for tourists from Laos.

The new lines in Thailand, likely to be connected with the railway linking China and Laos in the future, form a key project of the Trans-Asian Railway and will help build a fast transportation network within the GMS.

They will not only help attract more Chinese tourists to the region to boost tourism along the routes, but also bolster logistics in the region, bringing more investment in GMS countries and forming bigger markets as a result, Song said.

There are strong voices in academic circles of GMS countries calling for a greater role of China in the economic development of the region, especially in terms of infrastructure construction.

In an interview with Xinhua News Agency, Professor Tang Zhimin, Director of China ASEAN Studies of the Bangkok-based Panyapiwat Institute of Management, said that as profitable as they are, GMS projects like the east-west and north-south economic corridors have not yet fully met the needs of this sub-region because of the lack of infrastructure. "China has always been an active participant in GMS initiatives. In the future, we expect it to grow into a responsible leader in the mechanism," he added.

Pornchai Trakulwanaront, Deputy Director for Administration of Thailand's renowned Thammasat University, said that of all the fields of GMS cooperation, infrastructure has seen the greatest achievements over the past two decades. He hopes the China-led Asian Infrastructure Investment Bank will serve as a more secure source of financial support for infrastructure development in the region.

While benefiting regional countries, observers believe the China-Thailand railway deal will serve as a model of the bulk export of China's core technology and equipment to Southeast Asia and South Asia.

Moreover, once the new railway reaches the Gulf of Thailand, it will offer new routes for China's marine logistics to directly enter the Indian Ocean. On a broader scale, the GMS economic cooperation, with a total trade volume of \$150 billion in 2013, will further enrich China's partnership with the Association of Southeast Asian Nations.

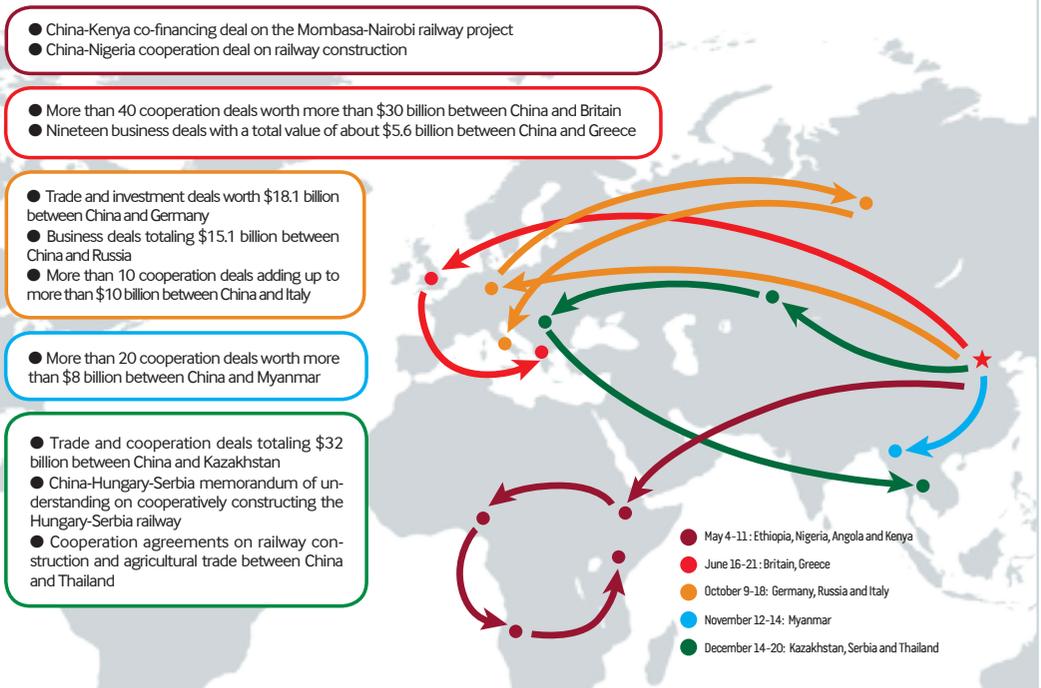
## Benefiting neighbors

Besides the railway deal, Li also announced a large amount of aid for regional countries during the GMS summit. The details of the offer include \$1 billion for infrastructure interconnectivity, \$490 million in grants for poverty alleviation and \$10 billion in special loans. China also promised to invest \$16.4 million in dredging waterways along the Mekong River and preventing natural disasters.

Su Xiaohui, Deputy Director of the Department of International and Strategic

## Li's Footprints in 2014

Premier Li Keqiang visited 13 countries over the course of five diplomatic trips abroad in 2014, during which China and these countries signed a total of more than 250 agreements on trade and economic cooperation with a combined value of about \$140 billion.



(source: The Beijing News)

Studies at the China Institute of International Studies, held that China's generosity during the GMS summit fully demonstrates its good-neighborliness diplomacy featuring closeness, sincerity, sharing and inclusiveness.

"On the basis of reciprocity and mutual benefit, China is weaving a closer network of common interests with its neighbors through concrete cooperation and aid, striving to upgrade their common interests to a new high," Su said.

Though first initiated by the Asian Development Bank, China's role in promoting the GMS cooperation is apparently on the rise in recent years with its rapid economic growth. The past two decades have witnessed a flurry of China-backed initiatives on promoting GMS cooperation, which now covers 10 fields: transportation, energy, agriculture, environmental protection, human resources, urbanization, tourism, trade facilitation, information and transnational economic cooperation.

The latest GMS summit, under the theme of Committed to Inclusive and Sustainable Development in the GMS, has provided a strong impetus for the sub-regional cooperation by

identifying 92 priority investment projects and passing an investment framework plan from 2014 to 2018 totaling \$30 billion.

Song said that with a record high investment volume, the plan has proposed a comprehensive blueprint that will provide momentum to the inclusive and sustainable development of GMS. China, as the biggest country with rich experience for economic development, will continue to play the leading role for the sub-regional cooperation, he added.

In addition to economic cooperation and assistance, China has also strengthened security cooperation with GMS countries in recent years. It is spearheading concerted efforts to maintain peace and security in the Asian sub-region that is currently plagued by an array of transnational crimes such as drug smuggling and human trafficking. Following the killing of 13 Chinese sailors in the opium-producing Golden Triangle in 2011, China has initiated and conducted regular joint patrols with Laos, Myanmar and Thailand on the Mekong River to secure safety along the busy trading route. ■

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