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AMID THE RUBBLE

China rallies to enact rescue and security operations following Tianjin explosions

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Cover Photo: Anti-chemical warfare personnel walk into the core area of the blast site in Tianjin on August 15 (XINHUA)

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Japanese PM

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EDITOR'S DESK

Safety Must Come First

The explosions in a warehouse in north China's Tianjin on August 12 have once again placed China's work safety regulation under the spotlight.

Previous to the tragedy, a string of work safety accidents had occurred across China, causing grave casualties. Many factors are to blame for this situation, including the inaction of related government departments, dereliction of duty on behalf of some officials, flawed laws and regulations and a lack of corporate social responsibility. However, these problems are not without their solutions.

Many may still remember the state of China's coal mining industry several years ago. Owing to the frequent occurrence of accidents, which led to a large number of deaths, China was once criticized for having the world's deadliest coal mines. In an industry-wide overhaul between 2008 and 2010, a large number of small pits with inadequate safety facilities were shut down. In addition, efforts were made to sever ties between officials and coal mining bosses. Thanks to these measures, the number of safety accidents in coal mines has declined considerably from then on.

However, in contrast to the much-

improved safety record in the coal industry, workplace accidents in the chemical industry have seen a staggering increase. This year alone, there have been five major accidents involving explosions of hazardous chemicals across China. According to investigations by work safety authorities and media outlets, their causes are similar to those underlying the accidents in the coal mining sector a few years ago, for example, some officials turning a blind eye to the violation of safety rules owing to their close ties with the businesses involved.

China already has stringent and comprehensive laws and regulations governing work safety, but their enforcement should be further tightened.

The government should also thoroughly fulfill its duties in ensuring work safety. Departments and officials involved in safety accidents must be held accountable in accordance with the law in order to prevent tragedies such as the blasts in Tianjin from ever happening again.

It is necessary to cultivate a sense of work safety in officials and a nationwide law-enforcement operation to monitor safety should be carried out as a matter of urgency. ■

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A THUMPING GOOD TIME

A rehearsal for the opening ceremony of the 15th IAAF World Championships is held at China's National Stadium, also known as the Bird's Nest, in Beijing, on August 20.

Nearly 2,000 athletes from 207 countries and regions compete in 47 events during the biennial field-and-track competition on August 22-30. It is the first international sporting event Beijing has hosted since the 2008 Olympic Games.

The International Association of Athletics Federations also held its 50th congress in Beijing on August 19, where former British Olympic champion Sebastian Coe was elected president of the organization.



Divine Artistry

A ceremony is held to unveil a giant painting of the Buddha during the annual traditional Shoton Festival at Sera Monastery in Lhasa, capital of southwest China's Tibet Autonomous Region.

More than 200,000 Buddhists and other believers on August 14 thronged Lhasa for the start of the Shoton Festival, also known as the Yogurt Banquet Festival, a week-long event held since the 11th century. This year's festival was held from August 14 to 20.

WWII History Book

The English edition of a history book about China's resistance against the Japanese forces during WWII has hit shelves.

The book is a translation of *The Chinese War of Resistance Against Japanese Aggression* published by the People's Publishing House in May, said the Central Compilation and Translation Press in a press release.

It introduces important historical facts about China's resistance against Japanese invaders in the 1930s and 40s. With an objective approach, detailed historical materials and a wealth of statistics, the book presents a multi-dimensional account of the main developments of the war, the press release said.

The book, which includes approximately 50 rare photographs from

the war, details how China's resistance was an important part of the global war against fascism, as well as the tremendous losses incurred upon and extraordinary contributions made by the Chinese people in achieving their victory.

This year marks the 70th anniversary of the victory of the Chinese People's War of Resistance Against Japanese Aggression and the end of WWII.

Drug Prevention

A three-year program has been announced aiming to reduce the number of underage drug users and increase awareness among juveniles, according to a televised meeting on August 18.

According to the plan, jointly made by 14 departments including the National Narcotics Control Commission (NNCC) and the Ministry of Education,

the program will focus on people aged from 10 to 25 to achieve a "notable reduction" in new drug users.

Liu Yuejin, Deputy Director of the NNCC, called for more than 200 million students nationwide to receive drug-prevention education in order to increase awareness on a grand scale.

As of June, about 1.89 million registered drug users across China were younger than 35, accounting for 58.4 percent of the total.

Donation for Cataract

The China Foundation for Disabled Persons (CFDP) on August 18 received a donation of 55 million yuan (\$8.59 million) to be used in treating impoverished cataract patients.

With the funds donated by medical company Yuanchengshijie, operations to restore eyesight will be provided to 50,000 cataract patients under the poverty line over a five-year period, the CFDP said.

The plan is part of a cataract campaign the CFDP initiated in 2006. Since then, the CFDP has raised donations of nearly 100 million yuan (\$15.87 million) from corporations, individuals and through various charity activities.

Nearly 110,000 cash-strapped cataract patients have thus far received operations nationwide.

A SEA OF LITERATURE

The Shanghai Book Fair kicks off on August 19 in Shanghai. More than 500 publishing houses in the world are scheduled to attend this event



Crop Yield

Chinese scientists have discovered a gene that can help crops become more tolerant to heat and disease while increasing yields.

In a thesis published in the journal *Nature Biotechnology* on August 18, it is conveyed how a team led by He Zuhua with Shanghai Institute for Biological Sciences under the Chinese Academy of Sciences, found that the ERECTA (ER) gene in transgenic rice and tomatoes improved heat tolerance in greenhouse and field tests at multiple locations across China over several seasons.

The detrimental effects of climate change on crop productivity threaten to reduce the world's food supply. Although plants' responses to changes in temperature have been comprehensively studied, genetic modification of crops to improve thermotolerance has

experienced little success to date.

The overexpression of the gene can also help improve yield while making the plants more resistant to diseases.

Prior studies had detected no such genes that could accomplish the two aforementioned feats.

Soccer Reform

The soccer reform of China entered a historic new era on August 17 as a detailed plan to overhaul the sport's governing body was published. The plan aims to boost the management and status of the organization in the future.

Focused upon the reform of the Chinese Football Association (CFA), the plan will cut existent ties between CFA and the national sports department. It aims to give CFA the full autonomy, covering the body's financial matters, its system of personnel and international communications.

The plan is a key step toward pushing forward the overall reform plan for Chinese soccer issued earlier this year.

The larger plan, passed in February by China's central reform group, demonstrates the government's resolve to meet the needs of fans of the sport and to popularize the sport across the country, with the end goal of improving the level of the Chinese national team.

Goals set out in the plan include enabling the women's team to return to the top flight of international soccer as a mid-term aim and bringing the men's side to world-class level over the long run. Bidding to host the FIFA World Cup is listed as an additional long-term goal.

"It is a very large and influential step in establishing a system and a mechanism to revive the fortunes of Chinese soccer."

Liu Peng, Minister
of the General
Administration of Sport
of China



Newlyweds

A couple kiss after receiving their marriage certificate.

Many couples chose to get married on August 20, the Chinese traditional Qixi Festival, also referred to as Chinese Valentine's Day. The festival falls on the seventh day of the seventh month of the Chinese lunar calendar.

Beidou Operation

After more than 10 days in space, China's 19th *Beidou* navigation satellite is now working autonomously and has set up a link with another satellite.

The two satellites were launched on the same day by a Long March III-B rocket from the Xichang Satellite Launch Center in southwest China's Sichuan Province on July 25.

Xie Jun, chief designer of the *Beidou* navigation satellite system, said China has successfully tested the autonomous control technology of the *Beidou* global navigation satellite constellation, an alternative to U.S.-operated GPS, marking a solid step toward building a system with global coverage.

China plans to set up a complete constellation of 35 satellites, achieving global coverage by 2020.

Every Other Day

A 15-day period of traffic restrictions comes into effect in Beijing on August 20.

The restrictions exclude private vehicles whose registration numbers terminate in either odd or even digits on alternate days.

This coincides with the start of the IAAF World Athletics Championships, and will cease to be in effect after the massive parade on September 3 to mark the 70th anniversary of the victory of the Chinese People's War of Resistance Against Japanese Aggression and World Anti-Fascist War.



Housing Market Rebound

China's housing market continues to recover from a prolonged downturn, with new home prices in July dropping in fewer cities for a fifth consecutive month amid improved market confidence and lower interest rates.

Of 70 large and medium-sized cities surveyed, new home prices climbed in 31 in July, up from 27 in the previous month, while 29 reported month-on-month price declines, down from June's 34, according to data released on August 18 by the National Bureau of Statistics (NBS).

For existing homes, 18 cities saw price declines in July on a monthly basis, 13 reported flat prices, while 39 cities posted gains.

According to NBS statistician Liu Jianwei, home prices in first-tier cities, where demand is high, saw strong growth, while in second-tier cities, prices for both newly built and existing homes recorded weaker growth and in third-tier

cities, home prices continued to decline.

China's housing market took a downturn in 2014 owing to weak demand and a surplus of unsold homes. The cooling has continued into 2015, with both sales and prices falling and investment slowing.

Tax Breaks

The State Council on August 19 decided to extend tax breaks to more small businesses to facilitate their roles in generating jobs and growth.

From October 1 to the end of 2017, companies with annual taxable income under 300,000 yuan (\$46,890) will have their corporate tax halved, said a statement released after a meeting chaired by Premier Li Keqiang. Previously, the threshold was 200,000 yuan (\$31,260).

The meeting also extended tax breaks to companies with a monthly revenue of 20,000 yuan to 30,000 yuan (\$3,126-4,689) from the end of



BOUND FOR RIO

The last China-made "Olympic train" rolls off the production line at Changchun Railway Vehicles Co. on August 19, marking the complete delivery of all trains designed by China CNR specially for the 2016 Rio Olympic Games



Ready for Takeoff

The fuselage of the Xinzhou-700, a China-developed short-haul aircraft, on display.

A total of 185 orders have been placed for the aircraft from domestic and foreign airlines, the manufacturer announced on August 18.

A major Chinese plane manufacturer, Xi'an Aircraft Industry Co. (XAC) of the Aviation Industry Corp. of China, said it has secured deals with 11 airlines, including Beijing-based Okay Airways, Hybrid Aviation in Pakistan and Segers Aero headquartered in South Africa.

The turboprop aircraft is a new-generation regional jet, notable for a more effective body design and its advanced technological features. It is capable of carrying up to 70 passengers.

2015 to the end of 2017. Such companies will be exempted from value-added tax and business tax.

The move is the latest attempt to help small businesses, as they provide nearly 80 percent of urban jobs.

In the first six months, about 2.39 million small and micro enterprises in China paid reduced taxes, saving them in total about 8.6 billion yuan (\$1.3 billion), according to figures from the State Administration of Taxation.

Anti-Dumping Measures

The Chinese Ministry of Commerce will impose anti-dumping measures on optical fiber preforms after ruling that Japanese and U.S. companies are engaged in dumping.

A probe, launched on March 19 in 2014, found the two countries' dumping activities were damaging the interests of Chinese optical fiber producers, and that there was a causal link between the dumping and the damage incurred.

The ministry told domestic importers of fiber optics from the two countries to pay anti-dumping tariffs ranging from 8 percent to 41.7 percent to customs.

The ruling will exclude those with a diameter smaller than 60 millimeters.

Optical fiber preforms are pieces of glass used to make optical fibers.

FDI and ODI

Foreign direct investment (FDI) into the Chinese mainland rose 5.2 percent year on year in July to 50.6 billion yuan (\$8.2 billion), official data showed on August 19.

The growth accelerated from the 0.7-percent rise recorded in June, the Ministry of Commerce (MOFCOM) said.

In the first seven months of 2015, FDI grew 7.9 percent to 471.1 billion yuan (\$76.63 billion).

Foreign investment in the Chinese hi-tech service sector surged 63.3 percent to \$4.9 billion in the January-July period. Intel Corp. spent 6 billion yuan (\$937.8 million) to buy 20 percent of the stakes of a subsidiary of the Beijing-based Tsinghua Unigroup.

Hi-tech manufacturing attracted \$5.5 billion of foreign investment in the first seven months, up 0.1 percent. The European Union invested \$4.5 billion



Under the Roof

Farmers plough the land in an eco-agriculture greenhouse in Julu County, north China's Hebei Province, on August 19.

Solar panels are installed above the roof of the greenhouse to generate power, while corn and millet are planted under the roof, representing a perfect marriage between agricultural production and clean energy.

in the January-July period, up 18.4 percent.

On the other side of the equation, China's non-financial outbound direct investment (ODI) rose sharply in the first seven months of 2015, thanks to fewer government restrictions and strong ODI increases in countries including the United States, according to data from the MOFCOM.

The ODI rose at a brisk pace in the January-July period, with the amount surging 20.8 percent to \$63.5 billion.

Tencent Investment

China's Tencent Holdings Ltd. has taken a \$50-million stake in Kik Interactive, an investment that values the Canadian mobile messaging company at more than \$1 billion, Kik said on August 19.

Kik, an Ontario-based company whose chat platform is popular with U.S. teens, has long said it aims to emulate the success of Tencent's WeChat, which has expanded from messaging to facilitating commerce in China.

RIPE FOR THE PICKING

Farmers harvest honeydew melons in Hami, Xinjiang Uygur Autonomous Region, on August 16



The investment from Tencent, China's biggest social network and online entertainment company, helps to consolidate that ambition, Kik CEO Ted Livingston said.

Kik faces stiff competition in the mobile chat arena, with Snapchat targeting the same teenage audience and Facebook Inc.'s Messenger and WhatsApp claiming the lion's share of users. But Livingston is betting on a growing number of add-on services to keep its 240 million users engaged.

While not disclosing the size of the Tencent stake, Livingston said Kik is "part of the so-called unicorn club," a term describing private companies with valuations in excess of \$1 billion.

