

NATION: SHANGHAI STAMPEDE DEVASTATES P.26

BUSINESS: E-BANKS CASH IN P.32

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China meets UN commitment to poverty relief

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Cover Photo: A farmer rejoices in his full persimmon crop in Fuping County, northwest China's Shaanxi Province, in November 2014 (TAO MING)

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P.32 | A Small Bank Makes a Big Difference

Internet banks see an auspicious future



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EDITOR'S DESK

China and the MDGs

The drive to meet the UN Millennium Development Goals (MDGs) by the scheduled deadline of the end of 2015 has now entered its countdown phase. Many of the goals set out 15 years ago, which have served to gauge development levels and develop a global partnership for development, have already been transformed from mere aspirations into tangible realities. China has made tremendous contributions toward realizing the aforementioned goals.

China's single most significant contribution thus far is that it has enabled its 1.3 billion people to obtain an improved standard of living.

The issue of sustainability in feeding China's population was one that preoccupied many more than a decade ago. Today, securing subsistence, especially in terms of food and clothing, is no longer a problem for China because the country has achieved the goal of halving its poor population in 1990 well ahead of schedule. What the international community now marvels at is how China has been able to lift its people out of poverty within such a short span of time. In alleviating poverty, the developing world may well draw inspiration from China's experiences in the years to come.

The Chinese Government has incorporated the MDGs into its national development plan. It has taken great strides in attempting to maintain stable and rapid economic growth, adjusting its industrial structure, strengthening the

construction of much-needed infrastructure, promoting urbanization, increasing employment, developing education and improving its social security system.

China has realized such goals as achieving universal primary education, eliminating gender discrimination in access to primary and secondary school education, reducing the mortality rate of children below 5 years old, preventing and controlling tuberculosis and malaria and providing safe drinking water and basic hygiene equipment. The country has also made progress in promoting universal employment and in the prevention and treatment of HIV/AIDS.

Aside from addressing its own MDGs, China has supported other developing countries' efforts to realize their goals. For example, it has helped African countries enhance their food producing capacities. In addition, the country has participated in the international partnership for development by helping other fledgling economies build infrastructure such as roads, bridges, hospitals, schools and agricultural irrigation systems and by alleviating or in some cases outright exempting the debt shouldered by poorer countries.

At a UN summit in September, world leaders are slated to create a development agenda beyond 2015. The Chinese Government has clarified its stance in a position paper published in 2013. Going forward, China hopes to formulate a new set of reasonable and sustainable goals and continue to work toward their realization. ■

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A GRAND DEBUT

The First Ministerial Meeting of the Forum of China and the Community of Latin American and Caribbean States (CELAC) opens in Beijing on January 8.

The two-day meeting set new goals for future cooperation between China and the Caribbean, including raising their trade volume to \$500 billion in 10 years from \$261.75 billion in 2013.

The creation of the forum was announced during Chinese President Xi Jinping's visit to Latin America in July 2014. The 33-member CELAC groups all South American countries and some Caribbean countries in addition to Mexico.



Glittering Ice World

The 16th Harbin Ice and Snow World in Harbin, capital of Heilongjiang Province, kicks off on January 5. Covering 800,000 square meters, it is the largest ice-themed park in the world.

Environment Protection

China will offer more support for non-governmental organizations (NGOs) to bring lawsuits against those who commit environmental violations, according to a judicial interpretation issued on January 6 by the Supreme People's Court (SPC).

The SPC, together with the Ministry of Civil Affairs (MCA) and the Ministry of Environmental Protection (MEP), also issued a circular to guarantee such litigation.

According to the judicial interpretation, which came into effect on January 7, an NGO that protects the public interest and carries out environmental protection activities qualifies for recognition as an "environmental protection NGO."

As of late September 2014, China had more than 700 environmental protection NGOs.

The judicial interpretation said that court charges should be reduced in public non-profit environmental litigation and shall be paid by the defendant if the plaintiff wins the lawsuit.

Environmental protection NGOs can also sue violators across the country, regardless of their registration region, said the judicial interpretation.

Military Website

A website on military weapons procurement was officially launched on January 4.

Under the General Armament Department of the People's Liberation Army (PLA), Weain.mil.cn provides information on the country's weapon and armament needs, relevant policies, procurement notices, enterprise lists and technology.

Private enterprises, military armament-purchasing departments and military industry groups as well as personnel can register on the website for consultation and further information.

According to the PLA General Armament Department, the new platform was established to cement military and civilian integration and aims to accelerate steps in armament procurement system reform, break

GROWING PANDA

Yuanzai, the first baby of a giant panda pair, namely Tuan Tuan and Yuan Yuan, who were given as a goodwill gift to Taiwan by the mainland, weaned on January 6. The cub was born on July 6, 2013



procurement barriers, improve competitiveness and promote efficiency.

Since 2014, a series of policies have been issued to improve military and civilian integration, market access, information exchange, supervision, and security.

In May 2014, the first military and civilian integration forum released around 200 items on weapons procurement, which attracted more than 100 private enterprises and led to the signing of scores of cooperation agreements.

New Tibetan Words

Nearly 1,500 new words and terms were given standardized Tibetan equivalents in 2014, the Tibetan Language Committee said on January 7.

Among the new terms are popular online phrases such as "lightning marriage," referring to when a couple decides to wed soon after meeting. The term was changed from the Chinese *shanhun* transliterated into *Dobdob Nyatri* when written in standardized Tibetan.

New words related to politics and the economy, including "the new normal" and "the Silk Road economic belt," have also been translated into Tibetan vocabulary, said Yezang, head of the agency for standardization of Tibetan terminology under the committee.

After being translated correctly, the new words can be widely used by translators, school teachers and government officials in Tibet, Yezang added.

Tibet began collecting and translating new vocabulary in 2002. As of 2014, a total of 9,000 emerging phrases and 60,000 technical terms were released after examination.

The move can help standardize the Tibetan language and keep it up to date with the changing times while promoting Tibetan culture, Yezang said.

Potato Cultivation

China is boosting potato acreage to transform the crop into the country's fourth staple food after rice, wheat and corn, said Yu Xinrong, Vice Minister of agriculture, at a seminar on January 6.

It is time for potatoes to become a staple food, given China's rapid urbanization, and they can diversify the

dinner table, said Wan Baorui, Director of China's State Food and Nutrition Consultant Committee.

The potato has been grown for about 400 years in China and now covers 5 million hectares in China, according to the Ministry of Agriculture. Acreage will expand to 10 million hectares in the future to better safeguard the country's grain supply, according to the ministry.

The country will see 50 billion kg of new food demand by 2020. China has a shortage of farmland and although it is hard to improve the yield efficiency of wheat and rice, it is comparatively easier to improve that of potatoes, according to the ministry.

The country has set a "red line" minimum of 120 million hectares of cultivated land, but pressure on arable land is still great, largely due to rapid urbanization.

Anti-Graft in 2014

After caging dozens of high-level "tigers" and swatting thousands of lowly "flies," China's anti-graft campaign will continue to carry out strong measures to root out corruption, said a senior graft-buster on January 7.

Huang Shuxian, Deputy Secretary of the Communist Party of China (CPC) Central Commission for Discipline Inspection (CCDI), said cases involving 68 high-level officials are under investigation or have been closed.

According to Huang, the cases involving some top-level officials have been transferred to judicial organs, while the cases of some others are still under investigation.

"A high-voltage stance will be held to curb corruption."

Huang Shuxian, Vice Secretary of the CPC Central Commission for Discipline Inspection



Homemade Aircraft

In a designer's sketch, China's self-developed amphibious aircraft AG600 takes to the skies.

The first major part of AG600, the fuselage mid-section, was completed at the Aviation Industry Corp. of China (AVIC) Xi'an Aircraft Industry Co. in Xi'an, Shaanxi Province, on December 29, 2014.

The AG600, a multi-use amphibious aircraft, is expected to be used for forest firefighting and marine rescue missions.

The campaign also made efforts in reducing corruption opportunities for discipline inspectors, prosecutors, and others tasked with fighting graft. Huang said 1,575 corrupt graft-busters were rooted out during the campaign.

China also sought international help in hunting those who fled the country, said Huang. China brought back more than 500 fugitive corrupt officials from overseas and recovered more than 3 billion yuan (\$483 million) in 2014, he said, adding that China has inked deals with several countries to

cooperate in the anti-corruption efforts, including the United States, Canada and Australia.

A total of 71,748 Chinese officials were punished in 2014 for violations of the CPC's anti-graft rules.

Since the anti-graft campaign started in 2012, China has finished regular inspections across 31 provincial-level regions as well as in the Xinjiang Production and Construction Corps. In 2014, special inspections have been carried out in 19 ministries, state-owned enterprises and institutions.

Early Music Treasure

A cluster of musical instruments, believed the earliest in China, have been discovered in central China's Hubei Province.

Archaeologists found a broken *se* (a 25-stringed plucked instrument similar to the *guzheng*) and the frame of a *bianzhong* set (bronze chimes), in tombs which could date back to more than 2,700 years ago.

The graveyard where the tombs are located covers more than one square km. Archaeologists also found 400 pieces of bronze-ware, some pottery and 27 horse-drawn carts.



PMI Data

Chinese manufacturing activity waned slightly in December 2014, whereas activity in the service sector rose in the month, official data showed on January 1.

The manufacturing purchasing manager's index (PMI), a key measure of factory activity in China, posted a value of 50.1 in December, down from 50.3 in November, according to data released by the National Bureau of Statistics (NBS) and the China Federation of Logistics and Purchasing (CFLP).

A reading above 50 indicates expansion, while a reading below 50 represents contraction.

The slumping PMI showed the manufacturing sector does not have great upward momentum, though it is running stably, said Zhao Qinghe, a senior NBS statistician.

China is experiencing industrial restructuring, and prices of industrial products have been slumping, affecting the production and order sub-indices, Zhao said.

Deflation appears with signs of weak

market demand, slumping industrial product prices and dropping profits, said Cai Jin, Vice Chairman of CFLP.

China's "new normal" of slower but higher quality growth will result in a moderate slowdown, but it does not mean the growth rate will continue to shrink for long; the growth rate will stabilize in the second quarter of 2015, Cai said.

Meanwhile, the PMI for the non-manufacturing sector rebounded to 54.1 in December from 53.9 in the preceding month.

Zhao said the non-manufacturing sector has been improving since the country mapped a series of measures to boost the service sector and upgrade industries.

Wu Wei, an analyst with China Logistics Information Center, said the service sector has been running healthily and plays a more important role than ever in providing jobs.

Overseas Ambition

Huawei, one of top Chinese hi-tech brands, exhibited over 100 products



A QUICK CHARGE

The first solar-power-backed charging station is unveiled in Beijing on January 6. All mainstream electric cars can charge in the station

at the 2015 International Consumer Electronics Show (CES) that opened on January 6 in Las Vegas.

The showcased products include Huawei's latest flagship smartphones, wearable devices, tablets, mobile-access devices, home-access devices, smart home devices, OTT (Over The Top) and vehicle-mounted modules.

The company also introduced the start of the Hilink era—its strategy to offer fully integrated mobile Internet solutions to consumers all around the world as part of its commitment to bringing the latest technology to consumers and creating extraordinary connected experiences for people everywhere.