Made in India

China's technology heavyweight Lenovo Group Ltd. announced on August 18 that it was establishing a smartphone assembly unit in India, becoming the largest Chinese company so far to respond to Indian Prime

Minister Narendra Modi's campaign to turn the country into a manufacturing powerhouse.

Partnering with contract manufacturer Flex, previously known as Flextronics, Lenovo said in a statement that it is working on a new assembly line in the southern Indian city of Chennai. Using imported parts, it will have an annual production capacity of 6 million smartphones and employ 1,500 people. Production of its MotoE range of smartphones has already commenced, it added.

Another Chinese smartphone maker Xiaomi also said it was joining forces with Taiwan-based tech giant Foxconn to start assembling phones in India.

India is the world's fastest growing smartphone market, but lacks decent suppliers and infrastructure. Most of its over 100 phone companies import from the Chinese mainland and Taiwan.

Payment Agreement

UnionPay International, the Chinese card payment system, and the Thai Bankers Association (TBA) signed an agreement on August 18 to make UnionPay the standard chip card for local banks across the Thai banking industry.

The agreement means UnionPay cards can now be used in nearly all automatic teller machines and almost 70 percent of merchants across Thailand, including large department stores, airports and duty-free shops.

It makes Thailand the first foreign country to adopt UnionPay as its standard chip card. Banks in Thailand are required to issue all debit cards and some credit cards with chips by 2016.

Ge Huayong, Chairman of UnionPay, said its chip cards are compatible with Europay, Mastercard, and Visa standards, and that its chip and magnetic composite cards are accepted around the world.

According to Ge, China is the largest source of international tourists for Thailand, more than 1 million UnionPay cards have been issued in the Southeast Asian country, and nearly 6 million UnionPay cardholders from China are expected to visit the country this year.



INDONESIA

On August 19, police and rescuers in Papua Province stand in silent tribute upon the arrival of the remains of victims of a deadly plane crash which claimed the lives of all 54 passengers on board



GERMANY

Lawmakers vote in favor of a third bailout package for Greece despite some concerns being voiced by Chancellor Angela Merkel's (center) Christian Democratic Party



SYRIA

Refugees return home to a southern suburb of Damascus on August 16, having vacated their domiciles for several years owing to civil war



INDIA

Locals in Hyderabad, capital of Telangana, celebrate India's 69th Independence Day on August 15



CANADA

A World War II veterans gives a military salute at a ceremony marking the 70th anniversary of the end of the conflict, in Vancouver, on August 15



THAILAND

Workers clean up debris on August 18 from the site of an explosion that took place close to national tourist attraction, the Erawan Shrine, the night before, killing at least 20 people

↓ LITERARY PRIZE WINNER

Renowned Chinese writer **Wang Meng** won the Ninth Mao Dun Prize for Literature, one of the most prestigious literary awards in China, along with four other novelists, the China Writers Association announced on August 16.

The 81-year-old Wang was honored for his novel *Zhe Bian Feng Jing (Unique Landscape)*, which was composed in the 1970s and not published until 2013. The work depicts multi-ethnic life in northwest China's Xinjiang Uygur Autonomous Region where Wang lived between 1963 and 1978.

Born in Beijing in 1934, Wang had his first novel published in 1953. His works reflect social changes and historical events through the eyes of his protagonists. Wang served as minister of culture from 1986 to 1989.

The Mao Dun Prize for Literature, held every four years, was set up in 1981 to encourage novel writing in China. It is named after late novelist Mao Dun (1896-1981). The winners receive prizes worth up to 500,000 yuan (\$78,150).



'Made in China' Upgrades

Oriental Look **August 20**

After the financial crisis of 2008, developed countries started to promote a re-industrialization strategy. Manufacturing nations, including the United States, Germany and Japan, have done their best to boost their already advanced manufacturing industries, revive their competitive advantages and aid economic recovery through export and investment.

On the other hand, some developing countries are offering cheaper labor costs, raw materials and land as incentives to investors to encourage them to transfer their business from China.

In the light of this situation, Chinese companies such as Huawei, Lenovo, Gree and Haier have been determined to reinvent themselves and meet the challenge. They have placed emphasis on research and development, building their own brands and improving marketing. The strategy has paid off. High-quality, well-designed Chinese products featuring advanced technology are now regularly exported to the global market.

Chinese smartphone maker OPPO has successfully extended its business to 20 countries and regions, including Thailand, Indonesia, Mexico and Australia. It boasts more than 10,000 overseas employees and 150,000 sales outlets worldwide since embarking on its globalization strategy in 2009. The OPPO brand has become a model for Chinese mobile phone companies that have the ambition to go international.



Northeast China's Challenges in a Globalized Economy

South Reviews **August 12**

Relieving China's northeastern region from its current economic difficulties is high on the nation's agenda. But establishing the cause of the region's downturn is not easy.

Plenty of analyses try to pinpoint the cause but many of them miss the overall point. Governments of the three provinces in the region—Heilongjiang, Jilin and Liaoning, have spared no effort in coming to terms with their outdated industrial structures and advocate a new direction toward establishing a larger service sector. Some scholars, however, believe the "old industrial base" has been overly burdened and unsuccessful reforms of state-owned enterprises have had too many side effects.

It is not enough just to look at the region's current plight. The history of the region's economic ups and downs also needs to be considered within the context of globalization and at the macroscopic level.

Northeast China's past prosperity was due to the geopolitics and military factors of the last century. Its decline follows China's market-oriented reform and the integration of the global economy after the Cold War. The region's competitors are not only limited to China, such as the Beijing-Tianjin-Hebei

"The Chinese people will not forget that as military allies, Chinese and Indian armies fought shoulder to shoulder against the Fascists, notably in the theater in Myanmar, and the Indian army was instrumental in inflicting the most serious land defeat suffered by Japan in the war."

Chinese Ambassador to India **Le Yucheng**, at a recent seminar on China-India Cooperation During World War II in New Delhi

"Some of the art forms of minority ethnic groups, including architecture and handmade clothing, are faced with problems concerning the handing down of skills and dwindling markets."

Se Yin, a researcher at the Institute of Ethnology and Anthropology at the Chinese Academy of Social Sciences, speaking to *China Daily* on August 18



region in the north, the Yangtze River Delta in the east or the Pearl River Delta in the south, but also Australia with its quality iron ore, the oil-rich Middle East countries, as well as manufacturing giants such as Germany and Japan.

The difficulties faced by northeast China to some extent owe to China's ongoing economic restructuring and its market unification. Its predicament is also the price China must pay for economic globalization. The harsh reality is that the region has to find its own position in China, even within the entire world, by embracing deep reform. It cannot just rely on the government's hand to solve all of its problems.

Are There Too Many College Students?

China Youth Daily
August 17

The higher education gross enrollment rate in China reached 37.5 percent in 2014, 3 percentage points higher than the previous year, according to the latest Statistical Communiqué on National Educational Development.

In 2003, when the Ministry of Education first published the figure, that rate stood at 17 percent. Once the enrollment rate passes 15 percent, higher education is conventionally recognized as mass education. When the rate passes 50 percent, it means that higher education has become popularized. What will happen if that scenario occurs in China, a

developing country with the largest population in the world?

Currently, college graduates account for the largest proportion of the newly added labor force every year. The country has to figure out a solution to offer jobs that match the skills of its university graduates.

In the United States it doesn't seem to matter if a graduate works as a taxi driver. But in China, parents have high expectations in terms of their children's education and career. These expectations are reflected in the current employment situation where many college students cannot find a desirable job but, at the same time, companies in the manufacturing and service sectors are unable to hire enough people.

Is it necessary to boost higher education or do changes need to be made? China must find a solution because this is not only an educational issue but also one of social concern.

WORK SAFETY CHIEF PROBED

Yang Dongliang, Minister of the State Administration of Work Safety, has been put under investigation for suspected severe violations of the laws and disciplinary regulations of the Communist Party of China (CPC), said the CPC Central Commission for Discipline Inspection (CCDI), China's top anti-graft agency, on August 18.



Yang, born in 1954 in Qingxian County, north China's Hebei Province, is a member of the 18th CPC Central Committee. He worked his way up from an oil driller to vice mayor of Tianjin in 2001. After holding the position for 11 consecutive years, Yang was appointed head of the State Administration of Work Safety in May 2012.

The probe against Yang was announced after two huge blasts at a toxic chemical warehouse in Tianjin on August 12, which had killed at least 114 people as of August 19. But Beijing-based news portal Caijing.com.cn quoted anonymous sources with the CCDI as saying that the probe targets Yang's involvement in the loss of state-owned assets during his tenure in Tianjin and is not a result of the recent blasts.

"The time needed for clinical trials of new foreign drugs in China will be greatly shortened, so they will enter the country more quickly."

Wu Zhen, deputy head of the China Food and Drug Administration, commenting on a set of new guidelines issued by the State Council on August 18 that stipulate imported drugs can be subjected to clinical trials on the Chinese mainland at the same pace as trials conducted overseas

"Environment, particularly air pollution, might be the most grave concern in China. But globally, this is a much lesser issue and it only accounted for a tiny portion of our broad assessment."

Tom Rafferty, economist for Asia at the Economist Intelligence Unit, a world leading provider of country, industry and management analysis, in response to a global ranking by his organization that lists Beijing as the Chinese mainland's most livable city

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COVER STORY

THE BIG BANG

Chemical warehouse explosion leaves a trail of tragedy and devastation in China's port city of Tianjin By Yuan Yuan



A bird's eye view of the explosion site in the Tianjin Port area on August 13

Many residents were asleep when a blast powerful enough to register as seismic activity ripped through the Binhai New Area in the metropolitan city of Tianjin in north China on August 12.

The explosion, recorded at 11:30 p.m., came from a warehouse belonging to Tianjin International Ruihai Logistics Co. Ltd., used to store hazardous materials. People in nearby residential areas said flames lit up the sky in apocalyptic proportions and the blast blew up dust and clouds of acrid smoke dozens of meters into the air. The shockwaves were felt kilometers away, shattering glass across the city and leaving destruction in their wake.

Deadly explosion

Half an hour before the blast, a fire was reported at the warehouse and Tianjin fire brigade first dispatched 19 firefighters divided into three teams to the scene, before sending a further nine teams traveling in 35 fire engines there to ramp up rescue efforts.

By the time the reinforcements arrived at the site, however, the first three groups of 19 firefighters had, tragically, all been confirmed dead.

"I heard a huge bang while I was asleep," said a resident surnamed Liu at Qihang Garden, a residential community only 800 meters from the site of the explosion. "My mind went blank for a few seconds and then I dashed to my parents' bedroom. We all didn't know what had happened but the first reaction was to get dressed and go out."

The elevator was damaged by the explosion and they had to walk down the stairs, which were splattered with blood.

Liu, who had bought the apartment in Qihang Garden in 2013, said that on the way down she had a clear view of the carpark located close to where the warehouse had minutes before stood, where more than 1,000 newly imported cars had been parked. "The explosion burnt those cars dark and grey," said Liu. "It was like a scene of de-►►

struction from a high-budget science fiction movie.”

The fallout in another residential community named Haigangcheng Community was even more severe. As the closest community to the warehouse, Haigangcheng is only 500 meters from the site of the explosion.

Yang Zhidan, a 35-year-old resident of the community, was also sleeping when the blast blew the windows off her apartment's exterior and the doors within off their hinges, leaving her son and husband injured by shattered glass.

People rushed into the streets still wearing pajamas. Some thought it was an earthquake. A video clip taken by a witness showed heavy smoke high in the night sky, shortly after a loud eruption unleashed raging fire.

Du Wenjun, who lived further away than Liu and Yang, also experienced a Hollywood-style catastrophic scene in his home. He saw a mushroom cloud rising outside his window following the powerful thumps of the explosion.

The running crowds caused heavy traffic congestions on nearby roads. “Everybody was in panic and didn’t know what to do next,” said Du.

By August 19, the explosion had resulted in 114 deaths, with more than 700 people injured and a further 65 missing.

Investigations underway

So why was a warehouse that stored a variety of hazardous materials located so close to a residential community?

While making an inspection in Tianjin, Premier Li Keqiang vowed that a thorough investigation of the accident was already underway and promised that there would be open and transparent disclosure of information to the public.

China’s Public Security Minister Guo Shengkun arrived at the blast site in Tianjin at 5 a.m. on August 13 to direct rescue operations and visit the wounded in hospitals, making it his first priority to ensure the safety of people’s lives and security of property.

Speaking at a meeting on the rescue efforts, Guo also urged local authorities to continue to search for survivors, while correctly disposing of the dangerous chemicals around the blast site and preventing further accidents.

On August 16, the Supreme People’s Procuratorate (SPP) announced that it had begun investigating whether there was any dereliction of duty involved in the warehouse explosions in Tianjin.

Two days later on August 18, China’s cabinet, the State Council, announced that an investigation team headed by Executive Vice Minister of Public Security Yang Huanning had been established to probe the causes of the deadly explosions and said it would carry out a thorough investigation into the matter.

Tianjin Ruihai International Logistics Co. Ltd., the owner of the warehouse, was founded in 2011. As the company’s documents show, it was granted temporary approval to handle hazardous chemicals from April to October of 2014. However, after the approval period expired, the company continued to handle these materials.

In June 2015, Ruihai obtained a port operation license from the authorities, which again allowed them to deal with dangerous chemicals. At the time of the blasts they were storing highly toxic sodium cyanide and potentially explosive potassium nitrate and ammonium nitrate.

As part of the certification process for the company’s license, the company submitted a poll of 128 people living near the warehouse, which concluded that “most of the respondents support the project, with no objections.”

But conversely, residents in the neighborhood claim they didn’t even know that the warehouse was in their backyard.

Vanke, the real estate developer for Haigangcheng that was damaged in the explosion, said that when it obtained the land in 2010, to the best of its knowledge, the warehouse stored ordinary goods and the real estate company had never been informed about the storage of any dangerous chemicals.