"The year 2014 saw our greatest achievements to date. Our strategy of focusing on premium mid-to-high-end products has borne fruit, with year-on-year smartphone sales increasing by 30 percent to over \$11.8 billion," said Richard Yu, CEO of Huawei Consumer Business Group.

Huawei's global influence has continued to grow as it became the first Chinese mainland company to successfully enter the London-based consultancy Interbrand's Top 100 Global Brands of 2014, he added.

Founded in 1987 and headquartered in the southern Chinese city of Shenzhen, Huawei replaced Ericsson in 2012 as the world's largest telecommunications equipment maker. In 2014, Huawei's smartphone global shipment ranked third in the world.

Car Import in FTZ

On January 7, China (Shanghai) Pilot Free Trade Zone (FTZ) launched a pilot program on parallel imports of cars.

The program, green-lighted by a circular issued on January 7, will allow cars to be imported without getting authorization from carmakers and thus promise lower prices for Chinese buyers.

The Shanghai Commission of Commerce and the Shanghai FTZ Administrative Committee jointly issued the circular.

The circular has listed requirements for companies wishing to join the program, including those having engaged in car transaction for five years or more



A Stronger Port

The second-phase project of the Hefei Port in east China's Anhui Province begins operations on January 7, increasing the throughputs of the port to 600,000 containers per year.

Clean Energy Boom

A wind farm collects energy in Xuanhua County, Zhangjiakou, north China's Hebei Province, on January 2.

The installed power generation capacity of wind power and solar power that were connected to the national grid totaled 120 million kilowatts in 2014.



and reporting profits over the past three consecutive years.

The circular required participating companies to shoulder duties, including recall, after-sale service, repair guarantees and replacement or refunds for faulty products.

Cars imported through this channel must meet China's relevant quality and technical standards.

Gu Jun, deputy head of the Shanghai Commission of Commerce, said the pilot program would benefit the market competition and the pricing of cars.

Yuan Clearance

The state-owned Industrial and Commercial Bank of China (ICBC) will conduct yuan clearing business in Bangkok, Thailand, the People's Bank of China, the nation's central bank, said on January 6.

The authorization came after an agreement between the two central banks. On December 22, 2014, the two extended a currency swap agreement worth 70 billion yuan (\$11.4 billion).

The ICBC Thailand branch has been

THE LAST STEP

Two parts of the Xinghai Bay cross-sea bridge in Dalian, northeast China's Liaoning Province, come together on January 5



the largest Chinese bank in the country since it acquired ACL Bank in 2010.

Yuan clearing overseas has become a driving force behind the globalization of the currency. Clearing is now authorized in Hong Kong and Macao, as well as in Doha, Frankfurt, Kuala Lumpur, London, Luxembourg, Paris, Seoul, Singapore, Sydney and Toronto.

A founding member of ASEAN, Thailand is China's third largest trading partner in the regional grouping, with bilateral trade totaling over \$71 billion in 2013.

Fuel Surcharges Cut

Chinese airlines cut fuel surcharges for domestic flights due to a decline in fuel prices on January 5.

Starting from January 5, major airlines, including Shandong Airlines and Xiamen Airlines, have reduced surcharges for domestic routes of 800 km or less to 10 yuan (\$1.63) from the current 30 yuan (\$4.83). The surcharges for routes longer than 800 km will be cut to 30 yuan from 60 yuan (\$9.66).

This marks the fifth time Chinese

airlines have cut fuel surcharges since September 2014, and prices are now at a five-year low.

China has cut the retail prices of gasoline and diesel 10 times since July 2014 in line with reductions in the prices of crude oil.

Credit Collection

China's central bank said on January 5 that it has told eight non-bank institutions that they should get ready to conduct personal credit information operations within six months. The companies include subsidiaries of Internet giants Alibaba Group Holding Ltd. and Tencent Holdings Ltd.

"A broad-based, market-oriented personal credit database is being developed in China with the participation of institutions outside the traditional banking sector," the central bank said in a statement.

The move is aimed at promoting development of credit information and laying a stronger foundation for personal financial transactions.

According to the central bank, there had been 436 million credit cards in use in China as of September 30, 2014, compared with the country's total population of 1.36 billion.

As many people do not have such cards, commercial banks can only provide limited information on their credit, which makes it difficult for these consumers to get loans, said Yang Tao, a researcher at the Institute of Finance and Banking at the Chinese Academy of Social Sciences.

"Today, an increasing number of transactions and payments are done through e-commerce platforms and various terminals of third-party payment companies. They all leave traces of information to support credit evaluation by commercial banks," said Yang.

Wu Qing, deputy director of banking research at the Development Research Center of the State Council, said that Internet companies such as Alibaba and Tencent are capable of rating personal credit based on big data analysis, which in turn will compensate for the weakness of commercial banks.



FRANCE

Firefighters carry an injured man on a stretcher in front of the office of the satirical newspaper *Charlie Hebdo* in Paris on January 7, after armed gunmen stormed the office and left 12 dead, including two police officers



IRAQ

Newly-graduated officers take part in the 94th Army Day parade in central Baghdad on January 6. Iraqi Defense Minister Khaled al-Obaidi vowed during the ceremony to rebuild the nation's army by addressing weaknesses such as poor leadership and training



BRAZIL

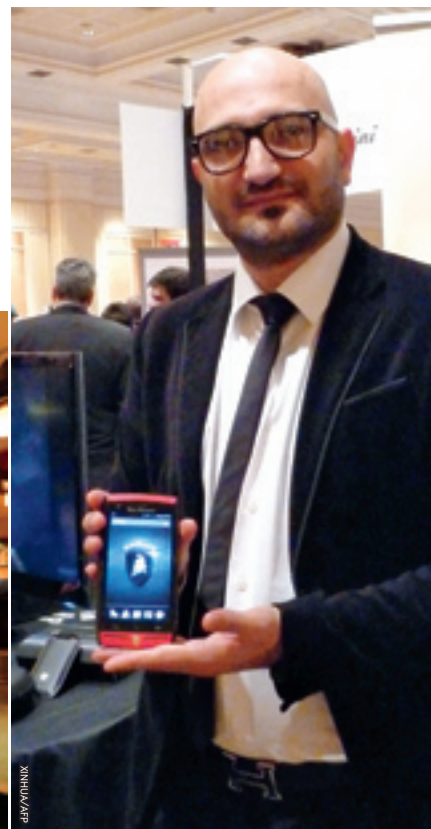
A woman views the wreckage of two commuter trains that collided at the Presidente Juscelino Train Station in Mesquita, 34 km from Rio de Janeiro, on January 5. More than 200 people were injured in the accident





JAPAN

A restaurant owner displays a 180-kg bluefin tuna he bought for 4.5 million yen (\$37,500) at Tokyo's Tsukiji fish market on January 5, the wholesale market's first trading day of the new year



THE UNITED STATES

The new \$6,000 Lamborghini 88 Tauri smartphone is displayed by Lamborghini Mobile CEO Bob Hatefi at the Consumer Electronics Show in Las Vegas, Nevada, on January 5



INDONESIA

Members of the Indonesian Navy carry wreckage of AirAsia flight QZ8501, which was recovered from the Java Sea, upon its arrival at Juanda Military Airport in Surabaya on January 7. The tail of the plane was found that day, marking a major step toward locating the plane's black boxes and helping shed light on what caused it to crash into the sea on December 28, 2014

↓ 'CHINA'S MR. OLYMPICS' DIES

He Zhenliang, former Vice President of the International Olympic Committee (IOC), passed away in Beijing on January 4 at the age of 85. IOC President Thomas Bach asked for the Olympic flag to be flown at half-mast for three days in tribute to him.

He was born in December 1929 in Wuxi, east China's Jiangsu Province. His family moved to Shanghai during World War II. He graduated from Shanghai-based Fudan University in 1950, majoring in electric engineering. He was selected for his outstanding foreign language ability in French, Russian and English to work in Beijing that year. He started his Olympic mission in July 1952 when he attended the 15th Olympic Games as an interpreter.

He was elected to the IOC in 1981 and became its vice president in 1989. He was instrumental in Beijing's successful bid for the right to host the 2008 Olympic Games.



Ling Jihua's Brothers *Caixin Century Weekly* December 29, 2014

On December 22, 2014, state media announced that Ling Jihua, a senior Party official and national political advisor, was under investigation for suspected serious disciplinary violation. Ling had served as vice chairman of the National Committee of the Chinese People's Political Consultative Conference and head of the United Front Work Department of the Central Committee of the Communist Party of China.

Ling has three brothers and one sister. His eldest brother Ling Fangzhen died of an accident in the 1970s. His second eldest brother Ling Zhengce built up influence in Shanxi Province, the coal-rich home of the family where he served as vice chairman of the province's political consultative body before being put under investigation in June 2014. He was also the head of Shanxi's development and reform office, which wields great power in the distribution of coal resources in the province.

His younger brother Ling Wancheng worked at Xinhua News Agency for nearly 20 years before being named head of a company under telecommunications giant China Netcom in 2003. In 2008, he led a group of Shanxi businessmen to establish a private equity fund and invested in online TV, having reaped a profit of at least 1.2 billion yuan (\$193 million). He was placed under investigation in October 2014. Only Ling Jihua's sister Ling Luxian, who works at a local hospital, remains in Yuncheng, Shanxi, taking care of their 104-year-old father.



Purchasing Property Abroad

China Newsweek
December 25, 2014

Given the restrictions some large Chinese cities have placed on buying property in a bid to cool the real estate market, more and more Chinese are choosing to purchase property abroad.

The United States is the hottest destination for Chinese property buyers. A report published by the National Association of Realtors in July 2014 showed that China has overtaken Canada as the biggest overseas buyer in the U.S. property market. Chinese property buyers also topped the list of overseas buyers in Australia. Moreover, small European countries such as Cyprus are becoming new targets thanks to their permanent residence policies. For example, Cyprus grants "green cards" to those who buy property worth above 300,000 euros (\$356,252).

On the one hand, purchasing property abroad provides a new channel for investment; on the other hand, such a choice might harbor hidden risks. Chinese buyers may not know the distinction between residence permit, permanent residence, immigration and naturalization and be cheated by real estate brokers. Besides, as

"The government should avoid paying too much attention to the speed of financial revenue growth."

Lou Jiwei, Finance Minister, on China's "new normal," at a recent finance conference in Beijing

"The high incidence of corruption is blamed on the deformity of social values and the officials' strong desire for material benefits."

Pi Yijun, a law professor at the China University of Political Science and Law, commenting on the government's vow to conduct a persistent campaign to fight corruption



Chinese customers are unfamiliar with the housing market abroad plus linguistic obstacles, they will easily run into troubles in negotiating contracts or calculating taxes.

Chinese customers should adopt rationality in making investments abroad. According to a July 2014 report by the Bank of America Merrill Lynch, a U.S. investment bank, the rising trend of U.S. housing prices will stop in 2016 and then the prices will enter a six-year period of zero growth. While low prices seem like a great incentive to buy, the future remains unclear.