The freight volume handled by Ruihai stands at 1 million tons per year, with annual revenue exceeding 30 million yuan (\$4.76 million).

On August 19, Tianjin Mayor Huang Xingguo, also Party chief of the city, claimed responsibility for the blasts and proposed building a memorial park at the blast site for the firefighters.

“As the chief of Tianjin Party committee and municipal government, I have an unshirkable

Premier Li Keqiang talks to a wounded man who is being temporarily housed at the No. 2 Elementary School of the Binhai New District Development Zone in Tianjin, on August 16



responsibility,” Huang told a press conference.

As of August 20, the cause of the explosion is still under investigation.

The rescue

Chinese President Xi Jinping and Premier Li have urged all-out efforts to save the injured and minimize casualties.

On August 13, a team of 214 military experts specialized in handling nuclear and biochemical materials were sent to Tianjin. These personnel were sourced from the Chinese People’s Liberation Army (PLA) Beijing Military Area Command, which also



GUO/HOTO

sent 45 medics to set up clinics 3 km from the blast site.

In addition, the Binhai New Area military department has organized 130 military personnel to assist with rescue measures, including the operation of drones and piloting helicopters to observe the site and douse flames with water.

On August 15, specialized anti-chemical warfare troops from National Nuclear Biochemical Emergency Rescue Team entered the core area of the blast site to search for possible survivors. There, they rescued a man who was found 50 meters away from the point of the explosion.

Measures have also been taken to prevent secondary disasters, such as using hydrogen peroxide to reduce the amount of sodium cyanide released from the chemicals, sending a taskforce to locate and measure the area contaminated by sodium cyanide, and prevent its spread into sewage. At the time of writing, no rescuer has fallen ill from chemical contamination.

To assist with rescue and cleaning-up operations, all people within a 3-km radius of the blast site have been required to evacuate the area.

On August 16, Premier Li arrived in Tianjin and paid his respects to those young

firefighters who lost their lives in the disaster.

"They are all heroes and deserve the respect of the whole of society," said Li, while visiting a brigade of the Tianjin fire department.

In the explosion's aftermath, once things had been brought under control, some taxi drivers and private car owners were quick to volunteer to transport the wounded to hospitals. Hotels in the area also provided free accommodation to those residents displaced by the explosion, while other good samaritans lined up to donate blood for the wounded at the Tianjin Blood Center.

To further assist with accommodation, the No. 2 Elementary School of the Binhai New District Development Zone of Tianjin became a temporary settlement where around 1,000 residents have been relocated.

Hu Jianmin, a 60-year-old Tianjin resident, who lives more than 10 km away from the blast site, volunteered to deliver fruit and vegetables to people settled at the school.

One of his friend's relatives was badly wounded from the blast and is still unconscious in the hospital.

The aftermath

The concerns of possible health threats are a real concern, most notably whether the hazardous materials have polluted the air and water in the area.

Hours after the explosion, the Tianjin Municipal Environmental Protection Bureau immediately began to monitor air and water quality, setting up 34 temporary monitoring stations for air and five for water. The water discharge portal to the sea has been closed.

Data on August 13 showed that the air quality remained within the normal range in the region near the warehouse. Epoxyethane, a harmful gas that could lead to cancer, in the most polluted area has stayed below 2 milligrams per cubic meter, compared with the stipulated hazardous level of 5 milligrams per cubic meter.

The marine monitoring results based on 177 seawater sample tests also showed that no hazardous chemicals were detected in water flowing from the blast site.

However, on August 18 volatile phenol, a toxic substance, as well as minute traces of sodium cyanide, were detected in water samples collected near Tianjin Port for the first time, according to the State Oceanic Administration.



Firefighters attired in chemical protective suits work at the explosion site to extinguish fires on August 15

The explosions also stoked concerns about dragging down the booming growth of the Tianjin Binhai New Area, a key industrial park that has made Tianjin one of China's fastest growing areas. The port of Tianjin also acts as a gateway from north China to the rest of the country, shipping roughly 40 percent of imported cars inland across the nation.

Responding to this, Huang, the mayor, said that the damage caused by the disaster needs further assessment, but would not affect the fundamentals of Tianjin's economy.

"The areas affected by the blasts only have 176 companies, most of which do not run import-export business," said Huang.

Social media has been awash with rumors following the explosion. On some Sina Weibo (microblog) accounts and the instant

messaging service platform WeChat, comments like "toxic gas blown to Beijing," "malls and markets looted," and "no one survived within 1 km of the blast site" were commonly encountered.

Some accounts also masqueraded as being from relatives of the victims, attempting to swindle money through fraudulent charity fundraising.

According to the Cyberspace Administration of China (CAC), some celebrity bloggers posted "irresponsible" comments about the blast, causing their followers to panic by comparing the blast to the atomic bombs dropped on Hiroshima and Nagasaki in Japan during WWII.

"We take a zero-tolerance attitude toward websites spreading rumors after major disasters," announced the CAC on August 16.

In an effort to tighten up control of dangerous chemicals and explosives, the State Council sent out an emergency notice on August 14, asking governments at all levels to reinforce the safety management of dangerous chemicals and explosives, strictly control the access threshold for industrial projects on these materials, and firmly implement special regulatory measures for highly toxic chemicals such as cyanide, as well as inflammable and explosive materials.

The notice says that the blast also revealed other problems, including the inadequate safety management of dangerous materials at ports, irregular practices among workers, weak emergency responses to incidents and lax supervision by authorities.

Since January, a series of accidents attribut-



Doctors tend to the wounded in a makeshift clinic located within the No. 2 Elementary School of the Binhai New District Development Zone in Tianjin on August 13

able to lax safety management in workplaces have occurred at quite a few locations across China.

On January 31, a plant in Linyi, Shandong Province, was hit by a blast during an overhaul of the plant's equipment, killing four and injuring two others.

On June 10, a chemical factory in Yiwu of Zhejiang Province went up in flames after a tank containing methanol and acetic acid exploded.

On August 16, four days after the blast in Tianjin, a warehouse storing rubber and wood in Qingdao, a coastal city also located in Shandong, suffered a similar accident.

On August 17, China's industrial authorities demanded safety inspections on commercial explosive firms and ordered

local regulators to conduct thorough safety checks on entities that deal with commercial explosives, with a focus on storage and safety regulations.

In line with this, Beijing has ordered inspections of all manufacturers and enterprises that deal with dangerous goods.

"The city's work safety department will inspect all manufacturers and explosive-product enterprises," said Zhang Yankun, Vice Mayor of Beijing, on August 13.

Shanghai also launched widespread work safety inspections targeting enterprises involved in the production, operation, storage and transport of hazardous chemicals, inflammable materials and explosives.

Sunriow, a logistics company based in

the Pudong New Area in Shanghai, which stores combustible and toxic materials, including essences and fragrances, was found to be storing products improperly under required categories during an inspection after the Tianjin blast.

Issues were also found with Givaudan Fragrances (Shanghai), a Swiss manufacturer of flavors and fragrances, which was found to be storing excessive quantities of hazardous chemicals.

"The inspections aim to achieve full coverage, zero tolerance, strict enforcement and be effective," said Zhou Bo, Vice Mayor of Shanghai. ■

Copyedited by Francisco Little
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Editor's Note: September 1 constitutes the 50th anniversary of the Tibet Autonomous Region. To mark the occasion, *ChinAfrica*, *Beijing Review's* sister publication, dispatched Hou Weili to compose a series of reports on the region and its people. The following three pieces cover the local inhabitants, their education and livelihoods, the rich cultures and traditions they share, and the opportunities lying ahead of them.

Cooperative Development

Tibetans change their fortunes by pooling skills, experience and resources **By Hou Weili**

The thought of driving 3,300 km for a summer vacation would deter even the most seasoned traveler. Add to that an altitude of over 4,500 meters above sea level, making the trip even more arduous. But that's exactly why Dong Erqiang, his wife and 13-year-old daughter chose not to get away from it all.

Driving along the Qinghai-Tibet Highway from Beijing to the Tibet Autonomous Region on their annual holiday was a great escape for the adventurous family. Along the way, one of the roadside attractions that caught their eye happened to be a local geothermal pool, where they took time to relax after exhausting days on the road.

"We saw the road sign and decided to try out this special pool. It proved to be worthwhile," Dong told *ChinAfrica* magazine.

What Dong didn't know was that a mere two years ago, the pool attraction comprised a few geysers off the beaten track. Local herdsman Karma Samten from Luoma Town, Nagqu Prefecture in north Tibet, was the first to see the potential in the natural resource. His herdsman's cooperative then invested 1.3 million yuan (\$206,350) to turn this area into a hot spring resort, which provides employment opportunities for local jobless farmers and herdsman.

In addition to the pool tourism initiative, the cooperative organized local people to optimize the animal husbandry industry and add value to their agricultural and pastoral products. Now about 130 neighboring families are earning a viable income from this industry.

Karma Samten's cooperative is a good example of finding creative ways through which Tibetans can improve their livelihoods and increase their incomes. Tailored to local resources and the realities of the region, an increasing number of farmers' cooperatives specializing in agriculture, animal husbandry and art and crafts manufacturing have been established. As of 2014, there were 2,937 farmers' cooperatives in Tibet Autonomous Region.

Value-added products

Of the 3.17 million population in Tibet, about 75 percent live in rural areas, supporting themselves mainly through agriculture and pastoral farming. With an average elevation of 4,000 meters, grasslands in the region, which used to support a self-sufficient rural economy, now generate hardly any income.

"Previously, my family raised nearly 500 yaks and sheep. Only a few were sold, bringing an annual income of no more than 10,000 yuan (\$1,580)," Karma Samten said. Since the

founding of the cooperative, his income has increased, reaching 80,000 yuan (\$12,700) last year, though the number of animals he raised decreased to 200. He attributed this to the value-added products from his animal husbandry-related business.

Similar problems have also vexed Bunorbu, who lives in an adjacent village.

In the past, the herdsman's family was hard put to find a good use for yak's milk. "Other than processing it into butter to serve on the family's table or presenting it to friends and relatives as gifts, yak milk was of no other utility. Whenever there was a surplus in milk production, it meant a waste," he said. Bunorbu had thought about processing the milk and selling it in Lhasa, the regional capital city. "But the small amounts turned out by an individual family would yield only low profits which could hardly cover the processing and transportation costs," he said.

In 2006, Bunorbu established the first herdsman's cooperative in his area, specializing in the production and sale of yak milk products like butter and yogurt. "The cooperative helps all member families with finding sales channels for their products as well as transportation, thus lowering their operational costs and risks," said Tsring, head of the Agricultural and Pastoral





Dawa Dolker exhibits a Bangdian apron made with the help of her loom

Bureau of Nagqu Prefecture.

"We purchase milk from fellow herds- men at a higher price and give them dividends after their milk products are sold," said Bunorbu. So far, 1,933 herds- men from 386 families have participated in the cooperative and benefited thusly. "With yak milk alone, locals' annual incomes have increased by 1,500 yuan (\$238) on average," said Tsring. "By way of cooperatives, the means of production, including grassland, livestock and labor, have been optimized," he said, adding that they have enabled the right people to do the right things, thus generating maximum economic results while easing the burden pastoral farming has imposed on the local ecology.

Pooling in resources

To join the cooperative, local farmers and herds- men can pool grassland, livestock, expertise, vehicles and equipment, and share the economic benefits of professional management.

In 2013, Karma Samten founded a construction team in his cooperative. As a good salesman, he has always been successful in finding new projects. Surplus labor and skilled personnel such as bricklayers, carpenters and painters in his village are now finding ways to make money outside the busy farming season.

The team earned 500,000 yuan (\$79,370) last year, enabling 130 rural families to increase their income.

While finding jobs for skilled people, cooperatives provide subsidies for surplus laborers to receive training in new skills tailored to market needs.

In 2007, Menpa, a resident from No.28 Village in Nagqu Prefecture, invested 880,000 yuan (\$139,680) to establish a sand transportation cooperative. With his financial support, 38 farmers went to vocational schools and now work as excavator and loader operators, welders and electricians.

Kunzang Dorjee, 28, is one of these beneficiaries. He works as an excavator operator in the cooperative and receives a monthly salary of 5,000 yuan (\$794). During the past eight years, the sand transportation cooperative has helped raise the living standards of another 685 villagers just like him.

Farmers who have seen their lands swallowed up by urbanization have become more creative. In Dongga Village in Lhasa's Doilungdegen County, farmers were pushed to find opportunities as their lands dwindled. The improved modern transportation network and booming infrastructure development provided them with the opportunity

they were looking for. With his wealth of experience, his reputation and connections accumulated over 10 years, Jampa led his fellow villagers in setting up a transportation cooperative. He supported poor families and stood surety for those unable to afford vehicle loans. "They can choose to work as drivers in the cooperative businesses. The monthly salary is 3,000 yuan (\$476) to 5,000 yuan (\$794) based on the transportation distance," Jampa said. To date, the cooperative has accrued 176 vehicles and 70 percent of farmers in the village have secured a sustainable source of income.

Carrying on the culture

With the concept of specialized cooperatives, pastoral farming culture and traditional handicrafts have not been forgotten.

Tibetan Bangdian is a kind of colorful striped apron made of woolen fabrics. It is worn mostly by married Tibetan women indicating their marital status and also as decorative apparel. In 2006, it was listed as a national intangible cultural heritage.

Tenzin Dolma, 22, is an inheritor of this traditional craft in Shannan Prefecture. Tenzin Dolma and her mother set up a Bangdian cooperative in 2011 and taught fellow villagers the weaving techniques. Now they employ 45 workers, most of whom are housewives from local low-income families.

"It is not a laborious job [and yet] I can earn about 2,000 yuan (\$317) every month," Dawa Dolker told *ChinaAfrica*. With seven years' experience, she is now a proficient worker who can finish one apron a day.