Ending Prisoner Organ Use

Beijing Youth Daily
January 4

China stopped using human organs from executed prisoners starting on January 1. Voluntary organ donation will be the only source of organ transplants.

Getting organs from executed prisoners for transplants has long been controversial, although written consent was required from donors and their relatives. Ending such a practice has won acclamation from the public; however, making up for the big shortage of human organs in China remains a thorny issue.

According to statistics from the National Health and Family Planning Commission

(NHFPC), 300,000 people are in need of organs for transplants every year, and only 10,000 can receive transplant operations.

The public has been able to donate organs after death under a nationwide system launched in 2010 by the NHFPC and the Red Cross Society of China. As of December 2, 2014, there were 2,948 organ donors from the public through the system, involving 7,822 organs, according to official figures. However, such numbers fall short of the demand.

The public's low willingness for organ donation may be attributed to the current system. For example, many are unclear about how donated organs are distributed and worry that political power may intervene in the process. They also have questions about the donation procedure. A difficult process may hinder the desire to donate organs.



NEW ENERGY HEAD

Nur Bekri, former Chairman of Xinjiang Uygur Autonomous Region, was appointed to head the National Energy Administration in late December 2014. He has also taken a position as deputy head of the National Development and Reform Commission, the nation's top government agency in charge of macroeconomic planning.



Nur Bekri, a Uygur, was born in August 1961 in a village near Kazakhstan in Xinjiang's Bortala Mongol Autonomous Prefecture. He enrolled at Xinjiang University in September 1978 and studied political theory. After graduation, he worked at the university before joining the civil service. Since 1993, he has held a number of government posts, including deputy prefectural commissioner of Kashgar, deputy secretary general of the Xinjiang Uygur Autonomous Regional Government and mayor of Urumqi, the capital of Xinjiang. He became chairman of the regional government in 2008.

His recent appointment points to the Central Government's high expectation of the development of China's northwest.

“Mobile users are required to present their ID information when they apply for numbers.”

Zhao Zhiguo, an official with the Ministry of Industry and Information Technology, encouraging users who had acquired their phone numbers before the policy emerged to register

“The increase in blue skies and decrease in pollution days show our measures on air pollution control are effective.”

Fang Li, Deputy Director of the Beijing Environmental Protection Bureau, announcing an improvement in the city's air quality on January 5

孤儿保障大行动

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COVER STORY

RISING OUT OF POVERTY

China achieves its UN goal for poverty alleviation

By Yin Pumin

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The global quest to eliminate poverty has reached a pivotal moment as the international community enters the final year of the UN Millennium Development Goals (MDGs).

The MDGs, which were agreed on by world leaders at a UN summit in 2000, set specific goals on poverty alleviation, education, gender equality, child and maternal health, environmental stability, HIV/AIDS reduction and a global partnership for development. The goal on poverty alleviation aimed to reduce by 2015 the proportion of people living below the international poverty line in 1990 by half.

Fortunately, the goal was achieved in China five years ahead the UN's 2015 deadline. According to the World Bank, China has reduced the proportion of its population

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A HAPPY LIFE: Two children play in front of a local residential house of the Tujia ethnic group in Guzhang County, central China's Hunan Province, a listed poverty-stricken area, on September 2, 2014. The county aims to develop tourism based on their unique minority ethnic culture

living under the international poverty line of \$1.25 per day from 43 percent of the world's total poor population in 1981 to 13 percent in 2010.

Figures from the State Council Leading Group Office of Poverty Alleviation and Development (LGOPAD), China's task force for poverty alleviation, show that China lifted around 660 million people out of poverty from 1978 to 2010.

The drop in individuals living below the poverty level in China since 1990 accounts for more than 70 percent of the global total relieved poverty population, according to statistics from the UN Development Program.

China is the first developing country to achieve the anti-poverty targets of the MDGs, and it has vowed to eliminate poverty

and build a moderately prosperous society in all aspects by 2020, LGOPAD Director Liu Yongfu said at a conference on poverty alleviation in Beijing on December 24, 2014.

Great achievements

Since the initiation of reform and opening-up policies in the late 1970s, the Chinese Government has implemented extensive poverty alleviation efforts with the aim of securing subsistence, especially food and clothing, for poor rural residents.

In 1986, the country started implementing its anti-poverty program in an organized and large-scale manner, designating 273 counties as national-level poverty-stricken counties.

In 1994, 592 counties in 27 provinces, municipalities and autonomous regions were

listed as the key poverty-stricken counties to be aided at that time. The number of counties listed in the poverty reduction program has been capped at 592 since then.

Over the past two decades, the list has undergone three major adjustments, with more than half of the counties replaced. In 2001, the Central Government decided to exclude all counties in relatively wealthy coastal areas from the list, leading to 33 such counties being dropped.

To be considered for the list, counties are evaluated by factors such as the population living below the poverty line, per-capita net income and per-capita government revenue.

Zhuang Jian, a senior economist with the Asian Development Bank, said that the program has played a significant role in poverty alleviation in China by providing fiscal and technical support to poverty-stricken regions.

"In many listed counties, we have seen an improvement in the local infrastructure as well as people's access to drinking water and electricity," Zhuang said.

Meanwhile, many rural poor have received government help to start their own businesses.

Gao Xinqiang is a farmer who was in poverty in Qinglong County in southwest China's Guizhou Province. In 2008, with the help of the local government, he became a shepherd breeding more than 20 sheep.

"Before I started to raise sheep, I had to use every method to cultivate those barren and fragmented cornfields on the hillside, but all those efforts were fruitless," Gao said.

As part of the local authorities' poverty alleviation efforts, many such hillside lands have been turned into pastures for the villagers to breed their own sheep or cattle.