During the Shanghai World Expo in 2010, Tenzin Dolma attended an exhibition of Tibetan intangible cultural heritage products and promoted the traditional handicraft to an international audience. "As it was summer, the woolen apron didn't sell well. But I felt people loved it and there are potential markets for our traditional cultural products," she said.

Now she is learning marketing skills while creating new patterns and styles for the aprons so that they will gain wider popularity, with the aim of leading her fellow villagers to a better life.

The improved livelihood of these Tibetans has come full circle. Karma Samten's more than substantial income has made it possible for three of his four children to graduate from university. Now his younger daughter is a doctor while her two brothers work as teachers. "My eldest daughter works with me. She will carry on the traditions and culture of my family and our people," he said proudly. ■

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Young students enjoy lunch at their school in Nedong County, Tibet, provided as part of a subsidy scheme covering food, board and tuition fees for rural children

Cultivating Education

Tibetan students blossom amid educational improvements By Hou Weili

Kelsang Udrup still clearly remembers that day in 1999 when he arrived to work as principal of the Nagarze County Elementary School. Located in the south of the Tibet Autonomous Region, the county has the highest altitude in Shannan Prefecture. The amount of oxygen in the rarified air is half that at sea level, making life

tough for newcomers. Seeing his school for the first time, Kelsang Udrup had his breath taken away, literally. The colorless, shabby, one-story building seemed forlorn. There were no adornments, trees or even grass. Worst of all, the laughter of children was absent as well.

"[Today] schools are totally different,

thanks to the Central Government's pro-student policies in Tibet," Kelsang Udrup, now the principal of No.1 Elementary School in Shannan Prefecture, told *ChinaAfrica*. Having worked at different schools in Tibet for 16 years, Kelsang Udrup marvels at the great improvement in school facilities and faculty quality.

Besides renovated classrooms and newly equipped modern teaching facilities, students' living necessities like bathrooms and a vegetable greenhouse have all been established. And laughter now fills the halls.

The improvement he witnessed in Nagarze epitomizes education development in the autonomous region. Since 1985, the government has been running a subsidy scheme covering food and boarding expenses as well as tuition fees for students from rural families during the nine-year compulsory education period.

The subsidy has been raised 14 times in recent years. In 2011, preschool and senior middle school students were included in the scheme. From the fall semester of 2012, students from urban families began enjoying 15 years of free education.

According to the Tibet Autonomous Regional Department of Education, the autonomous region had 608,500 students and 1,696 schools at all levels by the end of 2014. About 419 million yuan (\$65.5 million) was invested by the regional government in 15 years' free education and another 150 million yuan (\$23.5 million) for the subsidy scheme, benefiting 570,000 and 525,000 students, respectively. Every rural student gets an average annual subsidy of 3,000 yuan (\$469).

Currently, China has a nine-year compulsory and free education policy in most provinces and autonomous regions. Tibet is one of the few regions where students get 15 years' free education.

Bridging the gap

"The future of our nation and the improvement of people's quality depend on the advancement of education," said Cai Shoukuan, a senior official from Shannan Prefecture Education Bureau. "[Education] is also vital in order to increase farmers' and herdsmen's incomes."

Tibet's pro-student policies are set to narrow the education gap between its rural and urban areas as well as the gap with other provinces.

"[The policies] lessen farmers' and herdsmen's burdens and encourage them to send their children to school," Cai added.

In Tibet's rural areas, elementary school classes are mainly taught in Tibetan so that

students find the lessons easier to master. "Textbooks of subjects like math and science and their workbooks are in Tibetan," said Cai.

There are Chinese classes as well. "It is necessary to learn the official language. I can [then] communicate with others on any occasion," Yangzom, a 15-year-old Tibetan girl, told *ChinaAfrica*. A student from Jiedexiu Town in Shannan Prefecture, she now studies at the Chanba No.1 Middle School in Xi'an, capital of northwest China's Shaanxi Province.

Yangzom understands that knowing Mandarin allows her access to more opportunities. Her choice stands for another way of receiving a better education, studying at schools in better developed areas in China.

According to Tibet Autonomous Regional Department of Education, about 18,000 Tibetans are currently studying in 130 Tibetan classes or schools in major cities outside Tibet, such as Beijing, Shanghai, Xi'an and Chongqing. Since Tibetan students started attending these schools from 1985, 32,000 talents have been nurtured, half of whom were university graduates.

The enrollment policies are especially intended to benefit students from farmers' and herdsmen's families. "Seventy percent of the junior middle school students are from rural areas. The percentage for senior middle schools is 50.

Teachers benefiting

With improved education and student-oriented policies, Tibetan youth are enjoying a much better life. According to the Tibet Autonomous Regional Department of Education, the higher education enrollment rate in Tibet reached 28 percent in 2014, with 33,474 Tibetans attending universities and another 1,428 pursuing master's degrees.

Although the enrollment figure was about 10 percentage points lower than the national level, basically, almost every Tibetan university graduate has found a satisfying job, said Wu Yingjie, Deputy Secretary of the Tibet Autonomous Regional Committee of the Communist Party of China. The average employment rate of university graduates from 2012 to 2014 was close to 99 percent.

Tashi Yangzom recently graduated

from Tibet University. The 21-year-old recently passed the exam and is now qualified to work in the county hospital in her hometown in Nagqu Prefecture. "Education changed my life and helped me realize my long-cherished dream of being a doctor," she said, adding she was luckier than her elder sister, who did not have the chance to attend university. "She is 13 years older than me. At that time, my parents were not well aware of the importance of education," she explained.

Kelsang Udrup also witnessed the change: "Our main job was to ensure enrollments. Teachers could be seen frequently visiting herdsmen's houses and persuading them to send their children to school," he said of the situation around 1999.

"[Today] people's mindsets have changed. Instead of [just any] school, they want their children to attend good schools. Our main job has also changed accordingly to improve the quality of teaching," he added.

To maintain a highly efficient faculty, Tibet subsidizes teachers in remote rural areas with an average monthly subsidy of 1,000 yuan (\$156). "With this, I earn a salary of 6,200 yuan (\$970) per month," said Solang Peldon, a math teacher at Nierong County, Nagqu Prefecture.

The average annual income of urban citizens working in the public sector was 56,339 yuan (\$8,816) in 2014, according to China's National Bureau of Statistics in June. Solang Peldon earns about 18,000 yuan (\$2,816) more than this average.

Apart from improved income, teachers receive more training opportunities. Since 2011, 37,700 teachers of all subjects at schools of all levels in Tibet have received training at Tibetan and other key national universities.

"Coming up with new educational ideas is crucial to enhance the quality of the faculty," said Kelsang Udrup, noting that teachers should avoid trying to make students cram.

He is now working to establish a regular exchange mechanism with Beijing Normal University, a key university under the Ministry of Education, so that more teachers in his school can receive additional training. ■

The Value of Art

Traditional art forms become a vehicle to improve Tibetan lives By Hou Weili



A scene from *Princess Wencheng* staged near the Potala Palace in Lhasa, Tibet

Loten regards 2013 as the year that changed his life. It was when his artistic dream was realized and love came a-calling.

The young Tibetan hails from Cijiaolin, a village in Lhasa, capital of the Tibet Autonomous Region.

"[Now] I can have a daytime job while

working as a dancer at night. From the latter, I can earn over 3,000 yuan (\$468)," Loten told *ChinAfrica*.

The dancing that occupies Loten's nights is part of the legendary Tibetan live-action drama, *Princess Wencheng*. It was at the audition for one of the roles that Loten met his future wife, Pasang Chodron, also a dancer, in May 2013.

Performed in an open-air theater opposite the iconic Potala Palace with its natural mountain backdrop, the drama tells the story of how Princess Wencheng of the Tang Dynasty (618-907) trekked westward for three years to marry Songtsan Gambo, the king of Tubo Kingdom, today's Tibet. This interracial matrimony helped bring closer the

ties between the Tang and Tubo courts as well as to bridge the different cultures.

Integrating many Tibetan folk arts, like drum dancing, Tibetan opera and Buddhist chants, the drama is an example of an art form successfully generating revenue for the local cultural sector. The regional government's 2015 work report in March showed the sector's output in 2014 was 2.7 billion yuan (\$420 million), an increase of 12 percent year on year, accounting for 2 percent of Tibet's GDP. The success of the cultural sector means Tibet's folk arts are enjoyed by a wide audience and the generated revenue can improve people's lives.

Born performers

Tibet is rich in art forms and the government has been highlighting policies to promote them by establishing museums and libraries to exhibit and conserve folk arts and theaters in which to perform them. Today there are theaters in every prefecture, comprehensive recreation centers in every county, and cultural activity centers in every town, according to Tibet regional authorities.

As cultural facilities improve, people's mindsets toward art are changing, seeing it as more than tradition. "With cultural works, as represented by *Princess Wencheng*, people are becoming aware that art and culture can generate economic returns," said Wu Yasong, Vice Mayor of Lhasa.

For the ordinary Tibetans, who are born singers and dancers, their performance embodies the essence of their people. "The moment I am on stage, I am excited and motivated to please the audience," said Loten.



Loten and Pasang Chodron shortly before their show at the performing site

Apart from the heroine and hero and respective alternates, the entire *Princess Wencheng* cast of more than 600 characters, varying in age from 18 to 70, are performed by locals like Loten and his wife.

"They are savvy and able to fully depict the characters they play without training," said Qiu Wei, CEO of the Usunhome Culture Investment Group that has invested in the

drama. "In the near future, the leads will also be played by locals."

A blockbuster

This spectacular performance by over 600 people awes audiences with its grandeur and elaborateness. "The drama has been so well-received that tickets are always sold out," said Loten.

Statistics from the investor show that in just four months after its premiere on August 1, 2013, the drama's box-office revenue amounted to 29 million yuan (\$4.5 million). In 2014, that figure hit 110 million yuan (\$17 million). It is expected to reach 150 million yuan (\$23.4 million) this year.

However, the box-office revenue represents only a sliver of the planned future returns. Usunhome is working with the local government to develop derivatives of the drama and establish supporting commercial facilities including restaurants, boutiques and hotels. "In many people's eyes, Tibet is a sacred place that everyone should visit at least once. This means a great

opportunity for us. Visits mean there will be consumption," said Qiu.

He now plans to turn the theater's surroundings into an entertainment and recreation center, featuring cultural drama and displays of Tibetan culture.

In 2014, Tibet received 15.53 million tourists, up 20 percent year on year, and raked in 20 billion yuan (\$3 billion) as revenue, official statistics showed.

By 2020, the government plans to build five national and 20 regional demonstration parks for the cultural sector, making it one of the major revenue earners. The sector, it is estimated, will then employ 30,000 people and contribute 5 percent to the regional GDP. It means more locals like Loten will benefit. ■

"With cultural works, as represented by *Princess Wencheng*, people are becoming aware that art and culture can generate economic returns."

—Wu Yasong, Vice Mayor of Lhasa

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HOTEL INFORMATION



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Survivors of the 1937 Nanjing Massacre Xia Shuqin (left) and Chen Guixiang (right) attend an assembly marking the 70th anniversary of the victory of the Chinese People's War of Resistance Against Japanese Aggression in Nanjing on August 15



Abe Sticks to His Guns

Japanese Prime Minister Shinzo Abe's remarks on WWII add insult to injury
By Shi Yongming



The author is an associate research fellow with China Institute of International Studies

Japan's Prime Minister Shinzo Abe delivered a troubling statement marking the 70th anniversary of the end of the World War II (WWII) during a press conference at his office in Tokyo on August 14. Its wording had been approved by the cabinet and echoes the Japanese Government's official stance in the past. This statement has drawn domestic and international attention and some of the remarks have shed light on how Abe views Japan's history of aggression.

When he took office for the second time in December 2012, Abe made clear that he would deliver a new statement on historical issues to replace previous statements made by former Japanese leaders, including Prime Minister Tomiichi Murayama's in 1995, in which he apologized for Japan's aggression and colonial rule.

In the last three years, Abe has demonstrated his historical revisionist views on many occasions. Firstly, he questioned Japan's role as an aggressor during WWII by arguing that there was no universal definition of the term "aggression." Secondly, he raised doubts about the legitimacy of the trials conducted by the International Military Tribunal for the Far East (1946-48), also known as the Tokyo Trials, which led to the conviction of Japan's Class-A war criminals. Thirdly, he denied that the Japanese Imperial Army forced

women, the so-called "comfort women," into sex slavery during the war. Such opinions challenge the universal understanding of WWII and defy moral judgment.

Abe was aware that he would face international criticism had he boldly displayed his revisionist views in the planned statement to mark the occasion. Under huge international and domestic pressure, he ultimately compromised his stance by adding the following sentence in the statement—"Such position (remorse and apology) articulated by the previous cabinets will remain unshakable into the future."

Not biting the bullet

But the key problem is that Abe did not offer any formal apology of his own. Moreover, he tried to put an end to the apologies that



Protesters hold banners at the gate of the Japanese embassy in Seoul, South Korea, on August 15



Filipino women protest in Manila on August 14, demanding that the Japanese Government apologize and make compensation for the country's wartime atrocities during WWII

previous Japanese governments had made. His actual words were: "We must not let our children, grandchildren, and even further generations to come, who have nothing to do with that war, be predestined to apologize."

The statement implies that those countries which suffered from Japan's aggression in the past, such as China and South Korea, have been pestering the country for an apology. But the fact is none of those countries gave Japan a hard time until the 1980s, when Japan took a right turn and deviated from the pacifism which had prevailed the country after the end of WWII.