"I feel much more relaxed now than in the past," Gao said. "We used to plant corn but could only fill our stomachs without saving a cent."

Raising sheep not only frees his family from laborious work in the cornfields, but also brings in 30,000-40,000 yuan (\$4,878-6,504) a year to the four-member family. Such a household income is high enough to lift Gao's family out of poverty.

By the end of 2010, China had managed to reduce the impoverished rural population, which lacked food and clothing, from 250 million to 26.88 million, which in turn lowered the percentage of rural residents in ►►

poverty from 30.7 percent to 2.8 percent, according to a paper released by the Chinese Academy of Social Sciences (CASS) in 2011.

The country has also made outstanding contributions to global poverty alleviation efforts, accounting for 76.88 percent of the total reduction in the number of people living in poverty globally between 1990 and 2005, according to statistics from the UN Development Program.

"China's economic success is the key factor in reducing the country's poverty population during the past 30 years," said Li Xiaoyun, a professor with Beijing-based China Agricultural University.

He said increasing agricultural productivity resulted in a rise in farmers' incomes, and the development of small and medium-sized enterprises prompted the migration of rural labor forces to cities, where salaries also increased income for families left behind in rural areas.

"Although the rich in China are reaping more benefits, the country's economic success still has great potential to further reduce poverty in most areas in China's relatively poor central and western regions," Li said.

Along with overall GDP growth targets, the government is now focusing on raising the income of the country's population with

a current goal to double per-capita income from those recorded in 2010 by 2020.

In an effort to expand the safety net for those in poverty, the Chinese Government raised the poverty threshold to 2,300-yuan (\$374) annual net income of farmers in 2011, a 92-percent increase from the standard set in 2009 at 1,196 yuan (\$194).

As per the new standard, an estimated 128 million rural residents were living in poverty at the end of 2011, accounting for 13.4 percent of the total rural population.

"The previous poverty line underestimated the number of poor people in rural China," said Wang Sangui, a professor at the School of Agricultural Economics and Rural Development of the Beijing-based Renmin University of China. "Only 2.8 percent of the rural population was officially considered poor, which was lower than many developed countries such as the United States, which has a poverty rate of about 15 percent."

Wang believes the new poverty standard better reflects the situation in China and will bring more resources to poverty-stricken regions.

In the following two years, China further lowered its population living under the state poverty line of 2,300 yuan per capita a year to 82.49 million by the end of 2013, according to LGOPAD figures.

A lasting battle

In a teleconference on October 17 last year, the country's first Poverty Relief Day, Chinese President Xi Jinping pledged to make continued efforts to fight poverty. He asked authorities to mobilize all social forces to join the war against poverty, as the most arduous task in building a well-off society is raising the poor out of poverty.

China should continue innovating and take differentiated and targeted steps to deliver more people from hunger, Xi said.

Although some 660 million people were lifted out of poverty between 1978 and 2010, some 82.49 million people remain in poverty in rural areas as of the end of 2013, according to official data.

Zheng Wenkai, Deputy Director of the LGOPAD, said at a press conference in Beijing that poverty is still a salient problem in China.

"As of the end of 2013, demographically, 82.49 million people are still trapped in poverty according to China's poverty line, and

200 million according to the international one," he said.

Data from the office also show that 128,000 villages in 832 key counties including those located in extremely poor contiguous regions remain poverty-stricken.

Poor people are not only poorly paid, but also beset by unavailability of water, roads, electricity, schooling, healthcare and lack of access to higher incomes or loans.

Zheng admitted that there are difficulties in solving these problems as poor populations are concentrated in extremely poor contiguous regions with substandard living conditions and inadequate infrastructure in addition to vulnerability to natural disasters.

Li Shi, a professor of economics at Beijing Normal University, said that he is not surprised by the number of those classified as impoverished as China has a huge population compared to other countries, so it is understandable that it has a relatively high population living below the poverty line.

The poverty alleviation authority also vowed in October last year to reform a program assisting counties designated as national-level poverty-stricken counties after widespread public complaints over some of these counties' misuse of poverty alleviation funds and their reluctance to exit the program.

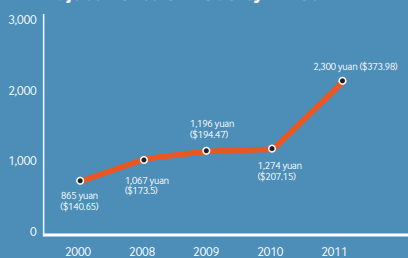
In December 2013, the National Audit Office reported that some funds set aside for underdeveloped regions had been misused based on an audit carried out across 19 targeted counties in six provincial-level regions of Guangxi, Yunnan, Guizhou, Shaanxi, Gansu and Ningxia in April and May of that year. It audited funds appropriated to these counties from 2010 to 2012.

During the three-year period, 3.92 billion yuan (\$643 million) was injected into the 19 counties with the audit checking 32 percent of it, or 1.24 billion yuan (\$203 million).

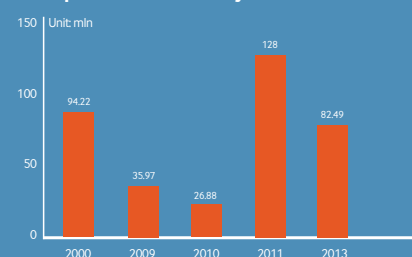
The audit found that 326 million yuan (\$53 million) had been misused through false declaration, embezzlement and officials' wasting on expensive gifts, banquets and tours. The results led to a total of 137 individuals being investigated.

Meanwhile, many counties took a short-sighted approach, using the fund by simply giving money to the poor instead of taking more diverse and efficient supportive measures, said Liu Zhongcheng, head of the poverty relief office of the Inner Mongolia Autonomous Region.