Japanese politicians have been determined to revive Japan as a world power. However, instead of reflecting upon the country's history of aggression and colonial rule to ease its neighbors' worries, they have tried to pursue the goal by embellishing the country's contribution to world peace. At the same time, some of the Japanese politicians have never stopped holding revisionist views. They have visited the Yasukuni Shrine where Japan's Class-A war criminals are enshrined, and tried to conceal the truth regarding their country's aggression and invasion in history textbooks. Speeches and remarks denying Japan's aggression are often delivered publicly by some right-wing politicians and scholars in an attempt to mislead Japanese people about the history of their country.

Some prominent politicians in Japan either in or out of office, such as prime ministers, cabinet members or senior officials, are the leading figures of this right-wing revisionist vanguard. Their speeches and behaviors have not only harmed the feelings of people whose nations have bitterly endured Japan's aggression in the past, but also raised suspicions over Japan's future.

Right in the wrong

As Japan's pacifism is overshadowed by revisionism, the country's prime ministers' remarks on historical issues have become a prerequisite for rebuilding political trust with China and South Korea. Therefore, the crux of the matter lies with the wrongdoing of Japanese right-wing political forces. If the Japanese Government keeps glossing over its past aggression and continues its revisionist actions, a distorted understanding of history will be passed down to future generations.

As for civilians in countries that suffered from Japan's aggression, Abe said quite casually that "numerous innocent citizens suffered and fell victim to battles as well as hardships such as severe deprivation of food."

Abe shied away from mentioning the brutal massacres and other war crimes committed by the Japanese Imperial Army during the war. He didn't even allude to the Nanjing Massacre in China, the death camps in Southeast Asia

or comfort women, but rather emphasized on casualties on the Japanese soil, such as the victims of the atomic bombings of Hiroshima and Nagasaki. He hinted that Japan was in fact a major victim during the war.

Furthermore in his statement, Abe deliberately mixed up two concepts—aggression and solving international conflicts through force—or rather, equated the two. For instance, he advised to "never again resort to any form of threat or use of force as a means of settling international disputes," as if he were a committed pacifist. Under the cover of the so-called "proactive pacifism," Abe downplayed Japan's role as an aggressor in WWII.

In his statement, Abe trumpeted Japan's post-war peaceful development and values of freedom and democracy rather than offering an official apology for Japan's aggression in the past. As a matter of fact, Abe and his ruling coalition recently approved controversial security bills in the Lower House of the Diet despite strong opposition at home and abroad, undermining the pacifist constitution and leading Japan to the road of war.

Abe's statement did not help mend broken ties with the victims of the Japanese aggression, but on the contrary, has further widened the gap between Japan and its neighboring countries. ■

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Nice Try But No Cigar?

Reviving ties with Cuba constituted a win for the U.S. president but doubts remain whether this process will continue into the post-Obama future

By Sun Chenghao



The author is an assistant research fellow with the Institute of American Studies at the China Institutes of Contemporary International Relations

It seems that the U.S.-Cuban relations have entered the fast-track with a recent series of interactions between the long estranged neighbors. Last December, U.S. President Barack Obama and Cuban President Raúl Castro ushered in a new era of normalization for U.S.-Cuban relations. This April, the two leaders held historic face-to-face talks during the Summit of the Americas. Later on in May, the United States dropped Cuba from its list of state sponsors of terrorists. In July, the two countries restored full diplomatic relations by re-opening embassies in each other's countries.

However, despite these promising signs, the development of bilateral ties in the near future is likely to enter a period of lull, as some advantageous conditions faded from view and some deep-seated divergences prove hard to overcome.

The first factor is the diminishing influence of President Obama, whose tenure is fast drawing to a close. It's true that Obama has devoted a lot of time and effort to U.S.-Cuban relations. In August 2007, the then-Senator Obama published an article in the *Miami Herald*, calling for taking steps to normalize relations and ease the embargo as the Cuban Government appeared to be opening up to democratic change. After taking the presidency, he signed a Senate appropriations bill into law which made it easier for Cuban-Americans to visit relatives in Cuba in 2009. From 2013 to 2014, the secret diplomacy taking place between the United States and Cuba, aided by Canada and Pope Francis, finally resulted in a landmark deal on prisoner

swaps and a resumption of the bilateral relations between the two. Obama successfully used his executive power to make this breakthrough and secure a diplomatic legacy. The possibility cannot be ruled out that Obama will visit Cuba and sign an agreement with the country in areas such as anti-narcotics, but achieving something like this is much harder than the work he has accomplished, which may discourage him in taking bolder actions.

Moreover, if the new president taking power in 2017 is a Republican, it remains in question if the current pace of normalization can be maintained, given that most Republican presidential candidates have denounced the Obama administration's decision to reopen embassies in the capitals of Cuba and the United States.

Outstanding issues

The biggest obstacle is still the economic blockade the United States imposes on Cuba. The U.S. executive and legislative power structure, which harbors various "veto points," has made it even harder to lift it. The Cuban Government has long called for the blockade's removal. However, as the removal requires passage through what is at present a Republican-dominated Congress, and given the fact that many Republicans oppose the idea, it is very unlikely indeed that all punitive economic measures against Cuba would be lifted within Obama's tenure. That being said, the president's efforts in lifting some restrictions concerning travel, finance, and remittance are conducive to increasing contact between the two peoples and may facilitate the gradual formation of a drive in Congress to abolish the sanctions.

At the operational level, Congress has the potential to throw a spanner in the works in terms of embassy funding and ambassador appointment. Republican senators and presidential candidates such as Marco Rubio and Ted Cruz have openly stated their opposition

to the funding of an embassy in Havana or any ambassador appointments, unless the Obama administration can persuade Cuba to lift its restrictions on U.S. diplomats and to guarantee greater political freedom for its people.

On the Cuban side, after decades of blockade, the sense of wariness and suspicion toward the United States, from the leadership down to the ordinary man on the street, can hardly be expected to disappear overnight. Castro stressed several preconditions for normalization in a letter addressed to President Obama: a gradual thawing of relations based on the UN Charter and Vienna Convention, mutual trust and non-interference. Cuba also stated the fact that the two countries haven't yet reached consensus on immigration, human rights, free passage of diplomatic personnel, the issue of returning Guantánamo, and compensation for losses incurred by sanctions.

However, a slowdown does not necessarily mean that normalization will proceed in the opposite direction. First of all, the United States has not normalized its relations with Cuba on a mere whim. In fact, since Dwight Eisenhower (1890-1969), while adopting high-handed or isolationist policies, it has not been unheard of for U.S. presidents to contact or make overtures to the Cuban Government or its representatives in various ways. President John F. Kennedy asked his advisors to consider a more flexible policy toward Cuba; during Gerald Ford's administration, Henry Kissinger directed his aides to engage Castro directly; and President Jimmy Carter signed a presidential executive order, requesting secret face-to-face talks with the country with a view to normalizing U.S.-Cuban relations. Therefore, no matter who becomes the next U.S. president, inertia will push them to pursue a prudent and practical Cuba policy. The development of bilateral relations may prove sporadic in the future, but will march forward in leaps and bounds.

Another important factor is the changing



U.S. Secretary of State John Kerry (right) attends the flag-raising ceremony at the newly opened U.S. Embassy in Havana, capital of Cuba, on August 14

attitude toward U.S.-Cuban relations within the Cuban-American community, even among older generation of immigrants. The views held by the second and third generation of the immigrants, who advocate influencing Cuba by engagement in order to achieve thawing relations, have proved influential. According to a poll conducted by Florida International University among Cuban-Americans, back in 1991, 87 percent of Cuban-Americans supported the embargo. But after President Obama was elected in 2008, that viewpoint shifted completely. In the 2014 poll, 68 percent of respondents favored restoring diplomatic relations with Cuba. This sea change in public opinion will lay a solid foundation for normalization.

The normalization will bring tangible benefits to U.S. citizens, who would be able to visit the Antilles island state more conveniently; and to U.S. companies, which would have more access to the largest country in the Caribbean by size and population. Politically speaking, the United States can better promote its values—"democracy and human rights"—in Cuba through an interactive and flexible approach rather than a rigid and dogmatic one, which would run the risk of isolating the socialist power. Cuba also needs to increase engagement with its neighbor. From 2011, the country has

accelerated its economic reform even though it faces numerous difficulties, in particular the lack of external support owing to the U.S. embargo. Cuba's annual GDP growth rate in 2013 was 2.7 percent, far less than the 3.6 percent the government had anticipated. Owing to the Ukraine crisis and dropping oil prices, Cuba's most important trading partners Russia and Venezuela were both experiencing their own difficulties and could hardly be counted upon to help.

The normalization will also change the geopolitical landscape across the American continents. The United States may return to Latin America, where it could play an influential role in the integration of the region. In addition, just as Cuba is toning down its anti-U.S. rhetoric, anti-American sentiment in Latin America is similarly ebbing.

The China factor

Some scholars have been tempted to draw the conclusion that the United States is cleaning up its "backyard" and diminishing China's influence in Latin America by reopening relations with Cuba.

The argument, however, is reminiscent of the Cold War mentality which would perceive the normalization from the perspective of a "zero-sum game."

As a longtime friend of Cuba, China is more than happy to see the economic development of the country improving amid a more clement environment. China is one of Cuba's biggest markets and suppliers of goods. The improvement of local trade and the country's investment environment will no doubt better facilitate Chinese enterprises in doing business with Cuba.

Cuba also needs China's support when it comes to developing relations with the United States and other Western countries. Since the ice was broken in U.S.-Cuban relations, many Western politicians have visited Cuba in quest of developing business ties. However, Cuba understands the danger of overdependence on the United States or Western economies, especially given its bitter experience of relying too much on the Soviet Union in the 1980s. Marino Murillo, now Chairman of the Economic Policy Commission of Cuba, has called for attracting diversified investment as opposed to the nation placing all of its eggs in one basket. China could potentially help Cuba to accomplish this diversification, thus aiding the country's economic development. ■

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The Joy of Work

A Kazak woman provides more than 100 jobs for local women By Liu Xinlian



Women receive dressmaking training in Pingdingshan Community of Urumqi

When Saliye Hobay, a Kazak ethnic woman born in Altay Prefecture in the north of the Xinjiang Uygur Autonomous Region, was laid off in 2002 after the clothing factory in which she had worked for six years went bankrupt, she fell into momentary depression. But her optimism gave her renewed confidence to start afresh and only three years later, she launched her own business—Xinjiang Sallyking Dress Co. Ltd.

At the beginning, Saliye had to face the fact that more than 90 percent of local dress enterprises were owned by people from other regions. In terms of dress exports, the turnover from locally owned enterprises made up less than 1 percent.

Having resolved to start her own dress company, Saliye visited China's major fashion cities, including Shishi of Fujian Province. The trips were a revelation to her. Measuring 200-square-km in area, Shishi has more than 3,000 dress enterprises, generating an annual production value of more than 40 billion yuan (\$6.26 billion) per year. By contrast, the 1.6-million-square-km Xinjiang produced only 10 billion yuan (1.57 billion) from its dressmaking industry last year.

Most people put the blame on Xinjiang's lack of advanced equipment and talent, but Saliye doesn't think this is the case. "For enterprises in Xinjiang, we must have our own characteristics based on the locality," she said.

As a Kazak woman, she treated her singular ethnic characteristics as her biggest advantage and cast her eye toward high-end haute couture. "My target market is ethnic costume. I know what people of minority ethnic groups in Xinjiang like."

After 10 years' development, her company realized a sales volume of more than 20 million yuan (\$3.13 million) last year and her brand Sallyking has become a renowned brand in Xinjiang, especially among the Kazak ethnic group.

Colleagues & sisters

Labor shortages have always been a thorn in Saliye's side. In Shayibake District where Sallyking was formerly located, one of Urumqi's biggest districts and home to 38 ethnic groups, the problem of unemployment among women is particularly prevalent. Shayibake's Pingdingshan Community has only 11,000

residents, 71 percent of whom are of the Uygur ethnic group and come from southern Xinjiang. Even though most of Saliye's female Uygur neighbors are jobless, getting them to work is never an easy task.

Traditionally, Uygur women do not work. Even though some girls are employed for a time, most quit after getting married.

Saliye decided to try to change this. She persuaded a few Uygur women to join her factory, and after they earned money, word of mouth spread and more women decided to join. Despite her great efforts, she does not always emerge successful.

Since its founding in 2005, Saliye's company has employed more than 100 female workers, the majority of whom are Uygur women.

Saliye also began to offer free training for women in her community in 2014. Up until now, more than 100 women have received training and some became her employers.

"Work means a lot for women. After getting out of the house and getting to know more people, they often became more cheerful and broad-minded," said Saliye.

Selime Seyit, a Uygur mother of three children, is now an executive manager in Saliye's enterprise. Two years ago, she came to the company as a worker. "I seldom left the house in the past. I feel myself more confident than before. I like the change," she said.

"Women need jobs to realize their own value and enjoy a better life," she said. Now Selime earns more than 4,000 yuan (\$626) per month, the same as her husband and much higher than the regional average monthly wage of 1,846 yuan (\$289).

In addition to fame and fortune, the great joy of Saliye derives from her business is being able to help more women. According to her, all of her workers are clever and skillful, and they deserve a better life.

She has decided to expand her business to south Xinjiang, where Uygur people constitute more than 75 percent of the local population and the employment rate among women is lower than the regional average.

"My greatest joy is my colleague's smile. The saddest moment is an employee leaving my company. They are just like my family," Saliye said. ■

(Reporting from Xinjiang Uygur Autonomous Region)

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A Freer Currency

China advances its foreign exchange reform—short-term pain and long-term gain By Zhou Xiaoyan

China has changed its central parity system to better reflect market development in the exchange rate between the Chinese yuan against the U.S. dollar. The move is another step toward market forces determining the value of the currency. The yuan fell sharply in value

following the decision, raising worldwide concern that volatility will become a drag on global economic growth.