Adjustments of Poverty Lines



Population in Poverty in Selected Years



(Source: The State Council Leading Group Office of Poverty Alleviation and Development)

Eliminating poverty is not simply about giving money to the poor. The more sustainable approach is to work with them to help lift themselves out of poverty and thrive through technological, policy support and other measures, said Wang Binbin, a project manager of the climate change and poverty project with Oxfam, a worldwide development organization focusing on poverty alleviation.

In fact, the special funds for poverty relief should have been split into three parts, with 60 percent earmarked for developing industries and special agricultural items, 30 percent for infrastructure construction and 10 percent for the training of impoverished locals.

Su Guoxia, another official with LGOPAD, said that the authorities will take three steps to tackle the problem. This will include cancellation or reduction of the proportion of GDP in the assessment of poverty-stricken counties, establishing a restraint mechanism to prohibit counties from unnecessary infrastructure projects and establishing an exit mechanism for poor counties with incentives.

Meanwhile, a nationwide campaign to gather detailed information on the poor has been launched, including information on the causes and level of poverty, so the government can offer specific support, she added.

Du Xiaoshan, Deputy Director of the CASS's Rural Development Institute, said that the strategies suggested should be an effective way to tackle poverty as different development zones have different problems and needs.

"In counties that have severe ecological or environmental problems, the GDP should not be assessed. The assessment should focus on the recovery of its ecology and environment, such as air and water quality. These places should be assessed more on the stability of people's livelihoods, such as employment levels. These strategies will allow officials to concentrate more on improving people's living standards rather than blindly constructing roads and shopping malls," he said.

New channels

On December 10 last year, China's first industry fund in poverty-stricken areas was jointly found-

ed by the Ministry of Finance, China National Tobacco Corp. and State Development and Investment Corp.

This is the first such fund with government backing and independent operations, an important move to innovate poverty relief and fiscal investment, the founders said in a joint statement.

The registered capital of the fund amounted to 2.8 billion yuan (\$455.28 million), all contributed by the founders. It aims to attract more social funding into featured and potential industries in poverty-stricken areas.

According to a cooperation memorandum, the fund will target farming, animal husbandry, product processing, tourism, forestry, clean energy, logistics, high technology, culture, medical care and natural resources.

"Public finance shall improve the livelihood of people suffering poverty. The fund has made an innovative step in the country's poverty relief work," said Hu Jinglin, Vice Minister of Finance.

Meanwhile, private enterprises are encouraged to participate in poverty alleviation. Social organizations and individuals will also be mobilized to support the poor, according to a circular issued by the State Council in early December last year.

Enterprises investing and creating jobs in poor regions will enjoy more favorable policies in taxation and other fields. Where conditions allow, they will be supported in setting up poverty alleviation funds, the circular read.

China aims to establish an environment where the government, market and society join hands, with all willing participants allowed and able to provide help to the poor, according to the circular.



MEDICAL VOLUNTEERS: A medical team from a hospital of Hefei, capital of east China's Anhui Province, offers service to residents in mountains in Yuexi County of the province on November 11, 2014.

LGOPAD Director Liu Yongfu said at the conference on December 24 last year that the Central Government is planning to push forward the use of e-commerce platforms to more than 60,000 impoverished villages in the next five years to aid its relief effort.

Residents in poor rural areas will be encouraged to open stores on major e-commerce platforms to distribute their agricultural produce, Liu said. The authority will select 1,500 poverty-stricken villages in 2015 for an e-commerce pilot project.

The e-commerce program is part of the authority's effort to help those with the most pressing needs and to make the most efficient use of poverty reduction funds.

"We should further increase the intensity of our relief efforts, but we should also make sure that efforts will go to those who need it most," he said at the conference.

Several leading e-commerce companies in China have already announced plans to boost their infrastructure and facilities in rural areas to further explore the untapped market.

E-commerce giant Alibaba, for one, announced plans in October last year to invest 10 billion yuan (\$1.63 billion) within three to five years to build thousands of facilities in rural China. The move will include 1,000 "county operational centers" and 100,000 "village e-commerce service stations," extending the company's network to one third of China's counties and one sixth of its rural areas. ■

COVER STORY

A DEVELOPING VISION

UN member states prepare for a post-2015 agenda that renews and expands the Millennium Development Goals By Zhang Chun



The author is deputy director of Department for West Asian and African Studies under the Shanghai Institutes for International Studies

At the turn of the century, world leaders gathered together at an extraordinary UN summit and put forward a bold vision for future development with a plan dubbed the Millennium Declaration. In the 14 years since, the international community has made great strides in fulfilling the Millennium Development Goals (MDGs)—a series of objectives largely centered on poverty reduction—and have even reached some targets well ahead of the 2015 deadline.

Achievements and obstacles

One major MDG has already been met: with the concerted efforts of all UN member states, the population living in extreme poverty around the globe has been reduced by half.

According to the 2014 UN MDGs Report, as early as in 1990, nearly half of the population in developing countries and regions lived on less than \$1.25 a day. By 2010, this rate had dropped to 22 percent, with 700 million fewer people experiencing extreme poverty.

In addition, from 2000 to 2012, efforts in the fight against malaria saved an estimated

3.3 million people. About 90 percent of them were children under the age of 5 living in Sub-Saharan Africa. The intensive efforts to fight another prevalent disease in less developed countries—tuberculosis—have saved about 22 million lives globally since 1995. If these trends continue, the world will reach the MDGs on malaria and tuberculosis by the end of 2015.