As of August 11, daily central parity quotes reported to the China Foreign Exchange Trade System before the market opens are based on the closing rate of the

inter-bank foreign exchange (forex) rate market of the previous day, supply and demand in the market, and price movement of major currencies, the People's Bank of China (PBC), the nation's central bank, said.

So what exactly is the central parity



The building of the People's Bank of China

rate? Each trading day at 9:15 a.m. Beijing time, the central parity rates of the yuan are announced against 11 major currencies, including the euro, sterling, U.S. dollar and the Japanese yen. When the inter-bank forex market opens 15 minutes later, trading may only take place within 2 percentage points of the rate.

The PBC cited the large and long-running deviation of the yuan's central parity from its actual market rate as the major reason for the change. This deviation had undermined the authority and the benchmark status of the central parity system.

From government-designated to market-oriented central parity rates, the yuan has taken another step toward its global journey. Although the unexpected policy change triggered dramatic market turbulence, the long-

term benefits of the change outweigh the short-term pain.

Market reaction

The unexpected move prompted a three-day slump in the yuan. The central parity rate of the yuan against the U.S. dollar weakened by 1,136 basis points, or 1.9 percent, to 6.2298 on August 11. It dipped a further 1,008 basis points, or 1.6 percent, to 6.3306 on August 12. On August 13, the rate further weakened by 704 basis points, or 1.1 percent, to 6.401 against the U.S. dollar, according to the China Foreign Exchange Trading System.

As the yuan tumbled, fears grew in the market that the policy change would spearhead a depreciation trend. To allay such

fears, the PBC held a news conference on August 13, reassuring the market that the bank is capable of keeping the exchange rate stable at an adaptive level of equilibrium, and that the yuan will remain strong over the long run.

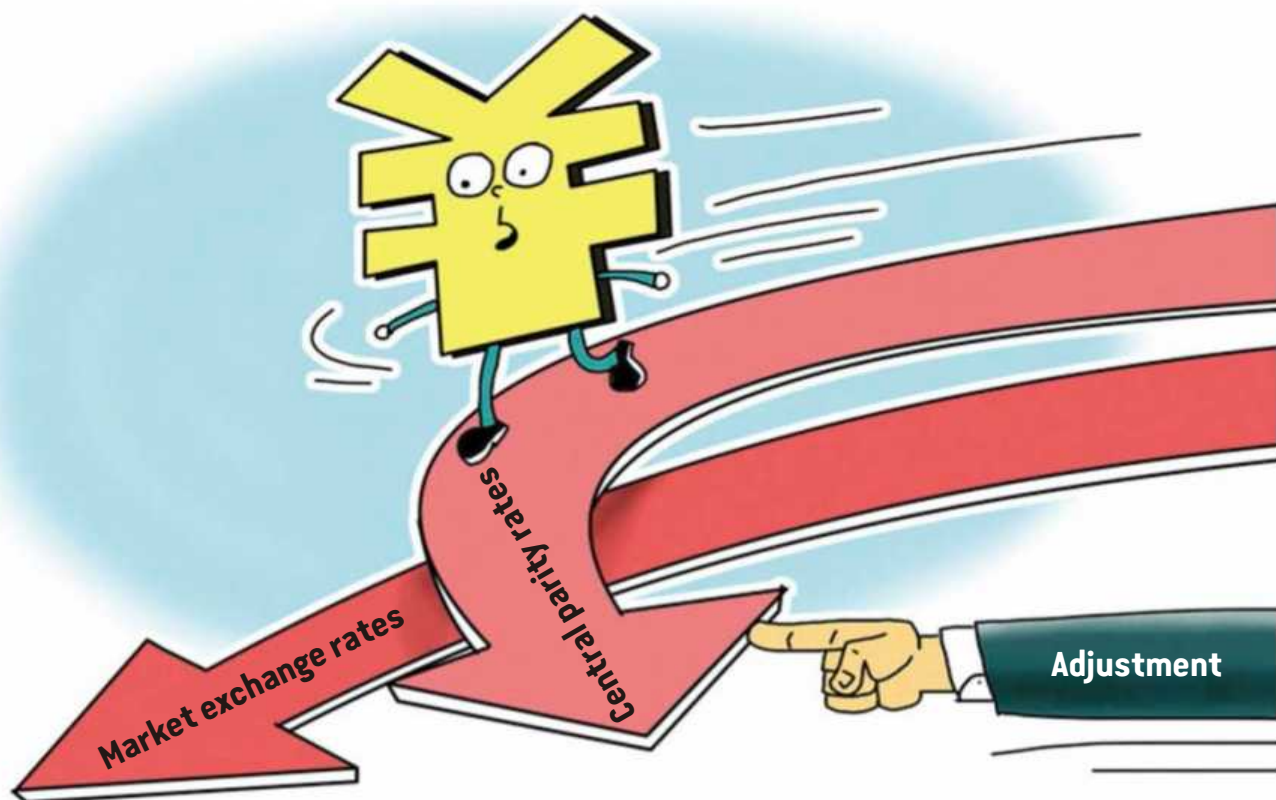
According to the PBC, the exchange rate tumble was triggered by an attempt to bring the central parity rate closer to the market consensus.

Zhang Xiaohui, Assistant Governor of the PBC, attributed the sharp depreciation to a long-standing gap between the central parity rate and the previous day's closing rate on the inter-bank market. She said the shift was a one-off technical correction and should not be interpreted as an indicator of future depreciation.

"The value of the yuan has gradually re- ►►



A bank clerk counts banknotes in Lianyungang, east China's Jiangsu Province, on August 11



turned to market levels as the discrepancy between the central parity rate and the actual trading rate has been largely corrected after declines in the past few days," Zhang told the media." There used to be a 3-percent gap accumulated between a lower official rate and higher market expectations."

She added that there are no grounds for a persistent and substantial depreciation because sound economic fundamentals will determine that the yuan re-enters a period of appreciation.

Zhang saw the country's abundant forex reserves, stable fiscal conditions and healthy financial system as foundations for a strong yuan in the long term.

Following the news conference, the yuan showed signs of improvement in both on-shore and offshore markets. On August 14, the central parity rate of the yuan strengthened by 35 basis points to 6.3975 against the U.S. dollar, the first increase since the policy change. The rate stabilized in the following trading week at around 6.4.

Although the Chinese central bank called the new policy a free-market reform, it is seen

by some as the start of a long-term depreciation of the yuan to spur China's ailing exports. In July, exports totaled \$195 billion, a fall of 8.3 percent year on year.

Yi Gang, Vice Governor of the PBC, dismissed media reports that Chinese authorities had demanded a 10-percent depreciation of the yuan by the end of 2015 in the hope of rescuing the country's sliding exports. He described such reports as "completely baseless."

"China's export conditions are generally stable. Combined with such an enormous trade surplus, it is totally unnecessary for China to adjust the exchange rate to spur exports," Yi said. "Under a managed floating exchange rate system, the value of the yuan is determined by the market."

According to the vice governor, the central bank will no longer regularly intervene in the exchange rate but will continue to manage it, especially when volatility exceeds a tolerable range.

"The system (a managed floating exchange rate system) fits China because it allows for flexibility in the rate and enables effective control of

excessive volatility, which boosts market confidence and facilitates a stable economy," Yi said.

Improvement on the forex rate formation system is aimed at building a more effective market-based mechanism, so as to advance future currency reforms, especially the full convertibility of the yuan under the capital account, he added.

Yi Xianrong, a researcher with the Institute of Finance and Banking at the Chinese Academy of Social Sciences, said that currency depreciation would not necessarily improve a country's trade conditions.

"Currency depreciation will lead to cheaper exports but will cause the cost of imports to rise. Therefore, it's likely that the country's foreign trade conditions will be worsened instead of improved," he said.

He dismissed as groundless concerns that a depreciation of the yuan will cause global deflation and that China is exporting its deflationary pressure worldwide.

"What analysts are really concerned about is that a depreciation of the yuan will exacerbate China's economic conditions, reduce China's

↓ Timeline of Reforms on Yuan

- August 11, 2015: The People's Bank of China (PBC) adjusts the exchange rate formation system by taking into account of the closing rate on the previous day to better reflect market development.
- November 27, 2014: The PBC says it had largely withdrawn from intervention in daily foreign exchange business.
- September 30, 2014: China starts direct trading between the yuan and the euro on the inter-bank foreign exchange market.
- June 18, 2014: China starts direct trading between the yuan and the British pound on the inter-bank foreign exchange market.
- March 18, 2014: China starts direct trading between the yuan and the New Zealand dollar on the inter-bank foreign exchange market.
- March 17, 2014: The yuan's value is allowed to rise or fall by 2 percent from the central parity rate each trading day, from the

previous limit of 1 percent.

- April 9, 2013: China starts direct trading between the yuan and the Australian dollar on the inter-bank foreign exchange market.
- June 1, 2012: China initiates direct trading between the yuan and the Japanese yen on the inter-bank foreign exchange market.
- April 16, 2012: The yuan's value is allowed to rise or fall by 1 percent from the central parity rate each trading day, from the previous limit of 0.5 percent.
- January 13, 2011: The PBC allows qualified domestic enterprises to invest in foreign countries directly using the yuan.
- December 15, 2010: The yuan starts to trade in Russia, the first overseas market of the Chinese currency.
- November 22, 2010: China initiates direct trading between the yuan and the Russian ruble on the inter-bank foreign exchange market.

- August 19, 2010: China starts direct trading between the yuan and the Malaysian ringgit.

- April 8, 2009: Cross-border trade is permitted to be settled in the Chinese currency on a trial basis in Shanghai and Guangdong Province.

- May 21, 2007: The yuan's value is allowed to rise or fall by 0.5 percent from the central parity rate each trading day, from a previous limit of 0.3 percent.

- July 21, 2005: China initiates reforms by depegging the yuan from the U.S. dollar. The PBC says it had shifted to a managed floating exchange rate based on market supply and demand with reference to a basket of weighted currencies. The yuan against the U.S. dollar appreciates by 2 percent to 8.11 on that day.

(Compiled by Beijing Review)

external demand and fail to lift the global economy out of its difficulties," he said.

Long-term approach

China's forex reform officially started in July 2005 when the central bank decided to unpeg the yuan against the U.S. dollar and allowed it to fluctuate against a basket of currencies.

The yuan has long been one of the world's strongest currencies. From July 2005 to June 2015, its nominal effective exchange rate appreciated by 46 percent, according to statistics from the Bank for International Settlements.

The International Monetary Fund (IMF) hailed the central bank's latest move as a welcome step that allows market forces to have a greater role in determining the exchange rate. Although the IMF claimed that China's move has no direct implications for the criteria used in determining the composition of the Special Drawing Rights (SDR) currency basket, it said a more market-oriented exchange rate would facilitate SDR operation in case the yuan were included in the basket going forward.

Allocated to IMF members on the basis of their contribution to the fund, SDR represents a reserve that may be drawn upon in times of need. Currently, the SDR basket consists of four currencies—the U.S. dollar, euro, British pound

and Japanese yen.

The composition of the SDR basket had been scheduled for a once-in-five-year review this coming November, but the review was postponed to September 30, 2016. Whether or not to add the Chinese currency to the basket is a major issue for the review.

"Greater exchange rate flexibility is important for China as it strives to give market-forces a decisive role in the economy and is rapidly integrating into global financial markets," an IMF spokesperson said on August 12.

The IMF believes an effective floating exchange rate can be established in China within two to three years.

"The reform made the yuan more market-driven, laying a foundation for the free exchange of the yuan," said Liu Weiming, an analyst at China Citic Bank. "It helps clear some of the technical hurdles for the yuan to join the SDR."

After the change in the central parity formation system, how should China press ahead with its forex reform?

Huang Yiping, Deputy Director of the National School of Development at Peking University, said exchange rate reforms during the past decade have had three objectives—letting the market play a bigger role; two-way fluctuation of the yuan exchange rate; and keeping the exchange rate generally stable.

"Future reforms should still follow this direction," Huang said.

"The next big move would probably be further expansion of the exchange rate trading band and more market elements in the central parity rates," Huang said. "Also, more forex products will be created and the opening up of China's forex market will be accelerated."

Zheng Lei, a board member of CMB International Asset Management, warned that exchange rate reform should be carried out with extreme caution.

"China's financial system still has lots of aspects that are not connected to the global market. Against this backdrop, things will get out of control if there is too much haste in forex reform and opening up," Zheng said.

"Although China has roughly a \$3.5-trillion forex reserve, it can hardly guard itself against those short-sellers in global institutions. When taking steps to internationalize the yuan, such as getting the currency included in the SDR, consideration should be given to current conditions in China's financial system," Zheng said. "Just because China has a huge amount of forex reserve, it doesn't mean China can act capriciously in forex reform." ■

Copyedited by Calvin Palmer
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At Risk of Deflation

The United States is ramping up adjusted anti-dumping and countervailing duties on China's tire industry By Wang Jun

China's tire industry faces adjusted anti-dumping and countervailing duty (CVD) rates imposed by the U.S. Department of Commerce on passenger vehicle and light truck tires, according to a Federal Register notice announced on August 10. Anti-dumping rates range from 14.35 percent to 87.99 percent, while countervailing duty rates vary between 20.73 percent and 116.33 percent.

Among those tire makers, Shandong Yongsheng Rubber Group Co. Ltd., receiving a final CVD rate of 116.33 percent, will suffer the most. Giti Tire Global Trading Pte Ltd. and six other Giti-affiliated companies will see their anti-dumping duty rates raised from 29.97 percent to 30.74 percent. However, the CVD duty rate for Giti Tire (Fujian) Co. Ltd. will decrease to 36.79 percent from 37.2 percent.

"The cheap prices of Chinese tire products in the U.S. market are not manipulated, but decided by the market itself," said Jiang Yun, a tire industry analyst with consulting firm SCI Group, when interviewed by *International Financial News*. "The action by the United States is just to protect their domestic industries."

Xu Wenying, Secretary General of the China Rubber Industry Association (CRIA), said the anti-dumping and CVD duties imposed by the United States will seriously affect not only China's tire industry. More than 200 companies with a value of \$3.37 billion will be affected along with 350,000 workers in the tire industry and at least 1 million workers in the upstream and downstream industries, according to Xu.

A frequent target

China's tire industry has faced anti-dumping and CVD sanctions from the United States before. Liu Danyang, deputy head of the Trade Remedy

and Investigation Bureau of the Ministry of Commerce (MOFCOM), said since China's accession to the World Trade Organization (WTO) in 2001, the country has become the prime target of anti-dumping investigations for 14 consecutive years and the prime target of CVD investigations for nine consecutive years. In 2014 alone, China was subjected to 97 CVD and anti-dumping investigations, with the tire industry being one of the industries suffering the most.

The United States imposed punitive duties on imports of Chinese passenger vehicle and light truck tires from September 2009 to September 2012, raising the tariff rate from 4 percent to 35 percent in the first year, then down to 30 percent in the second and 25 percent in the third year.

After that, the Chinese tire industry had expected to gain relief from such high tariffs but instead has been faced by new sanctions from the United States. On July 14, the U.S. International Trade Commission said in a final ruling that the U.S. tire industry is materially harmed by Chinese tire imports that the Department of Commerce has determined are subsidized and sold in the United States at less than fair values.

"To those companies suffering duties of nearly 200 percent, the door of U.S. market is almost closed," said Bai Ming, Deputy Director of the International Market Research Department of the Chinese Academy of International Trade and Economic Cooperation (CAITEC). "With tariffs doubling the product price, their products will be completely uncompetitive in the U.S. market."

"It is predictable that sales revenues of most Chinese tire companies will decline," an anonymous executive of a Chinese tire company told *International Financial News*. He is concerned that exports of Chinese tires will fall appreciably because of the anti-dumping and CVD duties.

The adverse impact on tire exports has been evident since the United States began anti-dumping and CVD investigations against Chinese tire manufacturers in June 2014. According to the figures from the SCI Group, between January and May, exports of Chinese passenger vehicle tires declined 23.8 percent from the same period of the previous year. Of the total exports, tires sold to the United States dropped by 40.7 percent year on year.

Statistics from the Ministry of Industry and Information Technology show that in the first half of 2015 both output volume and prices declined across the tire industry, for which the slowdown in China's economy and the anti-dumping and CVD investigations by the United States are to blame.

China's passenger vehicle and light truck tire manufacturers are highly reliant on the U.S. market. According to the CRIA, 40 percent of China's tire output is exported, with the U.S. market receiving 25 percent of the exports.

The position of the U.S. market for China's tire exports has been changing due to the anti-dumping and CVD duties. Figures from the General Administration of Customs for the first half of 2015 show tire exports to the European Union surpassed those to the United States for the first time, with 48.7 million tires, a year-on-year increase of 7.7 percent.

"Once exports to the United States shrink, the overcapacity problem for the tire industry will be exacerbated," said Zhang Qing, an analyst with First Futures Co. Ltd.

Jiang also believed that the reduction of exports to the United States will also intensify the problem of overcapacity in China's tire industry. "Domestic producers have already recognized the problem, and started industrial reorganization to eliminate outdated production capacity. Expansion of some domestic tire companies has been significantly



reduced,” said Jiang.

Jiang suggested Chinese tire companies increase exports to developing countries in Africa and Southeast Asia.

Self-preservation

In the face of frequent anti-dumping and CVD investigations by the United States, China’s industry and government are becoming increasingly capable in their response. For example, on May 19, the U.S. International Trade Commission determined that 53-foot dry containers from China do not materially retard the U.S. industry and so no anti-dumping or CVD orders will be issued.

Shen Danyang, spokesman for the MOFCOM, said it is the first case in 2015 where Chinese companies have successfully defended themselves in a U.S. trade remedy case, which will encourage Chinese companies to respond

actively in the future.

Zhang said Chinese tire companies must also be united in their response while at the same time making adjustments to their product structures.

Bai at the CAITEC said the anti-dumping and CVD investigations against Chinese tires are not beneficial to the U.S. industry.

“Against the background of economic globalization and the emergence of more international industrial conglomerates, trade protectionism adopted by the United States is contradictory to the WTO rules. Such protectionism will not only damage the legitimate interests of Chinese companies but also make U.S. companies and consumers suffer unnecessary losses,” he said.

Chinese companies have gained advances in the middle range and low end of the U.S. market, according to Bai. Even if the United

States restricts the sale of Chinese tires, similar products from other countries will soon fill the gap in the market. High-end U.S. products will remain uncompetitive.

Zhang believes the trade remedy investigations against Chinese tires present an opportunity for the Chinese tire industry.

“The industry used to be highly reliant on the U.S. market, which is very dangerous, and exports with low prices and low technology content cannot continue forever,” he said.

The trade remedy action by the United States has forced Chinese companies to realize that only with products of high added value can they have a greater say in international markets. ■

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OPINION

SOE Reform Invigorates Capital Market

When looking at industrial development trends in 2015, I mentioned that reform of state-owned enterprises (SOEs) would be a highlight of the stock market, one deserving the attention of investors. This prediction was only half right.

State-owned railway transportation equipment makers CSR Corp. and CNR Corp. combined in May to form CRRC Corp., establishing a model for SOE reform.

The soaring stock prices of the two companies before the merger also brought considerable gains to investors confident in SOE reform.

However, I didn't expect the stock price of the newly established CRRC to be so high, valuing the new company at nearly 1 trillion yuan (\$156.25 billion).

The aim of the merger between CSR Corp. and CNR Corp. was not to stimulate the stock market but to seek business opportunities from the Belt and Road Initiative and free trade zones.

The sudden and irrational rise in the market value of the new company left little room for a further increase. Soon after, its stock price collapsed along with the rest of China's A-share market.

When the A-share market halted its decline and resumed slight growth, CRRC's stock price nonetheless remained low. Investors' enthusiasm has been replaced by depression, intensifying the stagnation of CRRC's stock price.

Recently, listed subsidiaries of China Ocean Shipping (Group) Co. and China

Shipping (Group) Co. have suspended transactions of their stocks, fuelling market expectations that the two groups may merge. These expectations have in turn pushed up stock prices of other SOEs with the potential for reorganization.

Although some investors still possess lingering fears about trading in SOE stocks after the dramatic fall in the price of CRRC stocks, most other investors think they have learned the lessons of the CRRC case and will not lose money.

In the short run, SOE reform may cause stock investors to have their hearts in their mouths, but it must continue as far as the government is concerned.

China's leadership places great faith in SOE reform. President Xi Jinping once said, "China's reform has entered a critical stage and a 'deep-water' zone, and we must lose no time in deepening reforms in key areas with greater political courage and wisdom."

As the craziness of the A-share market subsides, investors have adopted a more cautious approach than they did when investing in CRRC stocks.

The lesson of CRRC's stock price plunge has been learned and stock prices of SOEs are unlikely to be overvalued unless the whole market becomes gripped by another irrational frenzy that sends prices soaring.

Although China's stock market has yet to become a real-time barometer of the macro-economy, the lackluster state of the economy is likely to have an adverse impact on the stock market in the second

half of 2015.

Moreover, massive SOE reform may affect the business operations of some enterprises, disrupting their development in the short term.

While this disruption may not be detrimental to large listed companies, market confidence could be impaired. Some irresponsible so-called experts may claim that poor business performance after SOE reform indicates its failure, causing stock prices to decrease further.

The reform is not merely about enterprises merging but enhancing the strength of SOEs to enable them to play their full role in a market economy.

How long the process will take depends on the joint efforts of the supervising authority, corporate management and employees, as well as the public.

The capital market has its own operating rules. The expectations of SOE reform appeal to investors. They will decide whether they will make long-term investment based on their confidence in SOE reform or alternatively, just try to make a quick buck.

Market value and price-to-earnings ratio are two important indicators of whether the market is rational. Investors should be cautiously optimistic. ■

This is an edited excerpt of an article written by economist Song Qinghui and published in *Securities Times*

Copyedited by Calvin Palmer
Comments to yushujun@bjreview.com

NUMBERS

(\$1=6.4 yuan)

1,786

Number of project contracts that Chinese companies signed throughout countries along the Silk Road Economic Belt and 21st Century Maritime Silk Road in the first seven months of the year, amounting to approximately half the value of total overseas contracts

4.8%

Decrease of energy consumption per unit of GDP in 2014, the largest in the past five years

410 mln tons

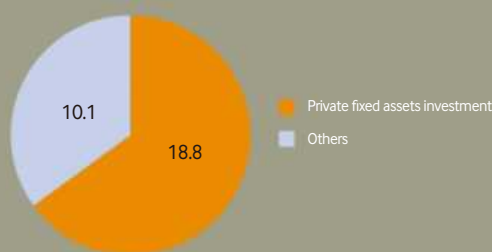
China's crude steel output in the first half of 2015, dipping 1.3 percent year on year, the first drop in nearly 20 years

503.4 bln kwh

China's electricity consumption in July, a fall of 1.3 percent year on year

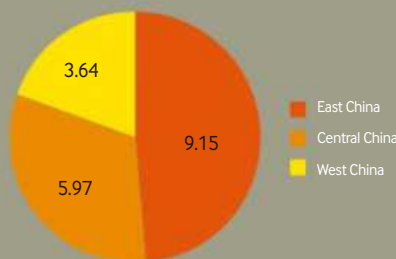
Fixed Assets Investment in China

Jan-Jul (tln yuan)



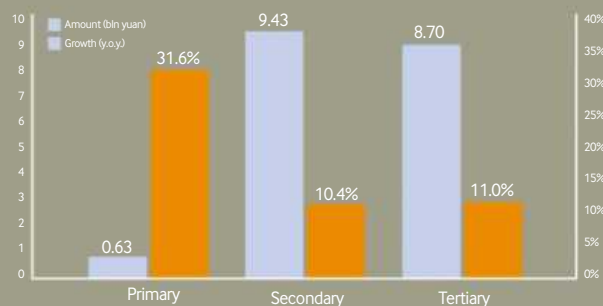
Private Fixed Assets Investment by Region

Jan-Jul (tln yuan)



Private Fixed Assets Investment by Industry

Jan-Jul



Primary industries include farming, forestry, animal husbandry, sideline production and fishery; Secondary industries include mining, manufacturing, production and supply of electric power, heating, gas and water, construction and transportation; Tertiary industry refers to the service sector.

(Source: National Bureau of Statistics)

278.89 mln tons

China's rail freight volume in July, plunging 10.9 percent year on year

15

Number of Airbus jets that China Eastern, the country's No.2 airline by market value, plans to acquire at a cost of about \$3.6 billion in order to meet the booming demand for air travel

\$42.6 bln

Estimated personal fortune of Chinese property tycoon Wang Jianlin, who overtook Hong Kong's Li Kashing as the richest man in China on the Hurun Global Chinese Rich List 2015

0.77%

Profit growth of China Vanke, the country's largest property developer by revenue, in the first half of the year, a sharp decline from the 5.55-percent increase in the first half of 2014 and the 22-percent increase in the first half of 2013

2015年海航酒店集团推出
“唐拉雅秀的味道”月饼佳品

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HOTEL INFORMATION



Valentine's Celebration at The Ritz-Carlton, Beijing

On this year's Chinese Valentine's Day which fell on August 20, we offered a romantic dining experience at our award-winning restaurants Aroma and Barolo from The Ritz-Carlton, Beijing.

Endless Love at Aroma

The amorous ambiance and the succulent seafood buffet at Aroma, complemented by a screening of the movie Romeo and Juliet in Gazebo, allowed guests a memorable night of endless love.

Chinese Valentine's Day at Barolo

Barolo offered the perfect setting for romance, delicious food, champagne and our customary classic Italian cuisine, delivered with a modern twist.





Director Tian Xiaopeng (standing) in his studio in Beijing

Monkey King Rules

China's biggest animated film success in history raises the bar for the domestic industry By Ji Jing

Neither the director nor the producer of *Monkey King: Hero Is Back* ever imagined the homemade animated film would smash the box office takings in China of the universally acclaimed *Kung Fu Panda 2*. The American computer-animated action-comedy film recorded a box office income of 617 million yuan (\$96.44 million) in 2011.

Since its release on July 10, the film had raked in 910 million yuan (\$142 million) as of August 19, becoming the highest-grossing animated film in Chinese history. Previously, it was rare for Chinese animated films to register box office earnings of more than 100 million yuan (\$15.63 million).

The film originates from *Journey to the West*, a classic Chinese fantasy novel dating

back to the 17th century. At its beginning, the Monkey King, the main protagonist of the novel and the film, who loses his superpowers after angering the Gods, has been held captive under Wuxing Mountain for 500 years. When monsters attack a village close by, a young monk escapes to the mountain where he inadvertently frees the Monkey King from captivity and helps him overcome his immense feelings of loss. Finally, the Monkey King regains his powers and rescues the village from the clutches of monsters.

Thinking big

Unlike most China-produced animated films in the last few years, which took only a few months to make, this film cost director Tian

Xiaopeng eight years to complete.

Tian's interest in animation goes back to his childhood, when he enjoyed watching animated TV series and subsequently learned to draw cartoons.

Although he majored in computer science at university, Tian's love for animation lingered and he finished several projects involving three-dimensional animated videos. After graduation, Tian decided to pursue his hobby further by entering a foreign company specializing in animation design in 1998. One year later, he founded his own company dedicated to animation development, with the ultimate goal being to produce animated full-length movies.

With that in mind, Tian made the decision in 2007 to create a film based on *Journey to the*

West, a story familiar to Chinese audiences.