Improving access to safe drinking water is one of the earliest accomplished MDGs. The target of halving the proportion of people without access to an improved drinking water source was achieved in 2010, five years ahead of schedule. The 2014 UN MDGs Report states that by the end of 2012, 89 percent of the world's population had used improved water sources, up 13 percentage points from 1990. Over 2.3 billion people gained access to an improved source of drinking water between 1990 and 2012.

By 2012, all developing regions had achieved or were close to achieving parity in primary school enrollment between boys and girls.

Substantial progress has been made in most areas, but greater efforts are needed to reach the targets in the fields of environmental sustainability, halving the world hunger population, improving nutrition among children, reducing the mortality rate for children under 5 years and the maternal mortality ratio, access to antiretroviral therapy (ART) for HIV-infected people, improving sanitation and the school enrollment rate in primary education.

It should be mentioned that the progress

made in meeting the MDGs varies widely in different regions. For example, China has made great contributions to attaining the poverty reduction target, but few countries in Sub-Saharan Africa can reach the target by the end of 2015.

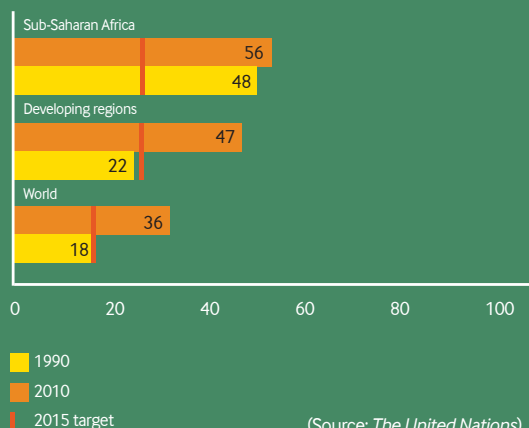
Even though the MDG on improving drinking water sources has been met ahead of schedule in terms of global population, it is unclear how many Sub-Saharan African countries have fulfilled the ambitious target.

Significant progress in achieving the MDGs demands the combined efforts of all governments and public and private sectors in the world. But the international community's attention and input in this aspect have been distributed unequally among different countries and regions. In 2013, the world's total funding for Official Development Assistance reached a record high of \$135 billion, yet 53 percent of the funds were given to the top 20 recipient nations worldwide in 2012. In contrast to a 12.3-percent year-on-year increase in aid to the least developed nations in 2013, the volume that Sub-Saharan Africa received dropped 4 percent from the previous year, standing at \$26.2 billion.

Making new agendas

As the MDG deadline approaches, it is urgent for the UN to formulate a roadmap for post-2015 development. Discussions to this end have become increasingly heated. So far, a basic consensus on the new agenda is that it

Proportion of People Living on Less Than \$1.25 a Day, 1990 and 2010 (Percentage)



should include both unfulfilled MDGs and long-term sustainable development. In other words, centering on poverty reduction can have only modest effects in terms of improving people's quality of life, whereas the new blueprint should put a positive growth model for sustainable development at its core.

Selecting post-2015 targets has undergone two stages since the UN summit on MDGs in 2010. The first stage, from 2010 to 2013, consisted of discussions and consultations. During this period, a number of functional organizations and consulting commissions, including the UN System Task Team on the Post-2015 UN Development Agenda, the UN Development Group and a high-level panel of eminent persons, gave their research reports to UN Secretary General Ban Ki-moon. Based on their input, the secretary general delivered an advisory report to the UN General Assembly in July 2013.

In the second stage, from 2013 to 2014, topics on the Post-2015 UN Development Agenda were intensively discussed at a number of meetings presided over by the president of the UN General Assembly. An open working group was tasked with submitting a proposal

group submitted its final report in July 2014, which listed 169 targets in 17 categories. Secretary General Ban proposed the final report as the basic framework for intergovernmental negotiations in early December 2014.

Intergovernmental negotiations on a post-2015 agenda will kick off on January 19, 2015, and are planned to conclude on July 31. The targets for post-2015 development reached during the negotiations will be reviewed by the UN General Assembly on September 25 and 26 this year. Upon approval, they will be implemented on January 1, 2016.

Ensuring a fair plan

As a substitute and upgrade of the MDGs, the Post-2015 UN Development Agenda is both ambitious and controversial, especially for developing countries.

At the beginning, discussions on the global development agenda beyond 2015 concentrated on post-MDG targets, but the Sustainable Development Goals (SDGs) then substantially replaced the former. As the new agenda focuses heavily on sustainable development, it

might neglect the experience and lessons of the MDGs.

In contrast to the explicit MDGs, the post-2015 agenda emphasizes establishing macro and long-term international rules and norms for development as well as defining some threshold targets. As a result, issues such as education quality and decent employment have become important benchmarks throughout the discussion process. Considering different development levels among countries, this effort might make Western standards dominate the post-2015 agenda.

Current discussions on the post-2015 agenda could increase the possibility that some donor countries might legitimate their political and economic appeals as conditions to give aid. Adding such conditions to aid has long been criticized by the international community. However, in response to claims that the effects of the MDGs were weakened due to poor governance, low transparency and lack of credible data, there have been growing calls for a stable environment for implementing the post-2015 agenda in addition to improved tracking, supervisory and reporting mechanisms.

The UN open working group has also proposed targets on advancing domestic social, legal and regulatory environments as well as improving implementation measures for the SDGs. Many of the requirements are closely related with conditions advocated by Western countries.

Despite various challenges, a brand-new agenda for future global development will be unveiled in September 2015. As a major emerging country, China should play an important role in initiating the intergovernmental negotiations and building a new type of global development partnership. Based on the principle of seeking common grounds while shelving differences, China aims at working with other countries to seek a fair, reasonable and sustainable system for attaining the post-2015 targets. ■



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