Despite the fact that the Chinese Government released a slew of incentive policies to support the development of the animation industry in 2004, Tian's company was too small to meet the conditions required. Since his company's shareholders' investment and his own savings still fell short of meeting what they would need, Tian had to borrow money from his family.

Tian embarked on his ambitious project in 2011. The going was tough and because of Tian's fastidious approach, many of the original employees left. "Among those who were recruited when the company was established, today only a handful remain," Tian said in a recent interview with the media.

There have been numerous adaptations of *Journey to the West* in the form of TV dramas, animated TV series and live-action films in China and abroad. However, compared with the previous depiction of the Monkey King as a handsome creature, Tian's production presents audiences with a long-faced, unattractive central character.

Tian said that in the original novel, the Monkey King is a scary monster. "I want to represent the image of the Monkey King in my mind's eye. I want to tell the audience that the Monkey King should be like this: He is not good looking, but he is a defiant and magnanimous hero," Tian told Cccnews.com.cn, a Chinese website providing information on the cartoon industry.

Many industry insiders have expressed appreciation for the image of the Monkey King in Tian's film.

"The Monkey King in this film is a bit like Hamlet. He constantly talks to himself and fights with his inner demons. He finally grows

into a hero after going through much torment. Such a character will elicit the sympathy of the audience with ease," said Chen Xuguang, Director of the Institute of Film, Television and Theater of Peking University.

Innovative promotion

Apart from the high quality, the film's production team's innovative fund-raising approach and promotional strategies have also contributed to the film's success.

The film used crowdfunding to get part of its investment, a strategy rarely used in film production. But, instead of special crowdfunding platforms, producer Lu Wei posted a message on social networking app WeChat in November 2014, asking his friends to raise money for the film's promotion and release. When asked what guarantees he could give for contributions, Lu agreed to compensate for any possible losses.

For Lu, the fashionable fund-raising method has not only collected money, but also turned the investors into endorsers of the film. These endorsers were able to recommend the film to their contacts online.

Lu said that because animated films have fewer selling points than other genres, crowdfunding helped focus the investors' attention on the product. "The investors have reposted almost every piece of promotional information for the film on their social networking accounts. Some of them even put the commercials for the film on outdoor advertising screens. A few people have also made block bookings, inviting their family and friends to see the film," he added.

As long as initiators have a basic sense of financial risk control and adopt sound risk prevention measures, crowdfunding will benefit

the film industry, according to Lu.

The promotional strategies of the film focused on reviving moviegoers' enthusiasm for animated works.

Last June, a first music video for the film was uploaded to Bilibili.com, a leading Chinese cartoon video streaming site, and received 4 million hits within a short period of time. The video successfully captured the attention of the post-80s and post-90s generation, who have a strong affinity for homegrown animation. Such age groups later became the main force behind promoting the film on social networking media.

Meanwhile, film critics, business leaders and pop stars in 19 cities across China were invited to see the film for free before its release, resulting in effective word-of-mouth exposure.

"The responses of the first batch of audiences were varied. Some said that the pictures were gorgeous, while others noted that the music had a nice feel. Such comments have piqued the interest of other moviegoers in seeing the film in person," said Yang Dan, Vice President of Beijing Weiyong Technology Co. Ltd., one of the film's distributors.

A new era?

However, the film's success doesn't imply that the quality of Chinese animated films has improved in general.

None of the handful of films of the same genre that hit the screens this summer has been able to recapture the magic of *Monkey King: Hero Is Back*, among them the much anticipated *Mr. Black: Green Star* produced by the Shanghai Animation Film Studio, the oldest and largest cartoon film producer in China. Most of these films have been criticized as being too naïve and childish for adult audiences.

At a seminar on the film in Beijing on August 4, participants agreed that animated works catering for people of all ages should be produced.

Additionally, experts believe that traditional Chinese culture and values should be further explored.

"What has made a comeback with the film is the Chinese style and traditional Chinese culture," noted Zhong Chengxiang, President of the China Federation of Literary and Art Circles.

Tian said that he plans to shoot two sequels, with the first expected in two years.

They will focus on the Monkey King's adventures before and after embarking on a journey to the West to seek the teachings of the Buddha, he revealed. ■



The titular protagonist of hit Chinese animation *Monkey King: Hero Is Back*

Copiedited by Francisco Little
Comments to jijing@bjreview.com

Can Longer Weekends Benefit Both Workers and Productivity?

Dear Readers,

Forum is a column that provides a space for varying perspectives on contemporary Chinese society. We invite you to submit personal viewpoints on past and current topics (in either English or Chinese).

 yanwei@bjreview.com

Please provide your name and address along with your comments

The State Council, China's cabinet, issued a circular in early August, suggesting employers across the country make flexible working arrangements and give their workers Friday afternoons off during hot summer days in order to boost tourism and consumption.

According to a recent survey conducted by Beijing-based news portal Sina.com.cn, nearly 80 percent of the estimated 30,000 respondents believe that a two-and-half-day weekend is manageable, though most people think that they will actually not be able to enjoy the benefits of such a scheme. Some have even predicted that this proposal will eventually add another perk for employees of government departments, large state-owned enterprises and public institutions, while the vast majority of working people will have to grin and bear it. They complained that those who work in small and medium-sized companies, particularly in the private sector, cannot even enjoy a regular two-day weekend.

Believe it

Li Sihui (*Guangming Daily*): The two-and-half-day weekend is not a compulsory measure. The State Council proposed such a scheme in the summer, targeting only organizations that can afford to do so. Undoubtedly, government departments, state-owned enterprises and public institutions are more likely to be the first beneficiaries.

A lot of previous reforms had been tested on civil servants and public institutions before they became effective nationwide, such as family planning and paid annual leave. These reforms are not easily implemented because of vested interests. While employees might be very happy with a weekend extension program, most employers will find it unacceptable. Cutting working hours is tantamount to squeezing profit margins.

Production and consumption must be balanced to guarantee healthy economic operation. The problem we now face is the overcapacity in various sectors together with sluggish consumption. An extra half-day holiday means more time for people to travel, which will help boost consumption. Ultimately, businesses and individuals will benefit.

In the past, the focus of personnel management was always on whether someone was late or absent, whereas nowadays it is more important to ensure that an organization has done enough to ensure two-day weekends and paid annual leave for its workers. This implies that China is trying to better protect laborers' right to rest and leisure.

The word "rest" is to be understood as a way for the staff to escape from their daily routines temporarily so that they can come back to work more energetic. Apart from this, holidays are an opportunity for people to further develop or improve themselves.

To rest, to have days off work, and to travel are very important in one's life. Legal holidays can basically satisfy people's demand in this regard. When conditions permit, individuals should be allowed to reach an agreement with their employers for more flexible holidays. Far from being a fantasy, it is to a certain extent an inevitable result of social and economic development.

We must make it clear that to encourage longer weekends is not solely beneficial to the development of tourism and it does not aim at offering extra welfare to civil servants. This new policy has to convey the message that people need enough rest and that their right to rest and leisure needs to be ensured.

Deng Haijian (*Jinan Times*): As for the State Council's proposal of longer weekends, a survey conducted by *The Beijing News* showed that only 19 percent of the respondents contend that their employers might be able to implement the scheme.

The right of workers to rest and paid an-



nual leave are protected under the law. It is not an extra welfare benefit. When this right is denied, there is a rise in cases of exhaustion and even sudden death. Prior to the latest proposal, the State Council issued a document last April, which requires guaranteeing workers' right to paid annual leave.

A proper balance between work and rest will help maintain productivity. Besides, by advocating more holidays and paid annual leave, we don't mean to deny the importance and necessity of hard work, but we suggest that the public deserves to enjoy the fruits of economic growth amid increasing social and economic pressure.

The key for thoroughly implementing policies concerning paid annual leave or longer weekends is not how many people can benefit from it, but to what extent the government can protect labor rights.

Wait and see

Lin Xiao (People.com.cn): Against the backdrop of rising work pressure and limited holidays, the two-and-half-day weekend scheme has been devised to allow workers to receive some relief from huge work burdens. It is beneficial for their health and daily life.

However, there are doubts as to whether

this well-intentioned initiative can be put into practice, because it is not compulsory and will not be legally binding. Government departments, public institutions, as well as state-owned and foreign-funded enterprises are more likely to implement this new scheme, while it would prove almost impossible for most private companies to implement.

According to media reports, for a large number of people who are employed by small and medium-sized companies, particularly private businesses, even four days off work per month is highly improbable. Many of them say that they will never get Friday afternoons off, complaining that they do not yet even have fully guaranteed two-day weekends.

The debate on the two-and-half-day weekend scheme will for many bring to mind the policies concerning paid annual leave, which have been with us for decades but never been widely implemented. As most employees are scared of losing their jobs, they will not so much as argue with their employers if their request for paid annual leave has been rejected.

When even the legally protected paid annual leave is not soundly guaranteed, how can we expect the two-and-half-day weekend initiative to work?

It is expected that a larger number of workers, if not all, will benefit from official holiday arrangements. Therefore, while producing policies regarding holidays, relevant government departments should also work out supportive measures to ensure their implementation.

Zheng Duanduan (Cnhubei.com): While the regular two-day weekend is still a dream for a large number of working people in various industries, a two-and-half-day weekend is really a luxury many people can barely afford.

Online surveys have shown that most correspondents are in favor of the State Council's proposal for longer weekends, as two and half days are enough even for one to plan a short journey. People will have more time to be together with their families. However, the worry is that this measure will finally be exclusively enjoyed by a limited number of employees. If staff workers of government departments and public institutions no longer work on Friday afternoons, local residents will have nowhere to go if they have urgent issues to solve through these establishments.

Obviously, the only way out is to implement policies concerning paid annual leave in a tangible manner, so that the working people can make arrangements for their days off work. As a result, holidaymakers don't need to all rush to the same scenic spots during the same period of time, which would be beneficial to the protection and operation of these spots. This is also an effective way to increase consumer spending. After rest and relaxation, employees will become more energetic when they come back to work.

Therefore, as long as paid annual leave remains unrealistic in most industrial sectors, the two-and-half-day weekend seems futile.

Besides, the State Council document says that the initiative to extend weekends has been proposed for the purpose of boosting economic growth through developing tourism, but this goes against the role holidays should play for working people. The government is supposed to pay more attention to the protection of labor rights and employ all possible means to ensure that its people can enjoy various holidays, instead of always making economically motivated policies. ■

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How Far Are We From The Rule of Law?

By Lan Xinzhen



At present, China is attempting to promulgate the rule of law within its borders. However, the majority of Chinese possess only a very narrow understanding of the concept. Many equate the rule of law with judicial justice, as is reflected in many media reports that focus perhaps overly on judicial reform as a means of advancing law-based governance.

As a matter of fact, the rule of law covers a wide range of issues besides judicial justice. It entails that there should be laws to govern social and economic activities, that these laws should be strictly enforced and that transgressions against these laws should be punished.

In the past 30 years or so, China's legal system has been greatly improved and multiple new pieces of legislation have been put in place. However, the recent chemical explosions in Tianjin reflect the problems in China's legal system hindering the progress of the rule of law.

In the country, there are over 10 discrete laws and regulations governing the production, management, storage and transportation of hazardous chemicals. These laws and regulations are clear and comprehensive in scope. However, the explosions in Tianjin have uncovered the fact that local authorities and enterprises did not completely comply with related provisions, which clearly state that it is forbidden to set up enterprises producing and storing hazardous materials in residential areas. Nevertheless, the premises of Ruihai International Logistics Co. Ltd. where the blasts took place were located only a few hundred meters' distance from residential complexes. One cannot help but wonder how the company had secured the approval of the departments of public security, environmental protection, as well as housing and urban-rural development.

There are numerous cases where laws have been flagrantly disregarded in China. For instance, although the Constitution provides that the state protects the right of citizens to own lawfully earned income, sav-

Without strict law enforcement and proper punishment on offenders, the rule of law will remain at a preliminary level

ings, houses and other lawful property, many local governments still tear down citizens' dwellings under the pretext of development. Such violations are so rampant because few of them are accorded the proper legal penalties.

Both an incomplete legal system and loose enforcement of the law may impede the progress of China's rule of law.

Everybody should not only recognize the importance of obeying the law but also be informed of the consequences of violating it. Only when one is fearful of punishment can they abide by the law and think twice before transgressing it.

In short, without strict law enforcement and proper punishment of offenders, the rule of law will remain at a preliminary level.

However, in reality, many law enforcement departments do not fulfill their duties to the letter. For instance, prior to the explosions in Tianjin, some local residents reportedly expressed their indignation and doubt to relevant departments as regards Ruihai's construction of a warehouse for hazardous chemicals in the vicinity of a residential area. Unfortunately, all those departments were indifferent to the questions being raised. If just one department had taken appropriate actions in accordance with the law, this tragedy might have been averted.

The Central Government has pledged that those responsible for these explosions will face the full force of the law, and this includes officials who green-lighted the construction of the Ruihai warehouse. It is hoped that the case will serve as a warning to other officials similarly lax in their standards.

In light of loose law enforcement and an inadequate number of lawbreakers being brought to justice, China, admittedly, still has a long way to go with regard to the establishment of the rule of law. ■

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Exhibitions, Capital Meets Projects,
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China International Fair for Investment and Trade 2015

Sept.8th–11th, 2015, Xiamen, China

China International Fair for Investment and Trade 2015 (abbreviated as 2015 CIFIT) will be held from September 8th to 11th of 2015 in Xiamen, China. In view of the latest trends of global investment, 2015 CIFIT, while focusing on hot-spots such as 'One Belt One Road', Asian Infrastructure Investment Bank (AIIB), 'Free Trade Zone', 'Internet+' 'Mass Entrepreneurship' and etc, will make every endeavor to organize a series events in investment sector, such as high-end industry exhibition, investment project matchmaking, authoritative forums & seminars, investment policies release and etc, to drive bilateral and multilateral economic exchanges and collaboration.



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